THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (the "FSMA") if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in the relevant jurisdiction.

This document comprises a prospectus relating to Al Noor Hospitals Group plc (the "**Company**") prepared in accordance with the Prospectus Rules of the Financial Conduct Authority ("**FCA**") made under section 73A of the FSMA. This document has been approved by the FCA in accordance with section 85 of the FSMA, will be made available to the public and has been filed with the FCA in accordance with the Prospectus Rules. This document together with the documents incorporated into it by reference (as set out in Part 21: "*Documentation incorporated by reference*" of this document) will be made available to the public in accordance with Prospectus Rule 3.2 by the same being made available, free of charge, at www.alnoorhospital.com and at the Company's registered office at 1 Floor, 40 Dukes Place, London EC3A 7NH.

Applications will be made to the UK Listing Authority and to the London Stock Exchange for the Existing Shares and the New Shares to be admitted to listing on the premium listing segment of the Official List maintained by the FCA and to trading on the main market for listed securities of the London Stock Exchange, respectively. An application will be made for an inward secondary listing of the Shares on the main board of the Johannesburg Stock Exchange. It is also intended, subject to compliance with the relevant regulatory procedures, to seek a secondary listing of the Shares on the Namibian Stock Exchange, either simultaneously with the inward secondary listing on the Johannesburg Stock Exchange or as soon as practicable thereafter.

It is expected that, subject to the conditions to the proposed combination of Al Noor and Mediclinic (the "**Combination**") being satisfied or, where appropriate, waived, Admission will become effective and dealings on the London Stock Exchange in the Existing Shares and the New Shares will commence at 8.00 a.m. (London time) on the Closing Date.

Investors should rely only on the information contained in this document and the documents incorporated by reference herein. No person has been authorised to give any information or make any representations other than those contained in this document and any document incorporated by reference herein and, if given or made, such information or representation must not be relied upon as having been so authorised. In particular, the contents of Al Noor's website do not form part of this document and investors should not rely on it.

The Company will comply with its obligation to publish a supplementary prospectus containing further updated information required by law or any regulatory authority, but assumes no further obligation to publish additional information.

YOU SHOULD READ THE WHOLE OF THIS DOCUMENT AND ANY DOCUMENTS INCORPORATED HEREIN BY REFERENCE. IN PARTICULAR, YOUR ATTENTION IS DRAWN TO THE SECTION HEADED "*RISK FACTORS*" IN THIS DOCUMENT.

مجموعة مستشفيات النور

AL NOOR HOSPITALS GROUP

Al Noor Hospitals Group plc

(to be renamed Mediclinic International plc)

(incorporated and registered under the laws of England and Wales with registered number 8338604)

Application for the admission to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange's main market for listed securities of the Existing Shares and up to 613,000,000 New Shares in connection with the proposed combination with Mediclinic and 72,115,384 New Shares in connection with the Remgro Subscription

Apart from the responsibilities and liabilities, if any, which may be imposed on any of Rothschild, Goldman Sachs International or Jefferies International Limited ("**Jefferies**") by the FSMA or the regulatory regime established thereunder, or under the regulatory regime of any jurisdiction where the exclusion of liability under the relevant regulatory regime would be illegal, void or unenforceable, none of Rothschild, Goldman Sachs International or Jefferies accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to the contents of this document or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Shares or the Combination and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future. Each of Rothschild, Goldman Sachs International and Jefferies accordingly disclaims all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of this document or any such statement.

None of the Company, Rothschild, Goldman Sachs International or Jefferies or any of their respective representatives, is making any representation to any prospective investor of the Shares regarding the legality of an investment in the Shares by such prospective investor under the laws applicable to such prospective investor. The contents of this document should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, financial or tax adviser for legal, financial or tax advice.

Co-Financial Adviser and Joint Broker	*Co-Sponsor and Lead Financial Adviser*	*Co-Sponsor and Joint Broker*
Goldman Sachs International	**Rothschild**	**Jefferies**

Each of Rothschild and Goldman Sachs International is authorised by the Prudential Regulation Authority (the "**PRA**") and regulated by the FCA and the PRA. Jefferies is authorised and regulated by the FCA. Rothschild, Goldman Sachs International and Jefferies are acting exclusively for the Company and are acting for no one else in connection with the production of this document, the Combination and/or Admission. They will not regard any other person as a client in relation to the production of this document, the Combination and/or Admission and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in connection with the production of this document, the Combination and/or Admission or any other matter, transaction or arrangement referred to in this document.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER OF, OR SOLICITATION OF AN OFFER TO SUBSCRIBE FOR OR BUY, ANY SHARES TO ANY PERSON IN ANY JURISDICTION AND IS NOT FOR DISTRIBUTION IN OR INTO ANY RESTRICTED JURISDICTION EXCEPT AS DETERMINED BY THE COMPANY IN ITS SOLE DISCRETION AND PURSUANT TO APPLICABLE LAWS.

This document does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or any other jurisdiction where such offer or sale would be unlawful. The New Shares that may be received in the Combination have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction in the United States, and may only be offered or sold in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 802 under the Securities Act.

Information distributed in connection with the Combination is subject to disclosure requirements of the United Kingdom and South Africa that are different from those of the United States. The financial information contained in this document has been prepared in accordance with IFRS that may not be comparable to the financial statements and financial information of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under U.S. federal securities laws, since Al Noor is located in the United Kingdom, and some of its officers and directors are residents of countries outside the United States. You may not be able to sue a UK company or its officers or directors in an English court for violations of U.S. securities laws. It may be difficult to compel a UK company and its affiliates to subject themselves to a U.S. court's judgement.

You should be aware that Al Noor may purchase securities otherwise than under the Combination, such as in open market or privately negotiated purchases.

Mediclinic Shareholders who are affiliates of Al Noor after the Combination will be subject, under Rule 144 under the Securities Act, to timing, manner of sale and volume restrictions on the sale of New Shares received pursuant to the Combination. For the purposes of the Securities Act, an "affiliate" of a company is any person that directly or indirectly controls, or is controlled by, or is under common control with, the company. Holders of Mediclinic Shares that constitute "restricted securities" for the purposes of Rule 144 under the Securities Act will receive New Shares that also constitute restricted securities and will not be permitted to offer or resell in the United States the New Shares they receive without registering that offer or sale under the Securities Act or conducting that offer or sale in reliance on an exemption from registration. The Securities Act would not generally restrict a sale of New Shares that are "restricted Securities" on the London Stock Exchange, provided that the sale had not been pre-arranged with a buyer in the United States. Shareholders who believe they may be affiliates for the purposes of the Securities Act should consult their own legal advisers.

THE CONTENTS OF THIS DOCUMENT ARE NOT TO BE CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE. EACH SHAREHOLDER SHOULD CONSULT HIS, HER OR ITS OWN LEGAL ADVISER, FINANCIAL ADVISER OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE.

This document is dated 19 November 2015.

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SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in sections A to E (A.1 to E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of "not applicable".

Section A—Introduction and warnings

Annex and Element		Disclosure requirement
A.1	Introduction and warnings	This summary should be read as an introduction to this document. Any decision to invest in the Shares should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this document before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent by the issuer to the use of the document for resale or final placement of securities by financial intermediaries	Not applicable. No consent has been given by the Company or any person responsible for drawing up this document to use this document for subsequent sale or placement of securities by financial intermediaries.

Section B—Issuer

Annex and Element		Disclosure requirement
B.1	Legal and commercial name	Al Noor Hospitals Group plc ("**Al Noor**" or the "**Company**").
B.2	Domicile, legal form, applicable legislation and country of incorporation	The Company is a public limited company, registered and incorporated in England and Wales with its registered office situated in England and Wales. The Company operates under the Companies Act 2006 and is subject to the City Code on Takeovers and Mergers.

Annex and Element		Disclosure requirement
B.3	Current operations, principal activities and markets	**The Al Noor Group** The Al Noor Group is the largest integrated private healthcare service provider in the rapidly growing healthcare market of the Emirate of Abu Dhabi based on the number of patients treated, number of beds and number of physicians. The Al Noor Group was established in 1985 and today provides primary, secondary and tertiary care through two hospitals and eight medical centres in Abu Dhabi, one hospital and six medical centres in Al Ain, four medical centres in the Western Region, four medical centres and one long-term care centre in Dubai and the Northern Emirates, and one medical centre and one long-term care centre in Oman. In 2013, the Al Noor Group had the largest market share in the Emirate of Abu Dhabi among private healthcare service providers for both outpatients (29 per cent.) and inpatients (30 per cent.) based on the total number of private inpatient and outpatient non-ER encounters in the Emirate of Abu Dhabi. As of 30 June 2015, its hospitals had 216 operational beds, and employed 4,190 staff, including 684 physicians (consultants, specialists and general practitioners), 908 nursing staff, 125 pharmacists, 275 technicians, 426 other medical staff and 1,769 non-medical personnel. **The Mediclinic Group** The Mediclinic Group is a leading multi-country hospital group and is the third largest listed acute hospital operator (by revenue) in the world (excluding the U.S.). The Mediclinic Group was founded in South Africa in 1983 and has since extensively grown its operations in South Africa and has also established operations in Namibia, Switzerland and the United Arab Emirates. As at 30 September 2015, the Mediclinic Group's Southern Africa business operated 49 hospitals and two day clinics throughout South Africa and three hospitals in Namibia with 7,983 beds in total; Hirslanden (the Mediclinic Group's Switzerland business) operated 16 private acute care facilities and three clinics in Switzerland with 1,677 beds in total; and Mediclinic Middle East operated two hospitals and ten clinics with 382 beds in the United Arab Emirates. The Mediclinic Group has been listed on the JSE, the South African Securities Exchange, since 1986, and has had a secondary listing on the Namibian Stock Exchange since December 2014. The Mediclinic Group's growth has been as a result of new developments, capacity development within existing facilities and acquisitions, including a 29.9 per cent. interest in Spire, a London Stock Exchange listed and UK-based private healthcare group in August 2015.
B.4a	Significant recent trends affecting the Enlarged Group and its industry	The Enlarged Group's results of operations will be affected by a variety of trends across its operating platforms in Southern Africa, Switzerland and the UAE. Set out below is a discussion of some of the more significant factors that have affected the Al Noor Group's and the Mediclinic Group's results in the past and which may affect the financial results of the Enlarged Group in the future. Factors and trends other than those set forth below could also have a significant impact on the Enlarged Group's results of operations and financial condition.

Annex and Element		Disclosure requirement
		Impact of regulation Indicative of the increasingly highly regulated nature of the industry in which the Enlarged Group operates, the South African Competition Commission ("**Competition Commission**") is currently undertaking a market inquiry into the private healthcare sector in South Africa (the "**Market Inquiry**"). This Market Inquiry is particularly focussed on the cost of private healthcare and has involved all private healthcare stakeholders in South Africa in the process via extensive submissions, data requests and future oral hearings. The Market Inquiry Panel may make recommendations for changes to be made in the healthcare industry in South Africa, propose legislative or regulatory amendments and investigate any anti-competitive conduct revealed by the Market Inquiry. Along with other private healthcare stakeholders, the Mediclinic Group is participating in the inquiry, with the assistance of expert competition attorneys and advocates, and the Mediclinic Group has prepared and delivered a submission, in line with the Competition Commission's information requests under their published Terms of Reference and Administrative Guidelines for the Market Inquiry. Further, as a result of regulatory changes in Switzerland implemented in January 2012, in particular the introduction of the SDRG reimbursement system and so-called hospital "lists" in each canton, there are now (in practice) no real distinctions between private and state hospitals. An initiative to replace the current system of competition among many different health insurers with a system of one single public health insurance was rejected by a large majority in a public vote on 28 September 2014, demonstrating the public's opposition against a further nationalisation of the healthcare system. Despite this, some cantons in Switzerland have started to consider the introduction of a public cantonal health insurance system, a trend which could have a negative impact on Hirslanden. **Shortage of human resources** The ongoing shortage of human resources in the healthcare sector remains a critical challenge, particularly in the Southern Africa platform. This has been acknowledged by the Minister of Health in South Africa who has proposed various initiatives to address this problem, such as expanding the capacity of medical schools and the re-opening of nursing colleges. **Political and economic instability** Despite the continued political instability in some areas in the Middle East, the United Arab Emirates has remained politically and economically stable. Population increase and the increasing incidence of lifestyle related medical conditions in the United Arab Emirates have led to an increased demand for medical services. In the United Arab Emirates, a real GDP growth of around 3.5 per cent. is expected in 2015. As a result, the Dubai Health Authority ("**DHA**") has begun initiating healthcare reform across Dubai which may in the future affect the operations of the Enlarged Group in the region.
B.5	Description of the Enlarged Group	The Company was incorporated and registered in England and Wales as a public company limited by shares under the Companies Act 2006 on 20 December 2012 and is the ultimate parent company of the Al Noor Group, which comprises the Company and its subsidiary undertakings. Following Completion, the Company will become the ultimate parent company of the Enlarged Group.

Annex and Element		Disclosure requirement
		Current Al Noor Group structure The principal activity of the Company and all of the Company's subsidiaries (with the exception of Al Noor Holdings Cayman ("**ANH Cayman**") and Al Noor Golden Commercial Investment LLC ("**Al Noor Golden**"), which are intermediate holding companies, and ANMC Management Limited ("**ANMC Management**"), which manages Al Noor Golden) is healthcare. Each of the Company's subsidiaries (except for Al Noor Golden (as further described below)) is, directly or indirectly, wholly or substantially owned by the Company. Al Noor Medical Company Al Noor Hospital—Al Noor Pharmacy—Al Noor Warehouse LLC ("**ANMC**"), a limited liability company incorporated in the UAE, acts as the Al Noor Group's operating company. The Company has established a corporate structure which enables it to retain control over the hospital, medical centre and pharmacy businesses held by ANMC. As a result of this structure, 48 per cent. of the share capital of Al Noor Golden, ANMC's parent company, is owned indirectly by the Company through its wholly-owned subsidiary, ANH Cayman and 1 per cent. is owned by ANMC Management, a wholly-owned subsidiary of the Company. The remaining 51 per cent. of the outstanding share capital of Al Noor Golden is owned by Al Noor Commercial Investment LLC ("**ANCI**"). ANCI is owned 99 per cent. by The First Arabian Corporation LLC ("**First Arabian**"), an established provider of shareholder related services in the UAE, and 1 per cent. by Sheikh Mohammed Bin Butti Al Hamed ("**SMBB**"), one of the Principal Shareholders (as defined below), and a prominent Emirati businessman in the Emirate of Abu Dhabi. SMBB retains a 1 per cent. interest in ANCI to satisfy the UAE Companies Law requirement for a UAE LLC to have at least two shareholders. First Arabian is a UAE limited liability company owned equally by two Emirati shareholders (Jasim Mohamed Abdullah and Khalid Rashed Hamrani) who are partners of Al Tamimi & Company, a prominent UAE law firm with operations across the Middle East. However, First Arabian is not sponsored by, or part of, Al Tamimi & Company. In order to protect the Company's rights and seek to ensure that it will have the full benefit of the operating businesses under Al Noor Golden (including its UAE operating licences), the constitutional documents of Al Noor Golden provide certain protections relating to profit distribution, management, shareholder voting, distributions on liquidation and restrictions on share transfers. **Current Mediclinic Group structure** As at the date of this document, the Mediclinic Group is headed by Mediclinic International Limited ("**Mediclinic**"), a company registered in South Africa and listed on the JSE and with a secondary listing on the Namibian Stock Exchange.

Annex and Element		Disclosure requirement
		Mediclinic owns 100 per cent. of Mediclinic Southern Africa (Pty) Ltd ("**Mediclinic Southern Africa**"), a company registered in South Africa, which is the holding company of the operating platform of the Mediclinic Group in Southern Africa. Most group operating companies are partly-owned and doctor shareholding is offered directly through subsidiary companies or through hospital investment companies. Mediclinic also owns 100 per cent. of Hirslanden AG ("**Hirslanden**"), a company registered in Switzerland and the holding company of the operating platform of the Mediclinic Group in Switzerland. It is also the operating company of two hospitals. The structure below Hirslanden consists of operating companies either wholly owned or majority owned. In addition, Mediclinic owns 100 per cent. of Emirates Healthcare Holdings Ltd ("**Emirates Healthcare**"), a company registered in the British Virgin Islands, which is the holding company of the operating platform of the Mediclinic Group in the UAE. Although Emirates Healthcare has a legal interest equal to 49 per cent. in the operating subsidiary companies registered outside a free zone in the UAE, it has put in place contractual arrangements which seek to deliver an economic interest of 100 per cent. In order to protect the Mediclinic Group's rights and seek to ensure that it will have the full economic benefit and management control of these operating subsidiary companies, constitutional and contractual protections (including in relation to profit distribution, management and shareholder voting) have been entered into in relation to such entities with the local partner shareholders that hold the outstanding 51 per cent. legal interest in these companies. **Structure of the Enlarged Group following the Combination** Following Completion, Al Noor will remain the holding company of the Enlarged Group and will be renamed "Mediclinic International plc" on Completion. Enlarged Al Noor will wholly own the Al Noor Group and the Mediclinic Group, as well as the 29.9 per cent. interest in Spire which was acquired by Mediclinic in August 2015. Immediately prior to the Mediclinic Scheme becoming fully operative, and in order to restructure the Enlarged Group along jurisdictional lines better reflecting its operations, it is intended that the Mediclinic Group will transfer its non-Southern African assets to Al Noor.
B.6	Major shareholders	Insofar as is known to the Company, the name of each person who, directly or indirectly, had an interest in 3 per cent. or more of the Company's issued share capital, and the amount of such person's interest, as at 17 November 2015 (being the latest practicable date prior to the publication of this document), is as follows: **Name** — **Shares—No.** — **Shares—%** Sapor Business Corp(1). . . . . 33,018,320 — 28.25 Maksar Investments Ltd(1). . . . . 7,055,946 — 6.04 Woodford Investment Management . . . . . 6,409,977 — 5.48 BlackRock Group . . . . . 6,066,720 — 5.19 Fidelity Management and Research . . . . . 4,252,502 — 3.64 Note: (1) Sheikh Mohammed Bin Butti Al Hamed's and Dr. Kassem Alom's holdings of ordinary shares of the Company are held by Sapor Business Corp. and Maksar Investments Ltd, respectively.

Annex and Element		Disclosure requirement
		As at 17 November 2015, SMBB and Dr. Kassem Alom (the "**Principal Shareholders**") held 28.25 per cent. and 6.04 per cent., respectively, of the issued ordinary share capital of the Company. The Principal Shareholders entered into a relationship agreement with, among others, the Company on 21 June 2013 which was amended and restated in November 2014 (the "**Existing Relationship Agreement**"), the principal purpose of which is to ensure that the Company is capable of carrying out its business independently of the Principal Shareholders and their associates and that transactions and relationships with the Principal Shareholders and their associates are at arm's length and on normal commercial terms (subject to the rules on related-party transactions in the listing rules of the FCA). In accordance with the terms of the Existing Relationship Agreement, in respect of each Principal Shareholder and its respective affiliates (other than the Company) from time to time (the "**Principal Shareholder Group**"), for every 10 per cent. of the issued ordinary share capital of the Company (or an interest which carries 10 per cent. or more of the aggregate voting rights in the Company from time to time) held (directly or indirectly) by a Principal Shareholder Group, the relevant Principal Shareholder shall be entitled to appoint one director to the Board, up to a maximum of two directors. If a Principal Shareholder ceases to hold 10 per cent. of the Company's share capital (or 10 per cent. of the aggregate voting rights in the Company), the rights and obligations of that Principal Shareholder and any member of its Principal Shareholder Group under the Existing Relationship Agreement shall terminate. If there ceases to be any Principal Shareholder holding 10 per cent. of the Company's share capital (or 10 per cent. of the aggregate voting rights in the Company), the Existing Relationship Agreement shall terminate. If the ordinary shares of the Company cease to be listed on the premium listing segment of the Official List and traded on the London Stock Exchange, the Existing Relationship Agreement shall terminate. The Existing Relationship Agreement will terminate on Completion at which time a new relationship agreement entered into between the Company and Remgro Limited ("**Remgro**") on 14 October 2014 (the "**Remgro Relationship Agreement**") will take effect from the Completion to regulate the relationship between them. The ordinary shares owned by the Principal Shareholders rank *pari passu* with the other ordinary shares of the Company in all respects. So far as is known to the Company, the following persons (other than those persons set out in paragraph 9.1 of Part 20: "*Additional Information*") shall be directly or indirectly interested in 3 per cent. or more of Al Noor's issued ordinary share capital immediately following Admission (based on Al Noor's issued ordinary share capital as at 17 November 2015, being the latest practicable date prior to the date of this document) and the Mediclinic Shareholder register as at 6 November 2015, up to 613,000,000 New Shares being issued pursuant to the Combination, 72,115,384 New Shares being issued pursuant to the Remgro Subscription, and assuming no Al Noor Shareholders elect to tender their Existing Shares under the Tender Offer, no South African appraisal rights are exercised in connection with the Mediclinic Scheme, up to 177,985 New Shares being issued to satisfy awards made in 2014 and 2015 under the Al Noor Deferred Annual Bonus Plan 2013 and the Al Noor Long Term Incentive Plan 2013 and no other Al Noor Shares or Mediclinic Shares being issued under the Al Noor Employee Share Plans or Mediclinic Forfeitable Share Plan, respectively, between 17 November 2015 and Admission.

Annex and Element		Disclosure requirement

Name	Number of ordinary shares as at 17 November 2015	Percentage of voting rights in respect of issued share capital of Al Noor as at 17 November 2015	Percentage of voting rights in respect of enlarged issued share capital of Enlarged Al Noor immediately following Admission
Remgro (ex. concert parties)	—	—	40.95
Government Employees Pension Fund	—	—	6.52
Sapor Business Corp	33,018,320	28.25	4.12
Total	33,018,320	28.25	51.59

B.7 Selected historical financial information

Shareholders should read the whole of this document and not rely solely on the summarised financial information set out below.

The Al Noor Group

The tables below set out the Al Noor Group's summary financial information for the periods indicated, as reported in accordance with EU IFRS. The consolidated financial information for the Al Noor Group for each of the six months ended 30 June 2015 and 2014 has been extracted without material adjustment from the unaudited interim condensed consolidated financial statements for the Al Noor Group for the six months ended 30 June 2015 and 2014, respectively. The consolidated financial information for the Al Noor Group for each of the three years ended 31 December 2014, 2013 and 2012 has been extracted without material adjustment from the Annual Report and Accounts for the Al Noor Group for 2014 and 2013 and from the IPO Prospectus, respectively.

Consolidated Statement of Income

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	(U.S.$ million)			(unaudited)	
Revenue	324.4	365.0	449.1	224.8	243.9
Cost of sales	(188.7)	(210.5)	(257.0)	(126.3)	(142.9)
Gross profit	135.7	154.5	192.0	98.4	100.9
Administrative expenses	(73.9)	(80.3)	(107.2)	(52.2)	(55.8)
Results from operating activities	61.7	74.2	84.8	46.2	45.1
Listing transaction costs	—	(6.1)	—	—	—
Finance cost	2.4	(8.0)	(1.6)	(0.9)	(0.6)
Finance income	1.2	1.4	0.6	0.3	0.4
Net finance cost	(1.2)	(6.6)	(0.9)	(0.6)	(0.3)
Profit for the year before tax	60.5	61.5	83.9	45.6	44.9
Taxation	—	0.1	0.1	—	—
Profit for the year	60.5	61.7	84.0	45.6	44.9
Other comprehensive income—Items that will never be reclassified to profit or loss:					
Remeasurement of defined benefit liability	—	(1.6)	(1.9)	—	—
Total comprehensive income for the year	60.5	60.0	82.0	45.6	44.9

Annex and Element		Disclosure requirement

Consolidated Statement of Financial Position

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	(U.S. $ million)			(unaudited)
Non-current assets				
Property and equipment	20.6	29.2	59.1	74.2
Intangible assets and goodwill	0.7	19.9	33.2	34.4
Deferred tax assets	—	0.1	0.3	2.5
Prepayments		—	2.5	0.3
Total non-current assets	21.3	49.3	95	111.3
Current assets				
Inventories	14.2	16.4	20.4	19.4
Trade and other receivables	83.9	85.9	115.4	124.3
Amount due from a related party	—	1.2	0.9	0.1
Short-term deposit	5.4	—	13.6	13.8
Cash and cash equivalents	55.7	107.7	82.9	77.2
Total current assets	159.3	211.3	233.1	234.8
Total assets	180.6	260.6	328.2	346.1
Equity				
Share capital	—	18.1	18.1	18.1
Share premium reserve	—	693.5	693.1	693.5
Statutory reserve	4.1	4.1	4.1	4.1
Merger reserve	(128.1)	(700)	(700)	(700)
Retained earnings	121.1	160.1	214.6	240.1
Share option reserve	—	2.9	3.2	3.2
Equity attributable to owners of the Company	(2.9)	178.7	233.4	259.8
Non-controlling interest	—	1.1	4.8	6.1
Total equity/(deficit)	(2.9)	180.7	238.2	265.8
Non-current liabilities				
Trade and other payables	0.3	2.2	0.6	—
Bank loans	96.2	—	—	—
Employee benefits	8.3	11.5	15.4	16.1
Total non-current liabilities	104.9	13.6	16	16.1
Current liabilities				
Trade and other payables	44.6	63.4	67.8	58.1
Amounts due to related parties	4.8	2.6	6.2	6.2
Bank overdraft	—	0.2	—	—
Bank loans	29.2	—	—	—
Total current liabilities	78.6	66.2	73.9	64.3
Total liabilities	183.5	79.9	89.9	80.4
Total equity and liabilities	180.6	260.6	328.2	346.1

Note:

(1) As a result of their consideration of the steps required to implement the Combination the Directors have been advised that an amount of U.S.$556,449,554 currently included in the Company's share premium account should have been designated a merger reserve. Accordingly the directors have determined to so redesignate that sum to a merger reserve. After the redesignation U.S.$137,099,479 remains in the Company's share premium account.

Consolidated Statement of Cashflows

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	(U.S. $million)			(unaudited)	
Net cash generated from operating activities	52.2	86.3	79.4	41.2	37.7
Net cash used in investing activities	(11.4)	(16.4)	(78.0)	(57.6)	(25.1)
Net cash used in financing activities	(46.5)	(18.2)	(26.0)	(18.4)	(18.0)
Net increase/(decrease) in cash and cash equivalents	(5.7)	51.8	(24.6)	(34.8)	(5.7)
Cash and cash equivalents at period end	55.7	107.5	82.9	72.7	77.2

Annex and Element		Disclosure requirement
		Al Noor Group revenue increased 12.5 per cent. to U.S.$365.0 million in the year ended 31 December 2013 from U.S.$324.4 million in the year ended 31 December 2012. This increase was driven by an increase in both out-patient and in-patient volumes which were supported by an increase in the number of revenue generating doctors. Al Noor Group revenue increased 23.0 per cent. to U.S.$449.1 million in the year ended 31 December 2014 from U.S.$365.0 million in the year ended 31 December 2013. This increase was driven by a 27 per cent. growth in out-patient revenue and a 12 per cent. growth in-patient revenue during the year. Al Noor Group revenue increased 8.5 per cent. to U.S.$243.9 million in the six months ended 30 June 2015 from U.S.$224.8 million in the six months ended 30 June 2014. This increase was primarily driven by higher outpatient volumes arising from the performance of the Al Noor Group's new medical centres. Al Noor Group Underlying EBITDA increased 16.9 per cent. from U.S.$70.8 million in the year ended 31 December 2012 to U.S.$82.8 million in the year ended 31 December 2013. Al Noor Group Underlying EBITDA increased 18.5 per cent. from U.S.$82.8 million in the year ended 31 December 2013 to U.S.$98.1 million in the year ended 31 December 2014. However, underlying EBITDA margins declined from 22.7 per cent. to 21.9 per cent. through a combination of wage inflation for medical staff and investment in facilities. Al Noor Group Underlying EBITDA increased 4.3 per cent. from U.S.$51.7 million in the six months ended 30 June 2014 to U.S.$53.9 million in the six months ended 30 June 2015. However, underlying EBITDA margins declined from 23.0 per cent. to 22.1 per cent. primarily due to decreased patient volumes at Khalifa Street Hospital. Cash generated from operating activities, after adjusting for working capital movements, was U.S.$87.2 million in the year ended 31 December 2013, compared to U.S.$52.8 million in the year ended 31 December 2012. Cash generated from operating activities, after adjusting for working capital movements, was U.S.$81.3 million in the year ended 31 December 2014, compared to U.S.$87.2 million in the year ended 31 December 2013. The change in working capital year on year reflects increased activity levels, but also includes the impact of an increase in debtor days due to delayed receipts from one of the Group's insurers. Save as described above, there has been no significant change in the financial condition or operating results of the Al Noor Group during the three years ended 31 December 2012, 2013, 2014 and six months to 30 June 2015, the date to which the latest unaudited interim condensed consolidated financial information in relation to the Al Noor Group was prepared or subsequent thereto.

Annex and Element		Disclosure requirement

The Mediclinic Group

The tables below set out the Mediclinic Group's summary financial information for the periods indicated, as reported in accordance with IFRS.

Income Statements

	Year ended 31 March			Six months ended 30 September	
	2013	**2014**	**2015**	**2014**	**2015**
				(unaudited)	
			(ZAR'm)		
Revenue	24,436	30,495	35,238	16,828	19,565
Cost of sales	(13,881)	(17,189)	(19,887)	(9,742)	(11,224)
Administration and other operating expenses	(5,428)	(6,562)	(8,116)	(3,784)	(4,488)
Operating profit before depreciation (EBITDA)	5,127	6,744	7,235	3,302	3,853
Depreciation and amortisation	(994)	(1,239)	(1,512)	(723)	(860)
Operating profit	4,133	5,505	5,723	2,579	2,993
Other gains and losses	531	2	93	190	57
Income from associates	2	3	2	—	—
Income/(Loss) from joint venture	3	—	(1)	(2)	(2)
Finance income	69	73	103	52	75
Finance cost	(5,166)	(1,221)	(1,179)	(602)	(616)
Profit before tax	(428)	4,362	4,741	2,217	2,507
Income tax expense	(418)	(776)	(206)	(428)	(498)
Profit for the year	(846)	3,586	4,535	1,789	2,009
Attributable to:					
Equity holders of Mediclinic	(1,105)	3,385	4,297	1,668	1,868
Non-controlling interests	259	201	238	121	141
	(846)	3,586	4,535	1,789	2,009
Earnings per ordinary share attributable to the equity holders of Mediclinic—cents					
Basic	(148.9)	416.8	509.5	197.8	214.1
Diluted	(144.8)	408.0	500.0	193.9	210.5

Annex and Element		Disclosure requirement

Statements of Financial Position

	As at 31 March			As at 30 September
	2013	2014	2015	2015
	(ZAR'm)			
Assets				
Non-current assets	47,885	59,308	65,813	83,656
Property, equipment and vehicles	40,137	49,597	53,776	60,750
Intangible assets	7,279	9,210	11,565	13,050
Investments in associates	2	4	2	9,377
Investment in joint venture	65	67	65	63
Other investments and loans	63	68	93	76
Derivative financial instruments	100	60	10	9
Deferred income tax assets	239	302	302	331
Current assets	8,857	11,226	13,366	15,639
Inventories	681	904	1,074	1,170
Trade and other receivables	5,427	6,768	7,479	8,682
Current income tax assets	44	33	34	54
Cash and cash equivalents	2,705	3,521	4,779	5,733
Total assets	56,742	70,534	79,179	99,295
Equity				
Capital and reserves				
Stated and issued capital	11,027	11,027	14,141	24,051
Treasury shares	(256)	(249)	(265)	(282)
Share capital	10,771	10,778	13,876	23,769
Retained earnings	1,488	4,325	7,250	8,228
Other reserves	4,947	9,365	10,938	15,905
Attributable to equity holders of Mediclinic	17,206	24,468	32,064	47,902
Non-controlling interests	796	923	1,098	1,092
Total equity	18,002	25,391	33,162	48,994
Liabilities				
Non-current liabilities	32,692	36,899	38,078	42,154
Borrowings	25,351	28,704	27,927	30,273
Deferred income tax liabilities	6,182	7,251	7,729	8,810
Retirement benefit obligations	709	414	1,292	1,823
Provisions	365	492	665	788
Derivative financial instruments	85	38	465	460
Current liabilities	6,048	8,244	7,939	8,147
Trade and other payables	4,121	5,048	6,032	6,248
Borrowings	1,011	1,666	1,229	1,136
Provisions	322	376	429	533
Derivative financial instruments	65	—	21	7
Current income tax liabilities	529	1,154	228	223
Total liabilities	38,740	45,153	46,017	50,301
Total equity and liabilities	56,742	70,534	79,179	99,295

Annex and Element		Disclosure requirement

Statements of Cash Flows

	Year ended 31 March			Six months ended 30 September	
	2013	2014	2015	2014	2015
				(unaudited)	
				(ZAR'm)	
Net cash generated from operating activities	3,549	4,615	6,008	2,726	2,383
Cash flow used in investment activities	(527)	(2,539)	(4,594)	(2,386)	(10,131)
Cash flow from financing activities	(2,837)	(1,605)	(361)	876	8,287
Net increase in cash, cash equivalents and bank overdrafts	185	471	1,053	1,216	539
Opening balance of cash, cash equivalents and bank overdrafts	1,979	2,705	3,485	3,485	4,779
Closing balance of cash, cash equivalents and bank overdrafts	2,705	3,485	4,779	4,748	5,733

Mediclinic Group revenue increased by ZAR4,743 million, or 15.6 per cent, to ZAR35,238 million in 2015 from ZAR30,495 million in 2014. The rate of revenue growth across the period was slower than the previous year in Southern Africa, but saw a strong increase in Switzerland due to the acquisition of new clinics. An increase in hospital inpatient admissions resulted in a 16 per cent. increase in the UAE.

Mediclinic Group revenue increased by ZAR6,059 million, or 24.8 per cent., to ZAR30,495 million in 2014 from ZAR24,436 million in 2013, due to steady increases in inpatient admissions across all platforms.

The Normalised EBITDA margin for the Mediclinic Group decreased from 21.2 per cent. in 2014 to 20.4 per cent. in 2015. This was due to pre-opening costs of a new facility in South Africa, the adjustment to TARMED of approximately ZAR60 million on 1 October 2014 in Hirslanden and start-up losses incurred in the Middle East.

The Normalised EBITDA margin for the Mediclinic Group decreased from 21.3 per cent. in 2013 to 21.2 per cent. in 2014. Hirslanden saw a decrease in EBITDA margin due to an increased number of generally insured patients, but strategic initiatives in the UAE saw the Mediclinic Group's Middle East EBITDA margin increase from 19.9 per cent. to 22.0 per cent. in the period.

Net cash from operating activities was ZAR4,615 million in 2014, as compared to ZAR6,008 million in 2015, representing an increase of ZAR1,393 million. The increase was mainly due to Hirslanden's improved working capital position which had a positive cash flow effect of ZAR695 million as well as growth across all three operating platforms.

Net cash from operating activities was ZAR3,549 million in 2013, as compared to ZAR4,615 million in 2014, representing an increase of ZAR1,066 million. The increase was mainly due to the lower interest payments by Hirslanden of ZAR550 million after refinancing its debt, as well as a stronger average Swiss franc exchange rate against the South African rand of 11.05 in 2014 versus 9.05 in 2013.

For the half year ended 30 September 2015, revenue was ZAR19,565 million, an increase of 16 per cent. compared to the same period in 2014. The information below sets forth certain revenue-related data per operating platform:

Annex and Element		Disclosure requirement
		• Mediclinic Southern Africa: Revenue increased by 9 per cent to ZAR6,759 million. The revenue growth was driven by a 3.2 per cent increase in bed-days sold and a 6.1 per cent increase in the average income per bed-day. The number of patients admitted increased by 1.2 per cent., while the average length of stay increased by 1.9 per cent. • Hirslanden: Revenue increased by 19 per cent to ZAR10,310 million. The revenue growth was a result of a 6.5 per cent increase in inpatient admissions and increased revenue per case due to increased numbers of complex cases. • Mediclinic Middle East: Revenue increased by 26 per cent to ZAR2,496 million. The revenue growth was driven by bed-days sold having increased by 1 per cent., hospital outpatient consultations and visits to the emergency units having increased by 1 per cent. and clinic outpatient consultations having increased by 4 per cent. Inpatient hospital admissions decreased by 2 per cent. The Normalised EBITDA margin for the Mediclinic Group decreased from 19.8 per cent. for the half year ended 30 September 2014 to 19.7 per cent. for the half year ended 30 Sepember 2015. Mediclinic South Africa's Normalised EBITDA margin increased slightly from 21.5 per cent. for the half year ended 30 September 2014 to 21.6 per cent. for the half year ended 30 September 2015. Hirslanden's Normalised EBITDA margin decreased from 18.6 per cent. for the half year ended 30 September 2014 to 18.1 per cent. for the half year ended 30 September 2015 due primarily to TARMED adjustments. Mediclinic Middle East's Normalised EBITDA margin increased from 19.7 per cent. for the half year ended 30 September 2014 to 20.9 per cent. for the half year ended 30 September 2015 due primarily to more complex admissions compared to the previous period. For the half year ended 30 September 2015, net cash from operating activities was ZAR2,383 million, as compared to ZAR2,726 million in the same period in 2014, representing a decrease of ZAR343 million. The increase was mainly due to the decrease of unbilled debtors at Hirslanden of ZAR684 million which was caused by the transition to a new system. For the six months ended 30 September 2015, net cash used in investing activities was ZAR10,131million, as compared to ZAR2,386 million for the same period in 2014, representing an increase of ZAR7,745 million. This increase was due to the acquisition of the 29.9 per cent. stake in Spire for ZAR8,678 million. For the six months ended 30 September 2015, net cash from financing activities was ZAR8,287 million, as compared to ZAR876 million for the same period in 2014, representing an increase of ZAR7,411 million. This increase was attributable to the rights issue undertaken in connection with the acquisition of the stake in Spire, which raised ZAR9,911 million after share issue cost. Save as described above, there has been no significant change in the financial condition or operating results of the Mediclinic Group during the years ended 31 March 2013, 2014, 2015 and the six months to 30 September 2015, the date to which the latest audited interim financial information in relation to the Mediclinic Group was prepared or subsequent thereto.

Annex and Element		Disclosure requirement
B.8	Key pro forma financial information	The unaudited consolidated pro forma net asset statement has been prepared to illustrate the impact of the Combination on the net assets of the Company as if they had taken place on 30 September 2015. The unaudited consolidated pro forma income statements for the twelve months ended 31 March 2015 and the six months ended 30 September 2015 have been prepared to illustrate the impact of the Combination on the results of the Company as if they had taken place on 1 April 2014 and 1 April 2015, respectively. The unaudited consolidated pro forma net asset and income statement have been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Rules and in a manner consistent with the accounting policies to be adopted by Al Noor in preparing its consolidated financial statements for the year ending 31 March 2016 and should be read in conjunction with the notes to the pro formas. By their nature, they address hypothetical situations and therefore do not represent the Enlarged Group's financial position as of 30 September 2015 and for the twelve months ended 31 March 2015 and the six months ended 30 September 2015. They may not therefore give a true picture of the Enlarged Group's financial position or results, nor are they indicative of the results that may, or may not, be expected to be achieved in the future. The unaudited consolidated pro forma net assets as at 30 September 2015 are £3,243 million. The unaudited consolidated pro forma profit before tax is £222 million for the twelve months ended 31 March 2015 and £77 million for the six months ended 30 September 2015.
B.9	Profit forecast or estimate	**The Al Noor Group** On 25 August 2015, Al Noor published its unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015 (the "**2015 Unaudited Interim Financial Statements**"). The 2015 Unaudited Interim Financial Statements contain the following profit forecast: *We expect to deliver slightly higher growth in revenue and earnings in the second half compared with the first six months of the year, as we increase the number of inpatient beds in Al Ain Hospital, gain the benefits of recent investments in infrastructure and equipment at Al Noor hospitals and continue to increase patient visits to the medical centres opened in 2014, as well as capture further growth from acquired medical centres.* Al Noor confirms that: (1) the reference above to earnings growth was to underlying EBITDA growth; and (2) underlying EBITDA growth in the second half of the financial year ending 31 December 2015, compared to the same half year period in the financial year ended 31 December 2014 is expected to be higher than underlying EBITDA growth in the first six months of the financial year ended 31 December 2015, compared to the same half year period in the financial year ended 31 December 2014 (the "**Profit Forecast**"). The Al Noor Board has prepared the Profit Forecast based on the 2015 Unaudited Interim Financial Statements, the unaudited management accounts for the three months ended 30 September 2015 and a forecast to 31 December 2015. The Profit Forecast has been properly compiled on the basis of the assumptions stated below, on a basis consistent with the accounting policies adopted by Al Noor in preparing its audited consolidated financial statements for the year ended 31 December 2014, 2013 and 2012 and the 2015 Unaudited Interim Financial Statements.

Annex and Element		Disclosure requirement
		The Al Noor Board prepared the Profit Forecast on the basis of the following assumptions, any of which could turn out to be incorrect and therefore affect whether the Profit Forecast is achieved: *Factors outside the influence or control of the Al Noor Board* (a) There will be no major change in either the regulatory or legislative environment for companies providing healthcare in Al Noor's primary markets. (b) There will be no negative step change in the pricing of services received from health insurance companies that is beyond the control of the Company. (c) There will be a stable competitive environment in Al Noor's primary markets. (d) There will be no significant regional disturbance, from regional conflict or otherwise, that would reduce the stability of Al Noor's primary markets and their patient population. (e) That no major legal claim will be made against the Al Noor Group in the second half of 2015. *Factors within the influence or control of the Al Noor Board* (a) Al Noor's existing capacity continues to perform to its current operational and clinical levels. (b) The additional bed capacity in Al Noor's Al Ain hospital will be operational before the end of 2015. (c) That Al Noor's average number of doctors will not decline in the second half of 2015 versus the first half of 2015. (d) That outpatient volume in Al Noor's hospitals will not be significantly lower in the second half of 2015 than the first half of 2015. (e) That outpatient volume for Al Noor's clinics opened in 2014 is greater in the second half of 2015 than the first half of 2015. (f) That outpatient volume for the Al Madar Network of clinics will be greater in the second half of 2015 than the first half of 2015. **The Mediclinic Group** Not applicable. There is no profit forecast or estimate.
B.10	Qualifications in the audit report on the historical financial information	**The Al Noor Group** Not applicable. There are no qualifications to the audit or accountants' report on the historical financial information of the Al Noor Group. **The Mediclinic Group** Not applicable. There are no qualifications to the audit or accountants' report on the historical financial information of the Mediclinic Group.

Annex and Element		Disclosure requirement
B.11	Insufficient working capital	Not applicable. In the opinion of the Company, following the Combination, taking into account the Remgro Subscription and the bank and other facilities available to the Enlarged Group, the working capital of the Enlarged Group is sufficient for the Enlarged Group's present requirements, that is, for at least 12 months from the date of publication of this document.

Section C—Shares

Annex and Element		Disclosure requirement
C.1	Type and class of securities being admitted to trading	The Company is proposing to issue up to 685,293,369 New Shares, comprising up to 613,000,000 New Shares to be issued in connection with the Combination and 72,115,384 further New Shares to be issued pursuant to the Remgro Subscription. Upon Admission, the Shares will be registered with ISIN Number GB00B8 HX8Z88.
C.2	Currency	The currency of the New Shares is Pounds Sterling.
C.3	Issued share capital	On 17 November 2015 (being the last practicable date prior to the publication of this document), the Company had an issued ordinary share capital of 116,866,203 Existing Shares with a nominal value of 10 pence each, all of which were fully paid. Immediately following Completion, the Company will have an issued ordinary share capital of 802,159,572 Shares with a nominal value of 10 pence each all of which will be fully paid, comprising: (i) up to 116,866,203 Existing Shares; (ii) up to 613,000,000 New Shares issued in connection with the Combination; (iii) 72,115,384 New Shares issued pursuant to the Remgro Subscription; and (iv) up to 177,985 New Shares being issued to satisfy awards made in 2014 and 2015 under the relevant Al Noor Employee Share Plans. Additionally, on 17 November 2015 (being the last practicable date prior to the publication of this document), the Company had an issued preference share capital of 50,000 redeemable non-voting preference shares with a nominal value of £1 each, all of which were fully paid, and 10 Subscriber Shares in issue with a nominal value of 10 pence each. Additionally, immediately following Completion, the Company will have (i) an issued redeemable non-voting preference share capital of 50,000 preference shares with a nominal value of £1 each, all of which were fully paid; and (ii) 10 Subscriber Shares of £0.10 each, all of which were fully paid. The redeemable non-voting preference shares and the Subscriber Shares are expected to be redeemed and cancelled, respectively, following Admission.

Annex and Element		Disclosure requirement
C.4	Rights attaching to the New Shares	The New Shares, when issued and fully paid, will rank *pari passu* in all respects with the Existing Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the share capital of the Company.
C.5	Restrictions on transfer	Not applicable. The Shares are freely transferable and there are no restrictions on transfer in the UK.
C.6	Admission	The Existing Shares are currently admitted to listing on the premium listing segment of the Official List maintained by the FCA trading on the London Stock Exchange's main market for listed securities. As the Combination is classified as a reverse takeover for the purpose of the Listing Rules, upon Completion, the listing of the Existing Shares on the premium listing segment of the Official List will be cancelled. Simultaneously, application will be made for the re-admission of the Existing Shares and the admission of the New Shares to the premium listing segment of the Official List maintained by the FCA and to trading on the main market for listed securities of the London Stock Exchange. It is expected that Admission will become effective, and that dealings in the Shares will commence at 8.00 a.m. on 8 February 2016.
C.7	Dividends and dividend policy	As at the date of this document, the Al Noor Board has adopted a dividend policy for the Company which will look to maximise shareholder value and reflect its strong earnings potential and cash flow characteristics, while allowing it to retain sufficient capital to fund ongoing operating requirements and to invest in the Company's long term growth. The Al Noor Board may revise the dividend policy from time to time. Following Completion, the Enlarged Al Noor Board intends to adopt a dividend policy to reflect the underlying earnings and growth of the business, while retaining sufficient capital to fund ongoing operations and to invest in the Company's long term growth. The Enlarged Al Noor Board aims to pay a dividend of between 25 per cent. and 30 per cent. of normalised headline earnings per share. The Enlarged Al Noor Board may revise the dividend policy from time to time. The ability of the Company to pay dividends is dependent on a number of factors and there is no assurance that the Company will pay dividends, or if a dividend is paid, what the amount of such dividend will be. See Element D.3 or Part 1: "*Risk Factors—Risks relating to the Enlarged Group Shares—Because the Company is a holding company and substantially all of its operations are conducted through its subsidiaries, its ability to pay dividends on the shares depends on its ability to obtain cash dividends or other cash payments or to obtain loans from such entities.*"

Section D—Risks

Annex and Element		Disclosure requirement
D.1	Key information on the key risks that are specific to the Company and the Enlarged Group	The key risks below have been drafted on the basis of the Enlarged Group as it will be in existence on the Closing Date, unless expressly stated or the context otherwise requires. **Key information on the risks related to the business of the Enlarged Group** • The strategy of the Enlarged Group involves continuing to acquire and develop additional facilities which may be affected by its ability to identify suitable acquisition targets and enter into acquisition and development transactions. New hospital and medical centre projects also require substantial capital expenditure and the Enlarged Group may need additional third-party financing to support its strategy. • The Enlarged Group is dependent on third-party developers and contractors for construction of its facilities. The Enlarged Group may not achieve the operating levels expected from future projects and it may not be able to achieve its targeted return on investment on, or intended benefits or operating synergies from, these projects. Any delay in the completion of the Enlarged Group's expansion projects may have a material adverse effect on its growth strategy, its business, financial condition and results of operations. • The failure to successfully integrate any acquired businesses may result in damage to the Enlarged Group's reputation and/or lower levels of revenue, earnings or operating efficiencies than anticipated or it may not be able to realise the potential cost savings, synergies and revenue enhancements that were anticipated from the acquisition and the costs of achieving these benefits may be higher than the Enlarged Group's expectations. • The Enlarged Group depends on doctors and other medical professionals to provide medical services at its facilities. The Enlarged Group may not be able to compete with other healthcare providers to attract doctors and other medical professionals. If the Enlarged Group is unable to successfully attract and retain doctors, its ability to successfully implement its business strategy could suffer. • The private healthcare industry is subject to extensive government legislation and associated regulations. Regulation in the healthcare industry is constantly changing, and the Enlarged Group cannot predict what future healthcare initiatives will be implemented or the effect that any future legislation or regulation will have on it. The Enlarged Group is dependent to a significant degree on licences and regulatory approvals. If government requirements are not met and any of its facilities are not allowed to open or are forced to cease operations, the Enlarged Group's business could be adversely affected. • The Enlarged Group competes for patients with other providers of medical services. It is also possible that there may be further consolidation in the medical industry in Switzerland and the UAE. In addition, it is possible that government healthcare facilities in the Enlarged Group's markets could be privatised, which could significantly increase competition in the private hospital market.

Annex and Element		Disclosure requirement
		• The Enlarged Group's information systems are essential to a number of critical areas of its business operations, including its various clinical information systems together with medical and non-medical materials management and enterprise resource planning modules. Any system failure that causes an interruption in service or availability of the Enlarged Group's systems could materially adversely affect its business and/or delay the collection of revenue. • The Enlarged Group sources the majority of its medical supplies, pharmaceuticals and equipment from third-party suppliers and outsources various activities, such as cleaning and catering services, to sub-contractors. Supplier bottlenecks, quality problems or the disruption of the business relationships with these providers could lead to disruptions or deterioration in the care provided at the Enlarged Group's facilities. • Upon Admission, the Enlarged Group will have a relatively high level of financial gearing. There is no certainty that this debt can be refinanced and no certainty that the current price levels and terms will be maintained going forward, which could have a material adverse effect on the Enlarged Group's business, prospects, results of operations or financial condition. • The tax treatment of the Enlarged Group will, amongst other things, be dependent on the residence for tax purposes of the members of the Enlarged Group, including the Company. Following the Combination, it is intended that the Company will remain resident in the United Kingdom and that it will not become resident in South Africa, although elements of the management of the operations of the Group will be located in South Africa. If the Company ceases to be resident in the United Kingdom, it could be subject to certain "exit taxes" and would no longer qualify for benefits under tax treaties entered into between the United Kingdom and other countries. If the Company did become South African tax resident, this may have a material impact on the taxation liabilities of the Enlarged Group. • The Enlarged Group's business in Southern Africa is predominantly based, and derived almost all of its revenue for the 2015 financial year from operations, in South Africa. As a result, political, social and economic conditions in South Africa, including the continued depreciation of the Rand, can have a significant effect on the Enlarged Group's business. • The Enlarged Group's business in Southern Africa depends on payments from medical schemes. If the Enlarged Group's relationship with these medical schemes deteriorates, if the Enlarged Group is unable to negotiate and retain similar fee arrangements with these medical schemes, or if these medical schemes are unable to make payments to the Enlarged Group, its business may be adversely affected. • In Switzerland, the Enlarged Group depends on payments from insurance companies as well as cantons. If the Enlarged Group's relationships with these insurance companies and cantons deteriorates, if it is unable to negotiate and retain similar fee arrangements with these insurance companies and cantons, or if these insurance companies and cantons are unable to make payments to the Enlarged Group, its business may be adversely affected.

Annex and Element		Disclosure requirement
		• The ownership structures of the Al Noor Group and the Mediclinic Group's Middle East businesses are subject to risks associated with UAE foreign ownership restrictions. It is possible that these structures could be unilaterally challenged before a UAE court on the basis of the Concealment Law or other general public policy related provisions under other UAE legislation, and that a UAE court could decide that these ownership structures violated public policy, morals or law in the UAE. There could be a number of adverse implications for the Enlarged Group if these ownership arrangements and ownership structures were to be successfully challenged or an enforcement action initiated, which would result in Al Noor having to adopt alternative ownership or operating structures for its UAE businesses that could be disadvantageous to the Enlarged Group's business and operations, or the imposition of material fines, which could have possible adverse implications on its UAE operations. • On 24 August 2015, Mediclinic completed the indirect acquisition of a 29.9 per cent. shareholding in Spire Healthcare Plc for approximately ZAR8.6 billion. Mediclinic's investment in Spire is subject to a number of risks which are outside Mediclinic's control. • Completion of the Combination is subject to the satisfaction (or waiver, where applicable) of a number of conditions which, if not satisfied (or waived, as applicable) may result in the Combination not being completed. The Combination may be completed even if there is an adverse change or development in respect of Mediclinic or Al Noor. Further, the Enlarged Group may fail to realise the business growth opportunities, margin benefits and other synergies anticipated from the Combination.
D.3	Key information on the key risks specific to the securities	• The Company will conduct substantially all of its operations through its subsidiaries, and such entities will generate substantially all of its operating income and cash flow. The Company relies on those subsidiaries for cash dividends, investment income, financing proceeds and other cash flows to pay dividends. There can be no assurance that, in the long-term, the Company's subsidiaries will generate sufficient profits and cash flows, or otherwise prove willing or able, to pay dividends or lend or advance to the Company sufficient funds to enable it to meet its obligations and pay interest, expenses and dividends, if any, on the Shares. • Under its Articles of Association, holders of the Shares generally have the right to subscribe and pay for a sufficient number of the Company's ordinary shares to maintain their relative ownership percentages prior to the issuance of any new ordinary shares in exchange for cash consideration. U.S. holders of the Shares may not be able to exercise their pre-emptive rights unless a registration statement under the Securities Act is effective with respect to such rights and the related ordinary shares or an exemption from the registration requirements of the Securities Act is available. Similar restrictions exist in certain other jurisdictions.

Section E—Offer

Annexes and Element		Disclosure requirement
E.1	Net proceeds and costs of the offer	Not applicable. There is no offer of the Company's securities so there are no net proceeds receivable by the Company other than under the Remgro Subscription. The total costs and expenses relating to the issue of this document, the Al Noor Circular and to the implementation of the Combination are estimated to amount to approximately £25,535,000 and are payable by the Company.
E.2a	Reasons for the offer and use of proceeds	Not applicable. There is no offer of the Company's securities.
E.3	Terms and conditions of the Offer	Not applicable. There is no offer of the Company's securities.
E.4	Material interests	Not applicable.
E.5	Selling Shareholder and details of lock-up arrangements	Not applicable. There is no offer of the Company's securities and there are no selling shareholders.
E.6	Dilution	The up to 613,000,000 New Shares to be issued pursuant to the Combination, 72,115,384 New Shares to be issued pursuant to the Remgro Subscription will represent approximately 85 per cent. of the ordinary share capital of the Company assuming no Al Noor Shareholders elect to tender their Existing Shares under the Tender Offer, no South African appraisal rights are exercised in connection with the Mediclinic Scheme and no options are exercised or Al Noor Shares or Mediclinic Shares issued under the Al Noor Employee Share Plans or Mediclinic Forfeitable Share Plan respectively, between 17 November 2015 and Admission. Following the issue of the up to 613,000,000 New Shares in connection with the Combination and 72,115,384 New Shares pursuant to the Remgro Subscription and assuming no Al Noor Shareholders elect to tender their Existing Shares under the Tender Offer, no South African appraisal rights are exercised in connection with the Mediclinic Scheme and no options are exercised or New Shares being issued to satisfy awards made in 2014 and 2015 under the Al Noor Deferred Annual Bonus Plan 2013 and the Al Noor Long Term Incentive Plan 2013 and no other Al Noor Shares or Mediclinic Shares being issued under the Al Noor Employee Share Plans or Mediclinic Forfeitable Share Plan, respectively, between 17 November 2015 and Admission, the Existing Shares will represent 15 per cent. of the total issued Shares immediately following Admission.
E.7	Estimated expenses charged to the investor	Not applicable. No expenses will be directly charged to the investors by the Company. There are no commissions, fees or expenses to be charged to investors by the Company because there is no offer of the Company's securities.

PART 1—RISK FACTORS

Investing in and holding the Shares involves financial risk. Investors in the Shares should carefully review all of the information contained in this document and should pay particular attention to the following risks associated with an investment in the Enlarged Group and the Shares which should be considered together with all other information contained in this document. If one or more of the following risks were to arise, the Enlarged Group's business, financial condition, results of operations, prospects and/or the Enlarged Group's share price could be materially and adversely affected and investors could lose all or part of their investment. The risks set out below may not be exhaustive and do not necessarily comprise all of the risks associated with an investment in the Enlarged Group and the Shares. Additional risks and uncertainties not currently known to the Enlarged Group or which the Enlarged Group currently deems immaterial may arise or become material in the future and may have a material adverse effect on the Enlarged Group's business, results of operations, financial condition, prospects and/or share price. Prospective investors should note that the risks relating to the Enlarged Group, its industry and the Shares summarised in the section of this document headed "Summary" are the risks that the Enlarged Group believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Enlarged Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

The risk factors below have been drafted on the basis of the Enlarged Group as it will be in existence on the Closing Date, unless expressly stated or the context otherwise requires.

You should consult a legal adviser, an independent financial adviser or a tax adviser for legal, financial or tax advice if you do not understand this document.

Risks relating to the businesses of the Al Noor Group, the Mediclinic Group and, after the Combination completes, the Enlarged Group

The Enlarged Group is subject to risks associated with its expansion strategy

The strategy of the Enlarged Group involves, in part, continuing to acquire and develop additional facilities. The Enlarged Group's efforts to execute its growth strategy may also be affected by its ability to identify suitable acquisition targets and negotiate and close acquisition and development transactions. As part of its strategy, the Enlarged Group will continue to explore opportunities to acquire hospitals and medical centres and/or sites for such facilities. See Part 6: "*Information on the Combination and Strategy of the Enlarged Group*". However, it may not be able to identify suitable sites for new hospitals or medical centres and/or existing facilities to acquire.

New hospital and medical centre projects also require substantial capital expenditure, and the existing working capital and bank facilities of the Al Noor Group and the Mediclinic Group may not be sufficient to support this growth. The Enlarged Group may, therefore, need additional third-party financing to support its strategy. If such third-party financing is insufficient or not available on commercially acceptable terms, these additional expansion opportunities could be curtailed or stopped until sufficient funding is secured. In addition, new facilities may require significant numbers of additional staff, and the Enlarged Group may have difficulty in hiring enough properly qualified personnel or in obtaining licences for such personnel to practise in the relevant jurisdiction. Furthermore, as the Enlarged Group may not achieve the operating levels expected from future projects, it may not be able to achieve its targeted return on investment on, or intended benefits or operating synergies from, these projects.

In addition, to expand its existing facilities or construct new facilities, the Enlarged Group must obtain approvals and licences from relevant authorities or regulatory bodies before it is able to commence construction. If the Enlarged Group fails to obtain such licences or does not obtain such licences on the requested terms, it may not be able to expand or construct facilities as contemplated.

Expansion into new markets will also subject the Enlarged Group to various challenges, including those relating to compliance with the laws, regulations and practices within each new country, with which it may not be familiar, as well as uncertainties associated with the potential adoption of new laws and regulations and in the interpretation of such laws, regulations and practices by courts and regulators.

If the Enlarged Group cannot identify suitable expansion opportunities, secure suitable financing or achieve the requisite return on its investments, its business, prospects, financial condition and results of operations could be adversely affected.

The Enlarged Group may not be able to successfully integrate businesses that it acquires in the future, and may not be able to realise the anticipated cost savings, revenue enhancements or other synergies from such acquisitions

Part of the growth strategy of the Enlarged Group involves the potential acquisition of established hospitals or medical centres. The process of integrating such acquired businesses may involve the following risks:

- demands on management related to integration processes;
- diversion of management's attention from the management of daily operations to the integration of newly acquired operations;
- retaining employees, including, in particular, key medical personnel, who may be vital to the integration of the acquired business or to the future prospects of the combined businesses;
- difficulties in influencing and changing the quality of medical standards and practices at target facilities;
- difficulties in the assimilation of different corporate cultures, practices, personnel and distribution methodologies;
- difficulties in conforming the acquired company's accounting, books and records, internal accounting controls, and procedures and policies to the Enlarged Group;
- retaining the loyalty and business of the customers of acquired businesses;
- difficulties and unanticipated expenses in integrating IT platforms, back-office functions and redundant selling, general and administrative functions; and
- unanticipated costs and expenses associated with any undisclosed or potential liabilities.

The failure to successfully integrate any acquired businesses may result in damage to the Enlarged Group's reputation and/or lower levels of revenue, earnings or operating efficiencies than anticipated or that might have been achieved if such businesses had not been acquired, and the loss of patients of acquired businesses.

Furthermore, even if the Enlarged Group is able to integrate the former operations of acquired businesses successfully, it may not be able to realise the potential cost savings, synergies and revenue enhancements that were anticipated from the integration, either in the amount or within the time frame that the Enlarged Group expected, and the costs of achieving these benefits may be higher than, and the timing may differ from, the Enlarged Group's expectations.

If the Enlarged Group fails to successfully integrate businesses that it acquires in the future, or fails to realise anticipated cost savings, synergies or revenue enhancements associated with such acquisitions, its business, prospects, financial condition or results of operations may be materially adversely affected.

The Enlarged Group's growth strategy depends significantly on the construction and development of new hospitals and other facilities, which may be subject to delays

As the Enlarged Group is not directly involved in the construction or development of new facilities for its hospitals and medical centres, it is dependent on third-party developers and contractors for construction of the facilities it develops.

The Mediclinic Group is currently engaged in the construction of the North Wing at the City Hospital in Dubai. Planning has also started on the development of a new 188-bed hospital on the southern side of Dubai. In addition, a number of upgrade and expansion projects are in progress in Southern Africa which will increase capacity by approximately 159 additional beds in the 2016 financial year.

The Al Noor Group is currently engaged in the construction of the Civic Centre Hospital, construction of the extension to the Airport Road Hospital and the Al Ain Hospital and the refurbishment and construction at the Khalifa Street Hospital.

Construction of these facilities involves significant design, building and development risk, the need to obtain numerous governmental approvals and permits, and other critical activities that may take substantially more time and resources than anticipated. These projects may not be completed on schedule or within budget due to a variety of factors, including:

- shortages of materials, equipment and labour;

- adverse weather conditions;
- natural disasters;
- labour disputes with contractors or sub-contractors;
- accidents;
- changes in laws or government priorities; and
- the inability to secure appropriate contracts with reliable contractors to complete projects.

Any delay in the completion of the Enlarged Group's expansion projects may have a material adverse effect on its growth strategy and, therefore, on its business, financial condition and results of operations.

The Enlarged Group's performance depends on its ability to attract and retain quality doctors and healthcare professionals at its facilities and to maintain good relationships with those doctors and healthcare professionals

The Enlarged Group depends on doctors and other healthcare professionals to provide medical services at its facilities. The reputation, expertise and demeanour of the doctors and other healthcare professionals who provide medical services at the Enlarged Group's hospitals are instrumental to its ability to attract patients. The success of the Enlarged Group's hospitals depends, therefore, in part on the number and quality of the doctors on the medical staffs of hospitals, the admitting practices of those doctors and maintaining good relations with those doctors. The factors that doctors consider important in deciding where they will work include their compensation package, the reputation of the hospital, the quality of equipment and facilities, the quality and number of supporting staff, affiliations and preferred network arrangements with medical aid schemes and insurance companies, the medical and legal environment and the market leadership of the hospital. The Enlarged Group may not be able to compete with other healthcare providers on all of these factors.

In Southern Africa and Switzerland, the doctors that are affiliated with and use the Mediclinic Group's facilities are not employed by the Mediclinic Group, except for a small number in its emergency units, who are employed under special dispensations from the Health Professions Council of South Africa, and, as at 30 September 2015, approximately 278 doctors employed in Switzerland mostly in the fields of intensive care, radiology, emergency services and anaesthesia. Therefore, a significant proportion of the Mediclinic Group's doctors may terminate their affiliation with the Mediclinic Group's hospitals at any time.

Due to the demand that the Mediclinic Group and Al Noor Group are facing at their current facilities, they have each recruited additional doctors and expect to continue to do so in the face of continuing demand, which will increase medical staff costs in future periods. If the Enlarged Group is unable to successfully attract and retain doctors, its ability to successfully implement its business strategy could suffer, which may have a material adverse effect on its business, prospects, financial condition or results of operations.

In addition, the Enlarged Group has experienced and expects to continue to experience significant wage and benefit pressures created by a current shortage of healthcare professionals. In some cases, doctor recruitment and retention is affected by a shortage of doctors in certain specialties, and competition for these individuals is particularly intense. The Enlarged Group expects this shortage to continue, and it may be required to enhance wages and benefits to recruit and retain healthcare professionals in the face of increasing opportunities for its healthcare professionals to work for competitors or in other jurisdictions.

Moreover, since the ability to attract, hire, relocate and retain medical personnel from jurisdictions other than those in which it currently has operations, as well as between the Enlarged Group's companies, is an important element of the Enlarged Group's human resource planning, local immigration and medical licensing requirements significantly affect its staffing requirements. Immigration and medical licensing applications for medical personnel can take several months or more to be finalised. If the Enlarged Group is unable to complete the requisite licence and visa applications, either as a result of changing requirements or otherwise, its ability to successfully implement its business strategy could suffer, which may have a material adverse effect on its business, prospects, financial condition and results of operations.

If the Enlarged Group does not continually enhance its facilities with the most recent technological advances in diagnostic and surgical equipment, or if there are any major failures or defects of the existing medical equipment in its facilities, the Enlarged Group's prospects for growth and its reputation could be adversely affected

Technological advances in the medical field continue to evolve. In order to compete with other healthcare providers for doctors and patients, the Enlarged Group must continually assess its equipment needs at its facilities and upgrade equipment as a result of technological improvements. Such equipment costs represent significant capital expenditure. If the Enlarged Group is unable to purchase new technology, such that medical practitioners are unable to provide required services and either do not provide the relevant treatment or elect to leave the Enlarged Group's hospitals, it could have a material adverse effect on the Enlarged Group's business, prospects, financial condition or results of operations.

Rapid technological advances could also, at times, lead to earlier-than-planned redundancy of equipment and result in asset impairment charges, which could have a material adverse effect on the Enlarged Group's financial condition and results of operations.

The Enlarged Group conducts business in a regulated industry. Changes in or compliance with applicable regulations may result in increased costs or sanctions that could have a material adverse effect on the Enlarged Group

The private healthcare industry is subject to extensive government legislation and associated regulations. Regulation in the healthcare industry is constantly changing, and the Enlarged Group cannot predict what future healthcare initiatives will be implemented or the effect that any future legislation or regulation will have on it. In addition, environmental health and safety laws and regulations have been increasing in stringency in recent years, and it is possible that they will become significantly more stringent in the future. To comply with these requirements, the Enlarged Group may have to incur substantial operating costs and/or capital expenditure in the future. Any such changes in the legislation, regulations or healthcare policies or the imposition of further requirements or restrictions on the Enlarged Group could have a material adverse effect on its business, prospects, financial condition or results of operations. Furthermore, if the Enlarged Group is determined to be in material violation of the laws, rules or regulations to which it is subject, its business, prospects, financial condition and results of operations could be materially adversely affected.

The Enlarged Group is dependent to a significant degree on licences and regulatory approvals. If government requirements are not met and any of its facilities are not allowed to open or are forced to cease operations, the Enlarged Group's business could be adversely affected

The Enlarged Group's business is subject to extensive licensing requirements. In particular, the Enlarged Group is required to obtain licences for, among others, the following activities: provision of healthcare services, provision of pharmaceutical services, provision of radiology services, administration of narcotics, psychotropic and other controlled substances, and handling and transport of explosive and flammable materials. The Enlarged Group's business activities and operations are also subject to regular reviews by licensing authorities. If any licensing requirements are not met by the Enlarged Group, the relevant authorities may suspend or revoke its licences or impose other restrictions on its operations. In addition, these licensing requirements are complex, which gives rise to compliance risks, and the Enlarged Group cannot predict what new licensing requirements, if any, will be implemented or the effect such licensing requirements may have on its business.

The Enlarged Group's relationship with local licensing authorities is also important to the continued operation of its business and to its future growth, including its ability to maintain its existing licences and obtain additional licences for any new healthcare facilities. Deterioration of the Enlarged Group's relationship with any key government agencies could have a material adverse effect on its business, prospects, financial condition or results of operations.

Environmental regulations and penalties for violations of environmental regulations, as well as the resulting damages, could adversely affect the business activities of the Enlarged Group

Waste generated in the ongoing business activities of the Enlarged Group's hospitals poses certain environmental and health hazards. These include infectious waste, drug waste resulting from cancer treatments, waste resulting from usage of X-rays, cleaning concentrates which have corrosive effects, flammable alcoholic disinfectants, technical operations materials such as diesel fuel or motor oil, which represent a danger to the soil and groundwater, chemicals such as those used in sanitary facilities or in

cooling towers, and inhalation anaesthetics. Despite adherence to safety standards, employees may be harmed, environmental damage may occur or fines may be incurred. The Enlarged Group is subject to legal provisions regarding the proper disposal of such special waste. While it has strict procedures in place to process medical waste, waste in some hospitals may not be properly disposed of because of misconduct or mistakes by employees or contracted individuals or businesses and costly damages may be incurred as a result. Certain third-party contractors used by the Enlarged Group have in the past been alleged to have engaged in illegal dumping of medical waste. The Enlarged Group may incur costs or be subject to civil or criminal penalties due to an obligation by one of its facilities to dispose of waste, contamination or other hazardous substances as well as contamination on the properties of third parties, which could impair operational processes and could have a material adverse effect on its business, prospects, financial condition or results of operations.

The Enlarged Group faces competition for patients from other healthcare providers

The Enlarged Group competes for patients with other providers of medical services.

In South Africa, the Mediclinic Group is the third largest operator in the private hospital market, with the major competition coming from Netcare and Life Healthcare. The Mediclinic Group competes with these operators based on factors such as obtaining new hospital licences, attracting and retaining the best doctors and nursing staff and preferred network agreements with medical aid schemes on price, reputation, clinical excellence and patient satisfaction.

In Switzerland, the Mediclinic Group is the largest private hospital operator in the country, with the major competition from cantonal and university hospitals. Because the cantons have the status of competitor, partial funder and regulator, competition is skewed and the cantons prefer to support their own hospitals in a number of ways. On a hospital by hospital basis, the Mediclinic Group competes with other providers for patients based on relationships with insurance companies, reputation, network of supporting personnel and facilities, quality of care and convenience.

The Enlarged Group's business in the Middle East is also competitive, and competition among hospitals and other healthcare providers for patients and customers has intensified in recent years. Hospitals compete on factors such as price, reputation, clinical excellence and patient satisfaction. The Enlarged Group also faces competition from other providers such as standalone clinics, outpatient centres and diagnostic centres and may face further competition from international healthcare companies with resources substantially greater than it has, which may begin providing services in the UAE and elsewhere in the Middle East in the future. State-owned hospitals and day patient medical centres may have substantially greater resources than the Enlarged Group does and, although the current policy of the governments of Abu Dhabi and Dubai is to allow the private sector a greater role in healthcare by allowing UAE nationals to use their medical insurance coverage in private hospitals, there can be no guarantee that this policy will continue. The three-year UAE Federal Government Strategy of 2007 encouraged the signing of participation and co-operation agreements between government hospitals across the UAE and internationally recognised healthcare providers. The international reputation of these operators and their ability to draw resources, including medical staff, from their home markets may constitute attractive features for many patients, thus increasing competition.

It is also possible that there may be further consolidation in the medical industry in Switzerland and the UAE. The Enlarged Group's competitors may develop alliances, and these alliances may acquire further market share. Concentration within the sector, or other potential moves by competitors, could improve their competitive position and market share. In addition, it is possible that government healthcare facilities in the Enlarged Group's markets could be privatised, which could significantly increase competition in the private hospital market.

In addition, hospitals and day patient medical centres that focus on one or only a few medical specialties continue to operate and are currently being developed in the markets in which the Enlarged Group operates, including the opening of new day hospitals in Southern Africa by Advanced Health and its planned expansion of its footprint from three to nine day hospitals by mid-2016, the development of additional capacity by Life Healthcare, including the Life Hilton Private Hospital in Pietermaritzburg, as well as by Netcare which includes the Netcare Polokwane, Netcare Pinehaven and the relocation of the Netcare Christian Barnard Memorial hospitals in Southern Africa, and the opening of Cleveland Clinic Abu Dhabi and Healthpoint Abu Dhabi by Mudabala Healthcare. If the number of these hospitals and day patient medical centres increases over time, they may attract patients for their respective specialties who might otherwise go to the Enlarged Group's hospitals for the same specialties, causing increased

competition, which could, in turn, negatively affect the Enlarged Group's patient volumes and overall market share in these markets.

Should the Enlarged Group fail to compete effectively with other healthcare providers and other firms generally, prospective patients could elect to seek treatment at other healthcare service providers, which could adversely affect its business, prospects, financial condition and results of operations.

The failure to maintain the quality of services provided at the Enlarged Group's facilities may negatively impact its brand or reputation

As the Enlarged Group's patients tend to select their healthcare providers based upon brand recognition and reputation, the Enlarged Group's business is dependent upon providing high quality healthcare (e.g. medical care, facilities and related services). Healthcare quality is measured by reference to factors such as quality of medical care, doctor expertise, friendliness of staff, waiting times and ease of access to doctors. If the Enlarged Group is unable to provide high quality services to its patients, fails to maintain a high level of patient satisfaction or experiences a high rate of mortality or medical malpractice suits, its brands or reputation could be damaged.

Quality of healthcare is also a key criterion that is evaluated in connection with the accreditation of the Enlarged Group's hospitals in Southern Africa by COHSASA and in the UAE by JCI. If any of its accredited hospitals were to lose their accreditation, the Enlarged Group's brand and reputation could be adversely affected until such time as the facility was able to achieve re-accreditation. Any significant damage to the Enlarged Group's reputation and/or brand caused by any of the foregoing factors could have a material adverse effect on its ability to attract new and repeat patients and, as a result, adversely affect the Enlarged Group's business, prospects, financial condition or results of operations.

The Enlarged Group may not be able to protect its name and trade marks

The Enlarged Group's name and trade marks support its business. The Enlarged Group believes that its reputation and brand are associated with the "Mediclinic", "Hirslanden" and "Al Noor" names, and that this association has contributed towards the success of the Enlarged Group's business. Marketing activities that are carried out to promote the Enlarged Group's products and services and to strengthen its position within the markets in which it operates depend on the association of the "Mediclinic", "Hirslanden" and "Al Noor" names with the Enlarged Group's reputation, and the "Mediclinic", "Hirslanden" and "Al Noor" names may be damaged if they are used by third parties whose reputation or brand is not associated with quality. Although the Enlarged Group takes steps to protect the "Mediclinic", "Hirslanden" and "Al Noor" names, it is possible this may not always be achieved. As a result, the Enlarged Group may not be able to fully protect the "Mediclinic", "Hirslanden" and "Al Noor" names from reputational damage from third parties which could adversely affect its business, prospects, financial condition or results of operations.

Economic and seasonal variations and challenges that affect the healthcare industry affect the Enlarged Group's operations

The Enlarged Group is impacted by economic and seasonal variations in patient volumes caused by a number of external factors, as well as the challenges currently facing the healthcare industry as a whole. The Enlarged Group may also be affected from time to time by the general economic environment, as people are less likely to seek medical treatment in more difficult economic environments, particularly for procedures that are not covered by insurance. The Enlarged Group's business in Switzerland is focussed on providing services to supplementary insured patients. This market has shown a slight decline over the last number of years and may continue to deteriorate.

In addition, patient volumes and revenue at the Enlarged Group's hospitals and related healthcare facilities are affected by European summer holidays and, in the Middle East, by the month of Ramadan. For the Enlarged Group's operations in Switzerland and in the Middle East, this falls in the end of the first half of the financial year. For the Enlarged Group's operations in Southern Africa, similar impacts are experienced in the second half of the financial year, during the South African summer holidays. During these holiday periods, people are less likely to seek medical treatment except when necessary. In addition, a large number of doctors have historically taken holidays during these periods, which reduces the number of patients that can be treated.

If the Enlarged Group fails to mitigate these challenges effectively, its business, prospects, financial condition and results of operations could be adversely affected.

Because of the risks associated with the delivery of medical care, it cannot be excluded that people may contract communicable diseases or healthcare-associated infections at the Enlarged Group's facilities

Healthcare delivery and invasive procedures have a significant impact on human health, particularly with the vulnerable populations in healthcare facilities, and it cannot be excluded that people may contract healthcare-associated infections and other communicable diseases. The increase in the prevalence of multidrug resistant (MDR) organisms, such as Methicillin resistant Staphylococcus aureus (MRSA) and Carbapenem resistant Enterobacteriaceae (CRE) and exposure to communicable diseases including exposure to patients with novel influenza, and pulmonary tuberculosis (PTB) are real risks to patients and healthcare workers. This could result in significant claims for damages against the Enlarged Group and, as a result of reports and press coverage, to a corresponding loss of reputation.

In addition to claims for damages, any of these events may lead directly to limitations on the activities of the Enlarged Group's facilities as a result of regulatory restrictions on, or the withdrawal of, permits and authorisations, and may indirectly result, through a loss of reputation, in reduced utilisation of its facilities. Any of these factors could have a material adverse effect on the Enlarged Group's business, prospects, financial condition or results of operations.

The Enlarged Group's operations could be impaired by a failure of its information systems or any failure to update or upgrade these systems in a timely manner

The Enlarged Group's information systems are essential to a number of critical areas of its business operations, including its various clinical, information systems covering computerised physician order entry, laboratory information systems, radiology information systems, patient archiving systems and billing systems, together with medical and non-medical materials management and ERP. Any system failure that causes an interruption in service or availability of the Enlarged Group's systems could materially adversely affect its business and/or delay the collection of revenue. In addition, although it has implemented security measures, the Enlarged Group's servers are potentially vulnerable to computer viruses, hacking and similar disruptions from unauthorised access and tampering. The occurrence of any of these events could damage the Enlarged Group's reputation and result in loss of revenue, interruptions, delays, the loss or corruption of data, or unavailability of systems, and may subject the Enlarged Group to liabilities as a result of theft or misuse of personal information stored in its systems. In addition, the Enlarged Group is currently in the process of implementing a new laboratory information system in its Middle Eastern operations and is in the final stages of selecting a new health information system. The implementation of this system requires migration of extensive data from existing systems. There can be no assurance that the Enlarged Group will not encounter data migration or other errors, which could result in the loss of important data, interruptions, delays or cessations in the availability of its systems, any of which could have a material adverse effect on the Enlarged Group's business, prospects, financial condition and results of operations.

The Enlarged Group's ability to effectively provide the services it offers or manage its margins could be negatively affected by increases in cost or disruptions in the availability of supplies

The Enlarged Group relies on third-party providers for pharmaceuticals, surgical supplies and medical equipment, and outsources various activities, such as cleaning and catering services, to sub-contractors. Supplier bottlenecks, quality problems or the disruption of the business relationships with these providers could lead to disruptions or deterioration in the care provided at the Enlarged Group's facilities. If the Enlarged Group is not able to access high-quality products on a cost-effective basis or if suppliers are not able to fulfil the Enlarged Group's requirements for such products, it could face a decline in patient volumes or disruption in its relationships with doctors. In addition, the Enlarged Group may face increases in its cost of supplies that it is not able to fully pass through to increases in its tariffs. In particular, a portion of the Enlarged Group's revenues are derived from services provided on the basis of alternative reimbursement model tariffs, under which it is not able to pass through costs from consumables used in the provision of care. If the Enlarged Group is not able to obtain adequate quantities or manage the costs of its supplies, this could have a material, adverse effect on its business, prospects, financial condition or results of operations.

The loss of certain members of the Enlarged Group's management may have an adverse effect on its business

The Enlarged Group's success depends, in part, on the efforts of its senior management. Its senior management have extensive experience in the private hospitals industry and have skills that are critical to the operations of the Enlarged Group's business. If the Enlarged Group loses or suffers an extended

interruption in the services of its senior officers, its business operations could be disrupted, which could have a material adverse effect on its business, prospects, financial condition or results of operations. Moreover, the availability of individuals with industry-specific experience is scarce and the market for such individuals is highly competitive. As a result, the Enlarged Group may not be able to attract and retain qualified personnel to replace or succeed members of its senior management or other key employees, should the need arise.

Institutions in the healthcare sector are subject to patient lawsuits. The level of the Enlarged Group's existing insurance coverage may prove to be insufficient or the cost of such insurance may increase

Institutions in the healthcare sector are subject to lawsuits resulting from negligence, treatment errors and other claims. Notwithstanding these factors, and that the Mediclinic Group does not employ all of its doctors in Switzerland and Southern Africa directly, the cost of claims against the Enlarged Group's facilities has grown over recent years. The liability for claims facing hospital operators in the countries in which it operates may continue to increase further. Patients are increasingly well informed of their rights and more critical in their judgement of the treatment provided. Thus, the potential for lawsuits always exists. Lawsuits consume resources, may involve claims for significant damages and costs for legal defence and may lead to a loss of reputation. Medical malpractice insurance policies, like all other insurance policies, contain implied and expressed terms and conditions and therefore it is possible that these policies may not fully cover the relevant liabilities in all circumstances. The Enlarged Group may face increased insurance premiums, its existing insurance coverage may not be extended, and it may be unable to find sufficient insurance on economically attractive terms. Therefore, lawsuits or a significant increase in insurance premiums could have an adverse effect on the Enlarged Group's business, prospects, financial condition or results of operations.

If the Enlarged Group is unable to obtain or maintain appropriate insurance coverage for any of its staff, the affected employees may be unable to practise, which, in turn, could reduce the number of patients that the Enlarged Group is able to treat. In addition, insurance purchased by the Enlarged Group may be subject to annual aggregate limitations and/or by the policies' deductible portion of each claim covered. Should such policy aggregates be exhausted in the future or should actual payments of claims or deductible portions materially exceed projected estimates of claims, the Enlarged Group's business, prospects, financial condition and results of operations could be materially adversely affected.

Furthermore, independent doctors supporting the Mediclinic Group's facilities in Switzerland and Southern Africa are facing similar trends, including high premiums for certain specialties (e.g. obstetrics, neuro-surgery), which may impact on the future supply of these services.

The Enlarged Group will be exposed to risks relating to its levels of indebtedness

Upon Admission, the Enlarged Group will have a relatively high level of financial gearing. The debt facilities in Southern Africa are in place until 2019 and the principal debt facilities in Switzerland are in place until 2020. There is no certainty that this debt will be able to be refinanced in the future and no certainty that the current price levels and terms will be maintained going forward, which could have a material adverse effect on the Enlarged Group's business, prospects, results of operations or financial condition.

The Enlarged Group is exposed to the risk of catastrophic events

The Enlarged Group is exposed to the risk of fires and allied perils (such as flooding, earthquakes, storm damage, and power interruptions) at any of its facilities. These events may result in the total or partial destruction of a facility. While the Enlarged Group maintains insurance policies that may cover many of these risks, there can be no assurance that, should these risks materialise, its insurance policies would cover some or all of the relevant damages. Any shortfall in coverage could have a material adverse effect on the Enlarged Group's business, prospects, financial condition or results of operations.

The Enlarged Group is exposed to risks relating to the affordability of healthcare

The costs of healthcare services and products may continue to increase faster than the Consumer Price Index because of an increase in number of patients treated and an increase in the average amount billed per patient. One of the key factors contributing to these costs is utilisation which in turn is impacted by changes in case-mix, increased length of stay, increased level of care, the introduction of new health technologies, impact of burden of disease and the impact of an ageing population. This may make private

healthcare unaffordable to certain groups of patients in the longer term and lead to further attempts by regulators to regulate the private healthcare industry (both in terms of utilisation and price). This could have a material adverse effect on the Enlarged Group's business, prospects, results of operations or financial condition, including on the sustainability of historic operating margins which could, as a result, be lower in the longer term.

The Enlarged Group is exposed to risks related to its tax residence

The tax treatment of the Enlarged Group will, amongst other things, be dependent on the residence for tax purposes of the members of the Enlarged Group, including the Company. Prior to the Combination, the Company has been resident in the United Kingdom. Following the Combination, it is intended that the Company will remain resident in the United Kingdom and that it will not become resident in South Africa, although elements of the management of the operations of the Group will be located in South Africa. If the Company ceases to be resident in the United Kingdom, it could be subject to certain "exit taxes", including United Kingdom corporation tax on any unrealised chargeable gains. It would also no longer qualify for benefits under tax treaties entered into between the United Kingdom and other countries. If the Company did become South African tax resident, this may have a material impact on the taxation liabilities of the Enlarged Group, including the Company becoming subject to South African taxation on its profits. In addition, if the Company did become South African tax resident, dividends and other distributions paid by the Company to shareholders may be required to be paid subject to South African withholding tax.

The Enlarged Group is exposed to risks related to tax determinations and the interpretation of tax laws

Determining the Enlarged Group's provision for corporation and other tax liabilities requires judgements (including in connection with the Assets Transfer) and estimates and there are transactions and calculations where the ultimate tax determination is uncertain. Although the Enlarged Group believes its estimates are reasonable, the ultimate tax outcome may differ from amounts recorded in its financial statements and may materially affect its financial results in the period or periods for which such determination is made. Any adverse tax determination may require the Enlarged Group to pay material amounts in tax and penalties, which could have a material adverse effect on its business, prospects, results of operations or financial condition.

In addition, any change in tax laws or practice in the jurisdictions in which members of the Enlarged Group are resident or operate may have a material adverse effect on the Enlarged Group's financial condition or results.

The Enlarged Group is exposed to foreign exchange risk

Prior to the Combination, Al Noor's operations were based almost exclusively in the UAE, and although its principal functional currency was the Emirati Dirham, its reporting currency was the U.S. dollar, which is pegged to the Emirati Dirham. Accordingly, Al Noor's financial results were not significantly exposed to foreign currency fluctuations. However, following completion of the Combination, Al Noor will change its reporting currency to pounds sterling. The Enlarged Group has material operations in South Africa (which report in Rand) and Switzerland (which report in Swiss Francs), as well as the UAE. Therefore, fluctuations in the exchange rates of Rand, Swiss Francs and Emirati Dirham/U.S. dollars relative to pounds sterling could have a significant effect on the Enlarged Group's results of operations. Although the Enlarged Group's exposure to the effects of currency exchange rates on its revenues will be partially hedged because a portion of its costs are also denominated in these currencies, its revenues and profits could nevertheless decline due to adverse movements in the rates of these currencies relative to pounds sterling. In addition, changes in foreign exchange rates relative to pounds sterling can affect the value of the Enlarged Group's non-pounds sterling assets and liabilities and may cause currency translation gains and losses. As a result, material fluctuations in the operating currencies of the Enlarged Group could have a material adverse effect on its consolidated financial results and the price of the Shares.

Al Noor's financial performance may differ from its profit forecast

This document contains a profit forecast in respect of Al Noor's financial year ending 31 December 2015. This profit forecast, the assumptions upon which it was based and KPMG's report thereon are set out in Annex 1 to this document. The profit forecast is a forward-looking statement and there is a risk that Al Noor's actual results of operations could differ materially from those expressed or implied by the profit forecast as a result of numerous factors. The profit forecast is based on a number of assumptions, which

are inherently subject to significant business, operational, economic and other risks, many of which are outside of Al Noor's control. While Al Noor has detailed the key assumptions which underpin the profit forecast in Annex 1 to this document, these assumptions may not continue to reflect the commercial, regulatory and economic environment in which Al Noor operates. Accordingly, after the date of the profit forecast, the assumptions may change or may not materialise at all. In addition, unanticipated events may adversely affect Al Noor's actual results of operations in future periods regardless of whether the assumptions otherwise prove to be correct. Consequently, Al Noor's actual results of operations may vary materially from the profit forecast and investors should not place undue reliance on them.

Risks relating to the Enlarged Group's business in Southern Africa

Although the Enlarged Group operates primarily in South Africa, it also operates three hospitals in Namibia. The risk factors below focus on risks applicable to companies operating in South Africa, but many of the risks are applicable to Southern Africa generally.

Political, social and economic conditions in South Africa or regionally could reduce the size of the private healthcare industry or adversely affect the Enlarged Group's business

The Enlarged Group's business in Southern Africa is based, and derived almost all of its revenue for the 2015 financial year from operations, in South Africa. As a result, political, social and economic conditions in South Africa can have a significant effect on the Enlarged Group's business. South Africa moved to a multi-party democracy with universal suffrage in 1994. However, large parts of the South African population do not have access to adequate education, healthcare, housing and other services, including water and electricity. South Africa also has high levels of unemployment, poverty and crime. These problems, in part, are believed to have hindered investments in South Africa, prompted emigration of skilled workers and adversely affected economic growth. Although it is difficult to predict the effect of these, and other, problems on South African businesses or the South African government's efforts to solve them, these problems, or the solutions proposed, could cause the size of the market for private health services or the people who demand these services in South Africa to decline and may have a material adverse effect on the Enlarged Group's business, prospects, financial condition or results of operations. There has also been regional political, social and economic instability in some of the countries surrounding South Africa which could negatively affect the South African economy and political situation which, in turn, could also have a material adverse effect on the Enlarged Group's business, prospects, financial condition or results of operations.

There are risks associated with investing in emerging markets

South Africa is generally considered by international investors to be an emerging market. Emerging markets are typically thought to have certain characteristics and be subject to many risks, including:

- adverse changes in economic and governmental policy;
- relatively low levels of disposable consumer income;
- relatively high levels of crime;
- relatively unstable institutions;
- relatively higher rates of HIV/AIDS and other serious communicable diseases such as tuberculosis;
- inconsistent application of existing laws and regulations; and
- slow or insufficient legal remedies.

The Enlarged Group cannot assure shareholders that political, economic, social and other developments in South Africa or other regional emerging markets will not have a material adverse effect on its business, prospects, financial condition or results of operations.

Gaps in the public power grid or the in-house emergency power supply could occur, and the Enlarged Group may face increased electricity costs

As a result of the inability of Eskom, South Africa's state-owned electricity utility, to meet the increasing electricity demand in South Africa due to historical underinvestment and failure to expand capacity, parts of South Africa experienced frequent power shortages and outages during recent years. In order to maintain its operations in the face of power supply disruptions, the Enlarged Group spent ZAR48 million

in capital expenditures to build secondary back-up generators at its hospitals over the period 2007 to 2009. The Enlarged Group has incurred and may in future incur additional costs for diesel fuel to operate these generators in the event of further power disruptions. Furthermore, during recent years, electricity prices have increased significantly in South Africa due to pressures from Eskom to increase tariffs to support its financial position and capital expenditure programme.

Gaps in the supply of power from the public grid and from the Enlarged Group's in-house emergency power supply in South Africa could affect the operation of the respective hospitals and limit its operations; particularly when such gaps in the power supply are harmful to the health of the patients or lead to a loss of reputation by individual hospitals or of the Enlarged Group. Any of these factors may have a material adverse effect on the Enlarged Group's business, prospects, financial condition or results of operations.

Non-compliance with black economic empowerment ("BEE") initiatives in South Africa could affect the Enlarged Group's business prospects and revenue

Under the laws, codes and regulations promulgated by the South African government to promote BEE, the government awards procurement contracts, quotas, licences, permits and other rights based on numerous factors, including the BEE status of applicants. The Enlarged Group is required or encouraged to comply with procurement, employment equity, ownership and other requirements, which are designed to redress historical social and economic inequalities and ensure socio-economic stability in South Africa. A company's BEE status is an important factor considered by government and other public bodies in awarding contracts, and may influence relationships with customers or suppliers as it has an effect on the BEE status of those customers or suppliers. If the Enlarged Group fails to maintain its BEE status, its ability to obtain licences could be adversely affected and customers and suppliers might also be less likely to procure services from or supply to the Enlarged Group, which could have a material adverse impact on its business.

The Enlarged Group's business in Southern Africa depends on payments from medical schemes. If the Enlarged Group's relationship with these medical schemes deteriorates, if the Enlarged Group is unable to negotiate and retain similar fee arrangements with these medical schemes, or if these medical schemes are unable to make payments to the Enlarged Group, its business may be adversely affected

The Enlarged Group receives the vast majority of its revenues in its Southern Africa business from payments from medical schemes. In South Africa, patients are insured by medical schemes, which are in turn either administered by medical aid administrators or are self-administered. In the 2015 financial year, payments received from the three largest medical aid administrators (Discovery, Medscheme and Metropolitan Life) accounted for the significant majority of the Mediclinic Group's revenues in its Southern Africa business.

The Enlarged Group negotiates on an annual basis with the medical schemes regarding the tariffs, or pricing arrangements, to be paid to the Enlarged Group for services provided at its facilities. The Enlarged Group has and may continue to face downward pressure on some of the payment rates from these medical schemes in South Africa. The Enlarged Group may be unable to effectively pass on increases in its cost base into the tariffs paid by the medical schemes. Any further consolidation of, or collective bargaining by, medical schemes may strengthen their bargaining position *vis-à-vis* the Enlarged Group and may result in less favourable pricing and other terms.

In addition, the Enlarged Group is dependent for a portion of its revenues on its preferred network arrangements with these medical schemes, which represent a portion of the Enlarged Group's patients covered. Under a preferred network arrangement, the medical schemes require or financially incentivise patients to receive treatment at the Enlarged Group's facilities as opposed to other healthcare facilities. If the Enlarged Group were unable to retain its preferred network arrangements, it may lose patient volumes and may also become less attractive to doctors.

The Enlarged Group's future success will depend, in part, on its ability to maintain good relationships with these medical schemes. Competition from other healthcare providers may also impact its ability to maintain relationships with or negotiate increases in tariffs or other favourable terms from medical schemes. If the Enlarged Group's relationship with medical schemes deteriorates, it may be unable to negotiate favourable tariff arrangements, may lose its preferred network arrangements, or its business may otherwise be adversely affected. In addition, if any of these medical schemes were unable to make payments to the Enlarged Group as a result of liquidity constraints, insolvency or otherwise, then its business, prospects financial condition or results of operations may be materially adversely affected.

Strikes or other industrial action could impair the Enlarged Group's business activities

As of 31 March 2015, approximately 11 per cent. of the Mediclinic Group's South African employees were members of trade unions. The Mediclinic Group and its facilities have in the past and may in future be subject to strike or industrial action. Any such strikes or industrial action at the Enlarged Group's facilities in the future may have a material adverse effect on its business, prospects, financial condition or results of operations.

The Enlarged Group's business may be adversely affected by fluctuations in the value of the Rand against other currencies

In the Enlarged Group's Southern African hospitals, pharmaceuticals are manufactured both locally and imported, and surgical products and consumables are mostly manufactured outside of South Africa. Most of the procurement is done through local suppliers or local agents of international suppliers. Although the prices for these products are denominated in Rand, the cost of such goods may increase or decrease reflecting movements in the Rand compared to other currencies, in particular the Euro and the U.S. dollar. A significant portion of the Enlarged Group's Southern African business's capital expenditures relate to the purchase of medical equipment from manufacturers outside of South Africa through their local distributors. Although the prices of such equipment are denominated in Rand, the Rand prices are linked to U.S. dollar or Euro prices. Thus, any depreciation in the value of the Rand against the U.S. dollar or Euro could cause a significant increase in the Enlarged Group's capital expenditures and a decrease in its margins given the higher cost of goods.

The private healthcare industry in South Africa is currently subject to a Competition Commission Market Inquiry, the outcome of which may result in increased costs or sanctions that could have a material adverse effect on the Enlarged Group

The South African Competition Commission (the "**Competition Commission**") is currently undertaking a market inquiry (the "**Market Inquiry**") into the private healthcare sector in South Africa, which commenced in May 2014. According to the revised administrative timetable published by the Competition Commission on 16 October 2015, it is currently engaged in research and analysis. The publication of the results of the Market Inquiry is scheduled for December 2016. South African legislation enables the Competition Commission to conduct market inquiries in respect of the general state of competition in a market for particular goods and services, without necessarily referring to the conduct or activities of any particular named firm. The Market Inquiry is thus a general investigation into the state, nature and form of competition in a market, rather than a narrow investigation of a specific conduct by any particular firm. The Competition Commission has stated that it initiated the Market Inquiry because it had reason to believe that there are features of the sector that prevent, distort or restrict competition. The Competition Commission has further stated that it believes that conducting this inquiry will assist in understanding how it may promote competition in the healthcare sector.

The Market Inquiry is particularly focused on the cost of private healthcare and the Competition Commission has involved all private healthcare stakeholders in South Africa in the process via extensive submissions and data requests, and will hold future oral hearings. The Market Inquiry panel may conclude the Market Inquiry with recommendations such as changes to be made in the industry, propose legislative or regulatory amendments and institute anti-competitive investigations should the Market Inquiry reveal such conduct. Any of these factors and/or findings could have a material adverse effect on the Enlarged Group's business, prospects, financial condition or results of operations and are currently unknown.

Risks relating to the Enlarged Group's business in Switzerland

In Switzerland, the Enlarged Group depends on payments from insurance companies as well as cantons. If the Enlarged Group's relationships with these insurance companies and cantons deteriorates, if it is unable to negotiate and retain similar fee arrangements with these insurance companies and cantons, or if these insurance companies and cantons are unable to make payments to the Enlarged Group, its business may be adversely affected

In Switzerland, the Enlarged Group receives the vast majority of its revenue from payments from insurance companies and, where the hospitals and designated service mandates are included on the so-called "hospital lists", a component of payment is received from the relevant canton. Hospitals that are included on the hospital lists are eligible to treat generally insured patients. Reimbursement for treating generally insured inpatients is according to the SDRG system and the cantons and insurance companies fund approximately equal components. The SDRG system and the obligation for cantons to plan hospital

capacity based on hospital lists were introduced as a result of regulatory changes in 2012. Should a Swiss hospital not be on the hospital list, it will be known as a contract hospital and will negotiate contracts with insurance companies, will not be eligible to treat generally insured patients and receive no payment contribution from the canton. Most of the Enlarged Group's hospitals are included on the hospital lists and thus are eligible to treat generally insured patients. However, there is no assurance that this will continue indefinitely and, should the listing status be removed, it could have a material adverse effect on the Enlarged Group's business.

A portion of the Swiss population elect to buy supplementary insurance over and above the compulsory basic insurance each citizen is required to procure. Supplementary insurance offers additional benefits to the basic package. Because supplementary insured patients also are generally insured patients, their inpatient treatment in terms of approved listing mandates also means the same subsidy on the relevant SDRG component as for generally insured patients. The Enlarged Group's main focus in Switzerland is on treating patients with supplementary insurance and as of 31 March 2015, approximately 57 per cent. of inpatients treated have supplementary insurance.

The Enlarged Group negotiates contracts with insurance companies regarding supplementary insurance holders. Contracts with supplementary insurance providers are for varying periods and have a wide range of tariffs and terms. The insurance mix by hospital can vary to a large degree. Tariffs are usually negotiated annually between the hospitals and insurance companies and are subject to approval by the relevant cantons. This process can be delayed and subject to dispute and can mean provisional tariffs are in place for extended periods of time, which means revenue certainty can only be finalised once tariffs are finalised. Final SDRG reimbursement is also dependent on case mix index changes and caseloads, and thus final revenue certainty is an extended and complex process.

Outpatient tariffs are governed by the national TARMED system and are currently under review as part of a general revision of the Swiss Health Care Insurance Act and the management of the outpatient sector. There is no certainty at this stage as to the exact implementation date and outcome of this review and the possible impact on the outpatient revenues of the Enlarged Group's facilities in Switzerland in the future.

The Enlarged Group has faced and may continue to face downward pressure on a number of components of the tariff structure in Switzerland and it may be unable to effectively pass on increases in its cost base into the tariffs paid by the funders. Any further consolidation of insurance companies or the creation of a national insurance company for generally insured patients in Switzerland may strengthen their bargaining power *vis-à-vis* the Enlarged Group and may result in less favourable pricing.

The Enlarged Group is highly dependent on contracts and agreed prices with supplementary insurance providers and there is no assurance that these contracts will continue indefinitely on similar terms and conditions to those now agreed.

The Enlarged Group's future success in Switzerland will depend, in part, on its ability to maintain good relationships with insurance companies and negotiate reasonable tariffs or other favourable terms with insurance companies. The Enlarged Group may be unable to negotiate favourable tariff arrangements, may lose preferred network arrangements or listing status and service mandates. The loss of mandates or network arrangements could cause loss of patient volumes and may also be less attractive to doctors. Furthermore, if any funder were unable to make payments to the Enlarged Group as a result of liquidity, insolvency or other issues, the Enlarged Group's business, prospects, financial condition or results of operations may be materially adversely affected.

Another recent development is that the moratorium on the opening of new specialist practices, initially adopted in 2002 on a temporary basis, is now due to become a permanent law. The impact this will have going forward is difficult to predict as Mediclinic will continue to be able to employ new specialists where required at existing practices, although it will be unable to open new specialist practices. The moratorium does not affect the opening of new practices providing general practitioner services.

Risks relating to the Enlarged Group's business in the Middle East

The Al Noor Group's ownership structure is subject to risks associated with UAE foreign ownership restrictions

UAE law contains local ownership requirements stating that nationals of the UAE must be the owners of at least 51 per cent. of the outstanding share capital of UAE companies. Al Noor is a UK company and virtually all of its revenues in 2012, 2013 and 2014 were attributable to its operations in the UAE, which are held through Al Noor Golden. A UK company is considered by the UAE licensing authorities to be a

foreign company for the purposes of satisfying the 51 per cent. local ownership requirement, regardless of the shareholding of UAE nationals in such company. Accordingly, consistent with the approach that the Al Noor Group management believe is taken by many foreign-owned companies operating in the UAE, Al Noor has addressed this issue by implementing a commonly used corporate structure, as a result of which 51 per cent. of the outstanding share capital of Al Noor Golden is owned by ANCI, which is itself owned 99 per cent. by First Arabian, an established provider of shareholder-related services in the UAE, and 1 per cent. by SMBB. First Arabian is a UAE limited liability company owned equally by two Emirati shareholders (Jasim Mohamed Abdullah and Khalid Rashed Hamrani) who are partners of Al Tamimi & Company, a prominent UAE law firm with operations across the Middle East. However, First Arabian is not sponsored by, or part of, Al Tamimi & Company. SMBB retains a 1 per cent. interest in ANCI to satisfy the UAE Companies Law requirement for a UAE LLC to have at least two shareholders. The remaining 49 per cent. interest in Al Noor Golden is owned by the Company through (i) ANH Cayman, which owns 48 per cent. of the share capital of Al Noor Golden, and (ii) ANMC Management, which owns 1 per cent. of the share capital of Al Noor Golden. In order to protect Al Noor's rights and seek to ensure that it will have the full benefit of the operating businesses under Al Noor Golden (including its UAE operating licences), the constitutional documents of Al Noor Golden provide certain protections relating to profit distribution, management, shareholder voting, distributions on liquidation and restrictions on share transfers. For details regarding Al Noor's corporate structure, see Part 9: "*Corporate Structure—The Al Noor Group Structure*".

It is possible that the Al Noor Group's structure could be unilaterally challenged before a UAE court on the basis of the UAE Federal Law no. 17 of 2004 in respect of the Commercial Concealment (the "**Concealment Law**") or other general public policy related provisions under other UAE legislation, and that a UAE court could decide that the ownership structure violated public policy, morals or law in the UAE.

The Concealment Law provides that it is not permissible to allow a non-UAE national, whether by using the name of another individual or through any other method, to practise any economic or professional activity that is not permissible for him to practise in accordance with the law and decrees of the UAE, which could prohibit foreign ownership of a UAE company through structures such as the one used in Al Noor's ownership structure. The Concealment Law was scheduled to come into effect in November 2007. However, by way of a cabinet resolution, the UAE federal government suspended the application of the Concealment Law until November 2009 and it was further suspended until September 2011. The Concealment Law is now in force, but, as of the date hereof, the provisions of the law have not been enforced to Al Noor's knowledge against any UAE company. However, as the Concealment Law is binding law, the UAE federal government has the ability to enforce the Concealment Law at any time in the future.

The Al Noor Group understands that foreign-owned companies formed in the UAE commonly employ corporate structures such as Al Noor's, and it is not aware of such arrangements having been unilaterally, nor in any other manner, challenged by the government of the UAE or any Emirate thereof. However, were such a challenge to be made, there is no certainty as to the approach that the UAE courts would take in relation to the application of the Concealment Law or other laws or policies to Al Noor's structure. For further details on the Concealment Law, see Part 9: "*Corporate Structure—The Al Noor Group Structure*".

There could be a number of adverse implications for Al Noor, and following Completion, the Enlarged Group if Al Noor's ownership structure were to be successfully challenged or an enforcement action initiated, including the Shareholders' Agreement, the Mudaraba Agreement, the Management Agreement and the Relationship Management Agreement (each as further detailed in Part 9: "*Corporate Structure—The Al Noor Group Structure*") being deemed void which would result in the loss of Al Noor's option to acquire the shares of the shareholders of ANCI in the share capital of ANCI, the loss of its right to be appointed as a proxy for the shareholders of ANCI during shareholder meetings of ANCI, the loss of its ability to prevent the shareholders of ANCI from selling or transferring their shares in the share capital of ANCI, the loss of its ability to prevent ANCI from selling or transferring its 1 per cent. shareholding in ANMC, having to adopt an alternative ownership or operating structure that could be disadvantageous to Al Noor's business, operations and financial results or the imposition of material fines. The imposition of one or more of such penalties could have a material adverse effect on Al Noor's business, financial condition and results of operations.

In addition, HAAD has wide discretion in relation to Al Noor's UAE operating licences, and a successful challenge or enforcement action against its ownership structure might lead HAAD to exercise its discretion to suspend its UAE operating licences (which would require Al Noor to suspend the operations of its hospitals and medical centres). Al Noor considers the probability of HAAD suspending its UAE

operating licences to be highly unlikely. However, should this risk crystallise, it could have a material adverse effect on Al Noor's business, financial condition and results of operations. In addition, should a challenge occur, the fact that Al Noor's ownership structure is being challenged is likely to be made public, which could have an adverse effect on the trading price of the Shares.

Furthermore, as the constitutional documents of Al Noor Golden provide that ANH Cayman has the right to receive up to 89 per cent. of all distributions that are declared by Al Noor Golden, ANMC Management has the right to receive 1 per cent. and ANCI has the right to the remaining 10 per cent., if the Mudaraba Agreement (which grants ANH Cayman 99 per cent. of ANCI's right to receive 10 per cent. of the distributions of Al Noor Golden (the "**ANCI Return**")) were to be deemed void, this would result in the effective loss of the ANCI Return. Loans between shareholders of a UAE company, in a shareholding arrangement such as Al Noor's, for share capital contributions are not uncommon or exclusive to its shareholder arrangement. Although the UAE does not have a system of binding judicial precedent, a successful challenge invalidating the Mudaraba Agreement, under the Concealment Law or other law, would put many similar profit sharing loan arrangements between shareholders in the UAE at risk of being deemed void, which may have a material adverse effect on the UAE economy. In any event, Al Noor believes the persons that could possibly have standing to challenge the Mudaraba Agreement for a violation of applicable law, are relatively low in number and would be limited most likely to the relevant authorities (if they believe a crime has been committed under applicable law), ANCI and the shareholders of ANCI (First Arabian (as the 99 per cent. shareholder of ANCI) and SMBB (as the 1 per cent. shareholder of ANCI)) because the application of the Mudaraba Agreement only contractually affects ANCI, directly (as the counterparty to the Mudaraba Agreement), and its shareholders, indirectly. As mentioned, the shareholders of First Arabian are partners of Al Tamimi & Company, a prominent UAE law firm with operations across the Middle East, and have majority control over ANCI.

If Al Noor were required or elects to replace ANCI as the owner of 51 per cent. of the shares in Al Noor Golden, or were ANCI to cease to be held 100 per cent. by UAE nationals, Al Noor would have to find another entity or individual to which it could transfer the interests ANCI holds in Al Noor Golden in accordance with the foreign share ownership restrictions described above. There can be no assurance that Al Noor would be able to find a viable alternative, which could result in a material adverse effect on its business, financial condition and results of operations. This could also have a material adverse effect on Al Noor's ability to continue to hold its indirect interest in and/or maintain control over its UAE operations, which may also materially adversely affect Al Noor's ability to continue to comply with certain listing requirements and maintain a premium listing on the Official List of the UK Listing Authority.

Al Noor considers the probability of a successful challenge to its ownership structure to be highly unlikely. Al Noor's view is that it would be difficult to identify people or entities that would have sufficient motivation or legal standing to make such a challenge. Al Noor also believes that it is extremely unlikely that a broad application of the Concealment Law would take place, given that doing so would be likely to have a severe adverse effect on foreign investment in the UAE. Al Noor is also not aware of any examples of the Concealment Law being enforced since its enactment. However, should any of the risks outlined above crystallise, they could have a material adverse effect on Al Noor's business, financial condition and results of operations.

The licences required to operate the Al Noor Group businesses are held by ANCI and ANMC

Under UAE law and regulations, licences for the operation of medical facilities and pharmacies in Abu Dhabi are issued by HAAD in the name of the company that operates the medical facilities, as well as in the name of the UAE national "persons" that are shareholders of the operating company. The term "persons" has been interpreted by HAAD to mean natural persons only, rather than corporate entities. As a result, HAAD normally does not issue its medical licences to "persons" that are UAE corporate entities. However, in connection with Al Noor's listing on the London Stock Exchange in June 2013, HAAD agreed to re-issue all of Al Noor's medical and pharmacy-related licences jointly in the name of ANMC and ANCI, instead of a natural person. ANCI is owned by First Arabian (99 per cent.) and by SMBB (1 per cent.).

First Arabian is 100 per cent. indirectly owned by UAE nationals. If this ceased to be the case, or if there were a deterioration in Al Noor's relationship with First Arabian, or if Al Noor lost its dispensation to hold the licences in the name of a corporate entity instead of a natural person, there can be no assurance that its ability to continue to operate the affected medical facilities or pharmacies would remain unimpaired. Al Noor would need to obtain new licences that included the name of a different UAE national individual

or corporate entity willing to act in First Arabian's place. The process of changing the name included on the licences issued by HAAD involves the submission of certain documentation with the relevant authorities. In Al Noor's experience, it usually takes between one and two weeks for such new licences to be obtained. There can be no assurance, however, that Al Noor would be able to obtain new licences in a timely manner, on acceptable terms or at all. Any delay in identifying a new UAE national whose name could be included on the licences or obtaining a new licence could have a material adverse effect on its business, financial condition and results of operations.

A Relationship Management Agreement dated 20 May 2013 was entered into between ANMC, Al Noor Golden and ANCI to regulate the relationship between ANMC, as operator of Al Noor's licensed medical facilities and pharmacies, Al Noor Golden and ANCI. The Relationship Management Agreement provides that ANCI must co-operate and provide assistance to ANMC and Al Noor Golden in connection with the medical licences required to operate ANMC's business. The purpose of this arrangement is to provide ANMC with additional control (through its direct contractual rights and, indirectly, through its parent, Al Noor Golden) over all of the licences it requires to operate its business. In the event that HAAD requires SMBB to be named on Al Noor's medical and pharmacy licences at a later date, the terms of a further relationship management agreement dated 20 May 2013 (as amended by an amendment agreement dated 17 June 2013) entered into by SMBB on substantially similar terms as the Relationship Management Agreement with ANCI, will become effective. The Relationship Management Agreement with ANCI also provides for a power-of-attorney to be provided by ANCI to Al Noor Golden in relation to the licences in its name, which is intended to give ANMC and Al Noor Golden the ability to seek to enforce their rights to control the medical licences that ANMC requires to operate its business should it ever need to do so. However, powers-of-attorney governed by UAE law, and notarised in the UAE, may be revoked at any time by the granting party and are required to have a term (three years, or such other term permitted by the local authorities, in the case of the power-of-attorney granted by ANCI). If ANCI were to revoke the power-of-attorney, or if the power-of-attorney expired without being re-issued by ANCI, ANMC and Al Noor Golden would lose the control over the HAAD licences ANMC requires to operate its business, which could have an adverse effect on the business if changes, updates or renewals of such licences are required. Moreover, if Al Noor is unable to enforce its rights through Al Noor Golden as contemplated in the Relationship Management Agreement, there can be no assurance that ANMC's ability to operate its business or reliance on the licences would not be adversely affected.

Al Noor considers the probability of the risks outlined above occurring to be highly unlikely. ANCI is controlled by First Arabian, a corporate entity with a substantive business interest in the UAE, and one of its ordinary business functions is to provide the arrangements and services set out above. Therefore, First Arabian will have an interest in ensuring the continued effectiveness of the proposed structure in adherence to the arrangement. Furthermore, the contractual rights in the Relationship Management Agreement are designed to provide an additional layer of protection that ensures continuing control of ANMC and Al Noor Golden over the HAAD medical licences. The Relationship Management Agreement also imposes obligations on ANCI in favour of Al Noor Golden to sign, execute and re-issue, if expired, a new power-of-attorney. However, should any of the risks set out above crystallise, it could have a material adverse effect on Al Noor's business, financial condition or results of operations.

The Mediclinic Group's ownership structure will be subject to risks associated with UAE foreign ownership restrictions

UAE law contains local ownership requirements stating that nationals of the UAE must be the owners of at least 51 per cent. of the outstanding share capital of UAE companies. Accordingly, consistent with the approach that the Mediclinic Group management believe is taken by many foreign-owned companies operating in the UAE, the Mediclinic Group has addressed this issue by implementing a commonly used corporate structure, as a result of which 51 per cent. of the outstanding share capital of relevant business units are owned by various local UAE residents or entities owned by UAE residents. In order to protect the rights of the Mediclinic Group and, after implementation of the Combination, the Enlarged Group and seek to ensure that the Mediclinic Group and, after implementation of the Combination, the Enlarged Group will have the full benefit of the operating businesses (including its UAE operating licences), the constitutional documents of these entities provide certain protections relating to profit distribution, management, shareholder voting, distributions on liquidation and restrictions on share transfers. The Mediclinic Group also has entities registered in Dubai free zone areas where restrictions on foreign ownership do not apply. For details regarding the Mediclinic Group's corporate structure, see Part 9: "*Corporate Structure—the Mediclinic Group Structure*".

It is possible that the Mediclinic Group's structure could be unilaterally challenged before a UAE court on the basis of the UAE Federal Law no. 17 of 2004 in respect of the Commercial Concealment (the "**Concealment Law**") or other general public policy related provisions under other UAE legislation, and that a UAE court could decide that the Mediclinic Group's ownership structure violated public policy, morals or law in the UAE.

The Concealment Law provides that it is not permissible to allow a non-UAE national, whether by using the name of another individual or through any other method, to practise any economic or professional activity that is not permissible for him to practice in accordance with the law and decrees of the UAE, which could prohibit foreign ownership of a UAE company through structures such as the one used in the Mediclinic ownership structure. The Concealment Law was scheduled to come into effect in November 2007. However, by way of a cabinet resolution, the UAE Federal Government suspended the application of the Concealment Law until November 2009 and it was further suspended until September 2011. The Concealment Law is now in force, but, as of the date hereof, the provisions of the law have not been enforced to Mediclinic's knowledge against any UAE company. However, as the Concealment Law is binding law, the UAE Federal Government has the ability to enforce the Concealment Law at any time in the future.

The Mediclinic Group understands that foreign-owned companies formed in the UAE commonly employ corporate structures such as the Mediclinic Group's, and the Mediclinic Group is not aware of such arrangements having been unilaterally, nor in any other manner, challenged by the UAE Federal Government or any Emirate thereof. However, were such a challenge to be made, there is no certainty as to the approach that the UAE courts would take in relation to the application of the Concealment Law or other laws or policies to the Mediclinic Group's structure. For further details on the Concealment Law, see Part 9: "*Corporate Structure—the Mediclinic Group Structure*".

There could also be a number of adverse implications for the Enlarged Group if the Mediclinic Group's ownership structure in the UAE were to be successfully challenged, including the loss of the Mediclinic Group's option to acquire the shares of the relevant 51 per cent. shareholders, loss of the Mediclinic Group's right to be appointed as a proxy for these shareholders during shareholder meetings, the loss of the Mediclinic Group's ability to prevent the relevant shareholders from selling or transferring their shares in the share capital of the relevant entities, the Mediclinic Group having to adopt an alternative ownership or operating structure that could be disadvantageous to the Mediclinic Group's business, operations and financial results or the imposition of material fines. The imposition of one or more of such penalties could have a material adverse effect on the Mediclinic Group's business, prospects, financial condition and results of operations in the UAE.

In addition, the DHA and HAAD have wide discretion in relation to the Mediclinic Group's UAE operating licences, and a successful challenge or enforcement action against the Mediclinic Group's ownership structure might lead the DHA or HAAD to exercise its discretion to suspend the Mediclinic Group's UAE operating licences (which would require the Mediclinic Group to suspend the operations of its hospitals and medical centres). The Mediclinic Group considers the probability of the DHA or HAAD suspending its UAE operating licences to be highly unlikely. However, should this risk crystallise, it could have a material adverse effect on the Mediclinic Group's business, prospects, financial condition and results of operations.

If the Mediclinic Group were required or elected to replace the current 51 per cent. owners of the shares in any relevant entity, or if these entities cease to be held 100 per cent. by UAE nationals, the Mediclinic Group would have to find another entity or individual to which the Mediclinic Group could transfer these interests in accordance with the foreign share ownership restrictions described above. There can be no assurance that the Mediclinic Group would be able to find viable alternatives, which could result in a material adverse effect on the Mediclinic Group's business, prospects, financial condition and results of operations in the UAE. This could also have a material adverse effect on the Mediclinic Group's ability to continue to hold the Mediclinic Group's indirect interest in and/or maintain control over the Mediclinic Group's UAE operations, which could result in a material adverse effect on its business, prospects, financial condition or results of operation.

There are risks associated with the licences held by the Mediclinic Group's Middle East business

The Mediclinic Group's Middle East business operates in Dubai and Abu Dhabi. Under UAE law and regulations, licences for the operation of medical facilities (outside of the DHCC Free Zone) and

pharmacies are issued by the DHA and HAAD in the name of the company that operates the medical facilities.

Outside of free zone entities, licences are held by Mediclinic Group companies with local UAE persons or companies controlled by UAE persons holding 51 per cent. of these companies. If this ceased to be the case, or if there were a deterioration in the Mediclinic Group's relationship with the local shareholders, or if the Mediclinic Group lost its dispensation to hold the licences in the name of a corporate entity instead of a natural person, there can be no assurance that its ability to continue to operate the affected medical facilities or pharmacies would remain unimpaired. The Mediclinic Group would need to obtain new licences that included the name of a different UAE national individual or corporate entity willing to act in their place. The process of changing the name included on the licences issued by DHA and HAAD involves the submission of certain documentation with the relevant authorities. In the Mediclinic Group's experience, it usually takes between one and two weeks for such new licences to be obtained. There can be no assurance, however, that the Mediclinic Group would be able to obtain new licences in a timely manner, on acceptable terms or at all. Any delay in identifying a new UAE national whose name could be included on the licences or obtaining a new licence could have a material adverse effect on the Mediclinic Group's business, prospects, financial condition and results of operations.

The Enlarged Group's revenue in the Middle East is almost entirely dependent on its operations in the UAE

The Enlarged Group's operations in the Middle East are principally located in the UAE, and, particularly, in the Emirates of Abu Dhabi and Dubai, where the Enlarged Group has generated virtually all Middle East revenue to date. The Enlarged Group's results of operations are, and are expected to continue to be, significantly affected by financial, economic and political developments in or affecting Abu Dhabi and Dubai and the UAE more generally and, in particular, by the level of economic activity in Abu Dhabi and Dubai.

The economies of Abu Dhabi and Dubai are heavily dependent on expatriate workers and consumers and any significant reduction in their numbers could materially adversely affect the Enlarged Group's revenues.

Although economic growth rates remain significantly above those of more developed markets, the global economic crisis that commenced in the latter half of 2007 had a significant adverse impact on Abu Dhabi and Dubai. In addition, the UAE is heavily dependent on revenue from oil and oil products, the prices for which declined sharply during the crisis and have continued to remain volatile with significant, sustained decreases in 2014 and 2015, to date. During the crisis, the Central Bank of the UAE, as well as the governments of Abu Dhabi and Dubai, introduced various measures in response to the crisis, including measures to support liquidity and inject capital into certain sectors. There can be no assurance that economic growth or performance in Abu Dhabi and Dubai can or will be sustained.

Furthermore, the Abu Dhabi and Dubai economies, like those of many emerging markets, have been characterised by significant government investment or involvement and extensive regulation in areas such as foreign investment, foreign trade and financial services. See *"The Enlarged Group is subject to the economic and political conditions of operating in the MENA region*" below.

If the Dubai or Abu Dhabi economies suffer another decline, or if government intervention in these economies restricts or limits economic growth, this could have a material adverse effect on the Enlarged Group's business, prospects, financial condition and results of operations.

Changes in Abu Dhabi, Dubai and UAE healthcare laws and regulations may materially adversely affect the Enlarged Group's business in the Middle East

The UAE healthcare industry, and in particular Abu Dhabi and Dubai, are heavily regulated. The healthcare industry in the UAE is one of the fastest-growing sectors in the country and the Enlarged Group believes the UAE, and in particular the governments of Abu Dhabi and Dubai, continue to invest heavily in the sector's development, including improved regulation. The Enlarged Group's hospitals and clinics are regulated by various bodies, including HAAD, DHA and the DHCC.

Regulation in the healthcare industry is constantly changing, and the Enlarged Group is unable to predict the future course of international and local regulation. For example, in August 2010, HAAD eliminated fee-for-service reimbursement for the Abu Dhabi Basic plan and, in 2012, for the Thiqa and Enhanced plans. In its place, HAAD instituted a new reimbursement method for inpatient cases, the SDRG System, which resulted in bundled (or basket) reimbursements. While the Al Noor Group was able to successfully transition to this new reimbursement method, there can be no assurance that future regulatory changes or

adjustments regarding reimbursement rates will not materially adversely affect its business, financial condition and results of operations. In addition, safety, health and environmental laws and regulations in the UAE have been increasing in stringency in recent years, and it is possible that they will become significantly more stringent in the future. To comply with these requirements, the Enlarged Group may have to incur substantial operating costs and/or capital expenditure in the future.

In addition, the government could implement regulations that could affect the mix of services that the Enlarged Group and its competitors provide, which could result in some market participants benefiting at the expense of others. For example, in late 2012, the government directed two government hospitals, subject to limited exceptions, to decline to treat Abu Dhabi Basic plan members which resulted in an increase in the number of such patients that the Enlarged Group treats. Events like this could, if not managed properly, adversely affect the Enlarged Group's overall patient mix and operating margins. Similarly, the Enlarged Group currently caters to Emirati patients who are members of the Thiqa plan. The government of Abu Dhabi provides this insurance plan, and could elect to restrict access of its members to the Enlarged Group's and other private facilities in the future, which could have a material adverse effect on the business, financial condition or results of operations of the Enlarged Group.

If the Enlarged Group was determined to be in material violation of the laws, rules or regulations to which it is subject, its business, financial condition and results of operations could be materially adversely affected. In addition, further changes in the regulatory framework affecting healthcare providers could have a material adverse effect on its business, financial condition and results of operations.

Continued instability and unrest in the MENA region may adversely affect the economies in which the Enlarged Group does business

Since late 2010, there have been significant civil disturbances and political turmoil affecting several countries in the MENA region. Although the UAE has not been adversely affected by the surrounding unrest, this continuing instability may significantly impact the economies in which the Enlarged Group does business, including both the financial markets and the real economy. Such impacts could occur through a lower flow of foreign direct investment into the region, capital outflows or increased volatility in the global and regional financial markets. Although the UAE has not been directly impacted by the unrest in the broader region to date, it is unclear what impact this unrest may have on the UAE or any of the countries in which the Enlarged Group does business in the future. The Enlarged Group's business, financial condition and results of operations may be materially adversely affected if, and to the extent, this regional volatility leads to an outflow of expatriate residents or capital, or to potential instability or government change in the UAE.

The Enlarged Group is subject to the economic and political conditions of operating in the MENA region

The Enlarged Group operates predominantly in Abu Dhabi and Dubai in the UAE, which are generally viewed as jurisdictions with developing economies. Specific country risks that may have a material adverse effect on the Enlarged Group's Middle East business, financial condition and results of operations are:

- political instability, riots or other forms of civil disturbance or violence;
- war, terrorism, invasion, rebellion or revolution;
- government interventions, including expropriation or nationalisation of assets, increased protectionism and the introduction of tariffs or subsidies;
- changing fiscal and regulatory regimes;
- arbitrary or inconsistent government action;
- inflation in local economies;
- cancellation, nullification or unenforceability of contractual rights; and
- underdeveloped industrial and economic infrastructure.

In particular, political instability across the region in recent years and the continuing state of unrest in Syria and Iraq and the rise of ISIS have further exacerbated the risk of a larger regional conflict. Unrest in those countries may also have implications for the wider global economy and may negatively affect market sentiment towards other countries in the region, including the countries in which the Enlarged Group operates, and towards securities issued by companies operating in the region, including those in the UAE.

Any unexpected changes in the political, social, economic or other conditions in such countries, or in neighbouring countries, could also have a material adverse effect on the UAE and therefore on the Enlarged Group's business, prospects, financial condition and results of operations.

Additionally, changes in investment policies or shifts in the prevailing political climate in any of the countries in which the Enlarged Group operates, or seeks to operate, could result in the introduction of changes to government regulations with respect to:

- price controls;
- export and import controls;
- income and other taxes;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

Unexpected changes in these policies or regulations could lead to increased operating or compliance expenses, or may have the effect of decreasing access to healthcare. Any such changes could have a material adverse effect on the Enlarged Group's business, prospects, financial condition and results of operations.

The Enlarged Group's business may be materially adversely affected if the U.S. dollar/AED-pegged exchange rate were to be removed or adjusted

Although the U.S. dollar/AED exchange rate is currently pegged, it may not be so in the future. The existing fixed rate may be adjusted in a manner that increases the costs of purchasing hospital and medical supplies used in the Enlarged Group's Middle East business or increases the Enlarged Group's repayment obligations under any indebtedness of the Enlarged Group's companies operating in the UAE that is denominated in U.S. dollars. Any removal or adjustment of the fixed rate could cause the operations and reported results of operations and financial condition of the Enlarged Group's Middle East business to fluctuate due to currency translation effects, which could have a material adverse effect on the Enlarged Group's business, prospects, financial condition and results of operations.

Failures in cooling systems at the Enlarged Group's facilities could have an impact on its operations

The UAE is in a climate zone that has relatively high temperatures during approximately three-quarters of the year, requiring cooling systems to operate continuously during these periods. For example, in the months between May and September, average temperatures in the UAE from 1984 to 2009 have been 33.9 degrees Celsius, according to the UAE's National Centre of Meteorology and Seismology. Health services are particularly dependent on the proper operation of cooling systems in hot climate zones such as the UAE because patients are, in general, particularly vulnerable to extreme weather conditions such as high temperatures. Although the Enlarged Group's businesses in the Middle East have back-up generators, the failure of cooling systems during hot days could lead to discomfort in patients and medical staff, a disruption in operations and, in some cases, to dehydration or heatstroke which would have a disproportionately negative effect on the infirm. Moreover, if these facilities were affected uniquely by failures in the cooling systems, this could have a detrimental impact on the Enlarged Group's reputation. Any such failures could have a material adverse effect on the Enlarged Group's business, prospects, financial condition and results of operations.

Changes in UAE tax laws or their application could materially adversely affect the Enlarged Group's business, financial condition and results of operations

Other than in certain sectors, such as oil and gas and financial services, there currently is no corporate or income tax in the UAE and, accordingly, the profits of the Al Noor Group's and the Mediclinic Group's Middle East businesses have not been subject to tax. Although the UAE currently does not have any corporate tax, there have been periodic and recent discussions about the introduction of corporate tax in the UAE. Any change in the UAE tax laws or a significant increase in tax rates would reduce the Enlarged Group's net profits.

The vast majority of the Enlarged Group's revenues in the UAE come from a limited number of insurance providers

The Enlarged Group generally negotiates on an annual basis with insurance companies regarding the fees or pricing arrangements to be paid for services provided at its facilities. Recently, some of these insurance companies have joined TPA organisations, which insurers use to control costs by centralising back office functions, processing claims and negotiating fees and pricing arrangements with hospitals. The Enlarged Group may face downward pressure on some of the payment rates from these insurers and TPAs, particularly if there is further consolidation of insurance companies into TPAs, which may strengthen their bargaining position and result in less favourable pricing and other terms for the Enlarged Group. The Enlarged Group may also be unable to effectively pass on any increases in its cost base to the tariffs paid by insurers.

The Enlarged Group's future success will depend, in part, on its ability to maintain good relationships with insurance providers. Competition from other hospital groups and healthcare providers in the region may also impact its relationships with, or ability to negotiate fee increases or other favourable terms from, insurance providers. If the Enlarged Group's relationship with insurers deteriorates, it may be unable to negotiate favourable fee arrangements and/or its business may otherwise be adversely affected.

The Enlarged Group is also exposed to the risk that insurance companies reject, delay or fail to make payment for claims it submits for medical services rendered to patients claiming coverage under such schemes. This risk may arise from disputes with insurers over the medical necessity of services the Enlarged Group provides, clerical errors that occur when it provides information to insurance companies during the claims process, gaps in system and process compatibility between the Enlarged Group and the insurance companies, or financial difficulties such as liquidity constraints and insolvency experienced by the insurance companies. An increase in claims rejections or significant failures by insurance companies to make payments could have a material adverse effect on the Enlarged Group's business, prospects, financial condition and results of operations.

Risks relating to the Combination

Completion is subject to the satisfaction (or waiver, where applicable) of a number of conditions which, if not satisfied (or waived, as applicable) may result in the Combination not being completed

The Combination is subject to the fulfilment or waiver (as applicable) of certain conditions precedent by no later than the Long Stop Date relating to, among others:

- the approval, posting and publication of the required shareholder documentation;
- the approval by Al Noor and Mediclinic Shareholders of resolutions required to implement the Combination;
- the Panel waiving the requirement for Remgro Concert Party to make an offer for Al Noor under Rule 9 of the City Code, and the associated "whitewash" resolution having being duly passed, on a poll, by the requisite majority of Al Noor Shareholders (who are all presumed to be independent of the Remgro Concert Party);
- approvals relating to the admission of Shares to trading on the LSE and the Johannesburg Stock Exchange;
- the receipt of competition authority clearances in South Africa and Namibia and other required regulatory clearances;
- confirmation by the Court of the reduction and cancellation of (i) Al Noor's existing share premium account and (ii) the class A deferred shares of the Company to be allotted to a nominee on behalf of Al Noor Shareholders and paid up out of the Company's merger reserve shortly before the Court hearing to confirm such reductions, in each case in order to create distributable reserves for the Special Dividend, and such reductions of capital having become effective;
- the Remgro Subscription becoming unconditional; and
- other customary conditions relating to the businesses of the two groups.

In addition, the Special Dividend and the Tender Offer are conditional on the Mediclinic Scheme becoming operative and unconditional and the Tender Offer is also conditional on the Remgro Subscription and the Court confirming the Second Reduction of Capital.

The conditions to which Completion is subject are set out in full in "*Section E—Conditions of the Combination*" of Part IV (*Information on the Combination*) of the Al Noor Circular, which is incorporated by reference into this document.

There is no guarantee that these (or any other) conditions will be satisfied (or waived, as applicable). Failure to satisfy any of these conditions may result in the Combination not being completed.

The Court hearing to confirm the Second Reduction of Capital will only take place after the Mediclinic Scheme has become operative and if the Court does not confirm the Second Reduction of Capital, the Company will be unable to proceed with the Tender Offer

The cancellation of the Existing Shares tendered and accepted for cancellation under the Tender Offer will constitute a reduction of capital, and the return of capital to tendering Al Noor Shareholders also requires a reduction of Al Noor's then existing share premium account. Accordingly, a special resolution will be proposed to Al Noor Shareholders at the General Meeting to permit the cancellation of these shares and the associated reduction of capital, and the reduction of Al Noor's then existing share premium account. This special resolution must also be confirmed by the Court pursuant to section 648 of the UK Companies Act and will become effective on registration of the Court order confirming the reduction by the Registrar of Companies. However, this reduction of capital can only be confirmed by the Court after the Mediclinic Scheme becomes fully operative because part of the share premium to be reduced only arises after such time and after the Remgro Subscription and, accordingly, there is a risk that if Court approval is not obtained, the Combination will complete but the Tender Offer would not be able to proceed and Al Noor Shareholders will be left with all of their shares in the Company. In this circumstance, Al Noor will use reasonable endeavours to enable Al Noor Shareholders to tender the Existing Shares that would otherwise have been cancelled pursuant to the Tender Offer by other means for the same cash amount.

The Combination may be completed even if there is an adverse change or development in respect of Mediclinic or Al Noor

Under the terms of the Mediclinic Scheme, Al Noor and Mediclinic have very limited rights to terminate the Combination if, prior to Completion, an event occurs which has or is reasonably likely to have a particular material adverse effect on the Mediclinic Group or the Al Noor Group, respectively.

These rights are principally limited to circumstances where (i) a licence held by a member of the Al Noor Group or Mediclinic Group which is necessary for the proper carrying on of its business has been withdrawn, cancelled or terminated where such withdrawal, cancellation or termination has had, or would reasonably be expected to have, a material adverse effect on the Al Noor Group or Mediclinic Group (as applicable) taken as a whole or (ii) an insolvency event having occurred in relation to Mediclinic (or any company in the Mediclinic Group which contributes more than 10 per cent. of the EBITDA of the Mediclinic Group) or Al Noor (or any company in the Al Noor Group which contributes more than 10 per cent. of the EBITDA of the Al Noor Group).

Accordingly, the Combination may proceed even if there is an adverse change in relation to the Mediclinic Group or the Al Noor Group. If an adverse change occurs and the Combination completes, the price of the Shares may be adversely affected. Conversely, if either party exercises a right to terminate the Combination for a material adverse effect, the price of the Existing Shares may be adversely affected.

The Enlarged Group may fail to realise the business growth opportunities, margin benefits and other synergies anticipated from, or may incur unanticipated costs associated with, the Combination

Al Noor believes that the Combination is justified in part by the business growth opportunities, margin benefits and other synergies it expects to achieve by combining its operations with Mediclinic. However, these expected business growth opportunities, margin benefits and other synergies may not materialise and other assumptions upon which the terms of the Combination were determined may prove to be incorrect.

The Enlarged Group may also face challenges with the following: redeploying resources in different areas of operations to improve efficiency; minimising the diversion of management attention from ongoing business concerns; and addressing possible differences between Al Noor's business culture, processes, controls, procedures and systems and those of Mediclinic.

Additionally, the Combination might affect the relationship that Al Noor and/or Mediclinic have with suppliers and business partners, and affect business performance and/or potential growth opportunities.

Under any of these circumstances, the business growth opportunities, margin benefits and other synergies anticipated by Al Noor and Mediclinic to result from the Combination may not be achieved as expected, or at all, or may be delayed materially. To the extent that the Enlarged Group incurs higher integration costs or achieves lower margin benefits than expected, the Enlarged Group's results of operations, financial condition and/or prospects, and the price of the Shares, may be adversely affected.

The Enlarged Group's future prospects will, in part, be dependent on its ability to successfully realise cost synergy potentials and integrate the Al Noor Group and the Mediclinic Group

The Enlarged Group's future prospects may, in part, be dependent upon the Enlarged Group's ability to integrate the Al Noor Group and the Mediclinic Group successfully and any other businesses that it may acquire in the future without material disruption to the existing business including as a result of the integration of key employees, IT and operational systems. The performance of the Enlarged Group in the future will, amongst other things, also depend on the successful integration and motivation of key employees from both the Al Noor Group and the Mediclinic Group.

It is possible that failure to retain certain individuals, platforms or systems during the integration period will affect the ability to integrate the Al Noor Group and the Mediclinic Group successfully into the Enlarged Group and could have a material adverse effect on the Enlarged Group's results of operations, financial condition and/or prospects. If other potential cost synergies such as the creation of a shared operations team and economies of scale in procurement, are not realised this may have a material adverse effect on the Enlarged Group's results of operations, financial condition and/or prospects.

Al Noor Shareholders will own a significantly smaller percentage of the Company (as holding company of the Enlarged Group) following implementation of the Combination than they currently own and will exercise significantly less influence as a result

The Combination will result in Mediclinic Shareholders (including Remgro in its capacity as an existing Mediclinic Shareholder but before taking into account the New Shares it will acquire pursuant to the Remgro Subscription) owning between 83.97 per cent. and 93.45 per cent. of the issued ordinary share capital of the Company (as the holding company of the Enlarged Group), depending on the extent to which Al Noor Shareholders participate in the Tender Offer. After the Remgro Subscription, Remgro's holding of Shares in the Company (as the holding company of the Enlarged Group) will be between 40.95 per cent. and 45.18 per cent. of the issued ordinary share capital of the Company. As a consequence, the number of voting rights which can be exercised and the influence which may be exerted by current Al Noor Shareholders in respect of the Company (as the holding company of the Enlarged Group) will be significantly reduced.

Remgro will have substantial influence over the Enlarged Group following Completion

As a result of the Combination and after the Remgro Subscription, Remgro's holding will be between 40.95 per cent. and 45.18 per cent. of the issued ordinary share capital of the Company (as holding company of the Enlarged Group), depending on the extent to which Al Noor Shareholders participate in the Tender Offer. In addition, based on Remgro's enquiries of the Relevant Portfolio Companies as regards their and their relevant investee companies' holdings in Mediclinic, the Remgro Concert Party's holding in the Enlarged Group as a result of the Combination, and after the Remgro Subscription, will be between 42.99 per cent. and 47.43 per cent.

Remgro has entered into the Remgro Relationship Agreement with the Company on 14 October 2015, which will become effective on Completion, to govern the on-going relationship between Remgro and the Enlarged Group following Completion. The principal purpose of the Remgro Relationship Agreement is to ensure that the Enlarged Group is capable of carrying on its business independently of Remgro and its associates. However, Remgro will retain substantial influence over the Enlarged Group. In particular, under the Remgro Relationship Agreement, Remgro will be entitled to appoint one director for every 10 per cent. of the issued ordinary share capital of the Company (or an interest which carries 10 per cent. of the aggregate voting rights in the Company) that Remgro and its subsidiary undertakings hold from time to time, subject to a maximum of three directors and provided that the appointment of a third director nominated by Remgro shall be subject to the requirement that the board will, following the appointment of such third director, have a majority of independent directors. There may be a difference between the interests of Remgro and the interests of other shareholders in the Company (as the holding company of the Enlarged Group).

Risks of executing the Combination could cause the market price of the Shares to decline

The market price of the Shares may decline as a result of the Combination if, among other reasons:

- the Enlarged Group does not achieve the expected benefits of the Combination as rapidly or to the extent anticipated by analysts or investors or at all;
- the effect of the Combination on the Enlarged Group's financial results is not consistent with the expectations of analysts or investors; or
- Al Noor Shareholders or former Mediclinic Shareholders sell a significant number of Shares after Completion.

Risks relating to the Enlarged Group's investment in Spire

The expected benefits of the Enlarged Group's investment in Spire may not be realised

On 24 August 2015, Mediclinic completed the indirect acquisition of a 29.9 per cent. shareholding in Spire, for approximately ZAR8.6 billion including transaction costs. Spire, which obtained a premium listing on the London Stock Exchange in July 2014, is a leading provider of private healthcare services in the United Kingdom, where it operates 39 hospitals. For the year ended 31 December 2014, Spire had revenues of £856 million and adjusted EBITDA of £159.2 million and for the six months ended 30 June 2015, Spire had revenues of £449.8 million and adjusted EBITDA of £83.4 million. Mediclinic's investment in Spire is subject to a number of risks which are outside Mediclinic's control and, in some cases, outside Spire's control. Key risks include: changing macroeconomic and political conditions in the UK; changing sentiment towards UK equity markets generally and the UK private healthcare sector in particular; Spire's ability to maintain and grow referrals from, and reimbursement rates paid by, the NHS, on which it relies for a significant proportion of its revenues; Spire's ability to maintain its contractual and professional relationships with private medical insurers, on which it depends for the majority of its revenues; Spire's ability to attract and retain experienced skilled medical personnel and/or qualified staff in a number of disciplines; Spire's need to comply with healthcare and other governmental regulations applicable to its business, failing which it may be subject to civil or criminal penalties, its operating licences could be suspended or revoked, or it could be excluded from NHS participation (any of which could result in a material decrease in the Spire's sales or stop sales entirely); quality deficiencies that could adversely impact Spire's brand, reputation, and ability to market its services effectively; the lack of suitable opportunities for Spire to grow by acquisition or to successfully integrate acquisitions; and the adverse impact on the Enlarged Group's share price of these or other factors or of a change in the trading price of the Spire shares. Mediclinic does not control Spire and has entered into a customary relationship agreement with Spire, one of the purposes of which is to ensure that Spire continues to be managed and operated independently of Mediclinic. However, there can be no assurance that Spire will be operated in a manner that is beneficial to the Enlarged Group or that the value of Mediclinic's investment in Spire will be realised, which could have a material adverse effect on the financial condition and results of operations of the Enlarged Group.

Risks relating to the Enlarged Group Shares

It may be difficult for Shareholders to enforce judgments against the Enlarged Group's assets or against its directors and senior managers

The Company is a holding company organised as a public limited company incorporated in England and Wales with business operations that will be conducted through various subsidiaries in Switzerland, South Africa, Namibia and the UAE. Certain of its directors and all of its officers reside outside the United States and the United Kingdom. In addition, substantially all of the Company's assets and the majority of the assets of its Directors and officers are located outside the United States and the United Kingdom. As a result, it may not be possible for U.S. investors to effect service of process within the United States or the United Kingdom upon the Company or its Directors and officers or to enforce in the U.S. courts or outside the United States judgments obtained against them in U.S. courts or in courts outside the United States, including judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the securities laws of any state or territory within the United States. There is also doubt as to the enforceability in England and Wales and in Switzerland, South Africa and the UAE, whether by original actions or by seeking to enforce judgments of U.S. courts, of claims based on the federal securities laws of the United States. In addition, punitive damages in actions brought in the United States or elsewhere may be unenforceable in England and Wales and in Switzerland, South Africa and the UAE.

Because the Company is a holding company and substantially all of its operations are conducted through its subsidiaries, its ability to pay dividends on the shares depends on its ability to obtain cash dividends or other cash payments or to obtain loans from such entities

The Enlarged Group will conduct substantially all of its operations through its subsidiaries, and such entities will generate substantially all of its operating income and cash flow. Because the Company has no direct operations or significant assets other than the capital stock of these entities, it relies on those subsidiaries for cash dividends, investment income, financing proceeds and other cash flows to pay dividends, if any, on the Shares and, in the long-term, to pay other obligations at the holding company level that may arise from time to time.

The ability of such entities to make payments to the Company depends largely on their financial condition and ability to generate profits. In addition, because the Enlarged Group's subsidiaries are separate and distinct legal entities, they will have no obligation to pay any dividends or to lend or advance the Company funds and may be restricted from doing so by contract, including other financing arrangements, charter provisions, other shareholders or the applicable laws and regulations of the various countries in which they operate. Similarly, because of its holding company structure, claims of the creditors of the Enlarged Group's subsidiaries, including trade creditors, banks and other lenders, effectively have priority over any claims that the Company may have with respect to the assets of these entities.

There can be no assurance that, in the long-term, the Enlarged Group's subsidiaries will generate sufficient profits and cash flows, or otherwise prove willing or able, to pay dividends or lend or advance to the Company sufficient funds to enable it to meet its obligations and pay interest, expenses and dividends, if any, on the Shares. The inability of one or more of these entities to pay dividends or lend or advance the Company funds could, in the long term, have a material adverse effect on its business, financial condition and results of operations.

Holders of the Shares in certain jurisdictions, including the United States, may not be able to exercise their pre-emptive rights if the Enlarged Group increases its share capital

Under the Articles of Association, holders of the Shares generally have the right to subscribe and pay for a sufficient number of the Enlarged Group's ordinary shares to maintain their relative ownership percentages prior to the issuance of any new ordinary shares in exchange for cash consideration. U.S. holders of the Shares may not be able to exercise their pre-emptive rights unless a registration statement under the Securities Act is effective with respect to such rights and the related ordinary shares or an exemption from the registration requirements of the Securities Act is available. Similar restrictions exist in certain other jurisdictions. The Enlarged Group currently does not intend to register the Shares under the Securities Act or the laws of any other jurisdiction, and no assurance can be given that an exemption from such registration requirements will be available to U.S. or other holders of the Shares. To the extent that the U.S. or other holders of the Shares are not able to exercise their pre-emptive rights, the pre-emptive rights would lapse and the proportional interests of such U.S. or other holders would be reduced.

PART 2—PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

No person has been authorised to give any information or to make any representations other than those contained in this document, the South African Prospectus, the Al Noor Circular or the Mediclinic Circular in connection with the Combination and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Company, the Al Noor Directors, the Proposed Directors, Rothschild, Goldman Sachs International or Jefferies. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to Section 87G of the FSMA and PR 3.4.1 of the Prospectus Rules, neither the delivery of this document nor any subscription or sale of Shares made under this document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Al Noor Group taken as a whole or the Mediclinic Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

The contents of this document are not to be construed as legal, business or tax advice. Any Shareholder or prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any action in respect of the New Shares or Existing Shares.

None of the Company, the Al Noor Directors, the Proposed Directors, Rothschild, Goldman Sachs International or Jefferies is making any representation to any Shareholder or prospective purchaser of the Shares regarding the legality of an investment by such Shareholder or investor.

Apart from the responsibilities and liabilities, if any, which may be imposed on any of Rothschild, Goldman Sachs International or Jefferies by the FSMA or the regulatory regimes established thereunder or any other applicable regulatory regime, none of Rothschild, Goldman Sachs International and Jefferies accepts responsibility whatsoever for, or makes any representation or warranty, express or implied, as to, the contents of this document or for any other statement made or purported to be made by them, or on their behalf, in connection with the Company, the Al Noor Group, the Mediclinic Group, the Enlarged Group, the New Shares, the Existing Shares, the Combination and/or Admission and nothing in this document will be relied upon as a promise or representation in this respect, whether or not to the past or future.

Each of Rothschild, Goldman Sachs International and Jefferies accordingly disclaims all and any responsibility or liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which they might otherwise have in respect of this document or any such statement.

This document should be read in its entirety (including the information incorporated by reference into it). In making an investment decision, prospective shareholders and investors must rely upon their own examination of the Company, the Al Noor Group, the Mediclinic Group, the Enlarged Group and the terms of this document and any document incorporated by reference, including the risks involved.

Without limitation, the contents of the websites of Al Noor and/or Mediclinic (or any other websites, including the content of any website accessible from hyperlinks on the websites of the Al Noor and/or Mediclinic) do not form part of this document.

Forward-looking statements

This document and the information incorporated by reference into this document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and the information incorporated by reference into this document and include statements regarding the intentions, beliefs or current expectations of the Al Noor Directors, the Proposed Directors or the Company concerning, amongst other things, the operating results, financial condition, prospects, growth, strategies and dividend policy of the Al Noor Group, the Mediclinic Group, the Enlarged Group and the industry in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company's ability to control or predict. Forward-looking statements are not guarantees of future performance. The

Al Noor Group's actual operating results, financial condition, dividend policy and the development of the industry in which the Al Noor Group and/or the Enlarged Group operates may differ materially from the impression created by the forward-looking statements contained in this document and/or the information incorporated by reference into this document. In addition, even if the operating results, financial condition and dividend policy of the Al Noor Group and/or the Enlarged Group, and the development of the industry in which the Al Noor Group and/or the Enlarged Group operates, are consistent with the forward-looking statements contained in this document and/or the information incorporated by reference into this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, general economic and business conditions, industry trends, competition, changes in government and other regulation, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, changes in political and economic stability and changes in business strategy or development plans and other risks, including those described in Part 1: "*Risk Factors*".

You are advised to read this document and the information incorporated by reference into this document in their entirety, and, in particular, Part 1: "*Risk Factors*", for a further discussion of the factors that could affect the Al Noor Group's and/or the Enlarged Group's future performance and the industry in which the Al Noor Group and/or the Enlarged Group operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document and/or the information incorporated by reference into this document may not occur.

Other than in accordance with their legal or regulatory obligations (including under the Listing Rules, the Disclosure and Transparency Rules and the Prospectus Rules), none of the Company, Rothschild, Goldman Sachs International or Jefferies undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

The statements above relating to forward-looking statements should not be construed as a qualification on the opinion of the Company as to working capital set out in paragraph 18 of Part 20: "*Additional Information*".

Presentation of financial information

Financial information of the Al Noor Group

Unless otherwise stated, financial information for the Al Noor Group has been extracted from the Annual Report and Accounts of the Company and its subsidiaries for the years ended 31 December 2013 and 2014, respectively, from the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2015 and 2014, respectively, and from the IPO Prospectus for the year ended 31 December 2012. Where information has been extracted from the audited consolidated financial statements of the Al Noor Group, the information is audited unless otherwise stated. Where the information has been extracted from the interim condensed consolidated financial statements, the information is unaudited. See Part 21: "*Documentation Incorporated by Reference*".

Unless otherwise indicated, financial information for the Al Noor Group in this document and the information incorporated by reference into this document is presented in U.S. dollars and has been prepared in accordance with EU IFRS.

The Al Noor Group presents certain non-IFRS measures as part of its financial disclosures, namely Underlying EBITDA, which is calculated by the Al Noor Group and is not included in the Historical Financial Information.

Underlying EBITDA is not a measurement of financial performance under IFRS, and should not be considered in isolation, as an alternative for or superior to (a) net profit, or as a measure of the Al Noor Group's operating performance, (b) cash flows from operating activities, investing activities or financial activities (as determined in accordance with IFRS) or (c) any other measures of financial performance under IFRS. Underlying EBITDA may not be indicative of the Al Noor Group's historical operating results and is not meant to be predictive of potential future results. Underlying EBITDA has been disclosed in this document to provide investors with a financial measure that the Al Noor Directors believe best approximates the ongoing business of the Al Noor Group and to permit a more complete and comprehensive analysis of the Al Noor Group's operating performance relative to other companies. Because not all companies calculate Underlying EBITDA identically, the Al Noor Group's presentation of Underlying EBITDA may not be comparable to similarly titled financial measures of other companies.

Underlying EBITDA

Underlying EBITDA is defined as net profit before certain exceptional items, interest, taxes, depreciation and amortisation.

A reconciliation of Adjusted EBITDA to net profit for the periods indicated is set out below.

	Six months ended 30 June		Year ended 31 December		
	2015	2014	2012	2013	2014
	(unaudited)		(U.S.$ million)		
Net profit	44.9	45.6	60.5	61.7	84.0
Add:					
Depreciation and amortisation	8.2	5.5	9.1	7.8	12.7
Listing transaction costs	—	—	—	6.1	—
Unamortised facility costs	—	—	—	2.9	—
Finance income	(0.4)	(0.3)	(1.2)	(1.4)	(0.6)
Finance cost	0.6	0.9	2.4	5.1	1.6
Taxation	—	—	—	(0.1)	(0.1)
Other	0.6	—	—	0.7	0.5
Underlying EBITDA	53.9	51.7	70.8	82.8	98.1

Financial information of the Mediclinic Group

Unless otherwise stated, financial information for the Mediclinic Group has been extracted from the audited consolidated financial information of Mediclinic and its subsidiaries for the three years ended 31 March 2013, 2014 and 2015, from the audited interim consolidated financial statements of Mediclinic and its subsidiaries for the six months ended 30 September 2015 and from the unaudited interim consolidated financial statements of Mediclinic and its subsidiaries for the six months ended 30 September 2014, respectively. Where information has been extracted from the audited consolidated financial information of Mediclinic, the information is audited unless otherwise stated.

Unless otherwise indicated, financial information for the Mediclinic Group in this document and the information incorporated by reference into this document are presented in South African Rand and have been prepared in accordance with IFRS.

The Mediclinic Group presents certain non-IFRS measures as part of its financial disclosures, namely Normalised EBITDA, Normalised Revenue, Normalised Headline Earnings and Normalised Headline Earnings per Share which are calculated by the Mediclinic Group and are not included in the Historical Financial Information.

None of Normalised EBITDA, Normalised Revenue, Normalised Headline Earnings and Normalised Headline Earnings per Share is a measurement of financial performance under IFRS, and none of these financial measures should be considered in isolation, as an alternative for or superior to (a) net profit, or as a measure of the Mediclinic Group's operating performance, (b) cash flows from operating activities, investing activities or financial activities (as determined in accordance with IFRS) or (c) any other measures of financial performance under IFRS. These financial measures may not be indicative of the Mediclinic Group's historical operating results and are not meant to be predictive of potential future results. These financial measures have been disclosed in this document to provide investors with a financial measure that the Mediclinic Directors believe best approximates the ongoing business of the Mediclinic Group and to permit a more complete and comprehensive analysis of the Mediclinic Group's operating performance relative to other companies. Because not all companies calculate these measures identically, the Mediclinic Group's presentation of these financial measures may not be comparable to similarly titled financial measures of other companies.

Normalised EBITDA

Normalised EBITDA is defined as operating profit before depreciation and amortisation, excluding one-off and exceptional items. A reconciliation of Normalised EBITDA to EBITDA is set out below:

	Year ended 31 March		
	2015	2014	2013
		(ZAR'm)	
EBITDA	7,235	6,744	5,127
Adjusted for:			
Past service cost	—	(241)	(35)
Impairment of property and equipment	31	8	—
Insurance proceeds	—	(40)	—
Profit on sale of property, equipment and vehicles	(87)	(4)	(6)
Pre-acquisition tariff provision	—	—	151
Normalised EBITDA	7,179	6,467	5,237

Normalised Revenue

Normalised Revenue is defined as reportable revenue under applicable accounting standards, excluding one-off and exceptional items. As reportable Revenue is the same as Normalised Revenue across the periods in question, however, a reconciliation has not been included.

Normalised Headline Earnings

Normalised Headline Earnings is defined as earnings attributable to ordinary Shareholders, excluding capital profits and losses as defined in Circular 2/2013 issued by the South African Institute of Chartered Accountants, excluding one-off and exceptional items. A reconciliation of Earnings to Normalised Headline Earnings is set out below:

	Year ended 31 March 2015		
	Gross (Pre-tax)	Income Tax Effect	Net (Post-tax)
		(ZAR'm)	
Profit attributable to shareholders			4,297
Remeasurements for:	(248)	(32)	(216)
Impairment of property	31	—	31
Insurance proceeds	(158)	18	(140)
Gain on disposal of subsidiary	(34)	—	(34)
Profit on sale of property, equipment and vehicles	(87)	14	(73)
Headline Earnings			4,081
Remeasurements for:	99	(737)	(638)
Realised gain on foreign currency forward contracts	(32)	—	(32)
Ineffective cash flow hedges	342	(65)	277
Swiss tax rate charges relating to prior years	—	(712)	(712)
Discount on loan repayment	(211)	40	(171)
Normalised headline earnings			3,443

	Year ended 31 March 2014		
	Gross (Pre-tax)	Income Tax Effect	Net (Post-tax)
		(ZAR'm)	
Profit attributable to shareholders			3,385
Remeasurements for:	(38)	8	(30)
Impairment of equipment	8	(2)	6
Insurance proceeds	(40)	9	(31)
Gain on a bargain purchase	(2)	—	(2)
Profit on disposal of property, equipment and vehicles	(4)	1	(3)
Headline Earnings			3,355
Remeasurements for:	(241)	(62)	(303)
Past-service cost	(241)	49	(192)
Swiss tax rate charges relating to prior years	—	(111)	(111)
Normalised headline earnings			3,052

	Year ended 31 March 2013		
	(restated) Gross (Pre-tax)	(restated) Income Tax Effect	(restated) Net (Post-tax)
		(ZAR'm)	
Loss attributable to shareholders			(1,105)
Remeasurements for:			
Profit on disposal of property, equipment and vehicles	(6)	1	(5)
Headline Loss			(1,110)
Remeasurements for:	3,331	(297)	3,304
Derecognition of interest rate swap	3,531	(220)	3,311
Accelerated recognition of capitalised financing fee	163	(34)	129
Gain on forward contracts	(574)	—	(574)
Breakage charges	54	(15)	39
Stamp duty	41	—	41
Pre-acquisition tariff provision	151	(36)	115
Past-service cost	(35)	8	(27)
Normalised headline earnings			1,924

Whilst there are certain presentational differences under IAS1 'Presentation of financial statements' which do not affect total net assets, net income or cash flows, no material adjustment needs to be made to the financial information of Mediclinic and its subsidiaries for the years ended 30 March 2013, 2014 and 2015 and the six months ended 30 September 2015 to achieve consistency with the Company's accounting policies for the period ending 31 March 2016, as Mediclinic's accounting policies under which this financial information was prepared are consistent with Al Noor's accounting policies for the period ending 31 March 2016. Al Noor currently reports to a 31 December year end and following Completion, the Enlarged Group will report to a 31 March year end in order to align with the accounting reference date of Mediclinic. After Completion, the Enlarged Group will also adopt Mediclinic's accounting policies.

Pro forma financial information

In this document, any reference to "pro forma" financial information is to information which has been extracted without material adjustments from the unaudited pro forma financial information contained in Part 17: "*Unaudited Pro Forma Financial Information of the Enlarged Group*".

The unaudited consolidated pro forma net asset statement has been prepared to illustrate the impact of the Combination on the net assets of the Company as if they had taken place on 30 September 2015.

The unaudited consolidated pro forma income statements for the twelve months ended 31 March 2015 and the six months ended 30 September 2015 have been prepared to illustrate the impact of the Combination on the results of the Company as if they had taken place on 1 April 2014 and 1 April 2015, respectively.

The unaudited consolidated pro forma net asset and income statements have been prepared for illustrative purposes only in accordance with Annex II of the Prospectus Rules and in a manner consistent with the accounting policies to be adopted by Al Noor in preparing its consolidated financial statements for the year ending 31 March 2016 and should be read in conjunction with the notes to the pro formas. Al Noor currently reports to a 31 December year end and following Completion, Al Noor will report to a 31 March year end, in order to align with the accounting reference date of Mediclinic.

By their nature, the unaudited consolidated pro forma net asset and income statements address hypothetical situations and therefore do not represent the Enlarged Group's financial position as of 30 September 2015 and for the twelve months ended 31 March 2015 and the six months ended 30 September 2015. They may not therefore give a true picture of the Enlarged Group's financial position or results, nor are they indicative of the results that may, or may not, be expected to be achieved in the future.

The unaudited consolidated pro forma net assets as at 30 September 2015 are £3,243 million. The unaudited consolidated pro forma profit before tax is £222 million for the twelve months ended 31 March 2015 and £77 million for the six months ended 30 September 2015.

The unaudited pro forma financial information has not been prepared, or shall not be construed as having been prepared, in accordance with Regulation S-X under the Securities Act. In addition, the unaudited pro forma financial information does not purport to represent what the actual financial positions and results of operations of the Al Noor Group or the Enlarged Group would have been if the Combination had been completed on the dates indicated nor do they purport to represent the Al Noor Group's or the Enlarged Group's results of operations for any future period or the Al Noor Group's or the Enlarged Group's financial condition at any future date.

In addition to the matters noted above, the unaudited pro forma financial information does not reflect the effect of anticipated synergies and efficiencies associated with the Combination.

Rounding

The financial information presented in a number of tables in this document has been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Currencies

Unless otherwise indicated, all references in this document to:

- "**UAE dirham**" or "**AED**" are to the lawful currency of the United Arab Emirates;
- "**pounds sterling**", "**£**" or "**GBP**" are to the lawful currency of the United Kingdom;
- "**U.S. dollars**", "**U.S.$**" or "**USD**" are to the lawful currency of the United States;
- "**Rand**", "**R**" or "**ZAR**" are to the lawful currency of the Republic of South Africa; and
- "**Swiss Francs**" or "**CHF**" are to the lawful currency of Switzerland.

Historical exchange rate information

The tables below show the high, low, average and period-end exchange rates of pounds sterling per U.S. dollar and South African Rand and U.S. dollar per UAE dirham and South African Rand for each annual period since 2012, and for each month from January 2015 to October 2015, expressed as listed below, and as published by Bloomberg:

(a) the number of pounds sterling per U.S.$1.00;

(b) the number of pounds sterling per ZAR1.00;

(c) the number of U.S. dollars per UAE1.00; and

(d) the number of U.S. dollars per ZAR1.00.

These rates may differ from the actual rates used in the preparation of the financial statements of Al Noor and Mediclinic and other financial information appearing in this document. The average is computed using the exchange rates set on each Business Day during the period.

(a) Pounds sterling per U.S. dollar

Pounds sterling per U.S. dollar historical exchange rate for each year between 2012 and 2014

	Pounds sterling/U.S. dollar			
	Period end	Average rate[1]	High	Low
Year				
2012	0.6154	0.6280	0.6528	0.6143
2013	0.6040	0.6389	0.6727	0.6040
2014	0.6419	0.6130	0.6444	0.5826

Note:

(1) The average rate is calculated based on the last Business Day of each month for annual averages.

Pounds sterling per U.S. dollar average monthly conversion rate between January 2015 and October 2015

	Pounds sterling/U.S. dollar			
	Period end	Average rate[1]	High	Low
Month				
January 2015	0.6638	0.6597	0.6670	0.6417
February 2015	0.6480	0.6522	0.6650	0.6440
March 2015	0.6748	0.6681	0.6782	0.6508
April 2015	0.6514	0.6685	0.6834	0.6477
May 2015	0.6539	0.6472	0.6614	0.6339
June 2015	0.6367	0.6417	0.6578	0.6297
July 2015	0.6401	0.6427	0.6510	0.6394
August 2015	0.6517	0.6419	0.6517	0.6339
September 2015	0.6610	0.6522	0.6610	0.6414
October 2015	0.6481	0.6522	0.6609	0.6461

Note:

(1) The average rate is calculated based on the rate on each Business Day of each month for monthly averages.

(b) Pounds sterling per South African Rand

Pounds sterling per South African Rand historical exchange rate for each year between 2012 and 2014

	Pounds sterling/South African Rand			
	Period end	Average rate[1]	High	Low
Year				
2012	0.0726	0.0767	0.0847	0.0700
2013	0.0576	0.0657	0.0750	0.0576
2014	0.0555	0.0559	0.0583	0.0533

Note:

(1) The average rate is calculated based on the last Business Day of each month for annual averages.

Pounds sterling per South African Rand average monthly conversion rate between January 2015 and October 2015

	Pounds sterling/South African Rand			
	Period end	Average rate[1]	High	Low
Month				
January 2015	0.0571	0.0571	0.0585	0.0556
February 2015	0.0556	0.0563	0.0579	0.0555
March 2015	0.0556	0.0553	0.0571	0.0537
April 2015	0.0547	0.0558	0.0570	0.0544
May 2015	0.0538	0.0541	0.0550	0.0529
June 2015	0.0523	0.0522	0.0536	0.0514
July 2015	0.0505	0.0516	0.0523	0.0505
August 2015	0.0491	0.0497	0.0511	0.0479
September 2015	0.0477	0.0478	0.0487	0.0469
October 2015	0.0469	0.0483	0.0495	0.0469

Note:

(1) The average rate is calculated based on the rate on each Business Day of each month for monthly averages.

(c) U.S. dollars per UAE dirham

U.S. dollars per UAE dirham historical exchange rate for each year between 2012 and 2014 and average monthly conversion rate between January 2015 and November 2015

The UAE dirham is pegged to the U.S. dollar at an exchange rate of 0.2723 U.S. dollars per UAE dirham (effective November 1997, the UAE dirham exchange rate has been adjusted to AED3.6725 for each U.S. dollar).

(d) U.S. dollars per South African Rand

U.S. dollars per South African Rand historical exchange rate for each year between 2012 and 2014

	U.S. dollars/South African Rand			
	Period end	Average rate[1]	High	Low
Year				
2012	0.1180	0.1222	0.1344	0.1117
2013	0.0953	0.1028	0.1182	0.0950
2014	0.0864	0.0912	0.0972	0.0851

Note:

(1) The average rate is calculated based on the last Business Day of each month for annual averages.

U.S. dollars per South African Rand average monthly conversion rate between January 2015 and October 2015

	U.S. dollars/South African Rand			
	Period end	**Average rate[(1)]**	**High**	**Low**
Month				
January 2015	0.0858	0.0865	0.0877	0.0854
February 2015	0.0858	0.0864	0.0887	0.0845
March 2015	0.0824	0.0828	0.0851	0.0801
April 2015	0.0840	0.0834	0.0849	0.0818
May 2015	0.0823	0.0835	0.0848	0.0823
June 2015	0.0822	0.0814	0.0826	0.0795
July 2015	0.0789	0.0803	0.0816	0.0787
August 2015	0.0753	0.0774	0.0792	0.0752
September 2015	0.0722	0.0732	0.0754	0.0711
October 2015	0.0723	0.0741	0.0766	0.0718

Note:

(1) The average rate is calculated based on the rate on each Business Day of each month for monthly averages.

Market and industry data

Market data and certain industry forecasts used in this document were obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. The industry forecasts are forward-looking statements. See "*Forward-looking statements*" above.

Where information contained in this document has been sourced from a third party, the Company, the Al Noor Directors and the Proposed Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where information in this document has been sourced from third parties, the source of such information has been clearly stated adjacent to the reproduced information.

Profit forecast

Information in relation to the Profit Forecast is included in Annex 1 to this document. Other than the Profit Forecast, no statement in this document is intended as a profit forecast and no other statement should be interpreted to mean that earnings for the current or future financial years would necessarily match or exceed the historical published earnings.

No incorporation of website information

The contents of the Al Noor Group and Mediclinic Group's websites do not form any part of this document.

Definitions

Certain terms used in this document, including all capitalised terms and certain technical and other items, are defined and explained in Part 22: "*Definitions*".

PART 3—DIRECTORS, PROPOSED DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors of Al Noor

Name	Position
Ian Tyler	Chairman
Dr. Kassem Alom	Founder and Deputy Chairman
Seamus Keating	Senior Independent Director
Ronald Lavater	Chief Executive Officer
Sheikh Mansoor Bin Butti Al Hamed	Non-Executive Director
Ahmad Nimer	Non-Executive Director
William J. Ward	Independent Non-Executive Director
Mubarak Matar Al Hamiri	Independent Non-Executive Director
William S. Ward	Independent Non-Executive Director

Directors of Enlarged Al Noor

Name	Position
Dr. Edwin Hertzog	Non-Executive Chairman
Ian Tyler	Senior Independent Director
Danie Meintjes	Chief Executive Officer
Craig Tingle	Chief Financial Officer
Jannie Durand	Non-Executive Director
Alan Grieve	Independent Non-Executive Director
Seamus Keating	Independent Non-Executive Director
Prof. Dr. Robert Leu	Independent Non-Executive Director
Nandi Mandela	Independent Non-Executive Director
Trevor Petersen	Independent Non-Executive Director
Desmond Smith	Independent Non-Executive Director
Company Secretary:	Capita Company Secretarial Services Limited 40 Dukes Place London EC3A 7NH United Kingdom
Registered Office:	1 Floor 40 Dukes Place London EC3A 7NH United Kingdom
Head Office of the Company:	Al Noor Specialty Clinic Building Shabia-10, Mussafah Abu Dhabi PO Box 46713 United Arab Emirates
Lead Financial Adviser and Co-Sponsor to the Company:	N M Rothschild & Sons Limited New Court St Swithin's Lane London EC4N 8AL United Kingdom
Co-Financial Adviser and Joint Broker to the Company:	Goldman Sachs International Peterborough Court 133 Fleet Street London EC4A 2BB United Kingdom

Name	Position
Co-Sponsor and Joint Broker to the Company:	Jefferies International Limited 68 Upper Thames Street London EC4V 3BJ United Kingdom
English and U.S. legal advisers to the Company:	Linklaters LLP One Silk Street London EC2Y 8HQ United Kingdom
South African legal advisers to the Company:	Webber Wentzel 10, 16 & 18 Fricker Road Illovo Boulevard Johannesburg 2196 South Africa
UAE legal advisers to the Company:	Al Tamimi & Company Building 4, 6 Floor Sheikh Zayed Road P.O. Box 9275, Dubai United Arab Emirates
Financial Adviser to Mediclinic:	Rand Merchant Bank (A division of FirstRand Bank Limited) (Registration number: 1929/001225/06) 1 Merchant Place Corner Fredman Drive and Rivonia Road Sandton, 2196 (PO Box 786273, Sandton, 2146)
Financial Adviser to Mediclinic:	Morgan Stanley & Co. International plc (Registration number 165935) 25 Cabot Square Canary Wharf London E14 4QA United Kingdom
NSX sponsor to Mediclinic:	Simonis Storm Securities (Proprietary) Limited Member of the Namibian Stock Exchange (Registration number: 96/421) 4 Koch Street Klein Windhoek Namibia (PO Box 3970, Windhoek, Namibia)
English legal advisers to Mediclinic:	Slaughter and May 1 Bunhill Row London EC1Y 8YY United Kingdom
South African legal advisers to Mediclinic:	Cliffe Dekker Hofmeyr Inc. (Registration number: 2008/018923/21) 11 Buitengracht Street Cape Town, 8001 South Africa (PO Box 695, Cape Town, 8000)
Auditors of Al Noor:	KPMG LLP 15 Canada Square London E14 5GL United Kingdom

Name	Position
Auditors of Mediclinic:	PricewaterhouseCoopers Inc Capital Place 15–21 Neutron Avenue Technopark Stellenbosch 7600 South Africa
Reporting Accountants:	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH United Kingdom
	KPMG LLP 15 Canada Square London E14 5GL United Kingdom
UK Registrar of Al Noor:	Capita Asset Services 34 Beckenham Road Kent BR3 4YU United Kingdom

PART 4—EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change.

Mediclinic Scheme Circular (including the notice convening the Mediclinic Scheme meeting) posted to Mediclinic Shareholders	*Tuesday, 17 November 2015*
Al Noor Circular (including Al Noor General Meeting Notice) sent to Al Noor Shareholders	Thursday, 19 November 2015
Tender Offer opens	7:30 a.m. on Friday, 20 November 2015
General Meeting of Al Noor	9:00 a.m. Tuesday, 15 December 2015
*Expected finalisation date, the date on which the Mediclinic Scheme has become unconditional in all respects as required by the JSE listing rules (the "**Finalisation Date**")*	*Friday, 22 January 2016*
Finalisation announcement expected to be released on SENS	*Friday, 22 January 2016*
Pre-listing announcement in respect of the listing of the Al Noor Shares (on a "when-issued basis") on the JSE expected to be released	*Monday, 25 January 2016*
Tender Offer closes	1:00 p.m. on Friday, 5 February 2016
Mediclinic Scheme becomes operative and Remgro subscribes for 72,115,384 New Shares pursuant to the Remgro Subscription	**Monday, 8 February 2016**
Admission, commencement of dealings on the London Stock Exchange of the Existing Shares and the New Shares	**8.00 a.m. on Monday, 8 February 2016**
Results of the Tender Offer announced	Monday, 8 February 2016
CREST accounts credited in respect of uncertificated Shares cancelled pursuant to the Tender Offer	By Wednesday, 24 February 2016

Notes:

(1) The times and dates set out in the expected timetable of principal events above are indicative only and are based on Al Noor's current expectations and may be subject to change. In particular, the timetable of principal events subsequent to the expected Finalisation Date will be driven by the actual Finalisation Date and, to the extent that is delayed, will also be delayed accordingly. Any changes to the expected timetable of principal events will be announced via a Regulatory Information Service.

(2) All times given in this document are references to local times in London, UK unless otherwise stated.

(3) All dates and times have been determined on the basis that no court approval or review of the Mediclinic Scheme resolution will be required. Any change to the above mentioned timetable relating to Mediclinic or the Mediclinic Scheme which impacts the expected timetable of principal events relating to Al Noor or Admission will be announced by Al Noor via a Regulatory Information Service.

(4) Dates and times relating to the Mediclinic Scheme or the Johannesburg Stock Exchange and the Namibian Stock Exchange are included in this timetable for completeness and are italicised. As the salient dates and times are subject to change, they may not be regarded as consent or dispensation for any time periods which may be required in terms of the SA Companies Act or the South African Takeover Regulations, where applicable, and any such consents or dispensations must be specifically applied for and granted.

PART 5—INDICATIVE MERGER STATISTICS

Total number of Existing Shares at 17 November 2015[1]	116,866,203
Number of New Shares to be issued pursuant to the Combination	Up to 613,000,000
Number of New Shares to be issued pursuant to the Remgro Subscription	72,115,384
Number of Shares in issue upon Admission[2][3]	Up to 802,159,572
Number of New Shares to be issued pursuant to the Combination as a percentage of the enlarged issued share capital[3]	76%
Number of New Shares to be issued pursuant to the Remgro Subscription as a percentage of the enlarged issued share capital[3]	9%
Total number of New Shares as a percentage of the enlarged issued share capital[3]	85%

Notes:

(1) The latest practicable date prior to the date of this document.

(2) Based on Al Noor's issued share capital as at 17 November 2015 (being the latest practicable date prior to the date of this document) and the Mediclinic Shareholder register as at 6 November 2015, up to 613,000,000 New Shares being issued pursuant to the Combination, 72,115,384 New Shares being issued pursuant to the Remgro Subscription, and assuming no Al Noor Shareholders elect to tender their Existing Shares under the Tender Offer, no South African appraisal rights are exercised in connection with the Mediclinic Scheme, up to 177,985 New Shares being issued to satisfy awards made in 2014 and 2015 under the Al Noor Deferred Annual Bonus Plan 2013 and the Al Noor Long Term Incentive Plan 2013 and no other Al Noor Shares or Mediclinic Shares being issued under the Al Noor Employee Share Plans or Mediclinic Forfeitable Share Plan, respectively, between 17 November 2015 and Admission.

(3) This is based on 802,159,572 Shares being in issue upon Admission (see note (2) above).

PART 6—INFORMATION ON THE COMBINATION AND STRATEGY OF THE ENLARGED GROUP

Introduction and summary of terms of the Combination

On 14 October 2015, the board of directors of Al Noor (the "**Al Noor Board**") and the independent board of directors of Mediclinic (the "**Mediclinic Independent Board**") announced that they had reached agreement on the terms of a recommended combination of their respective businesses (the "**Combination**"). Following implementation of the Combination, it is expected that Al Noor, as enlarged by the acquisition of Mediclinic (the "**Enlarged Group**"), will be one of the world's leading international private healthcare groups, with deep operational expertise and a well-balanced geographic profile in Southern Africa, Switzerland, the United Arab Emirates and in the UK through a minority stake in Spire. The Enlarged Group will, on a revenue basis, be the third largest private healthcare provider in South Africa, the largest in the UAE and the largest private medical network in Switzerland. The Enlarged Group had pro-forma revenue of approximately U.S.$4 billion for the fiscal period 2014/15[1], comprising 46 per cent. from Switzerland, 31 per cent. from Southern Africa and 23 per cent. from the UAE. The Enlarged Group will operate 73 hospitals with approximately 10,200 beds and 37 clinics, and will have nearly 32,000 employees. Given the relative size of Al Noor and Mediclinic, the Combination will be classified as a reverse takeover for the purpose of the Listing Rules of the UK Listing Authority.

The Mediclinic Scheme

To effect the Combination, which is subject to the approval of Al Noor Shareholders and Mediclinic Shareholders and to the other conditions and further terms summarised below and to the full terms and conditions set out in detail in the Al Noor Circular and the Mediclinic Circular, Al Noor will acquire all of the Mediclinic Shares pursuant to the Mediclinic Scheme that are not repurchased and cancelled by Mediclinic pursuant to the Repurchase Option described below. Under the terms of the Mediclinic Scheme, Mediclinic Shareholders on the register on the Mediclinic Record Date will be entitled to receive 0.62500 New Shares for every Mediclinic Share held.

Under the terms of the Mediclinic Scheme, participating Mediclinic Shareholders will be entitled to elect either:

- for their Mediclinic Shares to be repurchased, in consideration of which Mediclinic will be obliged to pay to the shareholder, in respect of each Mediclinic Share repurchased, a sum equal to the ZAR equivalent value of 0.62500 Al Noor Shares as at the operative date of the Mediclinic Scheme, on the basis that, each such Mediclinic Shareholder's right to payment will be ceded to Al Noor in settlement of an obligation assumed by that shareholder under the Mediclinic Scheme to subscribe for 0.62500 new Al Noor Shares in respect of each Mediclinic Share repurchased (the "**Repurchase Option**"); or
- for their Mediclinic Shares to be transferred to Al Noor, in consideration of the allotment and issue to them of 0.62500 new Al Noor Shares in respect of each Mediclinic Share transferred (the "**Exchange Option**").

In the absence of a valid election, participating Mediclinic Shareholders who are not "Qualifying SA Corporates" (as defined in the Mediclinic Scheme Circular), or have a registered address in Japan, will be deemed to have elected the Repurchase Option.

Mediclinic Shareholders will retain the interim dividend expected to be paid in December 2015.

Special Dividend and Tender Offer

Under the terms of the Combination:

- existing Al Noor Shareholders will be entitled to receive the Special Dividend of £3.28 per Share held by them on the Al Noor Record Date, conditional on the Mediclinic Scheme becoming operative; and
- existing Al Noor Shareholders will also be provided with an opportunity to tender their Shares held on the Record Date to Al Noor for cancellation for a cash payment of £8.32 per Share, conditional on the Mediclinic Scheme becoming operative and on the Court confirming the Second Reduction of Capital

[1] Mediclinic Group revenue for the financial year ended 31 March 2015 and Al Noor Group revenue for the financial year ended 31 December 2014, translated from U.S.$/GBP using the exchange rate for the year ended 31 December 2014, equal to U.S.$/GBP 1.65.

of Al Noor (the "**Tender Offer**"). To the extent that more than 74,069,109 Shares are tendered (being approximately 63 per cent. of Al Noor's existing share capital), tenders will be scaled back.

The Special Dividend will be paid on all Existing Shares, including any that have been tendered pursuant to the Tender Offer.

The Al Noor Record Date will be shortly before the date on which the Mediclinic Scheme becomes operative. Accordingly, Mediclinic Shareholders will not be entitled to receive the Special Dividend or to participate in the Tender Offer in respect of any New Shares to be issued to them pursuant to the Mediclinic Scheme.

Therefore, conditional on the Mediclinic Scheme becoming operative (and, in the case of the Tender Offer, on the Court confirming the Second Reduction of Capital), Al Noor Shareholders will be entitled to receive:

for each existing Al Noor Share	**£3.28 by way of the Special Dividend** plus, optionally **£8.32 if tendered pursuant to the Tender Offer (subject to any scale-back)**

If an existing Al Noor Shareholder tenders its shares (and assuming no scale-back under the Tender Offer), the cash payment of £8.32 per share under the Tender Offer, together with the Special Dividend of £3.28 per share, values each Al Noor Share at £11.60, representing a premium of approximately:

- 39 per cent. to the closing price of £8.35 per Share on 1 October 2015; and
- 102 per cent. to the IPO issuance price of £5.75 per Share on 26 June 2013.

It is a term of the Combination and of the Mediclinic Scheme that if any dividend, distribution or return of value has been declared, announced, made or paid at any time by Al Noor after the date of the Announcement (except for the Special Dividend and the Tender Offer), Al Noor shall be required to reduce the aggregate amount of the Special Dividend by an amount equal to the aggregate amount of such dividend, distribution or return of value (if applicable, based on the spot rate of exchange at the time of such declaration, announcement, making or payment).

Ownership of the Enlarged Group and stock exchange listings

The Combination will result in Mediclinic Shareholders (including Remgro in its capacity as an existing Mediclinic Shareholder, but before taking into account the New Shares to be issued to an affiliate of Remgro under the Remgro Subscription) owning between 83.97 per cent. and 93.45 per cent. of the issued ordinary share capital of the Company (as holding company of the Enlarged Group) and between 85.43 per cent. and 94.12 per cent. of the issued ordinary share capital of the Company (as holding company of the Enlarged Group) after taking into account the Remgro Subscription, depending on, in each case, the extent to which Al Noor Shareholders participate in the Tender Offer. After the Remgro Subscription, Remgro's holding of Shares in Enlarged Al Noor will be between 40.95 per cent. and 45.18 per cent. In addition, the Remgro Concert Party (based on Remgro's enquiries of the Relevant Portfolio Companies) will hold between 42.99 per cent. and 47.43 per cent. of the Company (as holding company of the Enlarged Group) as a result of the Combination and after the Remgro Subscription and the Tender Offer (depending on the extent to which Al Noor Shareholders participate in the Tender Offer.

Enlarged Al Noor will retain its premium listing on the LSE and will have an inward secondary listing on the JSE. It is intended, subject to compliance with relevant regulatory procedures, also to seek a secondary listing of the shares of the Company (as holding company of the Enlarged Group) on the Namibian Stock Exchange, either simultaneously with the inward secondary listing on the JSE referred to above, or as soon as possible thereafter. Enlarged Al Noor is also expected to qualify for inclusion in the FTSE 100 index.

Al Noor is, and following the implementation of the Mediclinic Scheme is expected to remain, tax resident in the UK and, following Completion, Al Noor's head office will be located in London. It is envisaged that the Enlarged Al Noor Board will comprise a majority of directors who are resident outside South Africa.

In approving the Mediclinic Scheme, the South African Reserve Bank required that any dividends paid by the Company (or the holding company of the Enlarged Group) that are funded from a South African source that are due to South African resident shareholders should be paid locally in South Africa. In light of this, it is envisaged that following the Mediclinic Scheme becoming operative arrangements will be made

so that any dividends payable to the Company that are directly or indirectly derived from a South African source will be used in the first instance to fund and pay those dividends in respect of Shares to which South African resident shareholders are entitled and for corresponding amounts to be paid directly from a bank account within South Africa.

The New Shares will be registered and are expected to be held in uncertificated form.

Funding arrangements

The cash payments to Al Noor Shareholders under the Special Dividend and the Tender Offer will be partly funded through a subscription by Remgro Healthcare or one or more of its affiliates for 72,115,384 New Shares at a fixed price of £8.32 per share, to raise proceeds of £600 million. The Remgro Subscription is to be financed by a £600 million (equivalent) loan facility provided to Remgro Healthcare by Rand Merchant Bank Limited and Morgan Stanley & Co. International plc. A summary of key terms of the financing arrangements relating to the Remgro Subscription is set out below.

In addition, affiliates of Morgan Stanley & Co. International plc and Rand Merchant Bank Limited, as joint mandated lead arrangers and underwriters, debt advisers and bookrunners, have arranged and entered into a loan facility of up to £400 million with Mediclinic which will be made available to the Enlarged Group on Completion on the basis that Al Noor will accede to the loan facility as borrower. A summary of key terms of the Mediclinic Bridge Facility is set below.

The Mediclinic Bridge Facility has been provided on a "certain funds" basis and as such the only events which, under the terms of the Mediclinic Bridge Facility, could prevent the Mediclinic Bridge Facility being available, and which are either not within Al Noor's or Mediclinic's control or are not also conditions to the occurrence of the Combination are: (i) certain change of control and delisting events (which do not include, for the avoidance of doubt, the change of control resulting from the Combination); and (ii) it becoming unlawful for any lender to perform its obligations under the Mediclinic Bridge Facility.

As a result of these arrangements, Morgan Stanley & Co. International plc is satisfied that sufficient resources are available to Al Noor to pay in full the amounts that may become due to Al Noor Shareholders under the Tender Offer (assuming take-up of the maximum number of 74,069,109 Existing Shares).

Background to and reasons for the Combination

The Mediclinic Independent Board and the Al Noor Board recognise the strong strategic merit in the Combination, which provides an excellent strategic fit between their operations in the UAE and creates a leading international private healthcare operator with a well-balanced geographic profile in Southern Africa, Switzerland and the UAE, with exposure to the UK market through a minority interest in Spire.

Creation of the leading UAE platform

The Enlarged Group will be the largest private healthcare provider in the UAE (by revenue), with excellent relationships with key stakeholders. The regional operations of the two businesses are complementary, given Mediclinic's concentration at the high end of the acuity/quality curve and Al Noor's focus on high-value patients, as well as respective strengths in the Dubai and Abu Dhabi healthcare markets.

Strong financial track record in the UAE

Al Noor has demonstrated a strong track record of growth in revenue and in EBITDA, with FY2010-14 CAGRs of 16.8 per cent. and 18.6 per cent. respectively, and EBITDA margins consistently above 20 per cent. This has been driven by the broadening of its service offering, disciplined cost management and successful execution of attractive growth opportunities. Al Noor is continuously pursuing expansion of its capacity and network as evidenced by the expected opening of a new hospital, Civic Centre Hospital (40 beds in Al Ain, UAE), and the addition of 28 beds in its existing Al Ain Hospital and six new medical centres across the UAE, by the end of the first half of 2016.

Significant growth opportunities to be exploited in the Middle East/Gulf region

Given substantial unmet medical needs in the Middle East, private healthcare delivery remains one of the fastest growing sectors due to a rapidly ageing demographic, an increasing incidence of lifestyle-related

medical conditions such as diabetes and obesity, service gaps in the current healthcare market and growth in private health insurance. Given this, there is significant potential for the Enlarged Group to capitalise on the attractive growth opportunities in the region and deploy further capital, by way of both organic and inorganic investment.

Significant cost synergy potential

Following preliminary analysis undertaken by Al Noor and Mediclinic, there are opportunities for potential cost synergies to be exploited for the UAE businesses, given the complementary nature of the operations and the ability to leverage the scale of the Enlarged Business. Potential synergies are expected to be achieved primarily from the procurement benefits of greater scale, creating a shared operations team in the UAE, the combination of existing corporate functions and the sharing of knowledge and best practices across the Enlarged Group.

Further diversification of earnings for the Enlarged Group

The Enlarged Group will be a leading international private healthcare provider with deep operational expertise and a well-balanced geographic profile in Southern Africa, Switzerland and the UAE, with exposure to the UK market through a minority stake in Spire. The Combination will enhance the Enlarged Group's geographic diversity and its positioning towards growth markets, with the UAE representing 23 per cent. of the Enlarged Group's 2015 pro forma revenues. The Combination is also expected to provide the Enlarged Group with additional USD-based, high-growth earnings.

Incremental financial and trading benefits

The Enlarged Group would benefit from the admission of the Shares to listing on the premium listing segment of the Official List and to trading on the main market for listed securities of the LSE and expected inclusion in the FTSE 100 index, together with an inward secondary listing on the Main Board of the JSE. The Proposed Directors believe that this will provide incremental advantages to the Enlarged Group through increased liquidity and greater access to a global investor base, and a likely reduction in the Enlarged Group's cost of capital.

Key Strengths

The Proposed Directors believe that, because of the key strengths described below, the Enlarged Group will be well positioned to benefit from the favourable trends driving demand across the healthcare markets in which it operates.

International presence in attractive markets for private healthcare

There are a number of common trends present in the Enlarged Group's healthcare markets of operation including population growth, an ageing population, consumerism, technological advancement, the burden of disease and pressure on government resources to provide healthcare services on demand. The Enlarged Group's key geographic focus areas include South Africa, Switzerland, and the UAE, plus exposure to the UK through its 29.9 per cent. interest in Spire. The private healthcare markets in all these geographies have seen consistent growth, with 2004-14 CAGRs of 2.1 per cent. for South Africa, 4.4 per cent. for Switzerland, 10.8 per cent. for the UAE and 2.4 per cent. for the UK.

South Africa's economic performance has been challenged in recent years with GDP growth rate declining to 1.5 per cent. for 2014 from 2.2 per cent. in 2013. However, in contrast, the South African private healthcare sector has maintained a positive, and consistent, long-term growth trajectory, due to the ineffectiveness of the public sector and increased incidence of chronic disease, as well as an upward trend in the diagnosis and treatment of many conditions on the prescribed list of chronic diseases from the South African Council of Medical Schemes. Private healthcare funding is stable and primarily provided by medical schemes, which fund 92 per cent. of Mediclinic Southern Africa's hospital admissions and revenue as at 31 March 2015.

The Swiss healthcare system is characterised by wide ranging medical insurance coverage and access to a large number of high quality healthcare facilities. While in recent years, the Swiss private healthcare sector has been facing increasing regulation and cost pressure, including a shift in certain medical services from the inpatient sector to outpatient sector, basic health insurance is compulsory in Switzerland, and, with regulatory changes implemented in January 2012 (in particular, the reimbursement system under the

SDRG system and "hospital lists" of facilities eligible to treat generally insured patients), there are now no real distinctions between private and state hospitals, enabling private hospitals to compete on the same basis as public hospitals.

The private healthcare market in the UAE has exhibited high growth, with expected population growth of around 2.5 per cent. per annum, the young population driving maternity and paediatric care, and high mortality rates from lifestyle-related diseases and cancer. The Enlarged Group's intended focus areas of Dubai and Abu Dhabi account for around half of the population, and the majority of investment in the private healthcare market. Abu Dhabi introduced mandatory health insurance for expatriates between 2006 and 2007, and introduced the Thiqa scheme for Abu Dhabi citizens in 2008, and Dubai is implementing mandatory health insurance between 2014 and 2016 through a staggered rollout.

The growth of healthcare demand in the UK is forecast to exceed 5 per cent. a year over the next five years as a result of a growing and ageing population, increasing incidence of acute and chronic long-term conditions and the continued development of new technologies and treatments. This funding gap is expected to reach approximately £35 billion per annum by 2020-2021, and private providers are extremely well placed to help bridge that gap given meaningful budget constraints within the NHS.

Diversified geographic footprint with strong market position in all countries of operation

The Enlarged Group has a diversified revenue mix by geography. As illustrated in the Pro forma Financial Information for the Combination, Southern Africa represents 31 per cent. of FY15 revenues, Switzerland represents 46 per cent. and the UAE 23 per cent. The Al Noor Directors and the Proposed Directors believe that this balanced footprint across geographies mitigates country-specific risk that can arise due to particular changes in regulation or legislation, and also has multiple benefits arising from increased scale and best-practice sharing. In addition, it ensures a broader distribution of currencies across the portfolio generating further stability in earnings and funding decisions.

The Enlarged Group has a leading position in the key markets in which it operates, holding the number three position in South Africa, the number one position in Switzerland, and the number one position in the UAE following the Combination, which will combine the number one healthcare provider in Abu Dhabi and the number one healthcare provider in Dubai (by revenue). In addition, Spire has a number two position in the UK (by revenue). Such leadership positions will allow the Enlarged Group to leverage the benefits of its strong brand across its portfolio, derive meaningful efficiencies arising from economies of scale, and help cultivate meaningful engagement with key stakeholders including physician groups, funders and regulatory bodies. In addition, the financial benefits of a broader platform include greater cash flow generation, leading to increased ability to further expand capacity through greenfield development or acquisitions.

Quality care with high-acuity capability across the portfolio

The Proposed Directors believe that sustainable competitive advantage lies in the continuous focus on patient care, excellence in clinical governance and delivering measurable, cost-effective quality care. The results of a patient satisfaction survey conducted by the Mediclinic Group indicated that average patient satisfaction levels across its operations for the six months ended 31 March 2015 ranged between 78 per cent. and 92 per cent. In addition, in 2011, the Al Noor Group's two Abu Dhabi hospitals ranked first and third among all Abu Dhabi hospitals in terms of inpatient satisfaction, scoring 91 per cent. and 90 per cent., respectively, while its Al Ain hospital ranked first in Al Ain, scoring 90 per cent.

The Council for Health Services Accreditation of Southern Africa, an organisation whose standards have been accredited by the International Society for Quality in Healthcare, has been accrediting the Mediclinic Group's hospitals since 1996. As at December 2014, 28 of the 37 participating hospitals held COHSASA accreditation with the other eight hospitals undergoing the renewal process. In Switzerland, Hirslanden hospitals participate in ISO 9001:2008 certifications in co-operation with the Swiss Association for Quality and Management Systems. Fifteen hospitals and the head office are currently certified, and Hirslanden Clinique La Colline is expected to follow in 2016. In the UAE, the Mediclinic Group's two hospitals and eight clinics are JCI accredited, and all three of Al Noor's hospitals are JCI accredited and have ISO certification 9001:2008, with Khalifa Street Hospital being the first private healthcare institution to receive the JCI golden seal on the 5th edition standards.

The Mediclinic Group strives to ensure that the clinical services provided throughout the organisation are efficient, effective, appropriate, evidence-based and in line with modern technological advances. This goal

is supported by way of carefully co-ordinated clinical governance, clinical information management and clinical services development. The Mediclinic Group has also embarked on a process to implement a single, standardised patient experience measurement index to continue to improve operational excellence and patient safety across all platforms. Press Ganey, a specialist healthcare performance improvement consultancy, was engaged to assist the Mediclinic Group in developing a surveying approach to objectively evaluate and analyse the patient experience at the Mediclinic Group's facilities. The first surveys have been successfully implemented and the data is already providing improved insights to assist management in developing targeted action plans for continuous improvement, specific to each of the Mediclinic Group's facilities.

The Mediclinic Group offers a wide range of clinical services throughout its operating platforms including high-acuity and urgent care. The Mediclinic Group capabilities range from outpatient consultation services to highly specialised, complex and technologically advanced treatment modalities in tertiary and quaternary care hospitals, and such breadth allows for a greater level of integration and co-ordination across the network. The Enlarged Group will benefit from Al Noor's broad presence in the Emirate of Abu Dhabi, where it also offers services across the broad spectrum of primary and secondary care and selected tertiary services. Al Noor's high quality care was recently highlighted after it was designated as a training centre for the American Heart Association in August 2015.

Strong track record of growth while maintaining strong margins and cash conversion

The Mediclinic Group has consistently delivered stable and strong operational growth for almost three decades. From FY2013-15, the Mediclinic Group has grown revenue from ZAR24.4 billion to ZAR35.2 billion, a CAGR of 20 per cent., with revenue increasing at least 16 per cent. per annum. Over the same period, margins have remained stable at over 20 per cent. despite wage inflation and changes in healthcare regulations, driven by a keen focus on cost effective quality care, backed up by KPIs and efficiency initiatives as well as the implementation of best practices across the group. In addition, the Mediclinic Group has an extensive property portfolio in prime real estate areas that provides valuable operational flexibility and a strong asset underpinning to its business. The performance above has been achieved against the backdrop of slowing GDP growth in South Africa, and in Switzerland an adjustment of the national outpatient tariff and an increase in the number of generally insured patients, which are often subject to lower pricing levels.

The Mediclinic Group has a track record of investing in carefully selected capital projects that deliver satisfactory returns and has demonstrated the ability to integrate and extract value from acquisitions. This is borne out by the fact that the growth above has been achieved while maintaining cash conversion, defined as (EBITDA-Capex)/EBITDA, at consistently above 52 per cent. in the period FY13-15.

Ability to leverage benefits of an international group

The Enlarged Group will have operational and financial exposure to six countries which will bring with it opportunities to leverage its footprint to drive tangible benefits to its shareholders. The Enlarged Group benefits from its international scale in areas such as the procurement of capital goods and consumables through greater bargaining power with key suppliers, international licensing arrangements, and shared services such as IT, SAP implementation and data management. In addition, the Enlarged Group will continue to explore ways to share intellectual capital and resources across geographies and facilitate the sharing of best practices, as the Mediclinic Group has done successfully to date. For example, the new wing of Mediclinic City Hospital in Dubai, currently under construction, will house a new oncology unit developed in conjunction with Hirslanden, and there are other examples of cross-platform co-operation in developing new service lines including oncology, bariatric surgery and robotics. The international platform also allows for the rotation of high potential individuals through different markets, further maximising their revenue potential for the group. Finally, the Enlarged Group is focused on fostering a collaborative culture and the alignment of cultures locally with the Mediclinic Group culture and values globally. The Enlarged Group believes that this is essential to maintain consistent, high quality standards internationally, and it invests in IT platforms in order to ensure consistent quality measurement across platforms.

Admission of the Shares of the Company (as the holding company of the Enlarged Group) to listing on the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange and expected inclusion in the FTSE 100 is also expected to lead to increased liquidity and greater access to a global investor base and a likely reduction in cost of capital.

Significant experience in integrating and growing acquired assets across its portfolio

The Mediclinic Group has conducted numerous acquisitions since its inception in 1983, and has a proven track record in creating shareholder value through careful capital deployment for acquisitions. In South Africa, the Mediclinic Group's initial market of operation, a portfolio of seven hospitals and 1,500 beds upon listing, has grown through expansion of existing facilities, creation of new hospitals and acquisitions, to create a portfolio of 52 hospitals and 7,983 beds (as at 30 September 2015). Key acquisitions in the region have included the acquisition of Medicor in 1995 which added 11 hospitals and the acquisition of Hospiplan group in 1998 which added 12 hospitals. In Switzerland, the Mediclinic Group entered into an agreement in 2007 to acquire Hirslanden, with 13 hospitals, and has since conducted bolt-on M&A transactions of Klinik Stephanshorn, Clinique la Colline and Swissana Clinic Meggen to broaden its geographic footprint and add new capabilities. In the UAE, the Mediclinic Group began via a joint venture with GE in 2007 to create Emirates Healthcare, followed by an acquisition of three clinic sites in 2011, and then the take-out of the Varkey's stake in Emirates Healthcare in 2012 at which time the division was rebranded Mediclinic Middle East. Similarly, the Al Noor Group has also added incremental services via acquisitions, including the addition of the Manchester Clinic and Al Madar Medical Clinic in 2013, its oncology facility, GICC in 2014, and the acquisition of rehab-focused Rochester Wellness in 2015.

Experienced board and management team with longevity and expertise in the industry, backed by a supportive, long-term shareholder

The presence of nine directors of the Mediclinic Board and two directors of the Al Noor Board on the Enlarged Al Noor Board will ensure continuity, and facilitate the transition period following the Combination.

Enlarged Al Noor will be led by an experienced and proven executive management team with significant longevity within the Mediclinic Group. The Proposed Senior Managers, consisting of eight members, possess extensive industry experience and organisational knowledge, with an average tenure of more than 18 years with the Mediclinic Group. The continued growth of the Mediclinic Group is testament to the strong management group and their ability to successfully execute the Mediclinic Group's strategy. The Mediclinic Chief Executive Officer and Chief Financial Officer, Danie Meintjes and Craig Tingle, first joined the company in 1985 and 1992 respectively, and led the expansion of Mediclinic's operations in Dubai before taking on their current roles in 2010. Since their appointment (The Mediclinic Chief Executive Officer and Chief Financial Officer, Danie Meintjes and Craig Tingle), Mediclinic's revenues have grown by a CAGR of 16 per cent. from FY2010-15, and they have overseen significant expansion projects and acquisitions in all territories, plus the recent acquisition of a 29.9 per cent. stake in Spire. Since end-2010 to end-2014 Mediclinic's share price has increased by 245 per cent. and the company has paid out over ZAR3 billion in dividends.

In addition, Mediclinic's largest shareholder, Remgro, has maintained a long-term commitment over the Mediclinic Group's entire history and is expected to be a supportive partner in helping the Enlarged Group drive growth, as seen in the recent acquisition of the Spire stake. Remgro is also represented on the Mediclinic Board and will continue to be represented on the Enlarged Al Noor Board.

Strategy of the Enlarged Group

The description of the strategy of the Enlarged Group below has been drafted on the basis of the Enlarged Group as it will be in existence on the Closing Date, unless expressly stated or the context otherwise requires.

Focus on providing consistently high-quality care and an optimal patient experience across the platform

The Enlarged Group is expected to provide a wide range of hospital-related clinical services throughout its operating platforms, and to strive to ensure that the clinical services provided throughout the organisation are efficient, effective, appropriate, evidence-based and in line with modern technological advances. The Enlarged Group will continue to focus on various "Patients First" initiatives across all three platforms (as adopted by the Mediclinic Group) with the aim of further improving the patient experience and to deliver co-ordinated and integrated patient-centred care in all facilities. The objective is to provide superior clinical outcomes in a safe clinical environment, while continuously improving the general service experience for patients, in order to help maintain the Enlarged Group's leading positions in the markets in which it operates.

Ensuring patient safety is expected to remain the number one priority for the Enlarged Group. Various initiatives were successfully launched by the Mediclinic Group in support of this goal, such as a comprehensive antimicrobial stewardship programme in Southern Africa relating to the responsible use of antimicrobials and the rollout of the electronic patient safety records in Switzerland. In addition, the Mediclinic Group is in the planning phase of introducing clinical key performance indicators in the remuneration model for doctors in the United Arab Emirates, which is expected to be continued by the Enlarged Group. The clinical workforce includes highly skilled and experienced physicians, best suited to cater to the core patient populations (for example, 76 per cent. of Al Noor physicians are bilingual Arabic speakers) and with a deep understanding of the local culture. Highly skilled staff support the physicians, and there are low staff turnover rates. Many of the physicians currently employed by the Al Noor Group have academic appointments, and several have been asked to sit on HAAD committees in their respective specialties.

The Mediclinic Group has also embarked on a process to implement a single, standardised patient experience measurement index to continue to improve operational excellence and patient safety across all platforms. Press Ganey, a specialist healthcare performance improvement consultancy, was engaged to assist the Mediclinic Group develop a surveying approach to objectively evaluate and analyse the patient experience at the Mediclinic Group facilities. The first surveys have been successfully implemented and the data is already providing improved insights to assist management in developing targeted action plans for continuous improvement, specific to each of the Mediclinic Group facilities. These initiatives are expected to be continued by the Enlarged Group.

Invest in the Enlarged Group employee base to continue to develop clinical competencies and address scarce skills

The Enlarged Group is expected to continue to focus on identifying, attracting and retaining leading specialists and talented healthcare professionals at its facilities as the market competition for talent increases. To support this objective, the Enlarged Group will continue to strengthen human capital management through the establishment of a Global Reward Centre of Excellence to optimise reward practices across the group. An international consulting group, Gallup, has also been appointed to implement a standardised staff engagement management system across all the operating platforms. Based on this system, the Enlarged Group will conduct annual surveys and implement monitored improvement plans to improve employee engagement. The Enlarged Group intends to integrate later iterations of the staff engagement survey results with the Press Ganey patient satisfaction survey results (described above), which will enable the Enlarged Group to evaluate the impact of its employee engagement improvement plans on service levels and patient satisfaction levels. For example, Mediclinic Southern Africa launched the Mediclinic Leadership Academy in 2013 with the aim of further strengthening and aligning leadership behaviour with the Mediclinic Group's values and thereby entrenching a values-based culture to ensure sustainability.

The Mediclinic Group also deploys integrated talent strategies to ensure the proactive attraction of scarce skills in the areas of need as well as the retention of scarce skills in areas that have been identified as higher risk. For example, Mediclinic Southern Africa has proactively addressed the shortage of nurses in the market by expanding the recruitment of nurses from India in the short-term, while pursuing the long-term solution of increasing local training. The Mediclinic Group plans to double its training capacity over the next number of years, with two of the existing Learning Centres in the Cape Town and Tshwane areas expanded, a new Learning Centre commissioned in Kimberley and the Learning Centre Limpopo having relocated into a larger facility during April 2015. Mediclinic Southern Africa's training and development function is registered as a Private Higher Education Institution and offers a Diploma in General Nursing Science and a Diploma in Operating Department Assistance to promote the training of skilled healthcare personnel and thus sustain quality outcomes in providing healthcare.

Similarly, in Switzerland, the recruitment of nursing staff, especially in specialised nursing, is a major focus area both for Hirslanden and other hospitals. For this reason, Hirslanden has committed to the further training and education of specialist nurses to provide professional recruitment practices and to offer attractive working conditions and career opportunities. As one of the largest employers in the Swiss health sector. Hirslanden trains around 980 apprentices and students, of whom around 85 per cent. work in healthcare professions. This also includes 145 trainee registrars. Mediclinic Middle East organises continuing medical education sessions both at an individual facility level and corporate level for its employed and independent doctors.

Continue to seek opportunities to leverage benefits of an international group

The Enlarged Group anticipates tangible synergies arising from the Combination, namely procurement benefits from greater scale, the creation of a shared operations team in the Middle East and the combination of certain corporate functions. The Enlarged Group also anticipates an increased ability to attract key medical staff arising from the affiliation with a larger institution with a broader international presence.

The Enlarged Group will be continuously looking for opportunities to leverage its combined international capacity and resources to unlock synergies and value for its shareholders, and this is expected to continue post implementation of the Combination. With the recent acquisition by Mediclinic of a 29.9 per cent. interest in Spire, a UK-based private healthcare group, the Enlarged Group expects to be able to unlock further procurement, knowledge transfer, supply chain and staffing benefits.

Following the successful implementation of an organisational realignment programme in 2014 by Mediclinic Southern Africa, the "Hirslanden 2020" project has been initiated to transform the operating model in Hirslanden to improve operational efficiency by implementing projects aimed to standardise and centralise business processes, improve collaboration and to align the Hirslanden culture more closely with the Mediclinic Group's culture.

In addition, formal cross-platform workgroups for all the key support functions are in place and being strengthened to promote collaboration, share intellectual capital and resources and to identify opportunities for improved efficiencies through standardisation and centralisation of selective support processes. Significant progress reported from some of the workgroups includes Mediclinic Southern Africa and Mediclinic Middle East, both successfully replacing legacy financial and procurement systems in 2014 with SAP as the ERP solution, while Hirslanden is following a phased approach to standardise the existing stand-alone SAP solutions deployed at all its hospitals. The harmonisation of systems has led to standardised data elements, simplified solutions, reduced cost and improved sharing of resources in the group. The Mediclinic Group's international procurement office has also successfully leveraged the scale of the Mediclinic Group, resulting in encouraging savings on the procurement of major capital items as well as surgical and consumable products. Mediclinic has successfully implemented master data management and international data warehouse projects, improving the quality of data as well as enhancing its ability to better analyse transactional data across the Mediclinic Group. The insights gained from the data analysis strengthen the Mediclinic Group's ability to better negotiate costs with suppliers and are valuable going forward in tariff negotiations with funders. The Mediclinic Group also encourages the sharing of clinical skills between the Mediclinic Group's platforms and through the training of doctors and staff, including cross-platform co-operation in the fields of bariatric surgery, oncology and visceral surgery, and looks to encourage such interaction over time.

Grow via capacity and footprint expansion across the portfolio at attractive returns

The Enlarged Group is expected to continue to evaluate investment opportunities to grow its footprint beyond the existing operating platforms and regions that will add long-term value to shareholders; and will continue to make significant investments to grow capacity at each of the operating platforms. The Mediclinic Group is pursuing opportunities and initiatives to improve occupancies of existing premises, expand existing facilities and acquire or create new facilities. In South Africa, during 2015 Mediclinic Southern Africa commissioned the 176-bed multi-disciplinary Mediclinic Midstream hospital in Centurion, and in Switzerland Hirslanden acquired the 67-bed Hirslanden Clinique La Colline in Geneva as well as the 20-bed Hirslanden Klinik Meggen in Lucerne.

Within the UAE, Mediclinic Middle East continues to be well placed amongst the competition with its strategic plan to bridge gaps in under-represented areas, both medical and geographical. During the last reporting period, an opportunity for a new hospital was identified on the southern side of Dubai, in a strategic location close to areas of population growth which currently lack access to such a facility. The hospital, estimated to open at the end of 2018, will have an initial capacity of approximately 188 beds and will house six operating theatres along with a wide range of other in- and outpatient services. In addition, the new wing of Mediclinic City Hospital, currently under construction and estimated to complete in mid-2016, will house a new oncology unit, developed in conjunction with Hirslanden. New centres of excellence in metabolic surgery, breast surgery and neurosurgery are also under development in association with Hirslanden. In Abu Dhabi, the Enlarged Group will look to enhance and broaden its service offering, including in key areas such as oncology, paediatrics and long-term care and rehabilitation, with the latter supplemented by the recent acquisition by Al Noor of Rochester Wellness, a leading

provider of long-term physical speech and occupational rehabilitation therapy. The Enlarged Group will also drive capacity expansion at both existing facilities and via greenfield development, with key developments including a campus expansion at Airport Road Hospital (100 bed facility expected to open in 2018), refurbishment at Khalifa Street Hospital, and an expansion of beds in Al Ain Hospital (28 bed wing adjacent to the hospital). In addition, there are also an additional 40 beds expected with the new Civic Centre Hospital expected to open in the first quarter of 2016. As both Dubai and Abu Dhabi grow, Mediclinic Middle East will also look to widen its clinic portfolio in these regions to service the healthcare needs of its expanding population. The expansion and integration of the clinic network is likely to facilitate the establishment of a critical natural base for the hospitals. The guideline hurdle internal rates of return per geographic area for project evaluation and approval are as follows: 20 per cent. (pre-tax) in South Africa, 15 per cent. in the UAE and 10 per cent. (pre-tax) in Switzerland.

Improve efficiencies through standardisation, utilisation of group scale and use of data analytics

Due to the geographic spread of the group's operations, the potential of possible cost savings, less administration and improved efficiency, the Mediclinic Group has initiated international procurement initiatives with the aim of unlocking synergies and implementing standardisation for the greater benefit of the group, which will be continued by the Enlarged Group. At the Mediclinic Group, since the appointment of the Group Procurement Executive in 2013, procurement savings have included better prices through pooling of capital equipment purchases across the three platforms, volume bonus agreements with key capital equipment suppliers and direct importing and distribution of more cost-effective surgical and consumable products. Further procurement savings will remain a priority for the Enlarged Group and it intends to rationalise the number of suppliers it has to enable growth with selected key partners with a view to strengthening its negotiating power. In addition, international consolidated data comparisons and spend pattern analysis is being used to identify further savings opportunities.

In addition, the Enlarged Group will remain focused on opportunities to drive further efficiencies through further integration of services where appropriate in local markets. For example, in Switzerland the Hirslanden 2020 strategic programme was created, with two objectives: to make the existing business more efficient and to develop new areas of business. In order to increase profitability, the transformation from a group of hospitals into an integrated hospital group (as initiated in the previous One Hirslanden programme) will be driven further. This will be supported by an additional change project that is currently ongoing, the Hirslanden Hospital Information System (HLT) project, which provides a modern, ICT-enhanced basis for medical core business and administrative activities. Business fields which Hirslanden wants to develop include the outpatient sector in particular, ranging from additional outpatient clinics to outpatient surgery centres and radiology centres.

As the availability of accurate clinical information forms the foundation of clinical performance measurement and improvement, the Mediclinic Group embarked on an information management strategy in order to improve the integrity of its clinical information, which will be continued by the Enlarged Group. This will enable the development of a wider range of clinical performance indicators during the next few years, and will significantly enhance clinical cost analytics and accompanying cost efficiency initiatives.

Further develop structures to encourage integrated and co-ordinated care across each platform

Due to unique country-specific, historical and regulatory circumstances the Mediclinic Group's three operating platforms follow different clinical healthcare delivery models. These vary from a more fragmented model in Mediclinic Southern Africa to a more co-ordinated healthcare model in Hirslanden and an integrated model at Mediclinic Middle East. With the aim of ensuring that the Mediclinic Group delivers consistent cost-effective care and superior clinical outcomes at every facility, the Mediclinic Group has embarked on a number of projects to gradually move towards a better integrated clinical healthcare delivery model. The key focus area is to put the patient first through improved collaboration and co-ordination between the various clinical care providers in the clinical care process. These initiatives are expected to be continued by the Enlarged Group. The Enlarged Group believes that closer alignment and co-operation with doctors will add significant value to patients, doctors and other stakeholders. The Enlarged Group promotes the development of co-ordinated care models including establishing centres of excellence to improve patient care. These models follow a multi-disciplinary approach to patient care, with the patient at the centre. It is based on integrated teamwork and requires a specific and unique organisational structure and set of processes in order to be effective. In South Africa, an example of this includes the Wits Donald Gordon Medical Centre, a private academic hospital for the training of specialists and sub-specialists, and is a public private partnership between Wits University and Mediclinic

Southern Africa. The institution trains specialists and sub-specialists, and operates South Africa's largest solid organ transplant centre performing liver, kidney, simultaneous kidney-pancreas, and pancreas-after-kidney transplants. Another example is the Muelmed Rehabilitation Centre that offers acute, functional rehabilitation for spinal cord and traumatic brain injuries, stroke, amputation patients as well as treatment for other disabling conditions on an inpatient and outpatient basis. The centre follows a multi-disciplinary approach in providing comprehensive neurological and spinal rehabilitation using state-of-the-art facilities and highly trained staff.

In Switzerland, one of the most well-known co-ordinated care initiatives at Hirslanden is the Swiss Tumour Institute. The institute was established in 2005 and involves several hospitals within the group. The objective of the institute is to combine the competencies of different specialists working on the diagnosis and treatment of tumours and cancer. In the UAE, the Mediclinic City Hospital Breast Centre was similarly established to offer patients an internationally recognised, multi-disciplinary approach to breast disease management. This includes quick access to preliminary consultations, rapid diagnoses and effective treatment using the latest technology and evidence-based medicine. The Al Noor Group has consistently sought to expand its range of primary, secondary, and tertiary care services, by carefully investing in areas of high acuity such as cardiac surgery, cardiology, orthopaedics, and nuclear medicine. The Al Noor Group now provides plastic and reconstructive surgery, colorectal surgery, and laparoscopic gynaecology. The ability to offer patients a full spectrum of integrated and advanced services, known as a 'Continuum of Care,' differentiates the Al Noor Group from its competitors. The current combination of the Al Noor Group's wide geographic footprint in the Emirate of Abu Dhabi, internationally recognised standards of quality care and patient safety and its 'Continuum of Care' operating model, which is designed to provide the highest quality of medical care through a single vertically integrated healthcare network, has allowed it to capture and retain the broadest possible patient base.

Agreements relating to the Combination

The following is a summary of the principal terms of agreements relating to the Combination.

Bid Conduct Agreement

In connection with the Combination, Al Noor and Mediclinic have entered into the Bid Conduct Agreement dated 14 October 2015.

Under the terms of the Bid Conduct Agreement:

(i) the parties have agreed to provide information relating to and, where applicable, co-operate, with respect to the preparation of the necessary regulatory filings, shareholder circulars and prospectuses;

(ii) Mediclinic has undertaken to take certain steps in relation to the preparation of the Mediclinic Scheme Circular;

(iii) the parties have set out their intentions with regards to the treatment of the Al Noor Employee Share Schemes and the Mediclinic Forfeitable Share Plan; and

(iv) Mediclinic has agreed to pay a break fee of £5 million to the Company, as the Company's exclusive remedy, if the Bid Conduct Agreement is terminated: (i) as a result of the Mediclinic Board not making or, once made, withdrawing, modifying or qualifying its recommendation to Mediclinic Shareholders that they vote in favour of the resolutions necessary to implement the Combination; or (ii) as a result of the failure or inability to satisfy certain of the conditions precedent to implementation of the Combination set out in appendix III to the Announcement. The break fee represents approximately 0.09 per cent. of Mediclinic's market capitalisation as at the close of trading on 13 October 2015 (being the last trading day before the date of the Announcement).

Remgro Subscription

A wholly-owned subsidiary of Remgro and the Company have entered into the Remgro Subscription dated 14 October 2015.

Under the terms of the Remgro Subscription, Remgro Healthcare will (or shall procure that one or more of its affiliates will) subscribe for 72,115,384 New Shares at a fixed price of £8.32 per share, to raise proceeds of £600 million. The Remgro Subscription is conditional on, inter alia, the Mediclinic Scheme becoming operative.

Mediclinic Bridge Facility

In addition, Mediclinic and certain of its wholly-owned subsidiaries as guarantors have entered into a £400 million secured senior facility agreement dated 14 October 2015 (the "**Mediclinic Bridge Facility**") with Morgan Stanley Bank International Limited and RMB as mandated lead arrangers, RMB as agent and U.S. Bank Trustees Limited as security agent.

Following Completion, Al Noor will accede to the Mediclinic Bridge Facility as the borrower in respect of the £400 million secured term loan facility made available under the Mediclinic Bridge Facility. Al Noor may only apply amounts borrowed by it under the Mediclinic Bridge Facility towards (i) payment (directly or indirectly) of the amounts due to the shareholders in Al Noor who are entitled to participate in the Tender Offer and the Special Dividend pursuant to the Tender Offer and the Special Dividend and (ii) payment (directly or indirectly) of any fees, costs, expenses or taxes incurred by Al Noor or any other member of the Enlarged Group in connection with entry into the Mediclinic Bridge Facility and the related finance documents.

The Mediclinic Bridge Facility has an availability period from 14 October 2015 to and including the earlier of: (i) the date which is six months and 31 "business days" (as defined in the South African Companies Act, 2008) after 14 October 2015; (ii) the date falling fourteen days after the Closing Date; and, (iii) the date on which the Mediclinic Scheme lapses, terminates or is withdrawn.

Drawdown under the Mediclinic Bridge Facility is conditional upon, among other things, Al Noor acceding to the Mediclinic Bridge Facility as borrower, Completion occurring, the granting of first ranking security over the shares in certain members of the Enlarged Group in favour of U.S. Bank Trustees Limited (as security agent under the Mediclinic Bridge Facility) and delivery of certain documentation to RMB (as agent under the Mediclinic Bridge Facility) that is in form and substance satisfactory to the original lenders under the Mediclinic Bridge Facility), including any requisite exchange control approvals of the Financial Surveillance Department of the South African Reserve Bank as are necessary for the implementation of the Combination (including the financing thereof) on terms envisaged in the Bid Conduct Agreement.

Any loan drawn under the Mediclinic Bridge Facility will have an initial term that expires on the date falling six months after the date of publication of the Mediclinic Scheme Circular (the "**Initial Maturity Date**"), which may be extended up to two times at the option of Al Noor (and by delivery of notice to RMB (as agent under the Mediclinic Bridge Facility) at the required time) by six months per extension. The right to extend the term of the Mediclinic Bridge Facility does not require the consent of the lenders under the Mediclinic Bridge Facility, provided that no default under the Mediclinic Bridge Facility has occurred and is continuing either at the maturity date or when Al Noor delivers notice to RMB (as agent under the Mediclinic Bridge Facility) of its intention to extend.

If there is an event of default, a change of control event in respect of Mediclinic (prior to Completion) or Al Noor (following Completion) or if the ordinary shares in Al Noor are (arising as a direct result of any action (or inaction) of Al Noor or any of the original guarantors under the Mediclinic Bridge Facility) either delisted from the premium listing segment of the Official List maintained by the Financial Conduct Authority or cease to trade on the main market for listed securities of the London Stock Exchange for more than five Business Days, the lenders under the Mediclinic Bridge Facility may give notice of cancellation of all available commitments and/or declare all outstanding advances, together with accrued interest, to be immediately due and payable (and, in the case of a change of control or de-listing event, as referred to above, this will happen automatically, regardless of whether the lenders give notice of the same). In addition, subject to certain agreed thresholds and carve-outs, proceeds of disposals by the Enlarged Group or capital markets proceeds received by the Enlarged Group are required to be applied in mandatory prepayment of amounts outstanding under the Mediclinic Bridge Facility.

Remgro Relationship Agreement

On Completion, as a result of the Combination and taking into account the New Shares to be issued to Remgro or one or more of its affiliates pursuant to the Remgro Subscription, and depending on the extent to which Al Noor Shareholders participate in the Tender Offer, Remgro will hold (through its subsidiaries) between 40.95 per cent. and 45.18 per cent. of the issued share capital of the Company. A relationship agreement was entered into between Remgro and the Company on 14 October 2015, to be effective on Completion, to govern the ongoing relationship between Remgro and the Company (the "**Remgro Relationship Agreement**"). The principal purpose of the Remgro Relationship Agreement is to ensure that

the Company is capable of carrying on its business independently of Remgro and its associates. The Remgro Relationship Agreement contains customary terms and conditions.

Under the terms of the Remgro Relationship Agreement, *inter alia*:

(i) Remgro undertakes: to conduct all transactions and arrangements with any member of the Enlarged Group at arm's length and on normal commercial terms; not to take any action that would have the effect of preventing the Enlarged Group from complying with its obligations under the Listing Rules; not to propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules; and to abstain from voting on any shareholder resolution that is required to be passed under Chapter 11 of the Listing Rules in order to approve a related party transaction involving Remgro or any of its associates (as defined in the Listing Rules), as the related party. Remgro also undertakes to procure, so far as it is legally able to do so, that its associates comply with such undertakings;

(ii) Remgro undertakes not to solicit senior employees of the Enlarged Group for a period of two years, and to preserve the confidentiality of the Enlarged Group's information;

(iii) Remgro is entitled to appoint one director (or, at Remgro's election, an observer) for every 10 per cent. of the voting rights held by it or its associates, up to a maximum of three directors, provided that the right to appoint a third director is subject to the requirement that the Enlarged Al Noor Board will, following such appointment, comprise a majority of independent directors. Remgro is also entitled to representation on each committee of the Enlarged Al Noor Board (save that the Audit and Risk Committee shall comprise solely of independent directors). The Relationship Agreement requires the presence of a director appointed by Remgro at board meetings in order to constitute a quorum; and

(iv) Al Noor (as parent company of the Enlarged Group) undertakes not to effect any share repurchase or similar transaction that would give rise to an obligation on the part of Remgro to make a general offer under Rule 9 of the City Code, unless a waiver from the obligation under Rule 9 of the City Code has been granted by the Panel.

Assets Transfer Agreement

Under the terms of the Assets Transfer Agreement, all of the shares in certain subsidiaries of Mediclinic (being Mediclinic Holdings Netherlands N.V., Mediclinic Middle East Holdings Limited, Mediclinic CHF Finco Limited and, if the shares in Mediclinic Jersey Limited have not been transferred to Mediclinic CHF Finco Limited prior to the applicable date, then Mediclinic Jersey Limited (the "**Designated Subsidiaries**")) will be transferred to Al Noor shortly before the Mediclinic Scheme becomes operative, in order to create a more efficient structure for the Enlarged Group aligned along jurisdictional lines (the "**Assets Transfer**").

In addition to the approval of Mediclinic Shareholders, and board and shareholder approval by the Mediclinic subsidiaries concerned, the Assets Transfer is also conditional on: (a) the receipt by Mediclinic of such approvals, consents or waivers (including from the Financial Surveillance Department of the South African Reserve Bank) as are necessary for the implementation of the Assets Transfer Agreement (in each case on terms satisfactory to Mediclinic and Al Noor each acting reasonably); (b) the receipt by Mediclinic of a favourable advance ruling from the Swiss tax authorities in respect of the Assets Transfer and (c) on the fulfilment or waiver (as the case may be) of all of the Conditions Precedent to the Scheme (other than the acknowledgements and approvals envisaged in the Conditions Precedent in paragraphs 9, 10 and 11 of Section E above, having previously been given, not having subsequently been withdrawn) and there being no reason to believe that the Mediclinic Scheme will not become operative in accordance with its terms.

The Assets Transfer is further subject to Al Noor being satisfied (acting reasonably and having regard to such proposals as Mediclinic may make) that completing the Assets Transfer would not require it to withdraw, qualify or modify the working capital statement set out at paragraph 18 of Part 20 of this document in any manner adverse to the implementation of the Combination.

Al Noor will acquire the shares in the Designated Subsidiaries at the market value thereof. The purchase consideration will remain outstanding as a debt due by Al Noor to the relevant members of the Mediclinic Group, which will (when the Mediclinic Scheme becomes operative) themselves become wholly owned subsidiaries of Al Noor.

The Assets Transfer Agreement contains basic warranties only, in view of the fact that the various sellers and Al Noor will form part of the same group of companies shortly after the implementation of the Assets Transfer.

The Assets Transfer may at Mediclinic's discretion be implemented in whole or in part.

In the unlikely event that the Assets Transfer has been implemented but the Mediclinic Scheme does not become operative (e.g. because it becomes unlawful or impossible for it to do so), the Assets Transfer Agreement makes provision for the rescission of the Assets Transfer. In these circumstances, Al Noor is indemnified by Mediclinic in respect of any tax or other costs incurred by it in connection with the Assets Transfer.

Sponsor Agreement

On or around the date of this document, a sponsor agreement was entered into between Rothschild, Jefferies and Al Noor pursuant to which Rothschild and Jefferies agreed to act as joint sponsors to Al Noor in connection with the Combination and Admission. This agreement contains customary undertakings and warranties given by Al Noor in favour of the joint sponsors in connection with their role as Al Noor's joint sponsors.

Financing arrangements relating to Remgro Limited

The cash consideration payable by Remgro Healthcare or one or more of its affiliates in respect of the Remgro Subscription may be funded through the use of balance sheet cash, drawings under the Remgro Facility Agreement and/or alternative sources of finance.

Under the Remgro Facility Agreement, RMB and Morgan Stanley Senior Funding, Inc. as original lenders have provided Remgro Healthcare Holdings Proprietary Limited and its wholly-owned subsidiaries with:

(a) a rand term loan facility in an aggregate amount equal to the ZAR equivalent of £200,000,000; and

(b) a sterling term loan facility in an aggregate amount equal to £400,000,000.

The availability period for loans under the Remgro Facility Agreement is the period from and including 14 October 2015 to and including the earlier of:

(a) the date which is six months and 31 "business days" (as defined in the South African Companies Act, 2008) after 14 October 2015;

(b) the date falling fourteen days after the "Effective Date" under the Bid Conduct Agreement; and

(c) the date the Mediclinic Scheme lapses, terminates or is withdrawn.

Any loan drawn under the Remgro Facility Agreement will have an initial term of six months from the date of the Mediclinic Circular (the "Initial Maturity Date"), which may be extended up to two times at the option of Remgro by six months per extension. The right to extend the term of the Remgro Facility Agreement does not require the consent of the lenders under the Remgro Facility Agreement, provided that no default under the Remgro Facility Agreement has occurred and is continuing either at the maturity date or when Remgro delivers notice to RMB (as agent under the Remgro Facility Agreement) of its intention to extend. Unless refinanced before such date, all amounts outstanding under the Remgro Facility Agreement are due and payable at the maturity date (either the Initial Maturity Date or, if Remgro has exercised its option to extend, the extended maturity date).

The Remgro Facility Agreement is governed by English law.

PART 7—INFORMATION ON THE AL NOOR GROUP

Investors should read this Part 7 in conjunction with the more detailed information contained in this document, including the financial and other information appearing in Part 12: "Operating and Financial Review of the Al Noor Group". Where stated, financial information in this Part 7 has been extracted from Part 15: "Historical Financial Information of Al Noor".

Overview

The Al Noor Group is the largest integrated private healthcare service provider in the rapidly growing healthcare market of the Emirate of Abu Dhabi based on the number of patients treated, number of beds and number of physicians, based on the 2013 HAAD report. The Al Noor Group was established in 1985 and today provides primary, secondary and tertiary care through two hospitals and eight medical centres in Abu Dhabi, one hospital and six medical centres in Al Ain, four medical centres in the Western Region, four medical centres and one long-term care centre in Dubai and the Northern Emirates, and one medical centre and one long-term care centre in Oman. In 2013, the Al Noor Group had the largest market share in the Emirate of Abu Dhabi among private healthcare service providers for both outpatients (29 per cent.) and inpatients (30 per cent.) based on the total number of private inpatient and outpatient non-ER encounters in the Emirate of Abu Dhabi. As of 30 June 2015, its hospitals had 216 operational beds (not including VIP and Royal Suite beds), and employed 4,190 staff, including 684 physicians (consultants, specialists and general practitioners), 908 nursing staff, 125 pharmacists, 275 technicians, 426 other medical staff and 1,769 non-medical personnel.

The quality of medical care the Al Noor Group provides is evidenced by the Joint Commission International ("**JCI**") accreditation and ISO certifications that have been awarded to each of its hospitals. The Al Noor Group believes that it was the first medical company in the Emirate of Abu Dhabi, and the only private one to date, to have received in 2009 the Sheikh Khalifa Gold Excellence Award, an award instituted by the Abu Dhabi Chamber of Commerce to provide an international benchmark of excellence for participating companies. In addition, in 2011, the Al Noor Group's two Abu Dhabi hospitals ranked first and third among all Abu Dhabi hospitals in terms of inpatient satisfaction, scoring 91 per cent. and 90 per cent., respectively, while its Al Ain hospital ranked first in Al Ain, scoring 90 per cent.

The Al Noor Group is the only private healthcare services provider in the Emirate of Abu Dhabi that covers the areas of highest population density across all three regions of the Emirate of Abu Dhabi.

- In the Central Region, the Al Noor Group operates Airport Road Hospital and Khalifa Street Hospital, which are supported by eight medical centres.
- In the Eastern Region, the Al Noor Group operates Al Ain Hospital, which is supported by six medical centres.
- In the Western Region, which is sparsely populated, the Al Noor Group operates four medical centres, which serve as referral sources for inpatient care at the Al Noor Group's Abu Dhabi hospitals.
- In Dubai and the Northern Emirates, the Al Noor Group operates four medical centres and one long-term care centre.
- Internationally, the Al Noor Group operates one medical centre and one long-term care centre in Oman.

The Al Noor Group's outpatient volume has grown steadily in each of 2012, 2013 and 2014, increasing from 1,505,518 to 1,672,485 and 1,992,813 patient visits, respectively, representing a CAGR of 15.1 per cent. Over the same period, inpatient volumes grew from 35,590 to 40,475 and 42,033 patient admissions, respectively, representing a CAGR of 8.7 per cent.

In 2014, the Al Noor Group had revenue of U.S.$449.1 million, Underlying EBITDA of U.S.$98.1 million, an Underlying EBITDA margin of 21.8 per cent., net profit of U.S.$84.0 million and a net profit margin of 18.7 per cent. In the six months ended 30 June 2015, the Al Noor Group had revenue of U.S.$244.0 million, Underlying EBITDA of U.S.$53.9 million, an Underlying EBITDA margin of 22.1 per cent., net profit of U.S.$44.9 million and a net profit margin of 18.4 per cent.

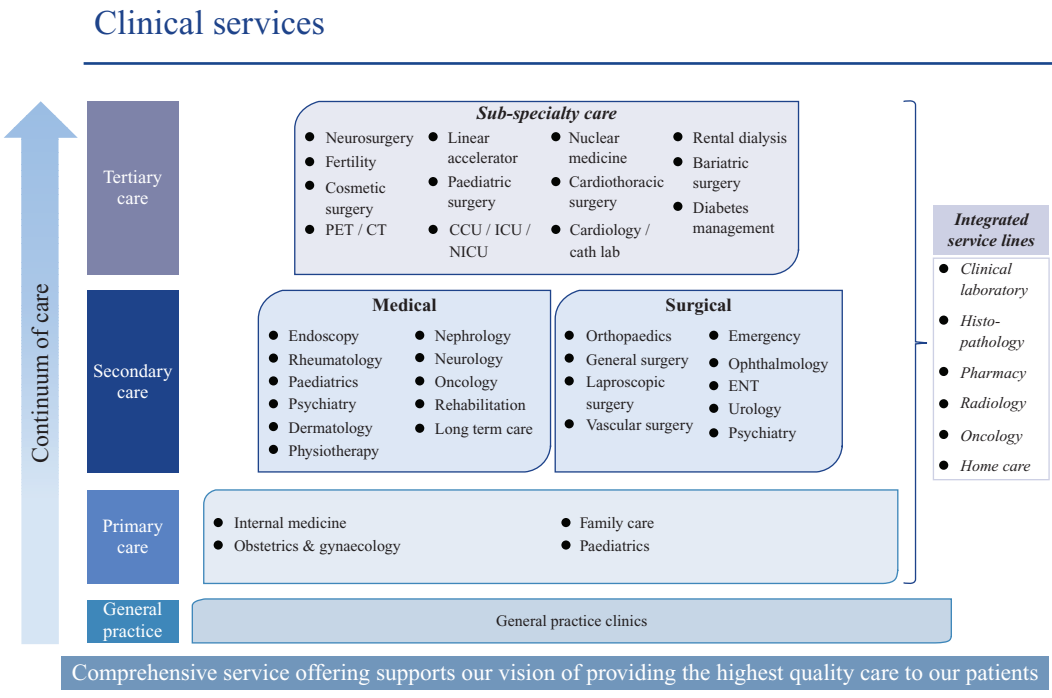
History

The following timeline sets forth the key events in the Al Noor Group's history:

- 1985: Opened the Al Noor Group polyclinic and pharmacy
- 1986: Obtained a commercial licence and expanded the Al Noor Group's polyclinic to the Al Noor Group Hospital
- 1993: First private medical facility to open a fertility centre in the Emirate of Abu Dhabi
- 1998: The Al Noor Group believes it was the first local private organisation to run a government hospital (Ruwais Hospital)
- 1999: Relocated the Al Noor Group Hospital to the Al Noor Group's Khalifa Street facility ("**Khalifa Street Hospital**")
- 1999: The Al Noor Group believes it became the first private hospital in the Emirate of Abu Dhabi to introduce electronic medical records
- 2002: Opened Mussafah Clinic 1
- 2003: Opened Madinat Zayed Clinic 1
- 2003: The Al Noor Group believes it was the first private hospital in the Emirate of Abu Dhabi to perform open heart surgery
- 2004: Khalifa Street Hospital became the first private hospital in the Emirate of Abu Dhabi to be granted membership in the European Foundation for Quality Management
- 2006: Opened the Al Noor Group Hospital—Al Ain ("**Al Ain Hospital**")
- 2006: Opened the first private diabetes centre in the Emirate of Abu Dhabi at Khalifa Street Hospital
- 2007: Al Ain Hospital received JCI accreditation
- 2008: Opened the Al Noor Group's hospital on Airport Road ("**Airport Road Hospital**")
- 2008: Khalifa Street Hospital received JCI accreditation
- 2009: Airport Road Hospital received JCI accreditation
- 2009: Opened Madinat Zayed Clinic 2
- 2009: Received Sheikh Khalifa Gold Excellence Award
- 2010: The Al Noor Group believes that it opened the first private renal dialysis unit at Airport Road Hospital
- 2011: Opened Al Mirfa Clinic
- 2011: Opened Mussafah Clinic 2
- 2012: Opened Al Yahar Clinic
- 2013: Opened Sanaya Clinic
- 2013: Opened Mamura Clinic
- 2013: Acquired Manchester Clinic
- 2013: Acquired Al Madar Medical Centre
- 2014: Opened Al Bateen Clinic
- 2014: Opened Baniyas Clinic
- 2014: Acquired GICC
- 2015: Opened ICAD
- 2015: Opened Zakher Healthcare Centre
- 2015: Opened Diagnostic Centre
- 2015: Opened ENEC

Scope of Services

The following table illustrates the Continuum of Care the Al Noor Group provides to its patients through its integrated healthcare service network:



While most medical and surgical specialties are offered across the various facilities, the majority of tertiary interventional and surgical procedures, which are in high demand, are concentrated at the Al Noor Group's purpose-built Airport Road Hospital. The Al Noor Group also provides specialised services through a number of dedicated specialised units. In addition, the Al Noor Group has developed ancillary and diagnostic services across all of its facilities to complement the clinical service lines.

The following table sets out certain of the Al Noor Group's operating data for the periods indicated:

	As of and for the year ended 31 December			As at and for the six months ended
	2012	2013	2014	30 June 2015
Physical KPIs				
Number of operating beds[1]	225	224	218	216
Licensed capacity[2]	309	309	309	309
Number of operating theatres	12	12	13	15
Average number of revenue generating doctors	350	470	534	556
Average number of other support doctors	86	108	113	128
Average number of nursing staff	732	764	841	908
Average number of other medical staff[3]	608	687	796	829
Average number of administrative support staff	1,588	1,698	1,817	1,769

	As of and for the year ended 31 December			Six months ended
	2012	2013	2014	30 June 2015
Operating KPIs				
Number of outpatient visits[4]	1,505,518	1,672,485	1,992,813	1,142,100
Number of inpatient admissions (total)[4]	35,590	40,475	42,033	22,205
Average revenue per outpatient visit (U.S.$)[5]	154	158	170	163
Average revenue per inpatient admission (U.S.$)[5]	2,343	2,237	2,415	2,441
Total visit per outpatient doctor per day	12	12	11	12
Bed occupancy rates[6]	59%	66%	76%	81%
Average length of stay	1.79	1.74	1.8	1.75

Notes:

(1) Excludes beds in VIP rooms and Royal Suites.

(2) Capacity approved by HAAD.

(3) Includes pharmacists, assistant pharmacists, technicians and other medical staff.

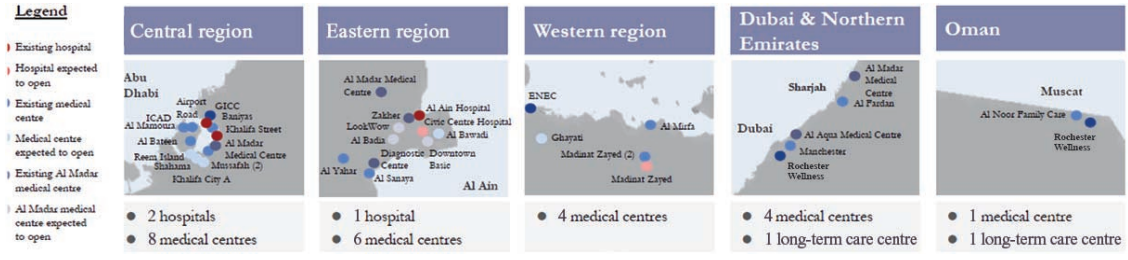
(4) Excludes follow-up visits.

(5) Includes revenue from the provision of medical and hospital services, and laboratory, radiology and pharmacy services, after insurance claim rejections and volume discounts.

(6) Calculated by dividing the number of total inpatient nights by the number of bed days (number of days multiplied by number of beds) available during the year.

Facilities

The Al Noor Group benefits from multiple facilities distributed across the UAE, comprising a mix of urban and rural locations, as well as in Oman. The Al Noor Group's geographic coverage is organised across five regions, with distinct regional integration models to capture the largest population base most efficiently. In the UAE, the Al Noor Group operates in (i) the Central Region, (ii) the Eastern Region and (iii) the Western Region in the Emirate of Abu Dhabi and (iv) Dubai and the Northern Emirates in the wider UAE, while internationally, the Al Noor Group operates in Oman, as illustrated below.



The Central Region

The Al Noor Group's main facilities in the Central Region comprise Airport Road Hospital and Khalifa Street Hospital. These hospitals are supported by eight medical centres. Diagnostic services in each facility, including laboratory, histopathology and radiology, complement the clinical service lines. The Al Noor Group also operates centres for oncology, renal dialysis, bariatric surgery, diabetes care and fertility within these hospitals.

The location of the Khalifa Street Hospital in the central business district of Abu Dhabi city allows the Al Noor Group to capture a significant amount of Abu Dhabi's current population base, while the Airport Road Hospital at the other side of Abu Dhabi Island caters for patients from the new large community developments in the area. It is anticipated that the Airport Road Hospital will benefit from the projected population growth, which is expected to migrate to less congested areas on the mainland.

As of 31 December 2013, the Central Region had a population of 1.7 million people or 61.3 per cent. of the population of the Emirate of Abu Dhabi. The population of the Central Region consisted of 84.3 per cent. expatriates and 15.7 per cent. UAE nationals as of 31 December 2013, according to the 2013 HAAD report.

The following table provides certain data for each of the Al Noor Group's hospitals, medical centres and pharmacies in the Central Region as at 30 June 2015.

Name of Facility	Type of Facility	Opened	No. of Beds operational	No. of Employees	No. of Physicians
Airport Road Hospital	Hospital	2008	101	1,111	182
Khalifa Street Hospital	Hospital	1985	69	906	166
Mussafah Clinic 1	Medical centre	2002	N/A	156	35
Mussafah Clinic 2	Medical centre	2011	N/A	(Included in Mussafah Clinic 1)	(Included in Mussafah Clinic 1)
Al Mamoura	Medical centre	2013	N/A	40	12
Al Bateen	Medical centre	2014	N/A	24	9
Baniyas	Medical centre	2014	N/A	31	9
ICAD	Medical centre	2015	N/A	19	5
Al Madar—Abu Dhabi	Medical centre	2013	N/A	(Included in Al Madar Eastern Region)	(Included in Al Madar Eastern Region)
GICC	Oncology Centre	2014	N/A	42	7
Total:			170	2,329	425

Airport Road Hospital

Existing operations

Opened in 2008, Airport Road Hospital, which is located 11 km from the centre of the city of Abu Dhabi, is the cornerstone of the Al Noor Group's network. It offers the most comprehensive portfolio of services of all the Al Noor Group's hospitals at a purpose-built, state-of-the-art facility, with a total built-up area of 21,585 square metres and 101 beds. The hospital primarily caters to Abu Dhabi city and the growing mainland and Abu Dhabi Island areas, and also serves as a referral centre for specialised services and tertiary care, with easy access to Khalifa Street Hospital and the Al Noor Group's medical centres. It offers a full range of medical and surgical specialties to outpatients and inpatients, as well as a 24-hour pharmacy. The Al Noor Group believes that the Airport Road Hospital was also the first private hospital in the Emirate of Abu Dhabi to offer nuclear medicine and renal dialysis.

As at 30 June 2015, Airport Road Hospital had 1,111 employees, comprising 182 physicians, 281 nurses, 28 pharmacists, 71 technicians, 143 other medical staff and 406 administrative staff. Airport Road Hospital has ISO 9001:2000 certification for quality and was accredited by JCI in 2009, and re-accredited in 2012.

The Airport Road Hospital outpatient volume increased from 394,904 to 445,682 and 489,846 patient visits in 2012, 2013 and 2014, respectively, representing a CAGR of 11.4 per cent. Over the same period, inpatient volumes grew from 14,551 to 17,297 and 18,437 patient admissions, respectively, representing a CAGR of 12.6 per cent.

Strategy

As part of the Al Noor Group's five-year strategy, it will continue to focus on growth at Airport Road Hospital and on the enhancement of existing, and the provision of additional, complex secondary and tertiary services. To meet demand for HAAD-identified service gaps and to meet demand from lifestyle diseases and an ageing population, the Al Noor Group will continue to grow many of its existing services, such as OBGYN, paediatrics, neonatology, cardiology, oncology, intensive and critical care medicine, long-term care, renal dialysis, ophthalmology, dermatology, neurosurgery and orthopaedics. In order to accommodate these services and programmes, as well as the expected growth in demand for other healthcare services, the Al Noor Group will expand the facilities at Airport Road Hospital where it will build a new, 100-bed facility which is expected to open in 2018.

Khalifa Street Hospital

Existing operations

Opened in 1985 as the Al Noor Group Hospital and relocated in 1999 to the central business district of Abu Dhabi city, Khalifa Street Hospital was a mixed use hospital/residential tower. It has a total built-up area of 15,613 square metres and 69 operational beds. It offers a full range of medical and surgical services, as well as a 24-hour pharmacy. Management believes that its reputation, coupled with the advantages of a central location in a densely populated area, has supported continued patient demand. Management believes that Khalifa Street Hospital was the first private hospital in the Emirate of Abu Dhabi to offer fertility treatment and cardiac surgery.

As at 30 June 2015, Khalifa Street Hospital had 906 employees, comprising 166 physicians, 201 nurses, 23 pharmacists, 86 technicians, 59 other medical staff and 371 administrative staff. Khalifa Street Hospital has ISO 9001:2000 certification for quality and has been accredited by JCI since 2008 and was re-accredited in 2011 and 2014.

The Khalifa Street Hospital outpatient volume decreased from 537,550 to 538,825 and 516,569 patient visits in 2012, 2013 and 2014, respectively, representing a CAGR of −2.0 per cent. Over the same period, inpatient volumes grew from 13,654 to 14,783 and 13,667, respectively.

Strategy

Like Airport Road Hospital, the scope and scale of Khalifa Street Hospital services will be significantly expanded. In order to meet demand, and in line with current trends in ambulatory care, the Al Noor Group will increase the outpatient and ambulatory care services at this hospital. The Al Noor Group believes there is strong potential to increase ambulatory surgeries in Abu Dhabi, as historically many surgeries that could have been performed as day cases using minimally invasive techniques have been performed on an inpatient basis instead. The Al Noor Group will also enhance its paediatric offering at Khalifa Street Hospital to meet the demand it sees in several paediatric sub-specialties and is having discussions with potential partners to help meet its demand.

The Al Noor Group will refurbish the bottom two floors at the Khalifa Street Hospital building and bring down the emergency department, with the aim of increasing volume and convenience to patients.

Mussafah Clinic 1

Mussafah Clinic 1 is located in Mussafah, on the mainland of the Emirate of Abu Dhabi. Opened in 2002, Mussafah Clinic 1 is a medical centre providing basic radiology and pharmaceutical services. The facility is located in an area experiencing significant commercial and industrial development with an accompanying growing worker population base driven primarily by the relocation of staff and labour accommodation from Abu Dhabi city. This facility does not have beds and relies on the adjacent Mussafah Clinic 2 for the provision of specialised services.

Mussafah Clinic 2

Mussafah Clinic 2 is located in Mussafah, on a site adjacent to Mussafah Clinic 1. It was opened in 2011 in order to serve the expanding population of the Mussafah district and to provide specialised services to complement Mussafah Clinic 1. Mussafah Clinic 2 offers internal medicine, paediatrics, OBGYN, ENT, dermatology, urology, ophthalmology, laboratory and radiology services.

As at 30 June 2015, Mussafah Clinics 1 and 2 had 156 employees, comprising 35 physicians, 22 nurses, ten pharmacists, 14 technicians, 11 other medical staff and 64 administrative staff.

The Mussafah Clinics' outpatient volume has grown in each of 2012, 2013 and 2014, increasing from 123,701 to 162,583 and 173,355, respectively, representing a CAGR of 18.4 per cent.

Al Mamoura

Al Mamoura is located in Abu Dhabi. Opened in 2013, Al Mamoura is a medical centre providing internal medicine, paediatrics, OBGYN, ENT, dentistry, general medicine, urology, ophthalmology, laboratory and radiology services. As at 30 June 2015, Al Mamoura had 40 employees, comprising twelve physicians, six nurses, four pharmacists, two technicians, six other medical staff and ten administrative staff. Al Mamoura

outpatient volume has grown in each of 2013 and 2014, increasing from 2,453 to 22,202, representing a CAGR of 805.1 per cent.

Al Bateen

Al Bateen is located in Abu Dhabi. Opened in 2014, Al Bateen is a medical centre providing paediatrics, OBGYN, ENT, orthopaedics, general medicine, laboratory and radiology services. As at 30 June 2015, Al Bateen had 24 employees, comprising nine physicians, six nurses, two technicians, two other medical staff and five administrative staff. Al Bateen outpatient volume was 5,861 in 2014.

Baniyas

Baniyas is located outside the city of Abu Dhabi. Opened in 2014, Baniyas is a medical centre providing internal medicine, paediatrics, OBGYN, ENT, dermatology, general medicine, laboratory and radiology services. As at 30 June 2015, Baniyas had 31 employees, comprising nine physicians, six nurses, three technicians, six other medical staff and seven administrative staff. Baniyas outpatient volume was 9,455 in 2014.

ICAD

ICAD is located in the industrial area of Musaffah. Opened in 2015, ICAD is a medical centre providing internal medicine, general medicine, laboratory and radiology services. As at 30 June 2015, ICAD had 19 employees, comprising five physicians, seven nurses, two pharmacists, one technician and four administrative staff.

Al Madar—Abu Dhabi

Al Madar is located in Abu Dhabi. Opened in 2013, Al Madar—Abu Dhabi offers dentistry and cosmetic services.

GICC

GICC is the Al Noor Group's oncology facility and was acquired in 2014. GICC provides comprehensive cancer services including radiation therapy, medical oncology and PET/CT scan services. As at 30 June 2015, GICC had 42 employees, comprising seven physicians, eight nurses, two pharmacists, nine technicians, two other medical staff and 14 administrative staff. GICC outpatient volume was 2,047 in 2014. GICC serves as a platform for Al Noor's oncology service line and aims to deliver treatment with an integrated system approach. GICC will centralise the highly specialised services, provide chemotherapy at four sites (continuing services at Khalifa Street Hospital and GICC and opening soon at Airport Road Hospital and Al Ain Hospital) and refer non-complex services to medical centres.

Other Central Region growth opportunities

The Al Noor Group is at various stages of discussions regarding several additional expansion opportunities in the Central Region that it believes would enhance its integrated healthcare service offering. These include new medical centres that will be located in Khalifa City and Reem Island. The Al Noor Group expects the Khalifa City medical centre to open in the fourth quarter of 2015.

The Eastern Region

The Al Noor Group's main facility in the Eastern Region is the Al Ain Hospital, which is supported by six medical centres in the Eastern Region of the Emirate of Abu Dhabi. The Al Noor Group offers ancillary and diagnostic services in each of these facilities to complement the clinical service lines, including radiology, histopathology and a clinical laboratory, and also provides pharmaceutical services.

The Eastern Region constituted 26.3 per cent. of the population of the Emirate of Abu Dhabi as of 31 December 2013, mainly concentrated around the city of Al Ain. The region has the largest population of UAE nationals as a percentage of the population, with 28.2 per cent. UAE nationals and 71.8 per cent. expatriates as of 31 December 2013, according to the 2013 HAAD report.

The following table provides certain data for each of the Al Noor Group's hospitals and medical centres in the Eastern Region as at 30 June 2015:

Name of Facility	Type of Facility	Opened	No. of Beds operational	No. of Employees	No. of Physicians
Al Ain Hospital	Hospital	2005	46	761	117
Al Yahar Clinic	Medical Centre	2012	N/A	69	15
Sanaya	Medical Centre	2013	N/A	18	4
Al Madar Medical Centre	Medical Centre	2013	N/A	337	49
Zakher Healthcare Centre	Medical Centre	2015	N/A	(Included in Al Madar)	(Included in Al Madar
Diagnostic Centre	Medical Centre	2015	N/A	(Included in Al Madar)	(Included in Al Madar)
Al Bawadi Mall	Medical Centre	2015	N/A	11	3
Total:			46	1,189	188

Al Ain Hospital

Existing operations

Opened in 2006, Al Ain Hospital, which is located in the centre of the city of Al Ain in the Emirate of Abu Dhabi, is a purpose-built hospital with a total built-up area of about 6,802 square metres and 46 operational beds. The Al Noor Group believes that the hospital benefits from the "Al Noor" brand name and represents a preferred alternative for patients needing primary and secondary care that was previously provided by Government hospitals in Al Ain. Al Ain Hospital has ISO 9001:2000 certification for quality and was accredited by JCI in 2007. It was re-accredited by JCI in 2010 and 2013.

Al Ain Hospital outpatient volume increased from 321,700 to 349,077 and 374,903 outpatient visits in 2012, 2013 and 2014, respectively, representing a CAGR of 8.0 per cent. Over the same period, inpatient volumes at Al Ain Hospital grew from 7,385 to 8,395 and 9,929 inpatient admissions, respectively, representing a CAGR of 16.0 per cent.

As at 30 June 2015, the Al Ain Hospital had 761 employees, comprising 117 physicians, 173 nurses, 19 pharmacists, 53 technicians, 120 other medical staff and 279 administrative staff.

Strategy

Al Ain has a disproportionately higher UAE national population than other regions in the Emirate of Abu Dhabi who are members of the Thiqa plan, in addition to a large population of lower income expatriate workers who are primarily members of the Abu Dhabi Basic plan. Together, the Al Noor Group expects these demographics to generate demand for services used by women and the elderly (who comprise a higher proportion of UAE nationals than in the expatriate population), as well as expatriate workers. As a result the Al Noor Group is enhancing general surgery, primarily by establishing laparoscopic surgery and adjunctive endocrine surgery programmes, at Al Ain Hospital, which are expected to be marketed primarily to Thiqa members. Additionally, women's wellness, women's emotional health, breast screening and orthopaedics will also be enhanced and are intended to be marketed particularly to the Thiqa members. Both investigative and therapeutic nuclear medicine services were added in 2013. These services are additional services which allow the Al Noor Group to offer cardiac muscle function analysis and bone density screening. Sub-specialty services to be developed include ENT and orthopaedic surgery, including complex and minimally invasive shoulder surgery, foot and ankle surgery, and ankle and shoulder joint replacement. Al Ain Hospital also plans to add 28 additional beds in the first quarter of 2016 in an adjacent building.

Civic Centre Hospital

Civic Centre Hospital is a purpose-built facility in Al Ain that is expected to open in the first quarter of 2016. It will have 40 beds and offer primary and secondary care services with a focus on OBGYN, paediatrics, general surgery, internal medicine and will also include a diagnostic centre. Civic Centre Hospital will target Thiqa and Enhanced patients.

Al Yahar Clinic

The Al Yahar Clinic was opened in 2012 and is located 34 km away from downtown Al Ain, on the highway to Abu Dhabi. It serves the mainly UAE national communities of Al Yahar and Al Salamat offering general medicine, paediatrics, internal medicine, OBGYN, dermatology, dentistry, radiology, and laboratory, as well as orthopaedics, ophthalmology, and ENT on a visiting basis from the hospital. The facility also has its own pharmacy, laboratory and radiology departments.

As at 30 June 2015, the Al Yahar Clinic had 69 employees, comprising 15 physicians, five nurses, three pharmacists, six technicians, 14 other medical staff and 26 administrative staff. The Al Yahar Clinic had 32,678, 44,214 and 64,713 outpatient visits in 2012, 2013 and 2014, respectively.

Sanaya Clinic

The Sanaya Clinic opened in early 2013 and is located 4 km away from downtown Al Ain. It serves the predominantly expatriate worker community of Sanaya and offers general medical services. As at 30 June 2015, the Sanaya Clinic had 18 employees, comprising four physicians, three nurses, one pharmacist, three technicians, three other medical staff and four administrative staff. The Sanaya Clinic had 4,456 and 15,432 outpatient visits in 2013 and 2014, respectively.

Al Madar Medical Centre

The Al Madar Medical Centre opened in 2005 and is located in Al Ain. It serves mainly Thiqa and Enhanced patients and offers general surgery, internal medicine, general medicine, dentistry, ENT, dermatology, cosmetics and plastic surgery, cardiology, paediatrics, physiotherapy, OBGYN, ophthalmology, psychiatry, urology, orthopaedic, laboratory and radiology services. As at 30 June 2015, the Al Madar Medical Centre, along with Zakher, Diagnostic Centre, and Aquacare, Al Madar (Abu Dhabi) and Al Madar (Ajman) had 337 employees, comprising 49 physicians, 92 nurses, 13 pharmacists, seven technicians, 42 other medical staff and 134 administrative staff. The Al Madar Medical Centre had 20,881 and 174,209 outpatient visits in 2013 and 2014, respectively.

Zakher Healthcare Centre

The Zakher Healthcare Centre opened in 2015 and is located in the Zakher area in Al Ain. It serves mainly Thiqa patients and offers internal medicine, general medicine, dentistry, paediatrics, physiotherapy, OBGYN, laboratory and radiology services.

Diagnostic Centre

The Diagnostic Centre opened in 2015 and is located in Al Ain. It offers laboratory and radiology services.

Al Bawadi Mall

The medical centre at Al Bawadi Mall opened in October 2015.

Other Eastern Region growth opportunities

The Al Noor Group is at various stages of discussions regarding several additional expansion opportunities in the Eastern Region that it believes would enhance its integrated healthcare service offering. These include the LookWow Surgery Centre and the Downtown Clinic, each of which is expected to open in the fourth quarter of 2015, as well as the Al Badia Rehab facility, which is expected to open in the first quarter of 2016.

The Western Region

Given the low population density of the Western Region, the Al Noor Group has established four standalone medical centres to offer basic care to local communities. These medical centres also act as inpatient referral centres for the Al Noor Group's hospital facilities in Abu Dhabi city. The Al Noor Group operates four pharmacies located within the medical centres and provides ancillary and diagnostic services, including radiology and laboratory, in each of the medical centres to complement the medical service offerings.

The Western Region constituted 8.8 per cent. of the population of the Emirate of Abu Dhabi in 2013, of which 91.2 per cent. were expatriates and 8.8 per cent. were UAE nationals, according to the 2013 HAAD report.

The following table provides certain data for each of the medical centres in the Western Region as at 30 June 2015:

Name of Facility	Type of Facility	Opened	No. of Beds operational	No. of Employees	No. of Physicians
Al Mirfa Clinic	Medical centre	2011	N/A	22	6
Madinat Zayed Clinic 1	Medical centre	2003	N/A	126	31
Madinat Zayed Clinic 2	Medical centre	2009	N/A	(Included in Madinat Zayed Clinic 1)	(Included in Madinat Zayed Clinic 1)
ENEC	Medical centre	2015	N/A	36	8
Total:			N/A	148	37

Al Mirfa Clinic

The Al Mirfa Clinic was opened in 2011 in order to serve the expanding population in Al Mirfa. It provides general medicine, ENT, dentistry, radiology, laboratory services and a pharmacy. As at 30 June 2015, the Al Mirfa Clinic had 22 employees, comprising six physicians, three nurses, one pharmacist, three technicians, three other medical staff and six administrative staff. The Al Mirfa Clinic had 13,323, 16,552 and 15,744 outpatient visits in 2012, 2013 and 2014, respectively.

Madinat Zayed Clinic 1

Opened in 2003, Madinat Zayed Clinic 1 is a standalone medical centre offering general medicine, dentistry, ophthalmology, radiology, laboratory services and a pharmacy.

Madinat Zayed Clinic 2

Madinat Zayed Clinic 2 was opened in 2009 to complement Madinat Zayed Clinic 1, which focuses on primary care while Madinat Zayed Clinic 2 handles specialty services including ENT, paediatrics, ophthalmology, OBGYN and dentistry. It also includes a pharmacy.

As at 30 June 2015, Madinat Zayed Clinics 1 and 2 had 126 employees, comprising 31 physicians, 20 nurses, 11 pharmacists, nine technicians, 12 other medical staff and 43 administrative staff. Madinat Zayed Clinics 1 and 2's outpatient volume has grown in each of 2012, 2013 and 2014, increasing from 80,902 to 86,997 and 97,482, respectively, representing a CAGR of 9.8 per cent.

ENEC

ENEC was opened in 2015 and offers general medicine, radiology and laboratory services. As at 30 June 2015, ENEC had 36 employees, comprising eight physicians, 13 nurses, one pharmacist, two technicians and 12 administrative staff.

Other Western Region growth opportunities

The Al Noor Group is at various stages of discussions regarding several additional expansion opportunities in the Western Region that it believes would enhance its integrated healthcare service offering. These include the opening of a further medical centre in Gayathi in the first quarter of 2016. The Al Noor Group has also signed a memorandum of understanding to build a hospital in Madinat Zayed, which, if final terms are agreed, could be completed by 2018.

Dubai and the Northern Emirates

The Al Noor Group operates four medical centres and one long-term care centre across Dubai and the Northern Emirates.

The following table provides certain data for each of the medical centres in Dubai and the Northern Emirates as at 30 June 2015:

Name of Facility	Type of Facility	Opened	No. of Beds operational	No. of Employees	No. of Physicians
Manchester	Medical centre	2013	N/A	22	8
Sharjah	Medical centre	August 2015	N/A	—	—
Aquacare Medical Centre .	Medical centre	2013	N/A	(Included in Al Madar Eastern Region)	(Included in Al Madar Eastern Region)
Al Madar Medical Centre	Medical centre	2007	N/A	(Included in Al Madar Eastern Region)	(Included in Al Madar Eastern Region)
Rochester Wellness[1]	Long-term care	2015	24	—	—
Total:			24	22	8

Note:

(1) The acquisition of Rochester Wellness was completed on 10 November 2015.

Manchester

The Manchester Clinic was opened in 2013 and is located in Jumeirah, Dubai. It provides internal medicine, general medicine, urology, cardiology, orthopaedics, dermatology, OBGYN, paediatrics, dentistry and laboratory services and primarily serves Jumeirah residents. As at 30 June 2015, the Manchester Clinic had 22 employees, comprising eight physicians, five nurses, two technicians and seven administrative staff. The Manchester Clinic had 675 and 3,092 outpatient visits in 2013 and 2014, respectively.

Sharjah

The Sharjah Medical Centre was opened in August 2015 and is located in Sharjah. It currently provides general medicine and dentistry services.

Aquacare

Al Aqua Medical Centre was opened in 2013 and is located in Dubai. It provides dentistry services.

Al Madar—Ajman

Al Madar Medical Centre was opened in 2007 and is located in Ajman. It provides general medicine, dentistry, paediatrics, and urology services.

Rochester Wellness

In September 2015, the Al Noor Group agreed to purchase Rochester Wellness, a rehabilitation and long-term care facility in Dubai. This acquisition completed on 10 November 2015.

Other Dubai and the Northern Emirates growth opportunities

The Al Noor Group is at various stages of discussions regarding several additional expansion opportunities in Dubai and the Northern Emirates that it believes would enhance its integrated healthcare service offering.

International

The Al Noor Group operates one medical centre and one long-term care centre in Oman, with respect to which the following table provides certain data as at 30 June 2015:

Name of Facility	Type of Facility	Opened	No. of Beds operational	No. of Employees	No. of Physicians
The Al Noor Group Family Care Centre	Medical centre	2013	N/A	21	5
Rochester Wellness[1]	Long-term care	2015	27	—	—
Total:			27	21	5

Note:

(1) The acquisition of Rochester Wellness completed on 10 November 2015.

The Al Noor Group Family Care Centre

The Al Noor Group operates a primary and specialised care clinic in Muscat, Oman, which meets customer demand from Omani citizens who are crossing the border into Al Ain for treatment at UAE-based facilities. As at 30 June 2015, the Al Noor Group Family Care Centre had 21 employees, comprising five physicians, five nurses, two pharmacists, two technicians and seven administrative staff. The Al Noor Group Family Care Centre had 241 and 1,651 outpatient visits in 2013 and 2014, respectively.

Rochester Wellness

In September 2015, the Al Noor Group agreed to purchase Rochester Wellness, a rehabilitation and long-term care facility in Muscat, Oman. The acquisition completed on 10 November 2015.

Support Services

In addition to providing services through its hospitals and medical centres, the Al Noor Group also enters into contracts to provide medical staff to operate certain third-party medical facilities. These facilities comprise primary care clinics provided by the military to its members or by corporate entities for the benefit of their employees. In 2014, the Al Noor Group staffed two such facilities on a full- or part-time basis, using 7 physicians, 32 nurses, 4 other medical staff and 15 administrative staff. The Al Noor Group believes that provision of these services to third-party facilities provides an additional means of expanding the brand and serves as a source of referrals to the Al Noor Group's hospitals.

Centralised Corporate Operations

As part of its strategy to improve administrative operational efficiencies, the Al Noor Group has centralised certain functions used across its healthcare network, which include finance, human resources, marketing, transportation, accommodation and materials management. The remaining functions are decentralised across the individual facilities, with clinical and operational responsibility left with the respective hospital management teams. Management believes that this business model provides the Al Noor Group with an efficient and scaleable model that will facilitate future organic expansion and enable the effective and efficient incorporation of any acquired facilities. The Al Noor Group's corporate shared services include:

Human Resources

The human resources department provides support functions including recruiting, obtaining licences for, and conducting performance reviews of, medical staff, and administering the performance-based compensation system for physicians. In addition, the human resources department develops and disseminates the Al Noor Group's training and development programme.

Sales and Marketing

The sales and marketing department's functions comprise communications, media, public relations, publications, e-marketing and community relations. The department's marketing efforts target the largest employers in the region, as well as promote the Al Noor Group's clinical services, particularly those which it believes differentiate the Al Noor Group from other private healthcare competitors.

Health Care Projects

The health care projects department oversees the managed services department, focusing on providing client-specific on-site medical solutions.

Customer Service

The customer service department is responsible for ensuring that the Al Noor Group's patients' experiences are positive. The department focuses on standardisation of the patient registration process and staff customer-service training. In addition, this department manages the patient complaint process, ensuring that complaints are addressed and resolved in a timely manner and that complaint information is reported to management on a regular basis.

Revenue Cycle

The revenue cycle department is responsible for the coding, processing, billing and reconciliation of the Al Noor Group's insurance claims. They interact regularly with front-line staff as well as clinicians, conducting education and training to ensure proper and appropriate clinical documentation and coding. This department is also the custodian of the Al Noor Group's relationships with insurance providers, seeking to proactively manage these relationships so that the Al Noor Group is seen as a strategic partner with the insurance companies.

Engineering

The engineering department oversees maintenance, renovations, and outfitting of new projects for the Al Noor Group's facilities.

Shared Services

The shared services department oversees accommodation and transportation for the Al Noor Group's medical staff, laundry services, catering, and contracted services, such as housekeeping and security, for the Al Noor Group's facilities.

Pharmacy Director

The pharmacy director is responsible for the cost optimisation of the Al Noor Group's pharmacies, monitoring prescribing patterns to ensure that physicians prescribe the most cost-effective medicine available for a particular treatment. Additionally, the pharmacy director oversees pharmacy staffing needs and workloads across the network to ensure that the appropriate resources are available to ensure patient safety.

Centralised Procurement and Logistics

The procurement department is responsible for the purchase of all medicines and consumables and all other purchases of goods and services, including the planning and management of sourcing and procurement and all logistics management activities. This department reports directly to the finance director.

Finance

The finance department is largely centralised, with separate teams responsible for financial accounting, payroll, treasury, management information systems and reporting, and corporate governance. The department is also responsible for establishing internal controls, fund mobilisation and cash management, credit control, running the annual budgeting process and reviews, and supporting operations. The financial controllers responsible for financial accounting, treasury and management information systems report to the finance director, who in turn reports to the Chief Financial Officer.

Clinical Governance

Al Noor has a clinical governance model based on industry best practice. A Medical Executive Committee at each hospital, supervised by the facility Chief Medical Officer, and including the service department heads as well as the hospital's CEO, Director of Nursing and Quality Manager is responsible for the

hospital's clinical governance, approval of clinical policies and procedures, analysis of medical complaints and providing guidelines for medical best practices.

Accreditation and Quality

HAAD has established various measures to monitor the quality of medical care currently provided in the Emirate of Abu Dhabi. Providers are expected to adhere to strict facility requirements that meet standards which are in line with internationally recognised standards. These include specific, best practice-based minimum qualifications and requirements for medical and nursing staff and the introduction of processes for data collection, evaluation and monitoring. The Al Noor Group measures on a periodic basis numerous quality indicators such as the infection rate, the number of adverse drug reactions experienced by patients and the 30-day re-admission rate. Each of the Al Noor Group's hospitals is JCI accredited and has ISO 9001:2000 certifications for quality.

The Al Noor Group is also subject to extensive regulation regarding, *inter alia*, the licensing of medical facilities, pharmacies and medical personnel and data protection.

In addition, management believes that HAAD intends to bring greater transparency to the Abu Dhabi healthcare system by publishing clinical quality KPIs of healthcare providers as well as the average amount of each claim at each provider for treating a particular disease.

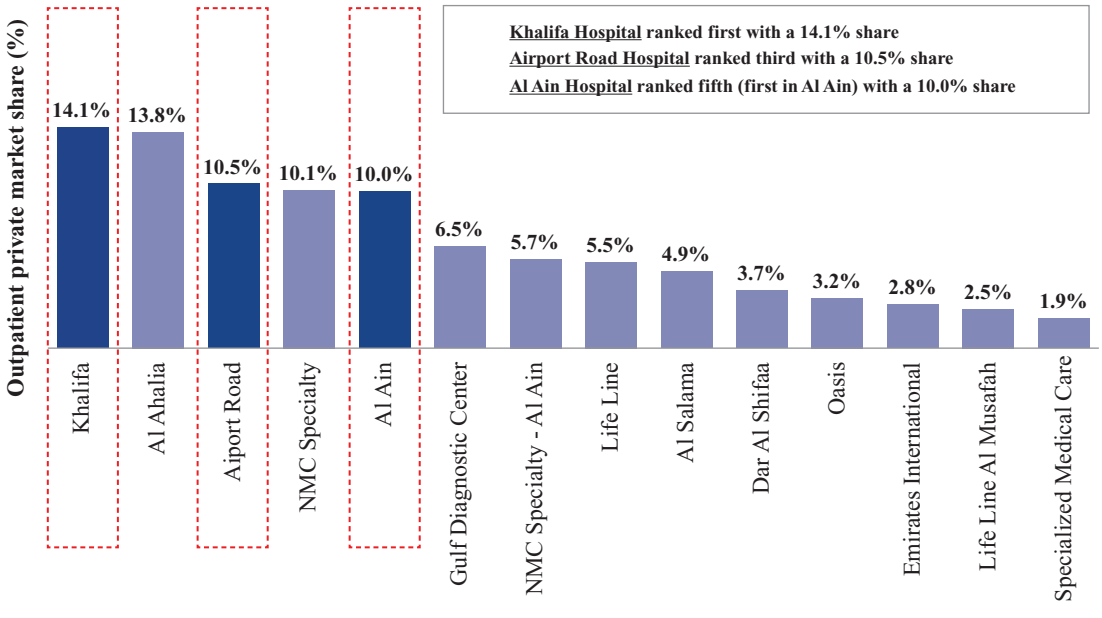
Competition

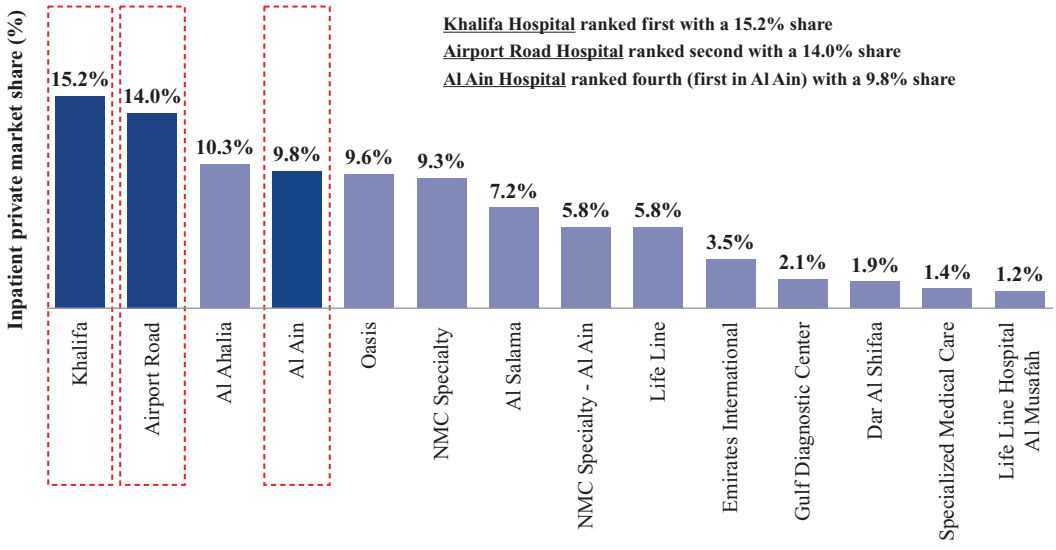
The Al Noor Group defines its competitive environment by identifying specific providers that compete directly with it in clinical service offerings and by geographic proximity. The Al Noor Group's principal competitors in the Emirate of Abu Dhabi comprise the four largest government-operated SEHA hospitals, Tawam Hospital, Al Mafraq Hospital, SKMC and SEHA Al Ain Hospital, as well as the second and third largest private multi-location providers, New Medical Centre and Lifeline Group and also Burjeel Hospital. The Al Noor Group also competes with a number of smaller private operators.

Tawam Hospital and SEHA Al Ain Hospital are located in the Eastern Region. Tawam Hospital is affiliated with the international operator Johns Hopkins Medicine, which has a 10-year contract to manage the facility. SKMC is located in the Central Region and is managed by Cleveland Clinic.

The Al Noor Group believes that competition in the Emirate of Abu Dhabi is based on factors such as reputation, quality of physicians, range of medical services offered, technology, quality and efficiency of care and geographical convenience. The Al Noor Group seeks to differentiate itself from its public sector peers by providing an equivalent or better quality of medical services and superior customer service.

The charts below show outpatient and inpatient volumes for private hospitals in the Emirate of Abu Dhabi in 2013. Management believes that, in 2014, Al Noor had three of the top five private hospitals in Abu Dhabi by both outpatient and inpatient volume.





Source: HAAD Health Statistics 2013

Suppliers

The Al Noor Group's supplier base consists of agents and distributors of medicine, medical consumable or disposable products, and medical equipment. The Al Noor Group's suppliers are carefully selected for quality, price and delivery capability. Purchasing is conducted centrally and distributed to the Al Noor Group's facilities. The Al Noor Group is not dependent on any particular supplier and is supplied by a range of companies. The supplies of most medicines and consumables are obtained locally and provided by registered agents representing major pharmaceutical companies. The Al Noor Group seeks to manage supply risks by maintaining adequate inventories and building strong relationships directly with suppliers. Medical equipment is sourced from internationally recognised manufacturers.

In 2014, the Al Noor Group's top five suppliers accounted for 74 per cent. of its medicines and consumables purchasing costs and 59 per cent. of its non-medical purchasing costs, and no supplier accounted for more than 28 per cent. of its medicines and consumables supply requirements and 17 per cent. of non-medical supply requirements in expenditure terms.

Purchasing is divided into three categories: medical purchasing, pharmaceutical purchasing and non-medical purchasing:

- *Medical purchasing:* includes medical equipment as well as consumables purchasing. Consumables storage is centralised at Mussafah; additionally, there are small storage facilities at each hospital branch (for general and specialised items), which are restocked regularly or as needed.
- The capital purchasing committee at each hospital branch reviews and accords approval for purchasing of medical equipment in consultation with hospital departments. The committee consists of the hospital director, medical director and representatives from the purchasing, finance, nursing and biomedical departments. Specialised consumables sub-committees are created when major consumable lines are changed due to new technology, methodology or for cost optimisation reasons.
- *Pharmaceutical purchasing:* The Al Noor Group maintains a pharmaceutical warehouse in Abu Dhabi which serves all of its pharmacies. Purchase orders are prepared by the purchasing department based on three-month consumption levels. The purchasing department is responsible for relationships with the distributors as well as manufacturers. Wholesale prices for the purchase of pharmaceuticals are fixed through the MoH.
- *Non-medical purchasing:* includes Information & Communication Technology ("**ICT**") hardware and software, stationery, office equipment, furniture, kitchen items and outsourced contracts for catering, laundry and security, as well as accommodation for staff.

Health, Safety and Environmental

Health, safety and environmental matters in the UAE are regulated and supervised by the Federal Environment Agency and in the Emirate of Abu Dhabi by the Environment Agency of Abu Dhabi

("**EAD**"). Health, safety and environmental issues are governed by a number of laws and, in addition, EAD has released a number of operating procedures and environmental technical guidelines that affect businesses operating in the Emirate of Abu Dhabi. Accordingly, the Al Noor Group is required to comply with a number of health, safety and environmental requirements. In order to comply with these health, safety and environmental requirements, the Al Noor Group has adopted a number of policies that are used throughout its facilities.

Intellectual Property

The Al Noor Group operates its hospitals and medical centres under the trade name "Al Noor Hospital" and certain similar symbols in the Emirate of Abu Dhabi. The Al Noor Group's trade marks and logos have not been registered as it is not dependent on any intellectual property for its operations. Save for the non-registration of the trade marks, the Al Noor Group believes it has taken all appropriate steps to be entitled to use all of the intellectual property rights necessary to conduct its business, although, given the prevalence of the Al Noor name, there can be no assurance that its name will not be used to the Al Noor Group's detriment by other parties.

Information and Communication Technology

The Al Noor Group is reliant on ICT systems for several key aspects of its medical and non-medical operations. The Al Noor Group's custom, purpose-built software packages are divided into clinical and back-office systems:

Clinical IT systems

The Al Noor Group's clinical IT systems involve patient registration, medical records, treatment history, medical history, laboratory tests, radiology requests and medications dispensed, and consist of the following applications:

- *HIS* (*Health Information System)*: manages patient medical records, outpatient registrations and inpatient admissions;
- *LIS (Lab Information System):* manages lab requests and results, and issues reports and bills for laboratory services;
- *RIS (Radiology Information System):* manages radiology requests and results, and issues reports and bills for radiology services; and
- *Pharmacy:* manages and tracks the dispensing of medicines to patients, and validates the use of such pharmaceuticals with the relevant insurance companies before dispensing.

All clinical applications share the same database.

Back-office systems

- *SAP:* the SAP system consists of the following modules: financial accounting and controlling (general ledger; payables, receivables), MM fixed assets (used throughout the Al Noor Group's network for accounting and administrative functions); and purchasing and material management functions. Future modules to be implemented include human capital management, plant maintenance, business intelligence and budget planning and consolidation.
- *Legacy ERP:* outpatient billing, inpatient billing and coding; and
- *eClaims application:* transfers bills generated by the ERP system into insurer claims, generates XML files, and sends these to HAAD for reimbursement by the relevant payor.

The Al Noor Group's principal ICT hardware infrastructure consists of enterprise systems from HP, AVAYA and Juniper Systems.

The Al Noor Group's redundancy infrastructure and emergency recovery systems include multi-tier protection for all major components. Servers are protected with redundant hard drives, redundant fans, redundant network cards and redundant power supplies fed from diverse sources. Backup to disk and tape technologies are used to ensure a reliable recovery from either complete system failures or facility outages. Backup tapes are stored in remote sites with cold backup systems to protect contents against catastrophic events. Disaster recovery processes currently exist but are limited to manual processes (e.g. server

replacement or hard disk replacement). The Al Noor Group centralised its data centres to one location, thereby allowing for a more robust data-centre design, stringent security controls and ITIL-compliant disaster recovery (with business continuity plans to be implemented in 2016).

Property

As at the date hereof, all material operating properties are leased, typically under long-term leases of up to 25 years. As at the date hereof, the Al Noor Group does not own any real property that is material either in relation to its asset base or that is used in any of its material operations. See Part 20: "*Additional Information—Related Party Transactions*". The table below summarises the key terms of the original lease agreements for the Al Noor Group's three hospitals in Airport Road, Al Ain and Khalifa Street, which are responsible for generating the vast majority of its revenue and EBITDA. These lease agreements were amended on 24 August 2015 as further described below.

Facility	Size	Expiry of Lease	Landlord[1]	Rent[2]	Tenure of contract[3]	Renewal Provisions (applicable to all leases)	Termination Provisions (applicable to all leases)
	(sq. m)			(U.S.$ million)	(years)		
Airport Road Hospital .	21,585	2036	Al Saqr	4.4	25	Intention to renew/not renew must be provided in writing by either party at least one year before expiration or earlier if required by law; and Tenant has the option to renew the lease for another term, subject to the parties agreeing the rent in good faith.	Usage of premises different than agreed with landlord; and Non-payment by the Al Noor Group.
Al Ain Hospital	6,802	2036	Al Saqr	1.6	25		
Khalifa Street Hospital	15,613	2036	Al Saqr	2.6	25		

Notes:

(1) Al Saqr Property Management LLC is a company within the United Al Saqr Group and SMBB, one of the Company's principal shareholders, has a controlling interest in the shares of United Al Saqr Group. Ahmad Nimer, a Non-Executive Director of the Company, is the CEO of United Al Saqr Group.

(2) Rent for each of the Al Noor Group's hospitals is fixed at the price indicated through 2031, at which point rent for each property will increase by 5 per cent. for each year from 2032 through 2036.

(3) Tenure of contracts included full length of contract from 1 January 2012.

On 24 August 2015 and following approval by Al Noor Shareholders at general meeting, the Al Noor Group entered into amendments to the existing lease agreements with Al Saqr in respect of the Al Noor Group's three existing hospitals in Airport Road, Al Ain and Khalifa Street, to lease additional premises, as part of its strategy to expand its hospital operations in the UAE. The table below summarises the key terms of the amendments to the existing lease agreements to take into account these premises.

Facility	Rent[2]	Tenure of contract	Expiry of Lease	Landlord[1]	Rent-free period	Termination provision (applicable to all leases)
	(U.S.$ million)	(years)				
Al Ain Hospital: Jasmine Building[3]	0.7	22.5	2036	Al Saqr	6 months	Al Noor has the option to terminate lease on 12 months' notice and no termination costs are payable.
Khalifa Street Hospital: Khalifa 72 flats[3]	2.6	23.5	2036	Al Saqr	From inception	
Khalifa Street Hospital: Khalifa Mezzanine & Ground level[3] . .	1.6	21.5	2036	Al Saqr	6 months	
Airport Road Hospital: Airport Road Extension[4]	7.5	21.5	2036	Al Saqr	12 months	

Notes:

(1) Al Saqr Property Management LLC is a company within United Al Saqr Group LLC and SMBB, a principal shareholder of Al Noor, has a controlling interest in the shares of United Al Saqr Group. Sheikh Mansoor Bin Butti, a Non-Executive Director of Al Noor is the Chairman, and is interested in the shares of, United Al Saqr Group LLC. Ahmad Nimer, a Non-Executive Director of Al Noor, is the CEO of United Al Saqr Group LLC.

(2) Rent under the Khalifa Street Lease Amendment Agreement and the Jasmine Building Lease Amendment Agreement is fixed at the price indicated, from commencement of the term of the lease until 2031, at which point rent will increase by 5 per cent. for each year from 2032 through 2036 in accordance with the terms of the lease. Rent under the Airport Road Extension Lease Agreement is fixed at the price indicated, from

commencement of the term of the lease until 2034, at which point rent will increase by 5 per cent. in each year from 2035 through 2039, in accordance with the terms of the lease. This represents the annual rent expenses.

(3) These lease agreements are part of amendment agreements of the existing leases with Al Saqr to extend such leases in order to secure these additional premises (as indicated) for its operations in these locations.

(4) Following completion of the construction of the Airport Road Extension (currently planned for July 2017), Al Noor will enter into a long-term lease in the agreed form with Al Saqr in respect of these premises.

Further to the above, the Al Noor Group has entered into 23 leasing contracts for units that are used as medical centres.

Employees

As at 30 June 2015, the Al Noor Group had 4,190 employees. The table below sets out the designation of the Al Noor Group's employees as at 30 June 2015.

Location/Employees Category	Doctors	Nurses	Pharmacists	Technicians	Other Medical Staff	Admin Staff	Total
Airport Road Hospital	182	281	28	71	143	406	1,111
Khalifa Street Hospital	166	201	23	86	59	371	906
Al Ain Hospital	117	173	19	53	120	279	761
Central Region Medical Centres	77	55	20	31	28	111	322
Eastern Region Medical Centres	68	100	17	16	59	164	424
Western Region Medical Centres	45	36	13	14	15	61	184
Dubai and the Northern Emirates Medical Centres	8	8	0	2	0	10	28
Oman Medical Centres	5	5	2	2	0	7	21
Support Services	16	49	3	3	2	26	99
Corporate	0	0	0	0	0	334	334
Total:	684	908	125	278	426	1,769	4,190

The Al Noor Group is subject to various federal and Emirate laws that regulate wages, hours, benefits and other terms and conditions relating to employment. Employment relations in the UAE are generally regulated by the UAE labour law (the "**UAE Labour Law**"). The UAE Labour Law applies to all employees in or within the jurisdiction of the UAE, with the exception of certain specific groups, such as individuals employed by government bodies and individuals employed by companies registered in the Dubai International Financial Centre. In accordance with the UAE's employment and immigration rules, all non UAE-national employees must have a valid residency visa and work permit with their registered employer in the UAE.

The Al Noor Group provides benefits to employees as required by applicable UAE laws and regulations. In particular, the Al Noor Group provides the following to its employees: remuneration (and, where applicable, overtime pay) in accordance with the wage protection system; housing for medical personnel (either directly or through a supplement to remuneration); leave (annual, sick, maternity or unpaid, as the case may be); medical insurance which covers basic health services for employees and their eligible spouses and dependants up to an annual limit per person of AED 250,000, as required under Federal Law No. 23 of 2005 and the Executive Regulations Regarding the Health Insurance Scheme for the Emirate of Abu Dhabi; annual round-trip flight tickets; and an end of service gratuity. In addition, UAE and GCC nationals employed by the Al Noor Group receive contributions made on their behalf to the Abu Dhabi Retirement Pensions Benefits Fund and UAE General Pension and Social Security Authority, respectively, in accordance with the prevailing labour law as applicable to UAE and GCC nationals. All non-UAE and non-GCC nationals are entitled to end of service benefits consisting of 21 days' basic salary for each year of the first five years of employment and 30 days' basic salary for each additional year thereafter.

In order to seek to ensure the continued retention of its doctors and more effectively manage employee turnover, the Al Noor Group began in 2012 to require new doctors to enter into employment contracts. These contracts impose certain restrictions, including a 12-month non-compete clause if the doctor leaves prior to two years from his or her date of initial employment, and can be enforced by the government labour department.

Management considers the Al Noor Group's employee relations to be positive and it has not, to date, experienced work stoppages by employees.

Insurance

The Al Noor Group maintains insurance policies customary for its industry to cover certain risks. The principal risks covered by its insurance policies are for medical malpractice (professional indemnity insurance), employer's liability, public liability, money transfer liabilities, workers' compensation, fidelity guarantee, fire and all risks insurance. Medical malpractice coverage extends to the Al Noor Group as a corporate entity and to all of its medical staff.

The Health Insurance Market in the UAE

Mandatory employer-funded health insurance for all expatriates residing and working in Abu Dhabi was introduced in 2007. A comprehensive government-funded health insurance scheme, Thiqa, which implemented health insurance for all UAE nationals was subsequently introduced in 2008. The introduction of mandatory health insurance in the Emirate of Abu Dhabi has resulted in increased usage of healthcare services, primarily by allowing UAE nationals to be treated at private healthcare facilities free of charge and enabling expatriates to access public hospitals for the first time. This has led to increased competition amongst the public and private sector as providers have increased their focus on the standard of their facilities and quality of care in order to differentiate themselves and attract patients.

Insurance schemes in Abu Dhabi can be subdivided into those for expatriates and those for UAE nationals. The expatriates insurance scheme offers two levels of health coverage: the Abu Dhabi Basic plan and the Enhanced plan. The Basic package plan is only offered by Daman, the state-owned insurance company. It is paid for by employers and available to employees with a monthly salary of less than AED 5,000 (or AED 4,000 plus a housing allowance). The Basic plan covers inpatient and outpatient care, as well as infant deliveries and emergency care (certain co-payments apply), with a total annual limit of AED 250,000 per member. Cover was recently expanded to include work-related illnesses; however, dental care and mental health diseases are excluded. All other expatriates not qualifying for the Basic plan are required to be covered by an Enhanced plan. Enhanced plans are offered by private insurance companies and include a range of options for coverage, services, deductibles and co-pay.

The Thiqa plan is a comprehensive government-funded health insurance system that was introduced in 2008 and which is exclusively for UAE nationals. Thiqa plan members have access to a comprehensive range of healthcare services at the public or private sector facility of their choice in the Thiqa network in Abu Dhabi, without the need for co-payment. In early 2009, the Thiqa plan was modified so that Emiratis working in the private sector now bear 50 per cent. of the cost of pharmaceuticals and dental services performed in private sector facilities. Certain exclusions apply to cosmetic procedures, treatment for obesity, non-prescribed medications and other alternative treatments unless medically prescribed. For UAE nationals who are Thiqa members and residing outside of Abu Dhabi, full coverage is offered in SEHA owned facilities only.

PART 8—INFORMATION ON THE MEDICLINIC GROUP

Investors should read this Part 8 of this document in conjunction with the more detailed information contained in this document, including the financial and other information appearing in Part 13: "Operating and Financial Review of the Mediclinic Group". Financial information in this Part 8 of this document has been extracted from Part 16: "Historical Financial Information of Mediclinic".

Overview

The Mediclinic Group is a leading multi-country hospital group and is the third largest listed acute hospital operator (by revenue) in the world (excluding the U.S.). The Mediclinic Group was founded in South Africa in 1983 and has since extensively grown its operations in South Africa and has also established operations in Namibia, Switzerland and the UAE. As at 30 September 2015, the Mediclinic Group's Southern Africa business operated 49 hospitals and two day clinics throughout South Africa and three hospitals in Namibia with 7,983 beds in total; Hirslanden (the Mediclinic Group's Swiss business) operated 16 private acute care facilities and three clinics in Switzerland with 1,677 beds in total; and Mediclinic Middle East operated two hospitals and ten clinics with 382 beds in the United Arab Emirates. The Mediclinic Group has been listed on the JSE, the South African securities exchange, since 1986, and has had a secondary listing on the Namibian Stock Exchange since December 2014. The Mediclinic Group's growth has resulted from new developments, capacity development within existing facilities and acquisitions, including the acquisition of a 29.9 per cent. interest in Spire, a UK-based, private healthcare group, in August 2015.

The Mediclinic Group is focused on providing acute care, specialist-orientated, multi-disciplinary healthcare services and offers a wide range of hospital related clinical services throughout its operating platforms. These services include outpatient consultation services and pre-hospital and hospital-based emergency services, day case surgery, acute care inpatient services, and highly specialised services. In addition, the Mediclinic Group provides support services including laboratory, radiology, and nuclear medicine. Most specialist disciplines are available at the Mediclinic Group's hospitals, which are supported by over 27,000 staff members as at 31 March 2015—with Mediclinic Southern Africa employing more than 16,500, Hirslanden more than 9,000 and Mediclinic Middle East more than 2,400 employees.

The healthcare markets in Southern Africa, Switzerland and the UAE provide growth opportunities and the Mediclinic Group's Directors believe that the Mediclinic Group is well positioned to benefit from the favourable trends driving demand across these healthcare markets. The Mediclinic Group has a reputation for quality service delivery and clinical excellence. The results of a patient satisfaction survey indicated that average patient satisfaction levels across its operations for the six months ended 31 March 2015 ranged between 78 per cent. and 92 per cent. In addition, the Mediclinic Group has a track record of strong growth in patient attendance and revenue growth at all three of its operating platforms. On a year-to-year comparison, based on the results for the year ended 31 March 2015, Mediclinic Southern Africa had a 4.4 per cent. increase in bed days sold and it contributed 35 per cent. (2014: 37 per cent.) of the Mediclinic Group's normalised revenue and 37 per cent. (2014: 37 per cent.) of the normalised EBITDA. Hirslanden achieved an increase of 7.8 per cent. in inpatient admissions and contributed 53 per cent. (2014: 52 per cent.) of the Mediclinic Group's normalised revenue and 50 per cent. (2014: 51 per cent.) of the normalised EBITDA. In the Middle East, the Mediclinic Group's inpatient admissions at the hospitals increased by 6.2 per cent. and outpatient clinic attendance increased by 14 per cent. Mediclinic Middle East contributed 12 per cent. (2014: 11 per cent.) to the Mediclinic Group's normalised revenue and 13 per cent. (2014: 12 per cent.) to the normalised EBITDA.

These outcomes are supported by the Mediclinic Group's significant focus on clinical governance and risk management, patient satisfaction levels and building sound long-term business relationships with its stakeholders.

The following table provides an overview of the organisational structure of the Mediclinic Group as at 30 September 2015:

HOLDING COMPANY: MEDICLINIC INTERNATIONAL LIMITED			
	MEDICLINIC INTERNATIONAL		
OPERATING PLATFORMS			
	MEDICLINIC SOUTHERN AFRICA	**HIRSLANDEN**	**MEDICLINIC MIDDLE EAST**
COUNTRY OF OPERATION	South Africa and Namibia	Switzerland	United Arab Emirates
BRANDS	MEDICLINIC; ER24 EMERGENCY MEDICAL CARE 084 124; MEDICAL INNOVATIONS; MHR TRUSTED SOURCE FOR TALENT	HIRSLANDEN	ميديكلينيك MEDICLINIC
HOSPITALS AND CLINICS IN OPERATION	49 acute care private hospitals and two day clinics in South Africa; and three acute care private hospitals in Namibia	16 acute care private hospitals and three clinics	Two acute care private hospitals and eight clinics in Dubai, UAE; and two clinics in Abu Dhabi, UAE
NUMBER OF BEDS	7,983	1,677	382
NUMBER OF THEATRES	265	88	10

History

The following timeline sets forth the key events in the history of the Mediclinic Group:

1983 Dr. Edwin Hertzog, the current chairman, commissioned by the then Rembrandt Group (now Remgro Group) to undertake a feasibility study on private hospitals, leading to the foundation of the Mediclinic Group.

1984 - 1985 The Mediclinic Group established through purchasing of several medical facilities in Cape Town and Johannesburg. These included Mediclinic Sandton, Mediclinic Morningside and Leeuwendal (which later became Mediclinic Cape Town).

1986 The Mediclinic Group listed on the JSE in South Africa.

Mediclinic Panorama in Parow commissioned, the first hospital built by the Mediclinic Group.

1988 Medical Innovations established to design and manufacture medical equipment locally.

1989	Mediclinic Louis Leipoldt in Bellville acquired.
1992	Mediclinic Stellenbosch commissioned.
1994	Mediclinic Hoogland in Bethlehem commissioned.
1995	MediCor Group acquired, adding an additional 11 hospitals to the Mediclinic Group.
1996	Hydromed group acquired, adding four more hospitals to the Mediclinic Group.
	Medical Human Resources established.
1997	Nursing Training Programme formally started.
	Mediclinic Klein Karoo in Oudtshoorn commissioned.
1998	Acquisition of Auckland Health Limited (the holding company of the Hospiplan hospitals), adding 12 more hospitals to the Mediclinic Group.
	Acquisition of the Volkshospitaal (currently Mediclinic Cape Town) and the closure of the Leeuwendal hospital in Cape Town.
2000	Establishment and acquisition of a 50 per cent. interest in the emergency assistance services company, ER24. Remaining interest acquired in 2005.
2001	Acquisition of Lamprecht and Geneva Clinics in George (currently named Mediclinic George and Geneva Clinic).
2002	Acquisition of an interest in the Curamed group of private hospitals in Pretoria, adding six more hospitals.
	Acquisition of an interest in Plettenberg Bay Private Health Centre (now Mediclinic Plettenberg Bay). Remaining interest obtained in 2004.
2003	Commissioning of Mediclinic Kloof in Pretoria (as part of the Curamed group), Mediclinic Tzaneen and Mediclinic Howick.
2004	Acquisition of Mediclinic Cottage in Swakopmund.
2005	Acquisition of an interest in the Wits Donald Gordon Medical Centre in Johannesburg.
	Acquisition of remaining interest in ER24, the emergency services company, now a wholly owned subsidiary.
	Acquisition of Mediclinic Legae in Mabopane.
	R1.1 billion black ownership initiative introducing Phodiso Holdings Limited ("**Phodiso**") and Circle Capital Ventures Proprietary Limited as the Mediclinic Group's strategic black partners and shareholders in the Mediclinic Group.
2006	Acquisition of the Protector Group's four hospitals (then with BEE partner Phodiso, who have subsequently sold their interest to the Mediclinic Group).
	Conclusion of agreement to acquire a controlling interest in Mediclinic Middle East (then Emirates Healthcare) in Dubai, United Arab Emirates, which then owned one hospital, the rights to develop two further hospitals in the Dubai Healthcare City and five clinics.
2007	Acquisition of a controlling interest in Mediclinic Middle East (then Emirates Healthcare) in Dubai became unconditional.
	The Mediclinic Group extends its international operations with the acquisition of a 100 per cent. interest in Hirslanden, the leading private hospital group in Switzerland, operating 13 private acute care facilities. This coincided with the 75th anniversary of the group's Klinik Hirslanden.
2008	Division of management and operating structure of the Mediclinic Group into three operating platforms in Southern Africa (Mediclinic Southern Africa), Switzerland (Hirslanden) and the United Arab Emirates (Mediclinic Middle East, then Emirates Healthcare).

	Opening by Mediclinic Middle East (then Emirates Healthcare) of Mediclinic Mirdif (then Welcare Clinic Mirdif) in Dubai.
	Opening by Mediclinic Middle East (then Emirates Healthcare) of Mediclinic City Hospital (then The City Hospital) in the Dubai Healthcare City.
2010	Opening by Mediclinic Southern Africa of Mediclinic Cape Gate in the northern suburbs of Cape Town.
	Acquisition by Hirslanden of a 100 per cent. interest in Klinik Stephanshorn in St Gallen, Switzerland.
2011	Acquisition by Mediclinic Middle East (then Emirates Healthcare) of the assets of Mediclinic Dubai Mall (then The Dubai Mall Medical Centre), Mediclinic Arabian Ranches (then Arabian Ranches Clinic) and the Mediclinic Meadows (then the Meadows Clinic).
	Change of company name and rebranding of the Mediclinic Group's holding company to Mediclinic International and rebranding of its operations in Southern Africa to Mediclinic.
2012	Acquisition of minority interest in Mediclinic Middle East (then Emirates Healthcare) increasing its effective shareholding to 100 per cent. Rebranding of the Company's operations in Dubai from Emirates Healthcare to Mediclinic.
2013	Acquisition by Mediclinic Middle East of the two pathology laboratories at Mediclinic Welcare Hospital and Mediclinic Al Sufouh in Dubai.
2014	Opening by Mediclinic Middle East of Mediclinic Corniche in Abu Dhabi, United Arab Emirates.
	Acquisition by Hirslanden of a 100 per cent. interest in the operating business of Clinique La Colline in Geneva, Switzerland.
	Acquisition by Hirslanden of a 100 per cent. interest in the operating business of Swissana Clinic AG in Meggen, Lucerne, Switzerland.
	Opening by Mediclinic Southern Africa of Mediclinic Gariep in Kimberley, Northern Cape (operated jointly with the existing Mediclinic Kimberley).
2015	Opening by Mediclinic Middle East of Mediclinic Al Hili in Abu Dubai, United Arab Emirates.
	Opening by Mediclinic Southern Africa of Mediclinic Midstream in Midstream, Gauteng Province.
	Acquisition of a 29.9 per cent. interest in Spire, a UK-based private healthcare group.

Scope of Services

The Mediclinic Group is focused on providing acute care, specialist-orientated, multi-disciplinary healthcare services and offers a wide range of hospital related clinical services throughout its operating platforms. These services include outpatient consultation services and pre-hospital and hospital-based emergency services, day case surgery, acute care inpatient services, and highly specialised services. In addition, the Mediclinic Group provides support services including laboratory, radiology and nuclear medicine.

The following table sets out certain of the Mediclinic Group's operating data for the periods indicated:

	For the year ended 31 March		
	2013	2014	2015
Number of hospitals in operation	68	68	70
—Southern Africa	52	52	52
—Switzerland	14	14	16
—United Arab Emirates	2	2	2
Number of clinics in operation	9	10	13
—Switzerland	1	2	3
—United Arab Emirates	8	8	10
Number of licensed/registered beds	9,305	9,563	9,922
—Southern Africa	7,436	7,614	7,885
—Switzerland	1,487	1,567	1,655
—United Arab Emirates	382	382	382
Number of licensed/registered theatres	340	346	367
—Southern Africa	254	258	269
—Switzerland	76	78	88
—United Arab Emirates	10	10	10

Facilities

The Mediclinic Group has a diverse geographical footprint with three main operating platforms: (i) Mediclinic Southern Africa in South Africa and Namibia; (ii) Hirslanden in Switzerland; and (iii) Mediclinic Middle East in the UAE.

Mediclinic Southern Africa

Mediclinic Southern Africa offers acute care hospital services in all 52 facilities and emergency services in 46 facilities throughout South Africa and Namibia, and acute rehabilitation services in the facility in Pretoria. Mediclinic Southern Africa also operates two day clinics for sub-acute services. ER24, the Mediclinic Group's subsidiary responsible for the provision of emergency transportation services has 43 branches throughout South Africa.

The hospital services range from routine procedures and medical treatment plans provided in 15 smaller secondary care community hospitals to complex and technologically advanced treatment modalities provided in 34 larger tertiary care city hospitals, as well as highly specialised and transplant medicine provided in three quaternary care hospitals. The majority of cases are elective in nature, but a significant portion is unscheduled, emergency and trauma related. Admitting doctors, excluding emergency care specialists within certain emergency centres, are self-employed and practise independently. Radiology, laboratory and oncology services are also provided by independent practices.

The burden of disease of the Southern African population consists mainly of communicable (infectious) diseases, followed by chronic diseases and trauma. In the medical scheme population, as a subset of the general population, chronic diseases are more prominent, followed by communicable diseases and trauma.

The contribution per clinical discipline in terms of the number of patients admitted to Mediclinic Southern Africa's hospitals in the 2014 calendar year was as follows:

Clinical Discipline	Percentage contribution
Internal medicine	26%
General surgery	17%
Obstetrics and gynaecology	15%
Orthopaedic	13%
Urogenital	7%
ENT and ophthalmology	7%
Cardiac and vascular	7%
Neurology	5%
Oral and maxillofacial	2%
Other	1%

Business environment

South Africa is one of the most attractive healthcare markets in the world, with one of the highest private healthcare expenditures at 51.6 per cent. of total health expenditure in 2013, and a 10 per cent. CAGR in healthcare spending in the 10-year period from 2004 to 2014 (Source: WHO).

South Africa's economic performance has remained weak in recent years, with the annual gross domestic product growth rate decelerating to 1.5 per cent. for 2014 from 2.2 per cent. in 2013 (Source: World Bank). In contrast, the South African private healthcare sector has maintained a positive, gradual, long-term growth trajectory.

Private healthcare funding in South Africa and Namibia is principally provided by medical schemes, with approximately 92 per cent. of Mediclinic Southern Africa's hospital admissions and revenue funded by medical schemes as of 31 March 2015. The number of beneficiaries insured by the funding market in South Africa was approximately 8.8 million in December 2014, representing a marginal growth of approximately 34,150 beneficiaries from December 2013 (Source: Council for Medical Schemes Annual Report 2014/2015, published 1 September 2015). The Council for Medical Schemes ("**CMS**") also issued statistics detailing "the prevalence of chronic diseases in the population covered by medical schemes in South Africa" in January 2015, wherein it was reported that there was an upward trend in the diagnosis and treatment of many conditions on the prescribed list of chronic diseases (which by law all medical schemes are obliged to fund), for the period 2008 to 2013. This report therefore indicates deterioration in the disease profile of the medical scheme population and, by implication, more members requiring treatment at a greater frequency and intensity of care than before.

Consolidation in the funder market continued in the period under review and it is expected that this will continue for the foreseeable future. The result of the consolidation is further concentration in the funding market whereby the larger medical schemes and the administrators, continue increasing their proportion of the privately insured beneficiaries. For example, based on the latest 2014 CMS annual report, Discovery Administration and the Government Employee Medical Scheme now represent 33 per cent. and 21 per cent. of beneficiaries, respectively. This has had and may continue to have a significant impact in terms of annual tariff negotiations resulting in robust engagement.

The medical scheme industry continues to be financially viable. Solvency ratios (being the ratio of reserves over the gross annual member medical scheme contributions), as monitored by the CMS, remained stable at an average of 33.3 per cent. between December 2013 and December 2014, in excess of the legal requirement for minimum solvency ratios of 25 per cent. The total accumulated reserves for all medical schemes increased from ZAR44.3 billion to ZAR47.7 billion over the period December 2013 to December 2014.

Mediclinic Southern Africa continues to support the underlying principle of universal coverage through the creation of a National Health Insurance ("**NHI**") system in South Africa. Mediclinic Southern Africa continues to monitor all available information pertaining to the planned implementation of NHI closely. The publication of the South African government's White Paper on the NHI, a more detailed discussion document including details regarding the financing options, is still expected during the year ahead. 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 shortage of human resources in healthcare in South Africa remains a critical challenge for the sector. This has been acknowledged by the Minister of Health of South Africa. The Minister has proposed various initiatives to address this problem, such as expanding the capacity of medical schools and the reopening of nursing colleges.

Regulatory Overview

The private healthcare industry in South Africa is subject to extensive government legislation and associated regulations. These regulations relate to specific sectors of the healthcare industry, but interact to deliver healthcare to the insured members of the public. In the private hospital market this would include legislated processes in terms of licensing and construction requirements, annual inspections and licence renewals, the SEP of certain pharmaceuticals, compliance with the regulations and guidelines of the professional healthcare authorities and healthcare legislation (e.g. National Health Act, Sterilisation Act, Mental Healthcare Act etc.) as well as all normal business-related legislation. This interacts with the legislative framework of the large healthcare industry, e.g. the Medical Schemes Act that governs the funders of private healthcare.

The government of South Africa is considering, among other healthcare reforms, the introduction of an NHI system, and the ruling African National Congress party has initiated discussions regarding the proposed NHI.

In addition, draft regulations are currently out for comment on the terms of regulation of the fee charged by certain healthcare professionals (particularly doctors) in respect of prescribed minimum benefits.

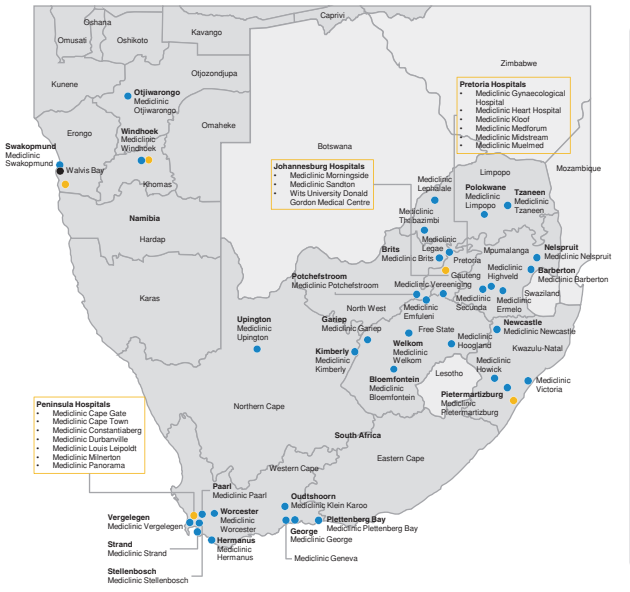
Under the laws, codes and regulations promulgated by the South African government to promote BEE, the government awards procurement contracts, quotas, licences, permits and other rights based on numerous factors including the BEE status of applicants. The Mediclinic Group is required or encouraged to comply with procurement, employment equity, ownership and other requirements, which are designed to redress historical social and economic inequalities and ensure socio-economic stability in South Africa.

A company's BEE status is an important factor considered by government and other public bodies in awarding contracts, and may influence relationships with customers or suppliers as it has an effect on the BEE status of those customers or suppliers.

Private healthcare in South Africa is partly funded through the medical scheme industry, which consists of 83 schemes offering 277 options, as at end of December 2014 (Source: Council for Medical Schemes Annual Report 2014/2015 published 1 September 2015). These schemes are regulated by the Medical Schemes Act and are subject to a requirement to maintain solvency levels of at least 25 per cent.

Existing operations

The graphic and table below show the Mediclinic Group's facilities in Southern Africa as at 30 September 2015.



Region	Number of Hospitals
Western Cape	17
Northern Cape	2
Gauteng	12
Kwazulu-Natal	4
Limpopo	4
Mpumalanga	5
North West	2
Free State	3
Namibia	3
Total	**52**

Name of hospital	Location	Licensed beds	Licensed theatres
Western Cape, South Africa			
Mediclinic Cape Gate	Brackenfell	152	6
Mediclinic Cape Town	Cape Town	128	5
Mediclinic Constantiaberg	Plumstead	238	8
Mediclinic Durbanville	Durbanville	205	8
Mediclinic Geneva	George	58	4
Mediclinic George	George	166	5
Mediclinic Hermanus	Hermanus	80	3
Mediclinic Klein Karoo	Oudtshoorn	38	2
Mediclinic Louis Leipoldt	Bellville	190	7
Mediclinic Milnerton	Milnerton	166	5
Mediclinic Paarl	Paarl	143	5
Mediclinic Panorama	Parow	400	12
Mediclinic Plettenberg Bay	Plettenberg Bay	27	1
Mediclinic Stellenbosch	Stellenbosch	102	4
Mediclinic Strand	Strand	26	2
Mediclinic Vergelegen	Somerset West	237	7
Mediclinic Worcester	Worcester	197	5
Gauteng, South Africa			
Mediclinic Emfuleni	Vanderbijlpark	155	4
Mediclinic Kloof	Pretoria	205	10
Mediclinic Medforum	Pretoria	248	14
Mediclinic Heart Hospital	Pretoria	90	3
Mediclinic Legae	Mabopane	142	4
Mediclinic Midstream	Midstream	176	7
Mediclinic Morningside	Sandton	230	9
Mediclinic Muelmed	Pretoria	222	8
Mediclinic Sandton	Sandton	379	10
Mediclinic Gynaecological Hospital	Pretoria	53	2
Mediclinic Vereeniging	Vereeniging	267	7
Wits Donald Gordon Medical Centre[1]	Johannesburg	0	0

Name of hospital	Location	Licensed beds	Licensed theatres
Mpumalanga, South Africa			
Mediclinic Barberton	Barberton	30	1
Mediclinic Ermelo	Ermelo	60	2
Mediclinic Highveld	Trichardt	202	4
Mediclinic Nelspruit	Nelspruit	314	9
Mediclinic Secunda	Secunda	43	3
KwaZulu-Natal, South Africa			
Mediclinic Howick	Howick	46	2
Mediclinic Newcastle	Newcastle	184	5
Mediclinic Pietermaritzburg	Pietermaritzburg	237	7
Mediclinic Victoria	Tongaat	133	3
Free State, South Africa			
Mediclinic Bloemfontein	Bloemfontein	377	12
Mediclinic Hoogland	Bethlehem	114	3
Mediclinic Welkom	Welkom	227	8
North West, South Africa			
Mediclinic Brits	Brits	80	3
Mediclinic Potchefstroom	Potchefstroom	197	6
Northern Cape, South Africa			
Mediclinic Gariep	Kimberley	146	5
Mediclinic Kimberley	Kimberley	114	3
Mediclinic Upington	Upington	50	2
Limpopo, South Africa			
Mediclinic Lephalale	Lephalale	50	1
Mediclinic Thabazimbi	Thabazimbi	21	1
Mediclinic Limpopo	Polokwane	247	8
Mediclinic Tzaneen	Tzaneen	129	3
Namibia			
Mediclinic Swakopmund	Swakopmund	70	2
Mediclinic Otjiwarongo	Otjiwarongo	20	1
Mediclinic Windhoek	Windhoek	120	4

Name of day clinic	Location	Licensed beds	Licensed theatres
Western Cape, South Africa			
Mediclinic Durbanville Day Clinic	Durbanville	26	0
Limpopo, South Africa			
Mediclinic Limpopo Day Clinic	Polokwane	26	0
Total (hospitals and clinics)		**7,983**	**265**

Note:

(1) Wits Donald Gordon Medical Centre has 190 licensed beds and 8 licensed theatres, but is not included above as it is a joint venture, which is accounted for using the equity method. Mediclinic Southern Africa holds a minority interest of 49.9 per cent. in the joint venture.

During the financial year ended 31 March 2015, a number of building projects were completed at various hospitals, creating 271 additional beds. The development of Mediclinic Midstream (176 beds), which opened on 2 March 2015, was the most significant. The hospital is situated in a fast growing area in the Gauteng province, which has the highest medical aid coverage of all the provinces in South Africa. The hospital incorporates the latest ICT convergence and environmentally friendly initiatives and boasts high-end medical disciplines. Other building projects included new consulting rooms, the relocation of the Mediclinic Gariep in Kimberley and a number of facility upgrades. In the six months ended 30 September 2015, expansion projects added over 40 additional beds.

During the financial year ended 31 March 2015 the Southern African operations invested the following amounts:

- ZAR1,131 million (2014: ZAR577 million) in capital projects and new equipment to enhance its business;
- ZAR305 million (2014: ZAR308 million) to replace existing equipment; and
- ZAR305 million (2014: ZAR289 million) to repair and maintain property and equipment, which was charged through the income statement.

Strategy

As in the past, there remain many attractive growth opportunities in Southern Africa. Opportunities include the expansion of Mediclinic Southern Africa's existing hospitals, the establishment of new hospitals and day clinics, as well as opportunities relating to mental health. Building projects which are expected to result in over 80 additional beds in the Southern African operations are in progress and are expected to be completed during the financial year ending 31 March 2016.

At the same time, Mediclinic Southern Africa is continuing to focus on the value that it delivers to its patients by continuing to improve the safety and quality of its clinical care, the quality of patients' experience and opportunities to improve operational efficiency. The South African healthcare market has traditionally been fragmented, with hospitals providing physical infrastructure, equipment, pharmaceuticals and nursing staff and each healthcare professional (e.g. surgeon, anaesthesiologist, physiotherapist, radiology, pathology, etc.) operating an independent practice. The Mediclinic Group believes that better value healthcare will be delivered to patients if hospitals collaborate to develop innovative, joint solutions and co-operation strategies to develop new models of care and funding. Accordingly, the Mediclinic Group also intends to focus on opportunities to integrate the Southern African private healthcare delivery model in the future.

Mediclinic Southern Africa further believes that it is well positioned to address various other challenges in the business environment, for example challenges relating to the regulatory environment and the continuing skills shortages, because of its strong leadership and in-house legal and training and development functions, amongst others.

Hirslanden

Hirslanden offers acute care hospital services in 16 facilities across 11 cantons (the member states of the Swiss Confederation). The hospital services range from routine procedures and medical treatment plans to highly specialised, complex and technologically advanced treatment modalities. The majority of cases are elective in nature, and services like advanced neonatal critical care and major trauma are provided by the cantonal and university teaching facilities. Most admitting doctors are self-employed, but doctors working in the fields of hospital-based specialties like anaesthetics and internal medicine are employed at certain hospitals. Radiology, laboratory, nuclear medicine and radiation oncology services are in most instances owned and operated by the hospitals themselves.

The burden of disease of the Swiss population consists mainly of chronic diseases commonly associated with lifestyle and old age. The burden of communicable (infectious) diseases and trauma is very small. The chronic underlying medical conditions that might be present in a patient on admission to a hospital may have a significant impact on the level of care the patient receives and/or length of stay such a patient experiences during hospitalisation. During the 2014 calendar year, the proportion of Hirslanden's patients admitted to hospital with chronic underlying diseases was approximately 20 per cent., and hypertension, diabetes mellitus and obesity were the most common diseases present.

The contribution per clinical discipline in terms of the number of patients admitted to Hirslanden's hospitals in the 2014 calendar year was as follows:

	Percentage contribution
Clinical Discipline	
Orthopaedics	32%
Cardiac and vascular	14%
Obstetrics and gynaecology	14%
General surgery	13%
Internal medicine	12%
Neurology	6%
Urogenital	5%
ENT and ophthalmology	3%
Other	1%

Business environment

With an annual GDP growth of 2.0 per cent. (Source: State Secretariat for Economic Affairs SECO press release "Gross domestic product in 4th quarter", 3 March 2015) for the 2014 fiscal year, Switzerland experienced much stronger growth than the EU (1.3 per cent.) and even double that of countries in the Eurozone (0.9 per cent.) (Source: Eurostat, Real GDP growth rate—volume). Above all, increases in the trade of goods and services abroad (1.4 per cent.) and private consumption (0.5 per cent.) contributed to this growth (Source: State Secretariat for Economic Affairs SECO press release "Gross domestic product in 4th quarter 2014", 3 March 2015). The stagnation or even slightly negative development of many prices has continued. The consumer mood was most recently dominated by the decision of the Swiss National Bank on 15 January 2015 to scrap the minimum exchange rate of CHF1.20 per euro. While the consumer confidence index stood at negative 6 points in January 2015, this still remains above the longstanding average of negative 9 points (Source: State Secretariat for Economic Affairs SECO press release "Consumer confidence survey results for January influenced by the Swiss franc appreciation", 5 February 2015). The decision of the Swiss National Bank to scrap the minimum exchange rate has not had any effect on the core business at Hirslanden.

Thanks to its favourable economic situation, Switzerland remains attractive to foreign employees. In 2014, it employed more people from the EU than ever before (Source: State Secretariat for Migration SEM). As in the previous year, the unemployment rate was 3.2 per cent. and thus more than three times below that of the Eurozone (Sources: Swiss Federal Statistics Office BFS, Registered unemployed and unemployment rate per gender and Eurostat, Harmonised unemployment rate by sex). However, how immigration—and thus the growth in population—will develop in future is currently unclear and depends on how the Swiss vote of 9 February 2014 in favour of restrictions on foreign immigration will be put into practice. It is expected that the recruitment of foreign staff at Hirslanden will become more difficult.

An initiative to replace the current system of competition among many different health insurers with a system of one single public health insurance was rejected by a large majority in a public vote on 28 September 2014, demonstrating the public's opposition against a further nationalisation of the healthcare system. Despite this, some cantons have started to consider the introduction of a public cantonal health insurance system.

A recent study from Credit Suisse (Worry Barometer 2014) demonstrates that health—in contrast to just a few years ago—is no longer one of the most pressing concerns of the Swiss people. This is probably due to the fight against increases in insurance premiums. The health insurance premium index decreased by 0.8 per cent. in 2014 compared to the previous year (Source: Swiss Federal Statistical Office, press release "Health Insurance premium index 2014", 1 December 2014). This is primarily due to the substantial reduction in supplementary insurance premiums in some cases.

Since Hirslanden is included on the hospital lists of all cantons where Hirslanden is present, the proportion of Hirslanden's patients with basic insurance has grown continually from 35 per cent., when the system was introduced, to a current level of 43 per cent. However, Hirslanden continues to focus on being a leading provider of services to supplementary insurance clients.

Regulatory Overview

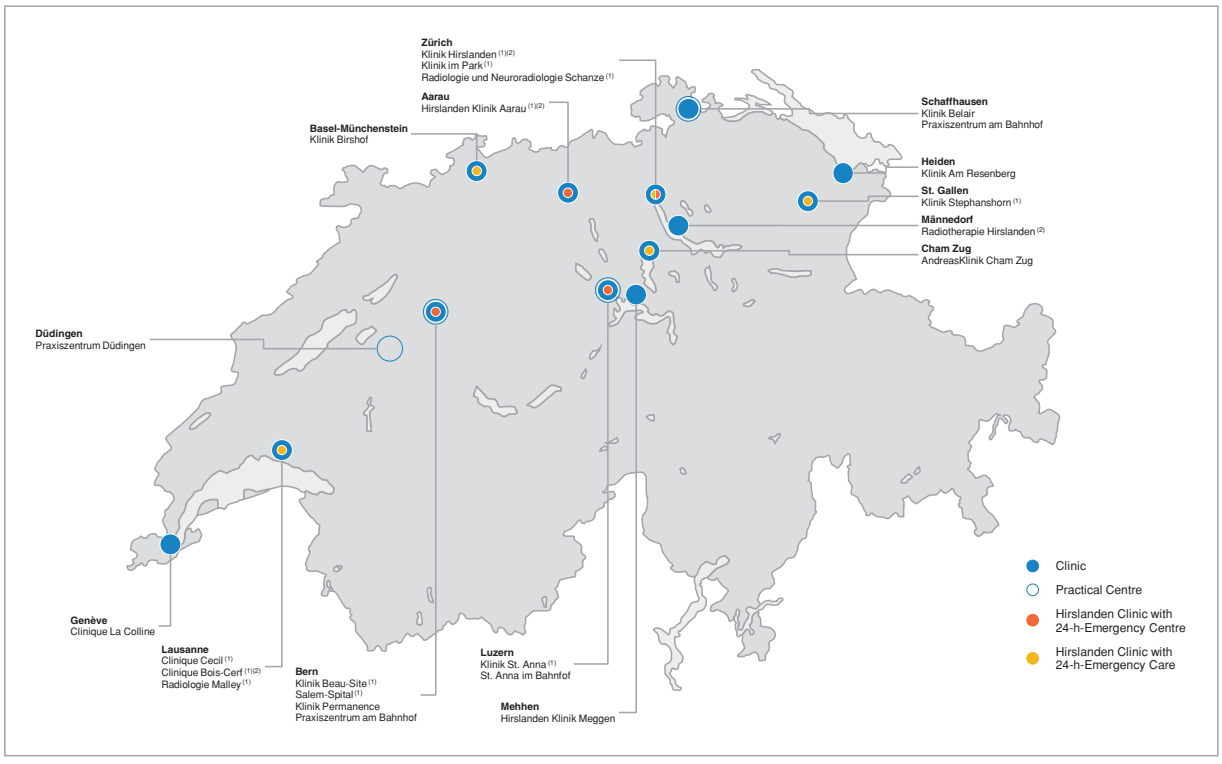
The healthcare industry in Switzerland is subject to extensive government regulations, which have increased in recent years. These cover licensure of facilities and doctors; conduct of operations; confidentiality, maintenance and security issues associated with medical records: certain categories of pricing; provision of clinical and cost data; listing status and service mandates and highly specialised medicine. These laws and regulations are complex and subject to interpretation with the cantons playing a key role in the provision and financing of healthcare services, while both cantons and the state are involved in regulating and monitoring provision.

As a result of regulatory changes implemented in January 2012, in particular the introduction of the SDRG reimbursement system and so-called hospital "lists" in each canton, there are now (in practice) no real distinctions between private and state hospitals. These changes affected the hospital funding system in Switzerland, in particular through the introduction of a nation-wide reimbursement system, the SDRG, whereby healthcare providers are reimbursed through a fixed fee in respect of the relevant medical services they provide to patients covered by general insurance, now compulsory throughout Switzerland. Under this new tariff system, a pre-agreed fixed fee is payable by the relevant insurer in respect of a particular category of medical case, based on certain criteria (such as principal and secondary diagnosis, prescribed treatments and severity of case), in contrast to the previous system where hospitals were reimbursed in respect of each healthcare service provided. In addition, whereas prior to the 2012 changes only public hospitals were eligible for cantonal funding, the SDRG applies equally to public and private hospitals. The changes also introduced so-called hospital "lists", whereby cantons are required to list those hospitals in their area which are eligible to provide treatment to generally insured patients, with hospitals in turn applying for inclusion on such lists based on certain infrastructure, economic, and quality of care requirements. As general insurance is compulsory, patients have full freedom of choice among the healthcare providers on the relevant cantonal lists, whether public or private, who offer the relevant treatment, with the cost covered by the general insurance providers. The above changes added further cost pressures as healthcare providers in Switzerland, including Hirslanden, adjusted to new reimbursement and financing structures and switched to the fixed fee basis under the SDRG. Despite these challenges, the proportion of patients with general insurance has grown continually since the introduction of the new regime. However, Hirslanden continues to emphasise its role as a provider of services to supplementary insurance clients.

An initiative to replace the current system of competition among many different health insurers with a system of one single public health insurance was rejected by a large majority in a public vote on 28 September 2014, demonstrating the public's opposition against a further nationalisation of the healthcare system. Despite this, some cantons have started to consider the introduction of a public cantonal health insurance system.

Existing operations

The graphic and table below show Hirslanden's facilities as at 30 September 2015.



Name of hospital	Location	Licensed beds	Licensed theatres
Canton Aarau			
Hirslanden Klinik Aarau	Aarau	155	7
Canton Bern			
Hirslanden Klinik Beau-Site	Bern	111	5
Hirslanden Klinik Permanence	Bern	47	3
Hirslanden Salem Spital	Bern	168	8
Canton Zug			
Hirslanden AndreasKlinik	Cham	56	4
Canton Geneva			
Hirslanden Clinique la Colline	Geneva	67	6
Canton Appenzell Ausserrhoden			
Hirslanden Klinik Am Rosenberg	Heiden	62	5
Canton Lausanne			
Hirslanden Clinique Bois-Cerf	Lausanne	68	5
Hirslanden Clinique Cecil	Lausanne	86	4
Canton Lucerne			
Hirslanden Klinik St. Anna	Lucerne	196	6
Hirslanden Klinik Meggen	Meggen	20	3
Canton Basel			
Hirslanden Klinik Birshof	Münchenstein	48	5
Canton Schaffhausen			
Hirslanden Klinik Belair	Schaffhausen	28	2
Canton St. Gallen			
Hirslanden Klinik Stephanshorn	St. Gallen	109	5
Canton Zürich			
Klinik Hirslanden	Zürich	330	14
Hirslanden Klinik Im Park	Zürich	126	6
Total		1,677	88

Name of outpatient clinic	Location
Praxiszentrum am Bahnhof Bern	Bern
Praxiszentrum am Bahnhof Schaffhausen	Schaffhausen
St. Anna im Bahnhof	Lucerne

During the financial year ended 31 March 2015, Hirslanden was able to further expand its position as the largest private hospital group in Switzerland (its primary competitor being the Swiss public hospital sector). Following the acquisition of Hirslanden Clinique la Colline and Hirslanden Klinik Meggen, as detailed below, Hirslanden now consists of 16 hospitals. This is in addition to three outpatient clinics, 11 radiology and four radiotherapy centres.

With the acquisition of the 67-bed Hirslanden Clinique La Colline, Hirslanden expanded its footprint to Geneva and is now represented in all major cities stretching from eastern to western Switzerland. Hirslanden Clinique La Colline offers a range of multidisciplinary medical and surgical services. The facilities now include 67 inpatient beds, an emergency centre, six operating theatres and its own polyclinic. The hospital employs 290 people and works with some 150 affiliated doctors. The newly acquired 20-bed Hirslanden Klinik Meggen in the canton of Lucerne will also strengthen Hirslanden's business in central Switzerland. Hirslanden Klinik Meggen has around 40 affiliated doctors from various specialist fields supporting the hospital. The hospital includes three operating theatres and boasts 20 inpatient beds as well as a day clinic with 11 beds. The hospital employs 70 staff.

Hirslanden invests continually in infrastructural repairs and maintenance, new and replacement equipment incorporating cutting-edge medical technology, plus expansion projects and new buildings. Building projects completed during the financial year ended 31 March 2015 include:

- In August 2014, Hirslanden Klinik Am Rosenberg opened its fifth operating theatre.
- In January 2015, the Praxiszentrum am Bahnhof in Schaffhausen opened for business as a general practitioner and walk-in practice. The first floor houses the practices of specialists who are accredited with Hirslanden Klinik Belair as affiliated doctors.
- In March 2015, Hirslanden Klinik Aarau opened its expanded private department. This also includes a lounge area, which acts as a reception and waiting room for private patients and their relatives.
- In March 2015, Hirslanden Klinik Stephanshorn opened an extension with space for 24 additional beds, as well as a new accident and emergency unit with six treatment rooms.

Investments in medical technology during the financial year ended 31 March 2015 include:

- At Hirslanden Klinik St. Anna a state-of-the-art PET/CT machine was commissioned in September 2014.
- Hirslanden Klinik Beau-Site obtained a 3 Tesla MRI scanner in October 2014.
- Hirslanden Klinik Im Park renovated its operating theatres and opened a hybrid operating theatre in November 2014.
- In January 2015, Hirslanden Klinik St. Anna acquired a state-of-the-art Da Vinci surgical robot.

During the financial year ended 31 March 2015, Hirslanden invested the following amounts:

- CHF72 million (2014: CHF70 million) on capital projects and new equipment to enhance its business;
- CHF70 million (2014: CHF51 million) on replacing existing equipment; and
- CHF38 million (2014: CHF36 million) on repairing and maintaining property and equipment, which was charged through the income statement.

The number of inpatient beds increased to 1,655 (2014: 1,567) during the financial year ended 31 March 2015, mainly as a result of the acquisitions of two new hospitals, Hirslanden Clinique La Colline and Hirslanden Klinik Meggen, both described above.

Strategy

As in the past, there remain many attractive growth opportunities in Switzerland. Opportunities include the expansion of Hirslanden's existing hospitals, the development of the outpatient sector, which includes additional outpatient clinics, outpatient surgery centres, as well as radiology centres. The major ongoing expansion projects in Switzerland are as follows:

- A fifth operating theatre is currently in development at Hirslanden Klinik Birshof, together with new patient rooms and nurses' stations. The accident and emergency unit is also being expanded. Additionally, new doctors' practices and an additional radiology unit will also soon be in operation.
- A new outpatient clinic is currently being built close to the railway station in Düdingen in the canton of Fribourg. The clinic will create 17 new jobs and will also include a radiology service.
- Hirslanden Clinique Bois-Cerf and Hirslanden Clinique Cecil in Lausanne are currently building a radiology centre in Malley (the Institut de radiologie de l'ouest lausannois), which will co-operate as a partner with the existing radiology centres of the Radiology Institute Hirslanden Lausanne.

At the same time, Hirslanden is continuing to focus on maintaining and strengthening its role in the provision of Swiss primary healthcare, outpatient treatment and specialised medicine.

Hirslanden management is also focused on managing and influencing ongoing regulatory developments and on stabilising margin improvements and introducing service/cost differentiation according to insurance mix, as the proportion of patients with basic insurance has grown and the mix of medical services shifts from the inpatient to the outpatient sector. For these reasons, the Hirslanden 2020 project is underway to overhaul the Hirslanden operating model in order to improve operational efficiency and develop new areas of business. In addition, Hirslanden is also standardising the hospital ICT system for medical core business and administrative activities across group hospitals.

Mediclinic Middle East

Mediclinic Middle East offers acute care hospital services in two hospitals and primary care in ten clinics in Dubai and Abu Dhabi. The relationship between the hospitals and clinics is that of a hub-and-spoke model. The clinics deliver specialist-orientated consultations and follow-up services, and referrals to the hospitals. The hospital services range from providing secondary care procedures and medical treatment plans to tertiary care technologically advanced treatment modalities. Although the majority of cases are elective in nature, a significant portion is unscheduled and emergency related. Major trauma services are provided by the state facilities. The majority of admitting doctors are employed by Mediclinic Middle East, but there is also a significant complement of independent doctors who admit and treat patients in the hospitals. The radiology, laboratory and nuclear medicine services are owned and operated by Mediclinic Middle East.

The burden of disease of the UAE population mainly consists of chronic diseases of lifestyle and communicable diseases (Source: Globalisation and Health, "A profile and approach to chronic disease in Abu Dhabi", published 27 June 2012). The chronic underlying medical conditions that might be present in a patient on admission to a hospital may have a significant impact on the level of care the patient receives and/or length of stay such a patient experiences during hospitalisation.

The contribution per clinical discipline in terms of the number of patients admitted to Mediclinic Middle East's hospitals in the 2014 calendar year was as follows:

	Percentage contribution
Clinical Discipline	
Internal medicine	42%
Obstetrics and gynaecology	23%
General surgery	8%
Orthopaedic	7%
ENT and ophthalmology	7%
Urogenital	5%
Cardiac and vascular	5%
Neurology	3%

Business environment

The UAE continues to strengthen its position as a regional business hub and also, increasingly, for developing nations in Africa and Asia thanks to its strategic location and attractive trading environment. The latest published GDP figures for the UAE (December 2014) show growth of 4.3 per cent. in 2014 (Source: Trading Economics, United Arab Emirates GDP Growth Rate). Although the recent decline in oil prices has caused the IMF to lower its growth projections for the UAE's GDP in 2015 to 3.5 per cent. from 4.5 per cent., this largely affects Abu Dhabi. Dubai, with less reliance on oil as a contributor to its GDP, is still forecast to grow at a rate of around 4.5 per cent. in 2015 (Source: Trading Economics, United Arab Emirates Economic Indicators). This is led by a growing tourism industry, increased trade activity and a strong construction sector. There was a slight softening of real estate prices during the second half of 2014, and the strength of the U.S. dollar as well as the weakening Euro and Russian rouble is expected to have some negative effect on the tourism industry in 2015; however, the overall outlook remains positive.

Development has begun on projects associated with Dubai's hosting of Expo 2020, which is expected to attract 25 million visitors. These include the extension of the Dubai Metro through newer residential areas inland and out to the Expo 2020 site. Dubai World Central, Dubai's new airport that opened in October 2013 with an initial capacity of up to seven million passengers per year, has also already been earmarked for expansion with approval in September 2014 of a U.S.$32 billion plan, which will see its capacity increase to 120 million passengers per annum within the next six to eight years.

There remains upward pressure on salary levels as a result of the continued economic growth in the UAE and increased competition. In 2014, GDP growth was 3.6 per cent. and inflation was 2.3 per cent. (Source: World Bank). New entrants are attracted to the UAE's healthcare sector because of the expected population growth of approximately 1 to 1.5 per cent. per annum, health indicator trends related to the young population (maternity and paediatrics), as well as high mortality rates from lifestyle-related diseases and cancer.

Regulatory Overview

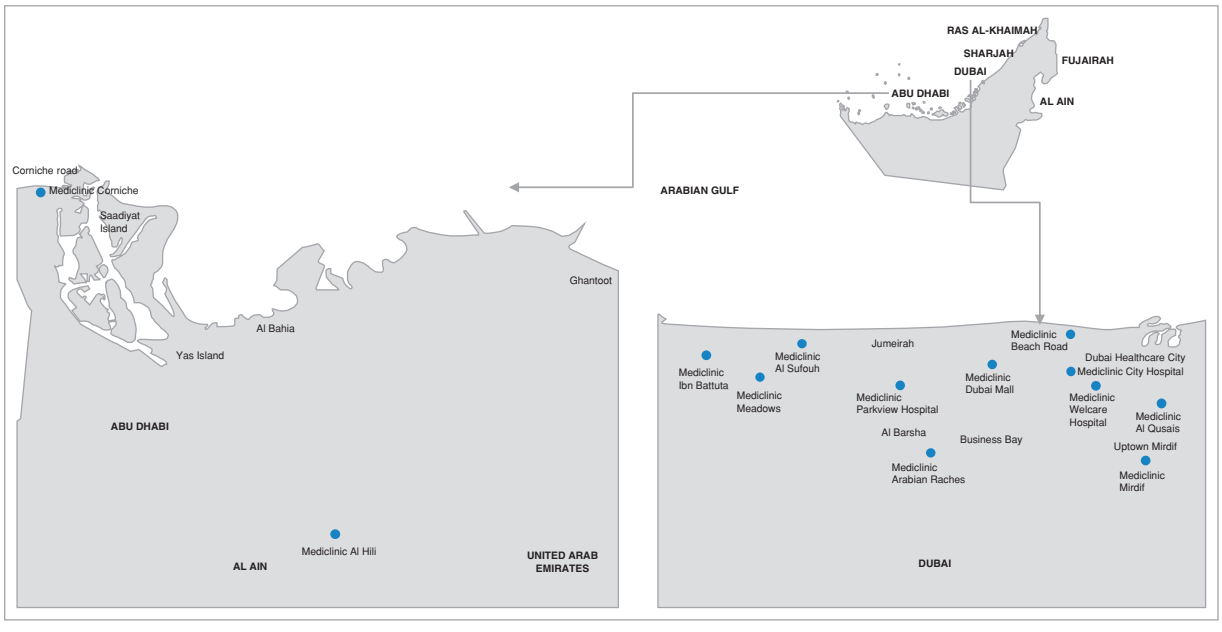
The Dubai government continues to focus on the regulatory aspects of the healthcare industry, and Mediclinic Middle East is actively engaged with them in this regard.

The healthcare industry is subject to laws, rules and regulations in the regions where the Mediclinic Group currently conducts its business or to which it intends to expand its operations. The UAE healthcare industry is heavily regulated. The healthcare industry in the UAE is one of the fastest-growing sectors in the country and the Mediclinic Group believes the UAE, and in particular the governments of both Dubai and Abu Dhabi, continue to invest heavily in the sector's development, including improved regulation. Mediclinic Middle East's hospitals and clinics are regulated by various bodies, including DHA, the Dubai Healthcare City Authority, the Centre for Healthcare Planning and Quality, the Federal Authority for Government Human Resources, HAAD and the MoH.

The DHA is in the process of implementing a mandatory health insurance system with many e-health initiatives linked to it. For example, all provider claims must adhere to certain requirements and be submitted via a DHA portal to insurance companies (the so-called eClaims). More recently e-Prescriptions were introduced whereby the DHA regulates the electronic approval and claim process for outpatient drug prescriptions. Price regulation in the form of bundled payments for inpatient cases, called Diagnostic Related Grouping combined with certain pay for quality measures, will be implemented over the medium-term.

Existing operations

The graphic and table below show the Mediclinic Group's Middle East facilities as at 30 September 2015.



Name of facility	Location	Licensed beds	Licensed theatres
Hospitals:			
Mediclinic Welcare Hospital	Garhoud, Dubai	126	4
Mediclinic City Hospital	DHCC, Dubai	229	6
Clinics:			
Mediclinic Arabian Ranches	Arabian Ranches, Dubai	0	0
Mediclinic Dubai Mall	Dubai Mall, Dubai	7	0
Mediclinic Meadows	Meadows, Dubai	0	0
Mediclinic Beach Road	Jumeirah, Dubai	4	0
Mediclinic Al Sufouh	Knowledge Village, Dubai	6	0
Mediclinic Ibn Battuta	Ibn Battuta Mall, Dubai	10	0
Mediclinic Mirdif	Mirdif, Dubai	0	0
Mediclinic Al Qusais	Qusais, Dubai	0	0
Mediclinic Al Hili	Al Ain, Dubai	0	0
Mediclinic Corniche	World Trade Center Mall, Abu Dhabi	0	0
Total		382	10

During the financial year ended 31 March 2015, Mediclinic Middle East opened its first clinic in Al Ain, Abu Dhabi's thriving second city, in February 2015. A new outpatient centre was opened at Mediclinic Welcare Hospital to create additional space for outpatient services. The Mediclinic Middle East corporate team also relocated from disparate locations around Dubai to a new central office opposite Mediclinic City Hospital in Dubai Healthcare City. This has resulted in more streamlined operations, improved communication and also freed up space for future expansion of healthcare services at Mediclinic Dubai Mall.

During the financial year ended 31 March 2015, Mediclinic Middle East invested the following amounts:

- ZAR227 million (AED 75 million) (2014: ZAR71 million (AED 26 million), which included AED95 million on the laboratory acquisition) on capital projects and new equipment to enhance its business, including AED 56 million on the construction of Mediclinic City Hospital's North Wing;
- ZAR74 million (AED 25 million) (2014: ZAR59 million (AED 22 million)) to replace existing equipment; and
- ZAR60 million (AED 20 million) (2014: ZAR52 million (AED 19 million)) to repair and maintain property and equipment, which was charged through the income statement.

Strategy

As in the past, there remain many attractive growth opportunities in the UAE. Opportunities include the expansion of existing hospitals and the establishment of new hospitals and day clinics. The major ongoing expansion projects in the UAE are:

- the expansion of the Mediclinic City Hospital in Dubai with the addition of the North Wing. The new wing of Mediclinic City Hospital, currently under construction, will house a new oncology unit, developed in conjunction with Hirslanden;
- the acquisition of a plot of land on the southern side of Dubai with the intention to build a further 188-bed hospital, the Mediclinic Parkview Hospital; and
- new centres of excellence in metabolic surgery, breast surgery and neurosurgery are also under development in association with Hirslanden.

At the same time, Mediclinic Middle East intends to work closely with the Dubai government on reforms to the healthcare industry and identifying and evaluating additional growth opportunities in Dubai to address the capacity constraints of the current facilities, including the redesign and internal expansion within the Mediclinic Dubai Mall. In relation to the Abu Dhabi operation, Mediclinic Middle East is focused on identifying and implementing initiatives to address the challenges faced in the Abu Dhabi market and to specifically bring the Abu Dhabi clinics to profitability, with a view to enabling future expansion in this market.

Acquisition of interest in Spire

As mentioned previously, in August 2015, the Mediclinic Group acquired a 29.9 per cent. interest in Spire. Spire is a leading private healthcare group, led by a strong and highly experienced management team, with a nationwide network of 39 hospitals across the United Kingdom. Spire delivers tailored, personalised care to over 260,000 in-patients and day-case patients per year, funded through private medical insurance, self-payment and NHS referrals. As a leader in delivering superior clinical outcomes, Spire is well positioned to benefit from the long-term structural growth drivers in the United Kingdom healthcare market. In addition to broad geographic coverage across the United Kingdom, Spire has a well invested and scalable platform with the capacity to increase volumes and a track record of growth with positive momentum. After being listed on the premium listing segment of the Official List, the shares in Spire began trading on the main market for listed securities of the London Stock Exchange in July 2014.

In addition to investing in a growing developed market, the Spire Acquisition provides the Mediclinic Group with a further opportunity to diversify into an attractive new geography with a strong currency. The directors of the Mediclinic Group believe that both the Mediclinic Group and Spire will benefit from collaboration, with the potential to unlock procurement benefits, knowledge transfer, supply chain and staffing benefits. As part of the terms of the transaction, the Mediclinic Group has the right to appoint a director to the board of Spire.

Clinical governance

A comprehensive clinical governance programme is in place across all of the Mediclinic Group's operations focusing on:

- clinical governance to ensure patient safety and quality improvement;
- clinical information management to enable clinical performance measurement and deals with systems to support the clinical care process, including electronic patient records; and
- clinical services development dealing with the development of new co-ordinated care models, investigating new service lines and keeping abreast of technological developments.

Multi-disciplinary clinical committees at hospital level are established throughout the Mediclinic Group that drive quality and safety and promote co-operation between doctors, nursing staff and management, and are being developed further. Regular clinical audits form an important part of the group's continuous quality improvement programme. The findings of these audits are used to formulate proactive responses to clinical system failures.

Clinical outcomes are benchmarked throughout the Mediclinic Group through participation in external initiatives such as the Vermont Oxford Network aimed at measuring and improving the quality of care in neonatal intensive care units; the Adult Cardiothoracic Database aimed at measuring and improving the clinical outcomes of cardiothoracic surgery; and APACHE III-j, a hospital mortality prediction methodology for adult intensive care patients, used to evaluate the quality of care in this complex setting.

Patient satisfaction

Patient satisfaction surveys are conducted throughout the Mediclinic Group's facilities, with the average patient satisfaction level provided in the table below. The Mediclinic Group has created a single, standardised patient experience measurement index which contributes to ensuring operational excellence and patient safety across all platforms. The Mediclinic Group implemented the new Patient Experience Index ("**PEI**") in Mediclinic Southern Africa and Mediclinic Middle East from October 2014. It is managed by Press Ganey, an internationally recognised patient experience measurement and management agency. The objective of the index is to achieve incremental and sustainable improvement of the patient experience.

	Patient satisfaction levels				
	2011	2012	2013	2014	2015[1]
Mediclinic Southern Africa	75%	76%	76%	77%	81%
Hirslanden[2]	85%	93%	87%	95%	92%
Mediclinic Middle East[3]	89%	89%	93%	91%	81%

Notes:

(1) The 2015 results of Mediclinic Southern Africa and Mediclinic Middle East are the new PEI results, but only for the six-month period ending 31 March 2015. The previous years' results are measured under a different system and therefore not comparable to the previous results.

(2) Hirslanden's patient satisfaction results for 2011 and 2013 were based on the Picker patient satisfaction survey. It is not comparable to the 2012, 2014 and 2015 results, which were based on the ANQ (the Swiss National Association for Quality Development) satisfaction survey.

(3) Mediclinic Middle East's PEI results in the table above are for inpatients only. The outpatient PEI results for the six months ended 31 March 2015 is 78 per cent.

Accreditation

Mediclinic Southern Africa

As at September 2015, 27 of the 36 participating Mediclinic Southern Africa hospitals held COHSASA accreditation, an agency accredited by the International Society for Quality in Healthcare to accredit hospitals. The remaining nine participating hospitals are undergoing the renewal process, but were accredited by COHSASA prior to the commencement of the renewal process.

All Mediclinic Group facilities are required to undergo an annual inspection in order to obtain renewal of their licence, which is only valid for one year. These certification processes will in future be strengthened by the Office of Health Standards Compliance, a recently established regulatory body that will measure quality standards in healthcare and react to non-compliance. In addition, the Emergency Medical Service industry is also in the process of becoming subject to licensing and standard requirements, which will affect the ER24 subsidiary of the Mediclinic Group. In order to expand any of its existing facilities, the Mediclinic Group will need to obtain licences from the national and provincial Departments of Health before it is able to commence construction.

Hirslanden

The model for accrediting Hirslanden competence centres was launched as a national initiative open for accreditation of any Swiss competence centre in healthcare by the Swiss Association for Quality and Management Systems early in 2014.

Fourteen Hirslanden hospitals and the Hirslanden Corporate Office were self-assessed against the EFQM (European Foundation for Quality Management) Excellence Model.

Fifteen Hirslanden hospitals and the Hirslanden Corporate Office are ISO 9001:2008 (quality management) certified, with Khalifa Street Hospital being the first private healthcare institution to receive the JCI golden seal on the 5th edition standards.

Mediclinic Middle East

The Mediclinic Group's business is subject to extensive licensing requirements. In particular, the Mediclinic Group is required to obtain licences for, among others, the following activities: provision of healthcare services, provision of pharmaceutical services, provision of radiology services, administration of narcotics, psychotropic and other controlled substances, and handling and transport of explosive and flammable materials. The Mediclinic Group's business activities and operations are also subject to regular reviews by licensing authorities.

Local immigration and medical licensing requirements significantly affect the Mediclinic Group's staffing requirements. Immigration and medical licensing applications for medical personnel can take several months or more to be finalised.

Under UAE law and regulations, licences for the operation of medical facilities (outside of the DHCC Free Zone) and pharmacies are issued by the DHA and HAAD in the name of the company that operates the medical facilities. Outside of the free zone, the Mediclinic Group's licences are held by companies with local UAE persons or companies controlled by UAE persons holding 51 per cent. of these companies.

Mediclinic Middle East's two hospitals and the eight clinics in Dubai received JCI re-accreditation in June 2013. Mediclinic Middle East's group of clinics is the first in the UAE's private sector to be accredited by JCI as a network. JCI is an international accreditation organisation for healthcare organisations focused on improving the safety of patient care through accreditation. There is a unified strategy in place to prepare for JCI re-accreditation in 2016.

The pathology laboratories of both Mediclinic Middle East hospitals are ISO 15189:2009 certified. All five clinics with in-house laboratories were also recertified during the financial year ended 31 March 2015.

Mediclinic City Hospital's pathology laboratory is accredited by the College of American Pathologists. This is part of the biannual accreditation cycle.

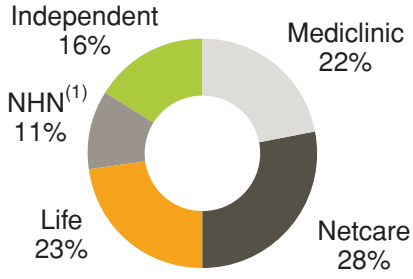
Mediclinic City Hospital is recognised as an International Board Certified Lactation Consultants Care Award facility in recognition of its lactation programme and breastfeeding support.

Competition

Mediclinic Southern Africa

As illustrated by the diagram below, as of 31 March 2015, the South African private hospital market is led by three key players: the Mediclinic Group, Netcare and Life Healthcare, which together account for approximately 72 per cent. of the private market by number of beds. Netcare operates the largest private hospital network on a revenue basis in South Africa with 55 private hospitals, housing more than 9,400 beds. Life Healthcare is the second largest player on a revenue basis with 48 private hospitals housing more than 7,700 beds.

SOUTH AFRICA PRIVATE HOSPITAL BED MARKET SHARE



Source Company information, National Hospital Network, Broker estimates

The Competition Commission is currently undertaking a Market Inquiry into the private healthcare sector in South Africa, which commenced in January 2014. The Market Inquiry is particularly focused on the cost of private healthcare and it has involved all private healthcare stakeholders in the process via extensive submissions, data requests and future oral hearings. The Market Inquiry panel may conclude the Market Inquiry with recommendations or changes to be made in the industry, proposals for legislative or regulatory amendments, or institute anti-competitive investigations should the Market Inquiry reveal such conduct. Along with other private healthcare stakeholders in South Africa, the Mediclinic Group is participating in this Market Inquiry, with the assistance of expert competition attorneys and advocates, and has prepared and delivered a submission, in line with the Competition Commission's information requests under their published Terms of Reference and Administrative Guidelines which apply to this Market Inquiry.

Hirslanden

Hirslanden is the largest private medical network in Switzerland, with its primary competitor being the Swiss public hospital sector. The public hospitals hold a majority of market share in relation to inpatients (c.81 per cent. in 2012) in Switzerland. In the segment of compulsory insured patients, Hirslanden enjoys a competitive advantage over cantonal hospitals as a result of its operational efficiencies, along with more attractive service offerings and the Mediclinic Group would expect more generally insured patients to use private healthcare facilities that are on cantonal lists. The key issue that Hirslanden faces is that its largest competitor, the public cantonal hospitals, are effectively responsible for health policy in the country, meaning that they are both regulators and providers.

Genolier is the second largest player, with fewer beds than Hirslanden.

Hirslanden is the largest private acute care hospital group in Switzerland, enjoying a 33 per cent. share of all inpatients treated in Swiss private hospitals, which translates to a 7 per cent. share of the total Swiss inpatient market (Sources: Kennzahlen der Schweizer Spitäler 2012, p. 4 and Hirslanden Annual Report 2012/2013).

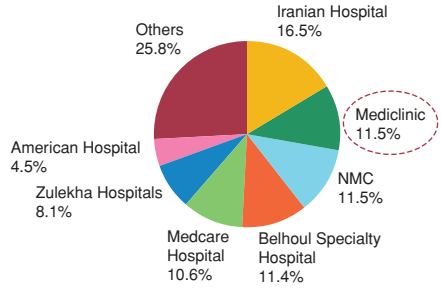
Mediclinic Middle East

Dubai has a total of 3,816 hospital beds, the majority of the provision of hospital beds is in the public sector, with 2,348 government beds across four hospitals making up 61.5 per cent. of total beds as at the end of 2012 (Source: Colliers International, Dubai Healthcare Q4 2014 Research & Forecast Report). There are 22 private hospitals in Dubai, which comprise 1,468 beds (as of 2012). The Mediclinic Group with a total of 382 hospital beds, therefore has an approximate 10 per cent. market share of the total bed supply in Dubai and 24 per cent. of the private sector supply of beds. The major private competitors of the Mediclinic Group are the 187-bed American Hospital and the 64-bed Medcare Hospital in Dubai. (Source: American Hospital Dubai Corporate Brochure 2015 and Medcare Sustainability Report 2014).

Dubai is attracting more competition than Abu Dhabi given the tighter licensing regulations in the latter. A number of new competitors with experience of operating in MENA have entered the market recently. The Saudi German Hospitals Group opened a 316-bed hospital, which is the largest in the market, in 2012. The Dr. Sulaiman Al Habib Medical Group opened the 225-bed Dubai Healthcare Centre in 2015.

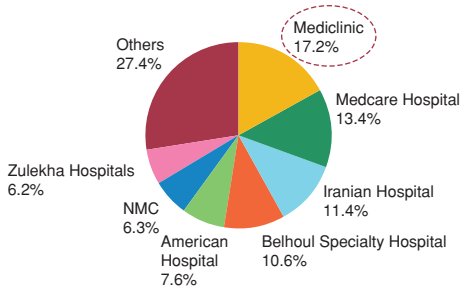
The diagrams below show market shares of the outpatient and inpatient markets in Dubai.

OUTPATIENT MARKET IN DUBAI (PRIVATE SECTOR)- 2013



Source DHA (2013)

INPATIENT MARKET IN DUBAI (PRIVATE SECTOR)- 2013



Source DHA (2013)

Suppliers

In order to deliver the Mediclinic Group's services, the Mediclinic Group is dependent on a large and diverse range of suppliers, who form an integral part of the group's ability to provide quality hospital care. The group relies on its suppliers to deliver products and services of the highest quality in line with the Mediclinic Group's quality standards. Various other criteria play an important role in selecting suppliers, such as: compliance with applicable international and local quality standards, price, compliance with appropriate specifications suited for the group's markets, stability of the organisation and the relevant equipment brand, good-quality and cost-effective solutions, support network, technical advice and training philosophy. In South Africa, the BEE status of a supplier is also a factor in the selection process.

The availability of products and services is imperative in enabling the group to deliver quality care to its patients, and therefore an important criterion in its supplier selection process. Although not always the case, this often leads to local suppliers being preferred, which also adds to better and faster service delivery and knowledge of local laws and regulations, particularly with regard to pharmaceutical products. In Southern Africa, 96 per cent. of procurement is done with local suppliers or the local agents of international suppliers. Similarly, in Switzerland, approximately 90 per cent. of the procurement is from local suppliers or agents of international suppliers. The Mediclinic Group believes that Hirslanden's central logistics platform (Zenlop), which is now in full operation, will help to increase the portion of direct imports on a more cost-effective basis and the distribution to the hospitals based on their daily needs. In Dubai, all international suppliers and manufacturers are required by law to operate through local agents.

As such, Mediclinic Middle East is legally required to procure from local suppliers or agents, except in cases where a product is not available in the UAE, where permission to import from foreign vendors is granted. Mediclinic Middle East procures approximately 97 per cent. of its supplies from local agents.

Due to the geographic spread of the Mediclinic Group's operations, the potential of possible cost savings, less administration and improved efficiency, the Mediclinic Group has initiated international procurement initiatives with the aim of unlocking synergies and implementing standardisation for the greater benefit of the group. Since the appointment of the Group Procurement Executive in 2013, procurement savings have included:

- better prices through pooling of capital equipment purchases across the three platforms;
- volume bonus agreements with key capital equipment suppliers; and
- direct importation and distribution of more cost-effective surgical and consumable products.

Further procurement savings remain a priority for the Mediclinic Group and the Mediclinic Group intends to rationalise the number of suppliers it has to enable growth with selected key partners with a view to strengthening its negotiating power. In addition, international consolidated data comparisons and spend pattern analysis is being used to identify further savings opportunities.

Health, Safety and Environmental

Employee health and safety

Health and safety policies and procedures are in place across the group to ensure a safe working environment for the Mediclinic Group's employees, patients and its visitors. The health and safety of the group's employees are essential and contribute to the sustainability of quality care to patients.

All Mediclinic Southern Africa's facilities have health and safety committees which represent all the employees in the facilities, with joint management-worker representation. The committees have over 75 per cent. workforce representation.

Hirslanden's health and safety processes, covering all facilities, are managed by the respective human resources departments, which are responsible for enforcing all legal regulations regarding employer healthcare and safety by means of suitable measures at group level and locally in hospitals.

Mediclinic Middle East's Facility Management and Safety Committees operate at three different levels: group, facility and operational, which ensures that the strategy set for the group is implemented effectively within the units. Employee health and safety falls under the responsibility of the group engineering manager with support from the engineering managers at each of the facilities. The committees at both hospitals have 75 per cent. worker representation.

Environment

The Mediclinic Group is committed to protecting the environment, conserving natural resources and using resources in an effective and responsible way, ensuring the health and safety of its employees and clients by adopting sound health, safety and environmental practices in all its business activities.

The Mediclinic Group was ranked joint second position in the 2014 Climate Disclosure Leadership Index of the CDP (formerly known as the Carbon Disclosure Project). The Mediclinic Group also achieved the CDP Global A List ranking in the 2014 Climate Performance Leadership Index. The Mediclinic Group is the only and first hospital group in the world to receive this ranking.

Forty of Mediclinic Southern Africa's 52 hospitals are ISO 14001:2004 (environmental management) certified. The ISO 14001 environmental management standards are implemented at 51 of the group's 52 hospitals.

Hirslanden implemented the ISO 14001:2005 environmental management standards at Hirslanden Klinik Belair in Schaffhausen as a pilot project. The ISO 14001 pre-assessment was successful. The certification is expected to be achieved by the end of 2015.

Mediclinic Middle East has commenced with environmental data collection during the reporting period as part of its environmental management plan. The objective is to obtain ISO 14001 certification during the next financial year.

Intellectual Property

The Mediclinic Group brand identity with its current logo and slogan *Expertise you can Trust.* was launched in 2011 in respect of the Mediclinic Group and its Southern African operations and in 2012 in the Middle East and is now well entrenched. The growing strength of the Mediclinic Group brand is evidenced by the Mediclinic Group being recognised in the 2015 Brand Finance® South Africa Top 50 survey as one of the top ten brands in South Africa and the most valuable healthcare brand in South Africa. During 2015, the Mediclinic Group brand was also voted as a Superbrand in the United Arab Emirates by the Superbrand Council and over 4,000 marketing professionals.

The Mediclinic Group's operations in Switzerland operate under the highly respected Hirslanden brand. Hirslanden successfully aligned its brand strategy with the Mediclinic Group's international brand identity.

In view of the Mediclinic Group's international profile and standing, the protection of the Mediclinic Group's intellectual property is of paramount importance. While the Mediclinic Group hold strong common law trade mark rights because of extensive trade mark use over a significant period of time in its *Mediclinic* and *Hirslanden* (and various other) trade marks respectively in South Africa, Namibia, Switzerland and the United Arab Emirates, these rights are secured by means of comprehensive statutory protection arranged in many jurisdictions in the world. The designated trade mark owner for the Mediclinic Group is Mediclinic Group Services (Pty) Ltd and for the Hirslanden Group it is Hirslanden AG.

Information and Communication Technology

ICT governance is done in the context of the King III report, which maintains that as companies become more reliant on information and communication technologies, the associated risks need to be well governed and controlled. ICT is a pervasive technology and cuts across all aspects of the business, from administrative back-office processes to clinical practices and engagements with the Mediclinic Group's stakeholders. ICT is an increasingly critical enabler of the transactional processes of the Mediclinic Group's business as well as the information analytical functions in support of management and decision-making. The increase in business systems integration and interconnectivity with the associated information security challenges can result in significant additional costs and risks. The Mediclinic Board and executive management are well informed about the role of ICT and the potential for growth and renewal, as well as for enabling and transforming the healthcare business model. The Mediclinic Board recognises that ICT is fundamental to the support, sustainability and growth of the organisation. The Mediclinic Board is satisfied that ICT is properly managed and that it is aligned with the objectives of the Mediclinic Group's business.

The Mediclinic Group's ICT Executive, together with an ICT management committee, with representation from all three operating platforms, is responsible for the development and implementation of the Mediclinic Group's ICT strategies in support of the Mediclinic Group's business strategy, as well as for ensuring that ICT synergies, collaboration and standardisation across the business platforms are maximised. The ICT management committee is responsible for monitoring the platforms' adherence to the Mediclinic Group's ICT governance policy, and ICT risk management is fully integrated in the Mediclinic Group's risk management process.

Notable applications utilised across the group are categorised into front-office, back-office and information management applications.

The front-office applications cover processes such as:

- Patient administration;
- Clinical (except Mediclinic Southern Africa);
- Radiology (except Mediclinic Southern Africa);
- Laboratory (except Mediclinic Southern Africa); and
- Workforce management.

The back-office applications centre around SAP with, *inter alia*, these modules in use or in the process of being rolled out: finance, accounting, human resources (excluding Mediclinic Southern Africa which uses CRS), procurement, material management and plant management. The SAP, GRC and BPC modules are

used at group level. Active Directory and Exchange are for identity management, security and email services. Vidyo is used for video conferencing and SharePoint for the intranets.

The information management applications support the Mediclinic Group's data warehouse (SQL based) and also master data management (EBX5 based). SAS is being used by the group's Advanced Analytics Department.

Property

In Southern Africa, the Mediclinic Group owns all their hospitals, except the Mediclinic Louis Leipoldt, which is leased pursuant to a long-term lease agreement. In Switzerland, the Mediclinic Group owns all hospital properties, except for Hirslanden Clinique La Colline and Hirslanden Klinik Meggen, which are subject to long-term leases. In the UAE, the Mediclinic Group owns the property of its major asset, Mediclinic City Hospital, with the properties of Mediclinic Welcare Hospitals and the clinics subject to lease agreements, mostly long-term leases.

The table below summarises the key terms of material lease agreements.

Operating platform	Facility	Property size	Expiry of lease	Current rent
Mediclinic Southern Africa	Mediclinic Louis Leipoldt	22,311 m^2	2025	R2,297,007 per month
Hirslanden	Hirslanden Clinique La Colline	7,281 m^2	2026 (plus 5 year renewal option)	CHF 2,946,636 per annum
	Hirslanden Klinik Meggen	2,041 m^2	2018/2019 (plus two 5 year renewal options)	CHF 474,030 per annum
Mediclinic Middle East	Mediclinic Welcare Hospital (OPD)	6,125 Sq. Ft.	2024	AED 918,750 per annum
	Mediclinic Welcare Hospital (hospital)	119,202 Sq. Ft.	2042	AED 5,000,000 per annum
	Mediclinic Dubai Mall Medical Centre	61,651 Sq Ft.	2021	AED 7,493,718 per annum

Employees

As at 30 September 2015, the Mediclinic Group had 28,029 employees, as set out in the table below.

Mediclinic Southern Africa	16,576
Hirslanden	9,025
Mediclinic Middle East	2,428
	28,029

The Mediclinic Group is subject to labour legislation in the countries in which it has operations, and has internal policies and procedures to support compliance with this legislation. These policies and procedures are evaluated regularly to accommodate continual amendments to relevant legislation.

Mediclinic Southern Africa's trade union membership continues to decline, with 11.31 per cent. of its South African employees and 11.16 per cent. of its Namibian employees covered by collective bargaining agreements as at the year ended 31 March 2015. Mediclinic Southern Africa has recognition agreements in place with all trade unions that have sufficient representation at locality level. Where unions enjoy collective bargaining rights at a locality, salary negotiations are initiated in May annually. No strike action was experienced over the past six years at any of the localities where wages are negotiated.

The Mediclinic Group has formalised policy and guidelines to be implemented in the event of any workplace disruption through strikes or other industrial action to ensure that minimal disruption takes place at a locality. Many hospitals have little or no union representation and an elected workplace forum meets with management on a regular basis to ensure sound labour relations at hospital level.

Hirslanden has no trade union membership by employees. Trade unions are not permitted in the UAE by law and therefore there is no trade union membership among Mediclinic Middle East employees.

The group strives to create a pleasant working environment by offering, *inter alia*, family-friendly benefits. Mediclinic Southern Africa and Hirslanden offer flexi-time to certain employee categories; some facilities have childcare facilities and maternity benefits exceeding the minimum statutory requirements.

The employee relations policies of the operating platforms, which deal with matters relating to misconduct, incapacity of employees and the disciplinary and grievance procedures, are communicated to new employees as part of their on-boarding process and are also available to all staff to ensure that employees are aware of the avenues to put forward grievances, should they have the need to. Mediclinic Southern Africa communicates its employee relations policy by way of structured training workshops for all line managers.

The minimum notice period for significant operational changes, as provided in the employment contracts, is one month in Southern Africa, three months in Switzerland, and in the UAE it is three months for doctors, nurses and other clinical staff and managers and two months for administrative staff.

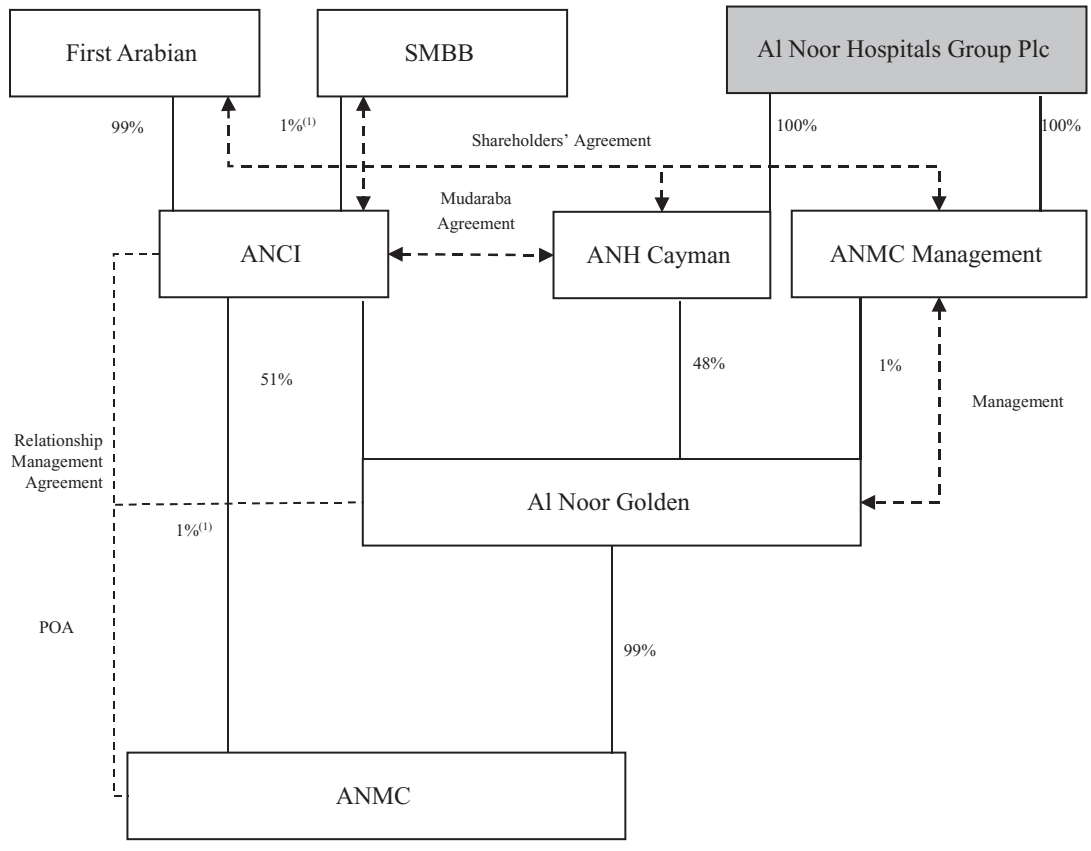
Insurance

Comprehensive insurance programmes customary for the Mediclinic Group's industry are in place to deal with the potential risks. The risks covered by the Mediclinic Group's insurance policies relate to property damage and business interruption, medical malpractice, directors' and officers' liability, commercial crime, contractors' all risks, motor, property terrorism sabotage, aviation liability, personal accident/disability, marine and travel.

The Al Noor Group Structure

The Company is a public limited company established in England and Wales on 20 December 2012 with the name "Al Noor Hospitals PLC" and renamed "Al Noor Hospitals Group PLC" on 21 June 2013. The Company is the direct sole shareholder of ANH Cayman and ANMC Management with effect from 20 June 2013 following completion of a reorganisation of the Al Noor Group in 2013. The Al Noor Group has adopted a corporate structure for its UAE operations in order to comply with the UAE Commercial Companies Law (the "**UAE Companies Law**"),(1) which is described in more detail below.

The organisational chart below provides a simplified illustration of the legal structure of the Al Noor Group as at the date of this document:



Note:

(1) The UAE Companies Law requires limited liability companies to have at least two shareholders, which is the reason for ANCI holding 1 per cent. of the share capital of ANMC and SMBB's holding 1 per cent. in the share capital of ANCI.

UAE Ownership Requirement

The UAE Companies Law provides that "every company incorporated in the state must have one or more national partners whose shares in the company's capital must not be less than 51 per cent. of the company's capital" (the "**Ownership Requirement**"). Consequently, at least 51 per cent. of the share capital of a UAE-incorporated company must be registered in the name of one or more UAE nationals or entities wholly owned by UAE nationals.

Accordingly, the Company has sought to comply with the Ownership Requirement by incorporating certain constitutional and other protections in the Al Noor Group's corporate structure, as described more fully below.

Although the specific nature of corporate structures may vary, the Company believes that a significant proportion of foreign-owned companies operating in the UAE generally, and in Abu Dhabi in particular, use arrangements such as those described herein to comply with the Ownership Requirement. Furthermore, the Company believes that these structures have been central to fostering the significant level of foreign private investment in the UAE in recent years. To date, the Company is not aware of any

instance where the Government of the UAE or any Emirate thereof has unilaterally challenged any of these arrangements as being contrary to UAE law.

While the Company believes that its corporate structure should help to minimise any risks associated with the Ownership Requirement, there can be no assurance that this will be the case. There could be a number of adverse implications for the Al Noor Group if its ownership structure were to be successfully challenged. For a discussion of such adverse implications, see Part 1: "*Risk Factors—Risks relating to the Enlarged Group's business in the Middle East—The Al Noor Group's ownership structure is subject to risks associated with UAE foreign ownership restrictions*".

Constitutional and related protections

Constitutional documents

In order to protect the Company's rights and seek to ensure that it will have the full benefit of the operating businesses under Al Noor Golden (including its UAE operating licences), the constitutional documents of Al Noor Golden provide that:

- ANMC Management has the sole right to manage Al Noor Golden, and all operational decision-making power is vested exclusively with ANMC Management;
- ANMC Management has the sole right to appoint and replace the chief executive officer of Al Noor Golden and other members of Al Noor Golden's management team;
- as permitted under the current practices in the UAE, ANH Cayman has the right, under the notarised memorandum of association of Al Noor Golden, to receive up to 89 per cent. of all distributions that are declared by Al Noor Golden, ANMC Management has the right to receive 1 per cent. and ANCI has the right to the remaining 10 per cent. (of which ANCI is contractually obliged to promptly remit 99 per cent. to ANH Cayman, after payment to the Rab-ul-Maal of all amounts up to an amount equal to the Mudaraba Capital (AED102,000), pursuant to the terms of the Mudaraba Agreement (as further described below));
- its shareholders will ensure that all profits which are available for distribution to the shareholders are distributed on an annual basis immediately following the annual general assembly of the shareholders, in accordance with the percentages described above;
- following a liquidation of Al Noor Golden, and after a return of the initial capital contributions of the shareholders, all remaining proceeds of liquidation which are available for distribution to its shareholders will be distributed in accordance with the agreed profit split (i.e. (i) as to 89 per cent. to ANH Cayman, (ii) as to 1 per cent. to ANMC Management and (iii) as to 10 per cent. to ANCI, in compliance with the provisions of the UAE Companies Law);
- votes at the general assembly of shareholders and for shareholder resolutions must be carried by at least 75 per cent. of all Al Noor Golden shares, including with respect to any changes to the constitutional documents of Al Noor Golden;
- ANCI undertakes not to encumber (which includes creating any mortgage, charge, right to acquire or right of pre-emption) its shares in the share capital of Al Noor Golden; and
- if the Ownership Requirement is removed or amended under the UAE Companies Law, ANCI is required to transfer such number of its shares, as then permitted by the UAE Companies Law, to either ANH Cayman or any person nominated by ANH Cayman.

Shareholders' Agreement

In addition, a shareholders' agreement dated 20 May 2013 (the "**Shareholders' Agreement**") was entered into, and witnessed, between ANH Cayman, ANMC Management, ANCI and the shareholders of ANCI (SMBB and First Arabian), so that:

- the limited matters reserved for shareholders under the UAE Companies Law can be regulated between the shareholders of Al Noor Golden in compliance with the Concealment Law;
- ANH Cayman and ANMC Management have an undertaking from SMBB and First Arabian that they will not, amongst other things, encumber or transfer their shares in ANCI or dissolve ANCI without the prior written approval of ANH Cayman and ANMC Management;

- ANH Cayman and ANMC Management have an undertaking from ANCI that ANCI will not encumber or transfer its 51 per cent. shareholding in Al Noor Golden without the prior written approval of ANH Cayman and ANMC Management;
- ANH Cayman and ANMC Management have an undertaking from ANCI that ANCI will not encumber or transfer its 1 per cent. shareholding in ANMC without the prior written approval of ANH Cayman, Al Noor Golden and ANMC Management;
- Al Noor Golden has a right to be appointed as the proxy for ANCI to attend all meetings of the shareholders of ANMC and to vote on their behalf at such meetings;
- ANH Cayman has a right to be appointed as the proxy for ANCI to attend all meetings of the shareholders of Al Noor Golden and to vote on its behalf at such meetings;
- ANH Cayman is given a first option for the duration of ANCI (which is a period of 99 years from the date of its registration, as extended or shortened by a resolution of its shareholders) to acquire the shares of First Arabian and SMBB in ANCI at par value, and a first option for the duration of ANMC (which is a period of 99 years from the date of its registration as extended or shortened by a resolution of its shareholders) to acquire the shares of ANCI in ANMC at par value;
- ANCI waives its right of first refusal, under the UAE Companies Law, to purchase any of Al Noor Golden's shares in the share capital of ANMC if Al Noor Golden decides to transfer any of its shares in ANMC to any of its affiliates or to any third party; and
- each of First Arabian and SMBB waives its right of first refusal, under the UAE Companies Law, to purchase the other's shares in the share capital of ANCI if ANH Cayman decides to exercise its option to acquire the shares of First Arabian or SMBB in ANCI.

Mudaraba Agreement

A mudaraba agreement dated 20 May 2013 (the "**Mudaraba Agreement**") was also entered into between ANCI and ANH Cayman. Under the Mudaraba Agreement, 99 per cent. of ANCI's right to receive 10 per cent. of the distributions from Al Noor Golden (under the Al Noor Golden constitution) (the "**ANCI Return**") will be paid to ANH Cayman, leaving only 1 per cent. of the ANCI Return for ANCI. This 1 per cent. of the ANCI Return will be held by ANCI for the ultimate benefit of the shareholders of ANCI (First Arabian and SMBB). The Company views this as part of the remuneration First Arabian and SMBB are entitled to receive for their shareholder services. Importantly, the ANCI Return will include any distribution received by ANCI in the event of a liquidation of Al Noor Golden.

Management Agreement

A management agreement dated 20 May 2013 (the "**Management Agreement**") was also entered into between Al Noor Golden and ANMC Management, pursuant to which Al Noor Golden appointed ANMC Management as its sole and exclusive manager with full powers to control, manage and direct the financial and operating policies of Al Noor Golden. ANMC Management is a wholly-owned subsidiary of the Company, and consequently the Company has indirect control over the management of Al Noor Golden via the Management Agreement.

The Concealment Law

In connection with the Ownership Requirement, the UAE also adopted the Concealment Law, which provides that it is not permissible to allow a non-UAE national, whether by using the name of another individual or through any other method, to practise any economic or professional activity that is not permissible for him to practise in accordance with the law and decrees of the UAE. Therefore, its application to corporate structures, such as the Al Noor Group's, was not clear at the time of the law's adoption. The Concealment Law was scheduled to come into effect in November 2007. However, by way of a cabinet resolution, the UAE Federal Government suspended the application of the Concealment Law until November 2009 and it was further suspended until September 2011, at which time it came into force.

The Company also believes that it is extremely unlikely that a broad application of the Concealment Law would take place, given that doing so would likely have a severe adverse effect on foreign investment in the UAE. However, because the application of the Concealment Law is unknown, there is no certainty as to the approach that the UAE courts may take in relation to a corporate structure such as ours if the Concealment Law or other similar legislation is applied by the UAE courts. For a further discussion of the

Concealment Law and the potential impact of any government action, see Part 1: "*Risk Factors—Risks relating to the Enlarged Group's business in the Middle East—The Al Noor Group's ownership structure is subject to risks associated with UAE foreign ownership restrictions*".

Licensing Arrangements

Under UAE law and regulations, licences for the operation of medical facilities and pharmacies are issued by HAAD in the name of the company that operates the medical facilities, as well as in the name of the UAE national "persons" that are shareholders of the operating company. The term "persons" has been interpreted by HAAD to mean natural persons only, rather than corporate entities. As a result, HAAD normally does not issue its medical licences to "persons" that are UAE corporate entities. However, in connection with the IPO of the Company in 2013, HAAD had agreed to re-issue all of the Company's medical and pharmacy-related licences in the name of the ANMC and ANCI (instead of a natural person). SMBB's retention of a 1 per cent. interest in ANCI is to satisfy the UAE Companies Law requirement for a UAE LLC to have at least two shareholders. These licences were re-issued on 3 June 2013. For a discussion of the potential risks associated with these arrangements, see Part 1: "*Risk Factors—Risks related to the Enlarged Group's business in the Middle East—The licences required to operate the Al Noor Group businesses are held by ANCI and ANMC*".

Relationship Management Agreement

A Relationship Management Agreement was entered into on 20 May 2013 between ANMC, Al Noor Golden and ANCI to regulate the relationship between ANMC, as operator of the Al Noor Group's licensed medical facilities and pharmacies, Al Noor Golden and ANCI. The Relationship Management Agreement provides that ANCI must co-operate and provide assistance to ANMC in connection with the medical licences required to operate ANMC's business. The purpose of this arrangement is to provide ANMC with control (through its direct contractual rights and indirectly through its parent, Al Noor Golden) over all of the licences ANMC requires to operate its business. The Relationship Management Agreement also provides for a power-of-attorney to be provided by ANCI to ANMC in relation to the licences, which is intended to give ANMC the ability to seek to enforce their rights to control the medical licences that it requires to operate its business should it ever need to do so. However, powers-of-attorney governed by UAE law, and notarised in the UAE, may be revoked at any time by the granting party, and are required to have a term (three years in the case of the power-of-attorney granted by ANCI). If ANCI were to revoke the power-of-attorney, or if the power-of-attorney expired without being re-issued by ANCI, ANMC would lose the ability to seek to enforce its rights under the HAAD licences it requires to operate its business, which could have an adverse effect on the business if changes, updates or renewals of such licences are required. The Company has chosen to register its licences in the name of ANCI, in order to mitigate the risk of revocation of the power-of-attorney. The Relationship Management Agreement also imposes obligations on each of ANCI to Al Noor Golden to sign, execute and re-issue, if expired, a new power-of-attorney.

The Relationship Management Agreement also seeks to address and manage some of the risks that may arise out of the medical licences issued by HAAD, which include the name of ANCI, by specifically dealing with situations where ANCI becomes insolvent or becomes subject to any form of winding up procedures, or fails to comply with the terms of the Relationship Management Agreement. In such cases, the Relationship Management Agreement provides that ANCI undertakes to co-operate and do all that is necessary to obtain a new HAAD licence including the name of a UAE national nominated by Al Noor Golden.

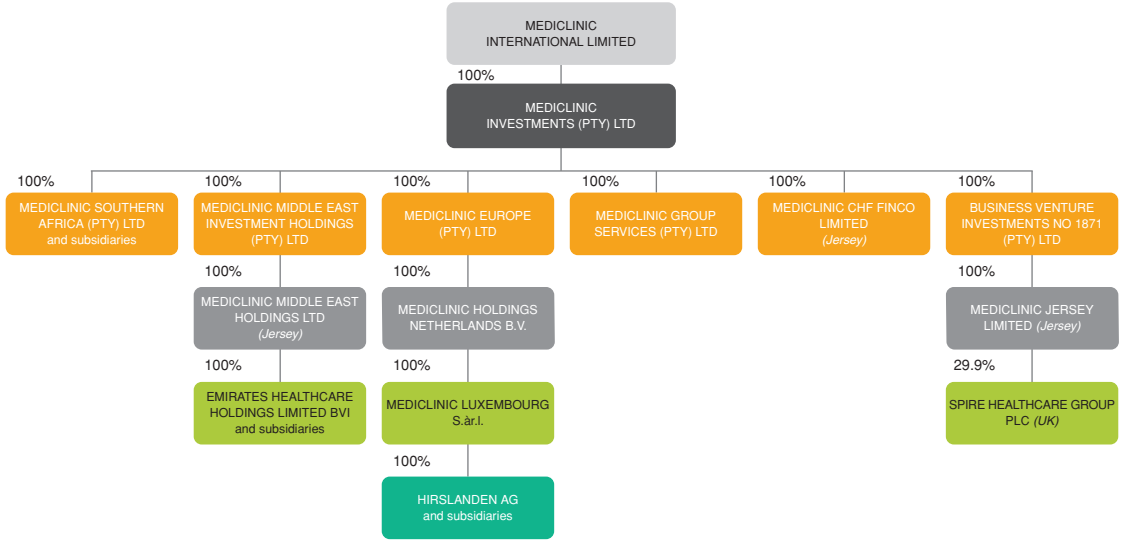
The Relationship Management Agreement is governed by the laws of the UAE as applied in Abu Dhabi, and any disputes arising out of, or in connection with, the Relationship Management Agreement is required to be resolved through arbitration pursuant to the rules of the DIFC-LCIA Arbitration Centre.

In connection with the IPO of the Company in 2013, HAAD had re-issued all of the Al Noor Group's medical and pharmacy-related licences jointly in the name of ANMC and ANCI, instead of a natural person. In the event that HAAD requires SMBB to be named on the Al Noor Group's medical and pharmacy licences at a later date, the terms of a further relationship management agreement dated 20 May 2013 (as amended by an amendment agreement dated 17 June 2013) entered into by SMBB on substantially similar terms as the Relationship Management Agreement with ANCI, will become effective.

For a further discussion of the risks associated with the Al Noor Group's structure, see Part 1: "*Risk Factors—Risks related to the Enlarged Group's business in the Middle East—The Al Noor Group's ownership structure is subject to risks associated with UAE foreign ownership restrictions*".

The Mediclinic Group Structure

As at the date of this document, Mediclinic International Limited, a company registered in South Africa and listed on the JSE and with a secondary listing on the Namibian Stock Exchange, is the ultimate holding company of the Mediclinic Group. The organisational chart below provides a simplified illustration of the legal structure of the Mediclinic Group as at the date of this document:



Note: the minority interest in Spire is included in the above structure chart for completeness.

As is shown by the above illustration, Mediclinic ultimately owns:

- 100 per cent. of Hirslanden AG ("**Hirslanden**"), a company registered in Switzerland which is the holding company of the operating platform in Switzerland. It is also the operating company of two hospitals. The structure below Hirslanden consists of operating companies either wholly owned or majority-owned.
- 100 per cent. of Mediclinic Southern Africa (Pty) Ltd ("**Mediclinic Southern Africa**"), a company registered in South Africa, which is the holding company of the operating platform in Southern Africa. All group operating companies below Mediclinic Southern Africa are either wholly owned or majority owned and doctor shareholding is offered directly through subsidiary companies or through hospital investment companies.
- 100 per cent. of Emirates Healthcare Holdings Ltd ("**Emirates Healthcare**"), a company registered in the British Virgin Islands, which is the holding company of the operating platform in the UAE. The UAE operating group has six subsidiary companies registered in the British Virgin Islands, two subsidiary companies registered in the DHCC Free Zone where 100 per cent. foreign ownership is permitted (and held by the Mediclinic Group in respect of these entities) and nine subsidiary companies (or branches of these) registered "on-shore" in Dubai and Abu Dhabi where the Ownership Requirement (described above in relation to the Al Noor group structure) applies ("**On-Shore Entities**"). The On-Shore Entities are: Mediclinic Corniche Medical Centre LLC, Mediclinic Pharmacy LLC, Mediclinic Welcare Hospital LLC, Mediclinic Al Qusais Clinic LLC, Mediclinic Mirdif Clinic LLC, Mediclinic IBN Battuta Clinic LLC, Mediclinic Clinics Investment LLC, Mediclinic Beach Road LLC and Mediclinic Medical Stores Co LLC. Although Emirates Healthcare has an indirect legal interest equal to 49 per cent. in the On-Shore Entities, constitutional and contractual arrangements seek to provide the Mediclinic Group with full management control and an economic interest of 100 per cent. The details of such arrangements are described further below.

UAE Ownership Requirement

The Mediclinic Group has sought to comply with the Ownership Requirement by incorporating certain constitutional and contractual protections in the Mediclinic Group's corporate structure, as described more fully below.

Although the specific nature of corporate structures may vary, the Mediclinic Group believes that a significant proportion of foreign-owned companies operating in the UAE generally, and in Abu Dhabi and Dubai in particular, use arrangements such as those described herein to comply with the Ownership Requirement. Furthermore, the Company believes that these structures have been central to fostering the significant level of foreign private investment in the UAE in recent years. To date, the Mediclinic Group is not aware of any instance where the government of the UAE or any Emirate thereof has unilaterally challenged any of these arrangements as being contrary to UAE law.

While the Mediclinic Group believes that its corporate structure should help to minimise any risks associated with the Ownership Requirement, there can be no assurance that this will be the case. There could be a number of adverse implications for the Mediclinic Group if its ownership structure were to be successfully challenged. For a discussion of such adverse implications, see Part 1: "*Risk Factors—Risks related to the Enlarged Group's business in the Middle East—The Mediclinic Group's ownership structure will be subject to risks associated with UAE foreign ownership restrictions*".

The Concealment Law

In connection with the Ownership Requirement, the UAE also adopted the Concealment Law, which provides that it is not permissible to allow a non-UAE national, whether by using the name of another individual or through any other method, to practise any economic or professional activity that is not permissible for him to practise in accordance with the law and decrees of the UAE. Therefore, its application to corporate structures, such as the Mediclinic Group's, was not clear at the time of the law's adoption. The Concealment Law was scheduled to come into effect in November 2007. However, by way of a cabinet resolution, the UAE Federal Government suspended the application of the Concealment Law until November 2009 and it was further suspended until September 2011, at which time it came into force.

The Mediclinic Group believes that the relevant governmental authorities in the UAE are not currently enforcing the provisions of the Concealment Law, and it is not aware of any instance of any action to enforce or apply the Concealment Law by any governmental authority in the UAE. The Mediclinic Group also believes that it is extremely unlikely that a broad application of the Concealment Law would take place, given that doing so would likely have a severe adverse effect on foreign investment in the UAE. However, because the application of the Concealment Law is unknown, there is no certainty as to the approach that the UAE courts may take in relation to a corporate structure such as ours if the Concealment Law or other similar legislation is applied by the UAE courts. For a further discussion of the Concealment Law and the potential impact of any government action, see Part 1: "*Risk Factors—Risks related to the Enlarged Group's business in the Middle East—The Mediclinic Group's ownership structure will be subject to risks associated with UAE foreign ownership restrictions*".

Constitutional and Contractual Protections

In order to protect the Mediclinic Group's rights and seek to ensure that it will have the full economic benefit and management control of the On-Shore Entities, the following constitutional and contractual protections have been entered into in relation to such entities:

Memoranda of Association

The notarised memoranda of association of each of the On-Shore Entities provide for the following:

- in order to comply with the Ownership Requirement, 51 per cent. of the legal interest in each of the On-Shore Entities is held by local partner shareholders and 49 per cent. is held by a member of the Mediclinic Group;
- the relevant Mediclinic Group shareholding entity has the sole right to appoint and replace the general manager of the company who has full power to manage the business and affairs of the company;
- in accordance with local practices at the time the memoranda of association were adopted, the relevant Mediclinic Group shareholding entity has the right to receive 80 per cent. of all distributions declared by each On-Shore Entity and the local partner shareholder has the right to receive the remaining 20 per cent. (100 per cent. of which is assigned to the relevant Mediclinic Group shareholding entity in accordance with the assignment of dividend agreements further described below); and

- votes at the general assembly of shareholders and for shareholder resolutions must be carried by at least 75 per cent. of the shares in issue in respect of Mediclinic Welcare Hospital LLC and 100 per cent. of the shares in issue in respect of the other On-Shore Entities (the local partner shareholder in each of the On-Shore Entities has granted the relevant Mediclinic Group shareholding entity full authority to vote 100 per cent. of their shares pursuant to the proxy agreements described below).

Proxy Agreements

The local partner shareholder in each of the On-Shore Entities has entered into a proxy agreement pursuant to which the relevant Mediclinic Group shareholding entity is granted full authority to vote in respect of all the local partner's shares and attend shareholder meetings on the local partner's behalf until such authority is revoked.

Assignment of Dividend Agreements or Dividend Mandates

Assignment of dividend agreements or dividend mandates have been entered into in relation to each of the On-Shore Entities pursuant to which the local partner shareholder assigns its entire entitlement distributions declared by the On-Shore Entities in favour of the relevant Mediclinic Group shareholding entity in return for the payment of an annual fee.

Loan Agreements

With the exception of Mediclinic Al Qusais Clinic LLC, loan agreements have been entered into in relation to each of the On-Shore Entities under which the Mediclinic Group shareholding entity granted interest free loans to the local partner shareholder to fund their subscription for their 51 per cent. shareholding. Pursuant to the loan agreements, the local partner shareholder acknowledges that all rights in the shares vest with the relevant Mediclinic Group shareholding entity.

Powers of Attorney

In respect of each of the On-Shore Entities, notarised powers of attorney have been entered into in favour of the general manager appointed by the Mediclinic Group providing him with full management and operation control and authority to execute documents on behalf of and to bind the On-Shore Entities.

Shareholders' Agreements

Shareholders' agreements or other contractual arrangements between the shareholders have been entered into between the shareholders of the On-Shore Entities providing for entry into and acknowledging the arrangements described above. The shareholders' agreements also set out details of the annual fees payable to the local partner shareholder for their services and in lieu of the assignment of entitlement to any distributions declared by the On-Shore Entities.

Other Related Party Arrangements

In addition to the above, the following arrangements have been entered into to allow the Mediclinic Group to extract profits from the On-Shore Entities prior to the declaration of any distribution to shareholders (mitigating risk in the event that the assignment of dividend agreements described above were ever subject to challenge):

Management Services Agreements

Management services agreements have been entered into in relation to each of the On-Shore Entities pursuant to which Mediclinic Middle East Management Services FZ-LLC (a company registered in the DHCC Free Zone and owned 100 per cent. by the Mediclinic Group) provides management services to the On-Shore Entities in return for an annual fees of cost plus 10 per cent. of the revenue of the On-Shore Entities net of discounts. These On-Shore Entities may also pay an annual performance bonus to Mediclinic Middle East Management Services FZ-LLC of up to 30 per cent. of the revenue net of discounts if determined by the general manager (who is appointed by the Mediclinic Group). The services provided by Mediclinic Middle East Management Services FZ-LLC to the On-Shore Entities include human resources, payroll and recruitment, information and communications technology, financial services, marketing and technical support and strategy and business planning. The management agreements state

that Mediclinic Middle East Management Services FZ-LLC has full power to manage all the business and affairs of the On-Shore Entities.

Laboratory Services Agreement

Mediclinic City Hospital FZ-LLC (a company registered in the DHCC Free Zone and owned 100 per cent. by the Mediclinic Group) has entered into a laboratory services agreement with Mediclinic Welcare Hospital LLC pursuant to which Mediclinic City Hospital FZ-LLC provides laboratory testing and diagnostic services in return for an annual service fee equal to cost plus 65 per cent. of the net revenue of Welcare Hospital LLC's laboratory related operations.

Asset Utilisation Agreement

Mediclinic Middle East Management Services FZ-LLC has entered into an asset utilisation agreement with Mediclinic Welcare Hospital LLC pursuant to which Mediclinic Middle East Management Services FZ-LLC purchases and maintains all equipment, machinery, vehicles, leasehold improvements, major refurbishments, capitalised maintenance costs and other products and assets required for Mediclinic Welcare Hospital LLC to operate. Annual rental and risk factor charges together with maintenance and know-how fees are payable to Mediclinic Middle East Management Services FZ-LLC under this arrangement.

Other arrangements between the On-Shore Entities and local partners

Licensing Arrangements

Under UAE law and regulations, licences for the operation of medical facilities and pharmacies are issued by HAAD in Abu Dhabi and the DHA in Dubai. For the On-Shore Entities, these licences are issued in the name of the company that operates the medical facilities, as well as in the name of the UAE national "persons" that are shareholders of the operating company. The term "persons" has been interpreted by HAAD to mean natural persons only, rather than corporate entities (the DHA does not adopt this interpretation and licences can be issued to corporate entities wholly-owned by UAE nationals). The medical and pharmaceutical licences held by the Mediclinic Group are registered in the names of the On-Shore Entities and the relevant local partner shareholder (for the entity based in Abu Dhabi, this is an individual). For a discussion of the potential risks associated with these arrangements, see Part 1: "*Risk Factors—Risks relating to the Enlarged Group's business in the Middle East—There are risks associated with the licences held by the Mediclinic Group's Middle East business*".

Lease of Welcare Hospital

Mediclinic Welcare Hospital LLC leases the Welcare Hospital it operates from the local partner shareholder pursuant to a lease dated 27 December 2012 which was granted pursuant to the terms of a master agreement originally entered into in 1996 which was varied on 27 December 2012.

The 1996 master agreement between Mediclinic Hospitals Limited (BVI) and the landlord was framed as a development agreement for the construction, funding and leasing of the hospital to a joint venture company (being a local Dubai LLC) to be formed between Mediclinic Hospitals Limited (BVI) and the landlord. Pursuant to the lease agreement dated 27 December 2012, the landlord agreed to lease the hospital to Mediclinic Welcare Hospital LLC for a term of 30 years from 15 January 2013 subject to payment of the following rent:

(a) AED 5 million per annum in each of the first 10 years of the term;

(b) AED 5.5 million per annum in each of years 11 to 20 of the term; and

(c) AED 6 million per annum in each year for the remainder of the term.

The master agreement does not have a term and purports to impose covenants and terms on the lease which not been incorporated in the lease agreement itself, including a covenant by Mediclinic Hospitals Limited (BVI) to cause Mediclinic Welcare Hospital LLC to pay annual "Consolidated Payments" (representing a fixed profit share for the landlord based on his 51 per cent. shareholding in Mediclinic Welcare Hospital LLC) in addition to the amounts paid under the lease agreement. These payments are currently:

(a) AED 5 million per annum in each of the first 10 years of the lease term;

(b) AED 5.5 million per annum in each of years 11 to 20 of the lease term; and

(c) AED 6 million per annum in each year for the remainder of the lease term.

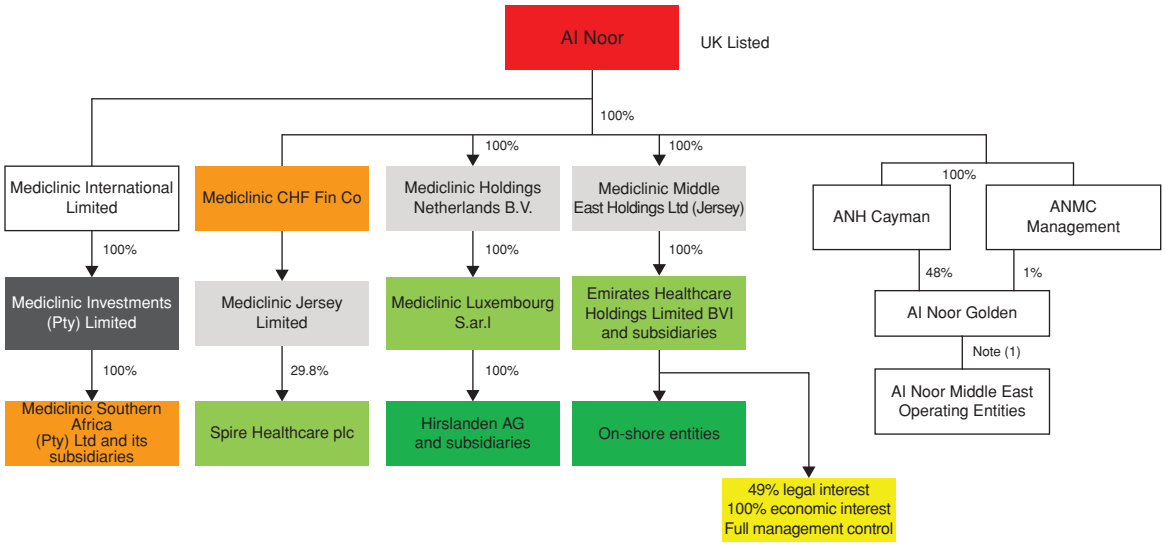
Structure of the Enlarged Group following Completion

Following Completion, the Company will be the holding company of the Enlarged Group, which will comprise the Al Noor Group and the Mediclinic Group. The Company will be renamed "Mediclinic International plc" on Completion.

Immediately prior to the Mediclinic Scheme becoming fully effective, and in order to restructure the Enlarged Group along jurisdictional lines better reflecting its operations, it is intended that the Mediclinic Group will transfer some or all of its non-Southern African assets to Al Noor. Such transfer is subject to the parties having received any consent or approval required on terms satisfactory to each of them (acting reasonably), on the following terms:

- upon the Mediclinic Scheme becoming fully unconditional in accordance with its terms, Mediclinic will transfer to Al Noor all of the shares in (i) Mediclinic Holdings Netherlands N.V. (the holding company of Hirslanden); (ii) Mediclinic Middle East Holdings Limited (the holding company of Emirates Holdings); and/or (iii) Mediclinic CHF Finco Limited (which it is intended shall have acquired, prior to that date, the shares in Mediclinic Jersey Limited, the entity through which Mediclinic holds its 29.9 per cent. interest in Spire and, if not so acquired, Mediclinic shall transfer to Al Noor the shares in Mediclinic Jersey Limited), each a "**Target Entity**", provided that Mediclinic may at its discretion decide not to transfer one or more of such entities to Al Noor by giving notice to Al Noor 3 business days before the operative date of the Mediclinic Scheme;
- in consideration for such transfer, Al Noor will issue to Mediclinic in respect of each Target Entity a promissory note for a principal amount equal to the fair market value of that Target Entity;
- Mediclinic's obligation to pay Al Noor under the such promissory note(s) shall be set off against Al Noor's obligation to pay Mediclinic under the debt obligation incurred to Mediclinic by Mediclinic Shareholders electing the Repurchase Option, and ceded to Al Noor in consideration for the issue to such Mediclinic Shareholders of new Al Noor Shares, in each case under the Mediclinic Scheme; and
- to the extent such set off would result in Mediclinic or Al Noor being indebted to the other, the indebted party shall issue a further promissory note to the other with a value equal to the net amount of such debt. It is currently expected that these arrangements will result in Al Noor remaining indebted, and therefore issuing a promissory note for the amount of such debt, to Mediclinic. In such circumstances, it is expected that Mediclinic would declare an interim dividend to Al Noor on the operative date of the Mediclinic Scheme in an amount equal to the amount of such indebtedness, to be satisfied in specie by the transfer by Mediclinic to Al Noor of the promissory note expected to be received by it from Al Noor, thereby extinguishing Al Noor's remaining indebtedness to Mediclinic.

The following organisational chart illustrates the structure of the Enlarged Group following Completion, including the effect of the transfers described above.



Note (1): See Al Noor Group structure chart under "—The Al. Noor Group Structure" for further details on the UAE operating entities.

The Enlarged Group will include both Al Noor's and Mediclinic's operations in the UAE. The corporate structure of such operations (described, in respect of Al Noor's operations in the UAE, under the heading "*Al Noor Group Structure*", and in respect of Mediclinic's operations in the UAE, under the headings "*Mediclinic Group Structure*", "*UAE Ownership Requirement*" and "*Concealment Law*" above) will remain unchanged following Admission. Accordingly, they will continue to be subject to the Ownership Requirement and the Concealment Law, including the risks set out in Part 1 at "*The Al Noor Group's ownership structure is subject to risks associated with UAE foreign ownership restrictions*" and "*The Mediclinic Group's ownership structure will be subject to risks associated with UAE foreign ownership restrictions*".

PART 10—AL NOOR DIRECTORS, PROPOSED DIRECTORS, SENIOR MANAGEMENT AND CORPORATE GOVERNANCE

The Al Noor Directors

The Al Noor Directors and their current functions in Al Noor, as at the date of this document, are as follows:

Name of Al Noor Director	Position	Date appointed to the Al Noor Board
Ian Tyler	Chairman(1)	5 June 2013
Dr. Kassem Alom	Founder and Deputy Chairman	5 June 2013
Seamus Keating	Senior Independent Director(1)	5 June 2013
Ronald Lavater	Chief Executive Officer	1 October 2014
Sheikh Mansoor Bin Butti Al Hamed	Non-Executive Director	5 June 2013
Ahmad Nimer	Non-Executive Director	5 June 2013
William J. Ward	Independent Non-Executive Director(1)	5 June 2013
Mubarak Matar Al Hamiri	Independent Non-Executive Director(1)	5 June 2013
William S. Ward	Independent Non-Executive Director(1)	7 November 2013

Note:

(1) Independent Director.

The business address of each of the Al Noor Directors is Al Noor Specialty Clinic Building, Shabia-10, Mussafah, Abu Dhabi, PO Box 46713, United Arab Emirates.

Profiles of the Al Noor Directors

The names, business experience and principal activities outside of the Al Noor Group of each of the Al Noor Directors is set out below:

Ian Tyler—*Chairman—Aged 55*

Ian Tyler is the Chairman of Bovis Homes Group plc and Cairn Energy plc. He served as Chief Executive of Balfour Beatty Plc from January 2005 to March 2013, having been Chief Operating Officer since August 2002 and prior to that, Finance Director. He joined Balfour Beatty in 1996 from the Hanson Group where he was finance director of ARC, one of its principal subsidiaries. A former non-executive director of VT Group Plc and Cable & Wireless Communications Plc, he is a non-executive director of BAE Systems Plc. He is also president of Construction Industry Relief, Assistance and Support for the Homeless Ltd (CRASH), the construction and property industry charity for the homeless, and a trustee of The BRE Trust, the largest UK charity dedicated specifically to research and education in the built environment. He is a chartered accountant.

Ronald Lavater—*Chief Executive Officer—Aged 47*

Ronald Lavater was appointed the Chief Executive Officer of the Company in 1 October 2014. Mr. Lavater's career has spanned more than 20 years in a number of roles in the healthcare field. Most recently he worked for Johns Hopkins Medicine International and from 2009 through 2013 he served as the Chief Executive Officer of Corniche Hospital. Prior to that, Mr. Lavater spent the majority of his career at Hospital Corporation of America ("**HCA**"), the USA's largest private hospital company. During his tenure at HCA, he has held numerous hospital leadership roles including, Chief Executive Officer and Chief Operating Officer in mid-sized and large hospitals in different U.S. cities. Mr. Lavater holds a Bachelor of Arts from the University of Florida and a Master of Public Administration from Florida State University.

Dr. Kassem Alom—*Founder, Deputy Chairman and Non-Executive Director—Aged 69*

Dr. Alom has been a part of Al Noor since its inception in 1985, having previously owned a private clinic in Abu Dhabi focusing on internal medicine and gastroenterology. He served as the Chairman of the Syrian Business Council and of the Healthcare Sector of the Abu Dhabi Chamber of Commerce, and is a member of the Health Council of the Ministry of Health for Abu Dhabi. On 1 October 2014, Dr. Alom stepped down from his role as Chief Executive of the Company and assumed the role of Non-Executive Director

and Deputy Chairman. Additionally, Dr. Alom is a fellow of the Royal Society of Medicine in London, where he is Head of Internal Medicine & Gastroenterology. Dr. Alom holds an MBBS from the University of Seville and specialised in internal medicine and gastroenterology at the University of Madrid.

Seamus Keating—*Senior Independent Director—Aged 52*

Seamus Keating undertakes the role of Senior Independent Director for the Company. Seamus has over 20 years' experience in the global technology sector in both finance and operational roles and was a main board director of Logica plc from 2002 until April 2012 having joined the company as Director, Group Finance in 1999. He was Logica plc Chief Financial Officer from 2002 until 2010 when he became Chief Operating Officer and head of its Benelux operations. He also chaired the Al Noor Group's worldwide Financial Services practice. Having implemented a major restructuring plan in the Benelux region, he resigned from Logica plc, ahead of its acquisition by CGI of Canada, to take up a portfolio career. Prior to his role at Logica plc, he worked for the Olivetti Group from 1989 until 1999 in senior finance roles in the UK and Italy. Mr. Keating was non-executive director and chairman of the audit committee of Mouchel plc from November 2010 to September 2012. He is currently chairman of First Derivatives plc and a non-executive director of BGL Group. He has been chairman of Mi-pay Group plc since April 2014 and is Chairman of DSI Archer Limited and Director of Eppix ESolution Limited since 2015. Seamus Keating is a fellow of the Chartered Institute of Management Accountants.

Sheikh Mansoor Bin Butti Al Hamed—*Non-Executive Director—Aged 35*

Sheikh Mansoor Bin Butti Al Hamed is a Non-Executive Director and is also the Head of Strategic Relations and New Business Development at Mubadala Development Company PJSC. He represents SMBB on the Company's Board of Directors. Sheikh Mansoor is well connected in the business world in the GCC due to his position as a member of the board of the United Al Saqer Group LLC, a highly diversified family business based in the UAE. The United Al Saqer Group's businesses include dealerships for BMW, Rolls Royce, Iveco, Tadano, Kawasaki, Mitsubishi, New Holland, TATA Daewoo, BEML and property management, construction and others.

Ahmad Nimer—*Non-Executive Director—Aged 53*

Mr. Nimer is a Non-Executive Director and is currently the Chief Executive Officer of United Al Saqer Group LLC and a board member of the Gulf Catering Company. Prior to this he served as a partner of Deloitte & Touche LLP from 2002 to 2011. During this time, he gained extensive knowledge of the Abu Dhabi healthcare sector as the audit partner in charge of the Al Noor Group, as well as the Al Noor Group's internal audit partner. Mr. Nimer holds a number of professional qualifications and is a Certified Public Accountant, a member of the American Institute of Certified Public Accountants, a Chief Fraud Examiner, a Forensic Certified Public Accountant, a Certified Risk Professional and a Chartered Business Consultant. Mr. Nimer has a Bachelors' degree in Accounting from Yarmuk University in Jordan and a Graduate Diploma in Business Administration from the Canadian School of Finance and Management. He is also Chairman of the Al Noor Board of Abdali Towers Co.

William J. Ward—*Independent Non-Executive Director—Aged 71*

William J. (Bill) Ward, Jr. is an Independent Non-Executive Director and is a former senior healthcare executive with nearly 40 years of experience in healthcare finance and operations. He serves on the boards of University of Maryland Upper Chesapeake Health and Catholic Health Services of Long Island. Mr. Ward is the director of the Master of Health Administration Degree Programme at the Johns Hopkins Bloomberg School of Public Health and Faculty Director of the School's Sommer Scholars leadership programme. He is also a principal with Healthcare Management Resources, Inc., a Baltimore-area consulting firm. Mr. Ward is a former senior healthcare executive with more than 30 years of experience in healthcare finance and operations. Prior to joining the faculty, he served for a dozen years at the Johns Hopkins Bayview Medical Center, which he joined in 1982 when he was selected to be the Chief Operating Officer of Baltimore City Hospitals. He was a member of the Johns Hopkins management team that operated the hospital under a contractual agreement with the City of Baltimore. Since leaving Bayview Medical Center, Mr. Ward has provided a variety of consultative services to clients throughout the United States. He has worked on projects overseas in the Caribbean, Latin America, Asia and the Middle East. Mr. Ward is the author of three textbooks and numerous articles and has lectured widely on a variety of healthcare financial and operational subjects. In addition to his work with the Bloomberg School of Public Health, he is a member of the faculty at the Johns Hopkins University School of Nursing. For over

20 years, he taught financial management at the University of Maryland's School of Nursing and continues to guest lecture there. He also teaches at Singapore Management University.

William S. Ward—*Independent Non-Executive Director—Aged 53*

William S. Ward is an Independent Non-Executive Director of the Company and has over 30 years of experience in healthcare. Mr. Ward left the NHS in 1992 when he joined Bupa. During two different spells in Bupa, he spent a total of 18 years either in Bupa Hospitals, the Bupa UK insurance business and subsequently the international Bupa insurance businesses. He has held the roles of Hospital Manager, Regional Manager Hospitals and Director of Strategic Development and Operations at Bupa Hospitals. Mr. Ward has also been Managing Director for the Bupa International Insurance Business and became chief Operating Officer for Bupa's International Businesses Worldwide. He has served as a director on the boards of BUPA Arabia PLC, Saudi Arabia, BUPA Australia and MAX BUPA India. He has also been Chairman of Bupa Asia and Chairman of Bupa Insurance Company Florida. Between two spells with BUPA, Mr. Ward held the office of Chief Executive Officer for CIGNA Europe, and led three insurance businesses spanning Europe with a focus on Life, Health and Protection products. He was also a Director of Sanitas. Mr. Ward obtained the qualification Chartered Secretary in 1987.

Mubarak Matar Al Hamiri—*Independent Non-Executive Director—Aged 47*

Mubarak Matar Al Hamiri is an Independent Non-Executive Director and has more than 20 years of professional experience in the field of international and local investment management (asset management, acquisitions, mergers and private equity). Mr. Al Hamiri joined the Private Department of His Highness the late Sheikh Zayed Bin Sultan Al Nahyan (the late Emir of the Emirate of Abu Dhabi and the first president of the UAE) in 1992 as the head of the Investments Department, where he was responsible for overseeing the operation and performance of the Sheikh's investment portfolio. He holds a bachelors' degree in Computer Science from Indiana State University and holds a certification in risk management and financial consultancy. Mr. Al Hamiri currently serves as Managing Director of the Royal Group and Chairman of Royal Capital PJSC. He previously served as Vice Chairman at Abu Dhabi Islamic Bank PJSC.

The Proposed Directors of the Company following implementation of the Combination (the Enlarged Al Noor Board)

On Admission, the structure of the Enlarged Al Noor Board will be as follows:

Name of Proposed Director	Position
Dr. Edwin Hertzog	Non-Executive Chairman
Ian Tyler	Senior Independent Director
Danie Meintjes	Chief Executive Officer
Craig Tingle	Chief Financial Officer
Jannie Durand	Non-Executive Director
Alan Grieve	Independent Non-Executive Director
Seamus Keating	Independent Non-Executive Director
Prof. Dr. Robert Leu	Independent Non-Executive Director
Nandi Mandela	Independent Non-Executive Director
Trevor Petersen	Independent Non-Executive Director
Desmond Smith	Independent Non-Executive Director

Ian Tyler and Seamus Keating will continue to serve as members of the Enlarged Al Noor Board following Completion. The remainder of the Enlarged Al Noor Board will be comprised of the Proposed Directors (as set out above) and a description of their business experience is below.

The business address of each of the Proposed Directors following Completion will be 1 Floor, 40 Dukes Place, London EC3A 7NH.

Profiles of the Proposed Directors

The profile of each of the Proposed Directors are set out below:

Danie Meintjes—*Chief Executive Officer—Date of birth 26 May 1956—Aged 59*

Danie Meintjes has been the Chief Executive Officer of Mediclinic since May 2010. He served in various management positions in the Remgro group, before joining the Mediclinic Group in 1985 as the Hospital Manager of Mediclinic Sandton. Mr. Meintjes was appointed as a member of Mediclinic's Executive Committee in 1995 and as a director in 1996. He was seconded to serve as a senior executive of the group's operations in Dubai in 2006 and appointed as the Chief Executive Officer of Mediclinic Middle East in 2007. Mr. Meintjes serves as a member of Mediclinic's Investment Sub-committee and the Social and Ethics Committee. He holds an Honours degree in Industrial Psychology from the University of the Free State and completed the Advanced Management Program at Harvard Business School.

Craig Tingle—*Chief Financial Officer—Date of birth 4 February 1959—Aged 56*

Craig Tingle joined the Mediclinic group in 1990 and has a career spanning over 25 years in the healthcare industry in executive and non-executive capacities. He was appointed as the Financial Director of Mediclinic in 1992. After his resignation from the position of Financial Director in 1999, he stayed on as a non-executive director until 2005, when he was appointed Chief Financial Officer of Mediclinic's operations in Dubai. Mr. Tingle was appointed Chief Financial Officer of Mediclinic in September 2010. Mr. Tingle serves as a member of Mediclinic's Investment Sub-committee. He holds a B.Sc. (Forestry) degree from the University of Stellenbosch and an Honours degree in Accounting Science from the University of South Africa. He is also a qualified Chartered Accountant with the South African Institute of Chartered Accountants.

Edwin Hertzog—*Non-executive Chairman—Date of birth 20 August 1949—Aged 66*

As a specialist anaesthetist, Dr. Edwin Hertzog was invited to join the then Rembrandt Group (now Remgro) in 1983 and became the first managing director of Mediclinic at its establishment during that year. In 1992 he became executive chairman of the company until August 2012 when he retired from his executive role, but remained on the board as non-executive chairman. Dr. Hertzog is chairperson of Mediclinic's Investment Sub-committee and also serves as a member of the Nominations Committee. During his career he also served on the boards of some Remgro investee companies such as Total S.A. and Transhex Group. Currently he continues to serve as a non-executive director of the Distell Group and as non-executive deputy chairman of Remgro. He is a past chairman of the Hospital Association of South Africa as well as the Council of Stellenbosch University and received a Ph.D. (h.c.) from this university. He holds the following qualifications: M.B.Ch.B., M.Med., F.F.A. (SA), and Ph.D. (honoris causa).

Jannie Durand—*Non-Executive Director—Date of birth 3 December 1966—Aged 48*

Jannie Durand joined the Rembrandt Group on 1 April 1996. He was appointed as the Chief Executive Officer of Remgro Limited on 7 May 2012, having been Chief Executive Officer of Venfin Limited, which had telecommunication and technology investments. Prior to that he held the position of Financial Director of Venfin. In his current role with more than 19 years' experience in the investment industry, Mr. Durand acts as non-executive director of various companies, including Discovery Limited, Distell Group Limited, FirstRand Limited, Grindrod Limited, RCL Foods Limited and RMI Holdings Limited. Mr. Durand was appointed as a director of Mediclinic in June 2012. He serves as a member of Mediclinic's Investment Sub-committee, Remuneration Committee and the Nominations Committee. He holds an Honours Degree in Accountancy from the University of Stellenbosch and a Masters of Philosophy in Management Studies from Oxford University. He is also a qualified Chartered Accountant with the South African Institute of Chartered Accountants.

Alan Grieve—*Independent Non-Executive Director—Date of birth 5 June 1952—Aged 63*

Alan Grieve worked with Price Waterhouse & Co (now PriceWaterhouseCoopers) and Arthur Young (now Ernst & Young) prior to joining Compagnie Financière Richemont S.A.'s ("**Richemont's**") predecessor companies in 1986. He served as Company Secretary of Richemont from its formation in 1988 until 2004. He has been Director of Corporate Affairs of Richemont since 2004. He also held the position of Chief Financial Officer from 2008 to 2011 of the management companies of both Reinet Investments S.C.A. and its subsidiary, Reinet Fund S.C.A., F.I.S. From 2011 he served as Chief Executive Officer of these two

companies until his retirement in 2014, although he remains a non-executive director of both companies. Mr. Grieve is also a founding member of the Laureus Sport for Good Global Foundation. Mr. Grieve initially served as a director of Hirslanden AG (then Medi-Clinic Switzerland AG) from 2008 to 2012, whereafter he was appointed as a director of Mediclinic in 2012. He serves as a member of Mediclinic's Investment Sub-committee and the Audit and Risk Committee. Mr. Grieve holds a degree in business administration from Heriot-Watt University and is a member of the Institute of Chartered Accountants of Scotland.

Robert Leu—*Independent Non-Executive Director—Date of birth 29 December 1946—Aged 68*

Robert Leu is professor emeritus of the University of Bern in Switzerland. Complementary to his academic career as full professor in economics at the Universities of St. Gallen and Bern, Prof. Leu has acted as economic adviser to executive and legislative bodies on all policy levels in Switzerland and to international institutions, in particular to the WHO, the OECD and the World Bank. In addition he served as President of the board of directors of Arcovita AG (1995-1998) and was a member of the board of the Hirslanden group for 20 years (1993-2012). Since 1999 he also serves on the Board of Visana AG and has been Vice President of that company since 2014. He is also President of Alliance for a Free Health Care System in Switzerland since 2013. Prof Leu was appointed as a director of Mediclinic in 2010 and serves as a member of Mediclinic's Remuneration Committee and Nominations Committee. He obtained his master's degree in economics and his doctorate in economics and social sciences, both from the University of Basel.

Nandi Mandela—*Independent Non-Executive Director—Date of birth 27 June 1968—Aged 47*

Nandi Mandela is a director of Linda Masinga & Associates, a town planning and consultancy firm since 2003. Prior to that she was employed by the Tongaat-Hullet Group from 1992 to 1997, before joining BP where she worked in various sales and public affairs positions from 1997 to 2003. Ms. Mandela was appointed as a director of Mediclinic in 2012. She serves as the chairperson of Mediclinic's Social and Ethics Committee. Ms. Mandela holds a bachelor's degree in Social Science from the University of Cape Town, completed the Associate in Management programme at the University of Cape Town and obtained a Certificate in Strategic Management from the New York New School university.

Trevor Peterson—*Independent Non-Executive Director—Date of birth 9 December 1955—Aged 59*

Trevor Petersen obtained extensive retailing experience whilst working for a premier South African retailer. Before returning to the Accounting and Auditing profession, Trevor was an academic in the Department of Accounting of the University of Cape Town (UCT). In 1996 Trevor resigned from UCT to take up a partnership in the merged firm of PricewaterhouseCoopers Inc. He served as a partner of the national firm from 1997 to 2009 and served as the Partner-in-Charge of Cape Town and as Chairman of the Western Cape Region. He was elected to the Council of UCT and served as the Deputy Chair of Council from 2004 to 2008. He currently serves as the Chairman of the Finance Committee. Trevor is an independent non-executive director on the boards of Petmin Ltd and Media24 (Pty) Ltd (a subsidiary of Naspers Ltd) and is currently the Managing Trustee of the Mediclinic Woodside Village Trust. Trevor has served professional membership associations such as the South African Institute of Chartered Accountants and was elected the Chairman of the national body in 2006 and 2007. He was appointed as a director of Mediclinic in 2012. He is the chairperson of Mediclinic's Remuneration Committee and also serves as a member of the Audit and Risk Committee and Nominations Committee. He holds an Honours Degree in Accountancy from the University of Cape Town and is also a qualified Chartered Accountant with the South African Institute of Chartered Accountants.

Desmond Smith—*Independent Non-Executive Director—Date of birth 21 June 1947—Aged 68*

Desmond Smith was the Chief Executive Officer of the Sanlam Group from April 1993 to December 1997 and of the Reinsurance Group of America (South Africa) from March 1999 to March 2005. He is the present Chairman of both companies. During his career he has served on various boards. Mr. Smith was appointed as a director of the Company in 2008. He was also appointed as the Lead Independent Director of Mediclinic in 2010. He is the chairperson of Mediclinic's Audit and Risk Committee and Nominations Committee. He is an actuary by profession having qualified as a Fellow of the Institute of Actuaries (London) and is a past-president of both the Actuarial Society of South Africa (1996) and the International Actuarial Association (2012).

Ian Tyler—*Senior Independent Director—Date of birth 7 July 1960*—see above under heading "*Profiles of the Al Noor Directors*".

Seamus Keating—*Independent Non-Executive Director—Date of birth 23 July 1963*—see above under heading "*Profiles of the Al Noor Directors*".

The Al Noor Senior Management

The Al Noor Senior Managers as at the date of this document, in addition to the Executive Directors listed above, are as follows:

Name	Date of birth	Position
Joanne Curin	23 May 1958	Interim Chief Financial Officer
Dr. Georges Feghali	28 March 1955	Chief Medical Officer
Dr. Sami Alom	4 May 1980	Chief Strategy Officer
David Hoidal	9 September 1955	Chief Operating Officer
Yvette Van Der Linde	16 October 1968	Senior Corporate HR Director
Donna Lunn	22 July 1957	Chief Information Officer
Rajaa Hammound	17 September 1960	Chief Nursing Officer

Profiles of Al Noor Senior Managers

The management expertise and experience of each of the Al Noor Senior Managers is set out below:

Joanne Curin—*Interim Chief Financial Officer—Aged 57*

Joanne Curin was appointed as interim Chief Financial Officer on 29 July 2015. Ms. Curin served as the Chief Financial Officer of the engineering firm Lamprell between 2013 and 2014. She has held similar positions at a range of companies, including Lend Lease Corporation and P&O (POSNCo). She is currently a Non-Executive Director of Deep Ocean Group Holdings and was a Non-Executive Director and Chair of Audit Committee at WS Atkins between 2009 and 2014.

Dr. Georges Feghali—*Chief Medical Officer—Aged 62*

Georges Feghali served as the Senior Vice President of Quality and Chief Medical Officer of TriHealth, which comprises three major hospitals, several clinics and a 500-physician group in the USA. In 1986, he joined Good Samaritan Hospital, one of the TriHealth hospitals, as an Internal Medicine Faculty Member going on to serve as the Director of the GSH Department of Medicine for over a decade. From 2002, he served as the Medical Director and then Vice President of Medical Affairs at TriHealth, before being appointed in 2009 to the position of Senior Vice President of Quality and Chief Medical Officer. That year he completed his Certified Physician Executive training through the American Association for Physician Leadership. He has recently joined Al Noor Hospitals Group, bringing with him a wealth of experience from his distinguished 30-year career. He is a Fellow of the American College of Physicians, member of the American Association for Physician Leadership (American College of Physicians Executives), Ohio State Medical Association, The Cincinnati Academy of Medicine, and the American Medical Association.

Dr. Sami Alom—*Chief Strategy Officer—Aged 35*

Dr. Alom joined Al Noor in 2011, having previously worked there for short periods in 2009 and 2010. He serves as Adjunct Assistant Professor at the College of Medicine and Health Sciences at the UAE University. He has previously worked at The Johns Hopkins Hospital Department of Perioperative Services and Department of Anaesthesia and Critical Care Medicine during which time he obtained his MPH and MBA from The Johns Hopkins University. Prior to that, he was a postdoctoral fellow at the Tissue Microfabrication Lab at the University of Pennsylvania. Dr. Alom received his PhD in Biomedical Engineering at the Johns Hopkins University School of Medicine and holds a BS in Biomedical Engineering with a concentration in Chemical Engineering from The Johns Hopkins University.

David Hoidal—*Chief Operating Officer—Aged 60*

David Hoidal recently joined Al Noor as Chief Operating Officer. Mr. Hoidal is an accomplished healthcare executive with over 20 years of successful leadership experience and is well versed in the challenging economics of the healthcare sector and the multicultural environment in which Al Noor

operates. Mr. Hoidal returned to the UAE, after four years as a Partner with Medpoint Health Partners in the US, having been Chief Executive Officer of Al Rahba Hospital in Abu Dhabi from 2008 to 2010. Earlier in his career, Mr. Hoidal served 16 years with Hospital Corporation of America ("**HCA**") in various capacities, concluding his tenure as Chief Executive Officer of DePaul Hospital and Chief Operations Officer of Tulane University Hospital and Clinics in New Orleans. He went on to the University of Alabama-Birmingham Health System ("**UABHS**") working his way up to become Chief Executive Officer. He received his Bachelor's degree from the University of Nebraska, and his Masters in Health Administration from the University of Missouri.

Yvette Van Der Linde—*Senior Corporate HR Director—Aged 46*

Yvette's experience in the private healthcare industry began in 1997 when she joined Mediclinic South Africa as Senior Human Resources professional. In 2009, Yvette joined Mediclinic Middle East as Senior HR Professional and worked in Dubai for five years learning the local healthcare market. Passionate about people and getting things done through collaboration, partnerships and professional relationships, Yvette has broad knowledge of employment practices and human resources functions including building high performance teams, international talent acquisition, systems design and successful implementation of JCI quality standards.

Donna Lunn—*Chief Information Officer—Aged 58*

With over 35 years of experience in the healthcare sector, Donna joined the Al Noor Group from Abu Dhabi Health Services (SEHA) where, over the last six years as Group Clinical Applications Director, she has led the transformation of clinical care with the implementation of the electronic medical record system known as 'Malaffi'. Under her leadership, all of the SEHA hospitals have been certified as HIMSS Level 6, making it the only healthcare system outside of the U.S. with all of its hospitals at such a level.

Donna began her career as a medical technologist and took part in the implementation of one of the world's first electronic order entry systems. Building on this experience, she moved to the healthcare information technology firm HBO and Company (HBOC), now part of McKesson Corporation, where she delivered HBOC's Star suite of Clinical and Financial applications. Her six years with HBOC saw her working with over 20 healthcare systems throughout the U.S. and Canada.

Her strong track-record for delivery underpinned her move to First Consulting Group, a U.S. healthcare IT consulting firm, in 1995. There Donna managed implementations for several prestigious clients such as Allina Health System in Minneapolis and Health First in Melbourne, Florida and assumed an Interim IT Director position at Mt Sinai NYU Health in New York City.

In 2000, Donna was recruited by the University of Pittsburgh Medical Center, one of the largest and most highly rated U.S. healthcare systems with 21 hospitals and over 400 locations, to lead the selection and delivery of an enterprise wide electronic medical record system. She also led the implementation of several other applications all aimed at improving the patient experience and clinical outcomes. Donna's final position was Chief Information Officer for UPMC's International and Commercial Services Division, at which time she relocated to London and was responsible for IT operations in the UK, Ireland and Europe.

Donna holds a Bachelor of Science in Health Service Management (Magna Cum Laude) from Point Park University in Pittsburgh, Pennsylvania.

Rajaa Hammound—*Chief Nursing Officer—Age 55*

Ms. Rajaa Hammound brings with her over three decades of experience in healthcare garnered from several leadership positions held in Qatar, Saudi Arabia and Lebanon. In the course of her career, she worked for Dr. Soliman Fakeeh Hospital in Jeddah as Chief Nursing Officer and for the University of Calgary in Qatar, where she supported the development of the National Cancer Program and the development of the Master's degree in Nursing for the Clinical Nurse specialist position. She also worked for the National Centre for Cancer Care and Research, also known as Al Amal Hospital in Qatar during which she focused on nursing and quality management. Her impressive career also included serving as an international surveyor for the Joint Commission International.

Ms. Hammoud holds a Master's Degree in Public Health/Health Service Administration from the American University of Beirut. Her professional affiliations include the American Academy of Hospice and Palliative Medicine & Hospice and Palliative Nurses, USA, International Society of Nurses in Cancer Care, USA, University of Calgary, Qatar, Watson Caring Science Institute & International Caritas Consortium, Colorado, USA, WHO, Baby Friendly Hospitals Program, Lebanon, among many others.

The Proposed Senior Managers of the Enlarged Group

On Admission, the Senior Managers of the Enlarged Group will be as follows:

Name of Proposed Senior Manager	Position
Danie Meintjes	Chief Executive Officer
Craig Tingle	Chief Financial Officer
Gert Hattingh	Executive: Group Services
Dr. Ronnie van der Merwe	Chief Clinical Officer
Dr. Dirk le Roux	Executive: ICT
Koert Pretorius	Chief Executive Officer: Mediclinic Southern Africa
Dr. Ole Wiesinger	Chief Executive Officer: Hirslanden (Switzerland)
David Hadley	Chief Executive Officer: Mediclinic Middle East

Profiles of the Proposed Senior Managers

The business experience of each of the Proposed Senior Managers are set out below:

Danie Meintjes—*Chief Executive Officer—see above under heading "Profiles of the Proposed Directors"*

Craig Tingle—*Chief Financial Officer—see above under heading "Profiles of Proposed Directors*"

David Hadley—*Chief Executive Officer: Mediclinic Middle East—Age 42*

David Hadley joined the Mediclinic group in 1993, and worked in a variety of administrative roles in human resources, finance, operations and hospital management before being seconded to Dubai in 2007 to oversee the opening of Mediclinic City Hospital. He was appointed as the Chief Executive Officer of Mediclinic Middle East in 2009 and has also served as a member of Mediclinic's Executive Committee since 2011. Mr Hadley holds a Bachelor's degree in Commerce from the University of South Africa and a Master in Business Administration (with distinction) from the University of Liverpool.

Gert Hattingh—*Executive: Group Services—Age 51*

Gert Hattingh joined the Mediclinic group in 1991 as group accountant. He served in various management positions in the Mediclinic group and was appointed as the Company Secretary in 2010 and Executive: Group Services in 2011. He holds an Honours Degree in Accountancy from the University of Stellenbosch and completed the Advanced Management Program at Harvard Business School. He is also a qualified Chartered Accountant with the South African Institute of Chartered Accountants

Dr. Dirk le Roux—*Executive: ICT—Age 56*

Dr. Dirk le Roux joined Mediclinic in August 2014 as the group's ICT Executive. Prior to joining Mediclinic, he served in various managerial roles including as Managing Director of ThinkWorx Consulting, Chief Information Officer at Media24, General Manager for IT Strategy and Risk at ABSA Bank Limited, as well as the Head of IT at the Development Bank of Southern Africa. He holds a DCom (Informatics) degree from the University of Pretoria, a Master in Business Administration (cum laude), a Postgraduate Diploma in Data Metrics and a Bachelor in Civil Engineering.

Koert Pretorius—*Chief Executive Officer: Mediclinic Southern Africa—Age 52*

Koert Pretorius joined the Mediclinic Group in 1998 as the regional manager of the central region of Mediclinic's operations in South Africa, after which he was appointed as the Chief Operating Officer of the Mediclinic group in 2003. He was appointed as a director of Mediclinic in 2006 and as the Chief Executive Officer of Mediclinic Southern Africa in 2008. He holds a Bachelor degree in Accounting Science from the University of the Free State and a Master of Business Leadership degree from the University of South Africa.

Dr. Ronnie van der Merwe—*Chief Clinical Officer—Age 53*

Dr. Ronnie van der Merwe is a specialist anaesthetist who worked in the medical insurance industry before joining the Mediclinic Group in 1999 as Clinical Manager. He established the Clinical Information, Advanced Analytics, Health Information Management and Clinical Services functions at Mediclinic, and is currently appointed as the Mediclinic group's Chief Clinical Officer since 2007. He was appointed as a

director of Mediclinic in 2010 and also serves as a member of the Social and Ethics Committee. He holds the medical degree M.B.Ch.B from the University of Stellenbosch, a diploma in Anaesthetics from the College of Anaesthetists of South Africa (DA (SA)) and completed the Fellowship of the College of Anaesthetists of South Africa (FCA (SA)). He also completed the Advanced Management Programme at Harvard Business School.

Dr. Ole Wiesinger—*Chief Executive Officer: Hirslanden (Switzerland)—Age 53*

Dr. Ole Wiesinger joined the Hirslanden group in 2004 as the Hospital Manager of Klinik Hirslanden. He was appointed as the Chief Executive Officer of the Hirslanden group and as a director of Mediclinic in 2008. Prior to joining Hirslanden, he served in various management positions of the MGS-Euromed Group in Germany from 1995 and was appointed as the Chief Executive Officer of MGS-Euromed Group from 2003 to 2004. He holds a doctorate in medicine from the University of Erlangen, Germany and a postgraduate diploma in Health Economics from the European Business School, Germany.

Al Noor Board Committees and Corporate Governance

UK Corporate Governance Code

The Al Noor Directors and the Proposed Directors are committed to the highest standards of corporate governance. As of the date of this document, the Al Noor Board believes that save as set out below, it is in compliance with the requirements of the UK Corporate Governance Code published in September 2014 by the Financial Reporting Council (the "**UK Corporate Governance Code**"):

(i) a majority of the members of the Nomination, Remuneration and Audit and Risk Committees are not Independent Non-Executive Directors;

(ii) Ian Tyler, who is Chairman of the Al Noor Board, is also the chairman of the Remuneration Committee; and

(iii) Ian Tyler is also a member of the Audit and Risk Committee.

The Company reports to its shareholders on its compliance with the UK Corporate Governance Code in accordance with the Listing Rules.

It is the intention of the Al Noor Directors and the Proposed Directors that, upon the appointment of the Proposed Directors and the resignation of the specified Al Noor Directors to occur on Admission, Al Noor will be in compliance with the provisions of the UK Corporate Governance Code, save in relation to the following matters:

- Provision A.3.1 of the UK Corporate Governance Code provides that the chairman should on appointment meet the independence criteria set out in provision B.1.1. The proposed Chairman, Dr. Edwin Hertzog, is non-executive, but not independent for the purposes of the UK Corporate Governance Code. Given his involvement in a chief executive capacity from the incorporation of Mediclinic until his appointment as Chairman in 1992, and his resultant in-depth industry knowledge and experience, the Enlarged Al Noor Board and the Proposed Directors believe that it is in the best interests of the Company and the Enlarged Group to appoint Dr. Hertzgog as Chairman.
- Provision B.2.1 of the UK Corporate Governance Code provides that a Nomination Committee should lead the process for board appointments and make recommendations to the board. However, under the terms of the Remgro Relationship Agreement with the Company, Remgro Healthcare Holdings (Pty) will have enshrined rights to appoint one director (or, at Remgro's election, an observer) for every 10 per cent. of the voting rights in the Company held by it or its associates, up to a maximum of three directors, provided that the right to appoint a third director is subject to the requirement that the Enlarged Al Noor Board will, following such appointment, comprise a majority of independent directors. Under the Remgro Relationship Agreement, Remgro is also entitled to representation on each committee of the Enlarged Al Noor Board (other than the Audit and Risk Committee, which shall comprise solely of independent directors).

The corporate governance arrangements referred to above are considered by the Enlarged Al Noor Board and the Proposed Directors to be appropriate given the shareholding structure of the Company and the terms of the Remgro Relationship Agreement that will apply following Admission.

Al Noor Board Committees

As envisaged by the UK Corporate Governance Code, the Al Noor Board has established three committees: an Audit and Risk Committee, a Nomination Committee and a Remuneration Committee. In addition, the Al Noor Board has established a Quality Committee. If the need should arise, the Al Noor Board may set up additional committees as appropriate. The Al Noor Group has also established a Business Ethics Committee, which is an executive management committee and not a committee of the Al Noor Board. Although not a requirement of the UK Corporate Governance code, the Al Noor Group has also established a Disclosure committee, which assists the Al Noor Board in discharging its responsibilities for the identification of price sensitive information and makes recommendations about how and when the company discloses such information.

The UK Corporate Governance Code recommends that at least half the board of directors of a UK-listed company, excluding the chairman, should comprise non-executive directors determined by the Al Noor Board to be independent in character and judgement and free from relationships or circumstances which may affect, or could appear to affect, the director's judgement. As of the date of this document, the Al Noor Board consists of eight non-executive Directors (including the non-executive Chairman) (the "**Non-Executive Directors**") and one Executive Director. The Company regards all of the Non-Executive Directors, other than Dr. Kassem Alom, Sheikh Mansoor Bin Butti and Ahmad Nimer, as "independent non-executive directors" within the meaning of the UK Corporate Governance Code and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The UK Corporate Governance Code recommends that the board of directors of a company with a premium listing on the Official List of the FCA should appoint one of the Non-Executive Directors to be the Senior Independent Director to provide a sounding board for the chairman and to serve as an intermediary for the other directors when necessary. The Senior Independent Director should be available to shareholders if they have concerns which contact through the normal channels of the Chief Executive Officer has failed to resolve or for which such contact is inappropriate. As at the date of this document, Seamus Keating has been appointed Senior Independent Director. Following Admission, the Senior Independent Director of the Enlarged Group will be Ian Tyler.

The UK Corporate Governance Code further recommends that directors should be subject to annual re-election. It is expected that each of the Enlarged Al Noor Directors will be proposed for re-election at the annual general meeting to be held in 2016 and, in accordance with the UK Corporate Governance Code, each of the Enlarged Al Noor Directors will be subject to annual re-election thereafter.

Audit and Risk Committee

The Audit and Risk Committee assists the Al Noor Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the Al Noor Group's annual and interim financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the Al Noor Group's relationship with its external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the Al Noor Group's internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Al Noor Board. The Audit and Risk Committee will give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules.

The Audit and Risk Committee has taken appropriate steps to ensure that the Company's Auditors are independent of the Company and obtained written confirmation from the Company's Auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies. The Audit and Risk Committee meets not less than four times a year.

The UK Corporate Governance Code recommends that an audit committee should comprise at least three members who are Independent Non-Executive Directors (other than the chairman), and that at least one member should have recent and relevant financial experience.

Current members of the Audit and Risk Committee

As at the date of this document, the Audit and Risk Committee is chaired by Seamus Keating, and its other members are Ian Tyler and William J. Ward. The Al Noor Directors consider that Seamus Keating and Ian

Tyler have recent and relevant financial experience for the purposes of the UK Corporate Governance Code and the FRC's Guidance on Audit Committees.

Members of the Audit and Risk Committee on Admission

On Admission, the members of the Audit and Risk Committee will be Alan Grieve, Seamus Keating, Trevor Peterson, Desmond Smith and Ian Tyler. It is anticipated that the Audit and Risk Committee will continue to perform broadly similar functions to those set out above in respect of the Enlarged Group.

Nomination Committee

The Nomination Committee assists the Al Noor Board in discharging its responsibilities relating to the composition and make-up of the Al Noor Board and any committees of the Al Noor Board. It is also responsible for periodically reviewing the Al Noor Board's structure and identifying potential candidates to be appointed as Directors or committee members as the need may arise. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience and the size, structure and composition of the Al Noor Board and committees of the Al Noor Board, retirements and appointments of additional and replacement directors and committee members and will make appropriate recommendations to the Al Noor Board on such matters. The Nomination Committee meets not less than twice a year.

The UK Corporate Governance Code recommends that a majority of the members of a nomination committee should be independent non-executive directors.

Current members of the Nomination Committee

The Nomination Committee is chaired by Ian Tyler, and its other members are Dr. Kassem Alom, Mubarak Matar Al Hamiri and William S. Ward.

Members of the Nomination Committee on Admission

On Admission, the members of the Nomination Committee will be Jannie Durand, Edwin Hertzog, Robert Leu, Trevor Petersen, Desmond Smith and Ian Tyler. It is anticipated that the Nomination Committee will continue to perform broadly similar functions to those set out above in respect of the Enlarged Group.

Remuneration Committee

The Remuneration Committee assists the Al Noor Board in determining its responsibilities in relation to remuneration, including making recommendations to the Al Noor Board on the Company's policy on executive remuneration, including setting the over-arching principles, parameters and governance framework of the Al Noor Group's remuneration policy and determining the individual remuneration and benefits package of each of the Company's Executive Directors, Corporate Leadership Team and its Company secretary. The Remuneration Committee will also ensure compliance with the UK Corporate Governance Code in relation to remuneration. The Remuneration Committee meets not less than twice a year.

The UK Corporate Governance Code provides that a remuneration committee should comprise at least three members who are Independent Non-Executive Directors (other than the chairman).

Current members of the Remuneration Committee

The Remuneration Committee is chaired by Ian Tyler, and its other member is Seamus Keating.

Members of the Remuneration Committee on Admission

On Admission, the members of the Remuneration Committee will be Robert Leu, Trevor Petersen and Ian Tyler, with Jannie Durand as a permanent invitee. It is anticipated that the Remuneration Committee will continue to perform broadly similar functions to those set out above in respect of the Enlarged Group.

Quality Committee

The Quality Committee assists the Al Noor Board in determining its responsibilities in relation to quality of care within the Al Noor Group. The committee ensures an integrated and co-ordinated approach to the management and development of quality, patient experience and patient safety at a corporate level in the

Al Noor Group. It leads on the development and monitoring of quality systems within the Al Noor Group to ensure that quality is a key component of all Al Noor Group activities and assures compliance with regulatory requirements and best practice within patient safety and patient experience. The duties of the Quality Committee include the performance of quarterly evaluations of the systems and quality at each hospital within the Al Noor Group, including objective evaluations of the leadership (administrative and clinical) of the entire quality initiative and its performance. The Quality Committee is to receive, evaluate and approve an annual "Quality and Patient Safety Report" from each hospital facility in the Al Noor Group, and also to receive, evaluate and approve at each calendar year end an annual "Quality Plan" for the forthcoming year for each hospital in the Al Noor Group. The Quality Committee shall also conduct regular reviews of analysis of the quality metrics with respect to, amongst other things, data accuracy, interpretation, actions undertaken and improvements. The Quality Committee is also responsible for the assessment of patient satisfaction and actions implemented to improve patient satisfaction scores. The Quality Committee meets not less than three times a year.

The Quality Committee is not a requirement of the UK Corporate Governance Code.

Current members of the Quality Committee

As at the date of this document, the Quality Committee is chaired by William J. Ward and its other members are William S. Ward, Dr. Kassem Alom, Ian Tyler and Ahmad Nimer.

Members of the Quality Committee on Admission

On Admission, the members of the Quality Committee will be Dr. Edwin Hertzog, Nandi Mandela, Danie Meintjes and Ian Tyler, with Ronnie van der Merwe as a permanent invitee. It is anticipated that the Quality Committee will continue to perform broadly similar functions to those set out above in respect of the Enlarged Group.

Disclosure Committee

The Disclosure Committee assists the Al Noor Board in discharging its responsibilities for the identification of price sensitive information and makes recommendations about how and when the Company should disclose such information. Its main activities are to review the release of information within the Company's half year results, review and approve the contents of the Quarterly Management Statements and to review the disclosure of information within the Company's Annual Report and Accounts.

The Disclosure Committee is not a requirement of the UK Corporate Governance Code.

Current members of the Disclosure Committee

As at the date of this document, the Disclosure Committee consists of Ian Tyler, Ronald Lavater, Joanne Curin and Dr. Sami Alom.

On Admission, the Disclosure Committee will be an executive management committee and not a sub-committee of the Enlarged Al Noor Board. The composition of the Disclosure Committee will be determined in due course.

Business Ethics Committee

The Al Noor Group's Business Ethics Committee is an executive management committee and not a committee of the Al Noor Board. The Company has adopted a code of business ethics (the "**Code of Business Ethics**") setting out the standards by which all employees of the Al Noor Group are expected to conduct themselves in their interaction with patients and their families, other healthcare providers, payers, suppliers and all other relevant entities. The Business Ethics Committee, pursuant to its charter, is responsible for monitoring, overseeing and reviewing compliance by the Al Noor Senior Managers and all other employees of the Al Noor Group with the Code of Business Ethics, as well as recommending applicable changes to the Code of Business Ethics to the Chief Executive Officer. It is also responsible for the initial review of all allegations of violation of the Code of Business Ethics and recommending the appropriate course of action to be taken, including whether any information needs to be provided to federal and/or regulatory authorities. The Business Ethics Committee meets not less than four times a year

The Business Ethics Committee is not a requirement of the UK Corporate Governance Code.

Current members of the Business Ethics Committee

As at the date of this document, the Business Ethics Committee is currently chaired by Sally Saleem (Legal Counsel) and its other members are David Hoidal, Georges Feghali (CMO), Yvette Van Der Linde (Senior Corporate HR Director), Elhadi Hassan (Corporate Finance and Accounts Director) and Zaki El Saleh (Internal Audit Director).

Members of the Business Ethics Committee on Admission

The Enlarged Group will, after Admission, determine whether the Business Ethics Committee will continue or whether the functions will be performed by another management committee. The Al Noor Code of Business Ethics is likely to be amended to bring it in line with the Code of Business Conduct and Ethics currently adopted by Mediclinic

Share Dealing Code

The Company has adopted and, following Admission, intends to continue to comply with, a code of securities dealings in relation to the Shares which is based on, and is at least as rigorous as, the model code as published in the Listing Rules. The code applies to the Al Noor Directors, their connected persons and other relevant employees of the Company.

PART 11—DIVIDENDS AND DIVIDEND POLICY

The Al Noor Group

The Al Noor Board has adopted a dividend policy for the Company which will look to maximise shareholder value and reflect its strong earnings potential and cash flow characteristics, while allowing it to retain sufficient capital to fund ongoing operating requirements and to invest in the Company's long term growth. The Al Noor Board may revise the dividend policy from time to time.

The ability of the Company to pay dividends is dependent on a number of factors and there is no assurance that the Company will pay dividends, or if a dividend is paid, what the amount of such dividend will be. See Part 1: "*Risk Factors—Risks relating to the Enlarged Group's shares—Because the Company is a holding company and substantially all of its operations are conducted through its subsidiaries, its ability to pay dividends on the shares depends on its ability to obtain cash dividends or other cash payments or to obtain loans from such entities*".

The Mediclinic Group

The Mediclinic Board has adopted a dividend policy to reflect the underlying earnings and growth of the business, while retaining sufficient capital to fund ongoing operations and to invest in Mediclinic's long term growth.

Mediclinic currently targets a pay-out ratio of between 25 per cent. and 30 per cent. of normalised headline earnings per share. The Mediclinic Board may revise the dividend policy from time to time.

The Enlarged Group

Following Completion, the Enlarged Al Noor Board intends to adopt the same dividend policy as is currently adopted by the Mediclinic Group as set out above. The Enlarged Al Noor Board may revise the dividend policy from time to time.

After Admission, the ability of the Company to pay dividends will remain dependent on a number of factors and there is no assurance that the Company will pay dividends, or if a dividend is paid, what the amount of such dividend will be. See Part 1: "*Risk Factors—Risks relating to the Enlarged Group Shares—Because the Company is a holding company and substantially all of its operations are conducted through its subsidiaries, its ability to pay dividends on the shares depends on its ability to obtain cash dividends or other cash payments or to obtain loans from such entities*".

PART 12—OPERATING AND FINANCIAL REVIEW OF THE AL NOOR GROUP

The following discussion of the Al Noor Group's financial condition and results of operations should be read in conjunction with the historical financial information of the Al Noor Group in Part 15: "Historical Financial Information of Al Noor" and the information relating to its business included elsewhere in this document. The discussion includes forward-looking statements that reflect the current view of the Al Noor Group's management and involves risks and uncertainties. The Al Noor Group's actual results could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this document, particularly in Part 1: "Risk Factors". Investors should read the whole of this document and not just rely upon summarised information.

Overview

The Al Noor Group is the largest integrated private healthcare service provider in the rapidly growing healthcare market of the Emirate of Abu Dhabi based on the number of patients treated, number of beds and number of physicians, based on the 2013 HAAD report. The Al Noor Group was established in 1985 and today provides primary, secondary and tertiary care through two hospitals and eight medical centres in Abu Dhabi, one hospital and six medical centres in Al Ain, four medical centres in the Western Region, four medical centres and one long-term care centre in Dubai and the Northern Emirates, and one medical centre and one long-term care centre in Oman. In 2013, the Al Noor Group had the largest market share in the Emirate of Abu Dhabi among private healthcare service providers for both outpatients (29 per cent.) and inpatients (30 per cent.) based on the total number of private inpatient and outpatient non-ER encounters in the Emirate of Abu Dhabi. As of 30 June 2015, its hospitals had 216 operational beds (not including VIP and Royal Suite beds), and employed 4,190 staff, including 684 physicians (consultants, specialists and general practitioners), 908 nursing staff, 125 pharmacists, 275 technicians, 426 other medical staff and 1,769 non-medical personnel.

The Al Noor Group is the only private healthcare services provider in the Emirate of Abu Dhabi that covers the areas of highest population density across all three regions of the Emirate of Abu Dhabi.

- In the Central Region, the Al Noor Group operates Airport Road Hospital and Khalifa Street Hospital, which are supported by eight medical centres.
- In the Eastern Region, the Al Noor Group operates Al Ain Hospital, which is supported by six medical centres.
- In the Western Region, which is sparsely populated, the Al Noor Group operates four medical centres, which serve as referral sources for inpatient care at the Al Noor Group's Abu Dhabi hospitals.
- In Dubai and the Northern Emirates, the Al Noor Group operates four medical centres and one long-term care centre.
- Internationally, the Al Noor Group operates one medical centre and one long-term care centre in Oman.

The Al Noor Group's outpatient volume has grown steadily in each of 2012, 2013 and 2014, increasing from 1,505,518 to 1,672,485 and 1,992,813 patient visits, respectively, representing a CAGR of 15.1 per cent. Over the same period, inpatient volumes grew from 35,590 to 40,475 and 42,033 patient admissions, respectively, representing a CAGR of 8.7 per cent.

In 2014, the Al Noor Group had revenue of U.S.$449.1 million, Underlying EBITDA of U.S.$98.1 million, an Underlying EBITDA margin of 21.8 per cent., net profit of U.S.$84.0 million and a net profit margin of 18.7 per cent. In the six months ended 30 June 2015, the Al Noor Group had revenue of U.S.$244.0 million, Underlying EBITDA of U.S.$53.9 million, an Underlying EBITDA margin of 22.1 per cent., net profit of U.S.$44.9 million and a net profit margin of 18.4 per cent.

Key Factors Affecting Results of Operations

The Al Noor Group's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Al Noor Group's results in the past and which it expects may affect its financial results in the future. Factors other than those set forth below could also have a significant impact on the Al Noor Group's results of operations and financial condition.

Demographics and health habits of the population in the UAE

A number of macroeconomic and demographic factors have direct and indirect effects on the healthcare industry in general and thus on the Al Noor Group's financial results. As the sixth largest oil producer in OPEC benefiting from around 8 per cent. of the world's crude oil reserves, the UAE had an estimated GDP of U.S.$400 billion in 2014, giving it one of the highest per capita GDPs in the world (U.S.$47,000). The UAE has a projected GDP CAGR from 2014 to 2020 of 4.3 per cent. Within the UAE, the Emirate of Abu Dhabi accounted for approximately two-thirds of GDP in 2014, and contains 94 per cent. of the UAE's proven oil reserves. The increase in wealth in the UAE has led to a significant increase in chronic "lifestyle" diseases such as cancer, neuropsychiatric conditions and, in particular, diabetes and obesity. As of 2014, the UAE was in the top 10 countries in terms of the percentage of its population that was defined as obese (34.6 per cent.) with a diabetes prevalence rate in excess of 10 per cent., according to Euromonitor International. Diabetes and obesity are drivers of numerous medical conditions, including those that are the most expensive to treat and which require the greatest degree of medical specialisation and sophistication, such as diseases of the cardiovascular system, the kidneys and the eyes. The population of the UAE is also growing and ageing, with the overall population projected to increase by a CAGR of around 1.5 per cent. from 2014 to 2020, while the population over 65 years of age has been growing at an increasing rate over the same period. Furthermore, despite a significant increase in per capita spending on healthcare services in the UAE from around U.S.$1,060 in 2006 to U.S.$1,569 in 2013, the UAE's expenditure on healthcare remains significantly lower than in developed countries. Bed count per 1,000 people in the UAE (around 1.5 in 2014) remains substantially below most developed countries such as Japan (around 12.3), France (around 6.3) and the United States (around 2.8). In addition, the UAE also has a relative shortage of qualified physicians compared to developed countries. The Al Noor Group expects demographic trends and the trend in per capita increase in healthcare spending to continue to drive demand for services in the Abu Dhabi and UAE healthcare market. The factors discussed above have driven much of the Al Noor Group's strategy during the financial periods discussed below, and will continue to do so in the future, resulting in ongoing investments to increase the scale of its operations and expand its service offering to meet these healthcare challenges, with the attendant year-on-year growth in revenues and associated costs.

Increasing Patient Capacity and Volumes

The Al Noor Group's revenues depend on the number of outpatients (77.8 per cent. of revenue in the six months ended 30 June 2015 and 77.4 per cent. of revenue in 2014) and inpatients (22.2 per cent. of revenue in the six months ended 30 June 2015 and 22.6 per cent. of revenue in 2014) the Al Noor Group treats at its hospitals and medical centres. During the periods under review, the Al Noor Group has increased both its outpatient and inpatient capacity primarily through the opening of Al Yahar Medical Centre in 2012, Al Mamoura Medical Centre, Sanaya Medical Centre, and the Al Noor Group Family Care, and the acquisition of Al Madar Medical Centre and Manchester Medical Centre in 2013, Al Bateen and Baniyas Medical Centres in 2014 and ICAD, Zakher Healthcare Centre, the Diagnostic Centre and ENEC in 2015. In addition, the Al Noor Group's hospitals have enjoyed an increase in inpatient admissions in part due to the greater number of referrals from its expanded network of medical centres. The introduction of mandatory employer-funded health insurance for all expatriates in 2007 and government-funded health insurance (Thiqa) for all UAE nationals in 2008 has also been a significant contributing factor to the overall increase in the volume of patients the Al Noor Group has treated, as the Emirati population has become more accustomed to using healthcare services that are paid for by virtue of having insurance.

The following table sets forth the number of available beds at the Al Noor Group's facilities, the number of outpatient visits and the number of inpatient admissions in 2012, 2013 and 2014 and the six months ended 30 June 2014 and 2015:

	For the six months ended 30 June			For the year ended 31 December				
	2014	2015	% increase	2012	2013	2014	% increase 2012–2013	% increase 2013–2014
No. of operating beds[1]	223	216	(3.1)	225	224	218	(0.4)	(2.7)
Outpatient visits ('000)[2]	1,009	1,142	13.2	1,506	1,672	1,993	11.0	19.2
Inpatient admissions ('000)[2]	20.7	22.2	6.9	35.6	40.5	42.0	13.8	3.7
Number of revenue generating doctors	610	684	12.1	436	578	647	32.6	11.9

Notes:

(1) Excludes beds in VIP rooms and Royal Suites.

(2) Excludes follow up consultations.

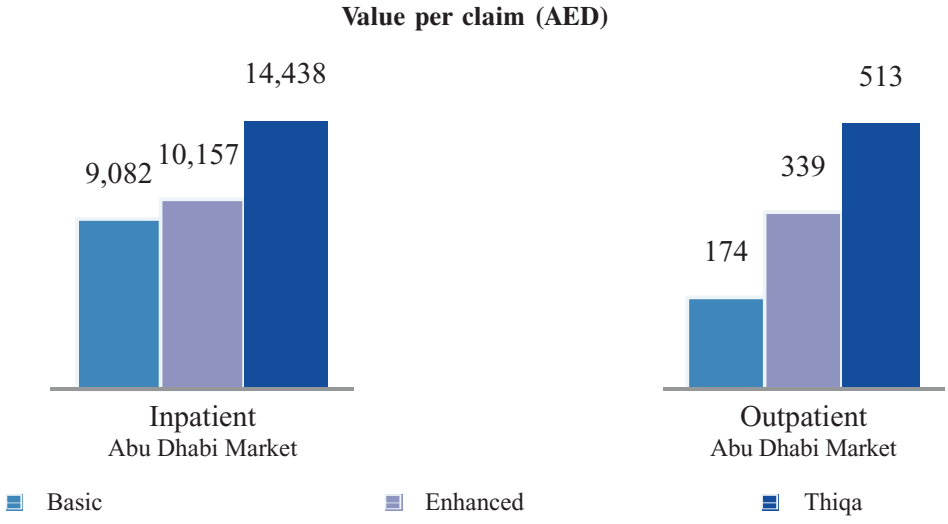
As illustrated by the table above, outpatient and inpatient volumes have grown by a CAGR of 15.1 per cent. and 8.7 per cent., respectively, from 2012 through 2014.

In addition, local immigration and medical licensing requirements significantly affect the Al Noor Group's staffing requirements, as immigration and medical licensing applications for medical personnel can take several months or more to be finalised. For example, in 2011 and the first half of 2012, the Al Noor Group struggled to complete licensing for a sufficient number of physicians to meet its recruitment goals, which adversely affected the rate of growth in revenues from 2011 to 2012. The time required for approval of medical licensing applications has improved since the second half of 2012. In the first half of 2015, the Al Noor Group increased its number of doctors by 37. However, the Al Noor Group cannot provide assurance that it will not have difficulties with the licensing process in the future. If the Al Noor Group is unable to hire sufficient numbers of physicians or other medical staff, it will be unable to continue to grow its patient volumes to meet market demand.

Patient Profile

The current combination of the Al Noor Group's wide geographic footprint in the Emirate of Abu Dhabi and its Continuum of Care operating model which is designed to provide the highest quality of medical care through a single vertically integrated healthcare network has allowed it to capture and retain the broadest possible patient base. The higher value Thiqa and Enhanced plan patient segments relative to Abu Dhabi Basic plan holders have historically accounted for the majority of the Al Noor Group's patient population. In 2014, the Al Noor Group's Thiqa, Enhanced and Basic plan holders accounted for 25.2 per cent., 39.6 per cent. and 35.2 per cent., respectively, of the Al Noor Group's total insured outpatient volumes and 22.2 per cent., 41.7 per cent. and 36.1 per cent. respectively, of its total insured inpatient volumes. For the six months ended 30 June 2015, the Al Noor Group's Thiqa, Enhanced and Basic plan holders accounted for 25 per cent., 38 per cent. and 37 per cent., respectively, of the Al Noor Group's total insured outpatient volumes and 21 per cent., 40 per cent. and 39 per cent., respectively, of its total insured inpatient volumes. The Thiqa and Enhanced patient populations also generate a higher value per claim

than Basic plan holders as illustrated by the table below that provides information compiled by HAAD for 2013:



At the start of 2015, the government directed the government hospital system, SEHA, subject to limited exceptions, to decline to treat expatriates, which resulted in an increase in the number of Abu Dhabi Basic Plan patients that the Al Noor Group treats. This development adversely impacted the Al Noor Group's average revenue per patient.

Fees and Reimbursement Rates

The Al Noor Group's revenues depend upon reimbursements it receives from insurance companies. For the three years ended 31 December 2012, 2013 and 2014, payments from insurance companies accounted for 91 per cent., 92 per cent. and 93 per cent., respectively, of the Al Noor Group's total revenue. The balance of its revenue consists of cash payments made by individuals or contracts to operate healthcare facilities that the Al Noor Group does not own. The cash payments are mainly attributable to patients who pay for the Al Noor Group's services in cash because their insurance does not cover their treatment, while the rest are the result of the insurance policy that a patient holds, which may stipulate a high excess or set limits on the amounts that an insurance company will reimburse for particular procedures.

Fees charged to insurance companies for outpatient and inpatient services vary significantly depending upon the type of service provided to the Al Noor Group's patients and whether the patient is a Basic, Thiqa or Enhanced plan holder. Under applicable legislation, HAAD sets the absolute price level for services rendered to holders of Basic insurance policies, and the rates set do not always cover the Al Noor Group's costs for providing certain services, particularly those services that fall within the more complex secondary, tertiary and specialised Continuum of Care. HAAD is also under no obligation to index those price levels for changes in inflation, which if not adjusted may compress, or in some cases result in negative, profit margins for certain services that the Al Noor Group provides.

With respect to reimbursement rates applicable to Thiqa and Enhanced plans, healthcare service providers or insurers negotiate with HAAD to agree a price list for services rendered, with a price cap of three times the price level set for the applicable services provided to Basic plan holders. Negotiations between healthcare providers and insurance companies over reimbursements rates, which include 'pricing factors' related to plan types that are particular to each insurance company, typically occur on an annual basis, and healthcare providers agree the price list with insurers dependent upon the scale, quality of medical service and geographic reach of the provider.

The Al Noor Group's average revenue per outpatient visit and inpatient admission has increased by 10.4 per cent. and 3.1 per cent., respectively, from 2012 to 2014, although average revenue per outpatient visit decreased by 3.2 per cent. in the first half of 2015. Both of these revenue measures are affected by (i) the mix of the services the Al Noor Group offers, (ii) its plan holder mix and the associated reimbursement rate set by the insurer and (iii) claims rejections. During the periods under review, the Al Noor Group has continued to enhance its service offering across its Continuum of Care, particularly with respect to higher value secondary, tertiary and specialised medical care, as a result of which the average claim value of the services the Al Noor Group provides has increased. The Al Noor Group's ability to

provide its patients with highly specialised services, such as nuclear medicine, oncology, lithotripsy units, angioplasty labs and CT scanners, has helped to grow its revenues. The Al Noor Group's ability to increase average claim values also reflects the extent to which it is able to pass through the higher costs associated with many of the services it provides to Thiqa and Enhanced patients due to (i) the high demand from these patients for access to the Al Noor Group's facilities, (ii) the geographical presence of the Al Noor Group's hospitals in Abu Dhabi and Al Ain, and access to medical centres in the Central, Eastern and Western Regions of the Emirate of Abu Dhabi, Dubai and the Northern Emirates and Oman and (iii) recognition for having a strong emphasis on quality and patient safety. Over the medium term, the Al Noor Group intends to implement its strategy to conduct more of its primary care services in its network of medical centres, which it expects will allow its hospitals to expand their service range.

Reimbursement rates for such claims and, therefore, the Al Noor Group's average revenue per encounter are affected by plan holder mix, as the rates paid to it for a service provided to a Basic plan patient will be lower than the rates paid for Thiqa and Enhanced plan holders for the same service. As the Al Noor Group's plan holder mix is predominantly Thiqa and Enhanced plan patients, it has been able to maintain higher than average claim values versus the market average. However, the Al Noor Group's average claim values can be affected by the mix of insurance companies and number of claims made in respect of services provided to patients in specific plan types during the relevant financial period, as insurance companies may apply lower 'pricing factors' to services provided to such plan holders in connection with such claims. In addition, average claim values are adversely affected by the level of the Al Noor Group's claims rejections arising from disputes with insurers over the medical necessity of services it provides and administrative errors in claims processing.

At the end of each month, the Al Noor Group reviews the remittance details from its insurance company payors for that month and estimates the likely level of claim rejections based on past experience. The Al Noor Group then makes a provision for such anticipated rejections against trade and other receivables on its balance sheet and recognise the revenue net of the provision in its income statement.

Costs of Medicine and Consumables

The purchase of medicine and consumables accounted for 37.0 per cent. and 37.3 per cent. of the Al Noor Group's cost of sales for the six months ended 30 June 2014 and 2015, respectively, and 43.9 per cent., 41.1 per cent. and 37.0 per cent. of the Al Noor Group's cost of sales for the years ended 31 December 2012, 2013 and 2014, respectively. Prior to 2012, pharmaceutical companies were allowed to provide free supplies and promotions to their customers that were linked to the volumes of medicine and consumables purchased. This resulted in the average unit cost for these items being lower than it otherwise would have been. In 2012, HAAD outlawed the practice. Despite this change, the Al Noor Group's average unit costs for medicine and consumables decreased in 2014 compared to 2012 because the Al Noor Group was able to negotiate favourable rates with its suppliers on consumables. This may not be the case in future periods.

Medical Staff Costs

Salaries and other staff costs for the Al Noor Group's doctors and other healthcare professionals, which include transportation and housing, comprised 28.8 per cent. and 27.5 per cent. of its revenue for the six months ended 30 June 2014 and 2015, respectively, and 30.3 per cent., 32.3 per cent. and 34.0 per cent. of its revenue in 2012, 2013 and 2014, respectively. Salary costs for the Al Noor Group's doctors and other medical specialists have increased significantly during the periods under review, which reflects both an increase in the number of medical personnel employed as well as an increase in average salary cost per medical staff employee. The salary increases were driven by competitive pressures, reflecting in part the relatively long licensing period for doctors wishing to practise in the Emirate of Abu Dhabi, which tends to extend the process of recruitment of physicians and increases the competition for physicians who are already licensed, as well as the growth in the healthcare services market which has increased the demand for all types of doctors in the Emirate of Abu Dhabi.

Seasonality

The Al Noor Group's revenues are affected by seasonality during the summer holidays, which fall in the second half of the financial year, and the month of Ramadan, which in recent years has also fallen within the second half of financial year. Furthermore, during these holiday periods and in the summer months, there is usually an exodus of both expatriates and Emiratis out of the UAE and, therefore, a lower level of patient visits is experienced. In addition, a large number of the Al Noor Group's doctors have historically

taken holidays during these periods, which reduces the number of patients that can be seen. As a result, the Al Noor Group's quarterly operating results and EBITDA measures may not be indicative of full year results.

Explanation of Certain Key Income Statement Items

Revenue

Revenue principally represents (i) revenues generated from the provision of medical services at the Al Noor Group's hospitals and medical centres during the period, net of estimated insurance claim rejections, (ii) the invoiced value of pharmaceutical goods sold during the period, net of returns and discounts, and (iii) the provision of medical staff to operate third-party medical facilities.

- Hospital revenue derives primarily from: (i) the provision of outpatient and inpatient hospital services; (ii) the provision of medical services and applicable accommodation of patients; and (iii) diagnostic, laboratory and pharmacy revenue. Hospital revenue is recorded during the year in which the healthcare services are provided, and adjusted, if applicable, for any discretionary discounts.
- Medical centre revenue derives primarily from: (i) the provision of medical services; and (ii) diagnostic, laboratory and pharmacy revenue. Medical centre revenue is recorded during the year in which the healthcare services are provided, and adjusted, if applicable, for any discretionary discounts.

The Al Noor Group records its revenues across four operating segments: the Central Region, the Western and Eastern Regions, the Northern Emirates and International. Revenues are split within each region by type of patient (outpatient and inpatient).

Cost of Sales

Cost of sales comprises:

- *cost of medicine and consumables:* comprises medicine and consumables used in the provision of medical services and the cost of medicine and consumables sold through the Al Noor Group's pharmacies to independent customers;
- *medical staff costs:* comprises, principally, salaries of physicians, nurses, technicians, pharmacists and other medical staff and performance-based compensation of physicians; and
- *depreciation:* comprises depreciation on assets used in the provision of healthcare services, principally, medical equipment.

General and Administrative Expenses

General and administrative expenses comprises:

- *staff costs:* comprises principally salaries of the Al Noor Group's administrative (non-medical) staff;
- *administrative expenses:* comprises principally costs of recruiting personnel, insurance payments, licensing fees, consulting fees, water and electricity charges, building and vehicle maintenance and repair, and other administrative expenses;
- *rentals payable under operating leases:* comprises principally rent payments arising under leases for the Al Noor Group's hospitals, medical centres and pharmacies, as well as for staff accommodation. All of the Al Noor Group's hospitals are leased under agreements valid until 2036, and the annual lease payments due under the terms of these agreements is fixed until 2031, at which point the lease expense for each hospital increases by 5 per cent. in each year from 2032 to 2036;
- *depreciation of plant and equipment:* comprises depreciation of assets not directly used in the provision of healthcare services, such as office equipment and furniture, ICT equipment and motor vehicles; and
- *selling and distribution expenses:* comprises principally marketing expenditures.

Finance Income and Expenses

Finance income and expenses comprise principally income earned on cash deposits, net of interest accrued on short- and long-term liabilities.

Recent Developments

During the three month period ended 30 September 2015, outpatient volume increased as expected with strong growth contribution from Al Ain Hospital and new and acquired clinics. Despite strong performance from Al Ain Hospital, inpatient volume remained flat, impacted mostly by a volume decrease at the Khalifa Street Hospital, which faced temporary disruption from on-going refurbishments and increased competition.

The majority of Al Noor's businesses showed good growth in the quarter albeit slightly below expectations due to a greater seasonal impact than expected, delays in hiring new physicians, and increasing competition in the market. As a result, the management of Al Noor has revised its revenue expectations for the second half of 2015.

Al Noor no longer expects to deliver slightly higher revenue growth in the second half of 2015 than in the first half of the year. However, Al Noor continues to expect that underlying EBITDA growth in the second half of the financial year ending 31 December 2015, compared to the same half year period in the financial year ended 31 December 2014, is expected to be higher than underlying EBITDA growth in the first half of the financial year ending 31 December 2015 compared to the same half year period in the financial year ended 31 December 2014.

Al Noor is making good progress with key initiatives to deliver sustainable returns and take advantage of the growing home market of Abu Dhabi. At Khalifa Street Hospital, Al Noor's labour cost-saving initiatives were implemented between April 2015 and August 2015 and Al Noor expects to see the full benefit by the end of the year. Al Noor's growth plans for Khalifa Street Hospital are well on the way with the leasing of additional space on the ground and mezzanine levels to expand clinical services and improved patient access.

In addition to adding new capacity to Al Noor's existing Al Ain Hospital, construction on the new hospital in the community of Al Ain continues as planned and is expected to see patients in the first quarter of 2016. Current trading in Al Ain leads Al Noor to be optimistic about performance in both hospitals.

Following shareholder approval in August 2015, Al Noor has also started to prepare the construction site for the new 100-bed building at Airport Road Hospital, which is expected to open in 2018.

The expansion of Al Noor's medical centre network is also continuing as planned. Al Noor's first centre in Sharjah opened in August 2015 and the centre at Al Bawadi Mall opened in October 2015. Al Noor expects to open Khalifa City A in Abu Dhabi and Gayathi in the Western Region in the first quarter of 2016.

On 10 November 2015, Al Noor completed the acquisition of Rochester Wellness, a leading provider of long-term physical, speech and occupational rehabilitation therapy caring for patients in their homes and through two inpatient facilities in Dubai and Muscat. The business operates 51 beds and has the capacity to increase this number to 67 in the short term. The acquisition expands Al Noor's offering across the entire continuum of care by adding a new long term care service in the key markets of Dubai and Oman. In addition, the envisaged introduction of Rochester Wellness to Al Noor's home market, Abu Dhabi, is expected to yield revenue synergies for the Company in the future.

Results of Operations

Six months ended 30 June 2014 and 2015

For a discussion of the Al Noor Group's financial results for the six months ended 30 June 2014 and 2015, please see Part 21: "*Documentation Incorporated by Reference*".

Years ended 31 December 2012, 2013 and 2014

For a discussion of the Al Noor Group's financial results for the years ended 31 December 2012, 2013 and 2014, please see Part 21: "*Documentation Incorporated by Reference*".

Liquidity and Capital Resources

The Al Noor Group's principal liquidity requirements arise from funding operational expenses such as payments to medical and non-medical staff, supply purchases and other operational expenses; investments in medical and non-medical equipment; and lease payments. During the periods under review, the Al Noor Group's liquidity needs were mainly funded from internally generated cash and bank borrowings.

The Al Noor Group's cash and cash equivalents (including short term deposits) as at 30 June 2015 were U.S.$91.0 million, compared to U.S.$61.1 million, U.S.$107.5 million and U.S.$96.5 million for the years ended 31 December 2012, 2013 and 2014, respectively. The Al Noor Group does not expect to earn material amounts of interest on the cash balances that it maintains with banks from time to time. In addition, the Al Noor Group has entered into the Capex Facility. In accordance with the terms, available borrowing under the Capex Facility is U.S.$81.7 million.

Financial Liabilities and Contractual Obligations

Liabilities and Indebtedness

Credit Facility with the Bank of Sharjah

On 2 July 2008, the Al Noor Group entered into a credit facility with the Bank of Sharjah for a committed amount of up to U.S.$9.26 million. As a pre-condition of entering into the 2012 Loan, the Al Noor Group agreed not to borrow further amounts under this facility from the closing date of the 2012 Loan. Following repayment of the 2012 Loan, amounts under this facility will again be available for borrowing. As of 30 June 2015, U.S.$3.0 million remained outstanding under this facility.

This facility is secured by personal guarantees from SMBB and Dr. Kassem Alom, and a corporate guarantee from Enaya Health Care Group LLC, an affiliate of Ithmar Capital and shareholder of ANMC at the time the credit facility was entered into.

In August 2015, Al Noor entered into a revised facility agreement with a credit line of $0.3 million and 100 per cent. cash margin as a security. Accordingly, all the personal guarantees have been removed.

Capex Facility

On 21 May 2013, the Al Noor Group entered into an AED 150 million and U.S.$40.8 million (total limit equivalent of U.S.$81.7 million) revolving credit and letter of credit facility agreement (the "**Capex Facility**") with Standard Chartered Bank and Mashreq Bank PSC, with the intention of preserving its financial flexibility. In accordance with its terms, the Capex Facility is made up of AED and U.S. dollar tranches, which may be used to fund future acquisitions of targets operating in the GCC and in the same sector as the Al Noor Group, expansionary capital expenditure requirements and working capital requirements. The Capex Facility has a term of five years. Loans under the Capex Facility have maturities of one, three or six months. Starting at 33 months from the agreement date, the amount of funds available for drawdown under the Capex Facility will reduce by 7.5 per cent. for that quarter and each of the following eight quarters up to the termination of the facility. The two tranches of the facility will bear interest at rates of EIBOR plus 2.20 per cent. per annum for the AED tranche and LIBOR plus 2.80 per cent. per annum for the U.S. dollar tranche. Availability of funds under the Capex Facility is conditional upon the facility agent having received and being satisfied with the form and substance of conditions precedent usual for transactions of a similar nature. The Al Noor Group is obliged to maintain certain customary financial covenants under the Capex Facility, including, *inter alia*, in relation to maximum total net debt, a total gross debt to equity ratio, and a periodic minimum account balance. The borrower under the Capex Facility is ANMC. The Capex Facility is secured by way of a parent guarantee from Al Noor Golden, with all material subsidiaries of Al Noor Golden from time to time required to provide a guarantee. The security also includes an assignment by the Al Noor Group of insurance proceeds equal to no less than 30 per cent. of the Al Noor Group's gross revenue and payments due under merchant agreements. From time to time based on business needs, Al Noor has utilised this credit line for acquisition of major medical equipment. As at the date of this document, the Capex Facility is undrawn.

Contractual Obligations and Commitments

The following table sets forth the maturity profile of the Al Noor Group's contractual commitments as at 30 June 2015:

	Less than 1 year	From 1 up to 3 years	From 3 up to 5 years	More than 5 years
	(U.S.$ millions)			
Bank loans	—	—	—	—
Credit facilities[1]	0.2	—	—	—
Lease commitments[2]	19.7	46.2	32.0	229.1
Capital expenditure[3]	2.5	—	—	—

Notes:

(1) This credit facility includes letters of credit payable to Bank of Sharjah amounting to U.S.$152,000 and Standard Chartered Bank amounting to U.S.$95,000 for the goods and medical equipment already received.

(2) Lease commitments includes all the future operating lease payments including amended operating lease contracts for the Jasmine and Khalifa buildings.

(3) Capital expenditure includes commitments based on contracts that have been signed but where goods or services have not yet been received.

Contingent Liabilities

The Al Noor Group's only contingent commitments are bank guarantees and open letters of credit. The following table sets forth these commitments and contingencies as at the dates indicated:

	As at 31 December		As at 30 June	
	2013	2014	2014	2015
	(U.S.$ millions)		(unaudited)	
Bank guarantees[1]	2.8	3.4	2.2	1.5
Letters of credit[2]	—	4.4	—	7.2
	2.8	7.8	2.2	8.7

Notes:

(1) The bank guarantees are provided for the Al Noor Group's benefit to (i) the UAE Ministry of Labour for the purpose of securing employment visas for its expatriate staff members, (ii) counterparties of contracts for the provision of medical staff to third-party facilities for performance and tenders for contracts and (iii) a letter of credit.

(2) Letters of credit taken in 2014 from Standard Chartered Bank amounting to U.S.$4.2 million in favour of Modern Pharmacy and Twam Pharmacy and Bank of Sharjah amounting to U.S.$0.2 million in favour of Symed LLC. Letter of credits taken in 2015 from Standard Chartered Bank amounting to U.S.$7.2 million in favour of Modern Pharmacy to purchase medical equipment. As this medical equipment was not received by 31 December 2014 and 30 June 2015, the letters of credit amounts were recorded as a contingent liability.

The Al Noor Group has not entered into any off-balance sheet arrangements except as discussed above.

In the ordinary course of conducting its business, Al Noor is exposed to the risk of litigation or legal proceedings, particularly in relation to claims arising from allegations of negligence against physicians or staff at its facilities. As at 30 June 2015, the total provision for estimated claims was U.S.$2 million. Al Noor believes that the vast majority of such claims are either without merit or will be covered by its insurance policies.

Provision for rejected claims and allowance for doubtful or other receivables

The Al Noor Group's management estimates potential insurance claims rejections based on historic actual data and trends, its experience in dealing with insurance companies and the current economic environment. The actual rejected claims in the past have not differed materially from those estimated by management. Revenue and trade receivables are stated in the financial statements after potential insurance claim rejections and discounts provided to insurance companies.

Allowances for doubtful or other receivables are estimated based on the recoverability of other receivable balances and prior experience and the current economic environment. The table below sets out provisions for rejected claims and other receivables for the periods indicated.

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	(U.S.$ millions)			(Unaudited)
Provision for rejected claims	35.8	26.1	37.3	46.3
Provision for other receivables	0.2	0.3	0.3	0.3
	40.0	26.4	40.0	46.6

Quantitative and Qualitative Disclosures about Market Risk

The Al Noor Group is exposed to the following risks related to financial instruments: credit risk, liquidity risk, foreign currency risk and interest rate risk. The Al Noor Group does not enter into or trade financial instruments, investments in securities, including derivative financial instruments, for speculative or risk management purposes.

Capital Risk Management

The Al Noor Group manages its capital to ensure it is able to continue as a going concern while maximising return on equity. The Al Noor Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objective.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Al Noor Group, and arises principally from its trade and other receivables and bank balances. The Al Noor Group has adopted a policy of only dealing with creditworthy counterparties; however, significant revenue is generated by dealing with high profile customers, for whom the credit risk is assessed to be low. The Al Noor Group attempts to control credit risk by monitoring credit exposures, limiting transactions with any single non-related counterparties, and continually assessing the creditworthiness of such non-related counterparties. Balances with banks are assessed to have a low risk of default since these banks are regulated by the Central Bank of Abu Dhabi.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Al Noor Group's performance to developments affecting a particular industry or geographic location. All balances with banks represent local commercial banks.

The amount that best represents maximum credit risk on financial assets at the end of the reporting period, in the event counterparties fail to perform their obligations, generally approximates their carrying value. Trade and other receivables and balances with banks are not secured by any collateral.

Liquidity Risk

Liquidity risk is the risk that the Al Noor Group will be unable to meet its funding requirements. The contractual maturities of financial liabilities have been determined on the basis of the remaining period at the end of the reporting period to the contractual repayment date. The maturity profile is monitored by the Al Noor Group's management to ensure adequate liquidity is maintained.

Ultimate responsibility for liquidity risk management rests with the Al Noor Directors, who have built an appropriate liquidity risk management framework for the management of the Al Noor Group's short, medium and long-term funding and liquidity management requirements. The Al Noor Group manages liquidity risk by maintaining adequate reserves through continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Foreign Currency Risk Management

The Al Noor Group does not have any significant exposure to currency risk as most of its assets and liabilities are denominated in UAE dirham or in U.S. dollars, the former being pegged to the latter.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the Al Noor Group's net finance costs. The Al Noor Group is not exposed to interest rate risks as the Group does not have interest bearing loans or advances as of June 2015.

Critical Accounting Policies

In the application of the Al Noor Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue Recognition

Revenue from the sale of pharmaceutical goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from the rendering of medical services to inpatients and outpatients is recognised in profit and loss in proportion to the stage of completion of the medical service at the reporting date. Revenue is stated net of potential estimated insurance claims likely to be rejected. The Al Noor Group estimates potential insurance claim rejections based on historical trends and treats this as a discount which is recognised as a reduction of service revenue.

Allowance for Doubtful Receivables

Management of Al Noor has estimated the recoverability of trade and other receivable balances and has considered the allowance required for doubtful receivables. Management of Al Noor has estimated for the allowance for doubtful receivables on the basis of prior experience and the current economic environment. Allowance for doubtful receivables as at 30 June 2015 amounted to U.S.$47 million, compared to U.S.$36 million, U.S.$26 million and U.S.$38 million as at 31 December 2012, 2013 and 2014, respectively.

Useful Lives of Property and Equipment

The Al Noor Group estimates useful lives of property and equipment at the end of each annual reporting period. During the financial period, management of Al Noor has determined that these expectations do not differ from the previous estimate.

New Accounting Standards and Recent Developments

Certain new standards, amendments and interpretations have been published that were mandatory for the Al Noor Group's accounting periods beginning on or after 1 January 2015 but were not adopted early. Management of Al Noor anticipates that the adoption of such new standards, amendments and interpretations in future periods will not have a material impact on the Al Noor Group's financial statements in the period of initial application.

PART 13—OPERATING AND FINANCIAL REVIEW OF THE MEDICLINIC GROUP

The following discussion of the Mediclinic Group's financial condition and results of operations should be read in conjunction with the historical financial information of the Mediclinic Group in Part 16: "Historical Financial Information of Mediclinic" and the information relating to its business included elsewhere in this document. The discussion includes forward-looking statements that reflect the current view of the Mediclinic Group's management and involves risks and uncertainties. The Mediclinic Group's actual results could differ materially from those contained in any forward-looking statements as a result of factors discussed below and elsewhere in this document, particularly in Part 1: "Risk Factors". Investors should read the whole of this document and not just rely upon summarised information.

Overview

The Mediclinic Group, founded in 1983, is an international private hospital group with operations in South Africa, Namibia, Switzerland and the United Arab Emirates. It has been listed on the JSE, the South African securities exchange, since 1986 and has had a secondary listing on the Namibian Stock Exchange in Namibia since December 2014.

The Mediclinic Group provides acute care, specialist-orientated, multi-disciplinary healthcare services. The Mediclinic Group's focus is on providing the best possible facilities with international standard technology. The Mediclinic Group continues to invest capital in its facilities for state-of-the-art equipment, expansions, upgrades and maintenance.

The Mediclinic Group's business model varies slightly in the three jurisdictions within which it operates:

- In Southern Africa, operations are supported by specialists who are not employed by the Mediclinic Group, but operate independently. This is due to regulatory limitations imposed by the Health Professions Council of South Africa, which prohibits the employment of doctors by private hospitals, although permission has been obtained to employ doctors in emergency units. In Southern Africa, pathology and radiology functions are provided and owned by an independent third party. Mediclinic Southern Africa's percentage contribution to the Mediclinic Group's revenue was 35 per cent. in 2015, 37 per cent. in 2014 and 41 per cent. in 2013.
- In Switzerland, some of the supporting doctors are employed, mostly in the fields of intensive care, radiology, emergency services and anaesthesia. Many of the hospitals have integrated outpatient centres and emergency departments. In addition, there are three outpatient clinics and eleven radiology and four radiotherapy centres in Switzerland. Hirslanden's percentage contribution to the Mediclinic Group's revenue was 53 per cent. in 2015, 52 per cent. in 2014 and 49 per cent. in 2013.
- In the Middle East, the majority of doctors are employed. The healthcare facilities include outpatient facilities and emergency units. The radiology and pathology functions are owned by the business. Mediclinic Middle East's percentage contribution to the Mediclinic Group's revenue was 12 per cent. in 2015, 11 per cent. in 2014 and 10 per cent. in 2013.

For the six months ended 30 September 2015, the Mediclinic Group had revenue of ZAR19,565 million, EBITDA of ZAR3,853 million and an EBITDA margin of 19.7 per cent. Excluding one-off and exceptional items of ZAR3 million, normalised EBITDA was ZAR3,850 million and normalised EBITDA margin was 19.7 per cent.

In 2015, the Mediclinic Group had revenue of ZAR35,238 million, EBITDA of ZAR7,235 million and an EBITDA margin of 20.5 per cent. Excluding one-off and exceptional items comprising an impairment charge of ZAR87 million after the earnings potential of the original part of the Mediclinic Vergelegen Hospital building was significantly affected by flood damage and a profit on the sale of property primarily comprising a head office building in Stellenbosch and the Kathu hospital building, normalised EBITDA was ZAR7,179 million and normalised EBITDA margin was 20.4 per cent.

In 2014, the Mediclinic Group had revenue of ZAR30,495 million, EBITDA of ZAR6,744 million and an EBITDA margin of 22.1 per cent. Excluding one-off and exceptional items comprising a past-service cost credit of ZAR241 million (ZAR192 million after tax) arising in the main Hirslanden pension fund and insurance proceeds of ZAR40 million relating to a flood at Mediclinic Vergelegen, normalised EBITDA was ZAR6,467 million and normalised EBITDA margin was 21.2 per cent.

In 2013, the Mediclinic Group had revenue of ZAR24,436 million, EBITDA of ZAR5,127 million and an EBITDA margin of 21.0 per cent. Excluding one-off and exceptional items comprising a pre-acquisition

Swiss tariff provision charge of ZAR151 million (ZAR115 million after tax) and a past service cost credit of ZAR35 million (ZAR27 million after tax) due at one of the Mediclinic Group's pension funds, normalised revenue was ZAR24,587 million, normalised EBITDA was ZAR5,237 million and normalised EBITDA margin was 21.3 per cent.

Key Factors Affecting Results of Operations

The Mediclinic Group's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Mediclinic Group's results in the past and which may affect results in the future. Factors other than those set forth below could also have a significant impact on the Mediclinic Group's results of operations and financial condition, including the business, regulatory and political environment in each of the markets where the Mediclinic Group operates, further detail on which is set out in Part 8: "*Information on the Mediclinic Group*".

Utilisation of the Mediclinic Group's facilities

The Mediclinic Group's revenues depend on bed-days sold, inpatients admitted and outpatient attendance at the Mediclinic Group's hospitals and clinics. The Mediclinic Group has experienced growth in bed-days sold, inpatient admissions and outpatient attendance. The following table lists the number of hospitals, clinics, licensed inpatient beds, licensed theatres and other statistics relating to volume per operating platform in 2013, 2014 and 2015 and the six months ended 30 September 2014 and 2015. Different metrics are used in the various jurisdictions in which the Mediclinic Group's operates because there are variations in the business models adopted by each jurisdiction.

	Year ended 31 March			Six months ended 30 Sept	
Operational	**2013**	**2014**	**2015**	**2014**	**2015**
Southern Africa					
Number of hospitals in operation	52	52	52	52	52
Number of licensed inpatient beds	7,436	7,614	7,885	7,636	7,983
Number of clinics	0	0	0	0	2
Number of licensed theatres	254	258	269	261	265
Increase in bed-days sold (%)[1]	3.5	5.9	4.4	4.8	3.2
Switzerland					
Number of hospitals in operation	14	14	16	16	16
Number of licensed inpatient beds	1,487	1,567	1,655	1,650	1,677
Number of clinics in operation	1	2	3	3	3
Number of licensed theatres	76	78	88	78	88
Increase in inpatient admissions[2]	2.6%	5.5%	7.8%	6.5%	6.5%
Middle East					
Number of hospitals in operation	2	2	2	2	2
Number of clinics in operation	8	8	10	10	10
Number of licensed/registered beds:	382	382	382	382	382
Number of licensed/registered theatres	8	10	10	10	10
Increase in inpatient admissions[2]	13%	4.1%	6%	11%	(1.8)%
Increase in outpatient consultations and visits to emergency units	8%	4%	8%	12%	1%
Increase in clinic outpatient consultations	14%	7%	14%	19%	4%

Notes:

(1) The number of bed-days sold is based on the number of half days sold from 12am to 12pm and 12pm to 12am.

(2) Inpatient admissions includes cases where accommodation is changed (including day ward accommodation).

During the periods under review, the Mediclinic Group has increased capacity primarily through building expansion projects and acquisitions. Major expansion projects and acquisitions include:

- a new wing at Klinik Hirslanden which added 80 beds and was opened in May 2013;
- on 25 June 2014, a 67-bed hospital in Geneva Switzerland (Clinique La Colline) was acquired;
- on 8 August 2014, a 20-bed hospital in Lucerne Switzerland (Clinic Meggen) was acquired; and

- on 2 March 2015, a new 176-bed hospital in Centurion South Africa (Mediclinic Midstream), was commissioned.

From 1 April 2012 to 31 March 2015, the Mediclinic Group's total hospital beds increased from 9,191 to 9,922. As illustrated in the table above, the Mediclinic Group has experienced and achieved consistent growth in bed-days sold and admission for all the periods under review. From 1 April 2015 to 30 September 2015, the Mediclinic Group's total hospital beds increased from 9,922 to 10,042.

Relationships with key stakeholders

The Mediclinic Group's relationships with key stakeholders are an important factor that allows it to leverage its reputation as a provider of quality of care to capture, retain and grow a broad patient base.

Southern Africa

In South Africa and Namibia, the vast majority of the Mediclinic Group's revenue derives from its contracts with medical schemes. Medical schemes are non-profit organisations registered with the Registrar of Medical Schemes in South Africa and regulated under the Medical Schemes Act (South Africa) which provide contributing members with medical cover. The schemes can either be open (that is, open to all members of the public) or closed (that is, open only to specific employer groups). Medical schemes are managed by a board of trustees elected by the scheme's members, but in many cases the administration of the medical scheme (including, for example, premium collection, underwriting or internal reporting functions) is outsourced to an accredited medical fund administrator. Contracts with medical schemes are negotiated annually with the medical fund administrators. In South Africa, as at 31 March 2015, the Mediclinic Group had contracts with 83 medical schemes, most of which were administered by one of the 17 accredited administrators in the country. For the six months ended 30 September 2015, 93 per cent. of the Mediclinic Group's revenue in Southern Africa was derived from medical schemes, 3 per cent. from direct cash payments, 2 per cent. from Compensation for Occupational Injuries and Diseases ("**COID**", the South African government body responsible for compensating workers injured at work or who have contracted an illness or disease at work), and 3 per cent. from Southern African governments and international insurers. For the year ended 31 March 2015, 92 per cent. of the Mediclinic Group's revenue in Southern Africa was derived from medical schemes, 4 per cent. from direct cash payments, 2 per cent. from COID and 2 per cent. from Southern African governments and international insurers.

Given the high proportion of revenue in Southern Africa that is derived from medical schemes, maintaining sound business relationships with schemes and fund administrators is of great importance to the Mediclinic Group. In addition, consolidation among the fund administrators has continued during 2015 and is expected to continue for the foreseeable future. As a result, the larger medical schemes and the administrators have continued to increase their proportion of the privately insured beneficiaries and annual tariff negotiation have become more robust. For example, based on the latest 2014 CMS annual report, Discovery Administration and the Government Employee Medical Scheme now represent 33 per cent. and 21 per cent. of beneficiaries, respectively. Nevertheless, the Mediclinic Group's relationships with medical schemes and fund administrators have historically been stable and have not impacted the Mediclinic Group's revenues in Southern Africa.

Hirslanden

In Switzerland, all but one of Hirslanden's hospitals are included on the so-called hospital lists, which means they are eligible to treat inpatients covered by the national compulsory general insurance under the SDRG reimbursement system. Under the SDRG system, a provider of medical treatment is reimbursed for the services it provides through a fixed fee payable in respect of each category of service (based on a base rate multiplied by a specified weighting depending on the relevant service category). The SDRG system only applies to inpatient treatments (being those treatments where a patient is admitted to hospital for longer than 24 hours) and is administered at a cantonal level, with the fees payable varying from canton to canton. Certain of the Mediclinic Group's listed hospitals have service mandates which are limited to the provision of certain identified classes of treatments only, meaning non-listed service mandates cannot be offered to generally insured patients. Inclusion on the hospital list is an important factor for Hirslanden's results of operations because it determines whether or not Hirslanden is able to treat, and therefore derive revenue from, generally insured patients.

However, Hirslanden's main focus is on patients who are covered by supplementary insurance, being a higher, premium level of insurance than the national compulsory general insurance. Numerous contracts with all the major insurance providers are in place at all Hirslanden's hospitals to provide services to these patients. Unlike the SDRG system for generally insured patients, the revenues derived from providers of supplementary insurance are not based on a fixed fee but on fees agreed between the Mediclinic Group and the relevant insurance provider. Approximately 57 per cent. of Hirslanden inpatients are covered by supplementary insurance and 43 per cent. are covered by general insurance only. This split in patient profile in Switzerland affects Hirslanden's revenue levels as the fees from patients covered by supplementary insurance are higher than the fees payable for generally insured patients under the SDRG system.

Hirslanden also provides a range of outpatient treatments and all facilities are eligible to treat patients under TARMED (the national tariff system for reimbursement of outpatient medical and surgical procedures). The TARMED system is a national system and applies across all cantons to both private and public treatments. Any revisions by the federal government to the level of tariffs payable under TARMED has the potential to affect Hirslanden's revenues. For example, in October 2014, the Swiss government increased tariffs payable for services performed by primary care doctors and paediatricians and reduced the tariffs payable to providers of technical services. This adversely affected Hirslanden's results because a high proportion of its practitioners perform technical services. Prior to this change in October 2014, the tariffs payable under TARMED had not been revised for a number of years.

The great majority of Hirslanden's revenue is derived from insurance companies, with the federal authorities contributing a component under the SDRG reimbursement system, and a lesser proportion deriving from TARMED reimbursement. For the six months ended 30 September 2015, Hirslanden's revenue increased by 19 per cent to ZAR10,310 million, as a result of a 6.5 per cent increase in inpatient admissions and increased revenue per case due to an increased number of complex cases.

Mediclinic Middle East

In the UAE, the Mediclinic Group has contracts with all of the larger insurance companies and third-party administrators offering premium medical insurance products. A number of corporate clients have also concluded contracts with the Mediclinic Group. For the six months ended 30 September 2015, approximately 89 per cent. of the Mediclinic Group's revenue in the UAE was derived from insurance companies and corporates and approximately 11 per cent. was derived from direct cash payments. In the six months ended 30 September 2015, no insurance company comprised more than 11 per cent. of the Mediclinic Group's revenue in the UAE and the total revenue generated from the top five insurance companies comprised 44 per cent. of the Mediclinic Group's revenue in the UAE in that period. Given the significant proportion of revenue derived from insurance companies, and the lack of a dominant player in the insurance market, it is again important for the Mediclinic Group to have good relationships with insurance companies to ensure that it can maintain stable revenues. For the year ended 31 March 2015, approximately 88 per cent. of the Mediclinic Group's revenue in the UAE was derived from insurance companies and corporates and approximately 12 per cent. was derived from direct cash payments. In the year ended 31 March 2015, no insurance company comprised more than 11 per cent. of the Mediclinic Group's revenue in the UAE and the total revenue generated from the top five insurance companies comprised 42 per cent. of the Mediclinic Group's revenue in the UAE in that period.

Fees, Tariffs and Payor mix

The Mediclinic Group's revenues depend upon reimbursements received from insurance companies and medical schemes.

Southern Africa

For the three years ended 31 March 2013, 2014 and 2015, payments from medical schemes accounted for 92 per cent., 93 per cent. and 92 per cent., respectively, of revenue in relation to hospital services. For the six months ended 30 September 2014 and 2015, payments from medical schemes accounted for 92 per cent. and 93 per cent., respectively, of revenue in relation to hospital services. The balance of revenue consists of cash payments made by individuals, COID and Southern African governments and international insurers.

Southern African revenues are also dependent on the tariffs it charges for its services, in particular, the payments received from medical schemes. The Mediclinic Group negotiates tariffs with each medical scheme administrator annually on a national basis, on behalf of all the Mediclinic Group hospitals. For the

years ended 31 March 2013, 2014 and 2015, average revenue per bed-day increased by 4.6 per cent., 5.4 per cent. and 5.8 per cent. respectively. For the six months ended 30 September 2014 and 2015, average revenue per bed-day increased by 5.8 per cent. and 5.7 per cent., respectively.

Hirslanden

For the years ended 31 March 2013, 2014 and 2015, payments from insurance companies and federal authorities accounted for more than 92 per cent., 95 per cent. and 95 per cent., respectively, of revenue in relation to hospital services. The balance of revenue consists of cash payments made by individuals. These payments are mainly attributable to non-Swiss citizens paying with cash, or insured patients paying for upgrade charges not covered by the insurance companies.

Hirslanden revenues are also dependent on tariffs. Basic insured inpatient services are regulated by the Swiss Health Insurance Act (KVG) and the tariffs or base rates payable under the SDRG system are generally stable from year to year. Supplementary insurance (57 per cent. of revenue in relation to hospital services for the year ended 31 March 2015) is negotiated with insurance companies on an ad hoc basis. For the three years ended 31 March 2013, 2014 and 2015, average revenue per bed-day increased by 1.3 per cent., 3.6 per cent. and 0.4 per cent., respectively. For the six months ended 30 September 2015, average revenue per bed-day increased by 0.9 per cent. (30 September 2014, 1.2 per cent.). The tariffs relating to outpatient treatments in Switzerland are regulated by TARMED, the Swiss national tariff system for reimbursement of outpatient medical and surgical procedures.

Mediclinic Middle East

For the years ended 31 March 2013, 2014 and 2015, payments from insurance companies and corporate clients accounted for 82 per cent., 86 per cent. and 87 per cent., respectively, of revenue in relation to hospital services. The balance of revenue consists of cash payments made by individuals. These payments are mainly attributable to uninsured patients paying cash.

For the years ended 31 March 2013, 2014 and 2015, hospital revenue per admission increased by 3.4 per cent., 7.6 per cent. and 5.8 per cent., respectively, and clinic revenue per patient attendance increased by 9.9 per cent., 11.0 per cent. and 4.7 per cent., respectively.

For the six months ended 30 September 2015, hospital revenue per admission increased 5.2 per cent. over the six months ended 30 September 2014 and clinic revenue per patient attendance increased 4.7 per cent. over the six months ended 30 September 2014.

Costs of Medicine and Consumables

The purchase of medicine and consumables accounted for 41.3 per cent., 41.3 per cent. and 40.7 per cent. of cost of sales for the years ended 31 March 2013, 2014 and 2015. The purchase of medicine and consumables accounted for 40.2 per cent. of cost of sales for the six months ended 30 September 2014 and 39.6 per cent. for the six months ended 30 September 2015.

Southern Africa

Mediclinic Southern Africa uses the Net Acquisition Price ("**NAP**") model, according to which medical devices, surgical items and prostheses are billed to the patient at the cost of procuring the item, without any mark-up. The Mediclinic Group is able to obtain discounts off manufacturers' list prices for medical devices because of the volumes of its purchases. These discounts are channelled directly to the patient at the actual purchase price.

Ethical pharmaceutical items, which are pharmaceutical items that require a prescription from a pharmacist, are governed by The Medicines Act which dictates that they must be charged using the price set by the manufacturer or importer of medicines, combined with a logistics fee and VAT (the "**SEP**"). The Mediclinic Group does not receive any volume discounts on its purchases of medicines and cannot influence the prices thereof. Other medicines (other than in respect of retail pharmacy) are also charged to patients at the SEP and the Mediclinic Group does not charge a dispensing fee on such medicines (although it is entitled to do so under the terms of the SEP Regulations), thereby ensuring a more transparent pricing model for medicines and consumables charged to patients. This model is also preferred by medical schemes due to the greater transparency it provides (as compared to the alternative model of charging on a cost plus margin basis) and, in turn, the medical schemes pay higher fees to healthcare providers in respect of other services (e.g. surgery), which offsets the lower margin receivable in respect of

medicines and consumables charged at the SEP. In respect of retail pharmacy, medicines are billed at the SEP together with a dispensing fee.

Hirslanden

According to the regulations of the federal law "*Bundesgesetz über die Krankenversicherung*" or "KVG", hospitals (service providers) have to pass on any discounts and benefits received from suppliers of drugs and medical devices to their patients or their patients' insurance companies (cost based system).

For general insured patients a lump-sum payment applies (SDRG remuneration) which includes all supply components. Supplementary insured patients are billed on a cost plus model with a mark-up for implants and consumables (if the value is higher than CHF150, otherwise lump-sum) and according to a fixed price catalogue for pharmaceuticals. Outpatient supplies are based on a lump-sum payment for low priced consumables (less than CHF3) and a cost plus model with a mark-up for higher value consumables and implants.

Mediclinic Middle East

Mediclinic Middle East uses the NAP model under which all surgical items and prostheses are billed by the Mediclinic Group at the cost price thereof, with a reasonable mark-up being applied. Ethical pharmaceutical items are governed by the Ministry of Health (MoH) and the price includes a margin. Mediclinic Middle East's prices of medicines are regulated and these items are billed with a margin that is added. Surgical items are billed at a reasonable margin.

Personnel Costs

As mentioned above, there are differences in the employment model for doctors at each of the Mediclinic Group's operating platforms. Mediclinic Southern Africa's operations are supported predominantly by specialists who are not employed by the Mediclinic Group, but operate independently. This is principally due to regulatory limitations imposed by the Health Professions Council of South Africa, which prohibits the employment of doctors by private hospitals (although permission has been obtained to appoint doctors in Mediclinic's emergency units). In Hirslanden, some of the supporting doctors are employed, while in Mediclinic Middle East the majority of the supporting doctors are employed. In the markets where doctors are not employed, start up costs for hospitals are lower as there are no carrying costs for doctors, with doctors being remunerated in respect of patients once these are attended to and charged accordingly (in contrast to hospitals where doctors are employed and remunerated in accordance with their employment contract irrespective of patient numbers at the time the hospital opens). While there is competition among healthcare providers to attract and retain the best doctors who, being self-employed, are free to move among providers, in practice, medical schemes tend to keep reimbursement rates consistent across all facilities, somewhat limiting the incentive for doctors to switch operators. In addition, the Mediclinic Group continuously reviews reimbursement rates to ensure that they are competitive and that it is able to attract and retain its doctors.

Medical staff costs comprised 52.9 per cent., 55.0 per cent. and 54.1 per cent. of costs of sales for the years ended 31 March 2013, 2014 and 2015, respectively, and 53.7 per cent. and 55.0 per cent. of costs of sales in 30 September 2014 and 2015, respectively.

Seasonality

The Mediclinic Group's operations are not significantly affected by cyclical fluctuations from year to year. However, the Mediclinic Group's revenues are affected by seasonality within the financial year, and during the summer holidays in particular. For Mediclinic Switzerland and Mediclinic Middle East, this falls in the end of the first half of the financial year during the European summer and Ramadan. For Mediclinic Southern Africa, this falls within the second half of the financial year during the South African summer holidays. During this holiday period there are lower levels of admissions, as well as a large number of admitting doctors taking leave. As a result, the Mediclinic Group's half-year results and EBITDA measures may not be indicative of full year results.

Foreign exchange rates

The Mediclinic Group generates revenue in Swiss Francs, UAE Dirham and Rand and its assets and liabilities are denominated in the same currencies. As a result, the Mediclinic Group is impacted by fluctuations in foreign currency exchange rates, primarily in connection with the effect of translating the Mediclinic Group's revenues, assets and liabilities generated, held or incurred in Swiss Francs or the UAE Dirham into Rand (the Mediclinic Group's reporting currency). For example, in the 2015 financial year, the Rand experienced substantial volatility against both the Swiss Franc and the US Dollar, to which the UAE Dirham is pegged. The average Rand/Swiss Franc exchange rate in the year ended 31 March 2015 was ZAR11.91 compared to ZAR11.05 for the prior year, and the average Rand/UAE Dirham exchange rate in the year ended 31 March 2015 was ZAR3.01 compared to ZAR2.76 for the prior year. These movements in the exchange rates had a positive effect on the Mediclinic Group's reported results.

The average Rand/Swiss Franc exchange rate for the six months ended 30 September 2015 was ZAR13.17 compared to ZAR11.82 for the previous period, and the average Rand/UAE Dirham exchange rate for the six months ended 30 September 2015 was ZAR3.42 compared to ZAR2.90 for the previous period. These movements in the exchange rates had a positive effect on the Mediclinic Group's reported results for these periods.

Accounting standards require the Mediclinic Group to convert its offshore balance sheets at the year-end spot rate, while its offshore income statements are converted at the average rate for the year. The difference between the spot rates and the average rates results in distortions when ratios between the statement of financial position and the income statement items are calculated in Rand. The spot rate should therefore also be used for translating, for example, EBITDA, when calculating such ratios. Details of the Mediclinic Group's foreign exchange hedging policies are set out below under the heading "*Foreign Currency Risk Management*".

Taxation

The Mediclinic Group's headline rate of corporation tax was 28.0 per cent. for the financial year ended 31 March 2015 (2014: 28.0 per cent; 2013: 28.0 per cent.), with an effective tax rate of 4.3 per cent. for the same period (2014: 17.8 per cent; 2013: 97.7 per cent.). The decrease was primarily due to a positive Swiss prior year adjustment of ZAR712 million. Excluding the ZAR712 million adjustment, the effective tax rate for the year ended 31 March 2015 would have been 19.4 per cent. The tax expense relating to the Mediclinic Southern Africa group was ZAR585 million whereas Hirslanden had a tax credit of ZAR379 million. A tax credit relating to non-recurring Swiss prior year tax adjustments amounting to ZAR712 million after outstanding tax matters were resolved was also received during the period. The Mediclinic Group's net tax liability was ZAR228 million, ZAR1,154 million and ZAR529 million in the financial years ended 31 March 2015, 2014 and 2013, respectively.

The Mediclinic Group's headline rate of corporation tax was 28.0 per cent. for the period ended 30 September 2015 (2014: 28.0 per cent) with an effective tax rate of 19.9 per cent for the same period (2014: 19.3 per cent.). The increase is due to the derecognition of prior period Swiss tax losses of ZAR7 million (Hirslanden Bern AG) as well as capital gains tax of ZAR4 million in respect of gains made by the Mpilo Trust relating when rights issue rights were sold.

Acquisitions

The Mediclinic Group's business, financial condition and results of operations have been affected by acquisitions during the period under review, which are described below.

Spire

On 24 August 2015, Mediclinic acquired a 29.9 per cent. shareholding in Spire, for consideration of approximately ZAR8.6 billion (the "**Spire Acquisition**") funded by a fully underwritten rights issue. Further details of the Spire Acquisition are set out in paragraph 15 of Part 20 (*Additional Information*) of this document.

Spire is a leading private healthcare group in the UK with a national network of 39 hospitals. Spire delivers tailored, personalised care to over 260,000 in patients and day-case patients per year, funded through private medical insurance, self-payment and National Health Service referrals. The Spire Acquisition provided the Mediclinic Group with a further opportunity to diversify into a new geography with a strong currency.

The Spire Acquisition has been accounted for using the equity method. On an equity accounted basis, Mediclinic's 29.9 per cent. holding in Spire amounted to ZAR48 million in earnings on a pro forma adjusted basis.

Hirslanden acquisitions

Clinique La Colline

On 25 June 2014, Hirslanden acquired a 100 per cent. interest in the operating company of Clinique La Colline, a 67-bed, private hospital based in Geneva. With this acquisition Hirslanden expanded its footprint to Geneva and is now represented in all major cities in Switzerland. Clinique La Colline offers a range of multi-disciplinary medical and surgical services. The facilities include 67 inpatient beds, an emergency centre, six operating theatres and its own polyclinic. The hospital employs 290 people and works with some 150 affiliated doctors. Clinique La Colline is included in the hospital list for its canton.

The consideration payable for this acquisition was ZAR1,361 million, including goodwill of ZAR1,136 million attributable to the earnings potential of the business. From the date of acquisition, Clinique La Colline has contributed ZAR576 million of revenue and ZAR126 million to the profit before tax to the Mediclinic Group for the financial year ended 31 March 2015.

Swissana Clinic Meggen

On 8 August 2014, Hirslanden acquired a 100 per cent. interest in Swissana Clinic AG, the operating company of Swissana Clinic Meggen, a 20-bed private hospital based in Meggen. This acquisition is expected to strengthen Hirslanden's business in Central Switzerland. Swissana Clinic Meggen has around 40 affiliated doctors from various specialist fields supporting the hospital. The hospital includes three operating theatres and boasts 20 inpatient beds as well as a day clinic with 11 beds. The hospital employs 70 staff and is included in the hospital list for its canton.

The consideration payable for this acquisition was ZAR108 million, including goodwill of ZAR103 million attributable to the earnings potential of the business. From the date of acquisition, Swissana Clinic Meggen has contributed ZAR79 million of revenue and ZAR2 million to the net profit before tax to the Mediclinic Group for the financial year ended 31 March 2015.

Goodwill

After the Mediclinic Group makes an acquisition, the amount attributed to goodwill is tested annually for impairment. A finding of impairment could cause a non-cash impact on the profit and loss account. As at 30 September 2015, no adjustments for impairment have been made.

Explanation of Certain Key Income Statement Items

Revenue

Revenue primarily comprises fees charged for in and outpatient hospital services, including charges for accommodation, theatre, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used. Revenue is recorded and recognised during the period in which the hospital service is provided, based upon the estimated amounts due from patients and/or medical funding entities (e.g. medical schemes or insurers). Fees are calculated and billed based on various tariff agreements with funders.

Cost of Sales

Cost of sales comprises:

- *Inventory cost (pharmaceutical and other):* comprises pharmaceutical and consumables used in the provision of medical services;
- *Direct employee cost:* principally comprises employee expenses (wages, salaries, employer retirement fund contributions, social insurance and other employee-related benefits) of medical staff, i.e. physicians and nurses, pharmacists and other medical staff directly relating to the provision of hospital services; and
- *Laundry and catering and other direct costs:* direct costs relating to the provisions of hospital services.

Depreciation and amortisation

Depreciation and amortisation comprises:

- *Depreciation:* comprises the cost of buildings, leasehold improvements, equipment and vehicles allocated over each asset's useful life using the straightline method; and
- *Amortisation:* comprises the cost of capitalised trade names (finite), purchased software and IT projects allocated using the straightline method

Administrative and other operating expenses

Administration and other operating expenses comprises:

- *Indirect employee cost:* principally comprises employee expenses (comprised of wages, salaries, employer retirement fund contributions, social insurance, pension service costs/credits and other employee related benefits) of administrative (non-medical) staff;
- *Other:* principally comprises of costs of consulting fees, marketing fees, cleaning, licences, local municipal taxes, security, travel, water and electricity, impairment provision for receivables, insurance payments, and other administrative expenses;
- *Rentals payable under operating leases:* principally comprises rent payments arising under leases for some hospitals and other facilities; and
- *Maintenance cost:* comprises maintenance costs for facilities.

Finance Income

Finance income is principally income earned on cash deposits.

Finance Cost

Finance cost principally comprises interest paid on interest-bearing borrowings and bank overdrafts.

Income from associate

Income from associate comprises the share of the Mediclinic Group's profit and losses over an entity (Zentrallobor Zurich) to which the Mediclinic Group has significant influence.

Income/(loss) from joint venture

Income/(loss) from joint venture comprise the share of the Mediclinic Group's profit and losses over an entity (Wits University Donald Gordon Medical Centre (Pty) Ltd.) over which the Mediclinic Group has contractually joint control.

Recent Developments

Mediclinic released its interim financial results for the six months ended 30 September 2015 on 12 November 2015 and reported its view on outlook as follows:

- Notwithstanding the ongoing changes in the global and regional economies and the regulatory changes that continue to impact healthcare and its affordability, there continues to be a strong demand for quality private healthcare services in Mediclinic's three operating platforms.
- Mediclinic has continued to deliver strong revenue and profit growth. The operating platforms in Southern Africa, the Middle East and Switzerland have all achieved good growth in patient numbers and Mediclinic continues to invest in buildings, technology and people to ensure high quality private healthcare services are offered to both in and outpatients.
- Earnings which are reported in South African rand, were positively impacted by currency movements. The Swiss, Middle East and UK platforms contributed 66% of adjusted normalised headline earnings.
- Mediclinic's focus is to ensure that patients come first, that Mediclinic continuously improves its value proposition in terms of technology, care and the latest improvements in medicine and surgery. With three operating platforms and a significant investment in the UK, Mediclinic can leverage best

practice in terms of experience, knowledge and skills. Mediclinic remains well positioned for future growth.

On 12 November 2015, Spire issued a trading update which revised its previously issued guidance for the financial year ending 31 December 2015. Spire said it expected full year revenues to grow more slowly than previously announced, due most significantly to a decline in Local Contract NHS work. Notwithstanding some recent improvement in the outlook for inpatient and day case admissions, Spire did not expect this to mitigate entirely the decline in revenues it had seen.

Results of Operations

Comparison of the six months ended 30 September 2014 against the six months ended 30 September 2015

The following discussion and analysis of results of operations for the six months ended 30 September 2014 and 2015 is based on the financial information for the six months ended 30 September 2014 and 2015 in Part 16: "*Historical Financial Information of Mediclinic*".

	Six months ended 30 September	
	2015	2014 (unaudited)
	(ZAR'm)	
Revenue	19,565	16,828
Cost of sales	(11,224)	(9,742)
Administration and other operating expenses	(4,488)	(3,784)
Operating profit before depreciation (EBITDA)	3,853	3,320
Depreciation and amortisation	(860)	(723)
Operating profit	2,993	2,579
Other gains and losses	57	190
Income from associates	—	—
Loss from joint venture	(2)	(2)
Finance income	75	52
Finance cost	(616)	(602)
Profit before tax	2,507	2,217
Income tax expense	(498)	(428)
Profit for the period	2,009	1,789
Other comprehensive income		
Items that may be reclassified to the income statement		
Currency translation differences	4,933	(204)
Fair value adjustment—cash flow hedges	23	(102)
	4,956	(306)
Items that may not be reclassified to the income statement		
Actuarial gains and losses	(280)	2
Other comprehensive income, net of tax	4,676	(304)
Total comprehensive income for the period	6,685	1,485

Revenue

For the six months ended 30 September 2015, revenue was ZAR19,565 million, an increase of 16 per cent. compared to the same period in 2014. The information below sets forth certain revenue-related data per operating platform:

- Mediclinic Southern Africa: Revenue increased by 9 per cent. to ZAR6,759 million. The revenue growth was driven by a 3.2 per cent. increase in bed-days sold and a 6.1 per cent. increase in the average income per bed-day. The number of patients admitted increased by 1.2 per cent., while the average length of stay increased by 1.9 per cent.

- Hirslanden: Revenue increased by 19 per cent. to ZAR10,310 million. The revenue growth was a result of a 6.5 per cent. increase in inpatient admissions and increased revenue per case due to increased numbers of complex cases.
- Mediclinic Middle East: Revenue increased by 26 per cent. to ZAR2,496 million. The revenue growth was driven by bed-days sold increasing by 1 per cent., hospital outpatient consultations and visits to the emergency units increasing by 1 per cent. and clinic outpatient consultations increasing by 4 per cent. Inpatient hospital admissions decreased by 2 per cent.

Cost of sales

Cost of sales increased by 15.2 per cent. from ZAR9,742 million in the six months ended 30 September 2014 to ZAR11,224 million in the six months ended 30 September 2015.

The increase in cost of sales was in line with an increase in revenue of 16.3 per cent. over the same period and was driven by (i) increased inventory costs (pharmaceutical and other), which comprised 39.6 per cent. of cost of sales compared to 40.2 per cent. in 2014 and (ii) direct employee benefit expenses, which comprised 55.0 per cent. of cost of sales compared to 53.7 per cent. in 2014. This increase in inventory costs and direct employee costs was in line with growth in the business over the same period.

Administration and other operating expenses

Administration and other operating expenses increased by 24 per cent. from ZAR3,784 million in the six months ended 30 September 2014 to ZAR4,488 million in the six months ended 30 September 2015. The increase was mainly driven by an increase in employee benefit expenses of ZAR78 million caused by salary inflation and the creation of new clinical positions.

Normalised EBITDA margin

The normalised EBITDA margin for the Mediclinic Group decreased from 19.8 per cent. in the six months ended 30 September 2014 to 19.7 per cent. in the six months ended 30 September 2015.

Mediclinic South Africa's normalised EBITDA margin increased slightly from 21.5 per cent. in the six months ended 30 September 2014 to 21.6 per cent. in the six months ended 30 September 2015 reflecting solid ongoing performance.

Mediclinic Middle East's normalised EBITDA margin increased from 19.7 per cent. in the six months ended 30 September 2014 to 20.9 per cent in the six months ended 30 September 2015 due primarily to more complex admissions compared to the previous period.

Hirslanden's normalised EBITDA margin decreased from 18.6 per cent. in the six months ended 30 September 2014 to 18.1 per cent. in the six months ended 30 September 2015 due primarily to TARMED adjustments.

Depreciation

Depreciation increased by 19 per cent. from ZAR723 million in the six months ended 30 September 2014 to ZAR860 million in the six months ended 30 September 2015. The increase was driven by deprecation of equipment and properties at Mediclinic Midstream.

Other gains and losses

Other gains and losses amounted to ZAR57 million in the six months ended 30 September 2015 and comprised a mark-to-market fair value adjustment relating to the Swiss interest rate swaps, which became ineffective during the prior financial year ended 31 March 2015 with the introduction of negative Swiss interest rates.

Finance cost

Finance cost increased by 2 per cent from ZAR602 million in the six months ended 30 September 2014 to ZAR616 million in the six months ended 30 September 2015. The increase was driven by changes in interest rates.

Income tax and expense

The Mediclinic Group's effective tax rate increased by 0.6 per cent. from 19.3 per cent in the six months ended 30 September 2014 to 19.9 per cent. in the six months ended 30 September 2015. The increase was due to the derecognition of prior period Swiss tax losses of ZAR7 million (Hirlanden Bern AG) as well as capital gains tax of ZAR4 million in respect of gains made by the Mpilo Trust when rights issue rights were sold.

Profit for the period

Profit for the period increased by 12 per cent. from ZAR1,789 million in the six months ended 30 September 2014 to ZAR2,009 million in the six months ended 30 September 2015.

Other Comprehensive Income

Currency translation differences

For the six months ended 30 September 2014 and 2015, currency translation differences of ZAR204 million and ZAR4,933 million, respectively, were booked to other comprehensive income to account for the difference between the offshore income statements which were converted at the average Rand/Swiss franc and average Rand/UAE dirham exchange rates during the relevant period and offshore balance sheets which were converted at the closing Rand/Swiss franc and closing Rand/UAE dirham exchange rates for the relevant period.

Fair value adjustment—cash flow hedge

The Mediclinic Group makes use of floating-to-fixed interest rate swaps to hedge against interest movements which have the economic effect of converting its interest-bearing borrowings to fixed interest rate borrowings. The Mediclinic Group applies hedge accounting and, therefore, fair value movements are booked to the consolidated statement of comprehensive income. As a result, for the six months ended 30 September 2014 and 2015, fair value adjustments in respect of the cash flow hedges (interest rate swaps) of ZAR(102) million and ZAR23 million, respectively, were booked.

Actuarial gains and losses

Actuarial gains and losses are booked to account for actuarial differences in respect of the Hirslanden pension fund as well as Mediclinic Southern Africa's post-retirement medical benefit liability which are valued in terms of IAS 19 by using the projected unit credit method. As a result, for the six months ended 30 September 2014 and 2015, actuarial gains and losses in respect of the Swiss pension plan and Southern African post retirement liability of ZAR2 million and ZAR(280) million, respectively, were booked.

Comparison of the years ended 31 March 2013, 2014 and 2015

The following discussion and analysis of the Mediclinic Group results of operations and financial condition for the years ended 31 March 2013, 2014 and 2015 is based on the financial statements included elsewhere in this document.

	Year ended 31 March		
	2015	2014	2013
		(ZAR'm)	
Revenue	35,238	30,495	24,436
Cost of sales	(19,887)	(17,189)	(13,881)
Administration and other operating expenses	(8,116)	(6,562)	(5,428)
Operating profit before depreciation (EBITDA)	7,235	6,744	5,127
Depreciation and amortisation	(1,512)	(1,239)	(994)
Operating profit	5,723	5,505	4,133
Other gains and losses	93	2	531
Income from associates	2	3	2
Loss from joint venture	(1)	—	3
Finance income	103	73	69
Finance cost	(1,179)	(1,221)	(5,166)
Profit before tax	4,741	4,362	(428)
Income tax expense	(206)	(776)	(418)
Profit for the year	4,535	3,586	(846)
Attributable to:			
Equity holders of Mediclinic	4,297	3,385	(1,105)
Non-controlling interests	238	201	259
	4,535	3,586	(846)
Other comprehensive income			
Items that may be reclassified to the income statement			
Currency translation differences	1,643	4,371	1,699
Fair value adjustment—cash flow hedges	(94)	29	3,203
	1,549	4,400	4,902
Items that may not be reclassified to the income statement			
Actuarial gains and losses	(561)	138	54
Other comprehensive income, net of tax	988	4,538	4,956
Total comprehensive income for the year	5,523	8,124	4,110

Revenue

Revenue increased by ZAR4,743 million, or 15.6 per cent., to ZAR35,238 million in 2015 from ZAR30,495 million in 2014. The information below sets forth certain revenue-related data per operating platform:

- Mediclinic Southern Africa: Revenue increased by 10 per cent. to ZAR12,323 million. The rate of revenue growth across this period was slower than the previous year because of the change in profile of medical versus surgical cases, with a higher proportion of medical cases which attract lower fees and tariffs. The 10 per cent. revenue growth was achieved through a 4.4 per cent. increase in bed days sold and a 5.8 per cent. increase in the average income per bed day. The number of patients admitted increased by 2.3 per cent., while the average length of stay increased by 2.1 per cent.
- Hirslanden: Revenue increased by 17 per cent. to ZAR18,610 million. In Swiss francs, revenue increased by 8.8 per cent. to CHF1,563 million. The 8.8 per cent. revenue growth was achieved through inpatient admissions increasing by 7.8 per cent. during the reporting period, while the average length of stay remained stable and the average revenue per case increased by 1.7 per cent. due to higher acuity levels.

- Mediclinic Middle East: Revenue increased by 26 per cent. to ZAR4,305 million. In UAE Dirhams, revenue increased by 16 per cent. to AED 1,430 million. The 16 per cent. revenue growth was driven by inpatient hospital admissions increasing by 6 per cent., while hospital outpatient consultations and visits to the emergency units increased by 8 per cent. Clinic outpatient consultations increased by 14 per cent.

Revenue increased by ZAR6,059 million, or 24.8 per cent., to ZAR30,495 million in 2014 from ZAR24,436 million in 2013. The information below sets forth certain revenue-related data per operating platform:

- Mediclinic Southern Africa: Revenue increased by 11 per cent. to ZAR11,205 million. The 11 per cent. revenue growth was driven by a 5.9 per cent. increase in bed-days sold and a 5.4 per cent. increase in the average income per bed-day. The number of patients admitted increased by 3.6 per cent., while the average length of stay increased by 2.3 per cent.
- Hirslanden: Revenue increased by 32 per cent. to ZAR15,874 million. In Swiss francs, revenue increased by 8.0 per cent. to CHF1,436 million. The 8 per cent. normalised revenue growth was driven by inpatient admissions increasing by 5.5 per cent., at a constant average length of stay and the average revenue per case increased by 2.8 per cent., mainly due to higher acuity levels.
- Mediclinic Middle East: Revenue increased by 37 per cent. to ZAR3,416 million. In UAE dirhams, revenue increased by 15 per cent. to AED 1,238 million. The 15 per cent. revenue growth was driven by inpatient hospital admissions increasing by 4 per cent., while hospital outpatient consultations and visits to the emergency units increased by 4 per cent. Clinic outpatient consultations increased by 7 per cent.

Cost of sales

For the year ended 31 March 2015, Cost of sales increased by ZAR2,689 million, or 15.7 per cent., to ZAR19,887 million. The increase was in line with an increase in revenue of 15.6 per cent. over the same period and was driven by (i) increased inventory costs (pharmaceutical and other), which comprised 40.7 per cent. of Cost of sales compared to 41.3 per cent. in 2014 and (ii) direct employee benefit expenses, which comprised 54.1 per cent. of Cost of sales compared to 55.0 per cent. in 2014. This increase in inventory costs and direct employee costs was in line with growth in the business over the same period.

For the year ended 31 March 2014, Cost of sales increased by ZAR3,308 million, or 23.8 per cent., to ZAR17,189 million. The increase was in line with an increase in revenue of 24.8 per cent. over the same period and was driven by (i) increased inventory cost (pharmaceutical and other), which comprised 41.3 per cent. of Cost of sales and was the same proportion as in 2013 and (ii) direct employee benefit expenses, which comprised 55.0 per cent. of Cost of sales compared to 52.9 per cent. in 2013. The overall increase in inventory cost and direct employee costs was in line with the growth in the business over the same period.

Administration and other operating expenses

For the year ended 31 March 2015, Administration and other operating expenses increased by ZAR1,554 million, or 23.7 per cent., to ZAR8,116 million. The increase was higher compared to the 15.6 per cent. increase in revenue. The increase was primarily due to a past service cost credit of ZAR241 million arising in a Swiss pension fund in a prior year. In addition, an impairment charge of ZAR31 million was booked after the earnings potential of Mediclinic Vergelegen hospital building was significantly affected after a flood caused damage to the building. No further impairment of assets are anticipated in relation to flood damage at Mediclinic Vergelegen.

For the year ended 31 March 2014, Administration and other operating expenses increased by ZAR1,134 million, or 20.9 per cent., to ZAR6,562 million. The increase was lower than the increase in revenue of 24.8 per cent. primarily because of the recognition of a past service cost credit of ZAR241 million, made in relation to the lowering of a conversion rate at one of Hirslanden's Swiss pension funds.

Normalised EBITDA margin

The normalised EBITDA margin for the Mediclinic Group decreased from 22.1 per cent. in 2014 to 20.5 per cent. in 2015.

Mediclinic Southern African's normalised EBITDA margin decreased from 21.6 per cent. in 2014 to 21.3 per cent. in 2015 mainly due to pre-opening costs of the new facility, Mediclinic Midstream.

Hirslanden's normalised EBITDA margin decreased from 20.8 per cent. in 2014 to 19.4 per cent. in 2015, due principally to:

- the adjustment to TARMED of approximately ZAR60 million (CHF5 million), which took effect on 1 October 2014 (as described above) and had a 0.2 per cent. adverse effect on the Mediclinic Group's normalised EBITDA margin. This downward adjustment of TARMED will have a recurring effect on the Mediclinic Group's normalised EBITDA margin; and
- an increased number of generally insured patients, as compared to supplementary insured patients that attract higher rates of revenue.

Mediclinic Middle East's normalised EBITDA margin decreased from to 22.0 per cent. in 2014 to 21.8 per cent. in 2015, mainly due to start-up losses in the two new clinics in Abu Dhabi, Mediclinic Al Hili and Mediclinic Corniche.

The normalised EBITDA margin for the Mediclinic Group decreased from 21.3 per cent. in 2013 to 21.2 per cent. in 2014.

Mediclinic South Africa's normalised EBITDA margin in 2014 increased slightly to 21.6 per cent. from 21.5 per cent. in 2013 reflecting solid ongoing performance.

Hirslanden's EBITDA margin decreased from 21.5 per cent. in 2013 to 20.8 per cent. in 2014 due to the following factors:

- an increased number of generally insured patients, as compared to supplementary insured patients that attract higher rates of revenue;
- the start-up costs of the major expansion at Klinik Hirslanden;
- investments for the future in a centralised logistic platform; and
- the roll-out of a modern clinical information system.

Mediclinic Middle East's normalised EBITDA margin increased from 19.9 per cent. in 2013 to 22.0 per cent. in 2014, principally as a result of a number of strategic initiatives leading to stronger results in the second half of the 2014 financial year and the purchase of laboratory from Medsol at a cost of AED 95 million.

Depreciation

For the year ended 31 March 2015, depreciation increased by ZAR273 million, or 22.0 per cent., to ZAR1,512 million. The increase was primarily due to capital expenditure projects in Switzerland and Southern Africa. The additional depreciation relating to Switzerland amounts to CHF10 million which, exacerbated by the strengthening of the Swiss franc, resulted in an increase of ZAR182 million. The South African operations depreciation charge increased by ZAR92 million.

For the year ended 31 March 2014, depreciation increased by ZAR245 million, or 24.6 per cent., to ZAR1,239 million. The increase was primarily due to capital expenditure projects in Switzerland and Southern Africa. The additional deprecation relating to Switzerland amounted to CHF6 million which, exacerbated by the strengthening of the Swiss franc, resulted in an increase of ZAR197 million.

Other gains and losses

Other gains and losses amounted to ZAR93 million in 2015 and mainly comprised:

- losses of ZAR342 million in respect of ineffective Swiss interest rate swap hedge contracts;
- a discount of ZAR211 million in respect of repayment of the third lien Swiss loan repayment; and
- insurance proceeds of ZAR158 million received for flood damage at the Mediclinic Vergelegen Hospital building.

Finance cost

Finance cost was ZAR1,179 million in 2015, compared to ZAR1,221 million in 2014 and ZAR5,166 million in 2013. The decrease since 2013 was primarily due to successful refinancing of banking facilities in Mediclinic Switzerland and the extinguishment of the unfavourable Swiss interest rate swap. The new bank facility agreements were signed on 31 July 2012 to replace the former financing, closing, as well as funds flow, took place on 12 October 2012. The unfavourable Swiss interest rate swap derivative contract was terminated as part of this refinancing and a ZAR3,531 million derecognition charge was incurred in 2013 as a finance cost. The payable fixed rate of the unfavourable terminated interest rate swap contract was 3.6206 per cent. and the variable receivable rate was a 3 month Swiss LIBOR rate. On average, the 3 month Swiss LIBOR rate was 0.067 per cent. during 2012.

Income tax expense

The standard South African corporate tax rate was 28 per cent. in 2015 and the Mediclinic Group's effective tax rate was 4.3 per cent. in 2015 compared to 17.8 per cent. in 2014. The decrease was primarily due to a positive Swiss prior year adjustment of ZAR712 million.

Excluding the ZAR712 million adjustment, the effective tax rate would have been 19.4 per cent. in 2015 The tax expense relating to Mediclinic Southern Africa was ZAR585 million, whereas Hirslanden had a tax credit of ZAR379 million. A tax credit relating to non-recurring Swiss prior year tax adjustments amounting to ZAR712 million after outstanding tax matters were resolved was also received during the period.

The standard South African corporate tax rate was 28 per cent. and the Mediclinic Group's effective tax rate was 17.8 per cent. in 2014 compared to 97.7 per cent. in 2013. The change in 2014 was primarily due to Swiss prior year tax and deferred tax adjustment amounting to ZAR111 million. Excluding the ZAR111 million adjustment, the effective tax rate would have been 20.3 per cent. The tax expense relating to the Southern Africa group was ZAR534 million and the Hirslanden tax expense was ZAR242 million.

Profit for the Year

Profit for the year increased by ZAR949 million, or 26.5 per cent. to ZAR4,535 million in 2015 from ZAR3,586 million in 2014.

Profit for the year increased by ZAR4,432 million to ZAR3,586 million in 2014 from a loss of ZAR846 million in 2013.

Other comprehensive income

Currency translation differences

For the years ended 31 March 2013, 2014 and 2015, currency translation differences of ZAR1,699 million, ZAR4,371 million and ZAR1,643 million, respectively, were booked to other comprehensive income to account for the difference between the off-shore income statements which have been converted at the average Rand/Swiss franc and average Rand/UAE dirham and offshore balance sheets which have been converted at the closing Rand/Swiss franc and closing Rand/UAE dirham exchange rates.

Fair value adjustment—cash flow hedge

The Mediclinic Group makes use of floating-to-fixed interest rate swaps to hedge against interest movements which have the economic effect of converting the interest-bearing borrowings to fixed interest rate borrowings. The Mediclinic Group applies hedge accounting and therefore fair value movements are booked to the consolidated statement of comprehensive income. As a result, for the years ended 31 March 2013, 2014 and 2015, fair value adjustments in respect of the cash flow hedges (interest rate swaps) of ZAR3,203 million, ZAR29 million and ZAR(94) million respectively were booked.

Actuarial gains and losses

Actuarial gains and losses are booked to account for actuarial differences in respect of the Hirslanden pension fund as well as Mediclinic Southern Africa's post-retirement medical benefit liability which are valued in terms of IAS 19 by using the projected unit credit method. As a result, for the years ended 31 March 2013, 2014 and 2015, actuarial gains and losses in respect of the Swiss pension plan and Southern

African post retirement liability of ZAR54 million, ZAR138 million and ZAR(561) million, respectively, were booked.

Liquidity and Capital Resources

The Mediclinic Group's principal liquidity requirements arise from funding operational expenses such as employee benefit expenses, supply purchases and other operational expenses, as well as investments in hospital facilities and equipment. During the periods under review, liquidity needs were mainly funded from internally generated cash and bank borrowings.

Cash Flow Information

Comparison of the six months ended 30 September 2014 (unaudited) and the six months ended 30 September 2015

The following table sets out a summarised presentation of cash flow statements for the six months ended 30 September 2014 and 2015:

	For the six months ended 30 September	
	2015	**2014 (unaudited)**
	(ZAR'm)	
Net cash from operating activities	2,383	2,726
Net cash used in investing activities	(10,131)	(2,386)
Net cash from financing activities	8,287	876
Increase in cash and cash equivalents	539	1,216
Cash and cash equivalents at the beginning of the period	4,779	3,485
Exchange rate fluctuations on foreign cash	415	47
Cash and cash equivalents at the end of the period	5,733	4,748

Net cash from operating activities

For the six months ended 30 September 2015, net cash from operating activities was ZAR2,383 million, as compared to ZAR2,726 million for the same period in 2014, representing a decrease of ZAR343 million. This decrease was mainly due to unbilled debtors increasing by ZAR647 million resulting from new system implementation in the Zurich hospitals.

Net cash used in investing activities

For the six months ended 30 September 2015, net cash used in investing activities was ZAR10,131million, as compared to ZAR2,386 million for the same period in 2014, representing an increase of ZAR7,745 million. This increase was due to the acquisition of the 29.9 per cent. stake in Spire for ZAR8,678 million.

Net cash used in financing activities

For the six months ended 30 September 2015, net cash from financing activities was ZAR8,287 million, as compared to ZAR876 million for the same period in 2014, representing an increase of ZAR7,411 million. This increase was attributable to the rights issue undertaken in connection with the acquisition of the stake in Spire, which raised ZAR9,911 million after share issue cost.

Comparison of the years ended 31 March 2013, 2014 and 2015

The following table sets out a summarised presentation of cash flow statements for the three years ended 31 March 2013, 2014 and 2015:

	For the year ended 31 March		
	2013	2014	2015
		(ZAR'm)	
Net cash from operating activities	3,549	4,615	6,008
Net cash used in investing activities	(527)	(2,539)	(4,594)
Net cash used in financing activities	(2,837)	(1,605)	(361)
Increase/(decrease) in cash and cash equivalents	185	471	1,053
Cash and cash equivalents at the beginning of the year	1,979	2,705	3,485
Exchange rate fluctuations on foreign cash	541	309	241
Cash and cash equivalents at the end of the year	2,705	3,485	4,779

Net cash from operating activities

Net cash from operating activities was ZAR4,615 million in 2014, as compared to ZAR6,008 million in 2015, representing an increase of ZAR1,393 million. The increase was mainly due to the improvement of Hirslanden's working capital which had a positive cash flow effect of ZAR695 million as well as growth at the three operating platforms.

Net cash from operating activities was ZAR3,549 million in 2013, as compared to ZAR4,615 million in 2014, representing an increase of ZAR1,066 million. The increase was mainly due to the lower interest payments of Hirslanden of ZAR550 million after the refinancing of its debt as well as a stronger average Swiss franc exchange rate against the South African rand of 11.05 in 2014 against 9.05 in 2013.

Net cash used in investing activities

Net cash used in investing activities was ZAR2,539 million in 2014, as compared to ZAR4,594 million in 2015, representing an increase of ZAR2,055 million. This increase was mainly due to the acquisition of Clinique La Colline and Swissana Clinic AG in Switzerland for an aggregate amount of ZAR1,440 million and an increase in capital investment in Mediclinic Southern Africa and Mediclinic Middle East of ZAR552 million and ZAR170 million, respectively, which was offset by increased insurance proceeds of ZAR118 million in respect of the aforementioned Mediclinic Vergelegen flood.

Net cash used in investing activities was ZAR527 million in 2013, as compared to ZAR2,539 million in 2014, representing an increase of ZAR2,012 million. This change was due to the conversion of the money market funds to cash and the sale of the investment grade bond portfolio in 2012.

Net cash used in financing activities

Net cash used in financing activities was ZAR1,605 million in 2014, as compared to net cash used of ZAR361 million in 2015.

Net cash used in financing activities include the following:

- inflow for the net proceeds from an equity raising bookbuild offering of ZAR3,114 million;
- net outflow relating to bank facilities of ZAR1,735 million; and
- increased dividend payments of ZAR134 million.

Net cash used in financing activities was ZAR2,837 million in 2013, as compared to net cash used of ZAR1,605 million in 2014. Net cash used in financing activities include the following:

- inflow for the net proceeds from a rights offer of ZAR4,896 million;
- outflow relating to the settlement of Swiss interest rate swaps of ZAR1,633 million;
- net outflow of ZAR2,943 million in respect of refinancing of bank facilities; and
- outflow of ZAR1,971 million for the buy-out of the minority interest in Mediclinic Middle East.

Capital Expenditure

The Mediclinic Group's capital expenditures consist principally of the expansion and upgrade of hospital facilities and the replacement and acquisition of equipment, vehicles and software.

The Mediclinic Group's capital expenditure to maintain operations in 2013, 2014 and 2015 was ZAR792 million, ZAR926 million, and ZAR1,215 million, respectively. The Mediclinic Group's capital expenditure for the six months ended 30 September 2014 and 2015 was ZAR377 million and ZAR483 million, respectively.

The Mediclinic Group's capital expenditure to expand operations in 2013, 2014 and 2015 was ZAR1,230 million, ZAR1,679 million, and ZAR2,214 million, respectively. The Mediclinic Group's capital expenditure for the six months ended 30 September 2014 and 2015 was ZAR711 million and ZAR1,001 million, respectively.

The Mediclinic Group's committed capital expenditure for 2015 was ZAR2,307 million as of 30 September 2015, and is expected to be used primarily for the expansion growth and maintenance of the Mediclinic Group's healthcare network.

The Mediclinic Group's capital expenditure requirements are sourced from a combination of internally generated funds and bank borrowings.

Financial Liabilities and Contractual Obligations

Liabilities and Indebtedness

Swiss debt funding

The Mediclinic Group's Swiss facilities comprise:

- First lien facility of CHF1.5 billion, maturing on 31 July 2020, with an annual amortisation of CHF50 million priced at Swiss LIBOR plus a margin of 1.5 per cent. and a second lien facility of CHF100 million with a bullet maturity on 31 July 2020 priced at Swiss LIBOR plus 2.85 per cent. These loans are secured by mortgage notes in favour of the Swiss properties and the Swiss bank accounts are pledged as collateral.
- Swiss bonds amounting to CHF235 million comprising CHF145 million of a six-year unsecured bond at a coupon of 1.625 per cent. repayable on 25 February 2021 and CHF90 million of a 10-year unsecured bond at a coupon of 2.0 per cent. repayable on 25 February 2025;

Southern Africa debt funding

The Mediclinic Group's Southern Africa facilities comprise:

- ZAR2.0 billion preference share facility. Dividends are payable monthly at a rate of 69 per cent. of the South African prime overdraft rate. ZAR100 million shares are redeemable on 1 September each year and the balance of ZAR1,800 million on 2 June 2019.
- ZAR2.95 billion senior term loan with a bullet repayment. The loan bears interest at the 3 month JIBAR rate plus a margin of 1.51 per cent. compounded quarterly and are repayable on 2 June 2019.
- ZAR110 million amortising loan bearing interest at the 3 month JIBAR rate plus a margin of 1.06 per cent. amortising until October 2017.
- ZAR300 million capex facility (ZAR300 million undrawn) bearing interest at the 3 month JIBAR rate plus a margin of 1.51 per cent. and is repayable on 2 June 2019.
- Mediclinic Southern Africa properties and equipment are encumbered as security in favour of the preference share facility, the senior term loan, amortising loan and capex facility.
- Other bank loans amounting to ZAR90 million, bear interest at variable rates linked to the South African prime rate and are repayable in periods ranging from 1 to 12 years.

Mediclinic Middle East debt facilities

The Mediclinic Group's Middle East facilities comprise:

- An amortising debt of AED 391 million bearing interest at the 3 month LIBOR plus a margin of 2.0 per cent. and is repayable by June 2017. Property with a book value AED 453 million is pledged in favour of the loan.

Contractual Obligations and Commitments

The following table sets forth the maturity profile of the Mediclinic Group's contractual commitments as at 30 September 2015:

	Contractual	From 0 to 12 months	From 1 up to 5 years	More than 5 years
		(ZAR'm)		
Interest-bearing borrowings	44,656	1,475	39,905	3,276
Derivative financial instruments	436	119	317	—
Leases	4,868	507	1,515	2,846
Capital expenditure	2,307	2,307	—	—

Contingent Liabilities

The Mediclinic Group has not entered into any off-balance sheet arrangements and has insurance in respect of any potential legal claims in relation to medical malpractice at its facilities. The Mediclinic Group is not aware of any pending legal claims that are not covered by its extensive insurance programmes. However, Spire, a company in which Mediclinic has a 29.9 per cent. interest, is party to a group litigation action relating to the supply of alleged faulty PIP breast implants. In 2012, Spire made a provision in the amount of £6.0 million to cover expenses in connection with these claims.

Quantitative and Qualitative Disclosures about Market Risk

The Mediclinic Group is exposed to the following risks related to financial instruments: credit risk, liquidity risk, foreign currency risk and interest rate risk. The Mediclinic Group does not trade in financial instruments, investment in securities or derivative financial instruments for speculative purposes. The Mediclinic Group enters into interest rate swap derivatives to manage the risk of variable interest rates. As at 31 March 2015, 2014 and 2013, and the six months ended 30 September 2015 and 2014 the Mediclinic Group did not have significant foreign currency exposure and had no open foreign currency forward contracts (see "*Foreign currency risk management*" below).

Capital Risk Management

The Mediclinic Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Mediclinic Group does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objective.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Mediclinic Group, and arises principally from the Mediclinic Group's trade and other receivables and bank balances.

Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Mediclinic Group's customer base, which consists mainly of medical schemes and insurance companies. The financial condition of these clients in relation to their credit standing is evaluated on an on going basis. Medical schemes and insurance companies are forced to maintain minimum reserve levels. The policy for patients that do not have a medical scheme or an insurance company paying for the Mediclinic Group's service is to require a preliminary payment instead. The Mediclinic Group does not have any significant exposure to any individual customer or counterparty.

The Mediclinic Group's cash and cash equivalents and short-term deposits are placed with quality financial institutions with a high credit rating.

The amount that best represents maximum credit risk on financial assets at the end of the reporting period, in the event counterparties fail to perform their obligations, generally approximates their carrying value. Trade and other receivables and balances relating to Mediclinic Southern Africa have been ceded as security in favour of banking facilities.

For the carrying amounts of the exposure to credit risk, see Part 16: "*Historical Financial Information of Mediclinic*".

Liquidity Risk

Liquidity risk is the risk that the Mediclinic Group will be unable to meet its funding requirements. The contractual maturities of financial liabilities have been determined on the basis of the remaining period at the end of the reporting period to the contractual repayment date. The maturity profile is monitored by the Mediclinic Group's management to ensure adequate liquidity is maintained.

Ultimate responsibility for liquidity risk management rests with the Mediclinic Group's Directors, who have built an appropriate liquidity risk management framework for the management of the Mediclinic Group's short, medium and long-term funding and liquidity management requirements. The Mediclinic Group manages liquidity risk by maintaining adequate reserves through continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Treasury Policy

Mediclinic's Executive Committee ("**EXCO**") adopted a treasury policy on 25 April 2013, which outlines steps and procedures to address the risks associated with treasury activities. Certain risks are curtailed by the supervision of the EXCO, which sets appropriate limits and monitors the treasury activities of Mediclinic and its group companies. This policy was last revised on 25 March 2015.

In order to combat liquidity risk, each year the Mediclinic Group's companies must make available to Mediclinic a 5-year estimate of cash flow and a 12-month cash flow budget. Surplus cash can only be invested at financial institutions approved by the EXCO, and funds must be invested in institutions with a specified level of credit rating or above (e.g. for long-term bank deposits, a Moody's rating of Baa2 or better). Surplus cash may only be invested in an overnight call account or fixed deposits for a maximum period of 32 days. Fixed deposits for a period longer than 32 days must be approved by the Mediclinic Group Chief Financial Officer, and the use of any other investment instrument must be approved by the EXCO.

Loans may only be incurred up to the limits prescribed by the EXCO, and certain terms require the EXCO's approval. A list of loan facilities (including terms and financial covenants), must be prepared and made available to EXCO. Mediclinic and its Group companies must ensure that, where applicable, facilities are in place to be used at any time if necessary.

Foreign Currency Risk Management

The Mediclinic Group's operating platforms are not significantly exposed to currency risk as most of the Mediclinic Group's assets and liabilities are denominated in the same currency in which it operates. The Southern Africa platform is denominated in South African rand, the Swiss platform is denominated in Swiss francs and the UAE platform is denominated in UAE dirham, which is pegged to the U.S. dollar. The Mediclinic Group's reporting currency is the South African rand and the Mediclinic Group is exposed to foreign currency translation currency risk.

In relation to exchange rate risk, the general rule under the treasury policy is that all normal trade transactions should be carried out in local currency. For as long as the UAE Dirham is pegged to the U.S. dollar, Mediclinic Middle East is not required to hedge U.S. dollar transactions. Normal trade transactions in foreign currency which are not hedged and which exceed the specified thresholds, must be approved by the Group Chief Financial Officer. All other hedging activities must be approved by the Group Chief Financial Officer, and where necessary approved by the EXCO. Transactions in foreign currency may only be concluded with financial institutions approved by the EXCO.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the Mediclinic Group's net finance costs.

The Mediclinic Group is exposed to interest rate risk from interest-bearing borrowings as well as short-term deposits. The Mediclinic Group manages interest rate risk by using floating-to-fixed interest rate swaps to hedge against interest rate movements which have the economic effect of converting the floating interest-bearing borrowings to fixed interest rate borrowings. The Mediclinic Group applies hedge accounting and, therefore, fair value movements are booked to the consolidated statement of comprehensive income. The Mediclinic Group's hedging activities are monitored regularly and reviewed by the Mediclinic Group's Audit and Risk Committee.

The nominal value of the borrowings hedged 30 September 2015 amounted to ZAR24,190 million and ZAR22,511 million, ZAR22,567 million and ZAR20,754 million as at 31 March 2015, 2014 and 2013, respectively.

With the removal of the Swiss franc/euro peg during January 2015 and the introduction of negative interest rates in Switzerland, the Swiss interest rate hedges became ineffective. Once LIBOR is below zero bank funding at LIBOR plus relevant margins is always subject to a zero rate LIBOR floor. Effective from 1 October 2014, the mark-to-market of the ineffective Swiss interest rate swap was charged through the income statement. The amount charged to the income statement was ZAR342 million (ZAR277 million after tax) (CHF29 million (CHF23 million after tax)) for the year ended 31 March 2015. The total Swiss balance sheet derivative liability as at 31 March 2015 was ZAR460 million (CHF37 million) (2014: asset of ZAR38 million (CHF3 million)).

For further information on interest rate risk and sensitivity analysis see Note 3.1 to Part 16: *"Historical Financial Information of Mediclinic—Notes forming part of the Consolidated financial information*".

Critical Accounting Policies

In the application of Mediclinic's accounting policies, which are described in Part 16: *"Historical Financial Information of Mediclinic*", management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue Recognition

Revenues are measured at the fair value of the consideration that has been received or is to be received and represents the amounts that can be received for services in the regular course of business when the significant risks and rewards of ownership have been transferred or services have been rendered. Discounts, sales taxes and other taxes associated with the revenues have to be deducted.

Revenue primarily comprises fees charged for in and outpatient hospital services. Services include charges for accommodation, theatre, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used. Revenue is recorded and recognised during the period in which the hospital service is provided, based upon the estimated amounts due from patients and/or medical funding entities. Fees are calculated and billed based on various tariff agreements with funders.

Provision for impairment of Receivables

Management of Mediclinic has estimated the recoverability of trade and other receivable balances and has considered the adequacy of the provision for impairment of receivables. Management of Mediclinic has estimated and determined the provision for impairment of receivables on the basis of prior experience and the current economic environment. Provision for impairment of receivables as at 30 September 2015 amounted to ZAR380 million, compared to ZAR310 million at 30 September 2014 and ZAR333 million, ZAR248 million and ZAR191 million as at 31 March 2015, 2014 and 2013, respectively.

Useful Lives of Property, Equipment and Vehicles

Mediclinic estimates useful lives of property, equipment and vehicles at the end of each annual reporting period. During the financial period, Management of Mediclinic has determined that these expectations do not differ from the previous estimate.

Indefinite useful life trade name and impairment testing of goodwill and indefinite life trade name

The estimation of the indefinite useful life of the Swiss trade names is based on the expectation that there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Mediclinic Group. This expectation requires a significant degree of management judgement.

The carrying amounts of goodwill and the indefinite life trade names allocated to the Swiss hospital operations are significant in comparison to the total carrying amount of intangible assets. The impairment tests for goodwill and the indefinite life trade names are based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering a five-year period. The discount rates used reflect specific risks related to the hospital industry. These calculations indicate that there was no impairment in the carrying value of goodwill and the trade names.

Key assumptions used for value-in-use calculations are as follows:

- Budgeted margins—the basis used to determine the value assigned to the budgeted margins is based on the margins achieved in the previous years, with a slight increase for expected efficiency improvements. The margins are driven by consideration of future admissions and case mix and based on past experience and management's assessment of growth.
- Discount rates—discount rates reflect management's estimate of the time value and the risks associated with the Swiss business. The weighted average cost of capital has been determined by considering the respective debt and equity costs and ratios. The pre-tax discount rate applied to cash flow projections is 5.8 per cent. (2014: 6.1 per cent.).
- Growth rates—growth rates are based on budgeted figures and management's estimates. The estimated figures assume a stable regulatory and tariff environment. Cash flows beyond the five-year period are extrapolated using a 1.6 per cent. (2014: 2.0 per cent.) growth rate.

New Accounting Standards and Recent Developments

Certain new standards, amendments and interpretations have been published that were mandatory for the Mediclinic Group's accounting periods beginning on or after 1 January 2015 but were not adopted early by the Mediclinic Group. Management anticipates that the adoption of such new standards, amendments and interpretations in future periods will not have a material impact on the Mediclinic Group's financial statements in the period of initial application. For information on these new accounting pronouncements, see Part 16: "*Historical Financial Information of Mediclinic*".

PART 14—CAPITALISATION AND INDEBTEDNESS

Section A: Capitalisation and indebtedness of the Al Noor Group

The following table sets out the consolidated capitalisation of the Al Noor Group as at 30 June 2015 and has been extracted, without material adjustment, from the accounting records underlying the Al Noor Group's historical financial information in Part 15: "*Historical Financial Information of Al Noor*".

You should read this table together with Part 12: "*Operating and Financial Review of the Al Noor Group" and Part 15: "Historical Financial Information of Al Noor*".

	As at 30 June 2015
	$'000 (unaudited)
Shareholders' equity	
Share capital	18,076
Legal reserve[1]	697,663
Other reserves[2]	(696,858)
Total equity[3]	**18,881**

Notes:

(1) The legal reserve includes the share premium and statutory reserve.

(2) Other reserves include the merger reserve and share option reserve.

(3) As a result of their consideration of the steps required to implement the Combination the Directors have been advised that an amount of U.S.$556,449,554, currently included in the Company's share premium account should have been designated a merger reserve. Accordingly the directors have determined to so redesignate that sum to a merger reserve. After the redesignation U.S.$137,099,479 remains in the Company's share premium account.

There has been no material change in the Al Noor's capital structure as shown above table since 30 June 2015.

The following table sets out the consolidated indebtedness of the Al Noor Group as at 30 September 2015. You should read this table together with Part 12: "*Operating and Financial Review of the Al Noor Group*" and Part 15: "*Historical Financial Information of Al Noor*".

	As at 30 September 2015
	$'000 (unaudited)
Current debt	
Guaranteed	Nil
Secured[1]	3,185
Unguaranteed/unsecured	Nil
Total non-current debt (excluding current portion of long-term debt)	
Guaranteed	Nil
Secured	Nil
Unguaranteed/unsecured	Nil
Total gross indebtedness	Nil

Notes:

(1) This includes outstanding letter of credit balance of US$3.2million utilised from Capex facility of US$ 81.7million with Standard Chartered Bank.

The following table sets out the consolidated net indebtedness of the Al Noor Group as at 30 September 2015.

	As at 30 September 2015
	$'000 (unaudited)
A. Cash	69,886
B. Cash equivalent	13,787
C. Trading securities	—
D. Liquidity (A+B+C)	**83,673**
E. Current financial receivables	—
F. Current bank debt	3,185
G. Other current portion of non current debt	—
H. Other current financial debt	—
I. Current financial debt (F+G+H)	**3,185**
J. Net current financial assets (D+E+I)	**80,488**
K. Non-current bank loans	—
L. Bonds issued	—
M. Other non-current loans	—
N. Non-current financial indebtedness (K+L+M)	—
O. Net financial indebtedness (J-N)	**80,488**

The Al Noor Group has indirect or contingent liabilities as at 30 September 2015 as shown on the following table:

Contingent liabilities/Off balance sheet items as of 30 September 2015:

	$'000
Open Letter of credits	3,433
Bank guarantees issued	1,085

Section B: Capitalisation and indebtedness of the Mediclinic Group

The following table sets out the consolidated capitalisation and indebtedness of the Mediclinic Group as at 30 September 2015 and has been extracted, without material adjustment, from the accounting records underlying the Mediclinic Group's historical financial information in Part 16 "*Historical Financial Information of Mediclinic*".

You should read this table together with Part 13: "*Operating and Financial Review of the Mediclinic Group*" and Part 16: "*Historical Financial Information of Mediclinic*".

Consolidated Capitalisation and Indebtedness Statement

	As at 30 September 2015
	(ZAR'm)
Guaranteed current debt	—
Secured current debt	1,136
Unguaranteed/unsecured current debt	—
Total current debt	**1,136**
Guaranteed non-current debt	—
Secured non-current debt[1]	26,936
Unguaranteed/unsecured non-current debt	3,337
Total non-current debt	**30,273**
Share capital	23,769
Legal reserve	—
Other reserves	15,905
Total shareholders' equity	**39,674**

Note:

(1) Property, equipment and vehicles with a book value over and above the value of the loans are encumbered as security for the loans.

The following table details the net financial indebtedness of the Mediclinic Group as at 30 September 2015.

	As at 30 September 2015
	(ZAR'm)
A. Cash	3,329
B. Cash equivalent (Term deposits)	2,404
C. Trading Securities	—
D. Liquidity (A+B+C)	**5,733**
E Current financial receivables	**—**
F. Current bank debt	—
G. Current portion of non current debt	(1,136)
H. Other current financial debt	—
I. Current financial debt (F+G+H)	**(1,136)**
J. Net current financial assets (D+E+I)	**4,597**
K. Non-current bank loans	(26,936)
L. Bonds Issues	(3,337)
M. Other non-current debt	—
N. Non-current financial indebtedness (K+L+M)	**(30,273)**
O. Net financial indebtedness (J-N)	**(25,676)**

There has been no material change in the indebtedness of the Mediclinic Group since 30 September 2015.

Section C: Share Premium Account of Al Noor

As described in Note 3 in Section A of Part 4, as a result of their consideration of the steps required to implement the Combination the Al Noor Directors have been advised that an amount of U.S.$556,449,554 currently included in Al Noor's share premium account should have been designated a merger reserve. Accordingly the Al Noor Directors have determined to so redesignate that sum to a merger reserve. After the redesignation U.S.$137,099,479 remains in Al Noor's share premium account.

PART 15—HISTORICAL FINANCIAL INFORMATION OF AL NOOR

1 Incorporation by Reference

The audited consolidated financial statements of the Company and its subsidiaries for the years ended 31 December 2012, 2013 and 2014, together with the unqualified independent audit or accountant's reports thereon, as set out in the IPO Prospectus, the Company's Annual Report for 2013 and the Company's Annual Report for 2014, respectively, and the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries for the six months ended 30 June 2015 and 30 June 2014 as set out in the Company's results for the six months ended 30 June 2015 and 30 June 2014, are incorporated by reference into this document.

2 Cross Reference List

The following list is intended to enable Shareholders to identify easily specific items of financial information which have been incorporated by reference into this document.

2.1 Audited consolidated financial statements of the Al Noor Group as at 31 December 2012, together with the unqualified independent audit report thereon

The page numbers below refer to the relevant pages of the IPO Prospectus:

Accountant's report on historical financial information 128

Consolidated income statement 130

Consolidated statement of comprehensive income 131

Consolidated statement of financial position 132

Statement of changes in equity 133

Consolidated statement of cash flows 134

Notes forming part of the Consolidated financial information 135

2.2 Audited consolidated financial statements of the Al Noor Group for the financial year ended 31 December 2013, together with the unqualified independent audit report thereon

The page numbers below refer to the relevant pages of Al Noor's Annual Report for the financial year ended 31 December 2013:

Independent auditor's report 84

Consolidated statement of financial position 86

Consolidated statement of profit or loss and other comprehensive income 87

Consolidated statement of changes in equity 88

Consolidated statements of cash flows 89

Notes to the consolidated financial statements 90

2.3 Unaudited interim condensed consolidated financial statements of the Al Noor Group for the six months ended 30 June 2014

The page numbers below refer to the relevant pages of Al Noor's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2014:

Independent review report 8

Condensed consolidated interim statement of financial position 9

Condensed consolidated interim statement of profit or loss and other comprehensive income 10

Condensed consolidated interim statement of changes in equity 12

Condensed consolidated interim statement of cash flows 13

Notes to the condensed consolidated interim financial statements 14

2.4 Audited consolidated financial statements of the Al Noor Group for the financial year ended 31 December 2014, together with the unqualified independent audit report thereon

The page numbers below refer to the relevant pages of Al Noor's Annual Report for the financial year ended 31 December 2014:

Independent auditor's report 82

Consolidated statement of financial position 84

Consolidated statement of profit or loss and other comprehensive income 85

Consolidated statement of changes in equity 86

Consolidated statement of cash flows 87

Notes to the consolidated financial statements 88

2.5 Unaudited interim condensed consolidated financial statements of the Al Noor Group for the six months ended 30 June 2015

The page numbers below refer to the relevant pages of Al Noor's unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015:

Independent review report 9

Condensed consolidated interim statement of financial position 10

Condensed consolidated interim statement of profit or loss and other comprehensive income 11

Condensed consolidated interim statement of changes in equity 13

Condensed consolidated interim statement of cash flows 14

Notes to the condensed consolidated interim financial statements 15

PART 16—HISTORICAL FINANCIAL INFORMATION OF MEDICLINIC

Part A: Report of PricewaterhouseCoopers LLP on the historical financial information of Mediclinic for the six months ended 30 September 2015.

The directors and the proposed directors (together, the "**Directors**")
Al Noor Hospitals Group Plc (the "**Company**")
1st Floor
40 Dukes Place
London
EC3A 7NH

N M Rothschild & Sons Ltd
New Court
St Swithin's Lane
London
EC4N 8AL

Jefferies International Limited
Vintners Place
68 Upper Thames Street
London
EC4V 3BJ

19 November 2015

Dear Sirs

Mediclinic International Limited ("Mediclinic")

We report on the financial information of Mediclinic, its subsidiaries, associates and joint ventures (together, the "**Mediclinic Group**") as at 30 September 2015 and for the six months then ended set out in section B of Part 16 below (the "**Financial Information Table**"). The Financial Information Table has been prepared for inclusion in the prospectus dated 19 November 2015 (the "**Prospectus**") of Al Noor Hospitals Group Plc (the "**Company**") on the basis of the accounting policies set out in note 2 to the Financial Information Table. This report is required by item 20.1 of Annex I to the PD Regulation and is given for the purpose of complying with that item and for no other purpose. We have not audited or reviewed the financial information for the period ended 30 September 2014 or the financial information as at 31 March 2015 which has been included for comparative purposes only, and accordingly do not express an opinion thereon.

Responsibilities

The Directors are responsible for preparing the Financial Information Table in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Financial Information Table gives a true and fair view, for the purposes of the Prospectus and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of,

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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the Mediclinic Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Financial Information Table gives, for the purposes of the Prospectus dated 19 November 2015, a true and fair view of the state of affairs of the Mediclinic Group as at 30 September 2015 and of its profits, comprehensive income, changes in equity and cash flows for the six months then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

Part B: Historical financial information of Mediclinic for the six months ended 30 September 2015.

Consolidated Statement of Financial Position
as at 30 September 2015

Group

	Notes	30 September 2015 (R'm)	31 March
Assets			
Non-current assets		83,656	65,813
Property, equipment and vehicles	5	60,750	53,776
Intangible assets	6	13,050	11,565
Investment in associates	7	9,377	2
Investment in joint venture	8	63	65
Other investments and loans	9	76	93
Derivative financial instruments	20	9	10
Deferred income tax assets	10	331	302
Current assets		15,639	13,366
Inventories	11	1,170	1,074
Trade and other receivables	12	8,682	7,479
Current income tax assets		54	34
Cash and cash equivalents		5,733	4,779
Total assets		99,295	79,179
Equity			
Capital and reserves			
Stated and issued capital		24,051	14,141
Treasury shares		(282)	(265)
Share capital	13	23,769	13,876
Retained earnings	14	8,228	7,250
Other reserves	15	15,905	10,938
Attributable to equity holders of the Company		47,902	32,064
Non-controlling interests	16	1,092	1,098
Total equity		48,994	33,162
Liabilities			
Non-current liabilities		42,154	38,078
Borrowings	17	30,273	27,927
Deferred income tax liabilities	10	8,810	7,729
Retirement benefit obligations	18	1,823	1,292
Provisions	19	788	665
Derivative financial instruments	20	460	465
Current liabilities		8,147	7,939
Trade and other payables	21	6,248	6,032
Borrowings	17	1,136	1,229
Provisions	19	533	429
Derivative financial instruments	20	7	21
Current income tax liabilities		223	228
Total liabilities		50,301	46,017
Total equity and liabilities		99,295	79,179

Consolidated Income Statement
for the six months ended 30 September 2015

Group

	Notes	30 September 2015	30 September 2014 (Unaudited)
		(R'm)	
Revenue		19,565	16,828
Cost of sales	22	(11,224)	(9,742)
Administration and other operating expenses	22	(4,488)	(3,784)
Operating profit before depreciation (EBITDA)		3,853	3,302
Depreciation and amortisation	22	(860)	(723)
Operating profit		2,993	2,579
Other gains and losses	23	57	190
Income from associates	7	—	—
Loss from joint venture	8	(2)	(2)
Finance income		75	52
Finance cost	24	(616)	(602)
Profit before tax		2,507	2,217
Income tax expense	25	(498)	(428)
Profit for the period		2,009	1,789
Attributable to:			
Equity holders of the Company		1,868	1,668
Non-controlling interests		141	121
		2,009	1,789
Earnings per ordinary share attributable to the equity holders of the Company—cents			
Basic	26	214.1	197.8
Diluted	26	210.5	193.9

Consolidated Statement of Comprehensive Income
for the six months ended 30 September 2015

Group

	Notes	30 September 2015	30 September 2014 (Unaudited)
			(R'm)
Profit for the period		2,009	1,789
Other comprehensive income			
Items that may be reclassified to the income statement			
Currency translation differences	27	4,933	(204)
Fair value adjustment—cash flow hedges	27	23	(102)
		4,956	(306)
Items that may not be reclassified to the income statement			
Actuarial gains and losses	27	(280)	2
Other comprehensive income, net of tax	27	4,676	(304)
Total comprehensive income for the period		6,685	1,485
Attributable to:			
Equity holders of the Company		6,543	1,364
Non-controlling interests		142	121
		6,685	1,485

Consolidated Statement of Changes in Equity
for the six months ended 30 September 2015

Group

	Stated and issued share capital (note 13)	Treasury shares (note 13)	Share-based payment reserve (note 15)	Foreign currency translation reserve (note 15)	Hedging reserve (note 15)	Retained earnings (note 14)	Shareholders' equity	Non-controlling interests (note 16)	Total equity
					(R'm)				
Balance at 31 March 2014	**11,027**	**(249)**	**159**	**9,197**	**9**	**4,325**	**24,468**	**923**	**25,391**
Shares issued	3,178	—	—	—	—	—	3,178	—	3,178
Share issue costs	(64)	—	—	—	—	—	(64)	—	(64)
Utilised by the Mpilo Trusts	—	2	—	—	—	—	2	—	2
Treasury shares purchased (Forfeitable Share Plan)	—	(22)	—	—	—	—	(22)	—	(22)
Share-based payment expense	—	—	11	—	—	—	11	—	11
Transactions with non-controlling shareholders	—	—	—	—	—	1	1	12	13
Total comprehensive income for the period	—	—	—	(203)	(102)	1,669	1,364	121	1,485
Dividends paid	—	—	—	0	—	(564)	(564)	(95)	(659)
Balance at 30 September 2014	14,141	(269)	170	8,994	(93)	5,431	28,374	961	29,335
Utilised by the Mpilo Trusts	—	4	—	—	—	—	4	—	4
Share-based payment expense	—	—	13	—	—	—	13	—	13
Transactions with non-controlling shareholders	—	—	—	—	—	8	8	50	58
Total comprehensive income for the period	—	—	—	1,846	8	2,069	3,923	115	4,038
Dividends paid	—	—	—	—	—	(258)	(258)	(28)	(286)
Balance at 31 March 2015	14,141	(265)	183	10,840	(85)	7,250	32,064	1,098	33,162
Shares issued	10,000	—	—	—	—	—	10,000	—	10,000
Share issue costs	(90)	—	—	—	—	—	(90)	—	(90)
Utilised by the Mpilo Trusts	—	2	—	—	—	—	2	—	2
Treasury shares purchased (Forfeitable Share Plan)	—	(19)	—	—	—	—	(19)	—	(19)
Share-based payment expense	—	—	12	—	—	—	12	—	12
Transactions with non-controlling shareholders	—	—	—	—	—	(5)	(5)	(30)	(35)
Total comprehensive income for the period	—	—	—	4,932	23	1,588	6,543	142	6,685
Dividends paid	—	—	—	—	—	(605)	(605)	(118)	(723)
Balance at 30 September 2015	24,051	(282)	195	15,772	(62)	8,228	47,902	1,092	48,994

Consolidated Statement Of Cash Flows
For the six months ended 30 September 2015

Group

	Notes	30 September 2015	30 September 2014 (Unaudited)
		(R'm) Inflow/(outflow)	
Cashflow from Operating Activities			
Cash received from customers		19,189	17,184
Cash paid to suppliers and employees		(15,930)	(13,492)
Cash generated from operations	28.1	3,259	3,692
Interest received		75	52
Interest paid	28.2	(514)	(507)
Tax paid	28.3	(437)	(511)
Net cash generated from operating activities		2,383	2,726
Cash Flow From Investment Activities		(10,131)	(2,386)
Investment to maintain operations	28.4	(483)	(377)
Investment to expand operations	28.5	(1,001)	(711)
Business combinations	29.	—	(1,440)
Proceeds on disposal of property, equipment and vehicles	28.6	11	7
Investment in associate	30	(8,678)	—
Insurance proceeds		—	134
Loans repaid		20	—
Proceeds from other investments and loans		—	1
Net cash generated/(utilised) before financing activities		(7,748)	340
Cashflow from Financing Activities		8,287	876
Proceeds of shares issued		10,000	3,178
Share issue costs		(89)	(64)
Distributions to non-controlling interests	16	(118)	(95)
Distributions to shareholders	28.7	(605)	(564)
Proceeds from borrowings		—	5
Repayment of borrowings		(835)	(1,577)
Refinancing transaction costs		(14)	—
Acquisition of non-controlling interest		(34)	—
Shares purchased (Forfeitable Share Plan)		(22)	(22)
Proceeds from disposal of treasury shares		4	2
Proceeds on disposal of non-controlling interest		—	13
Net increase in cash, cash equivalents and bank overdrafts		539	1,216
Opening balance of cash, cash equivalents and bank overdrafts		4,779	3,485
Exchange rate fluctuations on foreign cash		415	47
Closing balance of cash, cash equivalents and bank overdrafts	28.8	5,733	4,748

1 General Information

Mediclinic International Limited (the "**Company**") and its subsidiaries (the "**Group**") operate multi-disciplinary private hospitals.

The main business of the Group is to enhance the quality of life of patients by providing comprehensive, high-quality hospital services on a cost-effective basis.

The Company is a limited liability company incorporated and domiciled in South Africa. The address of its registered offices is: Mediclinic Offices, Strand Road, Stellenbosch 7600.

The Company is listed on the JSE and the Company has a secondary listing on the Namibian Stock Exchange. A wholly owned subsidiary, Hirslanden AG issued bonds on the SIX.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated interim financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the consolidated historical financial information are set out below. The financial information presented is at and for the 6 month period to 30 September 2015. Results for the 6 months to 30 September 2014 are unaudited and the balances presented as at 31 March 2015 have been taken from the previously audited (by PricewaterhouseCoopers Inc.) financial statements at that date.

The consolidated historical financial information has been prepared in accordance with the requirements of the Prospectus Directive Regulation, the Listing Rules and in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and IFRS Interpretation Committee ("IFRS IC") interpretations as adopted by the European Union (the "EU"). The consolidated historical financial information has been prepared on the going concern basis and under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed in note 4.

Within this historical financial information, "Company" refers to Mediclinic International Limited and "Group" refers to the Company, its subsidiaries, joint ventures and associates.

2.2 Consolidation and equity accounting

(a) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition until control is lost.

Adjustments to the financial statements of subsidiaries are made when necessary to bring their accounting policies in line with those of the Group.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries

2 Summary of Significant Accounting Policies (Continued)

attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the company has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

(b) Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt that are amortised as part of the effective interest and costs to issue equity, which are included in equity.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal company) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-for-sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRSs.

In cases where the company held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If the total of consideration transferred, non-controlling interest recognised and

2 Summary of Significant Accounting Policies (Continued)

previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the company at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

(c) Investment in associate

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. The group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement. Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

(d) Investment in joint venture

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

2 Summary of Significant Accounting Policies (Continued)

2.3 Segment reporting

Consistent with internal reporting, the Group's segments are identified as the four geographical operating platforms in Mediclinic Southern Africa, Mediclinic Switzerland, Mediclinic Middle East and United Kingdom. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions. The executive committee comprise of the executive directors and prescribed officers.

2.4 Property, equipment and vehicles

Land and buildings comprise mainly hospitals and offices. All property, equipment and vehicles are shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

—Buildings:	10–100 years
—Leasehold improvements:	10 years or over the lease contract if shorter.
—Equipment:	3–10 years
—Furniture and vehicles:	3–8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profit or loss on disposals is determined by comparing proceeds with carrying amounts. These are included in the income statement.

2.5 Intangible assets

(a) Trade names

Trade names that are deemed to have an indefinite useful life are carried at cost less accumulated impairment losses. Trade names that are deemed to have a finite useful life are capitalised at the cost to the Group and amortised on the straight-line basis over its estimated useful lifetime of 15 to 20 years. No value is placed on internally developed trade names. Expenditure to maintain trade names is accounted for against income as incurred.

(b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition and the fair value of the non-controlling interest in the subsidiary. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from business

2 Summary of Significant Accounting Policies (Continued)

combinations in which goodwill arose. CGUs have been defined as certain hospital groupings within the Group.

(c) Computer software

Acquired computer software licences and internally developed software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (1-5 years). Costs associated with maintaining computer software programmes or development expenditure that does not meet the recognition criteria are recognised as an expense as incurred.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The recoverable amount is calculated by estimating future cash benefits that will result from each asset and discounting those cash benefits at an appropriate discount rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows—CGUs. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and financial assets at fair value through profit and loss. The classification depends on the purpose for which the asset was acquired. Management determines the classification of its investments at initial recognition.

Purchases and sales of investments are recognised on trade date—the date on which the Group commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets not subsequently carried at fair value through profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest rate method.

Investments available-for-sale

Other long-term investments are classified as available-for-sale and are included within non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. These investments are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised in other comprehensive income in the period in which they arise. When available-for-sale investments are either sold or impaired, the accumulated fair value adjustments are realised and included in profit or loss.

2 Summary of Significant Accounting Policies (Continued)

Financial assets at fair value through profit and loss

These instruments, consisting of financial instruments held-for-trading and those designated at fair value through profit and loss at inception, are carried at fair value. Derivatives are also classified as held-for-trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised in the income statement in the period in which they arise.

Impairment

At each reporting date the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the receivables or a group of receivables is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value of the asset below its cost is considered an indicator that the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss—is removed from other comprehensive income and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts, the legal enforceable right is not contingent of a future event and is enforceable in the normal course of business even in the event of default, bankruptcy and insolvency, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Inventories

Inventories are valued at the lower of cost, determined on the first-in, first-out method, or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Trade and other receivables

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and cash on hand and are classified as loans and receivables. Bank overdrafts are classified as financial liabilities at amortised cost and are disclosed as part of borrowings in current liabilities in the statement of financial position.

2 Summary of Significant Accounting Policies (Continued)

2.12 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction is designated as a cash flow hedge. The Group uses interest rate swaps as cash flow hedges.

The Group documents, at inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 20. The hedging reserve in shareholders' equity is shown in note 15. On the statement of financial position hedging derivatives are not classified based on whether the amount is expected to be recovered or settled within, or after, 12 months. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge relationship is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedge relationship is less than 12 months.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that is designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in other comprehensive income are recycled to the income statement in the periods when the hedged item affects profit or loss (for example, when the interest expense on hedged variable rate borrowings is recognised in profit and loss).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.13 Share capital

Ordinary shares are classified as equity. Shares in the Company held by wholly owned group companies are classified as treasury shares and are held at cost.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

2.14 Treasury shares

Treasury shares are deducted from equity until the shares are cancelled, reissued or disposed of. No gains or losses are recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. All consideration paid or received for treasury shares is recognised directly in equity.

2.15 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Accounts payable is classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2 Summary of Significant Accounting Policies (Continued)

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs are expensed when incurred, except for borrowing costs directly attributable to the construction or acquisition of qualifying assets. Borrowing cost directly attributable to the construction or acquisition of qualifying assets is added to the cost of those assets, until such time as the assets are substantially ready for their intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and 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.

2.18 Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividend withholding tax is payable at a rate of 15% on dividends distributed to shareholders. The tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder.

2 Summary of Significant Accounting Policies (Continued)

2.19 Employee benefits

(a) Retirement benefit costs

The Group provides defined benefit and defined contribution plans for the benefit of employees, the assets of which are held in separate trustee administered funds. These plans are funded by payments from the employees and the Group, taking into account recommendations of independent qualified actuaries.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to make further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

Defined benefit plans

A defined-benefit plan is a plan that is not a defined contribution plan. This plan defines an amount of pension benefit an employee will receive on retirement, dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the income statement. A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefit available in the form of reductions in future contributions to the plan, and any unrecognised actuarial losses and past service costs. The annual pension costs of the Group's benefit plans are charged to the income statement.

Incurred interest costs/income on the defined benefit obligations are recognised as wages and salaries.

(b) Post-retirement medical benefits

Some group companies provide for post-retirement medical contributions in relation to current and retired employees. The expected costs of these benefits are accounted for by using the projected unit credit method. Under this method, the expected costs of these benefits are accumulated over the service lives of the employees. Valuation of these obligations is carried out by independent qualified actuaries. All actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

(c) Share-based compensation

The Group operates a equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

2 Summary of Significant Accounting Policies (Continued)

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(d) Profit sharing and bonus plans

The Group recognises a liability and an expense where a contractual obligation exist for short-term incentives. The amounts payable to employees in repect of the short-term incentive schemes are determined based on annual business performance targets.

2.20 Revenue recognition

Revenues are measured at the fair value of the consideration that has been received or is to be received and represent the amounts that can be received for services in the regular course of business when the significant risks and rewards of ownership have been transferred or services have been rendered. Discounts, sales taxes and other taxes associated with the revenues have to be deducted.

Revenue primarily comprises fees charged for in and outpatient hospital services. Services include charges for accommodation, theatre, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used. Revenue is recorded and recognised during the period in which the hospital service is provided, based upon the estimated amounts due from patients and/or medical funding entities. Fees are calculated and billed based on various tariff agreements with funders.

Other revenues earned are recognised on the following bases:

(a) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

(b) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

With the exception of interest income, all the items above are presented as revenue.

2.21 Cost of sales

Cost of sales consists of the cost of inventories, including obsolete stock, which have been expensed during the year, together with personnel costs and related overheads which are directly attributable to the provision of services, but excludes depreciation and amortisation.

2.22 Leased assets

Leases of property, equipment and vehicles where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing borrowings. The interest element of the finance charges is charged to the income statement over the lease period. The property, equipment and vehicles acquired under finance leasing contracts are depreciated over the useful lives of the assets or the term of the lease agreement if shorter and transfer of ownership at the end of the lease period is uncertain.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

2 Summary of Significant Accounting Policies (Continued)

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Board.

2.24 Foreign currency transactions

Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the rates of exchange ruling on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income. Foreign exchange gains and losses are presented in the income statement within 'Administration and other operating expenses'.

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates (the functional currency). The consolidated financial statements are prepared in South African rand which is the Company's functional and presentation currency.

Group entities

The results and financial position of all foreign operations that have a functional currency that is different from the Group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date.
- Income and expenses for each income statement are translated at average exchange rates for the year.
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation exchange differences arising from the translation of the net investment in foreign operations are taken directly to other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at closing rates at the reporting date.

3 Financial Risk Management

3.1 Financial risk factors

In respect of the Group's financial instruments, normal business activities expose the Group to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

3 Financial Risk Management (Continued)

(a) Market risk

(i) Currency risk

Investments in foreign operations

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies. Changes in the South African rand/Swiss franc, rand/UAE dirham and rand/GBP exchange rate over a period of time result in increased/decreased earnings.

In the case of corporate offshore transactions and or cross-border business combinations, generally forward cover contracts are considered are or taken out to minimize foreign currency risk. Currently there are no forward cover contracts in place.

The impact of a 10% change in the South African rand/Swiss franc and the South African rand/UAE dirham exchange rates for a sustained period of one year is:

- profit for the period would increase/decrease by R81m (30 September 2014: increase/decrease by R65m) due to exposure to the South African rand/Swiss franc exchange rate;
- profit for the period would increase/decrease by R43m (30 September 2014: increase/decrease by R29m) due to exposure to the South African rand/UAE dirham exchange rate.
- foreign currency translation reserve would increase/decrease by R2 122m (30 September 2014: Increase/decrease by R1 785m) due to exposure to the South African rand/Swiss franc exchange rate; and
- foreign currency translation reserve would increase/decrease by R407m (30 September 2014: Increase/decrease by R265m) due to exposure to the South African rand/UAE dirham exchange rate.

The following exchange rates were applicable during the year:

Average South African rand/Swiss franc exchange rate for the period 1 April 2015 to 30 September 2015: CHF1 = R13.17 (period 1 April 2014 to 30 September 2014: 2014: CHF1 = R11.82)
Closing South African rand/Swiss franc exchange rate at 30 September 2015 : CHF1 = R14.20 (31 March 2015: CHF1 = R12.55) Average South African rand/UAE dirham exchange rate for the period 1 April 2015 to 30 September 2015: AED1 = R3.42 (period 1 April 2014 to 30 September 2014: AED1=R2.90)
Closing South African rand/UAE dirham exchange rate at 30 September 2015 : AED1 = R3.77 (31 March 2015: AED1 = R3.32) Average South African rand/GBP exchange rate for the period 24 August 2015 to 30 September 2015 : £1 = R20.84
Closing South African rand/GBP exchange rate at 30 September 2015: £1 = R20.99

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings as well as short-term deposits. Borrowings and short-term deposits issued at variable rates expose the Group to cash flow interest rate risk. Interest rate derivatives expose the Group to fair value interest rate risk. Group policy is to maintain an appropriate mix between fixed and floating rate borrowings and placings.

The Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

3 Financial Risk Management (Continued)

In respect of financial assets, interest rate risk is managed by using approved counterparties that offer the best rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's:

- profit for the period would increase/decrease by R28m (30 September 2014: increase/decrease by R21m). This is mainly attributable to the Group's exposure to interest rates on its unhedged variable rate borrowings and cash.

(iii) Other price risk

The Group is not materially exposed to commodity or any other price risk.

(b) Credit risk

Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash, short-term deposits and trade and other receivables and derivative financial contracts. The Group's cash equivalents and short-term deposits, are placed with quality financial institutions with a high credit rating. Trade receivables are represented net of the allowance for doubtful receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base, which consists mainly of medical schemes and insurance companies. The financial condition of these clients in relation to their credit standing is evaluated on an ongoing basis. Medical schemes and insurance companies are forced to maintain minimum reserve levels. The policy for patients that do not have a medical scheme or an insurance company paying for the Group's service, is to require a preliminary payment instead. The Group does not have any significant exposure to any individual customer or counterparty.

The Group is exposed to credit-related losses in the event of non-performance by counterparties to hedging instruments. The counterparties to these contracts are major financial institutions. The Group monitors its positions and limits the extent to which it enters into contracts with any one party.

The carrying amounts of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to these assets. At 30 September 2015 and 31 March 2015, the Group did not consider there to be a significant concentration of credit risk.

(c) Liquidity risk

The Group manages liquidity risk by monitoring cash flow forecasts to ensure that it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

	30 September 2015	31 March
	(R'm)	
The Group's unused overdraft facilities are:	2,434	1,687

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the required date of repayment. The table includes both interest and principal cash flows. The analysis of derivative financial

3 Financial Risk Management (Continued)

instruments has been drawn up based on undiscounted net cash inflows/(outflows) that settle on a net basis.

	Contractual cash flows	0–12 months	1–5 years	Beyond 5 years
		(R'm)		
Financial liabilities				
30 September 2015				
Interest-bearing borrowings	44,656	1,475	39,905	3,276
Derivative financial instruments	436	119	317	—
Trade payables	2,579	2,579	—	—
Other payables and accrued expenses	2,497	2,497	—	—
31 March 2015				
Interest-bearing borrowings	31,960	1,855	10,895	19,210
Derivative financial instruments	473	144	329	—
Trade payables	2,818	2,818	—	—
Other payables and accrued expenses	2,162	2,162	—	—

3.2 Fair value of financial instruments

The fair value of financial assets and liabilities are determined as follows:

Cash and cash equivalents, trade and other receivables: The carrying amounts reported in the statement of financial position approximate fair values because of the short-term maturities of these amounts.

Borrowings and trade and other payables: The carrying amounts reported in the statement of financial position approximate fair values determined on the basis of a discounted cash flow methodology.

Financial assets at fair value through profit and loss: The fair value of these financial instruments is derived from quoted prices in active markets for identical assets.

Derivative financial instruments: Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Available-for-sale financial assets: The carrying amounts reported in the statement of financial position are determined based on an appropriate valuation methodology.

Financial instruments that are measured at fair value in the statement of financial position, are disclosed by level of the following fair value hierarchy:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2—Input (other than quoted prices included within level 1) that is observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3—Input for the asset or liability that is not based on observable market data (unobservable input).

3.3 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 17, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and other reserves and non-controlling interest as disclosed in notes 13, 14, 15 and 16 respectively. The Group's Audit and Risk Committee reviews the going concern status and capital structure of the Group annually. The Group balances its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the

3 Financial Risk Management (Continued)

redemption of existing debt. The debt-to-adjusted capital ratios at 30 September 2015 and 31 March 2015 were as follows:

	30 September 2015	31 March
	(R'm)	
Borrowings	31,409	29,156
Less: cash and cash equivalents	(5,733)	(4,779)
Net debt	25,676	24,377
Total equity	48,994	33,162
Debt-to-equity capital ratio	0.5	0.7

The debt to equity ratio improved.

4 Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill and intangible asset

The Group tests annually whether goodwill and the intangible assets with an indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in note 2.5. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The estimated figures assume a stable regulatory and tariff environment. Since 1 January 2012, a new financing and tariff system for mandatory basic insured patients in Switzerland was implemented. Although the new system is operational, there are still a number of areas that are still uncertain. These uncertainties can have an impact on the recoverability of the goodwill and intangible asset's recoverable amount.

The annual impairment test was performed during the year ended 31 March 2015 as disclosed in note 6. Since no impairment indicators occurred during the period ended 30 September 2015, and given that the annual impairment testing does not fall within this period, no impairment testing was performed.

(b) Income taxes

The Group is subject to income taxes in South Africa, Namibia and Switzerland. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Retirement benefits

The cost of defined benefit pension plans and post-retirement medical benefit liability obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 18.

4 Critical Accounting Estimates and Assumptions (Continued)

(d) Indefinite life trade names

The estimation of the indefinite useful life of the Swiss trade names is based on the expectation that there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group. This expectation requires a significant degree of management judgement. Refer to note 6.

(e) Property, equipment and vehicles

The estimation of the useful lives of property, equipment and vehicles is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. These depreciation rates represent management's current best estimate of the useful lives and residual values of the assets.

For a private hospital it is fundamentally important that the earnings potential of a building is maintained on a permanent basis. The Group therefore follows a structured maintenance programme with regard to hospital buildings with the specific goal to prolong the useful lifetime of these buildings.

(f) Provision for tariff risks

Provisions were raised for risks related to Swiss tariff risk, including historic tariff disputes at various Swiss hospitals. The provisions are determined by management and represent an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 19. Tariff provisions in the income statement is charged or released to revenue in the income statement.

(g) Consolidation

The Group has less than 50% interest in a number of South African companies. The directors made an assessment in terms of IFRS 10 as to whether the Group has control or not. The directors concluded that is has control over these South African companies on the basis that the company is the largest single shareholder and is appointed as the managing agent through a comprehensive management agreement. Accordingly these results have been consolidated.

(h) Purchase price allocation

Critical accounting estimates and assumptions are also made in the purchase price allocation when accounting for acquisitions as business combinations in accordance with IFRS 3: Business Combinations. These estimates and assumptions relate mainly to the indentification and valuation of intangible assets and the determination of useful lives of assets.

5 Property, Equipment and Vehicles

	30 Sep 2015	31 March 2015
	(R'm)	
Land—cost	15,852	14,009
Buildings	38,661	33,675
Cost	41,506	36,001
Accumulated depreciation	(2,814)	(2,295)
Accumulated impairment	(31)	(31)
Land and buildings	54,513	47,684
Equipment	4,029	3,600
Cost	10,088	8,793
Accumulated depreciation	(6,059)	(5,193)
Furniture and vehicles	741	705
Cost	2,894	2,531
Accumulated depreciation	(2,153)	(1,826)
Subtotal	59,283	51,989
Capital expenditure in progress	1,467	1,787
	60,750	53,776

5 Property, Equipment and Vehicles (Continued)

	Land and buildings	Capital expenditure in progress	Equipment	Furniture and vehicles	Total
			(R'm)		
At 1 April 2014					
Cost	46,594	1,088	7,368	2,073	57,123
Accumulated depreciation	(1,816)	—	(4,275)	(1,435)	(7,526)
Net book value	44,778	1,088	3,093	638	49,597
Year ended 31 March 2014					
Net opening book value	44,778	1,088	3,093	638	49,597
Capital expenditure	907	858	971	357	3,156
Business combinations	12	—	128	14	154
Exchange differences	2,147	46	126	24	2,343
Disposals	(35)	—	(3)	(2)	(40)
Prior year capital expenditure completed	202	(205)	3	—	—
Impairment losses[1]	(31)	—	—	—	(31)
Depreciation per income statement	(359)	—	(718)	(326)	(1,403)
Net closing book value	47,684	1,787	3,600	705	53,776
At 31 March 2015					
Cost	50,010	1,787	8,793	2,531	63,121
Accumulated depreciation	(2,295)	—	(5,193)	(1,826)	(9,314)
Accumulated impairment	(31)	—	—	—	(31)
Net book value	47,684	1,787	3,600	705	53,776
Period ended 30 September 2015					
Net opening book value	47,684	1,787	3,600	705	53,776
Capital expenditure	216	527	530	148	1,421
Exchange differences	5,876	97	308	54	6,338
Disposals	(4)	—	(2)	—	(6)
Prior year capital expenditure completed	944	(944)	—	—	—
Depreciation per income statement	(206)	—	(407)	(166)	(779)
Net closing book value	54,513	1,467	4,029	741	60,750
At 30 September 2015					
Cost	57,358	1,467	10,088	2,894	71,807
Accumulated depreciation	(2,814)	—	(6,059)	(2,153)	(11,026)
Accumulated impairment	(31)	—	—	—	(31)
Net book value	54,513	1,467	4,029	741	60,750

Note:

(1) An Impairment charge was booked after the earnings potential of the original part of the Mediclinic Vergelegen Hospital building was significantly affected after a flood caused damage to the building.

	30 September 2015	31 March
	(R'm)	
Total additions	1,421	3,156
To maintain operations	420	942
To expand operations	1,001	2,214

5 Property, Equipment and Vehicles (Continued)

Property, equipment and vehicles with a book value of R49 374m (31 March 2015: R43 432) are encumbered as security for borrowings (see note 17).

Included in equipment is capitalised finance lease equipment with a book value of R26m (31 March 2015: R25m) (see note 17).

The asset class "Capital expenditure in progress" comprises building and upgrade projects in progress.

6 Intangible Assets

	Software and IT projects	Trade names	Goodwill	Total
		R'm		
At 1 April 2014				
Cost	317	5,058	4,016	9,391
Accumulated amortisation and impairment	(150)	(28)	(3)	(181)
Net book value	167	5,030	4,013	9,210
Year ended 31 March 2015				
Net opening book value	167	5,030	4,013	9,210
Amortisation charge	(81)	(28)	—	(109)
Additions	273	—	—	273
Business combinations	8	321	1,239	1,568
Exchange differences	17	289	317	623
Net closing book value	384	5,612	5,569	11,565
At 31 March 2015				
Cost	626	5,668	5,572	11,866
Accumulated amortisation and impairment	(242)	(56)	(3)	(301)
Net book value	384	5,612	5,569	11,565
Period ended 30 September 2015				
Net opening book value	384	5,612	5,569	11,565
Amortisation charge	(60)	(21)	—	(81)
Additions	63	—	—	63
Exchange differences	44	737	722	1,503
Net closing book value	431	6,328	6,291	13,050
At 30 September 2015				
Cost	733	6,405	6,294	13,432
Accumulated amortisation and impairment	(302)	(77)	(3)	(382)
Net book value	431	6,328	6,291	13,050

Impairment testing of goodwill and indefinite life trade names

The carrying amounts of goodwill and the indefinite life trade names allocated to the Swiss hospital operations are significant in comparison to the total carrying amount of intangible assets. The impairment tests for goodwill and the indefinite life trade names are based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering a five-year period. The discount

6 Intangible Assets (Continued)

rates used reflect specific risks related to the hospital industry. These calculations indicate that there was no impairment in the carrying value of goodwill and the trade names.

	30 Sep 2015	31 March 2015
	R'm	
Carrying amount of Swiss goodwill	5,452	4,819
Carrying amount of Swiss indefinite life trade names	6,048	5,345

Key assumptions used for the value-in-use calculations for the annual impairment testing (31 March 2015) were as follows:

- Budgeted margins—the basis used to determine the value assigned to the budgeted margins is based on the margins achieved in the previous years with a slight increase for expected efficiency improvements. The margins are driven by consideration of future admissions and case mix and based on past experience and management's assessment of growth.
- Discount rates—discount rates reflect management's estimate of the time value and the risks associated with the Swiss business. The weighted average cost of capital (WACC) has been determined by considering the respective debt and equity costs and ratios. The pre-tax discount rate applied to cash flow projections is 5.8% (31 March 2015).
- Growth rates—growth rates are based on budgeted figures and management's estimates. The estimated figures assume a stable regulatory and tariff environment. Cash flows beyond the five-year period are extrapolated using a 1.6% (31 March 2015) growth rate.

For the goodwill, the recoverable amount calculated based on value in use exceeded the carrying value by approximately R5 872m (31 March 2015). A fall in growth rate to 1.1% (31 March 2015) (which will also include the possible effect of changes in budgeted margins) or a rise in discount rate to 6.2% (31 March 2015) would remove the remaining headroom.

	30 Sep 2015	31 March 2015
	R'm	
Carrying amount of Middle East goodwill	693	611

Key assumptions used for the value-in-use calculations for the annual impairment testing (31 March 2015) were as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in market share over the long term period of five years.
- The discount rates applied to cash flows are based on the Group's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate. The pre-tax discount rate applied to cash flow projections is 12% (31 March 2015).
- Growth rate estimates are based on a conservative view of the long-term rate of growth. The growth rates applied are between 5% and 10% (31 March 2015) with a terminal growth rate of 2% (31 March 2015).

Any sensitivity applied to the key assumptions above will have no significant impact on the value in use.

7 Investment in Associates

	30 Sep 2015	31 March 2015
	R'm	
Listed investments	9,375	—
Unlisted investments	2	2
	9,377	2
Reconcilation of carrying value at the beginning and end of the period		
Listed investments		
Total cost of equity investment (note 30)	8,701	—
Exchange rate differences on translation to year-end rate	674	
	9,375	—

Set out below are details of the associate which is material to the group.

Name of entity	Country of incorporation and place of business	% ownership
Spire Healthcare Group plc	United Kingdom	29.9%

The associate is accounted for by using its financial information for the six months ended 30 June 2015, since it has a different financial year-end. Since the investment in associate was acquired on the 24 August 2015, no income from associate was recognised for the period under review.

Spire Healthcare Group plc is listed on the London Stock Exchange, does not produce publicly available quarterly financial information and has a December year-end. The associate was acquired on 24 August 2015. There is a difference of three months in respect of the period that will be used for equity accounting Spire's results. For the period ended 30 September 2015, no results have been equity accounted because of the 3 month difference. The latest available financial information for Spire is for the period ending 30 June 2015.

Summarised financial information in respect of the Group's material associate is set out below.

	As at 30 June 2015	
	Rm (£ = R20.85)	£m
Summarised statement of financial position		
Current assets		
Non-current assets	5,272	252
Total assets	28,616	1,372
Current liabilities	33,888	1,625
Non-current liabilities	(2,253)	(108)
Net assets	(11,338)	(543)
Mediclinic's effective interest	20,297	974
	29.9%	
Mediclinic's effective interest in net assets	6,069	
Goodwill purchase adjustment	2,632	
Total cost of equity invesment	8,701	
Exchange rate differences on translation to year-end rate	674	
Carrying value at the end of the period	9,375	
Market value of listed investment at 30 September 2015	9,062	

7 Investment in Associates (Continued)

There is no evidence or indicator that the investment in the associate could be impaired. The associate's business is profitable and there is no evidence of a significant or prolonged decline in the fair value of asset below its cost.

	For the six months ended 30 June 2015	
	Rm (£ = R18.18)	£m
Summarised statement of comprehensive income		
Revenue	8,176	450
Profit for the year	560	31
Other comprehensive income	—	—
Total comprehensive income	560	31
Unlisted investments		
Carrying value of investment in associates' equity		
Opening balance	2	4
Associate recognised as subsidiary	—	2
Distribution received	—	(3)
Exchange differences	—	(1)
Acquired during the year	2	2
The aggregate information of the associate that is not individually material:		—
The Group's share of profit	2	2
The Group's share of other comprehensive income	—	—
The Group's share of total comprehensive income	2	2
Aggregate carrying amount of Group's interest in this associate	2	2

Refer to Note 36 for further details.

8 Investment in Joint Venture

	30 Sep 2015	31 March 2015
	R'm	
Unlisted		
Carrying value of investment in joint venture		
Opening balance	65	67
Share in current year losses	(2)	(1)
(Loans repaid)/Additional amounts invested	—	(1)
	63	65
The aggregate information of joint venture that is not individually material:		
The Group's share of loss	(2)	(1)
The Group's share of total comprehensive loss	(2)	(1)
Aggregate carrying amount of Group's interest in this joint venture	63	65

For the six months ended 30 September 2015, the joint venture is accounted for by using its financial information for the six months ended 30 June 2015. For the year ended 31 March 2015, the joint venture is accounted for by using its financial information for the twelve months ended 31 December 2014, since it has a different financial year-end.

9 Other Investments and Loans

	30 Sep 2015	31 March 2015
	R'm	
Unlisted—no active market		
Loans and receivables[1]	50	71
Available-for-sale: Shares	26	22
	76	93
Other investments and loans are held in the following currencies:		
Swiss franc (30 September 2015: CHF 2m (31 March 2015: CHF2m))	30	22
South African rand	46	71
	76	93

Note:

(1) Supported by the underlying business's financial position, the credit quality of the loans is considered satisfactory.

10 Deferred Tax

	30 Sep 2015	31 March 2015
	R'm	
The movement on the deferred tax account is as follows:		
Opening balance	(7,427)	(6,949)
Income statement charge for the year	(108)	(215)
Provision for the year	(108)	(215)
Tax rate changes	—	—
Business acquisitions	—	(78)
Exchange differences	(1,007)	(360)
Charged to other comprehensive income	63	175
Balance at the end of the year	(8,479)	(7,427)
The balance consists of:		
Property, equipment and vehicles	(7,984)	(7,074)
Intangible assets	(1,541)	(1,268)
Current assets	(115)	(81)
Current liabilities	112	124
Long-term liabilities	424	312
Provisions	(184)	(158)
Derivatives	96	101
Tax losses carried forward	726	629
Other	(13)	(12)
	(8,479)	(7,427)
Deferred income tax assets	331	302
Deferred income tax liabilities	(8,810)	(7,729)
	(8,479)	(7,427)

The deferred tax relating to current assets and current liabilities contain temporary differences that are most likely to realise in the next twelve months.

Unused tax losses not recognised as deferred tax assets		
expiry in 1 year	15	15
expiry in 2 years	18	15
expiry in 3 to 7 years	223	161
no expiry	45	46
	301	237

11 Inventories

	30 Sep 2015	31 March 2015
	R'm	
Inventories consist of:		
Pharmaceutical products	1,054	947
Consumables	95	116
Finished goods and work in progress	21	11
	1,170	1,074

Note:

The cost of inventories recognised as an expense and included in cost of sales amounted to R4,431m (31 September 2014: R3,891m).

The write down of inventories recognised as expense during the period amounts to R7m (30 September 2014 R8m).

12 Trade and Other Receivables

	30 Sep 2015	31 March 2015
	R'm	
Trade receivables	5,986	5,607
Less provision for impairment of receivables	(380)	(333)
Trade receivables—net	5,606	5,274
Other receivables	3,076	2,205
	8,682	7,479

Trade and other receivables are categorised as loans and receivables.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

South Africa rand[1]	1,427	1,230
Swiss franc	6,251	5,393
UAE dirham	1,004	856
	8,682	7,479

Included in the Group's trade receivables balance are trade receivables with a carrying value of R2,359m (31 March 2015: R1,763m) that are past due at the reporting date, but which the Group has not impaired as there has not been a significant change in credit quality and the amounts are still considered to be recoverable. The ageing of these receivables are as follows:

Up to 3 months	1,692	1,265
Over 3 months	667	498
	2,359	1,763

Movement in the provision for impairment of receivables

Opening balance	333	248
Provision for receivables impairment	47	180
Business combination	—	8
Exchange differences	28	23
Amounts written off as uncollectable	(28)	(126)
Balance at the end of the year	380	333

Amounts written off during the year relate to individually identified accounts that are considered to be irrecoverable.

12 Trade and Other Receivables (Continued)

Management considers the credit quality of the fully performing trade receivables to be high in light of the nature of these trade receivables as described in note 3.1(b).

Included in the Group's other receivables balance are other receivables with a carrying value of R10m (31 March 2015: R13m) that are past due at the reporting date. This is the net amount after deducting a provision of R9m (31 March 2015: R9m) made by the Group.

Note:

(1) Trade receivables to the value of R783m (31 March 2015: R829m) have been ceded as security for banking facilities.

13 Stated and Issued Capital

	30 Sep 2015	31 March 2015
	R'm	
Ordinary shares		
Authorised:		
1 000 000 000 ordinary shares of no par value		
Issued:	24,051	14,141
Opening balance	14,141	11,027
Shares issued	10,000	3,178
Costs of shares issued	(90)	(64)
979 068 436 (31 March 2015: 867 957 325) ordinary shares of no par value		
Unissued ordinary shares: 5% of the number of the ordinary shares in issue at 31 March 2015 are under the control of the directors in terms of a resolution of shareholders passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Treasury shares		
13 524 568 (31 March 2015: 13 483 505) ordinary shares	(282)	(265)
Opening balance	(265)	(249)
Forfeitable Share Plan	(19)	(22)
Utilised by the Mpilo Trusts	2	6
	23,769	13,876

	Number	Number
Movements in the number of ordinary shares outstanding:		
At 1 April	854,473,820	813,436,347
Statutory shares in issue	867,957,325	826,957,325
Treasury shares	(13,483,505)	(13,520,978)
Shares issued	111,111,111	41,000,000
Repurchase of shares—Forfeitable Share Plan	(207,883)	(248,727)
Disposal of shares—Forfeitable Share Plan	28,010	—
Utilised by the Mpilo Trusts	138,810	286,200
At 30 September / 31 March	965,543,868	854,473,820
Statutory shares in issue	979,068,436	867,957,325
Treasury shares	(13,524,568)	(13,483,505)

Mpilo trusts

The Mpilo trusts were created in 2005 for purposes of an employee share scheme to introduce Mediclinic Southern Africa employees up to first line management level as shareholders of the Group. This share-based payment arrangement is accounted for as an equity-settled share-based payment transaction. The Mpilo trusts held 13,095,968 (31 March 2015: 13,234,778) shares in the Company at year end. As qualifying employees leave prior to entitlement and shares become available further allocations were made to new and existing qualifying employees.

13 Stated and Issued Capital (Continued)

To date, the following allocations have been made:

Allocation	Qualifying date	Issue price	Participating shares[1]	Expiry date
First allocation	1 Dec 2005	R18,40	80	31 Dec 2015
Second allocation	1 Dec 2009	R18,08	50	31 Dec 2015
Third allocation	1 Dec 2010	R18,59	100	31 Dec 2015
Fourth allocation	1 Dec 2012	R17,20	70	31 March 2018

Note:

(1) Per qualifying employee for each completed year of service since previous allocation.

Movement in the number of Mpilo shares outstanding are:

	Outstanding price per share	30 Sep 2015 Number	31 March 2015 Number
Outstanding at the beginning of the year	R17,50 (31 March 2015: R17,50)	11,516,530	12,529,590
Mpilo shares forfeited		(133,010)	(726,860)
Mpilo shares vested	R15,83 (31 March 2015: R17,84)	(138,810)	(286,200)
Outstanding at the end of the period	R16,22 (31 March 2015: R17,82)	11,244,710	11,516,530

The share based payment charge relating to the Mpilo trust grants are shown in note 15 and note 22.

Forfeitable Share Plan

The Mediclinic International Forfeitable Share Plan ("FSP") was approved by the Company's shareholders in July 2014 as a long-term incentive scheme for selected senior management (executive directors and prescribed officers). This share-based payment arrangement is accounted for as an equity-settled share-based payment transaction.

Under the FSP, conditional share awards are granted to selected employees of the Group. The vesting of these shares is subject to continued employment, and is conditional upon achievement of performance targets, measured over a three-year period. The performance conditions for the year under review constitute a combination of:

- absolute total shareholder return ("TSR") (40% weighting); and
- normalised diluted headline earnings per share ("HEPS") (60% weighting).

	Weighted average fair value at grant date offer price	30 Sep 2015 Number	31 March 2015 Number
Opening balance	R87.41	248,727	—
Granted	R107.23	207,880	248,727
Shares sold		(28,010)	—
Vested		—	—
Closing balance		428,597	248,727

A valuation has been determined and an expense recognised over a three-year period. The fair value of the TSR performance consideration has been determined by using the Monte Carlo simulation model and the fair value of the HEPS performance condition, consensus forecasts have been used. The share base payment charge relating to the Forfeiture share plan are shown in note 15 and note 22.

The following assumptions have been used to determine the fair value of the TSR performance condition:

Risk free rate	7.49%	6.9%
Dividend yield	1.0%	1.5%
Volatility	20%	20%

14 Retained Earnings

	30 Sep 2015	31 March 2015
	R'm	
Opening balance	7,250	4,325
Profit for the period	1,868	4,297
Dividends paid	(605)	(822)
Actuarial gains and losses	(280)	(559)
Transactions with non-controlling shareholders	(5)	9
Balance at the end of the year	8,228	7,250

15 Other Reserves

	30 Sep 2015	31 March 2015
	R'm	
Share-based payment reserve		
Opening balance	183	159
Forfeitable Share Plan	4	5
Mpilo trust	8	19
Balance at the end of the year	195	183
Executive share option scheme	14	14
Forfeitable share plan	9	5
Mpilo trusts (Employee share trusts)	87	79
Strategic black partners[1]	85	85

Note:

(1) During the financial year ending 31 March 2006, the difference between the fair value of the equity instruments issued in a BEE transaction and the fair value of the cash and other assets received was recognised as an expense (grant date) and this corresponding increase in equity was booked.

Foreign currency translation reserve	15,772	10,840
Opening balance	10,840	9,197
Currency translation differences	4,932	1,643
Hedging reserve	(62)	(85)
Opening balance	(85)	9
Fair value adjustments of cash flow hedges, net of tax	12	(104)
Recycling of fair value	11	10
	15,905	10,938

16 Non-Controlling Interests

	30 Sep 2015	31 March 2015
	R'm	
Opening balance	1,098	923
(Decrease)/increase in non-controlling interests	(30)	62
Distributions to non-controlling interests	(118)	(123)
Share of total comprehensive income	142	236
Share of profit	141	238
Actuarial gains and losses	—	(2)
Currency translation differences	1	—
Non-controlling interests in hospital activities	1,092	1,098

16 Non-Controlling Interests (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests

	Profit allocated to non-controlling interests		Ownership interest held by NCI	
	30 Sep 2015	31 March 2015	30 Sep 2015	31 March 2015
	Rm			
Mediclinic (Pty) Ltd	15	21	3.0%	3.4%
Curamed Holdings (Pty) Ltd group	38	66	30.3%	30.3%

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intergroup eliminations. The comparatives are for year ended 31 March 2015

	Mediclinic (Pty) Ltd	
Current assets	1,539	1,002
Non-current assets	2,356	2,795
Current liabilities	(2,360)	(2,314)
Non-current liabilities	(461)	(422)
Equity attributable to owners of the Company	(982)	(960)
Non-controlling interests	(92)	(101)
Revenue	3,058	5,703
Profit for the year	420	579
Other comprehensive income	2	(19)
Total comprehensive income	422	560
Total comprehensive income allocated to non-controlling interests	15	21
Dividends paid to non-controlling interests	18	14
Net cash inflow (outflow) from operating activities	548	816
Net cash inflow (outflow) from investing activities	354	(669)
Net cash outflow from financing activities	(908)	(311)
Net cash inflow (outflow)	(6)	(164)

	Curamed Holdings (Pty) Ltd group	
Current assets	667	676
Non-current assets	464	452
Current liabilities	(170)	(177)
Non-current liabilites	(37)	(36)
Equity attributable to owners of the Company	(636)	(628)
Non-controlling interests	(287)	(287)
Revenue	540	989
Profit for the year	126	220
Other comprehensive income	2	(6)
Total comprehensive income	128	214
Total comprehensive income allocated to non-controlling interests	38	66
Dividends paid to non-controlling interests	39	36
Net cash inflow (outflow) from operating activities	105	274
Net cash inflow (outflow) from investing activities	(26)	(51)
Net cash outflow from financing activities	(118)	(121)
Net cash inflow (outflow)	(39)	102

17 Borrowings

	30 Sep 2015	31 March 2015
	R'm	
Secured long-term bank loans[1]	2,968	2,967
Long-term portion	2,950	2,950
Short-term portion	19	18
Capitalised financing costs—long-term	(1)	(1)

The long-term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 1.51% (31 March 2015: 1.51%) compounded quarterly, and is repayable on 2 June 2019.

Preference shares[1]	2,010	2,010
Long-term portion	1,800	1,900
Short-term portion	211	111
Capitalised financing costs—long-term	(1)	(1)

Dividends are payable monthly at a rate of 69% of prime overdraft rate. R100m shares must be redeemed on 9 October 2015 and 1 September 2016 and the balance of R1 800m on 2 June 2019.

Secured long-term bank loan[1]	221	331
Long-term portion	110	220
Short-term portion	112	112
Capitalised financing costs—long-term	(1)	(1)

The long-term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 1.06% (31 March 2015: 1.06%) compounded R110m must be redeemed on 1 September 2016 and the balance of R110m on 8 October 2017.

Secured long-term bank loan[1]	201	201
Long-term portion	200	200
Short-term portion	1	1

The long-term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 1.51% (31 March 2015: 1.51%) compounded quarterly, and is repayable on 2 June 2019.

Secured long-term bank loans	97	126
Long-term portion	87	113
Short-term portion	10	13

These loans bear interest at variable rates linked to the prime overdraft rate and are repayable in periods ranging between one and twelve years. Property, equipment and vehicles with a book value of R328m (31 March 2015: R269m) are encumbered as security for these loans. Net trade receivables of R10m (31 March 2015: R13m) has also been ceded as security for these loans.

Borrowings in Southern African operations	5,497	5,635

17 Borrowings (Continued)

	30 Sep 2015	31 March 2015
	R'm	
Secured long-term bank loans	1,098	1,010
Long-term portion	1,059	682
Short-term portion	67	340
Capitalised financing costs—long-term	(28)	(12)
Capitalised financing expenses—long-term		
This loan bears interest at variable rates linked to the 3M LIBOR and a margin of 2.0% (31 March 2015: 2.75%) and is amortising until 31 March 2020 (31 March 2015: June 2017). Properties with a book value of R1 941m (31 March 2015: R1 503m) are encumbered as security for this loan.		
Borrowings in Middle East operations	1,098	1,010
Secured long-term bank loans	21,445	19,530
Long-term portion	21,301	19,453
Short-term portion	709	626
Capitalised financing costs—long-term	(565)	(549)
These loans bear interest at a variable rate linked to the 3M LIBOR plus 1.5% and 2.85% (31 March 2015: 3M LIBOR plus 1.5% and 2.85%) and is repayable by July 2020. The loan is secured by: Swiss properties with a book value of R44 060m (31 March 2015: R38 940m); and Swiss bank accounts with a book value of R2 451m (31 March 2015: R2 489m).		
Listed bond	3,337	2,949
Long-term portion	3,337	2,949
Short-term portion	—	—
The Swiss operating segment issued CHF145m 1.625% Swiss francs bonds and CHF 90m 2.0% Swiss francs bonds to finance its expansion programme and working capital requirements. The bonds are repayable on 25 February 2021 and 25 February 2025 respectively.		
Secured long-term finance	32	32
Long-term portion	25	24
Short-term portion	7	8
These loans bear interest at interest rates ranging between 3% and 12% (31 March 2015: 3% and 12%) and are repayable in equal monthly payments in periods ranging from one to eight years. Equipment with a book value of R26m (31 March 2015: R25m) is encumbered as security for these loans.		
Borrowings in Swiss operations	24,814	22,511
Total borrowings	31,409	29,156
Short-term portion transferred to current liabilities	(1,136)	(1,229)
	30,273	27,927

Note:

(1) Property and equipment with a book value of R3 347m (31 March 2015: R2 695m), cash and cash equivalents of R1 071m (31 March 2015: R180m) and trade receivables of R788m (31 March 2015: R829m) have been ceded as security for these borrowings.

18 Retirement Benefit Obligations

	30 Sep 2015	31 March 2015
	(R'm)	
Statement of financial position obligations for:		
Pension benefits	1,326	822
Post-retirement medical benefits	497	470
	1,823	1,292

(a) Pension benefits

The Group's Swiss operations has five (31 March 2015: five) defined benefit pension plans, namely:
Pensionskasse Hirslanden (cash balance plan)
Vorsorgestiftung VSAO (cash balance plan)
Radiotherapie Hirslanden AG; Pension fund at foundation "pro" (cash balance plan)
Clinique La Colline SA; Pension fund at banque cantonal vaudois (cash balance plan)
Swissana Clinic AG; Pension fund at foundation "Nest" (cash balance plan)

	30 Sep 2015	31 March 2015
	(R'm)	
Statement of financial position		
Amounts recognised in the statement of financial position are as follows:		
Present value of funded obligations	16,783	14,343
Fair value of plan assets	(15,457)	(13,521)
Net pension liability	1,326	822
The movement in the defined benefit obligation over the period is as follows:		
Opening balance	14,343	11,262
Current service cost	285	459
Interest cost	65	219
Employee contributions	247	424
Benefits paid	(123)	(135)
Actuarial (gain)/ loss—experience	39	120
Actuarial demographical loss assumption	—	(311)
Actuarial financial loss assumption	—	1,361
Acquisition	—	260
Exchange differences	1,927	684
Balance at end of year	16,783	14,343
The movement of the fair value of plan assets over the period is as follows:		
Opening balance	13,521	11,214
Employer contributions	282	485
Plan participants contributions	247	424
Benefits paid from fund	(123)	(135)
Interest income on plan assets	64	225
Return on plan assets greater/(less) than discount rate	(317)	503
Acquisition	—	175
Administration cost paid	(7)	(12)
Exchange differences	1,790	642
Balance at end of year	15,457	13,521

18 Retirement Benefit Obligations (Continued)

	30 Sep 2015	31 March 2015
	(R'm)	
Statement of financial position		
Opening net liability	822	48
Expense as above	293	465
Contributions paid by employer	(282)	(485)
Exchange differences	137	42
Actuarial (gain)/loss recognised in equity	356	667
Acquisitions	—	85
Closing net liability	1,326	822

	1 April 2015–30 September 2015	1 April 2014–31 March 2015
Statement of comprehensive income		
Amounts recognised in other comprehensive income are as follows:		
Actuarial gain/(loss)—experience	(39)	(120)
Actuarial gain/(loss) due to liability assumption changes	—	(1,050)
Return on plan assets greater/(less) than discount rate	(317)	503
Total comprehensive income	(356)	(667)
Income statement		
Amounts recognised in the income statement are as follows:		
Current service cost	285	459
Interest on liability	65	219
Interest on plan assets	(64)	(225)
Administration cost paid	7	12
Total expense	293	465
Actual return on plan assets	(254)	728
Principal actuarial assumptions on statement of financial position		
Discount rate	0.90%	0.90%
Future salary increases	1.50%	1.50%
Future pension increases	0.00%	0.00%
Inflation rate	1.00%	1.00%
Number of plan members		
Active members	8,370	8,219
Pensioners	667	640
	9,037	8,859
Experience adjustment		
On plan liabilities: loss	39	120
On plan assets: (gain)/loss	317	(503)

18 Retirement Benefit Obligations (Continued)

	30 Sep 2015		31 March 2015	
	(R'm)	(%)	(R'm)	(%)
Asset allocation				
Quoted investments				
Fixed income investments	5,487	35.5%	4,827	35.7%
Equity investments	3,524	22.8%	3,340	24.7%
Real estate	1,252	8.1%	1,474	10.9%
Other	1,422	9.2%	1,406	10.4%
	11,685	75.6%	11,047	81.7%
Non-quoted investments				
Fixed income investments	47	0.3%	40	0.3%
Equity investments	201	1.3%	189	1.4%
Real estate	2,442	15.8%	1,582	11.7%
Other	1,082	7.0%	663	4.9%
	3,772	24.4%	2,474	18.3%
	15,457	100.0%	13,521	100.0%

		Impact on defined benefit obligation		
	Base assumption	Change in assumption	Increase	Decrease
Discount rate	0.9%	0.5%	(5.2)%	5.9%
Salary growth rate	1.5%	0.5%	0.8%	(0.8)%
Pension growth rate	0.0%	0.25%	2.3%	0.0%

	Change in assumption	Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy (mortality)	1 year in expected life time of plan participant	2.2%	(2.2)%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credited method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Expected employer contributions to be paid to the pension plans for the period ended 30 September 2016 are R285m.

The Swiss defined benefit pension plans exposes the Group to some actuarial and investment risks.

Effective 1 January 2014, members of the pension plans of Klinik Stephanshorn AG were transferred to Pensionkasse Hirslanden, and members of the Doctors' pension plan of Klinik Stephanshorn AG were transferred to Foundation VSAO.

Inactive members of Klinik Stephanshorn AG were settled within the Zurich Insurance AG effective 1 January 2014.

The pension plans provides employees of the Hirslanden Group with post-employment, death-in-service and disability benefits in accordance with the Federal Law on Occupational Old-age. It is separate legal entities from the Hirslanden Group. The funds' governing bodies consists of an equal number of employer and employee representatives.

18 Retirement Benefit Obligations (Continued)

The benefits of the pension plans are substantially higher than the legal minimum. The employee's and employer's contributions is based on their insured salary and range from 1.25% to 15.5% for Pensionskasse Hirslanden and 14% for VSAO.

If an employee leaves the Hirslanden Group or the pension plans before reaching retirement age, legally they are to transfer the vested benefits to a new pension plan. On retirement, the participant may decide to withdraw the benefits as an annuity or a lump-sum.

As per the pension law in Switzerland, benefits provided by the pension funds are financed through annual contributions. If insufficient investment returns or actuarial losses lead to a funding gap, the governing body is legally obliged to take actions to close this gap within 5 years to a maximum of 7 years. Such actions may include additional contributions by the respective group companies and the beneficiaries.

(b) Post-retirement medical benefits

The Group's Southern African operations have a post-retirement medical benefit obligation for employees who joined before 1 July 2012. The Group accounts for actuarially determined future medical benefits and provide for the expected liability in the statement of financial position. During the last valuation on 30 September 2015 a 8.4% (31 March 2015: 7.1%) medical inflation cost and a 9.3% (31 March 2015: 8.1%) interest rate were assumed. The average retirement age was set at 63 years (31 March 2015: 63 years).

The assumed rates of mortality are as follows:

During employment: SA 1972-77 tables of mortality

Post-employment: PA(90) tables

	30 Sep 2015	31 March 2015
	(R'm)	
Amounts recognised in the statement of financial position are as follows:		
Opening balance	470	366
Amounts recognised in the income statement	36	67
Current service cost	16	28
Interest cost	20	39
Contributions	(4)	(8)
Actuarial (gain)/loss recognised in other comprehensive income	(5)	45
Present value of unfunded obligations	497	470

The effect of a 1% movement in the assumed health cost trend rate is as follows:

	Increase	Decrease
Defined benefit obligation	18%	(14)%
Aggregate of the current service cost and interest cost	20%	(16)%

Historical information

The present value of the Group's post-retirement medical benefits at 31 March 2014 was R367m, 31 March 2013: R303m and 31 March 2012: R343m.

Expected employer contributions to be paid to the post-retirement medical benefit liability for the year ended 30 September 2016 are R9m.

19 Provisions

	Employee benefits	Legal cases and other	Tariff risks	Total
		(R'm)		
Year ended 31 March 2015				
Opening balance	400	11	457	868
Charged to the income statement	122	5	186	313
Utilised during the year	(40)	(1)	(11)	(52)
Unused amounts reversed	—	(4)	(102)	(106)
Exchange differences	45	—	26	71
Balance at the end of the year	527	11	556	1,094
At 31 March 2015				
Current	53	5	371	429
Non-current	474	6	185	665
	527	11	556	1,094
Period ended 30 September 2015				
Opening balance	527	11	556	1,094
Charged to the income statement	53	—	52	105
Utilised during the year	(25)	—	(1)	(26)
Unused amounts reversed	—	(1)	(3)	(4)
Exchange differences	73	1	78	152
Balance at the end of the year	628	11	682	1,321
At 30 September 2015				
Current	61	8	464	533
Non-current	567	3	218	788
	628	11	682	1,321

(c) Employee benefits

This provision is for benefits granted to employees for long service.

(d) Legal cases and other

This provision relates to third-party excess payments for malpractice claims which are not covered by insurance and other costs for legal claims.

(e) Tariff risks

This provision relates to compulsory health insurance tariff risks in Switzerland and other tariff disputes at some of the Group's Swiss hospitals.

	30 Sep 2015	31 March 2015
	(R'm)	
Provisions are expected to be payable during the following financial years:		
Within 1 year	533	429
After one year but not more than five years	389	332
More than five years	399	333
	1,321	1,094

20 Derivative Financial Instruments

	30 September		31 March	
	2015 Assets	2015 Liabilities	2015 Assets	2015 Liabilities
	(R'm)			
Interest rate swaps—cash flow hedges				
Non-current	9	460	10	465
Current	—	7	—	21
Total	9	467	10	486

Effective interest rate swaps

In order to hedge specific exposures in the interest rate repricing profile of existing borrowings, the Group uses interest rate derivatives to generate the desired interest profile. At 30 September 2015, the Group had six effective interest rate swap contracts (31 March 2015: six). The value of borrowings hedged by the interest rate derivatives and the rates applicable to these contracts are as follows:

	Borrowings hedged	Fixed interest payable	Interest receivable	Fair value gain/(loss) for the year
	(R'm)			(R'm)
31 March 2015				
1 to 3 years[1]	1,905	5.5–8.4%	3 month JIBAR	5
3 to 5 years[1]	275	7.6%	3 month JIBAR	(4)
30 September 2015				
1 to 2 years[1]	1,705	5.5–8.4%	3 month JIBAR	13
3 to 5 years[1]	475	5.9–7.6%	3 month JIBAR	4

Note:

(1) The interest rate swap agreements reset every 3 months on 1 June, 1 September, 1 December and 1 March with final resets on 2 December 2013, 1 December 2015 and 1 September 2017 respectively. There is no ineffective portion recognised in the profit and loss that arises from the cash flow hedges.

Ineffective interest rate swaps

Due to the current negative interest rates in Switzerland, the hedge relationship in repect of the 3 month Swiss LIBOR interest rate swaps became ineffective since the interest on the borrowings is capped at a rate of 0% but is fully considered as interest payments on the swap. Hedge accounting discontinued from the previous reporting period when hedge effectiveness could be demonstrated, i.e. from 1 October 2014.

	30 Sep 2015	31 March 2015
	(R'm)	
Opening balance	(460)	38
Fair value adjustments through other comprehensive income	—	(133)
Fair value adjustments booked through profit and loss	57	(342)
Exchange differences	(55)	(23)
Balance at the end of the period	(458)	(460)

20 Derivative Financial Instruments (Continued)

	Nominal value	Fixed interest payable	Interest receivable
	(R'm)		(R'm)
31 March 2015			
3 years and beyond[1]	20,080	0.112% and 0.239%	3 month Swiss LIBOR
30 September 2015			
Beyond 2 years[1]	22,010	0.112% and 0.239%	3 month Swiss LIBOR

Note:

(1) The interest rate swap agreement resets every 3 months on 31 March, 30 June, 30 September and 31 December with a final reset on 31 March 2018 and termination date on 30 June 2018.

Based on the degree to which the fair values are observable, the interest rate swaps and the forward contracts are grouped as Level 2.

21 Trade and Other Payables

	30 Sep 2015	31 March 2015
	(R'm)	
Trade payables	2,579	2,818
Other payables and accrued expenses	2,497	2,162
Social insurance and accrued leave pay	993	962
Value added tax	179	90
	6,248	6,032

22 Expenses by Nature

	30 September	
	2015	2014
		Unaudited
Auditors' remuneration—external audit	14	9
—other services	6	2
Cost of inventories	4,431	3,891
Depreciation—buildings	206	180
—equipment	407	360
—furniture and vehicles	166	140
Employee benefit expenses	8,624	7,251
Wages and salaries	8,176	6,887
Post-retirement medical benefits (note 18)	36	32
Retirement benefit costs—defined contribution plans	107	92
Retirement benefit costs—defined benefit plans (note 18)	293	230
Share-based payment expense (note 15)	12	10
Impairment of property, equipment and vehicles	—	31
Increase in impairment provision for receivables (note 12)	19	14
Maintenance costs	434	419
Managerial and administration fees	3	2
Operating leases—buildings	274	216
—equipment	20	18
Amortisation of intangible assets	81	42
Other expenses	1,887	1,674
General expenses	1,890	1,678
Profit on sale of equipment	(3)	(4)
	16,572	14,249
Classified as:		
Cost of sales	11,224	9,742
Administration and other operating expenses	4,488	3,784
Depreciation and amortisation	860	723
	16,572	14,249

23 Other Gains and Losses

	30 September	
	Sep 2015	Sep 2014
	(R'm)	
Realised gains on foreign currency forward contracts	—	32
Ineffective cash flow hedges	57	—
Insurance proceeds	—	158
	57	190

24 Finance Cost

	30 September	
	2015	2014
		Unaudited
	(R'm)	
Interest expense	378	434
Interest rate swaps	118	32
Amortisation of capitalised financing costs	56	72
Preference share dividend	65	64
Less: amounts included in the cost of qualifying assets	(1)	—
	616	602

Interest rates used to capitalise borrowing costs is 2.4% (31 March 2016: 2.4%).

25 Income Tax Expense

	30 September	
	2015	2014
		Unaudited
	(R'm)	
Current tax		
Current year	(389)	(308)
Previous year[1]	(1)	(9)
Deferred tax (note 10)	(108)	(111)
Taxation per income statement	(498)	(428)
Composition		
South African tax	(281)	(269)
Foreign tax	(217)	(159)
	(498)	(428)
Reconciliation of rate of taxation:		
Standard rate for companies (RSA)	28.0%	28.0%
Adjusted for:		
Capital gains tax	0.2%	(0.3)%
Non-taxable income	(0.3)%	(1.8)%
Non-deductible expenses	1.5%	1.2%
Non-controlling interests' share of profit before tax	(0.4)%	(0.4)%
Effect of different tax rates	(9.4)%	(7.9)%
Derecognition of prior year tax losses	0.3%	—
Prior year adjustment	—	0.5%
Effective tax rate	19.9%	19.3%

26 Earnings per Ordinary Share

Earnings Reconciliation

	30 September 2015		
	Gross	Income tax effect	Net
Profit attributable to shareholders			1,868
Re-measurements for:			
Profit on disposal of property, equipment and vehicles	(3)	—	(3)
Headline earnings			1,865
Re-measurements for:			
Ineffective cash flow hedges	(57)	12	(45)
Normalised headline earnings			1,820

	30 September 2014		
	Gross	Income tax effect	Net
Profit attributable to shareholders			1,668
Re-measurements for:	(131)	18	(113)
Impairment of property	31	—	31
Insurance proceeds	(158)	18	(140)
Profit on disposal of property, equipment and vehicles	(4)	—	(4)
Headline earnings			1,555
Re-measurements for:			
Realised gain on foreign currency forward contracts	(32)	—	(32)
Normalised headline earnings			1,523

26 Earnings per Ordinary Share (Continued)

	30 Sep 2015	Unaudited 30 Sep 2014
Weighted average number of ordinary shares in issue for basic earnings per share		
Number of ordinary shares in issue at the beginning of the year	867,957,325	826,957,325
Weighted average number of ordinary shares issued during the year	11,263,318	11,457,534
Adjustment for equity raising—Private placement (2014) (IAS 33 para 26)[2]	—	605,825
Adjustment for equity raising—Rights Offer (2015) (IAS 33 para 26)[2]	8,406,606	21,016,516
Weighted average number of treasury shares	(15,065,725)	(16,572,247)
BEE shareholder	(1,554,438)	(3,042,786)
Mpilo Trusts	(13,198,557)	(13,496,070)
Forfeitable Share Plan	(312,730)	(33,391)
	872,561,524	843,464,953
Weighted average number of ordinary shares in issue for diluted earnings per share		
Weighted average number of ordinary shares in issue	872,561,524	843,464,953
Weighted average number of treasury shares held in terms of the BEE initiative not yet released from treasury stock	14,887,572	16,560,936
BEE shareholder[1]	1,554,438	3,042,786
Mpilo Trusts	13,198,557	13,496,070
Forfeitable Share Plan	134,577	22,080
	887,449,096	860,025,889
Earnings per ordinary share (cents)		
Basic	214.1	197.8
Diluted	210.5	193.9
Headline earnings per ordinary share (cents)		
Basic	213.8	184.4
Diluted	210.2	180.8
Normalised headline earnings per ordinary share (cents)		
Basic	208.6	180.6
Diluted	205.1	177.1

Notes:

(1) Represents the equivalent weighted average number of shares for which no value has been received from the BEE shareholder (Mpilo Investment Holdings 2 (RF) (Pty) Ltd) in terms of the Group's black ownership initiative. To date, no value was received for an equivalent of 740 691 (31 September 2014: 2 309 875) shares issued to the strategic black partner.

(2) The shares were issued at a price lower than the fair value of the shares before the equity capital raising in June 2014 and Rights Offer in August 2015. As a result, the weighted average number of shares was adjusted in accordance with IAS 33 paragraph 26.

Mpilo Investment Holdings 1 (RF) (Pty) Ltd and Mpilo Investment Holdings 2 (RF) (Pty) Ltd are structured entities that are not consolidated due to the group not having control. These companies are investment holding companies and were incorporated as part of the Mediclinic BEE transaction. The companies hold ordinary shares in Mediclinic International Limited on which it receives dividends. These dividends are used to repay the outstanding debt of the companies. The outstanding debt referred to is provided by third parties with no recourse to the Group.

Normalised non-IFRS financial measure

The group uses normalised earnings per share in evaluating performance and as a method to provide shareholders with clear and consistent reporting. The basis for the calculation is headline earnings per

26 Earnings per Ordinary Share (Continued)

share in terms of the JSE Listing Requirements which is then adjusted for once-off and exceptional items and including pro forma adjustments.

Headline earnings and headline earnings per ordinary share

Headline earnings: earnings attributable to ordinary shareholders, excluding capital profits and losses as defined in Circular 2/2013 issued by the South African Institute of Chartered Accountants. Headline earnings per share: headline earnings divided by the weighted average number of ordinary shares in issue.

27 Other Comprehensive Income

	30 Sep 2015	Unaudited 30 Sep 2014
	(R'm)	
Components of other comprehensive income		
Currency translation differences	4,933	(204)
Fair value adjustment—cash flow hedges	23	(102)
Actuarial gains and losses	(280)	2
Other comprehensive income, net of tax	4,676	(304)

	Attributable to equity holders of the Company (before tax)	Tax charge attributable to equity holders of the Company	Attributable to non-controlling interest (after tax)	Total
		(R'm)		
Period ended 30 September 2014				
Currency translation differences	(204)	—	—	(204)
Fair value adjustment—cash flow hedges	(129)	27	—	(102)
Actuarial gains and losses	2	—	—	2
Other comprehensive income	(331)	27	—	(304)
Period ended 30 September 2015				
Currency translation differences	4,932	—	1	4,933
Recycling of fair value adjustments of derecognised cash flow hedge	14	(3)	—	11
Fair value adjustment—cash flow hedges	17	(5)	—	12
Actuarial gains and losses	(351)	71	—	(280)
Other comprehensive income	4,612	63	1	4,676

28 Cash Flow Information

		30 Sep 2015	Unaudited 30 Sep 2014
		(R'm)	
28.1 Reconciliation of profit before taxation to cash generated from operations			
Operating profit before interest and taxation		2,993	2,579
Non-cash items			
Share-based payment	22	12	11
Depreciation and amortisation	22	860	723
Impairment losses		—	31
Movement in provisions		77	97
Movement in retirement benefit obligations		44	28
Profit on disposal of property, equipment and vehicles	22	(3)	(4)
Operating income before changes in working capital		3,983	3,465
Working capital changes		(724)	227
Increase in inventories		2	(33)
Increase in trade and other receivables		(356)	435
Increase in trade and other payables		(370)	(175)
		3,259	3,692
28.2 Interest paid			
Finance cost per income statement		616	602
Non-cash items			
Amortisation of capitalised financing fees		(56)	(72)
Other non-cash flow finance expenses		(46)	(23)
		514	507
28.3 Tax paid			
Liability at the beginning of the period		(194)	(485)
Exchange differences		(22)	73
Provision for the period		(390)	(1,220)
		(606)	(1,632)
Liability at the end of the period		169	1,121
		(437)	(511)
28.4 Investment to maintain operations			
Property, equipment and vehicles purchased		(420)	(262)
Intangible assets purchased		(63)	(115)
Loans to subsidiaries		—	—
		(483)	(377)
28.5 Investment to expand operations			
Property, equipment and vehicles purchased		(1,001)	(711)
28.6 Proceeds on disposal of property, equipment and vehicles			
Book value of property, equipment and vehicles sold		6	2
Profit per income statement		3	4
Exchange differences		2	1
		11	7

28 Cash Flow Information (Continued)

	30 Sep 2015	Unaudited 30 Sep 2014
	(R'm)	
28.7 Distributions paid to shareholders		
Dividends declared and paid during the period	(605)	(564)
The dividend paid during the period ended 30 September 2015 (dividend number 36) was 75.5 cents per share (30 September 2014: 68.0 cents, dividend number 34). An interim dividend (dividend number 37) in respect of the financial year ended 31 March 2016 of 36 cents per share was declared at a directors meeting on 11 November 2015. These financial statements do not reflect this dividend payable		
28.8 Cash and cash equivalents		
For the purposes of the statement of cash flows, cash, cash equivalents and bank overdrafts include:		
Cash and cash equivalents	5,733	4,748
Cash, cash equivalents and bank overdrafts are denominated in the following currencies:		
South African rand*	2,317	1,433
Swiss franc**	2,462	2,426
UAE dirham***	953	889
Euro	1	—
	5,733	4,748

Notes:

* The counterparties have a minimum Baa2 credit rating by Moody's.

** The facility agreement of the Swiss subsidiary restricts the distribution of cash. The counterparties have a minimum A2 credit rating by Moody's and a minimum A credit rating by Standard & Poor's.

*** The counterparties have a minimum Aa2/P-1 credit rating by Moody's.

Cash and cash equivalents denominated in South African rands amounting to R107m (30 September 2014: R180m) has been ceded as security for borrowings (see note 17).

29 Business Combinations

	30 Sep 2015	Unaudited 30 Sep 2014
	Cash flow on acquisition	
	(R'm)	
Clinique La Colline	—	1,333
Swissana Clinic AG Meggen	—	107
		1,440

Clinique La Colline

On 25 June 2014, Hirslanden acquired a 100% interest in the operating company of Clinique la Colline. Clinique La Colline 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.

29 Business Combinations (Continued)

The following table summarises the consideration paid for Clinique La Colline Group, the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration at 25 June 2014	
Cash	1,361
Total consideration transferred	1,361
Recognised amounts of identifiable assets acquired and liabilities assumed	
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

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

The fair value of trade and other receivables is R179m and includes trade receivables with a fair value of R164m. The gross contractual amount for trade receivables due is R172m, of which R8m is expected to be uncollectible.

From the date of acquisition, Clinique la Colline 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.

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)

Swissana Clinic AG Meggen

On 8 August 2014, Hirslanden acquired a 100% interest in the operating company of Swissana Clinic Meggen. Swissana Clinic Meggen 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.

29 Business Combinations (Continued)

None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Swissana Clinic AG Meggen, the fair value of assets acquired and liabilities assumed at the acquisition date.

	30 Sep 2014 Unaudited (R'm)
Consideration at 08 August 2014	
Cash	108
Total consideration transferred	
Recognised amounts of identifiable assets acquired and liabilities assumed	
Assets	
Property, equipment and vehicles	31
Deferred tax assets	3
Inventories	6
Trade and other receivables	18
Cash and cash equivalents	1
Total assets	59
Liabilities	
Borrowings	21
Provisions	2
Pension liability	17
Trade and other payables	14
Total liabilities	54
Total identifiable net assets at fair value	5
Goodwill	103
Total	108

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

The fair value of trade and other receivables is R18m and includes trade receivables with a fair value of R14m. The gross contractual amount for trade receivables due is R15m, of which R0.5m is expected to be uncollectible.

From the date of acquisition, Swissana Clinic Meggen 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.

Analysis of cash flow on acquisition

Total consideration transferred	(108)
Net cash acquired with the subsidiary	1
Net cash flow on acquisition	(107)

30 Investment in Associate

	Cash flow on acquisition	
	30 September	
	2015	2014
		Unaudited
	(R'm)	
Spire Healthcare Group plc	8,678	n/a

On 24 August 2015, the Group acquired a 29.9% shareholding in Spire Healthcare Group plc ("Spire"), a leading private healthcare group in the UK with a national network of 39 hospitals across the United Kingdom. The investment in Spire provides Mediclinic with a further opportunity to diversify into an attractive new geography with a strong currency. The group and Spire will benefit from collaboration, with the potential to unlock procurement benefits and knowledge transfer.

On 22 June 2015, Remgro Limited, through its wholly-owned subsidiary, Remgro Jersey Ltd (subsequently renamed to Mediclinic Jersey Ltd), acquired 119 923 335 Spire shares equivalent to a 29.9% shareholding. The purchase of the equity investment were negotiated jointly by Mediclinic and Remgro with the seller. Mediclinic acquired Remgro's indirect shareholding in Spire for an amount equal to the aggregate of the purchase price paid by Remgro Jersey Ltd, transaction costs and funding costs, totalling approximately R8.7 billion. The Spire acquisition was effected through a series of transactions which ultimately resulted in Mediclinic Investments (Pty) Ltd, through a wholly-owned subsidiary, Business Venture Investments No 1871 (Pty) Ltd, owning 100% of the shares in Mediclinic Jersey Ltd, which is company directly holds the 29.9% interest in Spire.

Purchase considering paid, comprise of the following:	
Purchase price paid to Remgro Ltd	8,587
Transaction cost	114
Total cost of equity investment	8,701
Less cash acquired in subsidiary (Mediclinic Jersey Ltd)	(23)
	8,678

31 Commitments

	30 Sep 2015	31 March 2015
	(R'm)	
Capital commitments		
Incomplete capital expenditure contracts	2,307	1,979
Southern Africa	1,255	819
Switzerland	515	518
Middle East	537	642
Capital expenses authorised by the Board of Directors but not yet contracted	1,391	1,800
Southern Africa	947	1,506
Switzerland	—	154
Middle East	444	140
	3,698	3,779

These commitments will be financed from group and borrowed funds.

Financial lease commitments

The Group has entered into financial lease agreements on equipment. The future non-cancellable minimum lease rentals are payable during the following financial years:

Within 1 year	10	11
1 to 5 years	26	24
Beyond 5 years	7	9
	43	44

Operating lease commitments

The Group has entered into various operating lease agreements on premises and equipment. The future non-cancellable minimum lease rentals are payable during the following financial years:

Within 1 year	497	445
1 to 5 years	1,489	1,322
Beyond 5 years	2,839	2,578
	4,825	4,345

Income guarantees

As part of the expansion of network of specialist institutes in Switzerland and centres of expertise the Group has agreed to guarantee a minimum net income to these specialists for a start-up period of three to five years. Payments under such guarantees become due, if the net income from the collaboration does not meet the amounts guaranteed. There were no payments under the above mentioned income guarantees in the reporting period as the net income individually generated met or exceeded the amounts guaranteed.

Total of net income guaranteed:

April 2015 to March 2016	64	32
April 2016 to March 2017	39	17
April 2017 to March 2018	7	8
April 2018 to March 2019	1	2
	111	59

Contingent liabilities

Litigation

The Group is not aware of any pending legal claims that are not covered by the Group's extensive insurance programmes.

32 Segmental Report

The reportable operating segments are identified as the four geographical reportable operating segments, namely: Mediclinic Southern Africa, Mediclinic Switzerland, Mediclinic Middle East and the United Kingdom.

	Southern Africa	Switzerland	Middle East	United Kingdom	Total
Period ended 30 September 2015					
Revenue	6,759	10,310	2,496	—	19,565
EBITDA	1,460	1,871	522	—	3,853
Depreciation and amortisation	(213)	(574)	(73)	—	(860)
EBIT	1,247	1,297	449	—	2,993
Other gains and losses	—	57	—	—	(57)
Income from associate	—	—	—	—	—
Income from joint venture	(2)	—	—	—	(2)
Finance income	63	9	2	—	74
Finance cost	(224)	(545)	(19)	—	(788)
Taxation	(315)	(183)	—	—	(498)
Segment result	769	635	432	—	1,836
At 30 September 2015				—	
Investments in associates	—	2	—	—	2
Investments in joint venture	63	—	—	—	63
Capital expenditure	488	618	378	—	1,484
Total segment assets	10,781	73,550	5,585	9,375	99,291
Segment liabilities	7,843	50,664	2,548	—	61,055

	Unaudited Southern Africa	Unaudited Switzerland	Unaudited Middle East	Unaudited Total
Period ended 30 September 2014				
Revenue	6,206	8,646	1,976	16,828
EBITDA	1,303	1,609	390	3,302
Depreciation and amortisation	(183)	(469)	(71)	(723)
EBIT	1,120	1,140	319	2,579
Other gains and losses	158	—	—	158
Income from associate	—	—	—	—
Income from joint venture	(2)	—	—	(2)
Finance income	47	4	1	52
Finance cost	(220)	(515)	(25)	(760)
Taxation	(299)	(129)	—	(428)
Segment result	804	500	295	1,599
At 31 March 2015				
Investments in associates	—	2	—	2
Investments in joint venture	65	—	—	65
Capital expenditure	1,437	1,691	301	3,429
Total segment assets	9,496	65,129	4,547	79,172
Segment liabilities	7,854	45,244	2,282	55,380

32 Segmental Report (Continued)

Reconciliation of segment result, assets and liabilities

	30 Sep 2015	30 Sep 2014 Unaudited (R'm)
Segment result		
Total profit from reportable segments	1,836	1,599
Unallocated corporate amounts:		
Other gains and losses	—	32
Elimination of intersegment loan interest	173	158
Profit for the year	2,009	1,789

	30 Sep 2015	31 March 2015
	(R'm)	
Assets		
Total assets from reportable segments	99,291	79,172
Unallocated corporate assets	4	7
	99,295	79,179
Liabilities		
Total liabilities from reportable segments	61,055	55,380
Elimination of intersegment loan	(10,754)	(9,363)
	50,301	46,017
The total non-current assets, excluding financial instruments and deferred tax assets per geographical location, are:		
Southern Africa	6,418	6,106
Middle East	3,472	2,768
Switzerland	64,043	56,534
United Kingdom	9,375	n/a

Entity-Wide Disclosures	30 Sep 2015	30 Sep 2014 Unaudited (R'm)
Revenue		
From South Africa	6,567	6,019
From foreign countries	12,998	10,809

Revenues from external customers are primarily from hospital services:

	30 Sep 2015	31 March 2015
	(R'm)	
The total non-current assets, excluding financial instruments and deferred tax assets		
From South Africa	6,210	5,902
From foreign countries	77,099	59,506

33 Related Party Transactions

The major shareholder of the Group is Industrial Partnership Investments (Pty) Ltd (Remgro Ltd), which owns 41.90% (31 March 2015 : 41.35%) of the issued shared capital.

The following transactions were carried out with related third parties:

	30 September	
	2015	2014
		Unaudited
		(R'm)
(i) Transactions with shareholders		
Remgro Management Services Ltd (subsidiary of Remgro Ltd)		
Managerial and administration fees	3	2
Internal audit services	1	1
Facilitation fee in respect of equity investment (Spire Healthcare Group plc)	50	—
Underwriting fees in respect of the rights offer	88	—
Balance due to	—	—
V & R Management Services AG (subsidiary of Remgro Ltd)		
Administration fees	—	—
Acquisition of equity investment (Spire Healthcare Group plc)		
During the period under review, Mediclinic International Ltd and Remgro Ltd jointly negotiated the terms of the transaction to acquire an equity investment in Spire Healthcare Group plc with the seller. Refer to note 30 for additional information.		
(ii) Key management compensation		
Key management includes the directors (executive and non-executive) and members of the executive committee.		
Salaries and other short term benefits	32	29
Short-term benefits	27	26
Post employment benefits	1	1
Share-based payment	4	2
(iii) Transactions with subsidiaries and associates		
Mediclinic Investments (Pty) Ltd		
Dividend received		
Balance due from		
Zentrallabor Zürich (ZLZ)		
Fees earned	(15)	—
Purchases	69	62

34 Standards and Interpretations not yet effective

Certain new and revised IFRSs have been issued but are not yet effective for the Group's 2016 financial year. The Group has not early adopted the new and revised IFRSs that are not yet effective.

New and revised IFRSs affecting mainly presentation and disclosure:

IFRS 9 Financial Instruments (1 January 2018)

The new standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. IFRS 9 applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. IFRS 9 also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.

34 Standards and Interpretations not yet effective (Continued)

IFRS 15: Revenue from Contracts with Customers (1 January 2018)

The new standard requires companies to recognise revenue to depict the transfer of goods or services to customers, that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, and provides guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

The amendments to following standards will have no material effect on the financial statements:

IFRS 10 Consolidated Financial Statements (1 January 2016)

IFRS 11 Joint Arrangements (1 January 2016)

IFRS 12 Disclosure of Interest in Other Entities (1 January 2014 & 1 January 2016)

IFRS 14 Regulatory Deferral Accounts (1 January 2016)

IAS 1 Presentation of Financial Statements (1 January 2016)

IAS 16 Property, Plant and Equipment (1 January 2016)

IAS 27 Consolidated and Separate Financial Statements (1 January 2016)

IAS 28 Investments in Associates and Joint Ventures (1 January 2016)

IAS 36 Impairment of Assets (1 January 2016)

IAS 38 Intangible Assets (1 January 2016)

There are numerous other amendments to existing standards relating to the Annual Improvements process 2012–14 cycle (1 January 2016)) that are not yet effective for the company. Each of these has been assessed, and will not have a material impact on the financial statements.

35 Events after the Reporting Date

The possible combination of Mediclinic and Al Noor Hospitals Group plc, a private healthcare provider in the emirate of Abu Dhabi and listed on the London Stock Exchange, was released on SENS on 14 October 2015. The proposed combination remains subject to various suspensive conditions, including Mediclinic and Al Noor shareholder approval.

36 Subsidiaries

	Interest in capital	
	30 Sept 2015	31 March 2015
	(%)	
Company		
Mediclinic Investments (Pty) Ltd	100.0	100.0
Group		
Indirectly held through Mediclinic Investments (Pty) Ltd		
Mediclinic Southern Africa (Pty) Ltd	100.0	100.0
Mediclinic Europe (Pty) Ltd	100.0	100.0
Mediclinic Middle East Investment Holdings (Pty) Ltd	100.0	100.0
Mediclinic CHF Finco Limited	100.0	100.0
Mediclinic Group Services (Pty) Ltd	100.0	100.0
Business Ventures Investments No 1871 (Pty) Ltd	100.0	n/a
Mediclinic Jersey Ltd	100.0	n/a
Indirectly held through Mediclinic Southern Africa (Pty) Ltd		
Curamed Holdings (Pty) Ltd	69.8	69.8
Howick Private Hospital Holdings (Pty) Ltd[(1)]	50.0	50.0
Medical Human Resources (Pty) Ltd	100.0	100.0
Medical Innovations (Pty) Ltd	100.0	100.0
Mediclinic (Pty) Ltd (ordinary shares and Mediclinic Head Office Hospital Shares	100.0	100.0
Mediclinic Finance Corporation (Pty) Ltd	100.0	100.0
Mediclinic Holdings (Namibia) (Pty) Ltd	100.0	100.0
Medipark Clinic (Pty) Ltd	100.0	100.0
Newcastle Private Hospital (Pty) Ltd[(1)]	50.0	15.1
Mediclinic Properties (Pty) Ltd	100.0	100.0
Mediclinic Paarl (Pty) Ltd[(1)]	74.6	74.6
Practice Relief (Pty) Ltd	100.0	100.0
Mediclinic Brits (Pty) Ltd	63.0	60.5
Mediclinic Tzaneen (Pty) Ltd[(1)]	50.0	49.4
Victoria Hospital (Pty) Ltd[(1)]	50.0	33.7
Mediclinic Midstream (Pty) Ltd	100.0	100.0
Mediclinic Lephalale (Pty) Ltd	87.3	86.3
Mediclinic Centurion Properties (Pty) Ltd	100.0	100.0
Indirectly held through Mediclinic Holdings (Namibia) (Pty) Ltd		
Mediclinic Properties (Windhoek) (Pty) Ltd	100.0	100.0
Mediclinic Windhoek (Pty) Ltd	96.4	96.6
Mediclinic Properties (Swakopmund) (Pty) Ltd	100.0	100.0
Mediclinic Capital (Namibia) (Pty) Ltd	100.0	100.0
Mediclinic Swakopmund (Pty) Ltd	97.3	97.3
Mediclinic Otjiwarongo (Pty) Ltd	94.0	94.0
Hospital Investment Companies held through Mediclinic Southern Africa (Pty) Ltd		
Mediclinic Bloemfontein Investments (Pty) Ltd	99.0	99.0
Mediclinic Cape Gate Investments (Pty) Ltd	94.0	92.8
Mediclinic Cape Town Investments (Pty) Ltd	99.0	99.1
Mediclinic Constantiaberg Investments (Pty) Ltd	76.4	77.1
Mediclinic Durbanville Investments (Pty) Ltd	99.8	99.8
Hedrapath Investments (Pty) Ltd (in process of name change to Mediclinic Durbanville Day Clinic (Pty) Ltd)	100.0	100.0
Mediclinic Emfuleni Investments (Pty) Ltd	87.1	87.1
Mediclinic George Investments (Pty) Ltd	98.9	98.9
Mediclinic Highveld Investments (Pty) Ltd	98.6	98.7
Mediclinic Hoogland Investments (Pty) Ltd	99.2	99.2
Mediclinic Kathu Investments (Pty) Ltd	100.0	100.0
Mediclinic Klein Karoo Investments (Pty) Ltd	100.0	100.0

36 Subsidiaries (Continued)

	Interest in capital	
	30 Sept 2015	31 March 2015
	(%)	
Mediclinic Legae Investments (Pty) Ltd	94.4	95.9
Mediclinic Louis Leipoldt Investments (Pty) Ltd	99.9	99.9
Mediclinic Milnerton Investments (Pty) Ltd	99.4	99.4
Mediclinic Morningside Investments (Pty) Ltd	84.8	84.8
Mediclinic Nelspruit Investments (Pty) Ltd	98.6	98.6
Mediclinic Panorama Investments (Pty) Ltd	99.3	99.5
Mediclinic Pietermaritzburg Investments (Pty) Ltd	77.1	78.3
Mediclinic Plettenberg Bay Investments (Pty) Ltd	94.5	94.5
Mediclinic Sandton Investments (Pty) Ltd	93.7	93.7
Mediclinic Secunda Investments (Pty) Ltd	81.5	81.5
Mediclinic Stellenbosch Investments (Pty) Ltd	90.9	90.9
Mediclinic Vereeniging Investments (Pty) Ltd	99.0	99.0
Mediclinic Vergelegen Investments (Pty) Ltd	94.3	94.5
Mediclinic Welkom Investments (Pty) Ltd	93.4	93.4
Mediclinic Worcester Investments (Pty) Ltd	99.3	99.3
Indirectly held through Mediclinic (Pty) Ltd		
Mediclinic Barberton (Pty) Ltd[(1)(2)]	77.0	77.0
Mediclinic Ermelo (Pty) Ltd[(1)(2)]	50.1	50.1
Mediclinic Hermanus (Pty) Ltd[(1)]	50.0	34.8
Mediclinic Kimberley (Pty) Ltd[(1)]	88.7	88.7
Mediclinic Limpopo (Pty) Ltd[(1)(2)]	50.0	50.0
Mediclinic Limpopo Day Clinic (Pty) Ltd	100.0	100.0
Mediclinic Potchefstroom (Pty) Ltd[(1)]	88.3	88.3
Mediclinic Upington (Pty) Ltd[(1)]	50.0	40.8
Indirectly held through Howick Private Hospital Holdings (Pty) Ltd		
Howick Private Hospital (Pty) Ltd[(1)]	100.0	100.0
Indirectly held through Curamed Holdings (Pty) Ltd		
Curamed Hospitals (Pty) Ltd	100.0	100.0
Curamed Properties (Pty) Ltd	100.0	100.0
Mediclinic Thabazimbi (Pty) Ltd	75.0	75.0
Indirectly held through Mediclinic Europe (Pty) Ltd		
Mediclinic Holdings Netherlands B.V.	100.0	100.0
Mediclinic Luxembourg S.à r.l.	100.0	100.0
Hirslanden AG	100.0	100.0
Indirectly held through Hirslanden AG		
AndreasKlinik AG	100.0	100.0
Hirslanden Bern AG	100.0	100.0
Hirslanden Freiburg AG	100.0	100.0
Hirslanden Klinik Aarau AG	100.0	100.0
Hirslanden Klinik Am Rosenberg AG	100.0	100.0
Hirslanden Lausanne SA	100.0	100.0
Klinik am Rosenberg Heiden AG	99.1	99.1
Klinik Belair AG	100.0	100.0
Klinik Birshof AG	100.0	99.7
Klinik Stephanshorn AG	100.0	100.0
Klinik St. Anna AG	100.0	100.0
Radiotherapie Hirslanden AG	100.0	100.0
Hirslanden Clinique La Colline SA	100.0	100.0
Clinique La Colline SA	—	100.0
Polyclinique la Colline SA	—	100.0
Swissana Clinic AG, Meggen	—	100.0
IMRAD SA	80.0	80.0

36 Subsidiaries (Continued)

	Interest in capital	
	30 Sept 2015	31 March 2015
	(%)	
Indirectly held through Mediclinic Middle East Investment Holdings (Pty) Ltd		
Mediclinic Middle East Holdings Ltd	100.0	100.0
Emirates Healthcare Holdings Limited BVI	100.0	100.0
Indirectly held through Emirates Healthcare Holdings Limited BVI		
American Healthcare Management Systems Limited BVI	100.0	100.0
Mediclinic Al Quasis Clinic LLC	49.0	49.0
Mediclinic Mirdif Clinic LLC	49.0	49.0
Mediclinic Ibn Battuta Clinic LLC	49.0	49.0
Mediclinic Middle East Management Services FZ LLC	100.0	100.0
Mediclinic Medical Stores Co LLC	49.0	49.0
Mediclinic Welcare Hospital LLC	49.0	49.0
Welcare World Health Systems Limited BVI	100.0	100.0
Welcare World Holdings Limited BVI	100.0	100.0
Mediclinic Beach Road LLC	49.0	49.0
Mediclinic Corniche Medical Centre LLC	49.0	49.0
Mediclinic Pharmacy LLC	49.0	49.0
Emirates Healthcare Limited BVI	100.0	100.0
Emirates Healthcare Estates Limited BVI	100.0	100.0
Indirectly held through Emirates Healthcare Holdings Limited BVI		
Mediclinic Clinics Investment LLC	49.0	49.0
Mediclinic City Hospital FZ LLC	100.0	100.0
Welcare Hospitals Limited BVI	100.0	100.0
Indirectly held through Medipark Clinic (Pty) Ltd		
ER24 Holdings (Pty) Ltd	100.0	100.0
ER24 EMS (Pty) Ltd	100.0	100.0
ER24 Trademarks (Pty) Ltd	100.0	100.0
Joint Ventures		
Wits University Donald Gordon Medical Centre (Pty) Ltd	49.9	49.9

Note:

All increases in the above shareholdings were paid for in cash.

(1) Controlled through long-term management agreements

(2) Operating through trusts or partnerships

Associates

Group

	Interest in capital		Book value of investment	
	30 Sept 2015	31 March 2015	30 Sept 2015	31 March 2015
	%		R'm	
Group				
Listed:				
Spire Healthcare Group plc	29.9	n/a	9,375	n/a
Unlisted:				
Zentrallabor Zürich, Zürich (ZLZ)[1]	57.0	57.0	2	2
			9,377	2

The nature of the activities of the associates is similar to the major activities of the Group

Note:

(1) The Group does not have control and has less than 50 per cent. of voting rights.

Part C: Historical financial information of Mediclinic for 2013, 2014 and 2015.

The following sets out the historical financial information of Mediclinic for the financial years ended 31 March 2013, 2014 and 2015.

Any definitions used in this Part C—"Historical financial information of Mediclinic for 2013, 2014 and 2015" apply to this Part C—"Historical financial information of Mediclinic for 2013, 2014 and 2015" only. References to "Company" and "Group" are to Mediclinic and Mediclinic Group respectively. Page numbers are those in the financial statements and audit opinions as previously published.

Historical financial information for Mediclinic as at 31 March 2013.

Independent Auditor's Report to the shareholders of Mediclinic International Limited

We have audited the consolidated and separate financial statements of Mediclinic International Limited set out on pages 8 to 66, which comprise the statements of financial position as at 31 March 2013, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Mediclinic International Limited as at 31 March 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2013, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PRICEWATERHOUSECOOPERS INC.
Director: NH Döman
Registered Auditor

Stellenbosch
21 May 2013

Statements of Financial Position
As at 31 March 2013

	Note	Company 2013	Company 2012	Group 2013	Group 2012
				(R'm)	
Assets					
Non-current assets		11,239	6,273	47,875	42,033
Property, equipment and vehicles	5	—	—	40,233	34,808
Intangible assets	6	—	—	7,279	6,350
Interest in subsidiary	7	11,239	6,273	—	—
Investments in associates	8	—	—	2	1
Other investments and loans	10	—	—	17	662
Derivative financial instruments	22	—	—	100	—
Deferred income tax assets	11	—	—	244	212
Current assets		—	—	8,899	8,162
Inventories	12	—	—	684	582
Trade and other receivables	13	—	—	5,466	4,815
Current income tax assets		—	—	44	4
Derivative financial instruments	22	—	—	—	24
Other investments and loans	10	—	—	—	128
Investment in money market funds	14	—	—	—	510
Cash and cash equivalents		—	—	2,705	2,099
Total assets		11,239	6,273	56,774	50,195
Equity					
Capital and reserves					
Stated and issued capital		11,027	65	11,027	65
Share premium		—	6,066	—	6,066
Treasury shares		—	—	(256)	(269)
Share capital	15	11,027	6,131	10,771	5,862
Retained earnings	16	72	7	1,655	4,171
Other reserves	17	140	135	4,953	83
Attributable to equity holders of the Company		11,239	6,273	17,379	10,116
Non-controlling interests	18	—	—	796	1,288
Total equity		11,239	6,273	18,175	11,404
Liabilities					
Non-current liabilities		—	—	32,537	32,969
Borrowings	19	—	—	25,359	22,864
Deferred income tax liabilities	11	—	—	6,227	5,303
Retirement benefit obligations	20	—	—	501	823
Provisions	21	—	—	365	240
Derivative financial instruments	22	—	—	85	3,739
Current liabilities		—	—	6,062	5,822
Trade and other payables	23	—	—	4,135	3,460
Borrowings	19	—	—	1,011	1,930
Provisions	21	—	—	322	121
Derivative financial instruments	22	—	—	65	—
Current income tax liabilities		—	—	529	311
Total liabilities		—	—	38,599	38,791
Total equity and liabilities		11,239	6,273	56,774	50,195

Income Statements

For the year ended 31 March 2013

	Note	Company		Group	
		2013	2012	2013	2012
				(R'm)	
Revenue		643	507	24,562	21,986
Cost of sales		—	—	(13,845)	(12,314)
Administration and other operating expenses	24	(10)	(5)	(5,454)	(5,003)
Operating profit before depreciation (EBITDA)		633	502	5,263	4,669
Depreciation and amortisation		—	—	(999)	(910)
Operating profit		633	502	4,264	3,759
Other gains and losses	25	—	—	531	(26)
Income from associates		—	—	2	1
Finance income		—	—	68	85
Finance cost	27	—	—	(5,166)	(1,642)
(Loss)/profit before tax		633	502	(301)	2,177
Income tax expense	28	—	(38)	(442)	(693)
(Loss)/profit for the year		633	464	(743)	1,484
Attributable to:					
Equity holders of the Company		—	—	(1,002)	1,221
Non-controlling interests		—	—	259	263
		—	—	(743)	1,484
(Loss)/earnings per ordinary share attributable to the equity holders of the Company—cents					
Basic	29	—	—	(135.0)	179.8
Diluted	29	—	—	(131.3)	173.5

Statements of Comprehensive Income

For the year ended 31 March 2013

	Note	Company		Group	
		2013	2012	2013	2012
				(R'm)	
(Loss)/profit for the year		633	464	(743)	1,484
Other comprehensive income					
Items that may be reclassified to the income statement					
Currency translation differences	17&18	—	—	1,705	1,405
Fair value adjustment—cash flow hedges	17	—	—	3,203	(1,126)
		—	—	4,908	279
Items that may be reclassified to the income statement					
Actuarial gains and losses	16	—	—	201	(403)
Other comprehensive income/(loss), net of tax	30	—	—	5,109	(124)
Total comprehensive income for the year		633	464	4,366	1,360
Attributable to:					
Equity holders of the Company		—	—	4,064	1,035
Non-controlling interests		—	—	302	325
		—	—	4,366	1,360

Statements of Changes in Equity
For the year ended 31 March 2013

Group

	Stated issued share capital (note 15)	Share premium (note 15)	Treasury share (note 15)	Share-based payment reserve (note 17)	Foreign currency translation reserve (note 17)	Hedging reserve (note 17)	Retained earnings (note 16)	Share-holders' equity	Non-controlling interests	Total equity (note 18)
					(R'm)					
Balance at 31 March 2011	65	6,066	(288)	129	1,828	(2,097)	3,786	9,489	1,071	10,560
Utilised by the Mpilo Trusts	—	—	7	—	—	—	—	7	—	7
Utilised for share option scheme	—	—	21	—	—	—	—	21	—	21
Treasury shares purchased	—	—	(9)	—	—	—	—	(9)	—	(9)
Share-based payment expense	—	—	—	6	—	—	—	6	—	6
Change in shareholding of subsidiaries	—	—	—	—	—	—	—	—	3	3
Transactions with non-controlling shareholders	—	—	—	—	—	—	3	3	—	3
Total comprehensive income/ (loss) for the year	—	—	—	—	1,343	(1,126)	818	1,035	325	1,360
Dividends paid	—	—	—	—	—	—	(436)	(436)	(111)	(547)
Balance at 31 March 2012	65	6,066	(269)	135	3,171	(3,223)	4,171	10,116	1,288	11,404
Transfer to stated capital	6,066	(6,066)	—	—	—	—	—	—	—	—
Shares issued	5,000	—	—	—	—	—	—	5,000	—	5,000
Share issue costs	(104)	—	—	—	—	—	—	(104)	—	(104)
Utilised by the Mpilo Trusts	—	—	6	—	—	—	—	6	—	6
Utilised for share option scheme	—	—	23	—	—	—	—	23	—	23
Treasury shares purchased	—	—	(16)	—	—	—	—	(16)	—	(16)
Share-based payment expense	—	—	—	5	—	—	—	5	—	5
Change in shareholding of subsidiaries	—	—	—	—	—	—	—	—	(588)	(588)
Transactions with non-controlling shareholders	—	—	—	—	—	—	(1,268)	(1,268)	—	(1,268)
Gain on sale of nil-paid letters of allocation	—	—	—	—	—	—	41	41	—	41
Total comprehensive income/ (loss) for the year	—	—	—	—	1,662	3,203	(801)	4,064	302	4,366
Dividends paid	—	—	—	—	—	—	(488)	(488)	(206)	(694)
Balance at 31 March 2013	11,027	—	(256)	140	4,833	(20)	1,655	17,379	796	18,175

Company

	Stated issued share capital[15]	Share premium[15]	Treasury shares[15]	Share-based payment reserve[17]	Foreign currency translation reserve[17]	Hedging reserve[17]	Retained earnings[16]	Share-holders' equity	Non-controlling interests[18]	Total equity
					(R'm)					
Balance at 31 March 2011	65	6,066	—	129	—	—	19	6,279	—	6,279
Share-based payment expense	—	—	—	6	—	—	—	6	—	6
Total comprehensive income for the year	—	—	—	—	—	—	464	464	—	464
Dividends paid	—	—	—	—	—	—	(476)	(476)	—	(476)
Balance at 31 March 2012	65	6,066	—	135	—	—	7	6,273	—	6,273
Transfer to stated capital	6,066	(6,066)	—	—	—	—	—	—	—	—
Shares issued	5,000	—	—	—	—	—	—	5,000	—	5,000
Share issue costs	(104)	—	—	—	—	—	—	(104)	—	(104)
Share-based payment expense	—	—	—	5	—	—	—	5	—	5
Total comprehensive income for the year	—	—	—	—	—	—	633	633	—	633
Dividends paid	—	—	—	—	—	—	(568)	(568)	—	(568)
Balance at 31 March 2013	11,027	—	—	140	—	—	72	11,239	—	11,239

Statements of Cash Flows

For the year ended 31 March 2013

	Note	Company 2013	Company 2012	Group 2013	Group 2012
				(R'm) Inflow/(outflow)	
Cash Flow from Operating Activities					
Cash received from customers		—	—	24,706	21,704
Cash paid to suppliers and employees		(10)	(5)	(19,129)	(17,438)
Cash generated from operations	31.1	(10)	(5)	5,577	4,266
Dividends received		643	507	—	—
Interest received		—	—	62	51
Interest paid	31.2	—	—	(1,571)	(1,576)
Tax paid	31.3	—	(38)	(514)	(525)
Net cash generated from operating activities		633	464	3,554	2,216
Cash Flow from Investment Activities		(4,961)	12	(537)	(1,055)
Investment to maintain operations	31.4	—	—	(792)	(731)
Investment to expand operations	31.5	—	—	(1,249)	(742)
Proceeds on disposal of property, equipment and vehicles	31.6	—	—	52	23
Insurance proceeds		—	—	—	27
Proceeds from other investments and loans		(4,961)	12	4	5
Proceeds from derivative financial instrument		—	—	25	24
Proceeds from FVTPL financial assets		—	—	868	134
Purchases of FVTPL financial assets		—	—	—	(144)
Proceeds from money market funds		—	—	1,200	823
Purchases of money market funds		—	—	(657)	(507)
Interest received		—	—	12	33
Net cash generated/(utilised) before financing activities		(4,328)	476	3,017	1,161
Cash Flow from Financing Activities		4,328	(476)	(2,839)	(735)
Proceeds of shares issued		5,000	—	5,000	—
Share issue costs		(104)	—	(104)	—
Distributions to non-controlling interests	18	—	—	(206)	(111)
Distributions to shareholders	31.7	(568)	(476)	(488)	(436)
Proceeds from borrowings		—	—	21,996	
Repayment of borrowings		—	—	(24,941)	(214)
Settlement of interest rate swap		—	—	(1,633)	
Refinancing transaction costs		—	—	(615)	7
Acquisition of non-controlling interest		—	—	(1,971)	(9)
Treasury shares purchased		—	—	(16)	28
Proceeds from disposal of treasury shares		—	—	27	—
Proceeds on disposal of nil-paid letters of allocation		—	—	41	—
Proceeds on disposal of non-controlling interest		—	—	71	—
Net increase in cash, cash equivalents and bank overdrafts		—	—	178	426
Opening balance of cash, cash equivalents and bank overdrafts		—	—	1,981	1,447
Exchange rate fluctuations on foreign cash		—	—	541	108
Closing balance of cash, cash equivalents and bank overdrafts	31.8	—	—	2,700	1,981

1 General Information

Mediclinic International Limited (the "Company") and its subsidiaries (the "Group") operate multi-disciplinary private hospitals.

The main business of the Group is to enhance the quality of life of patients by providing comprehensive, high-quality hospital services on a cost-effective basis.

The Company is a limited liability company incorporated and domiciled in South Africa. The address of its registered offices is:

Mediclinic Offices, Strand Road, Stellenbosch 7600.

The Company is listed on the JSE Limited.

These annual financial statements have been approved for issue by the Board of Directors on 21 May 2013.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented with the exception of the revised IAS 1 Presentation of Financial Statements. The application of this amendment to IFRS did not impact on the Group's financial results but has introduced some disclosure changes to the presentation of the statement of comprehensive income.

2.1 Basis of preparation

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of The South African Companies Act, as amended, and the Listings Requirements of the JSE Limited. The financial statements are prepared on the historical cost convention, as modified by the revaluation of certain financial instruments to fair value.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed in Note 4.

2.2 Consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are no longer consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair values of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes any direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the

2 Summary of Significant Accounting Policies (Continued)

Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions and non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control. The Group's interests in jointly controlled entities are accounted for by proportionate consolidation. The Group combines its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the Group's purchase of assets from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

(d) Associates

Companies and other entities in which the Group has an interest and over which the Group has the ability to exercise significant influence, but not control, are treated as associates on the equity method and are initially recognised at cost. According to the equity method, the share of post-acquisition reserves and retained income is included in the carrying value.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

Consistent with internal reporting, the Group's segments are identified as the three geographical operating platforms in Mediclinic Southern Africa, Mediclinic Switzerland and Mediclinic Middle East. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

2.4 Property, equipment and vehicles

Land and buildings comprise mainly hospitals and offices. All property, equipment and vehicles are shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less

2 Summary of Significant Accounting Policies (Continued)

impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

Buildings:	50–100 years
Leasehold improvements:	10 years
Equipment:	3–10 years
Furniture and vehicles:	3–8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profit or loss on disposals is determined by comparing proceeds with carrying amounts. These are included in the income statement.

2.5 Intangible assets

(a) Trade names

Trade names that are deemed to have an indefinite useful life are carried at cost less accumulated impairment losses. Trade names that are deemed to have a finite useful life are capitalised at the cost to the Group and amortised on the straight-line basis over its estimated useful lifetime. No value is placed on internally developed trade names. Expenditure to maintain trade names is accounted for against income as incurred.

(b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from business combinations in which goodwill arose. CGUs have been defined as certain hospital groupings within the Group.

(c) Computer software

Acquired computer software licences and internally developed software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (1–5 years). Costs associated with maintaining computer software programmes or development expenditure that does not meet the recognition criteria are recognised as an expense as incurred.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstance indicate that the carrying amount may not be

2 Summary of Significant Accounting Policies (Continued)

recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstance indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and financial assets at fair value through profit and loss. The classification depends on the purpose for which the asset was acquired. Management determines the classification of its investments at initial recognition.

Purchases and sales of investments are recognised on trade date—the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not subsequently carried at fair value through profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest rate method.

Investments available-for-sale

Other long-term investments are classified as available-for-sale and are included within non-current assets unless management intends to dispose of the investment within twelve months of the statement of financial position date. These investments are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised in other comprehensive income in the period in which they arise. When available-for-sale investments are either sold or impaired, the accumulated fair value adjustments are realised and included in profit or loss.

Financial assets at fair value through profit and loss

These instruments, consisting of financial instruments held-for-trading and those designated at fair value through profit and loss at inception, are carried at fair value. Derivatives are also classified as held-for-trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised in the income statement in the period in which they arise.

Impairment

The Group assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the investments are impaired.

2 Summary of Significant Accounting Policies (Continued)

If any such evidence exists for available-for-sale financial assets, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss—is removed from equity and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.8 Inventories

Inventories are valued at the lower of cost, determined on the first-in, first-out method, or net realisable value. The valuation excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Trade and other receivables

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the income statement.

2.10 Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and cash on hand and are classified as loans and receivables. Bank overdrafts are classified as financial liabilities at amortised cost and are disclosed as part of borrowings in current liabilities in the statement of financial position.

2.11 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction is designated as a cash flow hedge.

The Group documents, at inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 22. The hedging reserve in shareholders' equity is shown in note 17. On the statement of financial position hedging derivatives are not classified based on whether the amount is expected to be recovered or settled within, or after, 12 months. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge relationship is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedge relationship is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that is designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in other comprehensive income are recycled to the income statement in the periods when the hedged item affects profit or loss (for example, when the interest expense on hedged variable rate borrowings is recognised in profit and loss).

2 Summary of Significant Accounting Policies (Continued)

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.12 Share capital

Ordinary shares are classified as equity. Shares in the Company held by wholly owned group companies are classified as treasury shares and are held at cost.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

The difference between the fair value of the equity instruments issued in a BEE transaction and the fair value of the cash and other assets received is recognised as an expense on grant date, with a corresponding increase in equity.

2.13 Treasury shares

Treasury shares are deducted from equity. No gains or losses are recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. All consideration paid or received for treasury shares is recognised directly in equity.

2.14 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs are expensed when incurred, except for borrowing costs directly attributable to the construction or acquisition of qualifying assets. Borrowing cost directly attributable to the construction or acquisition of qualifying assets is added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and 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.

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or

2 Summary of Significant Accounting Policies (Continued)

directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Secondary taxation on companies (STC) was replaced with dividends withholding tax in South Africa for dividends declared after 1 April 2012. Dividend withholding tax is payable at a rate of 15% on dividends distributed to shareholders. The tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder.

2.18 Employee benefits

(a) Retirement benefit costs

The Group provides defined benefit and defined contribution plans for the benefit of employees, the assets of which are held in separate trustee administered funds. These plans are funded by payments from the employees and the Group, taking into account recommendations of independent qualified actuaries.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to make further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

Defined benefit plans

A defined benefit plan is a plan that is not a defined contribution plan. This plan defines an amount of pension benefit an employee will receive on retirement, dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated at least

2 Summary of Significant Accounting Policies (Continued)

every three years by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability. Current service costs are recognised immediately in income.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(b) Post-retirement medical benefits

Some group companies provide for post-retirement medical contributions in relation to current and retired employees. The expected costs of these benefits are accounted for by using the projected unit credit method. Under this method, the expected costs of these benefits are accumulated over the service lives of the employees. Valuation of these obligations is carried out by independent qualified actuaries. All actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(d) Profitsharing and bonus plans

The Group recognises an obligation where contractually obliged or where there is a past practice that has created a constructive obligation.

2.19 Revenue recognition

Revenues are measured at the fair value of the consideration that has been received or is to be received and represent the amounts that can be received for services in the regular course of business when the significant risks and rewards of ownership have been transferred or services have been rendered. Discounts, sales taxes and other taxes associated with the revenues have to be deducted.

Other revenues earned are recognised on the following bases:

(a) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

(b) Dividend income

When the shareholders' right to receive payment is established.

(c) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

2 Summary of Significant Accounting Policies (Continued)

2.20 Cost of sales

Cost of sales consists of the cost of inventories, including obsolete stock, which have been expensed during the year, together with personnel costs and related overheads which are directly attributable to the provision of services, but excludes depreciation and amortisation.

2.21 Leased assets

Leases of property, equipment and vehicles where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing borrowings. The interest element of the finance charges is charged to the income statement over the lease period. The property, equipment and vehicles acquired under finance leasing contracts are depreciated over the useful lives of the assets or the term of the lease agreement if shorter and transfer of ownership at the end of the lease period is uncertain.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Board.

2.23 Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates (the functional currency). The consolidated financial statements are prepared in South African rand which is the Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the rates of exchange ruling on the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedged. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income. Foreign exchange gains and losses are presented in the income statement within 'Administration and other operating expenses'.

Group entities

The results and financial position of all foreign operations that have a functional currency that is different from the Group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date.
- Income and expenses for each income statement are translated at average exchange rates for the year.
- All resulting exchange differences are recognised in other comprehensive income.

2 Summary of Significant Accounting Policies (Continued)

On consolidation exchange differences arising from the translation of the net investment in foreign operations are taken directly to other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at closing rates at statement of financial position date.

3 Financial Risk Management

3.1 Financial risk factors

Normal business activities of a company exposes it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Currency risk

Investments in foreign operations

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies. Changes in the rand/Swiss franc and rand/UAE dirham exchange rate over a period of time will result in increased/ decreased earnings.

The impact of a 10% change in the rand/Swiss franc and the rand/UAE dirham exchange rates for a sustained period of one year is:

- profit for the year would increase/decrease by ZAR80 million (2012: increase/decrease by ZAR31 million) due to exposure to the rand/Swiss franc exchange rate;
- profit for the year would increase/decrease by ZAR33 million (2012: increase/decrease by ZAR22 million) due to exposure to the rand/UAE dirham exchange rate.

The following exchange rates were applicable during the year:

Average SA rand/Swiss franc exchange rate: CHF1 = ZAR9.05 (2012:CHF1 = ZAR8.45)

Closing SA rand/Swiss franc exchange rate CHF1 = ZAR9.69 (2012: CHF1 = ZAR8.50)

Average SA rand/UAE dirham exchange rate: AED1 = ZAR2.32 (2012: AED1 = ZAR2.03)

Closing SA rand/UAE dirham exchange rate: AED1 = ZAR2.51 (2012: AED1 = ZAR2.09)

Investments in investment grade bonds

In the prior year the Group had investments in US dollar and euro-denominated investment grade bonds. The investments were earmarked to finance growth opportunities at the Swiss business, and therefore the Group was exposed to currency risk. The Group limited its currency exposure by applying a policy to hedge 100% of the US dollar and euro-denominated investment grade bonds to the Swiss franc by taking out forward contracts.

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings as well as short-term deposits. In the prior year the Group also had interest rate risk from investments in investment grade bonds, which consisted mainly of interest-bearing liquid investments, and although they are measured at fair value, these movements were mainly because of changes in market interest rates; refer to note 10 for further details. Borrowings and short-term deposits issued at variable rates expose the Group to cash flow interest rate risk. Investments in bonds and interest rate derivatives expose the Group to fair value interest rate risk. Group policy is to maintain an appropriate mix between fixed and floating rate borrowings and placings.

3 Financial Risk Management (Continued)

The Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

In respect of financial assets, interest rate risk is managed by using approved counterparties that offer the best rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the statement of financial position date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's:

- profit for the year would increase/decrease by ZAR26 million (2012: increase/decrease by ZAR54 million). This is mainly attributable to the Group's exposure to interest rates on its unhedged variable rate borrowings and cash.

Refer to note 10 for interest rate sensitivity of the bonds.

(iii) Other price risk

The Group is not materially exposed to commodity price risk.

(b) Credit risk

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of cash, short-term deposits, money market funds, bonds and trade and other receivables. The Group's cash equivalents, short-term deposits, money market funds and bonds are placed with quality financial institutions with a high credit rating. Trade receivables are represented net of the allowance for doubtful receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base, which consists mainly of medical schemes and insurance companies. The financial condition of these clients in relation to their credit standing is evaluated on an ongoing basis. Medical schemes and insurance companies are forced to maintain minimum reserve levels. The policy for patients that do not have a medical scheme or an insurance company paying for the Group's service, is to require a preliminary payment instead. The Group does not have any significant exposure to any individual customer or counterparty.

The Group is exposed to credit-related losses in the event of non-performance by counterparties to hedging instruments. The counterparties to these contracts are major financial institutions. The Group monitors its positions and limits the extent to which it enters into contracts with any one party.

The carrying amounts of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to these assets. At 31 March 2013 and 31 March 2012, the Group did not consider there to be a significant concentration of credit risk.

(c) Liquidity risk

The Group manages liquidity risk by monitoring cash flow forecasts to ensure that it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn borrowing facilities at all

3 Financial Risk Management (Continued)

times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

	2013	2012
	(R'm)	
The Group's unused overdraft facilities are:	1,685	1,134

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the required date of repayment. The table includes both interest and principal cash flows. The analysis of derivative financial instruments has been drawn up based on undiscounted net cash inflows/(outflows) that settle on a net basis.

	Contractual cash flows	0–12 months	1–5 years	Beyond 5 years
		(R'm)		
Financial liabilities				
31 March 2013				
Interest-bearing borrowings	29,232	1,763	22,655	2,781
Derivative financial instruments	216	128	88	—
Trade payables	2,133	2,133	—	—
Other payables and accrued expenses	1,203	1,203	—	—
31 March 2012				
Interest-bearing borrowings	28,371*	3,312*	25,013*	46*
Trade payables	1,736	1,736	—	—
Other payables and accrued expenses	1,112	1,112	—	—

* The Group uses floating-to-fixed interest rate swaps to hedge against interest rate movements which have the economic effect of converting the interest-bearing borrowings to fixed interest rate borrowings. In the prior year before the refinancing of the Group's debt, cash flows for the interest-bearing borrowings and the interest rate swaps were aggregated.

3.2 Fair value of financial instruments

The fair value of financial assets and liabilities are determined as follows:

Cash and cash equivalents, trade and other receivables and money market funds: The carrying amounts reported in the statement of financial position approximate fair values because of the short-term maturities of these amounts.

Borrowings and trade and other payables: The carrying amounts reported in the statement of financial position approximate fair values determined on the basis of a discounted cash flow methodology.

Financial assets at fair value through profit and loss: The fair value of the bonds are derived from quoted prices in active markets for identical assets.

Derivative financial instruments: Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

3.3 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and other reserves and non-controlling interest as disclosed in notes 15, 16, 17 and 18 respectively. The Group's Audit and Risk Committee reviews the going concern status and capital structure of the Group annually. The Group balances its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

3 Financial Risk Management (Continued)

The debt-to-adjusted capital ratios at 31 March 2013 and 31 March 2012 were as follows:

	2013	2012
	(R'm)	
Borrowings	26,370	24,794
Less: cash and cash equivalents	(2,705)	(2,099)
Net debt	23,665	22,695
Total Equity	18,175	11,404
Add back: amounts accumulated in equity relating to cash flow hedges	20	3,223
Add back: amounts accumulated in equity relating to Swiss pension benefits	599	734
Adjusted capital	18,794	15,361
Debt-to-adjusted capital ratio	1.3	1.5

The debt-to-adjusted capital ratio improved marginally.

4 Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill and intangible asset

The Group tests annually whether goodwill and the intangible asset with an indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in note 2.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The estimated figures assume a stable regulatory and tariff environment. Since 1 January 2012, a new financing and tariff system for mandatory basic insured patients in Switzerland was implemented. Although the new system is operational, there are still a number of areas that are not concluded and still uncertain, namely:

- DRG pricing finalisation for the base rates;
- Hospital lists in some cantons not finalised, under debate or legally challenged;
- Restrictions in cantonal legislation could impact the business;
- Highly specialised medicine developments can impact the future medical mix; and
- Cantons subsidising public hospitals.

These uncertainties can have an impact on the recoverability of the goodwill and intangible asset's recoverable amount. Also refer to the sensitivity analysis in respect of the discount rate and the growth rate in note 6.

(b) Income taxes

The Group is subject to income taxes in South Africa, Namibia and Switzerland. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Swiss tax authorities recently expressed a view on the pricing of certain intercompany transactions within the Swiss group which may lead to additional income tax payments. The Group assessed the

4 Critical Accounting Estimates and Assumptions (Continued)

probability for additional tax liabilities as low, subsequently an additional contingent liability was not disclosed.

(c) Retirement benefits

The cost of defined benefit pension plans and post-retirement medical benefit liability obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 20.

(d) Share-based compensation to employees

The Group uses valuation models to calculate the IFRS 2 expense for share-based compensation to employees. These models require a number of assumptions to be made as inputs. These include financial assumptions as well as various assumptions around individual employee behaviour.

(e) Indefinite life trade names

The estimation of the indefinite useful life of the Swiss trade names is based on the expectation that there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group. This expectation requires a significant degree of management judgement.

(f) Property, equipment and vehicles

The estimation of the useful lives of property, equipment and vehicles is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. These depreciation rates represent management's current best estimate of the useful lives and residual values of the assets.

For a private hospital it is fundamentally important that the earnings potential of a building is maintained on a permanent basis. The Group therefore follows a structured maintenance programme with regard to hospital buildings with the specific goal to prolong the useful lifetime of these buildings.

(g) Provision for tariff risks

Provisions were raised for risks related to Swiss tariff risk, e.g. DRG base rate levels and historic tariff disputes at various Swiss hospitals. The provisions are determined by management and represent an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 21.

5 Property, Equipment and Vehicles

	Group	
	2013	2012
	(R'm)	
Land—cost	10,872	9,365
Buildings	24,901	21,694
Cost	26,150	22,588
Accumulated depreciation	(1,249)	(894)
Land and buildings	35,773	31,059
Equipment	2,506	2,176
Cost	5,792	4,782
Accumulated depreciation	(3,286)	(2,606)
Furniture and vehicles	525	473
Cost	1,567	1,280
Accumulated depreciation	(1,042)	(807)
Subtotal	38,804	33,708
Capital expenditure in progress	1,429	1,100
	40,233	34,808

Property, equipment and vehicles with a book value of ZAR35,171 million (2012: ZAR32,856 million) are encumbered as security for borrowings (see note 19).

Included in equipment is capitalised finance lease equipment with a book value of ZAR28 million (2012: ZAR29 million) (see note 19).

Land and buildings and capital expenditure include capitalised interest of ZAR27 million (2012: ZAR18 million).

5 Property, Equipment and Vehicles (Continued)

The register containing details of land and buildings is available for inspection by shareholders or their proxies at the registered office of the Company.

	Group			
	Land and Buildings	Equipment	Furniture and Vehicles	Total
	(R'm)			
At 1 April 2011				
Cost	27,946	3,988	1,049	32,983
Accumulated depreciation	(613)	(2,039)	(597)	(3,249)
Net book value	27,333	1,949	452	29,734
Year ended 31 March 2012				
Net opening book value	27,333	1,949	452	29,734
Capital expenditure	303	580	170	1,053
Exchange differences	3,639	169	24	3,832
Disposals	(17)	(2)	(2)	(21)
Depreciation per income statement	(199)	(520)	(171)	(890)
Net closing book value	31,059	2,176	473	33,708
At 31 March 2012				
Cost	31,953	4,782	1,280	38,015
Accumulated depreciation	(894)	(2,606)	(807)	(4,307)
Net book value	31,059	2,176	473	33,708
Year ended 31 March 2013				
Net opening book value	31,059	2,176	473	33,708
Capital expenditure	371	708	203	1,282
Exchange differences	4,081	185	52	4,318
Disposals	(37)	(2)	(3)	(42)
Prior year capital expenditure completed	518	—	—	518
Depreciation per income statement	(219)	(561)	(200)	(980)
Net closing book value	35,773	2,506	525	38,804
At 31 March 2013				
Cost	37,022	5,792	1,567	44,381
Accumulated depreciation	(1,249)	(3,286)	(1,042)	(5,577)
Net book value	35,773	2,506	525	38,804

	2013	2012
	(R'm)	
Capital expenditure		
Capital expenditure excluding expenditure in progress	1,282	1,053
Capital expenditure in progress	709	370
Total additions	1,991	1,423
To maintain operations	742	711
To expand operations	1,249	712

6 Intangible Assets

	Group			
	Software and IT Projects	Trade names	Goodwill	Total
		(R'm)		
At 1 April 2011				
Cost	91	2,975	2,555	5,621
Accumulated amortisation and impairment	(40)	(13)	(3)	(56)
Net book value	51	2,962	2,552	5,565
Year ended 31 March 2012				
Net opening book value	51	2,962	2,552	5,565
Amortisation charge	(19)	(1)	—	(20)
Additions	20	—	—	20
Exchange differences	6	432	347	785
Net closing book value	58	3,393	2,899	6,350
At 31 March 2012				
Cost	124	3,407	2,902	6,433
Accumulated amortisation and impairment	(66)	(14)	(3)	(83)
Net book value	58	3,393	2,899	6,350
Year ended 31 March 2013				
Net opening book value	58	3,393	2,899	6,350
Amortisation charge	(19)	—	—	(19)
Additions	50	—	—	50
Exchange differences	11	474	413	898
Net closing book value	100	3,867	3,312	7,279
At 31 March 2013				
Cost	195	3,881	3,315	7,391
Accumulated amortisation and impairment	(95)	(14)	(3)	(112)
Net book value	100	3,867	3,312	7,279

Impairment testing of goodwill and indefinite life trade names

The carrying amounts of goodwill and the indefinite life trade names allocated to the Swiss hospital operations are significant in comparison to the total carrying amount of intangible assets. The impairment tests for goodwill and the indefinite life trade names are based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering a five-year period. The discount rates used reflect specific risks related to the hospital industry. These calculations indicate that there was no impairment in the carrying value of goodwill and the trade names.

	Group	
	2013	2012
	(R'm)	
Carrying amount of Swiss goodwill	2,710	2,377
Carrying amount of Swiss indefinite life trade names	3,865	3,391

Key assumptions used for value-in-use calculations are as follows:

- Budgeted margins—the basis used to determine the value assigned to the budgeted margins is based on the margins achieved in the previous years with a slight increase for expected efficiency improvements. The margins are driven by consideration of future admissions and case mix and based on past experience and management's assessment of growth.
- Discount rates—discount rates reflect management's estimate of the time value and the risks associated with the Swiss business. The weighted average cost of capital (WACC) has been determined by consideration of respective debt and equity costs and ratios. The pre-tax discount rate applied to cash flow projections is between 5.4% (2012: 5.4%).

6 Intangible Assets (Continued)

- Growth rates—growth rates are based on budgeted figures and management's estimates. The estimated figures assume a stable regulatory and tariff environment. Cash flows beyond the five-year period are extrapolated using a 1.5% growth rate.

For the goodwill, the recoverable amount calculated based on value in use exceeded the carrying value by approximately ZAR7,951m (2012: ZAR5,100m). A fall in growth rate to 0.6% (2012: 0.9%) or a rise in discount rate to 6.1% (2012: 6.0%) would remove the remaining headroom.

7 Interest in Subsidiary

	Company	
	2013	2012
	(R'm)	
Unlisted		
Shares at cost less amounts written off	17	12
Due by subsidiary	11,222	6,261
	11,239	6,273

8 Investments in Associates

	Group	
	2013	2012
	(R'm)	
Unlisted		
Carrying value of investments in associates' equity		
Opening balance	1	4
Share in current year profits	2	1
Distribution received	(1)	(5)
Exchange differences	—	1
	2	1
The total profit of associates is R5m (2012: R3m). Total revenue for the associates is R175m (2012: R172m).		
The aggregate statements of financial position of associates are summarised as follows:		
Total assets	32	37
Total liabilities	(26)	(34)
Shareholders' funds	6	3
Outside interests	(4)	(2)
Group's share in net assets of associates	2	1

9 Joint Venture

	Group	
	2013	2012
	(R'm)	
The Group has a 49.9% interest in Wits University Donald Gordon Medical Centre (Pty) Ltd.		
The following amounts are included in the financial statements as a result of the proportionate consolidation.		
Current assets	24	17
Non-current assets	120	104
Current liabilities	25	12
Non-current liabilities	34	35
Income	126	115
Expenses	126	109

10 Other Investments and Loans

	Group	
	2013	2012
	(R'm)	
Listed—active market		
Financial assets designated at fair value through profit and loss (FVTPL) Bonds		
Current portion	—	128
Non-current portion	—	646
	—	774
Unlisted—no active market		
Loans and receivables	—	1
Available-for-sale: Shares	17	15
	17	16
	17	790
Other investments and loans are held in the following currencies:		
Euro (2012: €13.6m)	—	139
US dollar (2012: US$82.7m)	—	635
Swiss franc (2013: CHF2m; 2012: CHF2m)	17	15
SA rand	—	1
	17	790

In the prior year the Group held bonds returning a fixed rate of interest. The weighted average interest rate on these securities was 1.74% per annum. If interest rates increased/decreased by 100 basis points the return rate would change to 2.41% (−100) or to 1.69% (+100). The bonds had maturity dates ranging between two and 55 months from the end of the reporting period. The counterparties had a minimum Baa3 credit by Moody's Investors Service, or BBB− or better by Standard & Poor's Corporation.

The bonds were designated as financial assets at fair value through profit and loss (FVTPL). The fair value of the bonds were derived from quoted prices in active markets for identical assets and therefore the degree to which the fair values were observable was grouped as Level 1.

11 Deferred Tax

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right of offset and when the deferred income tax relates to the same fiscal authority.

	Company		Group	
	2013	2012	2013	2012
			(R'm)	
The movement on the deferred tax account is as follows:				
Opening balance	—	1	(5,091)	(4,563)
Income statement charge for the year (note 28)	—	(1)	194	(27)
Provision for the year	—	(1)	108	(29)
Tax rate changes	—	—	86	2
Exchange differences	—	—	(744)	(694)
Charged to other comprehensive income (note 30)	—	—	(342)	193
Balance at the end of the year	—	—	(5,983)	(5,091)
The balance consists of:				
Property, equipment and vehicles	—	—	(5,466)	(4,783)
Intangible assets	—	—	(911)	(817)
Current assets	—	—	(35)	(18)
Current liabilities	—	—	92	159
Long-term liabilities	—	—	124	97
Provisions	—	—	(106)	(78)
Derivatives	—	—	18	281
Tax losses carried forward	—	—	306	66
Other	—	—	(5)	2
	—	—	(5,983)	(5,091)
Deferred income tax assets	—	—	244	212
Deferred income tax liabilities			(6,227)	(5,303)
	—	—	(5,983)	(5,091)

12 Inventories

	Group	
	2013	2012
	(R'm)	
Inventories consist of:		
Pharmaceutical products	598	496
Consumables	78	77
Finished goods and work in progress	8	9
	684	582

The cost of inventories recognised as an expense and included in cost of sales amounted to ZAR5,765m (2012: ZAR5,324m).

There are no inventories that are valued at net realisable value.

13 Trade and other Receivables

	Group	
	2013	2012
	(R'm)	
Trade receivables	3,803	3,025
Less provision for impairment of receivables	(192)	(148)
Trade receivables—net	3,611	2,877
Other receivables	1,855	1,938
	5,466	4,815

13 Trade and other Receivables (Continued)

Trade and other receivables are categorised as loans and receivables.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Group	
	2013	2012
	(R'm)	
SA rand*	1,116	1,194
Swiss franc**	3,911	3,304
UAE dirham	439	317
	5,466	4,815

* Trade receivables to the value of R15m (2012: R585m) have been ceded as security for banking facilities.

** In prior year debtors with a book value of R974m were assigned in the case of a default (refer to note 18).

Included in the Group's trade receivables balance are trade receivables with a carrying value of ZAR2,616m (2012: ZAR921m) which are past due at the reporting date but which the Group has not impaired as there has not been a significant change in credit quality and the amounts are still considered to be recoverable. The ageing of these receivables are as follows:

	Group	
	2013	2012
	(R'm)	
Up to 3 months	2,305	745
Over 3 months	311	176
	2,616	921
Movement in the provision for impairment of receivables:		
Opening balance	148	141
Provision for receivables impairment	75	55
Exchange differences	13	6
Amounts written off as uncollectable	(44)	(54)
Balance at the end of the year	192	148

Amounts written off during the year relate to individually identified accounts that are considered to be irrecoverable.

Management considers the credit quality of the fully performing trade receivables to be high in light of the nature of these trade receivables as described in note 3.1(b).

Included in the Group's other receivables balance are other receivables with a carrying value of ZAR97m (2012: ZAR143m) that are past due at the reporting date. This is the net amount after deducting a provision of ZAR44m (2012: ZAR50m) made by the Group.

14 Investment in Money Market Funds

	Group	
	2013	2012
	(R'm)	
Money market fund investments are held in the following currency: Swiss franc (2012: CHF60.0m)	—	510

The effective interest rate on money market funds is 0.45% and these funds had a maturity over three months. The investment in money market funds was invested at a financial institution with a Moody's rating of at least A3.

Investments in money market funds were categorised as loans and receivables.

15 Stated and issued Capital

	Company		Group	
	2013	2012	2013	2012
	(R'm)			
Ordinary Shares				
Authorised:				
1,000,000,000 ordinary shares of no par value (2012: 1,000,000,000 ordinary shares of 10 cents each)				
Issued:	11,027	65	11,027	65
Opening balance	65	65	65	65
Transfer from share premium	6,066	—	6,066	—
Shares issued	5,000	—	5,000	—
Costs of shares issued	(104)	—	(104)	—
826,957,325 ordinary shares of no par value (2012: 652,315,341 ordinary shares of 10 cents each)				
Unissued ordinary shares: 5% of the number of the ordinary shares in issue at 31 March 2012 are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
During the year the par value ordinary shares were converted into no par value ordinary shares and consequently the share premium balance was transferred to the ordinary share account as stated capital.				
Share premium	—	6,066	—	6,066
Opening balance	6,066	6,066	6,066	6,066
Transfer to share capital	(6,066)	—	(6,066)	—
Treasury shares				
13,907,641 (2012: 14,494,073) ordinary shares	—	—	(256)	(269)
Opening balance	—	—	(269)	(288)
Shares acquired by wholly owned subsidiary	—	—	(16)	(9)
Utilised by the Mpilo Trusts	—	—	6	7
Utilised for employee incentive schemes	—	—	23	21
During the year the Mpilo Trusts released 314,300 (2012: 374,390) of its shares to employees.				
The Mpilo Trusts were created in 2005 for purposes of an employee share scheme to introduce Mediclinic Southern Africa employees up to first line management level as shareholders of the Group. The Mpilo Trusts hold 13,899,648 (2012: 14,213,948) shares in the Company.				
The Company, through a wholly owned subsidiary, holds 7,993 (2012: 280,125) shares in treasury. During the year 75,857 (2012: 418,823) of these shares were utilised in terms of the executive share option scheme and 636,275 (2012: 691,599) of these shares were utilised in terms of the management incentive scheme and 440,000 shares (2012: 300,000) were acquired during the year.	11,027	6,131	10,771	5,862

Share options

To date 23,880,000 share options of the executive share option scheme have been granted, 6,095,999 (2012: 6,066,692) share options have been forfeited and 17,784,001 (2012: 17,708,144) exercised.

No further options will be granted under the share option scheme. Employees may exercise the existing options from grant date as follows:

- 20% of the options granted, vest each year after 3 to 7 years.

All options lapse after a period of 8 years from the grant date.

15 Stated and issued Capital (Continued)

	Group		
		Number	Number
	Average offer price	2013	2012
Movement in the number of share options outstanding are:			
Outstanding at the beginning of the year	R 9.96	105,164	789,641
Options forfeited	—	(29,307)	(425,654)
Options exercised—treasury shares utilised	R13.69	(75,857)	(258,823)
Outstanding at the end of the year	—	—	105,164

16 Retained Earnings

	Company		Group	
	2013	2012	2013	2012
			(R'm)	
Company	72	7	72	7
Subsidiaries and joint venture	—	—	1,583	4,164
	72	7	1,655	4,171
Opening balance	7	19	4,171	3,786
(Loss)/profit for the year	633	464	(1,002)	1,221
Dividends paid	(568)	(476)	(488)	(436)
Actuarial gains and losses	—	—	201	(403)
Transactions with non-controlling shareholders	—	—	(1,268)	3
Gain on sale of nil-paid letters of allocation	—	—	41	—
Balance at end of the year	72	7	1,655	4,171

17 Other Reserves

	Company		Group	
	2013	2012	2013	2012
			(R'm)	
Share-based payment reserve				
Opening balance	135	129	135	129
Employees: value of services	5	6	5	6
Balance at end of the year	140	135	140	135
Executive share option scheme	14	14	14	14
Employee share trust	41	36	41	36
Strategic black partners	85	85	85	85
Foreign currency translation reserve	—	—	4,833	3,171
Opening balance	—	—	3,171	1,828
Currency translation differences	—	—	1,662	1,343
Hedging reserve	—	—	(20)	(3,223)
Opening balance	—	—	(3,223)	(2,097)
	—	—	3,203	(1,126)
Fair value adjustments of cash flow hedges net of tax	—	—	112	(1,126)
Recycling of fair value adjustments of derecognised cash flow hedge, net of tax	—	—	3,091	—
	140	135	4,953	83

18 Non-controlling Interests

	Group	
	2013	2012
	(R'm)	
Opening balance	1,288	1,071
Increase/(decrease) in non-controlling interests*	(588)	3
Distributions to non-controlling interests	(206)	(111)
Share of total comprehensive income	302	325
Share of profit	259	263
Currency translation differences	43	62
Non-controlling interests in hospital activities	796	1,288

* Includes an amount of R627m relating to the increased effective shareholding in Emirates Healthcare to 100%.

19 Borrowings

	Group	
	2013	2012
	(R'm)	
Secured long-term bank loans	2,965	2,770
Long-term portion	2,950	1,375
Short-term portion	18	1,399
Capitalised financing expenses—long-term	(3)	(4)

The long -term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 2.06% compounded quarterly, and is repayable on 1 September 2017.

In the prior year, the long-term bank loans comprised two loans of ZAR1,375m each. The first loan carried interest at the 3 month Jibar variable rate plus a margin of 1.250% compounded quarterly, and was repayable on 1 December 2012. The other loan carried interest at the 3 month Jibar variable rate plus a margin of 1.125% compounded quarterly, and was repayable on 1 December 2013.

Property and equipment with a book value of R3,875m (2012: R3,842m) are encumbered as security for these loans. The interest on these bank loans has been hedged—note 18 contains information about the interest rate swap agreements.

Secured long-term bank loan	2,009	—
Long-term portion	2,000	—
Short-term portion	10	—
Capitalised financing expenses—long-term	(1)	—

Dividends are payable monthly at a rate of 72% of prime overdraft rate. R100m shares must be redeemed on 9 October 2015 and 8 October 2016 and the balance of R1,800m on 8 October 2017.

Secured long-term bank loan	753	548
Long-term portion	540	500
Short-term portion	214	49
Capitalised financing expenses—long-term	(1)	(1)

The long -term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 1.81% compounded quarterly, and is repayable on 1 September 2017. In the prior year, the loan carried interest at a fixed rate of 9.32% per annum.

Unsecured long-term bank loan	—	117
Long-term portion	—	60
Short-term portion	—	57

19 Borrowings (Continued)

	Group	
	2013	2012
	(R'm)	
This loan carried interest at an interest rate linked to the 3 month Jibar plus a margin of 1.4%. The capital amount was repayable in 8 equal quarterly instalments.		
Secured long-term bank loans	85	78
Long-term portion	68	63
Short-term portion	17	15
These loans bear interest at variable rates linked to the prime overdraft rate and are repayable in periods ranging between one and twelve years. Property, equipment and vehicles with a book value of R292m (2012: R202m) are encumbered as security for these loans. Net trade receivables of R7m (2012: R8m) have also been ceded as security for these loans.		
Bank overdraft	5	118
Net trade receivables of R8m (2012: R8m) have been ceded as security for these overdrafts.		
Borrowings in Southern African operations	5,817	3,631
Secured long-term bank loans	1,556	440
Long-term portion	1,323	326
Short-term portion	257	120
Capitalised financing expenses—long-term	(24)	(6)
This loan bears interest at variable rates linked to EIBOR and a margin of 5.25% and is repayable after four years. Properties with a book value of R1,149m are encumbered as security for this loan. In the prior year the loans carried interest at variable rates linked to EIBOR and were repayable in periods ranging between two to nine years and was encumbered with properties with a book value of R897m.		
Borrowings in Middle East operations	1,556	440
Secured long-term bank loans	16,517	20,588
Long-term portion	16,574	20,625
Short-term portion	485	168
Capitalised financing expenses—long-term	(542)	(205)
These loans bear interest at a variable rate linked to the three-month Swiss LIBOR plus 2% and 3.5% and are repayable by December 2017 and June 2018. These loans are secured by: Swiss properties with a book value of R29,824m; and Swiss bank accounts with a book value of R536m. In the prior year the loan carried interest at a variable rate linked to the three-month Swiss LIBOR plus 2% and was repayable in October 2014. The loan was secured by: Swiss properties with a book value of R27,575m; assignment of Swiss receivables with a book value of R974m in case of default (refer to note 13); and Swiss bank accounts with a book value of R581m.		
The interest on this bank loan has been hedged—note 22 contains information about the interest rate swap agreement.		
Secured long-term bank loan	2,447	—
Long-term portion	2,447	—
Short-term portion	—	—
The loan bears interest at 2.0% plus 12m LIBOR and is repayable by June 2018. The loan is also secured by Swiss properties with a book value of R29,824m subordinate to the other loans.		

19 Borrowings (Continued)

	Group	
	2013	2012
	(R'm)	
Secured long-term bank mortgages	—	102
Long-term portion	—	102
Short-term portion	—	—
In the prior year the mortgage loans carried interest at interest rates ranging between 1.75% and 2.7% and were repayable in periods between two and five years. Property with a book value of R310m was encumbered as security for these loans.		
Secured long-term finance	33	33
Long-term portion	28	29
Short-term portion	5	4
These loans bear interest at interest rates ranging between 4% and 12% and are repayable in equal monthly payments in periods ranging from one to 11 years. Equipment with a book value of R28m (2012: R30m) is encumbered as security for these loans.		
Borrowings in Swiss operations	18,997	20,723
Total borrowings	26,370	24,794
Short-term portion transferred to current liabilities	(1,011)	(1,930)
	25,359	22,864

20 Retirement Benefit Obligations

	Group	
	2013	2012
	(R'm)	
Statement of financial position obligations for:		
Pension benefits	188	471
Post-retirement medical benefits	313	352
	501	823
Income statement charge for:		
Pension benefits	148	141
Post-retirement medical benefits	60	59
	208	200

(a) Pension benefits

The Group's Swiss operations has three defined benefit pension plans.

Statement of financial position

Amounts recognised in the statement of financial position are as follows:

Present value of funded obligations	8,442	6,869
Fair value of plan assets	(8,294)	(6,398)
Funded status	148	471
Restriction to Defined Benefit Asset due to the Asset Ceiling	40	—
Deficit	188	471

The movement in the defined benefit obligation over the period is as follows:

Opening balance	6,869	5,326
Current service cost	287	240
Interest cost	164	171
Employee contributions	264	234
Benefits paid	(203)	(98)
Actuarial loss	94	233
Past-service cost	(35)	(14)
Exchange Differences	1,002	777
Balance at end of year	8,442	6,869

The movement of the fair value of plan assets over the period is as follows:

Opening balance	6,398	5,292
Employer contributions	326	269
Employee contributions	264	234
Benefits paid from fund	(203)	(98)
Expected return on assets	268	256
Investment gain/(loss)	322	(329)
Exchange differences	899	774
Balance at end of year	8,274	6,398

Income statement

Amounts recognised in the income statement are as follows:

Current service cost	287	240
Past-service cost	(35)	(14)
Interest on liability	164	171
Expected return on plan assets	(268)	(256)
Total expense	148	141

20 Retirement Benefit Obligations (Continued)

(a) Pension benefits (Continued)

	Group	
	2013	2012
Statement of comprehensive income		
Amounts recognised in other comprehensive income are as follows:		
Actuarial gain/(loss) recognised in other comprehensive income	206	(562)
Change in the effect of the asset ceiling	(37)	43
Total of comprehensive income	169	(519)
Statement of financial position		
Opening net liability	471	71
Expense as above	148	141
Contributions paid by employer	(326)	(269)
Exchange differences	64	9
Actuarial (gain)/loss recognised in equity	(169)	519
Closing net liability	188	471
Actual return on plan assets	568	(72)
Principal actuarial assumptions on statement of financial position		
Discount rate	2.00%	2.30%
Expected rate of return on plan assets	3.90%	4.18%
Future salary increases	2.00%	2.00%
Future pension increases	0.00%	0.00%
Inflation rate	1.50%	1.50%
Number of plan members		
Active members	6,628	6,311
Pensioners	573	531
	7,201	6,842
Experience adjustment		
On plan liabilities: (gain)/loss	16	(223)
On plan assets: gain/(loss)	(301)	329
Opening balance	(911)	(392)
Actuarial gain/(loss) recognised in other comprehensive income	169	(519)
Cumulative actuarial losses recognised in other comprehensive income	(742)	(911)
Asset allocation		
Fixed income investments	35%	40%
Equity investments	23%	21%
Real estate	22%	21%
Other	20%	18%
	100%	100%

20 Retirement Benefit Obligations (Continued)

(a) Pension benefits (Continued)

	2011	2010	2009
Historical information			
Present value of funded obligations	5,326	4,378	5,037
Fair value of plan assets	(5,292)	(4,329)	(4,272)
Deficit	34	49	765
Experience adjustments			
On plan liabilities: gain/(loss)	194	8	(106)
On plan assets: loss/(gain)	61	(348)	(400)
Actuarial losses recognised in other comprehensive income	(108)	422	(294)

Expected employer contributions to be paid to the pension plans for the year ended 31 March 2014 are ZAR268m.

(b) Post-retirement medical benefits

The Group's Southern African operations have a post-retirement medical benefit obligation for employees who joined before 1 July 2012.

The Group accounts for actuarially determined future medical benefits and provide for the expected liability in the statement of financial position. During the last valuation on 31 March 2013 a 7.1% (2012: 7.0%) medical inflation cost and an 8.7% (2012: 8.4%) interest rate were assumed. The average retirement age was set at 63 years (2012: 63 years).

The assumed rates of mortality are as follows:
During employment: SA 1972-77 tables of mortality
Post-employment: PA(90) tables

Amounts recognised in the statement of financial position are as follows:

	Group	
	2013	2012
	(R'm)	
Opening balance	352	312
Amounts recognised in the income statement	60	59
Current service cost	29	27
Interest cost	31	32
Contributions	(6)	(6)
Actuarial gain recognised in other comprehensive income	(93)	(13)
Closing balance	313	352
Present value of unfunded obligations	313	352
Unrecognised actuarial differences	—	—
	313	352

	2013 Increase	2013 Decrease
The effect of a 1% movement in the assumed health cost trend rate is as follows:		
Aggregate of the current service cost and interest cost	17%	(14)%
Defined benefit obligation	19%	(15)%

Historical information: The present value of the Group's post-retirement medical benefits at 31 March 2011 was ZAR312m, 2010: ZAR282m and 2009: ZAR232m.

Expected employer contributions to be paid to the post-retirement medical benefit liability for the year ended 31 March 2014 are ZAR6m.

21 Provisions

	Employee benefits	Legal cases and other	Tariff risks	Total
		(R'm)		
Year ended 31 March 2012				
Opening balance	190	11	70	271
Charged to the income statement	51	2	43	96
Utilised during the year	(19)	(1)	(18)	(38)
Unused amounts reversed	—	(3)	(4)	(7)
Exchange differences	28	—	11	39
Balance at the end of the year	250	9	102	361
At 31 March 2012				
Current	16	5	100	121
Non-current	234	4	2	240
	250	9	102	361
Year ended 31 March 2013				
Opening balance	250	9	102	361
Charged to the income statement	38	3	276	317
Utilised during the year	(26)	(1)	—	(27)
Unused amounts reversed	(8)	—	(31)	(39)
Exchange differences	41	1	33	75
Balance at the end of the year	295	12	380	687
At 31 March 2013				
Current	35	8	279	322
Non-current	260	4	101	365
	295	12	380	687

(a) Employee benefits

This provision is for benefits granted to employees for long service.

(b) Legal cases and other

This provision relates to third-party excess payments for malpractice claims which are not covered by insurance and other costs for legal claims.

(c) Tariff risks

This provision relates to compulsory health insurance tariff risks, including the Swiss DRG base rates and other tariff disputes at some of the Group's Swiss hospitals. The tariff provision for the Swiss DRG base rates relates to the Swiss tariff system. Swiss DRG base rates have not been finalised. Refer to note 4(a).

	2013	2012
	(R'm)	
Provisions are expected to be payable during the following financial years:		
Within 1 year	322	121
After one year but not more than five years	197	77
More than five years	168	163
	687	361

22 Derivative Financial Instruments

	Group			
	Assets	Liabilities	Assets	Liabilities
	2013	2013	2012	2012
	(R'm)			
Total	100	150	24	3,739
Interest rate swaps—cash flow hedges*	100	150	—	3,739
Forward contracts	—	—	24	—
Current portion	—	(65)	(24)	—
Interest rate swaps—cash flow hedges*	—	(65)	—	—
Forward contracts	—	—	(24)	—
Non-current portion	100	85	—	3,739

Interest rate swaps

In order to hedge specific exposures in the interest rate repricing profile of existing borrowings, the Group uses interest rate derivatives to generate the desired interest profile. At 31 March 2013, the Group had seven interest rate swap contracts (2012: three). The value of borrowings hedged by the interest rate derivatives and the rates applicable to these contracts are as follows:

	Borrowings hedged	Fixed interest payable	Interest receivable	Fair value gain/(loss) for the year
	(R'm)			(R'm)
2012				
5 years+*	20,388	3.62%	3 month Swiss LIBOR	(1,182)
1 to 5 years**	2,750	8.37%–9.85%	3 month JIBAR	33
2013				
5 years#	17,054	0.112% and 0.239%	3 month Swiss LIBOR	93
1 to 5 years##	3,700	5.5%–9.85%	3 month JIBAR	35

* The interest rate swap agreement resets every 3 months on 5 January, 5 April, 5 July and 5 October with a final reset on 5 October 2017. There is no ineffective portion recognised in the profit and loss that arises from the cash flow hedge.

** The interest rate swap agreements reset every 3 months on 1 June, 1 September, 1 December and 1 March with a final reset on 2 December 2013 and 1 December 2015. There is no ineffective portion recognised in the profit and loss that arises from the cash flow hedges.

The interest rate swap agreement resets every 3 months on 31 March, 30 June, 30 September and 31 December with a final reset on 30 June 2018. There is no ineffective portion recognised in the profit and loss that arises from the cash flow hedge.

The interest rate swap agreements reset every 3 months on 1 June, 1 September, 1 December and 1 March with a final reset on 2 December 2013, 1 December 2015 and September 2017. There is no ineffective portion recognised in the profit and loss that arises from the cash flow hedges.

	Group	
	2013	2012
	(R'm)	
Forward contracts		
Realised gain recognised in the income statement	574	24
Net unrealised loss recognised in the income statement	—	(10)

In the prior year, the Group hedged 100% of its US dollar and euro-denominated investment grade bond portfolio to the Swiss franc with forward contracts. No hedge accounting was applied. The gain or loss on revaluation was recognised in the income statement. At 31 March 2012, the total contract notional value was R815m.

Based on the degree to which the fair values are observable, the interest rate swaps and the forward contracts are grouped as Level 2.

23 Trade and Other Payables

	Group	
	2013	2012
	(R'm)	
Trade payables	2,133	1,736
Other payables and accrued expenses	1,203	1,112
Social insurance and accrued leave pay	736	572
Value added tax	63	40
	4,135	3,460

24 Expenses by Nature

	Group	
	2013	2012
	(R'm)	
Auditors' remuneration		
—external audit	12	13
—other services	2	3
Cost of inventories	5,765	5,324
Depreciation		
—buildings	219	199
—equipment	561	520
—furniture and vehicles	200	171
Employee benefit expenses	10,369	9,091
—wages and salaries	10,004	8,760
—post-retirement medical benefits (note 20)	60	59
—retirement benefit costs—defined contribution plans	152	125
—retirement benefit costs—defined benefit plans (note 20)	148	141
—share-based payment expense (note 17)	5	6
Impairment of property, equipment and vehicles	—	5
Increase/(decrease) in impairment provision for receivables (note 13)	31	1
Maintenance costs	643	601
Managerial and administration fees	4	1
Operating leases		
—buildings	301	264
—equipment	41	38
Amortisation of intangible assets	19	20
Other expenses	2,131	1,976
General expenses	2,137	1,977
Profit on sale of equipment	(6)	(1)
	20,298	18,227
Classified as:		
Cost of sales	13,845	12,314
Administration and other operating expenses	5,454	5,003
Depreciation and amortisation	999	910
	20,298	18,227

25 Other Gains and Losses

	Group	
	2013	2012
	(R'm)	
Realised gains on forward contracts	574	24
Stamp duty	(41)	—
Net fair value adjustments to FVTPL financial instruments	1	(26)
Foreign currency exchange differences	(3)	(24)
	531	(26)

26 Directors' Remuneration

	Group	
	2013	2012
	(R'000)	
Executive	34,114	36,575
E de la H Hertzog[1]	2,481	5,945
DP Meintjes	7,573	6,825
KHS Pretorius	4,309	4,814
CA van der Merwe	3,767	4,061
CI Tingle	6,046	5,715
TO Wiesinger	9,938	9,215
Non-executive fees	3,924	3,249
JC Cohen	—	261
JJ Durand	266	—
JA Grieve	544	—
E de la H Hertzog[1]	188	—
RE Leu[2]	1,011	925
MK Makaba	237	194
ZP Manase	112	246
N Mandela	137	—
TD Petersen	194	—
AA Raath	424	363
MA Ramphele	74	138
DK Smith	348	312
PJ Uys	—	—
CM van den Heever	230	205
WL van der Merwe	141	278
Late MH Visser	18	327
	38,038	39,824
Paid by:		
Subsidiaries	36,420	36,298
Management company[1]	1,618	3,526
	38,038	39,824

26 Directors' Remuneration (Continued)

Detail for 2013:	Salaries	Retirement fund	Other benefits[3]	Bonus[4]	Share options	Total
			(R'000)			
Executive						
E de la H Hertzog[1]	1,252	121	69	1,039	—	2,481
DP Meintjes	4,572	412	205	2,384	—	7,573
KHS Pretorius	3,030	273	26	980	—	4,309
CA van der Merwe	2,521	227	26	993	—	3,767
CI Tingle	3,757	336	25	1,928	—	6,046
TO Wiesinger	6,428	842	341	2,327	—	9,938
	21,560	2,211	692	9,651	—	34,114

Detail for 2012:	Salaries	Retirement fund	Other benefits[3]	Bonus[4]	Share options	Total
			(R'000)			
Executive						
E de la H Hertzog[1]	2,848	276	160	2,661	—	5,945
DP Meintjes	3,997	360	26	2,442	—	6,825
KHS Pretorius	2,792	251	26	1,745	—	4,814
CA van der Merwe	2,171	195	26	1,008	661	4,061
CI Tingle	3,345	301	26	2,043	—	5,715
TO Wiesinger	5,892	786	374	2,163	—	9,215
	21,045	2,169	638	12,062	661	36,575

(1) Dr Edwin Hertzog retired from his executive role with effect from 31 August 2012, but remains on the Board as a non-executive chairman. Dr Hertzog also earned a further R0.5m.
(2012: R1.9m) from Remgro Management Services Limited relating to other duties.

(2) In the prior year Prof. Dr RE Leu also earned a further R540,800 from a subsidiary (Mediclinic Switzerland AG) as director's remuneration.

(3) Other benefits include medical aid, UIF and payment for accumulated leave.

(4) Bonuses consist of the management incentive scheme and a 13th cheque.

None of the current executive directors have a fixed-term contract.

Share option scheme

No shares were offered to directors in the financial year ending 31 March 2013.

Prescribed officers

Remuneration and benefits paid and short-term incentives approved in respect of prescribed officers are as follows:

Detail for 2013:	Salaries	Retirement fund	Other benefits[3]	Bonus[4]	Share options	Total
			(R'000)			
GC Hattingh	2,168	195	26	885	—	3,274
DJ Hadley	3,530	281	15	1,457	—	5,283
	5,698	476	41	2,342	—	8,557
Detail for 2012:						
GC Hattingh	1,797	162	26	861	—	2,846
DJ Hadley	2,860	238	10	1,382	—	4,490
	4,657	400	36	2,243	—	7,336

27 Finance Cost

	Company		Group	
	2013	2012	2013	2012
			(R'm)	
Interest expense	—	—	841	738
Interest rate swaps	—	—	514	841
Amortisation of capitalised financing fees	—	—	89	81
Preference share dividend	—	—	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	—	—	(31)	(18)
	—	—	5,166	1,642

28 Income Tax Expense

	Company		Group	
	2013	2012	2013	2012
			(R'm)	
Current tax				
—current year	—	(37)	(632)	(657)
—previous year	—	—	(4)	(9)
Deferred tax (note 11)	—	(1)	194	(27)
Taxation per income statement	—	(38)	(442)	(693)
Composition				
Normal South African tax	—	—	(400)	(365)
Foreign tax	—	—	(42)	(283)
Secondary tax on companies ("**STC**")	—	(38)	—	(45)
	—	(38)	(442)	(693)
Reconciliation of rate of taxation:				
Standard rate for companies (RSA)	28.0%	28.0%	28.0%	28.0%
Adjusted for:				
capital gains tax	—	—	(0.1)%	(0.1)%
non-taxable income	(28.4)%	(28.3)%	19.7%	(0.8)%
non-deductible expenses	0.4%	0.3%	(28.1)%	8.4%
non-controlling interests' share of profit before tax	—	—	2.9%	(0.5)%
effect of different tax rates	—	—	(27.0)%	(5.4)%
deductible forex expense	—	—	67.1%	—
non-recognition of tax losses	—	—	(208.5)%	—
changes to Swiss income tax rates	—	—	—	(0.4)%
STC	—	7.6%	—	2.2%
prior year adjustment			(0.8)%	0.4%
Effective tax rate	0.0%	7.6%	(146.8)%	31.8

29 Earnings Per Ordinary Share

	Group		
	Gross	Income tax effect	Net
	2013	2013	2013
		(R'm)	
Earnings reconciliation			
(Loss)/profit attributable to shareholders			(1,002)
Re-measurements for:	(6)	1	(5)
Impairment of property and equipment	—	—	—
Profit on disposal of property, equipment and vehicles	(6)	1	(5)
Headline (loss)/earnings			(1,007)
Re-measurements for:	3,331	(297)	3,034
De-recognition of interest rate swap	3,531	(220)	3,311
Accelerated recognition of capitalised financing fees	163	(34)	129
Gain on forward contracts	(574)	—	(574)
Breakage charges	54	(15)	39
Stamp duty	41	—	41
Pre-acquisition tariff provision	151	(36)	115
Past-service cost (note 20)	(35)	8	(27)
Normalised headline earnings			**2,027**
	2012	2012	2012
		(R'm)	
Profit attributable to shareholders			1,221
Re-measurements for:	1	—	1
Impairment of property and equipment	2	—	2
Profit on disposal of property, equipment and vehicles	(1)	—	(1)
Headline earnings			1,222
Re-measurements for:			
Past-service cost (note 20)	(14)	3	(11)
Normalised headline earnings			**1,211**

29 Earnings Per Ordinary Share (Continued)

	Group	
	2013	2012
Weighted average number of ordinary shares in issue for basic earnings per share		
Number of ordinary shares in issue at the beginning of the year	652,315,341	652,315,341
Weighted average number of ordinary shares issued during the year	83,732,458	—
Adjustment for rights issue (IAS 33 para 26)	27,002,052	51,872,364
Weighted average number of treasury shares	(21,191,470)	(25,035,450)
BEE shareholders*	(6,981,847)	(9,927,016)
Mpilo Trusts	(14,021,435)	(14,392,872)
Wholly owned subsidiary	(188,188)	(715,562)
	741,858,381	679,152,255
Weighted average number of ordinary shares in issue for diluted earnings per share		
Weighted average number of ordinary shares in issue	741,858,381	679,152,255
Weighted average number of treasury shares held in terms of the BEE initiative not yet released from treasury stock	21,003,282	24,319,888
BEE shareholders	6,981,847	9,927,016
Mpilo Trusts	14,021,435	14,392,872
Adjustment for outstanding share options granted	—	179,234
	762,861,663	703,651,377
(Loss)/earnings per ordinary share (cents)		
Basic	(135.0)	179.8
Diluted	(131.3)	173.5
Headline (loss)/earnings per ordinary share (cents)		
Basic	(135.6)	179.9
Diluted	(131.9)	173.7
Normalised headline earnings per ordinary share (cents)		
Basic	273.2	178.3
Diluted	265.7	172.1

* Represents the equivalent weighted average number of shares for which no value has been received from the BEE shareholders in terms of the Group's black ownership initiative. To date, no value was received for an equivalent of 7 373 683 (2012: 9 264 351) shares issued to the strategic black partners.

Refer to the glossary in the integrated report for the meaning of headline earnings, headline earnings per share, normalised headline earnings and normalised headline earnings per share.

30 Other Comprehensive Income

	Group	
	2013	2012
	(R'm)	
Components of other comprehensive income		
Currency translation differences	1,705	1,405
Fair value adjustment—cash flow hedges	3,203	(1,126)
Actuarial gains and losses	201	(403)
Other comprehensive income/(loss), net of tax	5,109	(124)

30 Other Comprehensive Income (Continued)

Tax and non-controlling interest on other comprehensive income

	Gross	Tax	Non-controlling interest	Net
			(R'm)	
Year ended 31 March 2012				
Currency translation differences	1,343	—	62	1,405
Fair value adjustment—cash flow hedges	(1,216)	90	—	(1,126)
Actuarial gains and losses	(506)	103	—	(403)
Other comprehensive (loss)/income	(379)	193	62	(124)
Year ended 31 March 2013				
Currency translation differences	1,662	—	43	1,705
Recycling of fair value adjustments of derecognised cash flow hedge	3,341	(250)	—	3,091
Fair value adjustment—cash flow hedges	143	(31)	—	112
Actuarial gains and losses	262	(61)	—	201
Other comprehensive income/(loss)	5,408	(342)	43	5,109

31 Cash Flow Information

31.1 Reconciliation of profit before taxation to cash generated from operations

	Company		Group	
	2013	2012	2013	2012
			(R'm)	
Operating profit before interest and taxation	633	502	4,264	3,759
Non-cash items				
Movement in share-based payment reserve	—	—	5	6
Depreciation	—	—	980	890
Intangibles amortised	—	—	19	20
Impairment losses	—	—	—	4
Movement in provisions	—	—	249	51
Movement in retirement benefit obligations	—	—	(96)	(69)
Profit on disposal of property, equipment and vehicles	—	—	(6)	(1)
Interest rate swap accrual	—	—	10	—
Dividends received	(643)	(507)	—	—
Operating income before changes in working capital	(10)	(5)	5,425	4,660
Working capital changes	—	—	152	(394)
Increase in inventories	—	—	(46)	(15)
Increase in trade and other receivables	—	—	(102)	(670)
Increase in trade and other payables	—	—	300	291
	(10)	(5)	5,577	4,266

31 Cash Flow Information (Continued)

31.2 Interest paid

	Company		Group	
	2013	2012	2013	2012
			(R'm)	
Finance cost per income statement	—	—	5,166	1,642
Non-cash items				
Amortisation of capitalised financing fees	—	—	(89)	(81)
Other non-cash flow finance expenses	—	—	(3,506)	15
	—	—	1,571	1,576

31.3 Tax paid

	Company		Group	
	2013	2012	2013	2012
			(R'm)	
Liability at the beginning of the year	—	—	(307)	(146)
Exchange differences	—	—	(56)	(20)
Provision for the year	—	(38)	(636)	(666)
	—	(38)	(999)	(832)
Liability at the end of the year	—	—	485	307
	—	(38)	(514)	(525)

31.4 Investment to maintain operations

	Group	
	2013	2012
	(R'm)	
Property, equipment and vehicles purchased	(742)	(711)
Intangible assets purchased	(50)	(20)
Loan to subsidiaries	—	—
	(792)	(731)

31.5 Investment to expand operations

	Group	
	2013	2012
	(R'm)	
Property, equipment and vehicles purchased	(1,249)	(712)
Business acquisitions	—	(30)
	(1,249)	(742)

31.6 Proceeds on disposal of property, equipment and vehicles

	Group	
	2013	2012
	(R'm)	
Book value of property, equipment and vehicles sold	42	21
Profit per income statement	6	1
Exchange differences	4	1
	52	23

31 Cash Flow Information (Continued)

31.7 Distributions paid to shareholders

	Company		Group	
	2013	2012	2013	2012
	(R'm)			
Dividends declared and paid during the year	(568)	(476)	(488)	(436)

The dividends paid in 2013 (dividend numbers 30 & 31) were 80.3 cents per share (2012: 73.0 cents, dividend numbers 28 & 29). A final dividend (dividend number 32) in respect of the year ended 31 March 2013 of 65.0 cents per share was declared at a directors' meeting on 21 May 2013. These financial statements do not reflect this dividend payable.

31.8 Cash, cash equivalents and bank overdrafts

	Group	
	2013	2012
	(R'm)	
For the purposes of the statement of cash flows, cash, cash equivalents and bank overdrafts include:		
Cash and cash equivalents	2,705	2,099
Bank overdrafts (note 19)	(5)	(118)
	2,700	1,981
Cash, cash equivalents and bank overdrafts are denominated in the following currencies:		
SA rand*	1,300	703
Swiss franc**	770	951
UAE dirham***	629	325
Euro	1	2
	2,700	1,981

* The counterparties have a minimum A3 credit rating by Moody's.

** The facility agreement of the Swiss subsidiary restricts the distribution of cash. The counterparties have a minimum A2 credit rating by Moody's and a minimum. A credit rating by Standard & Poor's.

*** The counterparties have a minimum Baa1 credit rating by Moody's and a minimum BBB+ credit rating by Standard & Poor's.

32 Commitments

	Group	
	2013	2012
	(R'm)	
Capital commitments		
Incomplete capital expenditure contracts	2,033	1,179
Southern Africa	1,362	556
Switzerland	644	592
Middle East	27	31
Capital expenses authorised by the Board of Directors but not yet contracted	1,313	982
Southern Africa	688	871
Switzerland	45	111
Middle East	580	—
	3,346	2,161

These commitments will be financed from group and borrowed funds.

Financial lease commitments

The Group has entered into financial lease agreements on equipment.

The future non-cancellable minimum lease rentals are payable during the following financial years:		
Within 1 year	8	7
1 to 5 years	24	23
Beyond 5 years	16	18
	48	48

Operating lease commitments

The Group has entered into various operating lease agreements on premises and equipment. The future non-cancellable minimum lease rentals are payable during the following financial years:

Within 1 year	289	231
1 to 5 years	734	636
Beyond 5 years	1,976	1,501
	2,999	2,368

33 Segmental Report

The consolidation of the governance functions within the Group has resulted in a change in the composition of the reportable segments. The prior year has been restated accordingly. The reportable

33 Segmental Report (Continued)

operating segments were identified as the three geographical reportable operating segments, namely: Mediclinic Southern Africa, Mediclinic Switzerland and Mediclinic Middle East.

	Southern Africa	Switzerland	Middle East	Total
		(R'm)		
Year ended 31 March 2013:				
Revenue	10,185	11,892	2,485	24,562
EBITDA	2,169	2,599	495	5,263
Depreciation and amortisation	(282)	(604)	(113)	(999)
EBIT	1,887	1,995	382	4,264
Other gains and losses	—	(40)	(4)	(44)
Income from associate	—	2	—	2
Finance income	53	9	1	63
Finance cost	(478)	(4,703)	(66)	(5,247)
Taxation	(426)	(16)	—	(442)
Segment result	1,036	(2,753)	313	(1,404)
At 31 March 2013:				
Investments in associates	—	2	—	2
Capital expenditure	695	1,239	107	2,041
Total segment assets	7,467	46,187	2,885	56,539
Segment liabilities	7,606	37,613	2,292	47,511
Year ended 31 March 2012:				
Revenue	9,423	10,732	1,831	21,986
EBITDA	1,957	2,364	348	4,669
Depreciation and amortisation	(256)	(556)	(98)	(910)
EBIT	1,701	1,808	250	3,759
Income from associates	—	1	—	1
Finance income	41	9	1	51
Finance cost	(369)	(1,248)	(28)	(1,645)
Taxation	(434)	(260)	—	(694)
Segment result	939	310	223	1,472
At 31 March 2012:				
Investments in associates	—	1	—	1
Capital expenditure	523	872	47	1,442
Total segment assets	6,616	39,769	2,139	48,524
Segment liabilities	5,320	32,775	880	38,975

33 Segmental Report (Continued)

	Group	
	2013	2012
	(R'm)	
Reconciliation of segment result, assets and liabilities		
Segment result		
Total profit from reportable segments	(1,404)	1,472
Unallocated corporate amounts:		
Other gains and losses	575	(26)
Interest received	5	34
Elimination of intersegment loan interest	81	4
Consolidated profit before tax	(743)	1,484
Assets		
Total assets from reportable segments	56,539	48,524
Unallocated corporate assets	234	1,671
	56,773	50,195
Liabilities		
Total liabilities from reportable segments	47,511	38,975
Elimination of intersegment loan	(8,912)	(184)
	38,599	38,791
The total non-current assets, excluding financial instruments and deferred tax assets per geographical location are:		
Southern Africa	4,552	4,148
Middle East	1,725	1,440
Switzerland	41,235	35,570
Entity-Wide Disclosures		
Revenue		
From South Africa	9,890	9,156
From foreign countries	14,672	12,830
Revenues from external customers are primarily from hospital services		
The total non-current assets, excluding financial instruments and deferred tax assets		
From South Africa	4,257	3,881
From foreign countries	43,255	37,277

34 Related Party Transactions

	Company		Group	
	2013	2012	2013	2012
		(R'm)		
The major shareholder of the Group is Industrial Partnership Investments Limited (Remgro Limited), which owns 43.4% (2012: 43.4%).				
The following transactions were carried out with related third parties:				
(i) Transactions with shareholders				
Remgro Management Services Limited (subsidiary of Remgro Limited)				
Managerial and administration fees	—	—	4	1
Internal audit services	—	—	2	2
Underwriting fees in respect of the rights offer	—	—	100	—
Balance due to	—	—	—	—
(ii) Key management compensation				
Directors				
Information regarding the directors' and prescribed officers' remuneration appears in note 26.				
(iii) Transactions with subsidiaries and associates				
Mediclinic Investments Limited				
Dividend received	612	476	—	—
Balance due from	11,222	6,261	—	—
Zentrallabor Zürich (ZLZ)				
Fees earned	—	—	(17)	(15)
Purchases	—	—	84	76

35 Standards and Interpretations not yet effective

Certain new and revised IFRSs have been issued but are not yet effective for the Group. The Group has not early adopted the new and revised IFRSs that are not yet effective.

New and revised IFRSs that will affect reported financial performance and/or financial position:

IAS 19 Employee Benefits (1 January 2013)

Currently net interest income is recognised in the income statement based on the expected return on plan assets. Under the amendments, net interest rate on plan assets will no longer be calculated based on expected return but rather equal to the discount rate used for determining retirement benefit obligations. The following table summarises the expected impact the amendments are to have on the financial statements:

	2013
	(R'm)
Net increase in retirement benefit obligations	218
Net decrease in deferred income tax liabilities	45
Net decrease in retained earnings	173
Net increase in expense recognised in the income statement	130
Net decrease in tax expense recognised in the income statement	27
Net increase in expense recognised in the other comprehensive income	58

New and revised IFRSs affecting mainly presentation and disclosure:

IFRS 9 Financial Instruments (Effective 1 January 2015)

The new standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. IFRS 9 applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its

35 Standards and Interpretations not yet effective (Continued)

own classification criteria. IFRS 9 also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.

IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities (Effective 1 January 2013)

IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS 11 deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. The standard requires a single method for accounting for interests in jointly controlled entities. IFRS 12 contains comprehensive disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

The following new accounting standards, interpretations and amendments will have no material effects on the financial statements:

- IFRS 1 First-time Adoption of International Financial Reporting Standards (1 January 2013)
- IFRS 7 Financial Instruments: Disclosures (1 January 2013)
- IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities (1 January 2013 and 1 January 2014)
- IFRS 13 Fair Value Measurement (1 January 2013)
- IAS 16 Property, Plant and Equipment (1 January 2013)
- IAS 19 Employee Benefits (1 January 2013)
- IAS 27 Consolidated and Separate Financial Statements (1 January 2013 and 1 January 2014)
- IAS 28 Investments in Associates and Joint Ventures (1 January 2013)
- IAS 32 Financial Instruments: Presentation (1 January 2013 and 1 January 2014)

There are numerous other new standards or amendments to existing standards that are not yet effective for the Group. Each of these has been assessed, and will not have a material impact on the financial statements.

36 Events after the Reporting Date

The directors are not aware of any matter or circumstance arising since the end of the financial year that would significantly affect the operations of the Group or the results of its operations.

Historical financial information for Mediclinic as at 31 March 2014.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Mediclinic International Ltd

We have audited the consolidated and separate financial statements of Mediclinic International Ltd set out on pages 8 to 70, which comprise the statements of financial position as at 31 March 2014, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Mediclinic International Ltd as at 31 March 2014, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2014, we have read the directors' report, the audit and risk committee report and the certificate by the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.
Director: NH Döman
Registered Auditor

Stellenbosch
20 May 2014

Statements of Financial Position

	Notes	as at 31 March				
		Company		Group		
		2014	2013	2014	2013 (Restated)	2012 (restated)
				(R'm)		
Assets						
Non-current assets		11,289	11,239	59,308	47,885	42,048
Property, equipment and vehicles	5	—	—	49,597	40,137	34,726
Intangible assets	6	—	—	9,210	7,279	6,350
Interest in subsidiary	7	11,289	11,239	—	—	—
Investments in associate	8	—	—	4	2	1
Investments in joint venture	9	—	—	67	65	53
Other investments and loans	10	—	—	68	63	708
Derivative financial instruments	21	—	—	60	100	—
Deferred income tax assets	11	—	—	302	239	210
Current assets		—	—	11,226	8,857	8,121
Inventories	12	—	—	904	681	579
Trade and other receivables	13	—	—	6,768	5,427	4,779
Current income tax assets		—	—	33	44	4
Derivative financial instruments	21	—	—	—	—	24
Other investments and loans	10	—	—	—	—	128
Investment in money market funds		—	—	—	—	510
Cash and cash equivalents		—	—	3,521	2,705	2,097
Total assets		11,289	11,239	70,534	56,742	50,169
Equity						
Capital and reserves						
Stated and issued capital		11,027	11,027	11,027	11,027	65
Share premium		—	—	—	—	6,066
Treasury shares		—	—	(249)	(256)	(269)
Share capital	14	11,027	11,027	10,778	10,771	5,862
Retained earnings	15	103	72	4,325	1,488	4,254
Other reserves	16	159	140	9,365	4,947	83
Attributable to equity holders of the Company		11,289	11,239	24,468	17,206	10,199
Non-controlling interests	17	—	—	923	796	1,288
Total equity		11,289	11,239	25,391	18,002	11,487
Liabilities						
Non-current liabilities		—	—	36,899	32,692	32,872
Borrowings	18	—	—	28,704	25,351	22,859
Deferred income tax liabilities	11	—	—	7,251	6,182	5,325
Retirement benefit obligations	19	—	—	414	709	709
Provisions	20	—	—	492	365	240
Derivative financial instruments	21	—	—	38	85	3,739
Current liabilities		—	—	8,244	6,048	5,810
Trade and other payables	22	—	—	5,048	4,121	3,448
Borrowings	18	—	—	1,666	1,011	1,930
Provisions	20	—	—	376	322	121
Derivative financial instruments	21	—	—	—	65	—
Current income tax liabilities		—	—	1,154	529	311
Total liabilities		—	—	45,143	38,740	38,682
Total equity and liabilities		11,289	11,239	70,534	56,742	50,169

Income Statements

	Notes	for the year ended 31 March			
		Company		Group	
		2014	2013	2014	2013 (restated)
		(R'm)			
Revenue		766	643	30,495	24,436
Cost of sales		—	—	(17,189)	(13,881)
Administration and other operating expenses	23	(3)	(10)	(6,562)	(5,428)
Operating profit before depreciation (EBITDA)		763	633	6,744	(5,127)
Depreciation and amortisation	23	—	—	(1,239)	(994)
Operating profit		763	633	5,505	4,133
Other gains and losses	24	—	—	2	531
Income from associates		—	—	3	2
Income from joint venture		—	—	—	3
Finance income		—	—	73	69
Finance cost	26	—	—	(1,221)	(5,166)
Profit/(loss) before tax		763	633	4,362	(428)
Income tax expense	27	—	—	(776)	(418)
Profit/(loss) for the year		763	633	3,586	(846)
Attributable to:					
Equity holders of the Company		—	—	3,385	(1,105)
Non-controlling interests		—	—	201	259
		—	—	3,586	(846)
Earnings/(loss) per ordinary share attributable to the equity holders of the Company—cents					
Basic	28	—	—	418.3	(148.9)
Diluted	28	—	—	409.3	(144.8)

Statements of Comprehensive Income

	Notes	for the year ended 31 March			
		Company		Group	
		2014	2013	2014	2013 (restated)
			(R'm)		
Profit/(loss) for the year		763	633	3,586	(846)
Other comprehensive income					
Items that may be reclassified to the income statement					
Currency translation differences	16, 17	—	—	4,371	1,699
Fair value adjustment—cash flow hedges	16	—	—	29	3,203
		—	—	4,400	4,902
Items that may not be reclassified to the income statement					
Actuarial gains and losses	15	—	—	138	54
Other comprehensive income, net of tax	29	—	—	4,538	4,956
Total comprehensive income for the year		763	633	8,124	4,110
Attributable to:					
Equity holders of the Company		—	—	7,922	3,808
Non-controlling interests		—	—	202	302
		—	—	8,124	4,110

Statements of Changes In Equity for the year ended 31 March 2014

Group

	Stated issued share capital (note 14)	Share premium (note 14)	Treasury shares (note 14)	Share-based payment reserve (note 16)	Foreign currency translation reserve (note 16)	Hedging reserve (note 16)	Retained earnings (note 15)	Share-holders' equity	Non-controlling interests (note 17)	Total equity
					(R'm)					
Balance at 31 March 2012 (as previously reported)	65	6,066	(269)	135	3,171	(3,223)	4,171	10,116	1,288	11,404
Adjustments (note 2.2)	—	—	—	—	—	—	83	83	—	83
Balance at 31 March 2012 (restated)	65	6,066	(269)	135	3,171	(3,223)	4,254	10,199	1,288	11,487
Transfer to stated capital	6,066	(6,066)	—	—	—	—	—	—	—	—
Shares issued	5,000	—	—	—	—	—	—	5,000	—	5,000
Share issue costs	(104)	—	—	—	—	—	—	(104)	—	(104)
Utilised by the Mpilo Trusts	—	—	6	—	—	—	—	6	—	6
Utilised for share option scheme	—	—	23	—	—	—	—	23	—	23
Treasury shares purchased	—	—	(16)	—	—	—	—	(16)	—	(16)
Share-based payment expense	—	—	—	5	—	—	—	5	—	5
Change in shareholding of subsidiaries	—	—	—	—	—	—	—	—	(588)	(588)
Transactions with non-controlling shareholders	—	—	—	—	—	—	(1,268)	(1,268)	—	(1,268)
Gain on sale of nil-paid letters of allocation	—	—	—	—	—	—	41	41	—	41
Total comprehensive income for the year	—	—	—	—	1,656	3,203	(1,051)	3,808	302	4,110
Dividends paid	—	—	—	—	—	—	(488)	(488)	(206)	(694)
Balance at 31 March 2013 (restated)	11,027	—	(256)	140	4,827	(20)	1,488	17,206	796	18,002
Utilised by the Mpilo Trusts	—	—	7	—	—	—	—	7	—	7
Share-based payment expense	—	—	—	19	—	—	—	19	—	19
Change in shareholding of subsidiaries	—	—	—	—	—	—	—	—	24	24
Transactions with non-controlling shareholders	—	—	—	—	—	—	2	2	—	2
Total comprehensive income for the year	—	—	—	—	4,370	29	3,523	7,922	202	8,124
Dividends paid	—	—	—	—	—	—	(688)	(688)	(99)	(787)
Balance at 31 March 2014	11,027	—	(249)	159	9,197	9	4,325	24,468	923	25,391

Company

	Stated issued share capital (note 14)	Share premium (note 14)	Treasury shares (note 14)	Share-based payment reserve (note 16)	Foreign currency translation reserve (note 16)	Hedging reserve (note 16)	Retained earnings (note 15)	Share-holders' equity	Non-controlling interests (note 17)	Total equity
					(R'm)					
Balance at 31 March 2012	65	6,066	—	135	—	—	7	6,273	—	6,273
Transfer to stated capital	6,066	(6,066)	—	—	—	—	—	—	—	—
Shares issued	5,000	—	—	—	—	—	—	5,000	—	5,000
Share issue costs	(104)	—	—	—	—	—	—	(104)	—	(104)
Share-based payment expense	—	—	—	5	—	—	—	5	—	5
Total comprehensive income for the year	—	—	—	—	—	—	633	633	—	633
Dividends paid	—	—	—	—	—	—	(568)	(568)	—	(568)
Balance at 31 March 2013	11,027	—	—	140	—	—	72	11,239	—	11,239
Share-based payment expense	—	—	—	19	—	—	—	19	—	19
Total comprehensive income for the year	—	—	—	—	—	—	763	763	—	763
Dividends paid	—	—	—	—	—	—	(732)	(732)	—	(732)
				159						
Balance at 31 March 2014	11,027	—	—		—	—	103	11,289	—	11,289

Statements of Cash Flows
For the year ended 31 March 2014

	Notes	Company		Group	
		2014 Inflow/ (outflow)	2013 Inflow/ (outflow)	2014 Inflow/ outflow)	2013 (restated) Inflow/ (outflow)
		(R'm) Inflow/(outflow)			
Cash Flow from Operating Activities					
Cash received from customers		—	—	30,116	24,580
Cash paid to suppliers and employees		(3)	(10)	(23,776)	(19,009)
Cash generated from operations	30.1	(3)	(10)	6,340	5,571
Dividends received		766	643	—	—
Interest received		—	—	74	63
Interest paid	30.2	—	—	(1,056)	(1,571)
Tax paid	30.3	—	—	(743)	(514)
Net cash generated from operating activities		763	633	4,615	3,549
Cash Flow from Investment Activities		(31)	(4,961)	(2,539)	(527)
Investment to maintain operations	30.4	—	—	(926)	(792)
Investment to expand operations	30.5	—	—	(1,684)	(1,230)
Proceeds on disposal of property, equipment and vehicles	30.6	—	—	32	52
Insurance in joint venture		—	—	(2)	(8)
Loans granted to joint venture		—	—	—	(1)
Insurance proceeds		—	—	40	—
Proceeds from other investments and loans		(31)	(4,961)	1	4
Proceeds from derivative financial instrument		—	—	—	25
Proceeds from FVTPL financial assets		—	—	—	868
Proceeds from money market funds		—	—	—	1,200
Purchases of money market funds		—	—	—	(657)
Interest received		—	—	—	12
Net cash generated/(utilised) before financing activities		732	(4,328)	2,076	3,022
Cash Flow from Financing Activities		(732)	4,328	(1,605)	(2,837)
Proceeds of shares issued		—	5,000	—	5,000
Share issue costs		—	(104)	—	(104)
Distributions to non-controlling interests	17	—	—	(99)	(206)
Distributions to shareholders	30.7	(732)	(568)	(688)	(488)
Proceeds from borrowings		—	—	223	21,996
Repayment of borrowings		—	—	(1,074)	(24,939)
Settlement of interest rate swap		—	—	—	(1,633)
Refinancing transaction costs		—	—	—	(615)
Acquisition of non-controlling interest		—	—	—	(1,971)
Treasury shares purchased		—	—	—	(16)
Proceeds from disposal of treasury shares		—	—	7	27
Proceeds on disposal of nil-paid letters of allocation		—	—	—	41
Proceeds on disposal of non-controlling interest		—	—	26	71
Net increase 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	30.8	—	—	3,485	2,705

1 General Information

Mediclinic International Ltd (the "Company") and its subsidiaries (the "Group") operate multi-disciplinary private hospitals.

The main business of the Group is to enhance the quality of life of patients by providing comprehensive, high-quality hospital services on a cost-effective basis.

The Company is a limited liability company incorporated and domiciled in South Africa. The address of its registered offices is:

Mediclinic Offices, Strand Road, Stellenbosch 7600.

The Company is listed on the JSE.

These annual financial statements have been approved for issue by the Board of Directors on 20 May 2014.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented with the exception of the first-time adoption of IFRS 11 Joint Arrangements and the revised IAS 19 Employee Benefits standards. The application of the new standard and the revised IFRS standard had an impact on the Group's financial results, financial position and reported cash flows, refer to section 2.2.

2.1 Basis of preparation

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS) including IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, the requirements of The South African Companies Act, 71 of 2008, as amended, and the Listings Requirements of the JSE Ltd. The financial statements are prepared on the historical cost convention, as modified by the revaluation of certain financial instruments to fair value.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed in note 4.

2.2 Changes in accounting policy

The following new and revised IFRSs which affected the Group's reported financial performance and/or financial position have been applied for the first time in the current period in these financial statements:

IFRS 11 Joint Arrangements

IFRS 11 deals with how a joint arrangement over which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are two types of joint arrangements—joint operations and joint ventures. The classification of joint arrangements under IFRS 11 is determined based on rights and obligations of parties to joint arrangements by considering the structure, legal form of the arrangements, the contractual terms, etc. Previously under IAS 31, the classification of joint arrangements was determined based on the legal form of the arrangement. Under IFRS 11, the initial and subsequent accounting of joint ventures and joints operations is different. Investments in joint ventures are accounted for using the equity method and proportionate consolidation is no longer allowed. The Group reviewed and assessed the classification of the Group's investment in Wits University Donald Gordon Medical Centre (Pty) Ltd and concluded that it should be classified as a joint venture under IFRS 11 and accounted for using the equity method. Previously, Wits University Donald Gordon Medical Centre (Pty) Ltd was accounted for by using the proportionate consolidation method.

IAS 19R Employee Benefits

The revised IAS 19 changes the accounting for defined benefit plans and termination benefits. The changes relate to the accounting for changes in the defined benefit obligations and plan assets. Previously,

2 Summary of Significant Accounting Policies (Continued)

net interest income was recognised in profit or loss based on the expected return on plan assets. Under the amendments, the net interest rate on plan assets will no longer be calculated based on expected return but rather equal to the discount rate used for determining retirement benefit obligations. Also, actuarial gains and losses are now required to be recorded in other comprehensive income, and not in profit and loss any more, which has been the accounting treatment always adopted by the Group and hence did not result in any change. Under the amended standard, past-service cost is recognised immediately in income. Previously, it was also recognised immediately in income, unless the changes in the pension plan were conditional on the employees remaining in service for a specified period of time (vesting period) in which case it was recognised on a straight-line basis over the vesting period.

In addition the following new and revised IFRSs which affected mainly presentation and disclosure have been applied for the first time in the current period in these financial statements:

- IFRS 10 Consolidated financial statements.
- IFRS 12 Disclosures of interests in other entities.
- IFRS 13 Fair value measurement.
- Amendments to IAS 36—Recoverable amount disclosures for non-financial assets.

	Group			
	For the year ended 31 March 2013 as previously reported	IFRS 11 adjustments	IAS 19R adjustments	For the year ended 31 March 2013 (restated)
	(R'm)			
Impact on profit/(loss) for the year of the application of new and revised standards				
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)/profit for the year	(743)	—	(103)	(846)
Decrease in profit for the year attributable to:				
Equity holders of the Company	(1,002)	—	(103)	(1,105)
Impact on other comprehensive income for the year 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 attributable to:	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

2 Summary of Significant Accounting Policies (Continued)

	Group			
	As at 31 March 2012 as previously reported	IFRS 11 adjustments	IAS 19R adjustments	As at 31 March 2012 (restated)
	(R'm)			
Impact on assets, liabilities and equity as at 31 March 2012 of the application of the new and revised standards				
Property, equipment and vehicles	34,808	(82)	—	34,726
Investments in joint venture	—	53	—	53
Other investments and loans	662	46	—	708
Deferred income tax assets	212	(2)	—	210
Inventories	582	(3)	—	579
Trade and other receivables	4,815	(36)	—	4,779
Cash and cash equivalents	2,099	(2)	—	2,097
Borrowings (non-current)	(22,864)	5	—	(22,859)
Deferred income tax liabilities	(5,303)	—	(22)	(5,325)
Retirement benefit obligations	(823)	9	105	(709)
Trade and other payables	(3,460)	12	—	(3,448)
Total effect on net assets		—	83	
Retained earnings	(4,171)	—	(83)	(4,254)
Total effect on equity		—	(83)	

	Group			
	As at 31 March 2013 as previously reported	IFRS 11 adjustments	IAS 19R adjustments	As at 31 March 2013 (restated)
	(R'm)			
Impact on assets, liabilities and equity as at 31 March 2013 of the application of the new and revised standards				
Property, equipment and vehicles	40,233	(96)	—	40,137
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		—	(173)	
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		—	173	

2 Summary of Significant Accounting Policies (Continued)

	Group	
	IAS 19R adjustments	IFRS 11 adjustments
	(R'm)	
Impact on cash flows for the year ended at 31 March 2013 of the application of the new and revised standards		
Net cash inflow from operating activities	—	5
Net cash outflow from investing activities	—	(10)
Net cash outflow from financing activities	—	(2)
The impact of the application on the new and revised standards on basic and diluted earnings per share is disclosed in note 28		

	2014 (R'm)
Impact on profit/(loss) for the current year for the application of IAS 19R	
Decrease in administration and other operating expenses	(242)
Increase in income tax expense	50
Decrease in profit for the year	(192)
Decrease in profit for the year attributable to:	
Equity holders of the Company	(192)
Impact on other comprehensive income for the year for the application of IAS 19R	
Decrease in remeasurement of defined benefit obligation/actuarial gains and losses	534
Decrease in total comprehensive income for the year attributable to:	
Equity holders of the Company	342

2.3 Consolidation and equity accounting

(a) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments to the financial statements of subsidiaries are made when necessary to bring their accounting policies in line with those of the Group.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the company has control of the subsidiary both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

2 Summary of Significant Accounting Policies (Continued)

(b) Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt that are amortised as part of the effective interest and costs to issue equity, which are included in equity.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal company) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-for-sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRSs.

In cases where the company held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases, the goodwill is translated to the functional currency of the company at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

(c) Investment in associate

An associate is an entity over which the company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

2 Summary of Significant Accounting Policies (Continued)

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-for-sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the company's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment.

Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items that were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

(d) Investment in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments in joint ventures are equity accounted. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profit or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group. The change in accounting policy has been applied as from 1 April 2012.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profit or loss on disposals is determined by comparing proceeds with carrying amounts. These are included in the income statement.

The effects of the change in accounting policy on the financial position, comprehensive income and cash flows of the Group at 1 April 2012 and 31 March 2013 are shown in note 2.2. The change in accounting policy had no impact on earnings per share.

2.4 Segment reporting

Consistent with internal reporting, the Group's segments are identified as the three geographical operating platforms in Mediclinic Southern Africa, Mediclinic Switzerland and Mediclinic Middle East. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

2 Summary of Significant Accounting Policies (Continued)

2.5 Property, equipment and vehicles

Land and buildings comprise mainly hospitals and offices. All property, equipment and vehicles are shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

- Buildings: . . . . . 20–100 years
- Leasehold improvements: . . . . . 10 years
- Equipment: . . . . . 3–10 years
- Furniture and vehicles: . . . . . 3–8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

2.6 Intangible assets

(a) Trade names

Trade names that are deemed to have an indefinite useful life are carried at cost less accumulated impairment losses. Trade names that are deemed to have a finite useful life are capitalised at the cost to the Group and amortised on the straight-line basis over its estimated useful lifetime of 15 to 20 years. No value is placed on internally developed trade names. Expenditure to maintain trade names is accounted for against income as incurred.

(b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition and the fair value of the non-controlling interest in the subsidiary. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from business combinations in which goodwill arose. CGUs have been defined as certain hospital groupings within the Group.

(c) Computer software

Acquired computer software licences and internally developed software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (1–5 years). Costs associated with maintaining computer software programmes or development expenditure that does not meet the recognition criteria are recognised as an expense as incurred.

2 Summary of Significant Accounting Policies (Continued)

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows—CGUs. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets, and financial assets at fair value through profit and loss. The classification depends on the purpose for which the asset was acquired. Management determines the classification of its investments at initial recognition.

Purchases and sales of investments are recognised on trade date—the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not subsequently carried at fair value through profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest rate method.

Investments available-for-sale

Other long-term investments are classified as available-for-sale and are included within non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. These investments are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised in other comprehensive income in the period in which they arise. When available-for-sale investments are either sold or impaired, the accumulated fair value adjustments are realised and included in profit or loss.

Financial assets at fair value through profit and loss

These instruments, consisting of financial instruments held-for-trading and those designated at fair value through profit and loss at inception, are carried at fair value. Derivatives are also classified as held-for-trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised in the income statement in the period in which they arise.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired.

A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss has an impact on the estimated future cash flows of the financial asset that can be reliably

2 Summary of Significant Accounting Policies (Continued)

estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss—is removed from other comprehensive income and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.9 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.10 Inventories

Inventories are valued at the lower of cost, determined on the first-in, first-out method, or net realisable value. The valuation excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Trade and other receivables

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and cash on hand and are classified as loans and receivables. Bank overdrafts are classified as financial liabilities at amortised cost and are disclosed as part of borrowings in current liabilities in the statement of financial position.

2.13 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction is designated as a cash flow hedge.

The Group documents, at inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 21. The hedging reserve in shareholders' equity is shown in note 16. On the statement of financial position hedging derivatives are not classified based on whether the amount is expected to be recovered or settled within, or after, 12 months. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge relationship is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedge relationship is less than 12 months.

2 Summary of Significant Accounting Policies (Continued)

Cash flow hedge

The effective portion of changes in the fair value of derivatives that is designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in other comprehensive income are recycled to the income statement in the periods when the hedged item affects profit or loss (for example, when the interest expense on hedged variable rate borrowings is recognised in profit and loss).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.14 Share capital

Ordinary shares are classified as equity. Shares in the Company held by wholly owned group companies are classified as treasury shares and are held at cost.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

The difference between the fair value of the equity instruments issued in a BEE transaction and the fair value of the cash and other assets received is recognised as an expense on grant date, with a corresponding increase in equity.

2.15 Treasury shares

Treasury shares are deducted from equity. No gains or losses are recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. All consideration paid or received for treasury shares is recognised directly in equity.

2.16 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Accounts payable are classified current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs are expensed when incurred, except for borrowing costs directly attributable to the construction or acquisition of qualifying assets. Borrowing cost directly attributable to the construction or acquisition of qualifying assets is added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

2 Summary of Significant Accounting Policies (Continued)

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and 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.

2.19 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividend withholding tax is payable at a rate of 15% on dividends distributed to shareholders. The tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder.

2.20 Employee benefits

(a) Retirement benefit costs

The Group provides defined benefit and defined contribution plans for the benefit of employees, the assets of which are held in separate trustee administered funds. These plans are funded by payments from the employees and the Group, taking into account recommendations of independent qualified actuaries.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to make further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

2 Summary of Significant Accounting Policies (Continued)

Defined benefit plans

A defined-benefit plan is a plan that is not a defined contribution plan. This plan defines an amount of pension benefit an employee will receive on retirement, dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income. A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefit available in the form of reductions in future contributions to the plan, and any unrecognised actuarial losses and past-service costs. The annual pension costs of the Group's benefit plans are charged to the income statement.

(b) Post-retirement medical benefits

Some group companies provide for post-retirement medical contributions in relation to current and retired employees. The expected costs of these benefits are accounted for by using the projected unit credit method. Under this method, the expected costs of these benefits are accumulated over the service lives of the employees. Valuation of these obligations is carried out by independent qualified actuaries. All actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(d) Profitsharing and bonus plans

The Group recognises an obligation where contractually obliged or where there is a past practice that has created a constructive obligation.

2.21 Revenue recognition

Revenues are measured at the fair value of the consideration that has been received or is to be received and represent the amounts that can be received for services in the regular course of business when the significant risks and rewards of ownership have been transferred or services have been rendered. Discounts, sales taxes and other taxes associated with the revenues have to be deducted.

Other revenues earned are recognised on the following bases:

(a) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

2 Summary of Significant Accounting Policies (Continued)

(b) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

(c) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

2.22 Cost of sales

Cost of sales consists of the cost of inventories, including obsolete stock, which have been expensed during the year, together with personnel costs and related overheads which are directly attributable to the provision of services, but excludes depreciation and amortisation.

2.23 Leased assets

Leases of property, equipment and vehicles where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing borrowings. The interest element of the finance charges is charged to the income statement over the lease period. The property, equipment and vehicles acquired under finance leasing contracts are depreciated over the useful lives of the assets or the term of the lease agreement if shorter and transfer of ownership at the end of the lease period is uncertain.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Board.

2.25 Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates (the functional currency). The consolidated financial statements are prepared in South African rand which is the Company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the rates of exchange ruling on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income. Foreign exchange gains and losses are presented in the income statement within 'Administration and other operating expenses'.

2 Summary of Significant Accounting Policies (Continued)

Group entities

The results and financial position of all foreign operations that have a functional currency that is different from the Group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date.
- Income and expenses for each income statement are translated at average exchange rates for the year.
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation exchange differences arising from the translation of the net investment in foreign operations are taken directly to other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at closing rates at the reporting date.

3 Financial Risk Management

3.1 Financial risk factors

In respect of the Group's financial instruments, normal business activities exposes the Group to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Currency risk

Investments in foreign operations

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies. Changes in the South African rand/Swiss franc and South African rand/UAE dirham exchange rate over a period of time will result in increased/decreased earnings.

The impact of a 10% change in the South African rand/Swiss franc and the South African rand/UAE dirham exchange rates for a sustained period of one year is:

- profit for the year would increase/ decrease by R185 million (2013: increase/ decrease by R80 million) due to exposure to the South African rand/Swiss franc exchange rate;
- profit for the year would increase/ decrease by R52 milllion (2013: increase/ decrease by R33 million) due to exposure to the South African rand/UAE dirham exchange rate.

The following exchange rates were applicable during the year:

- Average South African rand/Swiss franc exchange rate: CHF1 = R11.05 (2013: CHF1 = ZAR9.05)
- Closing South African rand/Swiss franc exchange rate: CHF1 = R11.96 (2013: CHF1 = ZAR9.69)
- Average South African rand/UAE dirham exchange rate: AED1 = R2.76 (2013: AED1 = ZAR2.32)
- Closing South African rand/UAE dirham exchange rate: AED1 = R2.88 (2013: AED1 = ZAR2.51)

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings as well as short-term deposits. Borrowings and short-term deposits issued at variable rates expose the Group to cash flow interest rate risk. Interest rate derivatives expose the Group to fair value interest rate risk. Group policy is to maintain an appropriate mix between fixed and floating rate borrowings and placings.

3 Financial Risk Management (Continued)

The Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

In respect of financial assets, interest rate risk is managed by using approved counterparties that offer the best rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's:

- profit for the year would increase/ decrease by R15 million (2013: increase/ decrease by R26 million). This is mainly attributable to the Group's exposure to interest rates on its unhedged variable rate borrowings and cash.

(iii) Other price risk

The Group is not materially exposed to commodity or any other price risk.

(b) Credit risk

Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash, short-term deposits and trade and other receivables. The Group's cash equivalents and short-term deposits, are placed with quality financial institutions with a high credit rating. Trade receivables are represented net of the allowance for doubtful receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base, which consists mainly of medical schemes and insurance companies. The financial condition of these clients in relation to their credit standing is evaluated on an ongoing basis. Medical schemes and insurance companies are forced to maintain minimum reserve levels. The policy for patients that do not have a medical scheme or an insurance company paying for the Group's service, is to require a preliminary payment instead. The Group does not have any significant exposure to any individual customer or counterparty.

The Group is exposed to credit-related losses in the event of non-performance by counterparties to hedging instruments. The counterparties to these contracts are major financial institutions. The Group monitors its positions and limits the extent to which it enters into contracts with any one party.

The carrying amounts of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to these assets. At 31 March 2014 and 31 March 2013, the Group did not consider there to be a significant concentration of credit risk.

(c) Liquidity risk

The Group manages liquidity risk by monitoring cash flow forecasts to ensure that it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

	2014	2013
	(R'm)	
The Group's unused overdraft facilities are	1,798	1,685

3 Financial Risk Management (Continued)

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the required date of repayment. The table includes both interest and principal cash flows. The analysis of derivative financial instruments has been drawn up based on undiscounted net cash inflows/(outflows) that settle on a net basis.

Financial liabilities	Contractual cash flows	0–12 months	1-5 years	Beyond 5 years
		(R'm)		
31 March 2014				
Interest-bearing borrowings	33,566	3,004	30,545	17
Derivative financial instruments	66	37	29	—
Trade payables	2,422	2,422	—	—
Other payables and accrued expenses	1,705	1,705	—	—
31 March 2013				
Interest-bearing borrowings	27,199	1,763	22,655	2,781
Derivative financial instruments	216	128	88	—
Trade payables	2,128	2,128	—	—
Other payables and accrued expenses	1,195	1,195	—	—

3.2 Fair value of financial instruments

The fair value of financial assets and liabilities are determined as follows:

Cash and cash equivalents, trade and other receivables and money market funds: The carrying amounts reported in the statement of financial position approximate fair values because of the short-term maturities of these amounts.

Borrowings and trade and other payables: The carrying amounts reported in the statement of financial position approximate fair values determined on the basis of a discounted cash flow methodology.

Financial assets at fair value through profit and loss: The fair value of these financial instruments is derived from quoted prices in active markets for identical assets.

Derivative financial instruments: Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Financial instruments that are measured at fair value in the statement of financial position, are disclosed by level of the following fair value hierarchy:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2—Input (other than quoted prices included within level 1) that is observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3—Input for the asset or liability that is not based on observable market data (unobservable input)

3.3 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and other reserves and non-controlling interest as disclosed in notes 14, 15, 16 and 17 respectively. The Group's Audit and Risk Committee reviews the going concern status and capital structure of the Group annually. The Group balances its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the

3 Financial Risk Management (Continued)

redemption of existing debt. The debt-to-adjusted capital ratios at 31 March 2014 and 31 March 2013 were as follows:

	2014	2013
	(R'm)	
Borrowings	30,370	26,362
Less: cash and cash equivalents	(3,521)	(2,705)
Net debt	26,849	23,657
Total equity	25,391	18,002
Add back: amounts accumulated in equity relating to cash flow hedges	(9)	20
Add back: amounts accumulated in equity relating to Swiss pension benefits	507	657
Adjusted capital	25,889	18,679
Debt-to-adjusted capital ratio	1.0	1.3

The debt-to-adjusted capital ratio improved.

4 Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill and intangible asset

The Group tests annually whether goodwill and the intangible asset with an indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The estimated figures assume a stable regulatory and tariff environment. Since 1 January 2012, a new financing and tariff system for mandatory basic insured patients in Switzerland was implemented. Although the new system is operational, there are still a number of areas that are still provisional and thus still uncertain, namely:

- DRG pricing finalisation for the base rates.
- Hospital lists in some cantons not finalised, under debate or legally challenged.
- Restrictions in cantonal legislation could impact the business.
- Highly specialised medicine developments can impact the future medical mix.
- Cantons subsidising public hospitals.

These uncertainties can have an impact on the recoverability of the goodwill and intangible asset's recoverable amount. Also refer to the sensitivity analysis in respect of the discount rate and the growth rate in note 6.

(b) Income taxes

The Group is subject to income taxes in South Africa, Namibia and Switzerland. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

4 Critical Accounting Estimates and Assumptions (Continued)

The Swiss tax authorities recently expressed a view on the pricing of certain inter-company transactions within the Group which may lead to additional income tax payments. Additional income tax payable has been recognised in the financial year.

(c) Retirement benefits

The cost of defined benefit pension plans and post-retirement medical benefit liability obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 19.

(d) Share-based compensation to employees

The Group uses valuation models to calculate the IFRS 2 expense for share-based compensation to employees. These models require a number of assumptions to be made as input. These include financial assumptions as well as various assumptions around individual employee behaviour.

(e) Indefinite life trade names

The estimation of the indefinite useful life of the Swiss trade names is based on the expectation that there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group. This expectation requires a significant degree of management judgement. Refer to note 6.

(f) Property, equipment and vehicles

The estimation of the useful lives of property, equipment and vehicles is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. These depreciation rates represent management's current best estimate of the useful lives and residual values of the assets.

For a private hospital it is fundamentally important that the earnings potential of a building is maintained on a permanent basis. The Group therefore follows a structured maintenance programme with regard to hospital buildings with the specific goal to prolong the useful lifetime of these buildings.

(g) Provision for tariff risks

Provisions were raised for risks related to Swiss tariff risk, including historic tariff disputes at various Swiss hospitals. The provisions are determined by management and represent an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 20.

5 Property, Equipment and Vehicles

	Group	
	2014	2013 (restated)
	(R'm)	
Land—cost	13,313	10,844
Buildings	31,465	24,868
Cost	33,281	26,108
Accumulated depreciation	(1,816)	(1,240)
Land and buildings	44,778	35,712
Equipment	3,093	2,488
Cost	7,368	5,746
Accumulated depreciation	(4,275)	(3,258)
Furniture and vehicles	638	522
Cost	2,073	1,559
Accumulated depreciation	(1,435)	(1,037)
Subtotal	48,509	38,722
Capital expenditure in progress	1,088	1,415
	49,597	40,137

5 Property, Equipment and Vehicles (Continued)

	Group			
	Land and buildings	Equipment	Furniture and vehicles	Total
	(R'm)			
At 1 April 2012 (restated)				
Cost	31,891	4,742	1,274	37,907
Accumulated depreciation	(886)	(2,582)	(802)	(4,270)
Net book value	31,005	2,160	472	33,637
Year ended 31 March 2013 (restated)				
Net opening book value	31,005	2,160	472	33,637
Capital expenditure	363	702	201	1,266
Exchange differences	4,081	185	52	4,318
Disposals	(37)	(2)	(3)	(42)
Prior year capital expenditure completed	518	—	—	518
Depreciation per income statement	(218)	(557)	(200)	(975)
Net closing book value	35,712	2,488	522	38,722
At 31 March 2013 (restated)				
Cost	36,952	5,746	1,559	44,257
Accumulated depreciation	(1,240)	(3,258)	(1,037)	(5,535)
Net book value	35,712	2,488	522	38,722
Year ended 31 March 2014				
Net opening book value	35,712	2,488	522	38,722
Capital expenditure	456	926	303	1,685
Exchange differences	7,720	366	59	8,145
Disposals	(6)	(13)	(4)	(23)
Reclassifications	—	(6)	6	—
Prior year capital expenditure completed	1,175	4	4	1,183
Impairment losses	—	(8)	—	(8)
Depreciation per income statement	(279)	(664)	(252)	(1,195)
Net closing book value	44,778	3,093	638	48,509
At 31 March 2014				
Cost	46,594	7,368	2,073	56,035
Accumulated depreciation	(1,816)	(4,275)	(1,435)	(7,526)
Net book value	44,778	3,093	638	48,509

	Group	
	2014	2013 (restated)
	(R'm)	
Capital expenditure		
Capital expenditure excluding expenditure in progress	1,685	1,266
Capital expenditure in progress	850	706
Total additions	2,535	1,972
To maintain operations	856	742
To expand operations	1,679	1,230

Property, equipment and vehicles with a book value of R41,104 million (2013: R33,751 million) are encumbered as security for borrowings (see note 18).

5 Property, Equipment and Vehicles (Continued)

Included in equipment is capitalised finance lease equipment with a book value of R30 million (2013: R28 million) (see note 18).

Land and buildings, and capital expenditure include capitalised interest of R27 million (2013: R31 million).

The register containing details of land and buildings is available for inspection by shareholders or their proxies at the registered office of the Company.

6 Intangible Assets

	Group			
	Software and IT projects	Trade names	Goodwill	Total
		(R'm)		
At 1 April 2012				
Cost	124	3,407	2,902	6,433
Accumulated amortisation and impairment	(66)	(14)	(3)	(83)
Net book value	58	3,393	2,899	6,350
Year ended 31 March 2013				
Net opening book value	58	3,393	2,899	6,350
Amortisation charge	(19)	—	—	(19)
Additions	50	—	—	50
Exchange differences	11	474	413	898
Net closing book value	100	3,867	3,312	7,279
At 31 March 2013				
Cost	195	3,881	3,315	7,391
Accumulated amortisation and impairment	(95)	(14)	(3)	(112)
Net book value	100	3,867	3,312	7,279
Year ended 31 March 2014				
Net opening book value	100	3,867	3,312	7,279
Reacquired right*	—	260	—	260
Amortisation charge	(30)	(14)	—	(44)
Additions	70	—	—	70
Exchange differences	27	917	701	1,645
Net closing book value	167	5,030	4,013	9,210
At 31 March 2014				
Cost	317	5,058	4,016	9,391
Accumulated amortisation and impairment	(150)	(28)	(3)	(181)
Net book value	167	5,030	4,013	9,210

* The Group reacquired the right to provide pathology services at the Group's hospitals in Dubai.

Impairment testing of goodwill and indefinite life trade names

The carrying amounts of goodwill and the indefinite life trade names allocated to the Swiss hospital operations are significant in comparison to the total carrying amount of intangible assets. The impairment tests for goodwill and the indefinite life trade names are based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering a five-year period. The discount

6 Intangible Assets (Continued)

rates used reflect specific risks related to the hospital industry. These calculations indicate that there was no impairment in the carrying value of goodwill and the trade names.

	Group	
	2014	2013
	(R'm)	
Carrying amount of Swiss goodwill	3,344	2,710
Carrying amount of Swiss indefinite life trade names	4,771	3,865

Key assumptions used for value-in-use calculations are as follows:

- Budgeted margins—the basis used to determine the value assigned to the budgeted margins is based on the margins achieved in the previous years with a slight increase for expected efficiency improvements. The margins are driven by consideration of future admissions and case mix and based on past experience and management's assessment of growth.
- Discount rates—discount rates reflect management's estimate of the time value and the risks associated with the Swiss business. The weighted average cost of capital (WACC) has been determined by considering the respective debt and equity costs and ratios. The pre-tax discount rate applied to cash flow projections is 6.1% (2013: 5.4%).
- Growth rates—growth rates are based on budgeted figures and management's estimates. The estimated figures assume a stable regulatory and tariff environment. Cash flows beyond the five-year period are extrapolated using a 2.0% (2013: 1.5%) growth rate.

For the goodwill, the recoverable amount calculated based on value in use exceeded the carrying value by approximately R3 903 million (2013: R7 951 million). A fall in growth rate to 1.6% (2013: 0.6%) or a rise in discount rate to 6.4% (2013: 6.1%) would remove the remaining headroom.

	Group	
	2014	2013
	(R'm)	
Carrying amount of Middle East goodwill	530	487

Key assumptions used for value-in-use calculations are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in market share over the long-term period of five years.
- The discount rates applied to cash flows are based on the Group's weighted average cost of capital with a risk premium reflecting the relative risks in the markets in which the businesses operate. The pre-tax discount rate applied to cash flow projections is 9% (2013: 9%).
- Growth rate estimates are based on a conservative view of the long-term rate of growth. The growth rates applied are between 5% and 10% (2013: 5% to 10%) with a terminal growth rate of 2% (2013: 2%).

Any sensitivity applied to the key assumptions above will have no significant impact on the value in use.

7 Interest in Subsidiary

	Company	
	2014	2013
	(R'm)	
Unlisted		
Shares at cost less amounts written off	36	17
Due by subsidiary	11,253	11,222
	11,289	11,239

Details appear on page 64.

8 Investment in Associate

	Group	
	2014	2013
	(R'm)	
Unlisted		
Carrying value of investments in associates' equity		
Opening balance	2	1
Share in current year profits	3	2
Distribution received	(2)	(1)
Exchange differences	1	—
	4	2
The aggregate information of the associate that is not individually material		
The Group's share of profit	3	2
The Group's share of other comprehensive income	—	—
The Group's share of total comprehensive income	3	2
Aggregate carrying amount of Group's interest in this associate	4	2

Details appear on page 67.

9 Investment in Joint Venture

	Group	
	2014	2013
	(R'm)	
Unlisted		
Carrying value of investments in associates' equity		
Opening balance	65	54
Share in current year profits	—	3
Additional amounts invested	2	8
	67	65
The aggregate information of joint venture that is not individually material		
The Group's share of profit	—	3
The Group's share of other comprehensive income	—	—
The Group's share of total comprehensive income	—	3
Aggregate carrying amount of Group's interest in joint venture	67	65

The joint venture is accounted for by using its financial information for the 12 months ended 31 December 2013 (2013: 31 December 2012)

Details appear on page 67.

10 Other Investments and Loans

	Group	
	2014	2013
	(R'm)	
Unlisted—no active market		
Loans and receivables	48	46
Available-for-sale: Shares	20	17
	68	63
Other investments and loans are held in the following currencies:		
Swiss franc (2014: CHF2m;(2013: CHF2m))	22	17
South African Rand	46	46
	68	63

11 Deferred Tax

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right of offset and when the deferred income tax relates to the same fiscal authority.

	Group	
	2014	2013 (restated)
	(R'm)	
The movement on the deferred tax account is as follows		
Opening balance	(5,943)	(5,115)
Income statement charge for the year (note 27)	444	218
Provision for the year	444	132
Tax rate changes	—	86
Exchange differences	(1,397)	(743)
Charged to other comprehensive income (note 29)	(53)	(303)
Balance at the end of the year	(6,949)	(5,943)
The balance consists of		
Property, equipment and vehicles	(6,734)	(5,471)
Intangible assets	(1,128)	(911)
Current assets	(82)	(35)
Current liabilities	120	92
Long-term liabilities	113	169
Provisions	(144)	(106)
Derivatives	(4)	18
Tax losses carried forward	910	306
Other	—	(5)
	(6,949)	(5,943)
Deferred income tax assets	302	239
Deferred income tax liabilities	(7,251)	(6,182)
	(6,949)	(5,943)
Unused tax losses not recognised as deferred tax assets		
Expiry in 1 year	—	—
Expiry in 2 years	—	—
Expiry in 3 to 7 years	28	2,969
No expiry	52	49
	80	3,018

12 Inventories

	Group	
	2014	2013 (restated)
	(R'm)	
Inventories consist of	785	595
Pharmaceutical products	106	78
Consumables	13	8
Finished goods and work in progress	904	681

The cost of inventories recognised as an expense and included in cost of sales amounted to R7,012 million (2013: R5,737 million).

13 Trade and Other Receivables

	Group	
	2014	2013 (restated)
	(R'm)	
Trade receivables	5,064	3,792
Less provision for impairment of receivables	(248)	(191)
Trade receivables—net	4,816	3,601
Other receivables	1,952	1,826
	6,768	5,427
Trade and other receivables are categorised as loans and receivables.		
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:		
South African rand*	1,162	1,077
Swiss franc	4,974	3,911
UAE dirham	632	439
	6,768	5,427
Included in the Group's trade receivables balance are trade receivables with a carrying value of R3 615m (2013: R2 615m) that are past due at the reporting date, but which the Group has not impaired as there has not been a significant change in credit quality and the amounts are still considered to be recoverable. The ageing of these receivables are as follows:		
Up to three months	2,898	2,304
Over three months	717	311
	3,615	2,615
Movement in the provision for impairment of receivables		
Opening balance	191	146
Provision for receivables impairment	150	75
Exchange differences	17	13
Amounts written off as uncollectable	(110)	(43)
Balance at the end of the year	248	191

* Trade receivables to the value of R782m (2013: R693m) have been ceded as security for banking facilities.

Amounts written off during the year relate to individually identified accounts that are considered to be irrecoverable.

Management considers the credit quality of the fully performing trade receivables to be high in light of the nature of these trade receivables as described in note 3.1(b).

Included in the Group's other receivables balance are other receivables with a carrying value of R23 million (2013: R97 million) that are past due at the reporting date. This is the net amount after deducting a provision of R63 million (2013: R44 million) made by the Group.

14 Stated and Issued Capital

	Company		Group	
	2014	2013	2014	2013
	(R'm)			
Ordinary shares				
Authorised:				
1,000,000,000 ordinary shares of no par value				
Issued	11,027	11,027	11,027	11,027
Opening balance	11,027	65	11,027	65
Transfer from share premium	—	6,066	—	6,066
Shares issued	—	5,000	—	5,000
Costs of shares issued	—	(104)	—	(104)
826,957,325 ordinary shares of no par value				
Unissued ordinary shares: 5% of the number of the ordinary shares in issue at 31 March 2013 are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
Share premium	—	—	—	—
Opening balance	—	6,066	—	6,066
Transfer to share capital	—	(6,066)	—	(6,066)
Treasury shares				
13,520,978 (2013: 13,907,641) ordinary shares	—	—	(249)	(256)
Opening balance	—	—	(256)	(269)
Shares acquired by wholly owned subsidiary	—	—	—	(16)
Utilised by the Mpilo Trusts	—	—	7	6
Utilised for employee incentive schemes	—	—	—	23

During the year the Mpilo Trusts released 378,670 (2013: 314,300) of its shares to employees.

The Mpilo Trusts were created in 2005 for purposes of an employee share scheme to introduce Mediclinic Southern Africa employees up to first-line management level as shareholders of the Group. The Mpilo Trusts held 13,520,978 (2013: 13,899,648) shares in the Company at year end. As qualifying employees leave prior to entitlement and shares become available further allocations were made to new and existing qualifying employees.

To date, the following allocations have been made:

	Qualifying date	Issue Price	Participating shares*	Expiry date
Allocation				
First allocation	1 Dec 2005	R18.40	80	31 Dec 2015
Second allocation	1 Dec 2009	R18.08	50	31 Dec 2015
Third allocation	1 Dec 2010	R18.59	100	31 Dec 2015
Fourth allocation	1 Dec 2012	R17.20	70	31 March 2018

* Per qualifying employee for each completed year of service since previous allocation.

14 Stated and Issued Capital (Continued)

	Outstanding price per share	2014 Number	2013 Number
		(R'm)	
Movement in the number of Mpilo shares outstanding are:			
Outstanding at the beginning of the year	R17.20 (2013: R19.17)	13,831,960	12,648,830
Fourth allocation		—	2,319,370
Mpilo shares forfeited		(871,340)	(813,090)
Mpilo shares vested	R17.42 (2013: R19.06)	(431,030)	(323,150)
Outstanding at the end of the year	R17.50 (2013: R17.20)	12,529,590	13,831,960

At the end of the prior year the Company held, through a wholly-owned subsidiary, 7,993 shares in treasury. During the prior year, 75,857 of the treasury shares were utilised in terms of the executive share option scheme and 636,275 of the treasury shares were utilised in terms of the management incentive scheme and 440,000 shares were acquired during the prior year.

Company		Group	
2014	2013	2014	2013
11,027	11,027	10,778	10,771

Share options

Since inception of the executive share option scheme, 23 880 000 share options have been granted of which 6 095 999 share options have been forfeited and 17 784 001 have been exercised. During the prior year, the share option scheme has expired and no further options were granted.

	Average offer price	2014 Number	2013 (restated) Number
Movement in the number of share options outstanding are:			
Outstanding at the beginning of the year	2013:R9.96	n/a	105,164
Options forfeited		n/a	(29,307)
Options exercised—treasury shares utilised	2013: R13.69	n/a	(75,857)
Outstanding at the end of the year		n/a	—

15 Retained Earnings

	Company		Group	
	2014	2013	2014	2013 (restated)
			(R'm)	
Company	103	72	103	72
Subsidiaries and joint ventures			4,222	1,416
	103	72	4,325	1,488
Opening balance	72	7	1,488	4,254
Profit/(loss) for the year	763	633	3,385	(1,105)
Dividends paid	(732)	(568)	(688)	(488)
Actuarial gains and losses	—	—	138	54
Transactions with non-controlling shareholders	—	—	2	(1,268)
Gain on sale of nil-paid letters of allocation	—	—	—	41
Balance at the end of the year	103	72	4,325	1,488

16 Other Reserves

	Company		Group	
	2014	2013	2014	2013 (restated)
			(R'm)	
Share-based payment reserve				
Opening balance	140	135	140	135
Employees: value of services	19	5	19	5
Balance at the end of the year	159	140	159	140
Executive share option scheme	14	14	14	14
Employee share trust	60	41	60	41
Strategic black partners	85	85	85	85
Foreign currency translation reserve	—	—	9,197	4,827
Opening balance	—	—	4,827	3,171
Currency translation differences	—	—	4,370	1,656
Hedging reserve	—	—	9	(20)
Opening balance	—	—	(20)	(3,223)
Fair value adjustments of cash flow hedges, net of tax	—	—	29	112
Recycling of fair value adjustments of derecognised cash flow hedge, net of tax	—	—	—	3,091
	159	140	9,365	4,947

17 Non-Controlling Interests

	Group	
	2014	2013
	(R'm)	
Opening balance	796	1,288
Increase/(decrease) in non-controlling interests*	24	(588)
Distributions to non-controlling interests	(99)	(206)
Share of total comprehensive income	202	302
Share of profit	201	259
Currency translation differences	1	43
Non-controlling interests in hospital activities	923	796

* Includes an amount of R627m relating to the increased effective shareholding in Emirates Healthcare to 100%.

Details of non-wholly-owned subsidiaries that have material Non-controlling interests.

	Profit allocated to non-controlling interests		Ownership interest held by NCI	
Name	2014	2013	2014	2013
	(R'm)			
Mediclinic (Pty) Ltd	13	8	2.2	1.7
Curamed Holdings (Pty) Ltd group	62	49	30.2	30.1

17 Non-Controlling Interests (Continued)

Summarised financial information in respect of the Group's subsidiaries that has material non - controlling interests is set out below. The summarised financial information below represents amounts before intergroup eliminations.

	Group	
	2014	2013
	(R'm)	
Mediclinic (Pty) Ltd		
Current assets	1,344	1,279
Non-current assets	2,343	1,910
Current liabilities	(2,383)	(2,010)
Non-current liabilities	(342)	(285)
Equity attributable to owners of the Company	(940)	(846)
Non-controlling interests	(72)	(48)
Revenue	5,275	5,740
Profit for the year	584	427
Other comprehensive income	(11)	62
Total comprehensive income	573	489
Total comprehensive income allocated to non-controlling interests	13	8
Dividends paid to non-controlling interests	11	—
Net cash inflow from operating activities	1,020	868
Net cash outflow from investing activities	(586)	(412)
Net cash outflow from financing activities	(542)	(186)
Net cash (outflow)/inflow	(108)	270
Curamed Holdings (Pty) Ltd group		
Current assets	591	446
Non-current assets	422	407
Current liabilities	(165)	(137)
Non-current liabilities	(24)	(19)
Equity attributable to owners	(567)	(478)
Non-controlling interests	(257)	(219)
Revenue	926	1,063
Profit for the year	203	160
Other comprehensive income	(1)	5
Total comprehensive income	202	165
Total comprehensive income allocated to non-controlling interests	62	51
Dividends paid to non-controlling interests	15	10
Net cash inflow from operating activities	195	206
Net cash outflow from investing activities	(35)	(81)
Net cash outflow from financing activities	(19)	(51)
Net cash inflow	141	74

18 Borrowings

	Group	
	2014	2013 (restated)
	(R'm)	
Secured long-term bank loans*	2,964	2,965
Long-term portion	2,950	2,950
Short-term portion	16	18
Capitalised financing expenses—long term	(2)	(3)

The long-term bank loan bears interest at the 3-month Jibar variable rate plus a margin of 1.31% (2013: 2.06%) compounded quarterly, and is repayable on 3 July 2019 (the margin will increase to 1.51% on 3 July 2014).

Preference shares[1]	2,009	2,009
Long-term portion	2,000	2,000
Short-term portion	10	10
Capitalised financing expenses—long term	(1)	(1)

Dividends are payable monthly at a rate of 69% of prime overdraft rate. On 9 October 2015 and 8 October 2016, R100m shares must be redeemed respectively and the balance of R1 800m on 3 July 2019.

Secured long-term bank loan*	542	753
Long-term portion	330	540
Short-term portion	213	214
Capitalised financing expenses—long term	(1)	(1)

The long-term bank loan bears interest at the 3-month Jibar variable rate plus a margin of 1.06% (2013: 1.81%) compounded quarterly, and is repayable on 3 July 2019.

Secured long-term bank loan*	201	—
Long-term portion	200	—
Short-term portion	1	—

The long-term bank loan bears interest at the 3-month Jibar variable rate plus a margin of 1.31% (2013: 2.21%) compounded quarterly, and is repayable on 1 September 2017 (the margin will increase to 1.51% on 3 July 2014).

Secured long-term bank loan	90	82
Long-term portion	77	60
Short-term portion	13	22

These loans bear interest at variable rates linked to the prime overdraft rate and are repayable in periods ranging between one and twelve years. Property, equipment and vehicles with a book value of R258m (2013: R292m) are encumbered as security for these loans. Net trade receivables of R10m (2013: R7m) have also been ceded as security for these loans.

Bank overdraft*	36	—
Borrowings in Southern African operations	5,842	5,809

* The loans are secured by: Property and equipment with a book value of R2 677m (2013: R2 486m) and cash and cash equivalents amounting to R223m (2013: R341m).

18 Borrowings (Continued)

	Group	
	2014	2013 (restated)
	(R'm)	
Secured long-term bank loans	1,488	1,556
Long-term portion	1,212	1,323
Short-term portion	295	257
Capitalised financing expenses—long term	(19)	(24)

This loan bears interest at variable rates linked to the 6M Libor and a margin of 2.75% and is amortising until June 2017. Properties with a book value of R1,358m (2013: R1,149m) are encumbered as security for this loan.

Borrowings in Middle East operations	1,488	1,556
Secured long-term bank loans	19,916	16,517
Long-term portion	19,375	16,574
Short-term portion	1,076	485
Capitalised financing expenses—long term	(535)	(542)

These loans bear interest at a variable rate linked to the 3M Libor plus 2% and 3.5% and is repayable by December 2017 and June 2018. The loan is secured by: Swiss properties with a book value of R36,811m (2013: R29 824m); and Swiss bank accounts with a book value of R1,126m (2013: R536m).

Secured long-term finance	3,090	2,447
Long-term portion	3,090	2,447
Short-term portion	—	—

The loan bears interest at 2.0% plus 12M Libor and is repayable by June 2018. The loan is also secured by Swiss properties with a book value of R36 811m (2013: R29 824m) subordinate to the other loans.

Secured long-term finance	34	33
Long-term portion	28	28
Short-term portion	6	5

These loans bear interest at interest rates ranging between 4% and 12% and are repayable in equal monthly payments in periods ranging from one to nine years. Equipment with a book value of R30m (2013: R28m) is encumbered as security for these loans.

Borrowings in Swiss operations	23,040	18,997
Total borrowings	30,370	26,362
Short-term portion transferred to current liabilities	(1,666)	(1,011)
	28,704	25,351

19 Retirement Benefit Obligations

	Group	
	2014	2013 (restated)
	(R'm)	
Statement of financial position obligations for:		
Pension benefits	48	406
Post-retirement medical benefits	366	303
	414	709
Income statement charge for:		
Pension benefits	167	280
Post-retirement medical benefits	52	59
	219	339

(a) Pension benefits

The Group's Swiss operations has three defined benefit pension plans.

Statement of financial position

Amounts recognised in the statement of financial position are as follows:		
Present value of funded obligations	11,262	8,700
Fair value of plan assets	(11,214)	(8,294)
Net pension liability	48	406
The movement in the defined benefit obligation over the period is as follows:		
Opening balance	8,700	6,764
Current service cost	400	302
Interest cost	187	161
Employee contributions	348	264
Benefits paid	(97)	(193)
Actuarial (gain)/loss—experience	(54)	62
Actuarial demographical loss assumption	—	131
Actuarial financial loss assumption	—	233
Past-service cost	(241)	(38)
Acquisition	34	—
Settlements	(92)	—
Exchange differences	2,077	1,014
Balance at the end of year	11,262	8,700
The movement of the fair value of plan assets over the period is as follows:		
Opening balance	8,294	6,398
Employer contributions	401	304
Plan participants contributions	348	264
Benefits paid from fund	(97)	(193)
Interest income on plan assets	188	158
Return on plan assets greater/(less) than discount rate	135	411
Acquisition/Divestiture	28	—
Settlements	(88)	—
Administration cost paid	(12)	(13)
Exchange differences	2,017	965
Balance at the end of year	11,214	8,294

19 Retirement Benefit Obligations (Continued)

	Group	
	2014	2013 (restated)
	(R'm)	
(a) Pension benefits (continued)		
Income statement		
Amounts recognised in the income statement are as follows:		
Current service cost	400	302
Past-service cost	(241)	(35)
Interest on liability	187	159
Interest on plan assets	(188)	(159)
Administration cost paid	12	13
Settlement gain	(3)	—
Total expense	167	280
Statement of comprehensive income		
Amounts recognised in other comprehensive income are as follows:		
Actuarial gain/(loss)—experience	54	(62)
Actuarial gain/(loss) due to liability assumption changes	—	(365)
Return on plan assets greater than discount rate	135	411
Total of comprehensive income/(loss)	189	(16)
Statement of financial position		
Opening net liability	406	366
Expense as above	167	280
Contributions paid by employer	(401)	(304)
Exchange differences	60	48
Actuarial (gain)/loss recognised in equity	(189)	16
Acquisitions	5	—
Closing net liability	48	406
Actual return on plan assets	323	568
Principal actuarial assumptions on statement of financial position		
Discount rate	2.00%	2.00%
Future salary increases	2.00%	2.00%
Future pension increases	0.00%	0.00%
Inflation rate	1.50%	1.50%
Number of plan members		
Active members	7,447	6,628
Pensioners	581	573
	8,028	7,201
Experience adjustment		
On plan liabilities: (gain)/loss	(54)	62
On plan assets: loss	(135)	(411)

19 Retirement Benefit Obligations (Continued)

	2014 R'm	2014 %	2013 R'm	2013 %
(a) Pension benefits (continued)				
Asset allocation				
Quoted investments				
Fixed income investments	4,093	36.5%	3,052	36.8%
Equity investments	2,803	25.0%	1,982	23.9%
Real estate	1,368	12.2%	1,178	14.2%
Other	976	8.7%	763	9.2%
	9,240	82.4%	6,975	84.1%
Non-quoted investments				
Fixed income investments	56	0.5%	17	0.2%
Equity investments	168	1.5%	108	1.3%
Real estate	1,189	10.6%	746	9.0%
Other	561	5.0%	448	5.4%
	1,974	17.6%	1,319	15.9%
	11,214	100.0%	8,294	100.0%

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	Base in assumption	Change in assumption	Increase in assumption	Decrease in assumption
Impact on defined benefit obligation				
Discount rate	2.0%	0.5%	(4.7)%	5.3%
Salary growth rate	2.0%	0.5%	0.8%	(0.8)%
Pension growth rate	0.0%	0.25%	2.1%	0.0%

	Change in assumption	Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy	1 year in expected life time of plan participant	1.8%	(1.9)%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credited method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period. Expected employer contributions to be paid to the pension plans for the year ended 31 March 2015 are R416 million. The weighted average duration of the defined benefit obligation is 11.8 years.

(b) Post-retirement medical benefits

The Group's Southern African operations have a post-retirement medical benefit obligation for employees who joined before 1 July 2012.

The Group accounts for actuarially determined future medical benefits and provide for the expected liability in the statement of financial position.

19 Retirement Benefit Obligations (Continued)

During the last valuation on 31 March 2014 a 8.4% (2013: 7.1%) medical inflation cost and a 10.0% (2013: 8.7%) interest rate were assumed. The average retirement age was set at 63 years (2013: 63 years).

The assumed rates of mortality are as follows:

During employment: SA 1972–77 tables of mortality

Post-employment: PA(90) tables

	Group	
	2014	2013 (restated)
	(R'm)	
Amounts recognised in the statement of financial position are as follows:		
Opening balance	303	343
Amounts recognised in the income statement	52	59
Current service cost	25	31
Interest cost	27	28
Contributions	(6)	(6)
Actuarial gain recognised in other comprehensive income	17	(93)
Present value of unfunded obligations	366	303

	2014 Increase	2014 Decrease
The effect of a 1% movement in the assumed health cost trend rate is as follows:		
Aggregate of the current service cost and interest cost	18%	(15)%
Defined benefit obligation	17%	(14)%

Historical information: The present value of the Group's post-retirement medical benefits at 31 March 2012 was R343 million, 2011: R303 million and 2010: R274 million.

Expected employer contributions to be paid to the post-retirement medical benefit liability for the year ended 31 March 2015 are R8 million.

20 Provisions

	Group			
	Employee benefits	Legal cases and other	Tariff risks	Total
		(R'm)		
Year ended 31 March 2013				
Opening balance	250	9	102	361
Charged to the income statement	38	3	276	317
Utilised during the year	(26)	(1)	—	(27)
Unused amounts reversed	(8)	—	(31)	(39)
Exchange differences	41	1	33	75
Balance at the end of the year	295	12	380	687
At 31 March 2013				
Current	35	8	279	322
Non-current	260	4	101	365
	295	12	380	687
Year ended 31 March 2014				
Opening balance	295	12	380	687
Charged to the income statement	82	1	155	238
Utilised during the year	(38)	(2)	(134)	(174)
Unused amounts reversed	—	(2)	(30)	(32)
Exchange differences	61	2	86	149
Balance at the end of the year	400	11	457	868
At 31 March 2014				
Current	41	5	330	376
Non-current	359	6	127	492
	400	11	457	868

(a) Employee benefits

This provision is for benefits granted to employees for long service.

(b) Legal cases and other

This provision relates to third -party excess payments for malpractice claims which are not covered by insurance and other costs for legal claims.

(c) Tariff risks

This provision relates to compulsory health insurance tariff risks in Switzerland and other tariff disputes at some of the Group's Swiss hospitals.

	2014	2013
	(R'm)	
Provisions are expected to be payable during the following financial years:		
Within 1 year	376	322
After one year but not more than five years	239	197
More than five years	253	168
	868	687

21 Derivative Financial Instruments

	Group			
	2014		2013	
	Assets	Liabilities	Assets	Liabilities
	(R'm)			
Interest rate swaps—cash flow hedges	60	38	100	150
Less current portion	—	—	—	(65)
Non-current portion	60	38	100	85

Interest rate swaps

In order to hedge specific exposures in the interest rate repricing profile of existing borrowings, the Group uses interest rate derivatives to generate the desired interest profile. At 31 March 2014, the Group had six interest rate swap contracts (2013: seven). The value of borrowings hedged by the interest rate derivatives and the rates applicable to these contracts are as follows:

	Borrowings hedged	Fixed interest payable	Interest receivable	Fair value gain/(loss) for the year
	(R'm)			
2013				
5 years+*	17,054	0.112% and 0.239%	3-month Swiss Libor	93
1 to 5 years**	3,700	5.5%–9.85%	3 month Jibar	35
2014				
5 years+*	20,452	0.112% and 0.239%	3-month Swiss Libor	(78)
1 to 5 years**	2,115	5.5%–8.37%	3 month Jibar	126

* The interest rate swap agreement resets every three months on 31 March, 30 June, 30 September and 31 December with a final reset on 30 June 2018. There is no ineffective portion recognised in the profit and loss that arises from the cash flow hedge.

** The interest rate swap agreements reset every three months on 1 June, 1 September, 1 December and 1 March with final resets on 2 December 2013, 1 December 2015 and 1 September 2017 respectively. There is no ineffective portion recognised in the profit and loss that arises from the cash flow hedges.

	2014	2013
	(R'm)	
Forward contracts		
Gain recognised in the income statement	—	574

Based on the degree to which the fair values are observable, the interest rate swaps and the forward contracts are grouped as Level 2.

22 Trade and Other Payables

	Group	
	2014	2013 (restated)
	(R'm)	
Trade payables	2,422	2,128
Other payables and accrued expenses	1,705	1,195
Social insurance and accrued leave pay	831	735
Value added tax	90	63
	5,048	4,121

23 Expenses by Nature

	Group	
	2014	2013 (restated)
	(R'm)	
Auditors' remuneration		
external audit	16	12
other services	7	2
Cost of inventories	7,012	5,737
Depreciation		
buildings	279	218
equipment	664	557
furniture and vehicles	252	200
Employee benefit expenses	12,827	10,453
Wages and salaries	12,416	9,960
Post-retirement medical benefits (note 19)	52	59
Retirement benefit costs—defined contribution plans	173	149
Retirement benefit costs—defined benefit plans (note 19)	167	280
Share-based payment expense (note 16)	19	5
Impairment of property, equipment and vehicles	8	—
Increase/(decrease) in impairment provision for receivables (note 13)	40	32
Maintenance costs	738	637
Managerial and administration fees	4	4
Operating leases		
buildings	383	301
equipment	33	40
Amortisation of intangible assets	44	19
Other expenses	2,683	2,091
General expenses	2,687	2,097
Profit on sale of equipment	(4)	(6)
	24,990	20,303
Classified as:		
Cost of sales	17,189	13,881
Administration and other operating expenses	6,562	5,428
Depreciation and amortisation	1,239	994
	24,990	20,303

24 Other gains and losses

	Group	
	2014	2013
	(R'm)	
Realised gains on forward contracts	—	574
Stamp duty	—	(41)
Net fair value adjustments to FVTPL financial instruments	—	1
Foreign currency exchange differences	—	(3)
Gain on a bargain purchase	2	—
	2	531

25 Directors' Remuneration

	2014	2013
	(R'm)	
Executive	39,663	34,114
E de la H Hertzog[1]	—	2,481
DP Meintjes	9,504	7,573
KHS Pretorius	5,829	4,309
CA van der Merwe	4,630	3,767
CI Tingle	7,360	6,046
TO Wiesinger	12,340	9,938
Non-executive fees	5,195	3,924
JJ Durand	336	266
JA Grieve	1,271	544
E de la H Hertzog[1]	377	188
RE Leu	1,271	1,011
MK Makaba	196	237
ZP Manase	—	112
N Mandela	253	137
TD Petersen	428	194
AA Raath	452	424
MA Ramphele	—	74
DK Smith	377	348
PJ Uys	234	—
CM van den Heever	—	230
WL van der Merwe	—	141
Late MH Visser	—	18
	44,858	38,038
Paid by:		
Subsidiaries	44,858	36,420
Management company	—	1,618
	44,858	38,038

25 Directors' Remuneration (Continued)

	Salaries	Retirement fund	Other benefits[2]	Bonus[3]	Share options	Total
			(R'000)			
Detail for 2014:						
Executive						
DP Meintjes	5,172	465	27	3,840	—	9,504
KHS Pretorius	3,266	294	33	2,236	—	5,829
CA van der Merwe	2,770	249	31	1,580	—	4,630
CI Tingle	4,082	367	27	2,884	—	7,360
TO Wiesinger	7,846	1,028	394	3,072	—	12,340
	23,136	2,403	512	13,612	—	39,663
Detail for 2013:						
Executive						
E de la H Hertzog[1]	1,252	121	69	1,039	—	2,481
DP Meintjes	4,572	412	205	2,384	—	7,573
KHS Pretorius	3,030	273	26	980	—	4,309
CA van der Merwe	2,521	227	26	993	—	3,767
CI Tingle	3,757	336	25	1,928	—	6,046
TO Wiesinger	6,428	842	341	2,327	—	9,938
	21,560	2,211	692	9,651	—	34,114

(1) Dr Hertzog retired from his executive role with effect from 31 August 2012, but remains on the Board as a non-executive chairman. During the previous financial year Dr Hertzog also earned a further R0.5m from Remgro Management Services Ltd relating to other duties.

(2) Other benefits include medical aid, UIF and payment for accumulated leave.

(3) Bonuses consist of the management incentive scheme and a 13th cheque.

None of the current executive directors have a fixed-term contract.

Share option scheme

No shares were offered to directors in the financial year ending 31 March 2014.

Prescribed officers

Remuneration and benefits paid and short-term incentives approved in respect of prescribed officers are as follows:

	Salaries	Retirement fund	Other benefits[2]	Bonus[3]	Share options	Total
			(R'000)			
Detail for 2014:						
GC Hattingh	2,473	222	31	1,427	—	4,153
DJ Hadley	4,440	288	17	1,856	—	6,601
TC Pauw	2,603	59	246	324	—	3,232
	9,516	569	294	3,607	—	13,986
Detail for 2013:						
GC Hattingh	2,168	195	26	885	—	3,274
DJ Hadley	3,530	281	15	1,457	—	5,283
	5,698	476	41	2,342	—	8,557

26 Finance Cost

	Group	
	2014	2013 (restated)
	(R'm)	
Interest expense	876	841
Interest rate swaps	114	514
Amortisation of capitalised financing fees	133	89
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

27 Income Tax Expense

	Company		Group	
	2014	2013	2014	2013 (restated)
			(R'm)	
Current tax				
Current year	—	—	(674)	(632)
Previous year	—	—	(546)	(4)
Deferred tax (note 11)	—	—	444	218
Taxation per income statement	—	—	(776)	(418)
Composition	—	—		
South African tax	—	—	(504)	(403)
Foreign tax	—	—	(272)	(15)
	—	—	(776)	(418)
Reconciliation of rate of taxation:				
Standard rate for companies (RSA)	28.0%	28.0%	28.0%	28.0%
Adjusted for:				
Capital gains tax	—	—	(0.1)%	(0.1)%
Non-taxable income	(28.1)%	(28.4)%	(1.3)%	13.5)%
Non-deductible expenses	0.1%	0.4%	2.1%	(19.8)%
Non-controlling interests' share of profit before tax	—	—	(0.2)%	2.0%
Effect of different tax rates	—	—	(8.2)%	(21.1)%
Deductible foreign exchange expenses	—	—	—	47.2%
Non-recognition of tax losses	—	—	—	(146.8)%
Utilisation of previously unrecognised tax losses	—	—	(15.0)%	—
Prior year adjustment	—	—	12.5%	(0.6)%
Effective tax rate	—	—	17.8%	(97.7)%

28 Earnings per Ordinary Share

	Group		
	Gross	Income tax effect	Net
	2014	2014	2014
		(R'm)	
Earnings reconciliation			
Profit attributable to shareholders	—	—	3,385
Remeasurements for:	(38)	8	(30)
Impairment of equipment	8	(2)	6
Insurance proceeds	(40)	9	(31)
Gain on a bargain purchase	(2)	—	(2)
Profit on disposal of property, equipment and vehicles	(4)	1	(3)
Headline earnings			3,355
Remeasurements for:	(241)	(62)	(303)
Past-service cost (note 19)	(241)	49	(192)
Swiss tax rate charges relating to prior years	—	(111)	(111)
Normalised headline earnings			3,052

	Group		
	Gross	Income tax effect	Net
	2013 (restated)	2013 (restated)	2013 (restated)
		(R'm)	
Loss attributable to shareholders			(1,105)
Remeasurements for:			
Profit on disposal of property, equipment and vehicles	(6)	1	(5)
Headline loss			(1,110)
Remeasurements for:	3,331	(297)	3,034
Derecognition of interest rate swap	3,531	(220)	3,311
Accelerated recognition of capitalised financing fees	163	(34)	129
Gain on forward contracts	(574)	—	(574)
Breakage charges	54	(15)	39
Stamp duty	41	—	41
Pre-acquisition tariff provision	151	(36)	115
Past-service cost (note 19)	(35)	8	(27)
Normalised headline earnings			1,924

28 Earnings per Ordinary Share (Continued)

	Group	
	2014	2013 (restated)
Weighted average number of ordinary shares in issue for basic earnings per share		
Number of ordinary shares in issue at the beginning of the year	826,957,325	652,315,341
Weighted average number of ordinary shares issued during the year	—	83,732,458
Adjustment for rights issue (IAS 33 para 26)	—	27,002,052
Weighted average number of treasury shares	(17,637,842)	(21,191,470)
BEE shareholders*	(3,944,779)	(6,981,847)
Mpilo Trusts	(13,691,727)	(14,021,435)
Wholly-owned subsidiary	(1,336)	(188,188)
	809,319,483	741,858,381
Weighted average number of ordinary shares in issue for diluted earnings per share		
Weighted average number of ordinary shares in issue	809,319,483	741,858,381
Weighted average number of treasury shares held in terms of the:		
BEE initiative not yet released from treasury stock	17,636,506	21,003,282
BEE shareholders	3,944,779	6,981,847
Mpilo Trusts	13,691,727	14,021,435
Adjustment for outstanding share options granted	—	—
	826,955,989	762,861,663
Earnings/(loss) per ordinary share (cents)		
Basic	418.3	(148.9)
Diluted	409.3	(144.8)
Headline earnings/(loss) per ordinary share (cents)		
Basic	414.6	(149.5)
Diluted	405.7	(145.4)
Normalised headline earnings per ordinary share (cents)		
Basic	377.1	259.3
Diluted	369.1	252.2

* Represents the equivalent weighted average number of shares for which no value has been received from the BEE shareholders in terms of the Group's black ownership initiative. To date, no value was received for an equivalent of 3 311 795 (2013: 5 170 309) shares issued to the strategic black partners.

Refer to the glossary in the integrated report for the meaning of headline earnings, headline earnings per share, normalised headline earnings and normalised headline earnings per share.

Impact of changes in accounting policies

Changes in the Group's accounting policies during the year are described in detail in note 2.2. The changes in accounting policy had an impact on results reported for 2014 and 2013 and they had an impact on the amounts reported for earnings per share.

28 Earnings per Ordinary Share (Continued)

The following table summarises that effect on basic and diluted earnings per share:

	Decrease in profit for the year attributable to the owners of the Company	
	2014	2013
Changes in accounting policy relating to:		
Application of IFRS 11	n/a	—
Application of IAS 19R	(192)	(103)
	(192)	(103)

	Increase/ (decrease) in basic earnings per share		Increase/ (decrease) in diluted earnings per share	
	2014	2013	2014	2013
Application of IFRS 11	n/a	—	n/a	—
Application of IAS 19R	(23.2)	(13.9)	(23.2)	(13.5)
	(23.2)	(13.9)	(23.2)	(13.5)

	Increase/ (decrease) in basic headline earnings per share		Increase/ (decrease) in diluted headline earnings per share	
	2014	2013	2014	2013
Application of IFRS 11	n/a	—	n/a	—
Application of IAS 19R	(23.2)	(13.9)	(23.2)	(13.5)
	(23.2)	(13.9)	(23.2)	(13.5)

	Increase/ (decrease) in basic normalised earnings per share		Increase/ (decrease) in normalised diluted normalised earnings per share	
	2014	2013	2014	2013
Application of IFRS 11	n/a	—	n/a	—
Application of IAS 19R	(23.2)	(13.9)	(23.2)	(13.5)
	(23.2)	(13.9)	(23.2)	(13.5)

29 Other Comprehensive Income

	Group	
	2014	2013 (restated)
	(R'm)	
Components of other comprehensive income		
Currency translation differences	4,371	1,699
Fair value adjustment—cash flow hedges	29	3 203
Actuarial gains and losses	138	54
Other comprehensive income, net of tax	4,538	4,956

29 Other Comprehensive Income (Continued)

	Year ended 31 March 2013 (restated)			
	Gross	Tax	Non-controlling interest	Net
			(R'm)	
Currency translation differences	1,656	—	43	1,699
Recycling of fair value adjustments of derecognised cash flow hedge	3,341	(250)	—	3,091
Fair value adjustment—cash flow hedges	143	(31)	—	112
Actuarial gains and losses	76	(22)	—	54
Other comprehensive income/(loss)	5,216	(303)	43	4,956

	Year ended 31 March 2014			
	Gross	Tax	Non-controlling interest	Net
			(R'm)	
Currency translation differences	4,370	—	1	4,371
Fair value adjustment—cash flow hedges	48	(19)	—	29
Actuarial gains and losses	172	(34)	—	138
Other comprehensive income/(loss)	4,590	(53)	1	4,538

30 Cash Flow Information

30.1 Reconciliation of profit before taxation to cash generated from operations

	Company		Group	
	2014	2013	2014	2013 (restated)
			(R'm)	
Operating profit before interest and taxation	763	633	5,505	4,133
Non-cash items				
Share-based payment	—	—	19	5
Depreciation	—	—	1,195	975
Intangibles amortised	—	—	44	19
Impairment losses	—	—	8	—
Movement in provisions	—	—	33	249
Insurance proceeds	—	—	(40)	—
Movement in retirement benefit obligations	—	—	(178)	33
Profit on disposal of property, equipment and vehicles	—	—	(4)	(6)
Interest rate swap accrual	—	—	(7)	10
Dividends received	(766)	(643)	—	—
Operating income before changes in working capital	(3)	(10)	6,575	5,418
Working capital changes	—	—	(235)	153
Increase in inventories	—	—	(125)	(46)
Increase in trade and other receivables	—	—	(313)	(100)
Increase in trade and other payables	—	—	203	299
	(3)	(10)	6,340	5,571

30 Cash Flow Information (Continued)

30.2 Interest paid

	Group	
	2014	2013 (restated)
	(R'm)	
Finance cost per income statement	1,221	5,166
Non-cash items		
Amortisation of capitalised financing fees	(133)	(89)
other non-cash flow finance expenses	(32)	(3,506)
	1,056	1,571

30.3 Tax paid

	Group	
	2014	2013 (restated)
	(R'm)	
Liability at the beginning of the year	(485)	(307)
Exchange differences	(159)	(56)
Provision for the year	(1,220)	(636)
	(1,864)	(999)
Liability at the end of the year	1,121	485
	(743)	(514)

30.4 Investment to maintain operations

	Group	
	2014	2013 (restated)
	(R'm)	
Property, equipment and vehicles purchased	(856)	(742)
Intangible assets purchase	(70)	(50)
Loans to subsidiaries	—	—
	(926)	(792)

30.5 Investment to expand operations

	Group	
	2014	2013 (restated)
	(R'm)	
Property, equipment and vehicles purchased	(1,679)	(1,230)
Business acquisitions	(5)	—
	(1,684)	(1,230)

30 Cash Flow Information (Continued)

30.6 Proceeds on disposal of property, equipment and vehicles

	Group	
	2014	2013 (restated)
	(R'm)	
Book value of property, equipment and vehicles sold	23	42
Profit per income statement	4	6
Exchange differences	5	4
	32	52

30.7 Distributions paid to shareholders

	Company		Group	
	2014	2013	2014	2013 (restated)
	(R'm)			
Dividends declared and paid during the year	(732)	(568)	(688)	(488)

The dividends paid in 2014 (dividend numbers 32 and 33) were 88.50 cents per share (2013: 80.3 cents, dividend numbers 30 and 31). A final dividend (dividend number 34) in respect of the year ended 31 March 2014 of 68.0 cents per share was declared at a directors meeting on 20 May 2014. These financial statements do not reflect this dividend payable.

30.8 Cash and cash equivalents

	Group	
	2014	2013 (restated)
	(R'm)	
For the purpose of the statement of cash flows, cash, cash equivalents and bank overdraft include:		
Cash and cash equivalents	3,521	2,705
Bank overdrafts (note 18)	(36)	—
	3,485	2,705
Cash, cash equivalents and bank overdrafts are denominated in the following currencies:		
South African rand*	1,360	1,305
Swiss franc**	1,436	770
UAE dirham***	724	629
Euro	1	1
	3,521	2,705

* The counterparties have a minimum Baa1 credit rating by Moody's.

** The facility agreement of the Swiss subsidiary restricts the distribution of cash. The counterparties have a minimum A2 credit rating by Moody's and a minimum A credit rating by Standard & Poor's.

*** The counterparties have a minimum Baa2 credit rating by Moody's and a minimum BBB+ credit rating by Standard & Poor's.

Cash and cash equivalents denominated in South African rands amounting to R223 million (2013: R341 million) has been ceded as security for borrowings (see note 18).

31 Business Acquisitions

On 12 July 2013, the Group acquired 100% of the share capital of Radiotherapie Hirslanden AG for R9 million and obtained control on 1 September 2013.

	Group
	Fair Value recognised on acquisition
	2014
	(R'm)
Assets	
Trade and other receivables	19
Cash and cash equivalents	4
Liabilities	
Trade and other payables	(12)
Total identifiable net assets at fair value	**11**
Gain on bargain purchase	**(2)**
Purchase consideration transferred	**9**
Analysis of cash flow on acquisition	
Purchase consideration	(9)
Net cash acquired with the subsidiary	4
Net cash flow on acquisition	(5)

No goodwill arising from the acquisition and no transaction costs has been expensed.

From the date of acquisition, Radiotherapie Hirslanden AG has contributed R18 million of revenue and R2 million loss to the net profit before tax of the Group. If the business combination had taken place at the beginning of the year, revenue from continuing operations would have been R49 million and the loss from continuing operations would have been R1 million.

32 Commitments

	Group	
	2014	2013 (restated)
	(R'm)	
Capital commitments		
Incomplete capital expenditure contracts	2,200	2,001
Southern Africa	922	1,330
Switzerland	737	644
Middle East	541	27
Capital expenses authorised by the Board of Directors but not yet contracted	1,033	1,306
Southern Africa	795	681
Switzerland	96	45
Middle East	142	580
	3,233	3,307

These commitments will be financed from group and borrowed funds.

Financial lease commitments

The Group has entered into financial lease agreements on equipment. The future non-cancellable minimum lease rentals are payable during the following financial years:

Within 1 year	9	8
1 to 5 years	25	24
Beyond 5 years	14	16
	48	48

Operating lease commitments

The Group has entered into various operating lease agreements on premises and equipment. The future non-cancellable minimum lease rentals are payable during the following financial years:

Within 1 year	350	289
1 to 5 years	1,009	734
Beyond 5 years	2,278	1,976
	3,637	2,999

33 Segmental Report

The reportable operating segments are identified as the three geographical reportable operating segments, namely: Mediclinic Southern Africa, Mediclinic Switzerland and Mediclinic Middle East.

	Year ended 31 March 2014			
	Southern Africa	Switzerland	Middle East	Total
	(R'm)			
Revenue	11,205	15,874	3,416	30,495
EBITDA	2,453	3,539	752	6,744
Depreciation and amortisation	(302)	(801)	(136)	(1,239)
EBIT	2,151	2,738	616	5,505
Other gains and losses	—	2	—	2
Income from associate	—	3	—	3
Income from joint venture	—	—	—	—
Finance income	70	1	2	73
Finance cost	(473)	(848)	(95)	(1,416)
Taxation	(534)	(242)	—	(776)
Segment result	1,214	1,654	523	3,391
At 31 March 2014				
Investments in associates	—	4	—	4
Investments in joint venture	67	—	—	67
Capital expenditure	885	1,327	131	2,343
Total segment assets	**8,295**	**58,226**	**3,716**	**70,237**
Segment liabilities	**7,903**	**43,688**	**2,476**	**54,067**

	Year ended 31 March 2013 (restated)			
	Southern Africa	Switzerland	Middle East	Total
	(R'm)			
Revenue	10,059	11,892	2,485	24,436
EBITDA	2,163	2,469	495	5,127
Depreciation and amortisation	(277)	(604)	(113)	(994)
EBIT	1,886	1,865	382	4,133
Other gains and losses	—	(40)	(4)	(44)
Income from associates	—	2	—	2
Income from joint venture	3	—	—	3
Finance income	54	9	1	64
Finance cost	(478)	(4,703)	(66)	(5,247)
Taxation	(429)	11	—	(418)
Segment result	1,036	(2,856)	313	(1,507)
At 31 March 2013 (restated)				
Investments in associates	—	2	—	2
Investments in joint venture	65	—	—	65
Capital expenditure	695	1,239	107	2,041
Total segment assets	**7,436**	**46,187**	**2,885**	**56,508**
Segment liabilities	**7,574**	**35,874**	**2,292**	**45,740**

33 Segmental Report (Continued)

	Group	
	2014	2013 (restated)
	(R'm)	
Reconciliation of segment result, assets and liabilities		
Segment result		
Total profit from reportable segments	3,391	(1,507)
Unallocated corporate amounts:		
Other gains and losses	—	575
Interest received	—	5
Elimination of intersegment loan interest	195	81
Profit/(loss) for the year	3,586	(846)
Assets		
Total assets from reportable segments	70,237	56,508
Unallocated corporate assets	297	234
	70,534	56,742
Liabilities		
Total liabilities from reportable segments	54,067	45,740
Elimination of intersegment loan	(8,924)	(7,000)
	45,143	38,740
The total non-current assets, excluding financial instruments and deferred tax assets per geographical location are:		
Southern Africa	5,183	4,456
Middle East	2,243	1,725
Switzerland	51,452	41,235
Entity-Wide Disclosures		
Revenue		
From South Africa	10, 869	9,764
From foreign countries	19,626	14,672

Revenues from external customers are primarily from hospital services.

The total non-current assets, excluding financial instruments and deferred tax assets		
From South Africa	5,008	4,160
From foreign countries	53,870	43,255

34 Related Party Transactions

The major shareholder of the Group is Industrial Partnership Investments (Pty) Ltd (Remgro Ltd), which owns 43.4% (2013: 43.4%) of the issued share capital.

34 Related Party Transactions (Continued)

The following transactions were carried out with related third parties:

		Company		Group	
		2014	2013	2014	2013
			(R'm)		
(i)	**Transactions with shareholders**				
	Remgro Management Services Ltd (subsidiary of Remgro Ltd)				
	Managerial and administration fees	—	—	4	4
	Internal audit services	—	—	2	2
	Underwriting fees in respect of the rights offer	—	—	—	100
	Balance due to	—	—	—	—
(ii)	**Key management compensation**				
	Directors				
	Information regarding the directors' and prescribed officers' remuneration appears in note 25.				
(iii)	**Transactions with subsidiaries and associates**				
	Mediclinic Investments (Pty) Ltd				
	Dividend received	731	568	—	—
	Balance due from	11,253	11,222		
	Zentrallabor Zürich (ZLZ)				
	Fees earned	—	—	(22)	(17)
	Purchases	—	—	100	84

Historical financial information for Mediclinic as at 31 March 2015.

Independent Auditor's Report to the shareholders of Mediclinic International Limited

We have audited the consolidated and separate financial statements of Mediclinic International Limited set out on pages 8 to 70, which comprise the statements of financial position as at 31 March 2015, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Mediclinic International Limited as at 31 March 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2015, we have read the directors' report, the audit committee's report and the Certificate by the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PRICEWATERHOUSECOOPERS INC.
Director: NH Döman
Registered Auditor

Stellenbosch
20 May 2015

Statements of Financial Position
As at 31 March 2015

	Notes	Company 2015	Company 2014	Group 2015	Group 2014
		(R'm)			
Assets					
Non-current assets		14,405	11,289	65,813	59,308
Property, equipment and vehicles	5	—	—	53,776	49,597
Intangible assets	6	—	—	11,565	9,210
Interest in subsidiary	7	14,405	11,288	—	—
Investments in associate	8	—	—	2	4
Investment in joint venture	9	—	—	65	67
Other investments and loans	10	—	—	93	68
Derivative financial instruments	21	—	—	10	60
Deferred income tax assets	11	—	1	302	302
Current assets		—	—	13,366	11,226
Inventories	12	—	—	1,074	904
Trade and other receivables	13	—	—	7,479	6,768
Current income tax assets		—	—	34	33
Cash and cash equivalents		—	—	4,779	3,521
Total assets		14,405	11,289	79,179	70,534
Equity					
Capital and reserves					
Stated and issued capital		14,119	11,027	14,141	11,027
Treasury shares		—	—	(265)	(249)
Share capital	14	14,119	11,027	13,876	10,778
Retained earnings	15	103	103	7,250	4,325
Other reserves	16	183	159	10,938	9,365
Attributable to equity holders of the Company		14,405	11,289	32,064	24,468
Non-controlling interests	17	—	—	1,098	923
Total equity		14,405	11,289	33,162	25,391
Liabilities					
Non-current liabilities		—	—	38,078	36,899
Borrowings	18	—	—	27,927	28,704
Deferred income tax liabilities	11	—	—	7,729	7,251
Retirement benefit obligations	19	—	—	1,292	414
Provisions	20	—	—	665	492
Derivative financial instruments	21	—	—	465	38
Current liabilities		—	—	7,939	8,244
Trade and other payables	22	—	—	6,032	5,048
Borrowings	18	—	—	1,229	1,666
Provisions	20	—	—	429	376
Derivative financial instruments	21	—	—	21	—
Current income tax liabilities		—	—	228	1,154
Total liabilities		—	—	46,017	45,143
Total equity and liabilities		14,405	11,289	79,179	70,534

Income Statements

For the year ended 31 March 2015

	Notes	Company 2015	Company 2014	Group 2015	Group 2014
				(R'm)	
Revenue		863	766	35,238	30,495
Cost of sales		—	—	(19,887)	(17,189)
Administration and other operating expenses	23	(4)	(3)	(8,116)	(6,562)
Operating profit before depreciation (EBITDA)		859	763	7,235	6,744
Depreciation and amortisation	23	—	—	(1,512)	(1,239)
Operating profit		859	763	5,723	5,505
Other gains and losses	24	—	—	93	2
Income from associates		—	—	2	3
Loss from joint venture		—	—	(1)	—
Finance income		—	—	103	73
Finance cost	26	—	—	(1,179)	(1,221)
Profit before tax		859	763	4,741	4,362
Income tax expense	27	—	—	(206)	(776)
Profit for the year		859	763	4,535	3,586
Attributable to:					
Equity holders of the Company				4,297	3,385
Non-controlling interests				238	201
				4,535	3,586
Earnings per ordinary share attributable to the equity holders of the Company—cents					
Basic	28			509.5	416.8
Diluted	28			500.0	408.0

Statements of Comprehensive Income
For the year ended 31 March 2015

	Notes	Company		Group	
		2015	2014	2015	2014
				(R'm)	
Profit for the year		859	763	4,535	3,586
Other comprehensive income					
Items that may be reclassified to the income statement					
Currency translation differences	29	—	—	1,643	4,371
Fair value adjustment—cash flow hedges	29	—	—	(94)	29
				1,549	4,400
Items that may be reclassified to the income statement					
Actuarial gains and losses	29	—	—	(561)	138
Other comprehensive income, net of tax	29	—	—	988	4,538
Total comprehensive income for the year		859	763	5,523	8,124
Attributable to:					
Equity holders of the Company				5,287	7,922
Non-controlling interests				236	202
				5,523	8,124

Statements of Changes in Equity
For the year ended 31 March 2015

Group

	Stated and issued share capital (note 14)	Treasury shares (note 14)	Share-based payment reserve (note 16)	Foreign currency translation reserve (note 16)	Hedging reserve (note 16)	Retained earnings (note 15)	Share-holders' equity	Non-controlling interests (note 17)	Total equity
					(R'm)				
Balance at 31 March 2013	11,027	(256)	140	4,827	(20)	1,488	17,206	796	18,002
Utilised by the Mpilo Trusts	—	7	—	—	—	—	7	—	7
Share-based payment expense	—	—	19	—	—	—	19	—	19
Transactions with non-controlling shareholders	—	—	—	—	—	2	2	24	26
Total comprehensive income for the year	—	—	—	4,370	29	3,523	7,922	202	8,124
Dividends paid	—	—	—	—	—	(688)	(688)	(99)	(787)
Balance at 31 March 2014	11,027	(249)	159	9,197	9	4,325	24,468	923	25,391
Shares issued	3,178	—	—	—	—	—	3,178	—	3,178
Share issue costs	(64)	—	—	—	—	—	(64)	—	(64)
Utilised by the Mpilo Trusts	—	6	—	—	—	—	6	—	6
Treasury shares purchased (Forfeitable Share Plan)	—	(22)	—	—	—	—	(22)	—	(22)
Share-based payment expense	—	—	24	—	—	—	24	—	24
Transactions with non-controlling shareholders	—	—	—	—	—	9	9	62	71
Total comprehensive income for the year	—	—	—	1,643	(94)	3,738	5,287	236	5,523
Dividends paid	—	—	—	—	—	(822)	(822)	(123)	(945)
Balance at 31 March 2015	14,141	(265)	183	10,840	(85)	7,250	32,064	1,098	33,162

Company

	Stated and issued share capital (note 14)	Treasury shares (note 14)	Share-based payment reserve (note 16)	Foreign currency translation reserve (note 16)	Hedging reserve (note 16)	Retained earnings (note 15)	Share-holders' equity	Non-controlling interests (note 17)	Total equity
					(R'm)				
Balance at 31 March 2013	11,027	—	140	—	—	72	11,239	—	11,239
Share-based payment expense	—	—	19	—	—	—	19	—	19
Total comprehensive income for the year	—	—	—	—	—	763	763	—	763
Dividends paid	—	—	—	—	—	(732)	(732)	—	(732)
Balance at 31 March 2014	11,027	—	159	—	—	103	11,289	—	11,289
Shares issued	3,178	—	—	—	—	—	3,178	—	3,178
Share issue costs	(64)	—	—	—	—	—	(64)	—	(64)
Share-based payment expense	—	—	24	—	—	—	24	—	24
Restricted shares under Forfeitable Share Plan	(22)	—	—	—	—	—	(22)	—	(22)
Total comprehensive income for the year	—	—	—	—	—	859	859	—	859
Dividends paid	—	—	—	—	—	(859)	(859)	—	(859)
Balance at 31 March 2015	14,119	—	183	—	—	103	14,405	—	14,405

Statements of Cash Flows

For the year ended 31 March 2015

	Notes	Company		Group	
		2015	2014	2015	2014
		(R'm) Inflow/(outflow)			
Cash Flow from Operating Activities					
Cash received from customers		—	—	35,298	30,116
Cash paid to suppliers and employees		(4)	(3)	(27,450)	(23,776)
Cash generated from operations	30.1	(4)	(3)	7,848	6,340
Dividends received		858	766	—	—
Interest received		—	—	103	74
Interest paid	30.2	—	—	(1,019)	(1,056)
Tax paid	30.3	—	—	(924)	(743)
Net cash generated from operating activities		854	763	6,008	4,615
Cash Flow from Investment Activities		(3,087)	(31)	(4,594)	(2,539)
Investment to maintain operations	30.4	—	—	(1,215)	(926)
Investment to expand operations	30.5	—	—	(2,214)	(1,679)
Business combinations	31	—	—	(1,466)	(5)
Proceeds on disposal of property, equipment and vehicles	30.6	—	—	98	32
Disposal of subsidiary	32	—	—	45	—
Investment in joint venture		—	—	—	(2))
Loans granted		(3,109)	—	—	—
Insurance proceeds		—	—	158	40
Loans advanced		—	(31)	(25)	—
Proceeds from other investments and loans		22	—	5	1
Net cash generated/(utilised) before financing activities		(2,233)	732	1,414	2,076
Cash Flow from Financing Activities		(2,233)	(732)	(361)	(1,605)
Proceeds of shares issued		3,178	—	3,178	—
Share issue costs		(64)	—	(64)	—
Distributions to non-controlling interests	17	—	—	(123)	(99)
Distributions to shareholders	30.7	(859)	(732)	(822)	(688)
Proceeds from borrowings		—	—	4,982	223
Repayment of borrowings		—	—	(7,443)	(1,074)
Refinancing transaction costs		—	—	(125)	—
Shares purchased (Forfeitable Share Plan)		(22)	—	(22)	—
Proceeds from disposal of treasury shares		—	—	5	7
Proceeds on disposal of non-controlling interest		—	—	73	26
Net increase 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	30.8	—	—	4,779	3,485

1 General Information

Mediclinic International Limited (the "**Company**") and its subsidiaries (the "**Group**") operate multi-disciplinary private hospitals.

The main business of the Group is to enhance the quality of life of patients by providing comprehensive, high-quality hospital services on a cost-effective basis.

The Company is a limited liability company incorporated and domiciled in South Africa. The address of its registered offices is:

Mediclinic Offices, Strand Road, Stellenbosch 7600.

The Company is listed on the JSE and the Company has a secondary listing on the Namibian Stock Exchange. A wholly owned subsidiary, Hirslanden AG, issued bonds on the SIX.

These annual financial statements have been approved for issue by the board of directors on 20 May 2015.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRS), including IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS, the requirements of the South African Companies Act 71 of 2008, as amended, and the Listings Requirements of the JSE Limited. The financial statements are prepared on the historical cost convention, as modified by the revaluation of certain financial instruments to fair value.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed in note 4.

2.2 Consolidation and equity accounting

(a) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition until control is lost.

Adjustments to the financial statements of subsidiaries are made when necessary to bring their accounting policies in line with those of the Group.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the Company has control of the subsidiary both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

2 Summary of Significant Accounting Policies (Continued)

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value, with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

(b) Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt that are amortised as part of the effective interest and costs to issue equity, which are included in equity.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal company) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-for-sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRSs.

In cases where the Company held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the company at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

2 Summary of Significant Accounting Policies (Continued)

(c) Investment in associate

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement. Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

(d) Investment in joint venture

Investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

Consistent with internal reporting, the Group's segments are identified as the three geographical operating platforms in Mediclinic Southern Africa, Mediclinic Switzerland and Mediclinic Middle East. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions. The executive committee comprises the executive directors and prescribed officers, as disclosed in note 25.

2.4 Property, equipment and vehicles

Land and buildings mainly comprise hospitals and offices. All property, equipment and vehicles are shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

2 Summary of Significant Accounting Policies (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

Buildings:	10–100 years
Leasehold improvements:	10 years or over the lease contract if shorter
Equipment:	3–10 years
Furniture and vehicles:	3–8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profit or loss on disposals is determined by comparing proceeds with carrying amounts. These are included in the income statement.

2.5 Intangible assets

(a) Trade names

Trade names that are deemed to have an indefinite useful life are carried at cost less accumulated impairment losses. Trade names that are deemed to have a finite useful life are capitalised at the cost to the Group and amortised on the straight-line basis over its estimated useful lifetime of 15 to 20 years. No value is placed on internally developed trade names. Expenditure to maintain trade names is accounted for against income as incurred.

(b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition and the fair value of the non-controlling interest in the subsidiary. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from business combinations in which goodwill arose. CGUs have been defined as certain hospital groupings within the Group.

(c) Computer software

Acquired computer software licences and internally developed software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (1–5 years). Costs associated with maintaining computer software programmes or development expenditure that does not meet the recognition criteria are recognised as an expense as incurred.

2 Summary of Significant Accounting Policies (Continued)

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The recoverable amount is based on the value in use and is calculated by estimating future cash benefits that will result from each asset and discounting those cash benefits at an appropriate discount rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows—CGUs. Non-financial assets, other than goodwill that suffered an impairment, are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and financial assets at fair value through profit and loss. The classification depends on the purpose for which the asset was acquired. Management determines the classification of its investments at initial recognition.

Purchases and sales of investments are recognised on trade date—the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not subsequently carried at fair value through profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest rate method.

Investments available-for-sale

Other long-term investments are classified as available-for-sale and are included within non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. These investments are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised in other comprehensive income in the period in which they arise. When available-for-sale investments are either sold or impaired, the accumulated fair value adjustments are realised and included in profit or loss.

Financial assets at fair value through profit and loss

These instruments, consisting of financial instruments held-for-trading and those designated at fair value through profit and loss at inception, are carried at fair value. Derivatives are also classified as held-for-trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised in the income statement in the period in which they arise.

Impairment

At each reporting date the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial

2 Summary of Significant Accounting Policies (Continued)

recognition of the asset and that loss has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the receivables or a group of receivables is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value of the asset below its cost is considered an indicator that the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss—measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss—is removed from other comprehensive income and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts, the legal enforceable right is not contingent of a future event and is enforceable in the normal course of business even in the event of default, bankruptcy and insolvency, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Inventories

Inventories are valued at the lower of cost, determined on the first-in first-out method, or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Trade and other receivables

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and cash on hand and are classified as loans and receivables. Bank overdrafts are classified as financial liabilities at amortised cost and are disclosed as part of borrowings in current liabilities in the statement of financial position.

2.12 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction are designated as a cash flow hedge. The Group uses interest rate swaps as cash flow hedges.

The Group documents, at inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items.

2 Summary of Significant Accounting Policies (Continued)

The fair values of various derivative instruments used for hedging purposes are disclosed in note 21. The hedging reserve in shareholders' equity is shown in note 16. On the statement of financial position hedging derivatives are not classified based on whether the amount is expected to be recovered or settled within, or after, 12 months. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge relationship is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedge relationship is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in other comprehensive income are recycled to the income statement in the periods when the hedged item affects profit or loss (for example, when the interest expense on hedged variable rate borrowings is recognised in profit and loss).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.13 Share capital

Ordinary shares are classified as equity. Shares in the Company held by wholly owned group companies are classified as treasury shares and are held at cost.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

2.14 Treasury shares

Treasury shares are deducted from equity until the shares are cancelled, reissued or disposed of. No gains or losses are recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. All consideration paid or received for treasury shares is recognised directly in equity.

2.15 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs are expensed when incurred, except for borrowing costs directly attributable to the construction or acquisition of qualifying assets. Borrowing cost directly attributable to the construction or acquisition of qualifying assets is added to the cost of those assets, until such time as the assets are substantially ready for their intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

2 Summary of Significant Accounting Policies (Continued)

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and 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.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividend withholding tax is payable at a rate of 15% on dividends distributed to shareholders. The tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder.

2.19 Employee benefits

(a) Retirement benefit costs

The Group provides defined benefit and defined contribution plans for the benefit of employees, the assets of which are held in separate trustee-administered funds. These plans are funded by payments from the employees and the Group, taking into account recommendations of independent qualified actuaries.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to make further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

2 Summary of Significant Accounting Policies (Continued)

Defined benefit plans

A defined benefit plan is a plan that is not a defined contribution plan. This plan defines an amount of pension benefit an employee will receive on retirement, dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in the income statement. A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefit available in the form of reductions in future contributions to the plan, and any unrecognised actuarial losses and past-service costs. The annual pension costs of the Group's benefit plans are charged to the income statement.

Incurred interest costs/income on the defined benefit obligations are recognised as wages and salaries.

(b) Post-retirement medical benefits

Some group companies provide for post-retirement medical contributions in relation to current and retired employees. The expected costs of these benefits are accounted for by using the projected unit credit method. Under this method, the expected costs of these benefits are accumulated over the service lives of the employees. Valuation of these obligations is carried out by independent qualified actuaries. All actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(d) Profitsharing and bonus plans

The Group recognises a liability and an expense where a contractual obligation exists for short-term incentives. The amounts payable to employees in respect of the short-term incentive schemes are determined based on annual business performance targets.

2.20 Revenue recognition

Revenues are measured at the fair value of the consideration that has been received or is to be received and represent the amounts that can be received for services in the regular course of business when the significant risks and rewards of ownership have been transferred or services have been rendered. Discounts, sales taxes and other taxes associated with the revenues have to be deducted.

2 Summary of Significant Accounting Policies (Continued)

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, theatre, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used. Revenue is recorded and recognised during the period in which the hospital service is provided, based upon the estimated amounts due from patients and/or medical funding entities. Fees are calculated and billed based on various tariff agreements with funders.

Other revenues earned are recognised on the following bases:

(a) Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate method.

(b) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established.

(c) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

With the exception of interest income, all the items above are presented as revenue.

2.21 Cost of sales

Cost of sales consists of the cost of inventories, including obsolete stock, which have been expensed during the year, together with personnel costs and related overheads which are directly attributable to the provision of services, but excludes depreciation and amortisation.

2.22 Leased assets

Leases of property, equipment and vehicles where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing borrowings. The interest element of the finance charges is charged to the income statement over the lease period. The property, equipment and vehicles acquired under finance leasing contracts are depreciated over the useful lives of the assets or the term of the lease agreement if shorter and transfer of ownership at the end of the lease period is uncertain.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's Board.

2.24 Foreign currency transactions

Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the rates of exchange ruling on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale,

2 Summary of Significant Accounting Policies (Continued)

are included in other comprehensive income. Foreign exchange gains and losses are presented in the income statement within "Administration and other operating expenses".

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates (the functional currency). The consolidated financial statements are prepared in South African rand, which is the Company's functional and presentation currency.

Group entities

The results and financial position of all foreign operations that have a functional currency that is different from the Group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date.
- Income and expenses for each income statement are translated at average exchange rates for the year.
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken directly to other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at closing rates at the reporting date.

3 Financial Risk Management

3.1 Financial risk factors

In respect of the Group's financial instruments, normal business activities expose the Group to a variety of financial risks: market risk (Including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Currency risk

Investments in foreign operations

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies. Changes in the South African rand/Swiss franc and rand/UAE dirham exchange rate over a period of time will result in increased/decreased earnings.

In the case of corporate offshore transactions and or cross-border business combinations, generally forward cover contracts are considered or taken out to minimise foreign currency risk. Currently there are forward cover contracts in place.

The impact of a 10% change in the South African rand/Swiss franc and the South African rand/UAE dirham exchange rates for a sustained period of one year is:

- profit for the year would increase/decrease by R221 million (2014: increase/decrease by R185 million) due to exposure to the South African rand/Swiss franc exchange rate;
- profit for the year would increase/decrease by R76 million (2014: increase/decrease by R52 million) due to exposure to the South African rand/UAE dirham exchange rate.

The following exchange rates were applicable during the year:

Average South African rand/Swiss franc exchange rate : CHF1 = R11.91 (2014:CHF1 = R11.05)

3 Financial Risk Management (Continued)

Closing South African rand/Swiss franc exchange rate : CHF1 = R12.55 (2014: CHF1 = R11.96)

Average South African rand/UAE dirham exchange rate : AED1 = R3.01 (2014: AED1 = R2.76)

Closing South African rand/UAE dirham exchange rate : AED1 = R3.32 (2014: AED1 = R2.88)

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings as well as short-term deposits. Borrowings and short-term deposits issued at variable rates expose the Group to cash flow interest rate risk. Interest rate derivatives expose the Group to fair value interest rate risk. Group policy is to maintain an appropriate mix between fixed and floating rate borrowings and placings.

The Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates. Under the Interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

In respect of financial assets, interest rate risk is managed by using approved counterparties that offer the best rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's profit for the year would increase/decrease by R13 million (2014: increase/decrease by R15 million). This is mainly attributable to the Group's exposure to interest rates on its unhedged variable rate borrowings and cash.

(iii) Other price risk

The Group is not materially exposed to commodity or any other price risk.

(b) Credit risk

Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash, short-term deposits and trade and other receivables. The Group's cash equivalents and short-term deposits, are placed with quality financial institutions with a high credit rating. Trade receivables are represented net of the allowance for doubtful receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base, which consists mainly of medical schemes and insurance companies. The financial condition of these clients in relation to their credit standing is evaluated on an ongoing basis. Medical schemes and insurance companies are forced to maintain minimum reserve levels. The policy for patients that do not have a medical scheme or an insurance company paying for the Group's service, is to require a preliminary payment instead. The Group does not have any significant exposure to any individual customer or counterparty.

The Group is exposed to credit-related losses in the event of non-performance by counterparties to hedging instruments. The counterparties to these contracts are major financial institutions. The Group monitors its positions and limits the extent to which it enters into contracts with any one party.

The carrying amounts of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to these assets. At 31 March 2015 and 31 March 2014, the Group did not consider there to be a significant concentration of credit risk.

3 Financial Risk Management (Continued)

(c) Liquidity risk

The Group manages liquidity risk by monitoring cash flow forecasts to ensure that it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

	2015	2014
	(R'm)	
The Group's unused overdraft facilities are:	1,687	1,798

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the required date of repayment. The table includes both interest and principal cash flows. The analysis of derivative financial instruments has been drawn up based on undiscounted net cash inflows/(outflows) that settle on a net basis.

	Contractual cash flows	0–12 months	1–5 years	Beyond 5 years
		(R'm)		
Financial liabilities				
31 March 2015				
Interest-bearing borrowings	31,960	1,855	10,895	19,210
Derivative financial instruments	473	144	329	—
Trade payables	2,818	2,818	—	—
Other payables and accrued expenses	2,162	2,162	—	—
31 March 2014				
Interest-bearing borrowings	33,566	3,004	30,545	17
Derivative financial instrument	66	37	29	—
Trade payables	2,422	2,422	—	—
Other payables and accrued expenses	1,705	1,705	—	—

3.2 Fair value of financial instruments

The fair value of financial assets and liabilities are determined as follows:

Cash and cash equivalents, trade and other receivables and money market funds: The carrying amounts reported in the statement of financial position approximate fair values because of the short-term maturities of these amounts.

Borrowings and trade and other payables: The carrying amounts reported in the statement of financial position approximate fair values determined on the basis of a discounted cash flow methodology.

Financial assets at fair value through profit and loss: The fair value of these financial instruments is derived from quoted prices in active markets for identical assets.

Derivative financial instruments: Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

Available-for-sale financial assets: The carrying amounts reported in the statement of financial position are determined based on an appropriate valuation methodology.

Financial instruments that are measured at fair value in the statement of financial position, are disclosed by level of the following fair value hierarchy:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2—Input (other than quoted prices included within level 1) that is observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

3 Financial Risk Management (Continued)

- Level 3—Input for the asset or liability that is not based on observable market data (unobservable input).

3.3 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 18, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and other reserves and non-controlling interest as disclosed in notes 14, 15, 16 and 17 respectively. The Group's Audit and Risk Committee reviews the going concern status and capital structure of the Group annually. The Group balances its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The debt-to-adjusted capital ratios at 31 March 2015 and 31 March 2014 were as follows:

	2015	2014
	(R'm)	
Borrowings	29,156	30,370
Less: cash and cash equivalents	(4,779)	(3,521)
Net debt	24,377	26,849
Total equity	33,162	25,391
Debt-to-adjusted capital ratio	0.7	1.1

The debt-to-equity capital ratio improved.

4 Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill and intangible asset

The Group tests annually whether goodwill and the intangible asset with an indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in note 2.5. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The estimated figures assume a stable regulatory and tariff environment. Since 1 January 2012, a new financing and tariff system for mandatory basic insured patients in Switzerland was implemented. Although the new system is operational, there are still a number of areas that are still provisional and thus still uncertain, namely:

- DRG pricing finalisation for the base rates
- Hospital lists in some cantons not finalised, under debate or legally challenged
- Restrictions in cantonal legislation could impact the business
- Highly specialised medicine developments can impact the future medical mix
- Cantons subsidising public hospitals

These uncertainties can have an impact on the recoverability of the goodwill and intangible asset's recoverable amount. Also refer to the sensitivity analysis in respect of the discount rate and the growth rate in note 6.

There are currently uncertainties regarding the new financing and tariff system for mandatory basic insured patients in Switzerland since January 2012 which are not reflected in the underlying calculations.

4 Critical Accounting Estimates and Assumptions (Continued)

Since to date no rulings on hospitals' lists or DRGs have been made, so it is therefore not possible to assess the consequences for the Swiss business.

(b) Income taxes

The Group is subject to income taxes in South Africa, Namibia and Switzerland. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Retirement benefits

The cost of defined benefit pension plans and post-retirement medical benefit liability obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 19.

(d) Share-based compensation to employees

The Group uses valuation models to calculate the IFRS 2 expense for share-based compensation to employees. These models require a number of assumptions to be made as input. These include financial assumptions as well as various assumptions around individual employee behaviour.

(e) Indefinite life trade names

The estimation of the indefinite useful life of the Swiss trade names is based on the expectation that there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group. This expectation requires a significant degree of management judgement. Refer to note 6.

(f) Property, equipment and vehicles

The estimation of the useful lives of property, equipment and vehicles is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. These depreciation rates represent management's current best estimate of the useful lives and residual values of the assets.

For a private hospital it is fundamentally important that the earnings potential of a building is maintained on a permanent basis. The Group therefore follows a structured maintenance programme with regard to hospital buildings with the specific goal to prolong the useful lifetime of these buildings.

(g) Provision for tariff risks

Provisions were raised for risks related to Swiss tariff risk, including historic tariff disputes at various Swiss hospitals. The provisions are determined by management and represent an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 20.

(h) Consolidation

The Group has less than 50% interest in a number of South African companies. The directors made an assessment in terms of IFRS 10 as to whether or not the Group has control. The directors concluded that it has control over these South African companies on the basis that the company is the largest single shareholder and is appointed as the managing agent through a comprehensive management agreement. Accordingly these results have been consolidated.

5 Property, Equipment and Vehicles

	Group	
	2015	2014
	(R'm)	
Land—cost	14,009	13,313
Buildings	33,675	31,465
Cost	36,001	33,281
Accumulated depreciation	(2,295)	(1,816)
Accumulated impairment	(31)	—
Land and buildings	47,684	44,778
Equipment	3,600	3,093
Cost	8,793	7,368
Accumulated depreciation	(5,193)	(4,275)
Furniture and vehicles	705	638
Cost	2,531	2,073
Accumulated depreciation	(1,826)	(1,435)
Subtotal	51,989	48,509
Capital expenditure in progress	1,787	1,088
	53,776	49,597

5 Property, Equipment and Vehicles (Continued)

	Group			
	Land and Buildings	Equipment	Furniture and Vehicles	Total
	(R'm)			
At 1 April 2013				
Cost	36,952	5,746	1,559	44,257
Accumulated depreciation	(1,240)	(3,258)	(1,037)	(5,535)
Net book value	35,712	2,488	522	38,722
Year ended 31 March 2014				
Net opening book value	35,712	2,488	522	38,722
Capital expenditure	456	926	303	1,685
Exchange differences	7,720	366	59	8,145
Disposals	(6)	(13)	(4)	(23)
Reclassifications	—	(6)	6	—
Prior year capital expenditure completed	1,175	4	4	1,183
Impairment losses	—	(8)	—	(8)
Depreciation per income statement	(279)	(664)	(252)	(1,195)
Net closing book value	44,778	3,093	638	48,509
At 31 March 2014				
Cost	46,594	7,368	2,073	56,035
Accumulated depreciation	(1,816)	(4,275)	(1,435)	(7,526)
Net book value	44,778	3,093	638	48,509
Year ended 31 March 2015				
Net opening book value	44,778	3,093	638	48,509
Capital expenditure	907	971	357	2,235
Business combinations	12	128	14	154
Exchange differences	2,210	126	24	2,360
Disposals	(35)	(3)	(2)	(40)
Prior year capital expenditure completed	202	3	—	205
Impairment losses*	(31)	—	—	(31)
Depreciation per income statement	(359)	(718)	(326)	(1,403)
Net closing book value	47,684	3,600	705	51,989
At 31 March 2015				
Cost	50,010	8,793	2,531	61,334
Accumulated depreciation	(2,295)	(5,193)	(1,826)	(9,314)
Accumulated impairment	(31)	—	—	(31)
Net book value	47,684	3,600	705	51,989

* An impairment charge was booked after the earnings potential of the original part of the Mediclinic Vergelegen Hospital building was significantly affected after a flood caused damage to the building.

	2015	2014
	(R'm)	
Capital expenditure		
Capital expenditure excluding expenditure in progress	2,235	1,685
Capital expenditure in progress	921	850
Total additions	3,156	2,535
To maintain operations	942	856
To expand operations	2,214	1,679

5 Property, Equipment and Vehicles (Continued)

Property, equipment and vehicles with a book value of R43,432 million (2014: R41,134) are encumbered as security for borrowings (see note 18).

Included in equipment is capitalised finance lease equipment with a book value of R25 million (2014: R30 million) (see note 18). Interest rates used to capitalise borrowing costs is 2.4% (2014: 2.4%).

Land and buildings, and capital expenditure include capitalised interest of R29 million (2014: R27 million).

The register containing details of land and buildings is available for inspection by shareholders of their proxies at the registered office of the Company.

6 Intangible Assets

	Group			
	Software and IT projects	Trade names	Goodwill	Total
		(R'm)		
At 1 April 2013				
Cost	195	3,881	3,315	7,391
Accumulated amortisation and impairment	(95)	(14)	(3)	(112)
Net book value	100	3,867	3,312	7,279
Year ended 31 March 2014				
Net opening book value	100	3,867	3,312	7,279
Reacquired right*	—	260	—	260
Amortisation charge	(30)	(14)	—	(44)
Additions	70	—	—	(70)
Exchange differences	27	917	701	1,645
Net closing book value	167	5,030	4,013	9,210
At 31 March 2014				
Cost	317	5,058	4,016	9,391
Accumulated amortisation and impairment	(150)	(28)	(3)	(181)
Net book value	167	5,030	4,013	9,210
Year ended 31 March 2015				
Net opening book value	167	5,030	4,013	9,210
Amortisation charge	(81)	(28)	—	(109)
Additions	273	—	—	273
Business acquisitions	8	321	1,239	1,568
Exchange differences	17	289	317	623
Net closing book value	384	5,612	5,569	11,565
At 31 March 2015				
Cost	626	5,668	5,572	11,866
Accumulated amortisation and impairment	(242)	(56)	(3)	(301)
Net book value	384	5,612	5,569	11,565

* The Group reacquired the right to provide pathology services at the Group's hospitals in Dubai.

Impairment testing of goodwill and indefinite life trade names

The carrying amounts of goodwill and the indefinite life trade names allocated to the Swiss hospital operations are significant in comparison to the total carrying amount of intangible assets. The impairment tests for goodwill and the indefinite life trade names are based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering a five-year period. The discount

6 Intangible Assets (Continued)

rates used reflect specific risks related to the hospital industry. These calculations indicate that there was no impairment in the carrying value of goodwill and the trade names.

	Group	
	2015	2014
	(R'm)	
Carrying amount of Swiss goodwill	4,819	3,344
Carrying amount of Swiss indefinite life trade names	5,345	4,771

Key assumptions used for value-in-use calculations are as follows:

- Budgeted margins—the basis used to determine the value assigned to the budgeted margins is based on the margins achieved in the previous years, with a slight increase for expected efficiency improvements. The margins are driven by consideration of future admissions and case mix and based on past experience and management's assessment of growth.
- Discount rates—discount rates reflect management's estimate of the time value and the risks associated with the Swiss business. The weighed average cost of capital (WACC) has been determined by considering the respective debt and equity costs and ratios. The pre-tax discount rate applied to cash flow projections is 5.8% (2014: 6.1%)
- Growth rates—growth rates are based on budgeted financial figures and management's estimates. The estimated figures assume a stable regulatory and tariff environment. Cash flows beyond the five-year period are extrapolated using a 1.6% (2014: 2.0%) growth rate.

For the goodwill, the recoverable amount calculated based on value in use exceeded the carrying value by approximately R5,872 million (2014: R3,903 million). A fall in growth rate to 1.1% (2014: 1.6%) (which will also include the possible effect of changes in budgeted margins) or a rise in discount rate to 6.2% (2014: 6.4%) would remove the remaining headroom.

Carrying amount of Middle East goodwill	611	530

Key assumptions used for value-in-use calculations are as follows:

- Management's projections have been prepared on the basis of strategic plans, knowledge of the market, and management's views on achievable growth in market share over the long-term period of five years.
- The discount rates applied to cash flows are based on the Group's weighted average cost of capital, with a risk premium reflecting the relative risks in the markets in which the businesses operate. The pre-tax discount rate applied to cash flow projections is 12% (2014: 9%).
- Growth rate estimates are based on a conservative view of the long-term rate of growth. The growth rates applied are between 5% and 10% (2014: 5% to 10%) with a terminal growth rate of 2% (2014: 2%).

Any sensitivity applied to the key assumptions above will have no significant impact on the value in use.

7 Interest in Subsidiary

	Company	
	2015	2014
	(R'm)	
Unlisted		
Shares at cost less amounts written off	1	1
Due by subsidiary	14,361	11,252
Equity-settled share based payment transactions	43	35
Mpilo Trusts and share option scheme	55	35
Forfeitable Share Plan	(12)	—
	14,405	11,288

The equity-settled share-based payment liability is amortised over the period of the Forfeitable Share Plan (note 14) and it is eliminated on consolidation.

Details appear on page 34.

8 Investments in Associate

	Group	
	2015	2014
	(R'm)	
Unlisted		
Carrying value of investments in associates' equity		
Opening balance	4	2
Share in current year profits	2	3
Distribution received	(3)	(2)
Exchange differences	(1)	1
	2	4
The aggregate information of the associate that is not individually material:		
The Group's share of profit	2	3
The Group's share of other comprehensive income	—	—
The Group's share of total comprehensive income	2	3
Aggregate carrying amount of Group's interest in this associate	2	4

Details appear on page 75.

9 Investment in Joint Venture

	Group	
	2015	2014
	(R'm)	
Unlisted		
Carrying value of investment in joint venture		
Opening balance	67	65
Share in current year losses	(1)	—
(Loans repaid)/Additional amounts invested	(1)	2
	65	67
The aggregate information of joint venture that is not individually material:		
The Group's share of loss	(1)	—
The Group's share of other comprehensive loss	—	—
The Group's share of total comprehensive loss	(1)	—
Aggregate carrying amount of Group's interest in this joint venture	65	67

The joint venture is accounted for by using its financial information for the 12 months ended 31 December 2014 (2014: 31 December 2013), since it has a different financial year-end.

Details appear on page 75.

10 Other Investments and Loans

	Group	
	2015	2014
	(R'm)	
Unlisted—no active market		
Loans and receivables*	71	48
Available-for-sale: Shares	22	20
	93	68
Other investments and loans are held in the following currencies:		
Swiss franc (2015: CHF2m; (2014: CHF2m))	22	22
South African rand	71	46
	93	68

* Supported by the underlying business's financial position, the credit quality of the loans is considered satisfactory.

11 Deferred Tax

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right of offset and when the deferred income tax relates to the same fiscal authority.

	Group	
	2015	2014
	(R'm)	
The movement on the deferred tax account is as follows:		
Opening balance	(6,949)	(5,943)
Income statement charge for the year (note 27)	(215)	444
Business acquisitions (note 31)	(78)	—
Exchange differences	(360)	(1,397)
Charged to other comprehensive income (note 29)	175	(53)
Balance at the end of the year	(7,427)	(6,949)
The balance consists of:		
Property, equipment and vehicles	(7,074)	(6,734)
Intangible assets	(1,268)	(1,128)
Current assets	(81)	(82)
Current liabilities	124	120
Long-term liabilities	312	113
Provisions	(158)	(144)
Derivatives	101	(4)
Tax losses carried forward	629	910
Other	(12)	—
	(7,427)	(6,949)
Deferred income tax assets	302	302
Deferred income tax liabilities	(7,729)	(7,251)
	(7,427)	(6,949)

The deferred tax relating to current assets and current liabilities contains temporary differences that are most likely to realise in the next 12 months

Unused tax losses not recognised as deferred tax assets		
Expiry in 1 year	15	—
Expiry in 2 years	15	—
Expiry in 3 to 7 years	161	28
No expiry	46	52
	237	80

12 Inventories

	Group	
	2015	2014
	(R'm)	
Inventories consist of:		
Pharmaceutical products	947	785
Consumables	116	106
Finished goods and work in progress	11	13
	1,074	904

The cost of inventories recognised as an expense and included in cost of sales amounted to R8,113 million (2014: R7,012 million).

13 Trade and other Receivables

	Group	
	2015	2014
	(R'm)	
Trade receivables	5,607	5,064
Less provision for impairment of receivables	(333)	(248)
Trade receivables—net	5,274	4,816
Other receivables	2.205	1,952
	7,479	6,768

Trade and other receivables are categorised as loans and receivables.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	Group	
	2015	2014
	(R'm)	
South African rand*	1,230	1,162
Swiss franc	5,393	4,974
UAE dirham	856	632
	7,479	6,768

* Trade receivables to the value of R829m (2014: R782m) have been ceded as security for banking facilities.

Included in the Group's trade receivables balance are trade receivables with a carrying value of R1,763m (2014: R1,602 million) that are past due at the reporting date but which the Group has not impaired as

13 Trade and other Receivables (Continued)

there has not been a significant change in credit quality and the amounts are still considered to be recoverable. The ageing of these receivables are as follows:

	Group	
	2015	2014
	(R'm)	
Up to three months	1,265	983
Over three months	498	619
	1,763	1,602
Movement in the provision for impairment of receivables:		
Opening balance	248	191
Provision for receivables impairment	180	150
Business combination	8	—
Exchange differences	23	17
Amounts written off as uncollectable	(126)	(110)
Balance at the end of the year	333	248

Amounts written off during the year relate to individually identified accounts that are considered to be irrecoverable.

Management considers the credit quality of the fully performing trade receivables to be high in light of the nature of these trade receivables as described in note 3.1(b).

Included in the Group's other receivables balance are other receivables with a carrying value of R13 (2014: R23 million) that are past due at the reporting date. This is the net amount after deducting a provision of R9 million (2014: R63 million) made by the Group.

14 Stated and issued Capital

	Company		Group	
	2015	2014	2015	2014
	(R'm)			
Ordinary Shares				
Authorised:				
1,000,000,000 ordinary shares of no par value				
Issued:	14,119	11,027	14,141	11,027
Opening balance	11,027	11,027	11,027	11,027
Shares issued	3,178	—	3,178	—
Costs of shares issued	(64)	—	(64)	—
Restricted shares (Forfeitable Share Plan)	(22)	—	—	—
867,957,325 (2014: 826,957,325) ordinary shares of no par value				
Unissued ordinary shares: 5% of the number of the ordinary shares in issue at 31 March 2014 are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
Treasury shares				
13,483,505 (2014: 13,520,978) ordinary shares	—	—	(265)	(249)
Opening balance	—	—	(249)	(256)
Forfeitable Share Plan	—	—	(22)	—
Utilised by the Mpilo Trusts	—	—	6	7
	14,119	11,027	13,876	10,778

14 Stated and issued Capital (Continued)

	Number	Number
Movement in the number of ordinary shares outstanding are:		
At 1 April	813,436,347	813,049,684
Statutory shares in issue	826,957,325	826,957,325
Treasury shares	(13,520,978)	(13,907,641)
Shares issued	41,000,000	—
Repurchase of shares—Forfeitable Share Plan	(248,727)	—
Utilised by the Mpilo Trusts	286,200	378,670
Sold by wholly owned subsidiary	—	7,993
At 31 March	854,473,820	813,436,347
Statutory shares in issue	867,957,325	826,957,325
Treasury shares	(13,483,505)	(13,520,978)

Mpilo Trusts

The Mpilo Trusts were created in 2005 for purposes of an employee share scheme to introduce Mediclinic Southern Africa employees up to first line management level as shareholders of the Group. This share-based payment arrangement is accounted for as an equity-settled share-based payment transaction. The Mpilo Trusts held 13 234 778 (2014: 13 520 978) shares in the Company at year end. As qualifying employees leave prior to entitlement and shares become available further allocations were made to new and existing qualifying employees.

To date, the following allocations have been made:

Allocation	Qualifying date	Issue price	Participating shares*	Expiry date
First allocation	1 Dec 2005	R18.40	80	31 Dec 2015
Second allocation	1 Dec 2009	R18.08	50	31 Dec 2015
Third allocation	1 Dec 2010	R18.59	100	31 Dec 2015
Fourth allocation	1 Dec 2012	R17.20	70	31 Mar 2018

* Per qualifying employee for each completed year of service since previous allocation

Movement in the number of Mpilo shares outstanding	Outstanding price per share	2015 Number	2014 Number
Outstanding at the beginning of the year	R17.50 (2014: R17.20)	12,529,590	13,831,960
Mpilo shares forfeited	—	(726,860)	(871,340)
Mpilo shares vested	R17.84 (2014: R17.42)	(286,200)	(431,030)
Outstanding at the end of the year	R17.82 (2014: R17.50)	11,516,530	12,529,590

The share-based payment charge relating to the Mpilo Trust grants is shown in note 16 and note 23.

Forfeitable Share Plan

The Mediclinic International Forfeitable Share Plan ("FSP") was approved by the Company's shareholders in July 2014 as a long-term incentive scheme for selected senior management (executive directors and prescribed officers as disclosed in note 25). This share-based payment arrangement is accounted for as an equity-settled share-based payment transaction.

Under the FSP, conditional share awards are granted to selected employees of the Group. The vesting of these shares is subject to continued employment, and is conditional upon achievement of performance targets, measured over a three-year period. The performance conditions for the year under review constitute a combination of:

- absolute total shareholder return ("TSR") (40% weighting); and
- normalised diluted headline earnings per share ("HEPS") (60% weighting).

14 Stated and issued Capital (Continued)

Refer to the Remuneration Report for more details of the Forfeitable Share Plan.

	Weighted average gain value at grant date offer price	Number	Number
1 April 2014			n/a
Granted	R87.41	248,727	n/a
Forfeited		—	n/a
Vested		—	n/a
31 March 2015		248,727	n/a

A valuation has been determined and an expense recognised over a three-year period. The fair value of the TSR performance condition has been determined by using the Monte Carlo simulation model and for the fair value of the HEPS performance condition, consensus forecasts have been used. The share-based payment charge relating to the FSP is shown in note 16 and note 23.

The following assumptions have been used to determine the fair value of the TSR performance condition:		
Risk-free rate	6.9%	n/a
Dividend yield	1.5%	n/a
Volatility	20%	n/a

15 Retained Earnings

	Company		Group	
	2015	2014	2015	2014
			(R'm)	
Company	103	103	103	103
Subsidiaries and joint venture	—	—	7,147	4,222
	103	103	7,250	4,325
Opening balance	103	72	4,325	1,488
Profit for the year	859	763	4,297	3,385
Dividends paid	(859)	(732)	(822)	(688)
Actuarial gains and losses	—	—	(559)	138
Transactions with non-controlling shareholders	—	—	9	2
Balance at end of the year	103	103	7,250	4,325

16 Other Reserves

	Company		Group	
	2015	2014	2015	2014
			(R'm)	
Share-based payment reserve				
Opening balance	159	140	159	140
Forfeitable Share Plan	5	—	5	—
Mpilo Trust	19	19	19	19
Balance at end of the year	183	159	183	159
Executive share option scheme	14	14	14	14
Forfeitable Share Plan	5	—	5	—
Mpilo Trusts (Employee share trusts)	79	60	79	60
Strategic black partners*	85	85	85	85
Foreign currency translation reserve	—	—	10,840	9,197
Opening balance	—	—	9,197	4,827
Currency translation differences	—	—	1,643	4,370
Hedging reserve	—	—	(85)	9
Opening balance	—	—	9	(20)
Fair value adjustments of cash flow hedges net of tax	—	—	(104)	29
Recycling of fair value adjustments of derecognised cash flow hedge, net of tax	—	—	10	—
	183	159	10,938	9,365

* During the financial year ending 31 March 2006, the difference between the fair value of the equity instruments issued in a BEE transaction and the fair value of the cash and other assets received was recognised as an expense (grant date) and this corresponding increase in equity was booked.

17 Non-controlling Interests

	Group	
	2015	2014
	(R'm)	
Opening balance	923	796
Increase in non-controlling interests	62	24
Distributions to non-controlling interests	(123)	(99)
Share of total comprehensive income	236	202
Share of profit	238	201
Actuarial gains and losses	(2)	—
Currency translation differences	—	1
Non-controlling interests in hospital activities	1,098	923

17 Non-controlling Interests (Continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests:

	Profit allocated to non-controlling interests		Ownership interest held by NCI	
	2015	2014	2015	2014
	(R'm)		%	
Name				
Mediclinic (Pty) Ltd	21	13	3.4	2.2
Curamed Holdings (Pty) Ltd group	66	62	30.3	30.2

Summarised financial information in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before inter-group eliminations

	2015	2014
	(R'm)	
Mediclinic (Pty) Ltd		
Current assets	1,002	1,344
Non-current assets	2,795	2,393
Current liabilities	(2,314)	(2,383)
Non-current liabilities	(422)	(342)
Equity attributable to owners of the Company	(960)	(940)
Non-controlling interests	(101)	(72)
Revenue	5,703	5,275
Profit for the year	579	584
Other comprehensive income	(19)	(11)
Total comprehensive income	560	573
Total comprehensive income allocated to non-controlling interests	21	13
Dividends paid to non-controlling interests	14	11
Net cash inflow from operating activities	816	1,020
Net cash outflow from investing activities	(669)	(586)
Net cash outflow from financing activities	(311)	(542)
Net cash outflow	(164)	(108)

17 Non-controlling Interests (Continued)

	2015	2014
	(R'm)	
Curamed Holdings (Pty) Ltd group		
Current assets	676	591
Non-current assets	452	422
Current liabilities	(177)	(165)
Non-current liabilities	(36)	(24)
Equity attributable to owners of the Company	(628)	(567)
Non-controlling interests	(287)	(257)
Revenue	989	926
Profit for the year	220	203
Other comprehensive income	(6)	(1)
Total comprehensive income	214	202
Total comprehensive income allocated to non-controlling interests	66	62
Dividends paid to non-controlling interests	36	15
Net cash inflow from operating activities	274	195
Net cash outflow from investing activities	(51)	(35)
Net cash outflow from financing activities	(121)	(19)
Net cash outflow	102	141

18 Borrowings

	Group	
	2015	2014
	(R'm)	
Secured long-term bank loans*	2,967	2,964
Long-term portion	2,950	2,950
Short-term portion	18	16
Capitalised financing costs—long-term	(1)	(2)
The long -term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 1.51% (2014: 1.31%) compounded quarterly, and is repayable on 2 June 2019.		
Preference shares*	2,010	2,009
Long-term portion	1,900	2,000
Short-term portion	111	10
Capitalised financing costs—long-term	(1)	(1)
Dividends are payable monthly at a rate of 69% of prime overdraft rate. R100m shares must be redeemed on 1 September 2015 and 1 September 2016 and the balance of R1 800m on 2 June 2019.		
Secured long-term bank loan*	331	542
Long-term portion	220	330
Short-term portion	112	213
Capitalised financing costs—long term	(1)	(1)
The long-term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 1.06% (2014: 1.06%) compounded quarterly, and the loan amortises until 8 October 2017.		
Secured long-term bank loan*	201	201
Long-term portion	200	200
Short-term portion	1	1
The long-term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 1.31% (2014: 1.31%) compounded quarterly, and is repayable on 2 June 2019.		
Secured long-term bank loans	126	90
Long-term portion	113	77
Short-term portion	13	13
These loans bear interest at variable rates linked to the prime overdraft rate and are repayable in periods ranging between one and twelve years. Property, equipment and vehicles with a book value of R269m (2014: R258m) are encumbered as security for these loans. Net trade receivables of R13m (2014: R10m) have also been ceded as security for these loans.		
Bank overdraft*	—	36
Borrowings in Southern African operations	5,635	5,842

* Property and equipment with a book value of R2,695m (2014: R2,677m), cash and cash equivalents of R180m (2014: R223m) and trade receivables of R829m (2014: R782m) have been ceded as security for these borrowings.

18 Borrowings (Continued)

	Group	
	2015	2014
	(R'm)	
Secured long-term bank loans	1,010	1,488
Long-term portion	682	1,212
Short-term portion	340	295
Capitalised financing costs—long-term	(12)	(19)
This loan bears interest at variable rates linked to the 6M Libor and a margin of 2.75% and is amortising until June 2017. Properties with a book value of R1,503m (2014: R1,358m) are encumbered as security for this loan.		
Borrowings in Middle East operations	1,010	1,488
Secured long-term bank loans	19,530	19,916
Long-term portion	19,453	19,375
Short-term portion	626	1,076
Capitalised financing costs—long-term	(549)	(535)
These loans bear interest at a variable rate linked to the 3M Libor plus 1.5% and 2.85% (2014: 3M Libor plus 2% and 3.5%) and is repayable by July 2020 (2014: December 2017 and June 2018). The loan is secured by: Swiss properties with a book value of R38,940m (2014: R36 811m); and Swiss bank accounts with a book value of R2,489m (2014: R1,126m).		
Listed bond	2,949	—
Long-term portion	2,949	—
Short-term portion	—	—
On 25 February 2015, the Group issued CHF145m 1.625% Swiss francs bonds and CHF90m 2.0% Swiss francs bonds to finance its expansion programme and working capital requirements. The bonds are repayable on 25 February 2021 and 25 February 2025 respectively.		
Secured long-term bank loan	—	3,090
Long-term portion	—	3,090
Short-term portion	—	—
The loan carried interest at 2.0% plus 12M Libor and was repayable by June 2018. The loan was secured by Swiss properties with a book value of R36,811m subordinate to the other loans.		
Secured long-term finance	32	34
Long-term portion	24	28
Short-term portion	8	6
These loans bear interest at interest rates ranging between 3% and 12% (2014: 4% and 12%) and are repayable in equal monthly payments in periods ranging from one to eight years. Equipment with a book value of R25m (2014: R30m) is encumbered as security for these loans.		
Borrowings in Swiss operations	22,511	23,040
Total borrowings	29,156	30,370
Short-term portion transferred to current liabilities	(1,229)	(1,666)
	27,927	28,704

19 Retirement Benefit Obligations

	Group	
	2015	2014
	(R'm)	
Statement of financial position obligations for:		
Pension benefits	822	48
Post-retirement medical benefits	470	366
	1,292	414
Income statement charge for:		
Pension benefits	465	167
Post-retirement medical benefits	67	52
	532	219

(a) Pension benefits

The Group's Swiss operations have five (2014: three) defined benefit pension plans, namely:

Pensionskasse Hirslanden (cash balance plan)

Vorsorgestiftung VSAO (cash balance plan)

Radiotherapie Hirslanden AG; Pension fund at foundation "pro" (cash balance plan)

Clinique La Colline SA; Pension fund at banque cantonal vaudois (cash balance plan)

Swissana Clinic AG; Pension fund at foundation "Nest" (cash balance plan)

Statement of financial position

Amounts recognised in the statement of financial position are as follows:

Present value of funded obligations	14,343	11,262
Fair value of plan assets	(13,521)	(11,214)
Net pension liability	822	48

The movement in the defined benefit obligation over the period is as follows:

Opening balance	11,262	8,700
Current service cost	459	400
Interest cost	219	187
Employee contributions	424	348
Benefits paid	(135)	(97)
Actuarial (gain)/loss—experience	120	(54)
Actuarial demographical loss assumption	(311)	—
Actuarial financial loss assumption	1,361	—
Past-service cost	—	(241)
Acquisition	260	34
Settlements	—	(92)
Exchange differences	684	2,077
Balance at end of year	14,343	11,262

The movement of the fair value of plan assets over the period is as follows:

Opening balance	11,214	8,294
Employer contributions	485	401
Plan participants contributions	424	348
Benefits paid from fund	(135)	(97)
Interest income on plan assets	225	188
Return on plan assets greater/(less) than discount rate	503	135
Acquisition	175	28
Settlements	—	(88)
Administration cost paid	(12)	(12)
Exchange differences	642	2,017
Balance at end of year	13,521	11,214

19 Retirement Benefit Obligations (Continued)

	Group	
	2015	2014
	(R'm)	
Income statement		
Amounts recognised in the income statement are as follows:		
Current service cost	459	400
Past-service cost	—	(241)
Interest on liability	219	187
Interest on plan assets	(225)	(188)
Administration cost paid	12	12
Settlement gain	—	(3)
Total expense	465	167

	Group	
	2015	2014
Statement of comprehensive income		
Amounts recognised in other comprehensive income are as follows:		
Actuarial gain/(loss)—experience	(120)	54
Actuarial gain/(loss) due to liability assumption changes	(1,050)	—
Return on plan assets greater/(less) than discount rate	503	135
Total of comprehensive income	(667)	189
Statement of financial position		
Opening net liability	48	406
Expense as above	465	167
Contributions paid by employer	(485)	(401)
Exchange differences	42	60
Actuarial (gain)/loss recognised in equity	667	(189)
Acquisitions	85	5
Closing net liability	822	48
Actual return on plan assets	728	323
Principal actuarial assumptions on statement of financial position		
Discount rate	0.90%	2.00%
Future salary increases	1.50%	2.00%
Future pension increases	0.00%	0.00%
Inflation rate	1.00%	1.50%
Number of plan members		
Active members	8,219	7,447
Pensioners	640	581
	8,859	8,028
Experience adjustment		
On plan liabilities: (gain)/loss	120	(54)
On plan assets: gain/(loss)	(503)	(135)

19 Retirement Benefit Obligations (Continued)

Asset allocation	2015 (R'm)	2015 %	2014 (R'm)	2014 %
Quoted Investments				
Fixed Income investments	4,827	35.7	4,093	36.5
Equity Investments	3,340	24.7	2,803	25.0
Real estate	1,474	10.9	1,368	12.2
Other	1,406	10.4	976	8.7
	11,047	81.7	9,240	82.4
Non-quoted Investments				
Fixed income investments	40	0.3	56	0.5
Equity Investments	189	1.4	168	1.5
Real estate	1,582	11.7	1,189	10.6
Other	663	4.9	561	5.0
	2,474	18.3	1,974	17.6
	13,521	100.0	11,214	100.0

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Sensitivity analysis	Base assumption	Change in assumption	Impact on defined benefit obligation Increase	Impact on defined benefit obligation Decrease
Discount rate	0.9%	0.5%	(5.2)%	5.9%
Salary growth rate	1.5%	0.5%	0.8%	(0.8)%
Pension growth rate	0.0%	0.25%	2.3%	0.0%

	Change in assumption	Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy	1 year in expected lifetime of plan participant	2.2%	(2.2)%

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credited method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Expected employer contributions to be paid to the pension plans for the year ended 31 March 2016 are R516m.

The weighted average duration of the defined benefit obligation is 13.4 years (2014: 11.8 years).

Additional disclosure

The Swiss defined benefit pension plans exposes the Group to some actuarial and investment risks.

Effective 1 January 2014, members of the pension plans of Klinik Stephanshorn AG were transferred to Pensionkasse Hirslanden, and members of the doctors' pension plan of Klinik Stephanshorn AG were transferred to Foundation VSAO. Inactive members of Klinik Stephanshorn AG were settled within the Zurich Insurance AG effective 1 January 2014.

The pension plans provide employees of the Hirslanden Group with post-employment, death-in-service and disability benefits in accordance with the Federal Law on Occupational Old-age. These are separate

19 Retirement Benefit Obligations (Continued)

legal entities from the Hirslanden Group. The funds' governing bodies consists of an equal number of employer and employee representatives.

The benefits of the pension plans are substantially higher than the legal minimum. The employee's and employer's contributions are based on their insured salary and range from 1.25% to 15.5% for Pensionskasse Hirslanden and 14% for VSAO.

If an employee leaves the Hirslanden Group or the pension plans before reaching retirement age, legally he/she is to transfer the vested benefits to a new pension plan. On retirement, the participant may decide to withdraw the benefits as an annuity or a lump sum.

As per the pension law in Switzerland, benefits provided by the pension funds are financed through annual contributions. If insufficient investment returns or actuarial losses lead to a funding gap, the governing body is legally obliged to take actions to close this gap within five years to a maximum of seven years. Such actions may include additional contributions by the respective group companies and the beneficiaries.

(b) Post-retirement medical benefits

The Group's Southern African operations have a post-retirement medical benefit obligation for employees who joined before 1 July 2012.

The Group accounts for actuarially determined future medical benefits and provide for the expected liability in the statement of financial position.

During the last valuation on 31 March 2015 a 7.1% (2014: 8.4%) medical inflation cost and a 8.1% (2014: 10.0%) interest rate were assumed. The average retirement age was set at 63 years (2014: 63 years).

The assumed rates of mortality are as follows:

During employment: SA 1972–77 tables of mortality

Post-employment: PA(90) tables

	Group	
	2015	2014
	(R'm)	
Amounts recognised in the statement of financial position are as follows:		
Opening balance		
Opening balance	366	303
Amounts recognised in the income statement	67	52
Current service cost	28	25
Interest cost	39	27
Contributions	(8)	(6)
Actuarial gain recognised in other comprehensive income	45	17
Present value of unfunded obligations	470	366

The effect of a 1% movement in the assumed health cost trend rate is as follows:

	2015 Increase	2015 Decrease
Defined benefit obligation	17%	(14)%
Aggregate of the current service cost and interest cost	19%	(16)%

Historical information: The present value of the Group's post-retirement medical benefits at 31 March 2013 was R303m, 2012: R343m and 2011: R303m.

Expected employer contributions to be paid to the post-retirement medical benefit liability for the year ended 31 March 2016 are R9m.

20 Provisions

	Group			
	Employee benefits	Legal cases and other	Tariff risks	Total
		(R'm)		
Year ended 31 March 2014				
Opening balance	295	12	380	687
Charged to the income statement	82	1	155	238
Utilised during the year	(38)	(2)	(134)	(174)
Unused amounts reversed	—	(2)	(30)	(32)
Exchange differences	61	2	86	149
Balance at the end of the year	400	11	457	868
At 31 March 2014				
Current	41	5	330	376
Non-current	359	6	127	492
	400	11	457	868
Year ended 31 March 2014				
Opening balance	400	11	457	868
Charged to the income statement	122	5	186	313
Utilised during the year	(40)	(1)	(11)	(52)
Unused amounts reversed	—	(4)	(102)	(106)
Exchange differences	45	—	26	71
Balance at the end of the year	527	11	556	1,094
At 31 March 2015				
Current	53	5	371	429
Non-current	474	6	185	665
	527	11	556	1,094

(a) Employee benefits

This provision is for benefits granted to employees for long service.

(b) Legal cases and other

This provision relates to third-party excess payments for malpractice claims which are not covered by insurance and other costs for legal claims.

(c) Tariff risks

This provision relates to compulsory health insurance tariff risks in Switzerland and other tariff disputes at some of the Group's Swiss hospitals.

	2015	2014
	(R'm)	
Provisions are expected to be payable during the following financial years:		
Within one year	429	376
After one year but not more than five years	332	239
More than five years	333	253
	1,094	868

21 Derivative Financial Instruments

	Group			
	2015 Assets	2015 Liabilities	2014 Assets	2014 Liabilities
	(R'm)			
Interest rate swaps—cash flow hedges				
Non-current	10	465	60	38
Current	—	21	—	—
Total	10	486	60	38

Effective interest rate swaps

In order to hedge specific exposures in the interest rate repricing profile of existing borrowings, the Group uses interest rate derivatives to generate the desired interest profile. At 31 March 2015, the Group had six effective interest rate swap contracts (2014: six). The value of borrowings hedged by the interest rate derivatives and the rates applicable to these contracts are as follows:

	Borrowings hedged	Fixed interest payable	Interest receivable	Fair value gain/(loss) for the year
	(R'm)			(R'm)
2014				
Beyond 5 years*	20,452	0.112% and 0.239%	3-month Swiss Libor	(78)
1 to 5 years**	2,115	5.5%–8.37%	3-month Jibar	126
2015				
1 to 3 years**	1,905	5.5%–8.4%	3 month Jibar	5
3 to 5 years**	275	7.6%	3 month Jibar	(4)

* The interest rate swap agreement resets every three months on 31 March, 30 June, 30 September and 31 December, with a final reset on 30 June 2018. There is no ineffective portion recognised in the profit and loss that arises from the cash flow hedge.

** The interest rate swap agreements reset every three months on 1 June, 1 September, 1 December and 1 March, with final resets on 2 December 2013, 1 December 2015 and 1 September 2017 respectively. There is no ineffective portion recognised in the profit and loss that arises from the cash flow hedges.

Ineffective interest rate swaps

Due to the current negative interest rates in Switzerland, the hedge relationship in respect of the 3-month Swiss Libor interest rate swaps became ineffective since the interest on the borrowings is capped at a rate of 0% but is fully considered as interest payments on the swap. Hedge accounting discontinued from the previous reporting period when hedge effectiveness could be demonstrated, i.e. from 1 October 2014.

	Group	
	2015	2014
	(R'm)	
Opening balance	38	99
Fair value adjustments through other comprehensive income	(133)	(78)
Fair value adjustments booked through profit and loss	(342)	—
Exchange differences	(23)	17
Balance at the end of the period	(460)	38

	Nominal value	Fixed interest payable	Interest receivable
	(R'm)		(R'm)
2015			
Beyond 4 years***	20,331	0.112% and 0.239%	3-month Swiss Libor

*** The interest rate swap agreement resets every three months on 31 March, 30 June, 30 September and 31 December, with a final reset on 31 March 2018 and termination date on 30 June 2018.

21 Derivative Financial Instruments (Continued)

Based on the degree to which the fair values are observable, the interest rate swaps and the forward contracts are grouped as Level 2.

22 Trade and Other Payables

	Group	
	2015	2014
	(R'm)	
Trade payables	2,818	2,422
Other payables and accrued expenses	2,162	1,705
Social insurance and accrued leave pay	962	831
Value added tax	90	90
	6,032	5,048

23 Expenses by Nature

	Group	
	2015	2014
	(R'm)	
Auditors' remuneration		
—external audit	18	16
—other services	10	7
Cost of inventories	8,113	7,012
Depreciation		
—buildings	359	279
—equipment	718	664
—furniture and vehicles	326	252
Employee benefit expenses	15,452	12,827
Wages and salaries	14,699	12,416
Post-retirement medical benefits (note 19)	67	52
Retirement benefit costs—defined contribution plans	197	173
Retirement benefit costs—defined benefit plans (note 19)	465	167
Share-based payment expense (note 16)	24	19
Impairment of property, equipment and vehicles	31	8
Increase in impairment provision for receivables (note 13)	54	40
Maintenance costs	822	738
Managerial and administration fees	5	4
Operating leases		
—buildings	472	383
—equipment	37	33
Amortisation of intangible assets	109	44
Other expenses	2,989	2,683
General expenses	3,076	2,687
Profit on sale of equipment	(87)	(4)
	29,515	24,990
Classified as:		
Cost of sales	19,887	17,189
Administration and other operating expenses	8,116	6,562
Depreciation and amortisation	1,512	1,239
	29,515	24,990

24 Other Gains and Losses

	Group	
	2015	2014
	(R'm)	
Realised gains on foreign currency forward contracts	32	—
Gain in disposal of subsidiary	34	—
Ineffective cash flow hedges	(342)	—
Gain in a bargain purchase	—	2
Discount on loan repayment	211	—
Insurance proceeds	158	—
	93	2

25 Director' Remuneration

	Group	
	2015	2014
	(R'000)	
Executive	41,274	39,663
DP Meintjes	9,883	9,504
KHS Pretorius	6,115	5,829
CA van der Merwe	4,814	4,630
CI Tingle	7,667	7,360
TO Wiesinger	12,795	12,340
Non-executive fees	6,164	5,195
JJ Durand	388	336
JA Grieve	1,397	1,271
E de la H Hertzog	663	377
RE Leu	1,397	1,271
MK Makaba	215	196
N Mandela	284	253
TD Petersen	486	428
AA Raath	520	452
DK Smith	556	377
PJ Uys	258	234
	47,438	44,858

Detail for 2015 (R'000):	Salaries	Retirement fund	Other benefits[1]	Bonus[2]	Long-term incentives[3]	Total
			(R'000)			
Executive						
DP Meintjes	5,600	504	69	3,710	—	9,883
KHS Pretorius	3,495	315	36	2,269	—	6,115
CA van der Merwe	2,964	267	64	1,519	—	4,814
CI Tingle	4,359	392	29	2,887	—	7,667
TO Wiesinger	8,524	1,108	480	2,683	—	12,795
	24,942	2,586	678	13,068	—	41,274

25 Director' Remuneration (Continued)

Detail for 2014 (R'000):	Salaries	Retirement fund	Other benefits[1]	Bonus[2]	Share options	Total
			(R'000)			
Executive						
DP Meintjes	5,172	465	27	3,840	—	9,504
KHS Pretorius	3,266	294	33	2,236	—	5,829
CA van der Merwe	2,770	249	31	1,580	—	4,630
CI Tingle	4,082	367	27	2,884	—	7,360
TO Wiesinger	7,846	1,028	394	3,072	—	12,340
	23,136	2,403	512	13,612	—	39,663

(1) Other benefits include medical aid, UIF and payment for accumulated leave.

(2) Bonuses consist of the cash-based management incentive scheme and a 13th cheque.

(3) Forfeitable share awards granted in 2014 to executive management (excluding DC le Roux) will vest in 2017 in terms of the Group's Forfeitable Share Plan. Refer to the Remuneration Report for more information.

None of the current executive directors have a fixed-term contract.

Prescribed officers

Remuneration and benefits paid and short-term incentives approved in respect of prescribed officers are as follows:

Detail for 2015 (R'000):	Salaries	Retirement fund	Other benefits[1]	Bonus[2]	Long-term incentives	Total
GC Hattingh	2,664	240	34	1,380	—	4,318
DJ Hadley	5,201	238	27	2,211	—	7,677
TC Pauw[3]	1,215	—	90	—	—	1,305
DC le Roux[4]	1,538	139	53	666	n/a	2,396
	10,618	617	204	4,257	—	15,696

Detail for 2014 (R'000):	Salaries	Retirement fund	Other benefits[1]	Bonus[2]	Share options	Total
GC Hattingh	2,473	222	31	1,427	—	4,153
DJ Hadley	4,440	288	17	1,856	—	6,601
TC Pauw	2,603	59	246	324	—	3,232
	9,516	569	294	3,607	—	13,986

(1) Other benefits include medical aid, UIF and payment for accumulated leave.

(2) Bonuses consist of the cash-based management incentive scheme and a 13th cheque.

(3) Retired 31 July 2013 and appointed on contract as from 1 August 2013 till 31 August 2014.

(4) Appointed 11 August 2014.

25 Director' Remuneration (Continued)

Aggregate holding of the Forfeitable Share Plan for executive directors and prescribed officers

Detail for 2015	Opening balance	Shares awarded during the year	Date of award	Award vesting	Forfeited	Closing balance	Estimated value of long-term incentive	Earliest date of vesting
							R'000	
Conditional benefit								
DP Meintjes	—	79,077	July 2014	—	—	79,077	5,391	May 2017
KHS Pretorius	—	31,690	July 2014	—	—	31,690	2,161	May 2017
CA van der Merwe	—	26,411	July 2014	—	—	26,411	1,801	May 2017
CI Tingle	—	44,320	July 2014	—	—	44,320	3,022	May 2017
TO Wiesinger*	—	28,010	July 2014	—	—	28,010	1,910	May 2017
GC Hattingh	—	23,575	July 2014	—	—	23,575	1,607	May 2017
DJ Hadley	—	15,644	July 2014	—	—	15,644	1,067	May 2017
	—	248,727		—	—	248,727	16,959	

* TO Wiesinger received a right to conditional shares to be delivered at the vesting date. This arrangement is provided for in terms of the FSP rules due to country-specific requirements.

26 Finance Cost

	Group	
	2015	2014
	(R'm)	
Interest expense	860	876
Interest rate swaps	69	114
Amortisation of capitalised financing costs	147	133
Preference share dividend	128	125
Derecognition of Swiss interest rate swap	4	—
Less: amounts included in the cost of qualifying assets	(29)	(27)
	1,179	1,221

27 Income Tax Expense

	Company		Group	
	2015	2014	2015	2014
			(R'm)	
Current tax				
Current year	—	—	(772)	(674)
Previous year*			781	(546)
Deferred tax (note 11)	—	—	(215)	444
Taxation per income statement	—	—	(206)	(776)
Composition				
South African tax	—	—	(551)	(504)
Foreign tax			345	(272)
	—	—	(206)	(776)
Reconciliation of rate of taxation:				
Standard rate for companies (RSA)	28.0%	28.0%	28.0%	28.0%
Adjusted for:				
Capital gains tax	—	—	(0.6)%	(0.1)%
Non-taxable income	(28.1)%	(28.1)%	(0.6)%	(1.3)%
Non-deductible expenses	0.1%	0.1%	2.0%	2.1%
Non-controlling interests' share of profit before tax	—	—	(0.3)%	(0.2)%
Effect of different tax rates	—	—	(8.4)%	(8.2)%
Utilisation of previously unrecognised tax losses	—	—	0.6%	(15.0)%
Prior year adjustment	—	—	(16.4)%	12.5%
Effective tax rate	—	—	4.3%	17.8

* R775m of this credit amount relates to the release of Swiss income tax liabilities in respect of historic uncertain tax positions.

28 Earnings Per Ordinary Share

	Group		
	2015	2015	2015
	Gross	Income tax effect	Net
		(R'm)	
Earnings reconciliation			
Profit attributable to shareholders			4,297
Remeasurements for:	(248)	32	(216)
Impairment of property	31	—	31
Insurance proceeds	(158)	18	(140)
Gain on disposal of subsidiary	(34)	—	(34)
Profit on disposal of property, equipment and vehicles	(87)	14	(73)
Headline earnings			4,081
Remeasurements for:	99	(737)	(638)
Realised gain on foreign currency forward contracts	(32)	—	(32)
Ineffective cash flow hedges	342	(65)	277
Swiss tax rate charges relating to prior years	—	(712)	(712)
Discount on loan repayment	(211)	40	(171)
Normalised headline earnings			3,443

28 Earnings Per Ordinary Share (Continued)

	Group		
	2014	2014	2014
	Gross	Income tax effect	Net
		(R'm)	
Profit attributable to shareholders			3,385
Remeasurements for:	(38)	8	(30)
Impairment of equipment	8	(2)	6
Insurance proceeds	(40)	9	(31)
Gain on a bargain purchase	(2)	—	(2)
Profit on disposal of property, equipment and vehicles	(4)	1	(3)
Headline earnings			3,555
Remeasurements for:	(241)	(62)	(303)
Past-service cost (note 19)	(241)	49	(192)
Swiss tax rate charges relating to prior years	—	(111)	(111)
Normalised headline earnings			3,052

	Group	
	2015	2014
Weighted average number of ordinary shares in issue for basic earnings per share		
Number of ordinary shares in issue at the beginning of the year	826,957,325	826,957,325
Weighted number of ordinary shares issued during the year	31,789,041	—
Weighted average number of ordinary shares issued during the year	—	2,764,076
Adjustment for equity raising (IAS 33 paragraph 26)*	605,825	—
Weighted average number of treasury shares	(15,966,885)	(17,637,842)
BEE shareholders**	(2,405,788)	(3,944,779)
Mpilo Trusts	(13,404,365)	(13,691,727)
Wholly owned subsidiary	—	(1,336)
Forfeitable Share Plan	(156,732)	—
	843,385,306	812,083,559
Weighted average number of ordinary shares in issue for diluted earnings per share		
Weighted average number of ordinary shares in issue	843,385,306	812,083,559
Weighted average number of treasury shares held in terms of the BEE initiative not yet released from treasury stock	15,932,404	17,636,506
BEE shareholders	2,405,788	3,944,779
Mpilo Trusts	13,404,365	13,691,727
Forfeitable Share Plan	122,251	—
	859,317,710	829,720,065

* The shares were issued at a price lower than the fair value of the shares before the equity capital raising in June 2014. As a result, the weighted average number of shares was adjusted in accordance with IAS 33 paragraph 26.

** Represents the equivalent weighted average number of shares for which no value has been received from the BEE shareholders (Mpilo Investment Holdings 1 (RF) (Pty) Ltd and Mpilo Investment Holdings 2 (RF) (Pty) Ltd) in terms of the Group's black ownership initiative. These companies are structured entities that are not consolidated due to the Group not having control. The entities are financed by third parties with no recourse to the Group. To date, no value was received for an equivalent of 1,853,117 (2014: 3,311,795) shares issued to the strategic black partners.

28 Earnings Per Ordinary Share (Continued)

	Group	
	2013	2012
Earnings per ordinary share (cents)		
Basic	509.5	416.8
Diluted	500.0	408.0
Headline earnings per ordinary share (cents)		
Basic	483.9	413.1
Diluted	474.9	404.4
Normalised headline earnings per ordinary share (cents)		
Basic	408.2	375.8
Diluted	400.6	367.8

Normalised non-IFRS financial measures

The Group uses normalised earnings per share in evaluating performance and as a method to provide shareholders with clear and consistent reporting. The basis for the calculation is headline earnings per share in terms of the JSE Listings Requirements which is then adjusted for one-off and exceptional items.

29 Other Comprehensive Income

	Group	
	2015	2014
	(R'm)	
Components of other comprehensive income		
Currency translation differences	1,643	4,371
Fair value adjustment—cash flow hedges	(94)	29
Actuarial gains and losses	(561)	138
Other comprehensive income, net of tax	988	4,538

	Group			
	Attributable to equity holders of the Company (before tax)	Tax charge attributable to equity holders of the Company	Attributable to non-controlling interest (after tax)	Total
		(R'm)		
Year ended 31 March 2014				
Currency translation differences	4,370	—	1	4,371
Fair value adjustment—cash flow hedges	48	(19)	—	29
Actuarial gains and losses	172	(34)	—	138
Other comprehensive income	4,590	(53)	1	4,538
Year ended 31 March 2015				
Currency translation differences	1,643	—	—	1,643
Recycling of fair value adjustments of derecognised cash flow hedge	13	(3)	—	10
Fair value adjustment—cash flow hedges	(132)	28	—	(104)
Actuarial gains and losses	(709)	150	(2)	(561)
Other comprehensive income	815	175	(2)	988

30 Cash Flow Information

30.1 Reconciliation of profit before taxation to cash generated from operations

	Company		Group	
	2015	2014	2015	2014
			(R'm)	
Operating profit before interest and taxation	859	763	5,723	5,505
Non-cash items				
Share-based payment	—	—	24	19
Depreciation	—	—	1,403	1,195
Intangibles amortised	—	—	109	44
Impairment losses	—	—	31	8
Movement in provisions	—	—	135	33
Insurance proceeds	—	—	—	(40)
Movement in retirement benefit obligations	—	—	39	(178)
Profit on disposal of property, equipment and vehicles	—	—	(87)	(4)
Interest rate swap accrual	—	—	—	(7)
Dividends received	863	766	—	—
Operating income before changes in working capital	(4)	(3)	7,377	6,575
Working capital changes	—	—	471	(235)
Increase in inventories	—	—	(93)	(125)
Increase in trade and other receivables	—	—	(129)	(313)
Increase in trade and other payables	—	—	693	203
	(4)	(3)	7,848	6,340

30.2 Interest paid

	Company		Group	
	2015	2014	2015	2014
			(R'm)	
Finance cost per income statement	—	—	1,179	1,221
Non-cash items				
Amortisation of capitalised financing fees	—	—	(147)	(133)
Other non-cash flow finance expenses	—	—	(13)	(32)
	—	—	1,019	1,056

30.3 Tax paid

	Company		Group	
	2015	2014	2015	2014
			(R'm)	
Liability at the beginning of the year	1	1	(1,121)	(485)
Exchange differences	—	—	(6)	(159)
Provision for the year	—	—	9	(1,220)
	1	1	(1,118)	(1,864)
Liability at the end of the year	—	(1)	194	1,121
	1	—	(924)	(743)

30 Cash Flow Information (Continued)

30.4 Investment to maintain operations

	Company		Group	
	2015	2014	2015	2014
			(R'm)	
Property, equipment and vehicles purchased	—	—	(942)	(856)
Intangible assets purchase	—	—	(273)	(70)
Loan to subsidiaries	—	—	—	—
	—	—	(1,215)	(926)

30.5 Investment to expand operations

	Company		Group	
	2015	2014	2015	2014
			(R'm)	
Property, equipment and vehicles purchased	—	—	(2,214)	(1,679)

30.6 Proceeds on disposal of property, equipment and vehicles

	Company		Group	
	2015	2014	2015	2014
			(R'm)	
Book value of property, equipment and vehicles sold	—	—	40	23
Profit per income statement	—	—	87	4
Sales price receivable	—	—	(25)	—
Exchange differences	—	—	(4)	5
	—	—	98	32

30.7 Distributions paid to shareholders

	Company		Group	
	2015	2014	2015	2014
			(R'm)	
Dividends declared and paid during the year	(859)	(732)	(822)	(688)

The dividends paid during the current financial year (dividend numbers 34 and 35) were 99.0 cents per share (2014: 88.5 cents, dividend numbers 32 and 33). A final dividend (dividend number 36) in respect of the year ended 31 March 2015 of 75.5 cents per share was declared at a directors' meeting on 20 May 2015. These financial statements do not reflect this dividend payable.

30 Cash Flow Information (Continued)

30.8 Cash and cash equivalents

	Group	
	2015	2014
	(R'm)	
For the purposes of the statement of cash flows, cash, cash equivalents and bank overdrafts include:		
Cash and cash equivalents	4,779	3,521
Bank overdrafts (note 18)	—	(36)
	4,779	3,485
Cash, cash equivalents and bank overdrafts are denominated in the following currencies:		
South African rand*	1,491	1,324
Swiss franc**	2,508	1,436
UAE dirham***	779	724
Euro	1	1
	4,779	3,485

* The counterparties have a minimum Baa2 credit rating by Moody's.

** The facility agreement of the Swiss subsidiary restricts the distribution of cash. The counterparties have a minimum A2 credit rating by Moody's and a minimum A credit rating by Standard & Poor's.

*** The counterparties have a minimum A1/P-1 credit rating Moody's.

Cash and cash equivalents denominated in South African rands amounting to R180 million (2014: R223 million) have been ceded as security for borrowings (see note 18).

31 Business Acquisitions

	Group	
	Cash flow on acquisition	
	2015	2014
	R('m)	
Clinique La Colline	1,333	—
Swissana Clinic AG Meggen	107	—
Radiotherapie Hirslanden AG	—	5
IMRAD SA	6	—
	1,466	5

Clinique La Colline

On 25 June 2014, Hirslanden acquired a 100% interest in the operating company of Clinique La Colline.

Clinique La Colline is a private hospital based in Geneva, Switzerland.

The goodwill of R1,136 million 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.

31 Business Acquisitions (Continued)

The following table summarises the consideration paid for Clinique La Colline Group, the fair value of assets acquired and liabilities assumed at the acquisition date.

	Group 2015 (R'm)
Consideration at 25 June 2014	
Cash	1,361
Total consideration transferred	1,361
Recognised amounts of identifiable assets acquired and liabilities assumed	
Assets	
Property, equipment and vehicles	123
Intangible assets	322
Inventories	23
Trade and other receivables	179
Cash and other 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

Acquisition-related costs of R9 million have been charged to administrative expenses in the consolidated income statement.

The fair value of trade and other receivables is R179 million and includes trade receivables with a fair value of R164 million. The gross contractual amount for trade receivables due is R172 million, of which R8 million is expected to be uncollectable.

From the date of the acquisition, Clinique La Colline has contributed R576 million of revenue and R126 million 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 R757 million and the profit before tax for the Group would have been R167 million.

	Group 2015 (R'm)
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)

31 Business Acquisitions (Continued)

Swissana Clinic AG Meggen

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

The goodwill of ZAR103 million 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.

The following table summarises the consideration paid for Swissana Clinic AG Meggen, the fair value of assets acquired and liabilities assumed at the acquisition date.

	Group 2015 (R'm)
Consideration at 8 August 2014	
Cash	108
Total consideration transferred	
Recognised amounts of identifiable assets acquired and liabilities assumed	
Assets	
Property, equipment and vehicles	31
Deferred tax assets	3
Inventories	6
Trade and other receivables	18
Cash and cash equivalents	1
Total assets	59
Liabilities	
Borrowings	21
Provisions	2
Pension liability	17
Trade and other payables	14
Total liabilities	54
Total identifiable net assets at fair value	5
Goodwill	103
Total	108

Acquisition-related costs of R1 million have been charged to administrative expenses in the consolidated income statement.

The fair value of trade and other receivables is R18 million and includes trade receivables with a fair value of R14 million. The gross contractual amount for trade receivables due is R15 million, of which R0.5 million is expected to be uncollectable.

From the date of acquisition, Swissana Clinic AG Meggen has contributed R79 million of revenue and R2 million 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 R112 million and the loss before tax for the Group would have been R5 million.

	Group 2015 (R'm)
Analysis of cash flow on acquisition	
Total consideration transferred	(108)
Net cash acquired with the subsidiary	1
Net cash flow on acquisition	(107)

31 Business Acquisitions (Continued)

IMRAD SA

On 14 October 2014, Hirslanden acquired 80% of the share capital for R6 million and obtained control of IMRAD SA. IMRAD SA aims to operate outpatient medical centres in Lausanne, Switzerland.

The following table summarises the consideration paid for IMRAD SA, the fair value of assets acquired and liabilities assumed at the acquisition date.

	Group 2015 (R'm)
Consideration at 14 October 2014	
Cash	6
Total consideration transferred	
Recognised amounts of identifiable assets acquired and liabilities assumed	
Assets	
Intangible assets	7
Cash and cash equivalents	—
Total assets	7
80% of the identifiable net assets	6
Analysis of cash flow on acquisition	
Total consideration transferred	(6)
Net cash acquired with the subsidiary	—
Net cash flow on acquisition	(6)

IMRAD SA is not yet operational and therefore it has contributed R2 million to the net loss before tax of the Group and no revenue was obtained. If the combination had taken place at the beginning of the financial year, the net loss before tax for the Group would have been R2 million.

31 Business Acquisitions (Continued)

Radiotherapie Hirslanden AG

During the prior year, on 12 July 2013 the Group acquired 100% of the share capital of Radiotherapie Hirslanden AG for R9 million and obtained control on 1 September 2013.

	Group
	2014
	Fair value recognised on acquisition
	(R'm)
Assets	
Trade and other receivables	19
Cash and cash equivalents	4
Liabilities	
Trade and other payables	(12)
Total identifiable net assets at fair value	11
Gain on bargain purchase	(2)
Purchase consideration transferred	9
Analysis of cash flow on acquisition	
Purchase consideration	(9)
Net cash acquired with the subsidiary	4
Net cash flow on acquisition	(5)

No goodwill arising from the acquisition and no transaction costs have been expensed.

From the date of acquisition, Radiotherapie Hirslanden AG has contributed R18 million of revenue and R2 million to the net loss before tax of the Group. If the business combination had taken place at the beginning of the year, revenue from continuing operations would have been R49 million and the loss from continuing operations for the Group would have been R1 million.

32 Disposal of Subsidiary

On 19 February 2015, the Group disposed of Med-Immo La Colline SA.

	Group 2015 (R'm)
Consideration received at 19 February 2015	
Consideration received in cash and cash equivalents	46
Analysis of assets and liabilities over which control was lost	
Assets	
Property, equipment and vehicles	13
Cash and cash equivalents	1
Total assets	14
Liabilities	
Borrowings	3
Total liabilities	3
Net assets disposed of	11
Gain on disposal of subsidiary	
Consideration received	46
Net assets disposed of	(12)
Gain on disposal	34
Total cash flow on disposal of subsidiary	46
Less: cash and cash equivalents balance disposed of	(1)
Net cash flow on disposal	45

33 Commitments

	Group	
	2015	2014
	(R'm)	
Capital commitments		
Incomplete capital expenditure contracts	1,979	2,200
Southern Africa	819	922
Switzerland	518	737
Middle East	642	541
Capital expenses authorised by the board of directors but not yet contracted	1,800	1,033
Southern Africa	1,506	795
Switzerland	154	96
Middle East	140	142
	3,779	3,233

These commitments will be financed from group and borrowed funds.

Financial lease commitments

The Group has entered into financial lease agreements on equipment.
The future non-cancellable minimum lease rentals are payable during the following financial years:

Within 1 year	11	9
1 to 5 years	24	25
Beyond 5 years	9	14
	44	48

Operating lease commitments

The Group has entered into various operating lease agreements on premises and equipment. The future non-cancellable minimum lease rentals are payable during the following financial years:

Within 1 year	445	350
1 to 5 years	1,322	1,009
Beyond 5 years	2,578	2,278
	4,345	3,637

Income guarantees

As part of the expansion of the network of specialist institutes in Switzerland and centres of expertise, the Group has agreed to guarantee a minimum net income to these specialists for a start-up period of three to five years. Payments under such guarantees become due if the net income from the collaboration does not meet the amounts guaranteed. There were no payments under the abovementioned income guarantees in the reporting period, as the net income individually generated met or exceeded the amounts guaranteed.

Total of net income guaranteed

April 2015 to March 2016	32	8
April 2016 to March 2017	17	4
April 2017 to March 2018	8	2
April 2018 to March 2019	2	—
	59	14

33 Commitments (Continued)

Contingent liabilities

Litigation

The Group is not aware of any pending legal claims that are not covered by the Group's extensive insurance programmes.

34 Segmental Report

The reportable operating segments are identified as the three geographical reportable operating segments, namely: Mediclinic Southern Africa, Mediclinic Switzerland and Mediclinic Middle East.

	Southern Africa	Switzerland	Middle East	Total
		(R'm)		
Year ended 31 March 2015				
Revenue	12,323	18,610	4,305	35,238
EBITDA	2,676	3,619	940	7,235
Depreciation and amortisation	(394)	(983)	(135)	(1,512)
EBIT	2,282	2,636	805	5,723
Other gains and losses	158	(97)	—	61
Income from associate	—	2	—	2
Income from joint venture	(1)	—	—	(1)
Finance income	95	6	2	103
Finance cost	(415)	(983)	(49)	(1,447)
Taxation	(585)	379	—	(206)
Segment result	1,534	1,943	758	4,235
At 31 March 2015				
Investments in associates	—	2	—	2
Investments in joint venture	65	—	—	65
Capital expenditure	1,437	1,691	301	3,429
Total segment assets	9,496	65,129	4,547	79,172
Segment liabilities	7,854	45,244	2,282	55,380

34 Segmental Report (Continued)

	Southern Africa	Switzerland	Middle East	Total
		(R'm)		
Year ended 31 March 2014				
Revenue	11,205	15,874	3,416	30,495
EBITDA	2,453	3,539	752	6,744
Depreciation and amortisation	(302)	(801)	(136)	(1,239)
EBIT	2,151	2,738	616	5,505
Other gains and losses	—	2	—	2
Income from associates	—	3	—	3
Income from joint venture	—	—	—	—
Finance income	70	1	2	73
Finance cost	(473)	(848)	(95)	(1,416)
Taxation	(534)	(242)	—	(776)
Segment result	1,214	1,654	523	3,391
At 31 March 2014				
Investments in associates	—	4	—	4
Investments in joint venture	67	—	—	67
Capital expenditure	885	1,327	131	2,343
Total segment assets	8,295	58,226	3,716	70,237
Segment liabilities	7,903	43,688	2,476	54,067

34 Segmental Report (Continued)

	Group	
	2015	2014
	(R'm)	
Reconciliation of segment result, assets and liabilities		
Segment result		
Total profit from reportable segments	4,235	3,391
Unallocated corporate amounts:		
Other gains and losses	32	—
Elimination of intersegment loan interest	268	195
Profit for the year	4,535	3,586
Assets		
Total assets from reportable segments	79,172	70,237
Unallocated corporate assets	7	297
	79,179	70,534
Liabilities		
Total liabilities from reportable segments	55,380	54,067
Elimination of intersegment loan	(9,363)	(8,924)
	46,017	45,143
The total non-current assets, excluding financial instruments and deferred tax assets per geographical location are:		
Southern Africa	6,106	5,183
Middle East	2,768	2,243
Switzerland	56,534	51,452
Entity-Wide Disclosures		
Revenue		
From South Africa	11,952	10,869
From foreign countries	23,286	19,626
Revenues from external customers are primarily from hospital services		
The total non-current assets, excluding financial instruments and deferred tax assets		
From South Africa	5,902	5,008
From foreign countries	59,506	53,870

35 Related Party Transactions

The major shareholder of the Group is Industrial Partnership Investments (Pty) Ltd (Remgro Ltd), which owns 41.35% (2014: 43.4%) of the issued shared capital.

	Company		Group	
	2015	2014	2015	2014
		(R'm)		
The following transactions were carried out with related third parties:				
(i) Transactions with shareholders				
Remgro Management Services Ltd (subsidiary of Remgro Ltd)				
Managerial and administration fees	—	—	5	4
Internal audit services	—	—	2	2
Balance due to	—	—	—	—
V&R Management Services AG (subsidiary of Remgro Ltd)				
Administration fees	—	—	1	1
(ii) Key management compensation				
Directors				
Information regarding the directors' and prescribed officers' remuneration appears in note 25.				
(iii) Transactions with subsidiaries and associates				
Mediclinic Investments (Pty) Ltd				
Dividend received	831	731	—	—
Balance due from	14,361	11,252	—	—
Zentrallabor Zürich (ZLZ)				
Fees earned	—	—	(22)	(22)
Purchases	—	—	129	100

36 Standards and Interpretations not yet effective

During the year, the following amendments to standards became effective:

- Amendments to IFRS 10 Consolidated Financial Statements
- Amendments to IFRS 12 Disclosure of Interests in Other Entities
- Amendments to IAS 27 Consolidated and Separate Financial Statements
- Amendments to IAS 32 Financial Instruments: Presentation
- Amendments to IAS 36 Impairment of Assets
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement

These amendments had no impact on the reported results or financial position of the Group.

Certain new and revised IFRSs have been issued but are not yet effective for the Group's 2015 financial year. The Group has not early adopted the new and revised IFRSs that are not yet effective.

New and revised IFRSs affecting mainly presentation and disclosure

IFRS 9 Financial Instruments (1 January 2018)

The new standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. IFRS 9 applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its

36 Standards and Interpretations not yet effective (Continued)

own classification criteria. IFRS 9 also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.

IFRS 15: Revenue from Contracts with Customers (1 January 2017)

The new standard requires companies to recognise revenue to depict the transfer of goods or services to customers, that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, and provides guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

The following amendments to standards will have no material effect on the financial statements

- IFRS 10 and IAS 28—Sale or contribution of assets between an investor and its associate or joint venture (1 January 2016)
- IFRS 10, IFRS 12 and IAS 28 Investment entities—Applying the consolidation exception (1 January 2016)
- IFRS 11—Joint arrangements (1 January 2016)
- IFRS 14 Regulatory deferral accounts (1 January 2016)
- IFRS 15 Revenue from contracts with customers (1 January 2017)
- IAS 1—Disclosure initiative (1 January 2016)
- IAS 16 and IAS 38—Clarification of acceptable methods of depreciation and amortisation (1 January 2016)
- IAS 19—Employee Benefits (1 July 2014)
- IAS 27—Equity method in separate financial statements (1 January 2016)
- IFRS 2 Share-based payment (1 July 2014)

There are numerous other amendments to existing standards relating to the Annual Improvements process (2010–12 cycle (1 July 2014), 2011–13 cycle (1 July 2014) and 2012–14 cycle (1 January 2016)) that are not yet effective for the company. Each of these has been assessed, and will not have a material impact on the financial statements.

37 Events after the Reporting Date

The directors are not aware of any matter or circumstance arising since the end of the financial year that would significantly affect the operations of the Group or the results of its operations.

PART 17—UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma statement of net assets at 30 September 2015 and the unaudited pro forma income statements for the year ended 31 March 2015 and the six months ended 30 September 2015 and the related notes thereto set out in Section A of this Part 17 (together the "**Unaudited Pro Forma Financial Information**") have been prepared on the basis of the notes set out below to illustrate the effect of the Combination on the statement of net assets and results of operations of Al Noor.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Annex II of the Prospectus Directive and in a manner consistent with the accounting policies to be adopted by Al Noor in preparing its consolidated financial statements for the year ending 31 March 2016 (in millions of pounds). Al Noor currently reports to a 31 December year end and following Completion, Al Noor will report to a 31 March year end, in order to align with the accounting reference date of Mediclinic.

The Unaudited Pro Forma Financial Information does not constitute financial statements within the meaning of Section 434 of the Companies Act. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part 17.

PricewaterhouseCoopers LLP's report on the Unaudited Pro Forma Financial Information is set out in Section B of this Part 17.

Section A: Unaudited Pro Forma Financial Information for the Enlarged Group

Introduction

The Unaudited Pro Forma Financial Information is based on information and assumptions that Al Noor believes are reasonable, including assumptions regarding the terms of the Combination. The Unaudited Pro Forma Financial Information, which has been produced for illustrative purposes only, by its nature addresses a hypothetical situation and, therefore, does not represent the Enlarged Group's actual financial position or results.

The unaudited pro forma statement of net assets at 30 September 2015 gives effect to the Combination as if it had occurred on 30 September 2015. The unaudited pro forma income statement for the twelve months ended 31 March 2015 and the six months ended 30 September 2015 are presented as if the Combination had taken place at the beginning of the relevant periods. In particular, as pro forma information is prepared to illustrate retrospectively the effects of transactions that will occur subsequently using generally accepted regulations and reasonable assumptions, there are limitations that are inherent to the nature of pro forma information. As such, had the Combination taken place on the dates assumed above, the actual effects would not necessarily have been the same as those presented in the Unaudited Pro Forma Financial Information. Furthermore, in consideration of the different purpose of the pro forma information as compared to the historical financial statements and the different methods of calculation of the effects of the Combination on the pro forma statement of net assets and the pro forma income statements, these statements should be read and interpreted without comparisons between them.

For accounting purposes under IFRS, the Combination will be treated as the acquisition of Al Noor by Mediclinic even though, legally, Al Noor is the acquirer and will be the entity which will issue New Shares to the shareholders of Mediclinic. Therefore, the consolidated financial information of the Enlarged Group at the date of the Combination will reflect the acquisition of Al Noor by applying the IFRS 3 'acquisition method' of accounting on the Al Noor identifiable assets acquired and liabilities assumed. As the valuation of the Al Noor identifiable assets and assumed liabilities will only be performed after the Closing Date, the Unaudited Pro Forma Financial Information does not reflect the fair value adjustments that are expected to be made after the Closing Date and which will impact the net assets and earnings of the Enlarged Group going forward.

All pro forma financial adjustments are directly attributable to the Combination. No pro forma adjustments have been made to reflect any matters not directly attributable to implementing the Combination, such as synergies or cost savings that may be expected to occur after the Combination. The Unaudited Pro Forma Financial Information is presented in GBP, the presentational currency to be used by the Enlarged Group.

The Unaudited Pro Forma Financial Information does not attempt to predict or estimate the future results of the Enlarged Group and should not be used for this purpose.

Unaudited Pro Forma Financial Information

This section presents the unaudited consolidated pro forma statement of net assets at 30 September 2015, the unaudited consolidated pro forma income statements for the six months ended 30 September 2015 and the 12 months ended 31 March 2015, and the related explanatory notes.

Unaudited pro forma consolidated statement of net assets at 30 September 2015

		Adjustments			
	Mediclinic Group as at 30 Sept 2015 (Note 1)	Al Noor Group as at 30 June 2015 (Note 2)	Combination adjustments (Note 3)	Unaudited pro forma Enlarged Group	Note reference
	In millions of GBP				
ASSETS					
Non-current assets					
Property, equity and vehicles	2,855	47	—	2,902	
Intangible assets	613	22	1,242	1,877	3a, 3b, 3c, 3d, 3e
Investment in associate	441	—	—	441	
Other investments and loans	3	2	—	5	
Derivative financial instruments	4	—	—	4	
Deferred income tax assets	16	—	—	16	
	3,932	71	1,242	5,245	
Current Assets					
Inventories	55	12	—	67	
Trade and other receivables	408	79	—	487	
Current income tax assets	3	—	—	3	
Short term deposit	—	9	—	9	
Cash and cash equivalents	269	49	(76)	242	3a, 3b, 3e, 3f, 3g, 3h, 3i
	735	149	(76)	808	
Total assets	4,667	220	1,166	6,053	
LIABILITIES					
Non-current liabilities					
Borrowings	(1,423)	—	(395)	(1,818)	3h
Deferred income tax liabilities	(414)	—	—	(414)	
Retirement benefit obligations	(86)	(10)	—	(96)	
Provisions	(37)	—	—	(37)	
Derivative financial instruments	(22)	—	—	(22)	
	(1,982)	(10)	(395)	(2,387)	
Current Liabilities					
Trade and other payables	(294)	(37)	—	(331)	
Borrowings	(53)	—	—	(53)	
Provisions	(25)	—	—	(25)	
Amounts due to related parties	—	(4)	—	(4)	
Derivative financial instruments	—	—	—	—	
Current income tax liabilities	(10)	—	—	(10)	
	(382)	(41)	—	(423)	
Total liabilities	(2,364)	(51)	(395)	(2,810)	
Net assets	2,303	169	771	3,243	

Note 1 on unaudited pro forma consolidated statement of net assets at 30 September 2015— consolidated statement of net assets of the Mediclinic Group at 30 September 2015

The consolidated statement of net assets of the Mediclinic Group has been directly extracted from the consolidated interim financial information of the Mediclinic Group for the six months ended 30 September

2015 included in section B of Part 16 of this document and translated from ZAR to GBP using the exchange rate at 30 September 2015, equal to ZAR/GBP 21.3.

Note 2 on unaudited pro forma consolidated statement of net assets at 30 September 2015— consolidated statement of net assets of the Al Noor Group at 30 June 2015

The consolidated statement of net assets of the Al Noor Group at 30 June 2015 has been extracted from the unaudited interim consolidated financial statements of the Al Noor Group for the six months ended 30 June 2015 incorporated by reference into this document and then adjusted in order to align it with the presentation criteria to be adopted by the Mediclinic Group as follows:

Statement of net assets line items— Al Noor Group	Statement of net assets line items at 30 June 2015[1]	Statement of net assets line items— Mediclinic Group	Al Noor Group's statement of net assets at 30 June 2015 under the statement of net assets presentation of the Mediclinic Group	
	In USD (In millions)		In USD (In millions)	In GBP (In millions)
Non-current assets		**Non-current assets**		
Property and equipment	74	Property, equipment and vehicles	74	47
Intangible assets and goodwill	34	Intangible assets	34	22
Prepayments	2	Other investments and loans	2	2
Deferred tax assets	—	Deferred income tax asset	—	—
Total non-current assets	110	**Total non-current assets**	110	71
Current assets		**Current assets**		
Inventories	19	Inventories	19	12
Trade and other receivables	124	Trade and other receivables	124	79
Amount due from a related party	—			
Short term deposit	14	Short term deposit	14	9
Cash and cash equivalents	77	Cash and cash equivalents	77	49
Total current assets	234	**Total current assets**	234	149
Total assets	344	**Total assets**	344	220
Non-current liabilities		**Non-current liabilities**		
Employee benefits	16	Retirement benefit obligations	16	10
Total non-current liabilities	16	**Total non-current liabilities**	16	10
Current liabilities		**Current liabilities**		
Trade and other payables	58	Trade and other payables	58	37
Amounts due to related parties	6	Amounts due to related parties	6	4
Total current liabilities	64	**Total current liabilities**	64	41
Total liabilities	80	**Total liabilities**	80	51

Note:

(1) The statement of net assets line items of the Al Noor Group are directly extracted from the statement of net assets of the Al Noor Group at 30 June 2015. The order of the line items may be different to those in the Al Noor Group statement of net assets to allow each line to be matched to the presentational format of the Mediclinic Group statement of net assets.

The adjusted statement of net assets has been translated from USD to GBP using the exchange rate at 30 June 2015, equal to USD/GBP1.572.

Note 3 on unaudited pro forma consolidated statement of net assets at 30 September 2015— Acquisition accounting (statement of net assets)

For accounting purposes under IFRS, the Combination will be treated as the acquisition of Al Noor by Mediclinic even though, legally, Al Noor is the acquirer and will be the entity which will issue New Shares to the Mediclinic Shareholders. Under IFRS, the acquisition-date fair value of the consideration transferred by the accounting acquirer is based on the number of shares that the accounting acquirer (the

legal subsidiary) would have had to issue to the owners of the accounting acquiree (the legal parent) to give the owners of the legal parent the same percentage of equity interests in the combined entity that results from the reverse acquisition. Other payments to Al Noor Shareholders are also included in consideration where in substance they form part of the payment transferred for the acquired business.

For the purposes of the Unaudited Pro Forma Financial Information, consideration and preliminary goodwill have therefore been determined as follows:

	Amount	Note
	In millions of GBP	
Special Dividend paid to Al Noor shareholders	383	3a
Tender Offer	617	3b
Value of Mediclinic shares deemed to be issued to Al Noor shareholders	379	3c
Total consideration transferred to Al Noor shareholders	1,379	
Al Noor net assets acquired (net book value at 30 June 2015, excluding minority interests of £5m)	165	3d
Write-off of pre-existing value of goodwill and intangible assets (net book value at 30 June 2015)	(14)	
Transactions costs expected to be incurred by Al Noor	(28)	3e
Preliminary goodwill arising on acquisition	1,256	
Existing goodwill	(14)	
Pro forma goodwill adjustment	1,242	

3a) Reflects the Special Dividend of £3.28 per Al Noor Share, which results in a cash outflow of £383 million.

3b) Assumes full take up of the Tender Offer by Al Noor Shareholders, which results in a cash outflow of £617 million.

3c) For the purpose of estimating the fair value of the consideration transferred in the Unaudited Pro Forma Financial Information, the Existing Shares of Al Noor are deemed to be acquired on 17 November 2015 (being the latest practicable date prior to publication of this Prospectus).

68 million shares are deemed to be issued by Mediclinic in consideration for Al Noor Shares. For the purposes of the Unaudited Pro Forma Financial Information, the fair value of the consideration in this reverse acquisition is determined based upon the acquisition date closing price of Mediclinic's Existing Shares (being ZAR 120.5), translated from ZAR to GBP at the exchange rate on that date (ZAR 21.71 per GBP). The fair value of the share component of consideration payable in respect of the Combination will be subject to change until the completion of the Combination, and therefore, could be significantly different from that determined as set out above for the Unaudited Pro Forma Financial Information.

3d) As stated in the basis of preparation, the Unaudited Pro Forma Financial Information does not reflect the fair value adjustments to the acquired assets and liabilities assumed as the measurement of these items at their fair values will only be performed subsequent to the Closing Date. The purchase price premium (being the excess of consideration over the value of the net assets acquired) has been attributed to goodwill.

3e) Reflects the pro forma adjustments in relation to estimated Al Noor transaction costs amounting to £28 million, which will reduce cash and net assets to be acquired.

3f) The adjustment of £600 million reflects the cash received by Al Noor from Remgro under the Remgro Subscription.

3g) An adjustment of £29 million has been made to reflect estimated transaction costs incurred by Mediclinic.

3h) The adjustment of £395 million to borrowings reflects the £400 million drawdown of the Mediclinic Bridge Facility to fund the Al Noor Tender Offer, net of a £5m arrangement fee. The Mediclinic Bridge Facility has a maximum term of 18 months, hence the adjustment has been reflected in

non-current liabilities. The £5 million arrangement fee payable in respect of the Bridge Facility will be capitalised and amortised over the life of the facility.

3i) Sales transfer tax will be payable in South Africa at a rate of 0.25 per cent. of the higher of a) the market value of the Al Noor Shares received in exchange for the Mediclinic Shares transferred; and b) the market value of the Mediclinic Shares transferred. The £14 million adjustment to cash has been estimated based on the market capitalisation of Mediclinic on 17 November 2015 (being the latest practicable date prior to publication of this Prospectus).

3j) No account has been made of any trading activity after 30 June 2015 (in respect of Al Noor) or 30 September 2015 (in respect of Mediclinic).

Unaudited pro forma consolidated income statement for the 12 months ended 31 March 2015

		Adjustments			
	Mediclinic Group for the year ended 31 March 2015 (Note 1)	Al Noor Group for the year ended 31 December 2014 (Note 2)	Combination adjustments (Note 3)	Unaudited pro forma Enlarged Group	Note reference
	In millions of GBP				
Revenue	1,977	272	—	2,249	
Cost of sales	(1,116)	(150)	—	(1,266)	
Administration and other operating expenses	(455)	(63)	(71)	(589)	3a, 3c
Operating profit before depreciation (EBITDA)	406	59	(71)	394	
Depreciation and amortisation	(85)	(8)	—	(93)	
Operating profit	321	51	(71)	301	
Other gains and losses	5	—	—	5	
Income from associates	—	—	—	—	
Loss from joint venture	—	—	—	—	
Finance income	6	—	—	6	
Finance cost	(66)	(1)	(23)	(90)	3b
Profit before tax	266	50	(94)	222	
Income tax expense	(12)	—	—	(12)	3d
Profit for the year	254	50	(94)	210	
Attributable to:					
Equity holders of the Company	241	48	(94)	195	
Non-controlling interests	13	2	—	15	
	254	50	(94)	210	

Note 1 on unaudited pro forma consolidated income statement for the 12 months ended 31 March 2015—consolidated income statement of Mediclinic Group

The consolidated income statement of the Mediclinic Group for the year ended 31 March 2015 has been directly extracted from the audited consolidated financial statements of Mediclinic included in Part C of Section 16 of this document and translated from ZAR to GBP using the average exchange rate for the year ended 31 March 2015, equal to ZAR/GBP 17.82.

Note 2 on unaudited pro forma consolidated income statement for the 12 months ended 31 March 2015—consolidated income statement of Al Noor Group

The consolidated income statement of the Al Noor Group for the year ended 31 December 2014 has been extracted from the audited consolidated financial statements of the Al Noor Group for the year ended

31 December 2014 incorporated by reference into this document and adjusted in order to align it with the presentation criteria to be adopted by the Mediclinic Group as follows:

Income statement line items—Al Noor Group	Income statement line items—year ended 31 December 2014	Reclassifications	Al Noor Group's income statement for the year ended 31 December 2014 under the income statement presentation of the Mediclinic Group		Income statement line items—Mediclinic Group
	(USD) A (In millions)	(USD) B (In millions)	(USD) A+B (In millions)	(GBP)	
Revenue	449	—	449	272	**Revenue**
Cost of sales	(257)	9	(248)	(150)	Cost of sales
Gross profit	192				
Administrative expenses after underlying items	(108)	3	(105	(63)	Administration and other operating expenses
		(12)	(12)	(8)	Depreciation and amortisation
Results from operating activities	84	—	84	51	**Operating profit**
Finance cost	(2)	—	(2)	(1)	Finance cost
Finance income	1	—	1	—	Finance income
Net finance cost	(1)				
Profit for the year before tax	83	—	83	50	**Profit before taxation**
Taxation	1	—	1	—	Taxation
Profit for the year	84	—	84	50	**Profit for the year**
Attributable to:					**Attributable to:**
Owners of the Company	81	—	81	48	Equity holders of the Company
Non-controlling interest	3	—	3	2	Non-controlling interests
	84	—	84	50	

The adjusted income statement has been translated from USD to GBP using the average exchange rate for the year ended 31 December 2014, equal to USD/GBP 1.65.

Note 3 on unaudited pro forma consolidated income statement for the 12 months ended 31 March 2015—acquisition accounting (income statement)

3a) An adjustment of £57m has been made to reflect estimated transaction costs incurred by Mediclinic and Al Noor. This one-off cost will not have a continuing impact on the results of the Enlarged Group.

3b) The £23 million adjustment to finance costs in the 12 months to March 2015 comprises:

- £20 million of interest costs in respect of the £400 million Mediclinic Bridge Facility; and
- £3 million amortisation of capitalised arrangement fees charged in respect of the Mediclinic Bridge Facility.

Interest costs associated with the Mediclinic Bridge Facility will have a continuing impact on the results of the Enlarged Group.

3c) As set out above, sales transfer tax will be payable in respect of the Combination. The £14 million adjustment has been estimated based on the market capitalisation of Mediclinic on 17 November 2015

(being the latest practicable date prior to publication of this Prospectus). This one-off cost will not have a continuing impact on the results of the Enlarged Group.

3d) Adjustments affecting the income statement are assumed to be non-deductible or disallowable for tax purposes and therefore do not affect the pro forma tax charge for the Enlarged Group.

3e) As stated in the basis of preparation, the Unaudited Pro Forma Financial Information does not reflect the fair value adjustments to the acquired assets and liabilities assumed as the measurement of these items at their fair values will only be performed subsequent to the Closing Date. The purchase price premium (being the excess of consideration over the value of the net assets acquired) has been attributed to goodwill and no pro forma amortisation or impairment charge has been applied to the goodwill balance in the periods presented.

3f) No account has been made of any trading activity after 30 June 2015 (in respect of Al Noor) or 30 September 2015 (in respect of Mediclinic).

3g) The following table sets out a reconciliation of pro forma operating profit before depreciation and amortisation (EBITDA) to pro forma normalised EBITDA for the year ended 31 March 2015. Normalised EBITDA is a non-IFRS measure that may not be comparable to similarly titled financial measures of other companies:

	Mediclinic Group for the year ended 31 March 2015 (Note 1)	Adjustments: Al Noor Group for the year ended 31 December 2014 (Note 2)	Adjustments: Combination adjustments (Note 3)	Unaudited pro forma Enlarged Group	Note reference
	(In millions of GBP)				
EBITDA	406	59	(70)	395	3a, 3c
Adjusted for:					
Impairment of property and equipment	2	—	—	2	
Profit on sale of property, equipment and vehicles	(5)	—	—	(5)	
Combination costs	—	—	70	70	
Normalised EBITDA	403	59	—	462	

3h) The following table sets out a segmental analysis of the Enlarged Group's revenue for the year ended 31 March 2015:

	Mediclinic Group for the year ended 31 March 2015 (Note 1)	Adjustments: Al Noor Group for the year ended 31 December 2014 (Note 2)	Adjustments: Combination adjustments (Note 3)	Unaudited pro forma Enlarged Group
	(In millions of GBP)			
Southern Africa	692	—	—	692
Switzerland	1,043	—	—	1,043
Middle East	242	272	—	514
Revenue	**1,977**	**272**	**—**	**2,249**

Unaudited pro forma income statement for the six months ended 30 September 2015

	Mediclinic Group for the six months ended 30 September 2015 (Note 1)	Adjustments: Al Noor Group for the six months ended 30 June 2015 (Note 2)	Adjustments: Combination adjustments (Note 3)	Unaudited pro forma Enlarged Group	Note reference
	In millions of GBP				
Revenue	1,015	160	—	1,175	
Cost of sales	(583)	(90)	—	(673)	
Administration and other operating expenses	(233)	(35)	(71)	(339)	3a, 3c
Operating profit before depreciation (EBITDA)	199	35	(71)	163	
Depreciation and amortisation	(45)	(5)	—	(50)	
Operating profit	154	30	(71)	113	
Other gains and losses	3	—	—	3	
Loss from joint venture	—	—	—	—	
Finance income	4	—	—	4	
Finance cost	(32)	—	(11)	(43)	3b
Profit before tax	129	30	(82)	77	
Income tax expense	(26)	—	—	(26)	3d
Profit for the period	103	30	(82)	51	
Attributable to:					
Equity holders of the Company	96	28	(82)	42	
Non-controlling interests	7	2	—	9	
	103	30	(82)	51	

Note 1 on unaudited pro forma income statement for the six months ended 30 September 2015— consolidated income statement of Mediclinic Group

The consolidated income statement of the Mediclinic Group for the six months ended 30 September 2015 has been directly extracted from the consolidated interim financial information included in Part B of Section 16 of this document and translated from ZAR to GBP using the average exchange rate for the six months ended 30 September 2015, equal to ZAR/GBP 19.3.

Note 2 on unaudited pro forma income statement for the six months ended 30 September 2015— consolidated income statement of Al Noor Group

The consolidated income statement of the Al Noor Group for the six months ended 30 June 2015 has been extracted from the unaudited interim consolidated financial statements of the Al Noor Group for the six

months ended 30 June 2015 incorporated by reference into this document and adjusted in order to align it with the presentation criteria to be adopted by the Mediclinic Group as follows:

Income statement line items—Al Noor Group	Income statement line items—six months ended 30 June 2015	Reclassifications	Al Noor Group's income statement for the six months ended 30 June 2015 under the income statement presentation of the Mediclinic Group		Income statement line items—Mediclinic Group
	(USD) A	(USD) B (In millions)	(USD) A+B	(GBP)	
Revenue	244	—	244	160	Revenue
Cost of sales	(143)	6	(137)	(90)	Cost of sales
Gross profit	101				
Selling, administrative and other operating expenses	(56)	2	(54)	(35)	Administration and other operating expenses
		(8)	(8)	(5)	Depreciation and amortisation
Results from operating activities	45	—	45	30	**Operating profit**
Finance cost	(1)	—	(1)	—	Finance cost
Finance income	—				Finance income
Net finance cost	(1)				
Profit for the period before tax	44	—	44	30	**Profit before tax**
Taxation	—	—	—	—	Taxation
Profit for the period	44	—	44	30	**Profit for the period**
Attributable to:					Attributable to:
Owners of the Company	42	—	—	28	Equity holders of the Company
Non-controlling interest	2	—	2	2	Non-controlling interests
	44	—	44	30	

The adjusted income statement has been translated from USD to GBP using the average exchange rate for the six months ended 30 June 2015, equal to USD/GBP 1.52.

Note 3 on unaudited pro forma income statement for the six months ended 30 September 2015—acquisition accounting (income statement)

3a) An adjustment of £57m has been made to reflect estimated transaction costs incurred by Mediclinic and Al Noor. This one-off cost will not have a continuing impact on the results of the Enlarged Group.

3b) The £11 million adjustment to finance costs in the six months to 30 September 2015 comprises:

- £10 million of interest costs in respect of the £400 million Mediclinic Bridge Facility; and
- £1 million amortisation of capitalised arrangement fees charged in respect of the Mediclinic Bridge Facility.

Interest costs associated with the Mediclinic Bridge Facility will have a continuing impact on the results of the Enlarged Group.

3c) As set out above, sales transfer tax will be payable in respect of the Combination. The £14 million adjustment has been estimated based on the market capitalisation of Mediclinic on 17 November 2015 (being the latest practicable date prior to publication of this Prospectus). This one-off cost will not have a continuing impact on the results of the Enlarged Group.

3d) Adjustments affecting the income statement are assumed to be non-deductible or disallowable for tax purposes and therefore do not affect the pro forma tax charge for the Enlarged Group.

3e) As stated in the basis of preparation, the Unaudited Pro Forma Financial Information does not reflect the fair value adjustments to the acquired assets and liabilities assumed as the measurement of these items at their fair values will only be performed subsequent to the Closing Date. The purchase price premium (being the excess of consideration over the value of the net assets acquired) has been attributed to goodwill and no pro forma amortisation or impairment charge has been applied to the goodwill balance in the periods presented.

3f) No account has been made of any trading activity after 30 June 2015 (in respect of Al Noor) or 30 September 2015 (in respect of Mediclinic).

3g) The following table sets out a reconciliation of pro forma operating profit before depreciation and amortisation (EBITDA) to pro forma normalised EBITDA for the six months ended 30 September 2015. Normalised EBITDA is a non-IFRS measure that may not be comparable to similarly titled financial measures of other companies:

	Mediclinic Group for the six months ended 30 September 2015 (Note 1)	Adjustments		Unaudited pro forma Enlarged Group	Note reference
		Al Noor Group for the six months ended 30 June 2015 (Note 2)	Combination adjustments (Note 3)		
	(In millions of GBP)				
EBITDA	199	35	(70)	164	3a, 3c
Adjusted for:					
Impairment of property and equipment	—	—	—	—	
Profit on sale of property, equipment and vehicles	—	—	—	—	
Combination costs	—	—	70	70	
Normalised EBITDA	199	35	—	234	

3h) The following table sets out a segmental analysis of the Enlarged Group's revenue for the six months ended 30 September 2015:

	Mediclinic Group for the six months ended 30 September 2015 (Note 1)	Adjustments		Unaudited pro forma Enlarged Group
		Al Noor Group for the six months ended 30 June 2015 (Note 2)	Combination adjustments (Note 3)	
	(In millions of GBP)			
Southern Africa	351	—	—	351
Switzerland	534	—	—	534
Middle East	130	160	—	290
Revenue	**1,015**	**160**	**—**	**1,175**

Section B: Accountant's Report on the Unaudited Pro Forma Financial Information of the Enlarged Group

The directors and proposed directors (together, the "**Directors**")
Al Noor Hospitals Group Plc
1st Floor
40 Dukes Place
London
EC3A 7NH

N M Rothschild & Sons Ltd
New Court
St Swithin's Lane
London
EC4N 8AL

Jefferies International Limited
Vintners Place
68 Upper Thames Street
London
EC4V 3BJ

19 November 2015

Dear Sirs

Al Noor Hospitals Group Plc (the "Company")

We report on the pro forma financial information (the "**Pro Forma Financial Information**") set out in section A of Part 17 of the Company's prospectus dated 19 November 2015 (the "**Prospectus**") which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed acquisition of Mediclinic International Limited might have affected the financial information presented on the basis of the accounting policies to be adopted by the Company in preparing the financial statements for the period ending 31 March 2016. This report is required by item 7 of Annex II to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

Responsibilities

It is the responsibility of the Directors to prepare the Pro Forma Financial Information in accordance with Annex II of the PD Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD Regulation as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

(b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with item 1.2 of Annex I to the PD Regulation.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

PART 18—TRADING HISTORY

Trading history of Al Noor's shares on the London Stock Exchange

The following tables set out the high and low prices of Al Noor's shares, in pounds sterling, on the London Stock Exchange for the periods indicated. (Source: FactSet).

For the year ended 31 December	High	Low
2014	12.69	7.12
2013	9.76	5.70

For the three months ended	High	Low
30 September 2015	9.84	7.97
30 June 2015	10.31	8.01
31 March 2015	10.90	8.93
31 December 2014	10.48	9.10
30 September 2014	11.91	9.70
30 June 2014	12.69	9.45
31 March 2014	11.10	7.12
31 December 2013	9.76	7.88
30 September 2013	8.98	5.77
30 June 2013	6.53	5.70

For the month ended	High	Low
31 October 2015	12.19	8.34
30 September 2015	8.73	7.97
31 August 2015	9.62	8.05
31 July 2015	9.84	9.24
30 June 2015	9.85	9.34
31 May 2015	9.76	8.01

The closing price of Al Noor's shares on 17 November 2015 was £11.70.

Trading history of Mediclinic's shares on the Johannesburg Stock Exchange

The following tables set out the high and low prices of Mediclinic's shares, in Rand, on the Johannesburg Stock Exchange for the periods indicated. (Source: FactSet).

Financial year ended 31 March	High	Low
2015	127.03	69.10
2014	76.60	58.99
2013	63.99	32.70
2012	38.13	25.52
2011	28.34	21.12

For the three months ended	High	Low
30 September 2015	111.02	90.50
30 June 2015	131.52	94.44
31 March 2015	127.03	94.28
31 December 2014	101.93	81.79
30 September 2014	94.98	78.86
30 June 2014	83.45	69.10
31 March 2014	75.13	64.99
31 December 2013	76.60	66.99
30 September 2013	76.05	62.15
30 June 2013	70.55	58.99

For the month ended	High	Low
31 October 2015	124.18	107.34
30 September 2015	111.00	101.51
31 August 2015	110.84	90.50
31 July 2015	111.02	97.72
30 June 2015	104.92	94.44
31 May 2015	125.02	101.67

The closing price of Mediclinic's shares on 17 November 2015 was ZAR120.50.

PART 19—TAXATION

Overview

The taxation summary below is prepared on the basis that the Company is and remains resident in the United Kingdom for United Kingdom tax purposes.

All shareholders and prospective shareholders of the Company regardless of where they are resident for tax purposes are encouraged to read Part A (UK Taxation) below, especially the paragraphs under headings 1 (Taxation of dividends), 3 (UK inheritance tax) and 4 (Stamp duty and stamp duty reserve tax ("**SDRT**")), as well as the paragraph under heading 4 (Securities transfer tax) in Part C (South African Taxation) below, as they may be applicable to all shareholders regardless of where they are resident for tax purposes. U.S. Holders (as defined below) will also find Part B (Certain U.S. Federal Income Tax Considerations) of relevance to them and Shareholders resident for tax purposes in South Africa will also find Part C (South African Taxation) of relevance to them.

Part A: UK Taxation

The comments set out below are based on current United Kingdom law and HMRC practice (which may not be binding on HMRC), as at the date of this document, and which may be subject to change, possibly with retroactive effect. They are intended as a general guide and apply only to shareholders of the Company who are resident for tax purposes in the United Kingdom (except insofar as express reference is made to the treatment of non-United Kingdom residents), and, in the case of individuals, who are domiciled in the United Kingdom and to whom "split year" treatment does not apply, who hold Shares as an investment and who are the absolute beneficial owners thereof. The discussion does not address all possible UK tax consequences relating to an investment in the Shares. Certain categories of shareholders, including those carrying on certain financial activities, those subject to specific tax regimes or benefitting from certain reliefs or exemptions, those connected with the Company or Enlarged Group and those for whom the Shares are employment related securities, may be subject to special rules and this summary does not apply to such shareholders.

Shareholders or prospective shareholders who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult their own professional advisers immediately.

1 Taxation of dividends

The Company will not be required to withhold amounts on account of United Kingdom tax at source when paying a dividend.

A United Kingdom resident individual shareholder who receives a dividend from the Company will generally be entitled to a tax credit which may be set off against the shareholder's total income tax liability. The tax credit will be equal to 10 per cent. of the aggregate of the dividend and the tax credit (the "**gross dividend**"). Such an individual shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of 10 per cent. (for the tax year 2015/16) of the gross dividend, so that the tax credit will satisfy in full such shareholder's liability to income tax on the dividend. In the case of such an individual shareholder who is liable to income tax at the higher rate, the tax credit will be set against but not fully match the shareholder's tax liability on the gross dividend and such shareholder will have to account for additional income tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the cash dividend received) to the extent that the gross dividend when treated as the top slice of the shareholder's income falls above the threshold for higher rate income tax. In the case of such an individual shareholder who is subject to income tax at the additional rate, the tax credit will also be set against but not fully match the shareholder's liability on the gross dividend and such shareholder will have to account for additional income tax equal to 27.5 per cent. of the gross dividend (which is also equal to approximately 30.6 per cent. of the cash dividend received) to the extent that the gross dividend when treated as the top slice of the shareholder's income falls above the threshold for additional rate income tax.

A United Kingdom resident individual shareholder who is not liable to income tax in respect of the gross dividend and other United Kingdom resident taxpayers who are not liable to United Kingdom tax on dividends, including pension funds and charities, will not be entitled to the tax credit attaching to dividends paid by the Company (and accordingly will not be entitled to claim repayment of the tax credit).

Shareholders who are within the charge to corporation tax will be subject to corporation tax (at the rate of 20 per cent. for the tax year 2015/16) on dividends paid by the Company, unless (subject to special rules for

such shareholders that are small companies) the dividends fall within an exempt class and certain other conditions are met. Each shareholder's position will depend on its own individual circumstances, although it would normally be expected that the dividends paid by the Company would fall within an exempt class. Such shareholders will not be able to claim repayment of tax credits attaching to dividends.

Non-United Kingdom resident shareholders will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to dividends paid by the Company. A shareholder resident outside the United Kingdom may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the United Kingdom should obtain their own tax advice concerning tax liabilities on dividends received from the Company.

Future changes to the taxation of dividends

The government has announced that the income tax system for dividends is to be reformed. From April 2016, the 10 per cent. tax credit described above is to be abolished and a new annual dividend allowance of £5,000 is to be introduced. The new rates of tax on dividends received above the annual dividend allowance will be 7.5 per cent. (for basic rate taxpayers), 32.5 per cent. (for higher rate taxpayers) and 38.1 per cent. (for additional rate taxpayers). The government has also announced that it will consult on the rules for company distributions. These changes are expected to be given effect by the Finance Act 2016 in due course, but draft legislation is not yet available. The above statements are based on the information that has been made publically available to date in relation to the announced changes.

2 Taxation of Capital Gains

Shareholders who are resident in the United Kingdom, or, in the case of individuals, who cease to be resident in the United Kingdom for a period of five years or less, may, depending on their circumstances (including the availability of exemptions or reliefs), be liable to United Kingdom taxation on chargeable gains in respect of gains arising from a sale or other disposal of Shares.

3 UK inheritance tax

Shares (other than Shares registered on the SA Branch Register and which are likely to be dealt with in South Africa by the registered owner in the ordinary course of affairs) will be assets situated in the United Kingdom for the purposes of United Kingdom inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to United Kingdom inheritance tax, even if the holder is neither domiciled in the United Kingdom nor deemed to be domiciled there under certain rules relating to long residence or previous domicile. Generally, United Kingdom inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years prior to death of the donor. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit. Special rules also apply to close companies and to trustees of settlements who hold Shares bringing them within the charge to inheritance tax. Holders of Shares should consult an appropriate professional adviser if they make a gift of any kind or intend to hold any Shares through a trust arrangement. They should also seek professional advice in a situation where there is potential for a double charge to United Kingdom inheritance tax and an equivalent tax in another country, or if they are in any doubt about their United Kingdom inheritance tax position.

4 Stamp duty and stamp duty reserve tax ("SDRT")

The statements in this section are intended as a general guide to the current United Kingdom stamp duty and SDRT position. Investors should note that certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

Issues of Shares

Except in relation to depositary receipt systems and clearance services (to which the special rules outlined below apply), no stamp duty or SDRT will arise on the issue of Shares in registered form by the Company.

(a) Transfers of Shares Registered on the UK Register

General

An unconditional agreement (or a conditional agreement which becomes unconditional) to transfer Shares which are registered on the UK Register will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. SDRT is, in general, payable by the purchaser.

Instruments transferring Shares which are registered on the UK Register will generally be subject to stamp duty at the rate of 0.5 per cent. of the consideration given for the transfer (rounded up to the next £5, if necessary). The purchaser normally pays the stamp duty. An exemption from stamp duty is available on an instrument transferring the Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected does not form part of a larger transaction or series of transactions in respect of which the aggregate amount or value of the consideration exceeds £1,000.

If a duly stamped or exempt transfer completing an agreement to transfer Shares is produced within six years of the date on which the agreement to transfer the Shares is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT paid is generally repayable, normally with interest, and otherwise the SDRT charge is cancelled.

CREST

Paperless transfers of Shares within the CREST system are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of Shares into CREST will not generally be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration in which case SDRT will arise at the rate of 0.5 per cent. of the amount or value of the consideration payable.

Depositary receipt systems and clearance services other than STRATE

Following the European Court of Justice decision in C-569/07 HSBC Holdings Plc and Vidacos Nominees Limited v The Commissioners for Her Majesty's Revenue & Customs and the First-tier Tax Tribunal decision in HSBC Holdings Plc and The Bank of New York Mellon Corporation v The Commissioners for Her Majesty's Revenue & Customs, HMRC has confirmed that the 1.5 per cent. SDRT charge is no longer payable when new Shares are issued to a clearance service or depositary receipt system.

Where Shares are transferred (a) to, or to a nominee or an agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or an agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration given or, in certain circumstances, the value of the Shares. Any liability for stamp duty or SDRT in respect of a transfer into a clearance service or depositary receipt system, or in respect of a transfer within such a service, which does arise, will strictly be accountable by the clearance service or depositary receipt system operator or their nominee, as the case may be, but will, in practice, be payable by the participants in the clearance service or depositary receipt system.

Except in relation to clearance services that have made an election under section 97A(1) of the Finance Act 1986 (to which the special rules outlined below apply), no stamp duty or SDRT is payable in respect of transfers within clearance services or depositary receipt systems.

There is an exception from the 1.5 per cent. SDRT charge on the transfer to, or to a nominee or agent for, a clearance service where the clearance service has made and maintained an election under section 97A(1) of the Finance Act 1986, which has been approved by HMRC. In these circumstances, SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer will arise on any transfer of Shares into such an account and on subsequent agreements to transfer such Shares within such account.

(b) Transfers of Shares Registered on the SA Branch Register

General

United Kingdom stamp duty will not be payable on a transfer of Shares registered on the SA Branch Register, provided that the transfer is executed outside the United Kingdom.

In addition, SDRT should not, in accordance with HMRC practice, generally be payable on an agreement to transfer Shares registered on the SA Branch Register. However, where an unconditional agreement (or a conditional agreement which becomes unconditional) relates to a transfer of Shares to a clearance service or a depositary receipt service, which has not made, or been deemed to have made, and maintained an election under section 97A(1) Finance Act 1986, the higher rate of SDRT chargeable at 1.5 per cent. will apply.

STRATE

The Company understands that the issue or transfer of Shares into STRATE will not be subject to United Kingdom stamp duty or SDRT at the higher rate of 1.5 per cent. The Company also understands that transfers within STRATE should not be subject to United Kingdom stamp duty or SDRT on the basis of HMRC practice.

5 Close Company Status

The Directors have been advised that it is likely that the Company is and may continue to be a close company within the meaning of Part 10 of the Corporation Tax Act 2010. As a result, certain transactions entered into by the Company or other members of the Enlarged Group may have tax implications for shareholders in the Company. Shareholders should consult their own professional advisers on the potential impact of the close company rules.

Inheritance Tax

One potential implication is that transfers of value by the Company, or any of the companies in which it owns (directly or indirectly) shares or certain other rights, may, in certain circumstances and subject to applicable exemptions, be attributed to and so give rise to inheritance tax for individual Shareholders who are domiciled or deemed to be domiciled in the UK and hold 5 per cent. or more of the Shares, or for Shareholders whose estate is increased by the transfer.

Capital Gains Tax

Certain transfers at an undervalue by the Company or certain members of the Enlarged Group may result in a reduction in the chargeable gains tax base cost of the Shares for certain Shareholders.

Part B: Certain U.S. Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the ownership and disposition of Shares by a U.S. Holder (as defined below). This summary deals only with holders of Shares at the time of Admission that are U.S. Holders and that hold the Shares as capital assets. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on the ownership or disposition of Shares by particular investors (including consequences under the alternative minimum tax or the Medicare tax on net investment income), and does not address state, local, non-U.S. or other tax laws. This summary also does not address tax considerations applicable to investors that own (directly, indirectly or by attribution) 5 per cent. or more of the voting stock of the Company, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, individual retirement accounts and other tax-deferred accounts, tax-exempt organisations, dealers in securities or currencies, investors that will hold the Shares as part of straddles, hedging transactions or conversion transactions for U.S. federal income tax purposes, persons that have ceased to be U.S. citizens or lawful permanent residents of the United States, investors holding the Shares in connection with a trade or business conducted outside of the United States, U.S. citizens or lawful permanent residents living abroad or investors whose functional currency is not the U.S. dollar).

As used herein, the term "**U.S. Holder**" means a beneficial owner of Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any state thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

The U.S. federal income tax treatment of a partner in an entity treated as a partnership for U.S. federal income tax purposes that holds Shares will depend on the status of the partner and the activities of the partnership. Shareholders that are entities treated as partnerships for U.S. federal income tax purposes should consult their tax advisers concerning the U.S. federal income tax consequences to them and their partners of the ownership and disposition of Shares by the partnership.

Except as otherwise noted, the summary assumes that the Company is not and has never been a passive foreign investment company (a "**PFIC**") for U.S. federal income tax purposes. The Company's possible status as a PFIC must be determined annually and therefore may be subject to change. If the Company were to be a PFIC in any year during a U.S. Holder's holding period, materially adverse consequences could result for U.S. Holders.

This summary is based on the tax laws of the United States, including the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, as well as on the income tax treaty between the United States and the United Kingdom (the "**Treaty**"), all as of the date hereof and all subject to change at any time, possibly with retroactive effect.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. IT IS NOT INTENDED TO BE RELIED UPON BY SHAREHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED UNDER THE U.S. INTERNAL REVENUE CODE. ALL SHAREHOLDERS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING AND DISPOSING OF THE SHARES, THE APPLICABILITY AND EFFECT OF STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

1 Dividends

General

Distributions paid by the Company out of current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) generally will be taxable to a U.S. Holder as dividend income, and will not be eligible for the dividends received deduction allowed to corporations. Distributions in excess of current and accumulated earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder's basis in the Shares and thereafter as capital gain. However, the Company does not maintain calculations of its earnings and profits in accordance with U.S. federal income tax accounting principles. U.S. Holders should therefore assume that any distribution by the Company with respect to Shares will be reported as ordinary dividend income.

Dividends paid by the Company generally will be taxable to a non-corporate U.S. Holder at the reduced rate normally applicable to long-term capital gains, provided the Company qualifies for the benefits of the income tax treaty between the United States and the United Kingdom, which the Company believes to be the case, and certain other requirements are met. A U.S. Holder will not be able to claim the reduced rate on dividends received from the Company if the Company is treated as a PFIC in the taxable year in which the dividends are received or in the preceding taxable year. See "*Passive Foreign Investment Company Considerations*" below.

Foreign Currency Dividends

Dividends paid in UK pounds sterling will be included in income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are received by the U.S. Holder, regardless of whether the UK pounds sterling are converted into U.S. dollars at that time. If dividends received in UK pounds sterling are converted into U.S. dollars on the day they are received, the U.S. Holder generally will not be required to recognise foreign currency gain or loss in respect of the dividend income.

2 Sale or other Disposition

Upon a sale or other disposition of Shares, a U.S. Holder generally will recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the amount realised on the sale or other disposition and the U.S. Holder's adjusted tax basis in the Shares. This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period in the Shares exceeds one year. However, regardless of a U.S. Holder's actual holding period, any loss may be long-term capital loss to the extent the U.S. Holder receives a dividend that qualifies for the reduced rate described above under "*Dividends—General*", and exceeds 10 per cent. of the U.S. Holder's basis in its Shares. Any gain or loss generally will be U.S. source.

The amount realised on a sale or other disposition of Shares for an amount in foreign currency generally will be the U.S. dollar value of this amount on the date of sale or disposition. On the settlement date, the U.S. Holder generally will recognise U.S. source foreign currency gain or loss (taxable as ordinary income or loss) equal to the difference (if any) between the U.S. dollar value of the amount received based on the exchange rates in effect on the date of sale or other disposition and the settlement date. However, in the case of Shares traded on an established securities market that are sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), the amount realised will be based on the exchange rate in effect on the settlement date for the sale, and no exchange gain or loss will be recognised at that time.

Disposition of Foreign Currency

Foreign currency received on the sale or other disposition of a Share will have a tax basis equal to the U.S. dollar value on the settlement date. Foreign currency that is purchased generally will have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Shares or upon exchange for U.S. dollars) will be U.S. source ordinary income or loss.

3 Passive Foreign Investment Company Considerations

A foreign corporation will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to applicable "look-through rules," either (i) at least 75 per cent. of its gross income is "passive income" or (ii) at least 50 per cent. of the average value of its assets is attributable to assets which produce passive income or are held for the production of passive income. The Company does not believe that it should be treated as a PFIC for U.S. federal income tax purposes for the current taxable year or the preceding year, but the Company's possible status as a PFIC must be determined annually and therefore may be subject to change. This determination will depend in part on whether the Company continues to earn substantial amounts of operating income, as well as on the market valuation of the Company's assets and the Company's spending schedule for its cash balances. If the Company were to be treated as a PFIC, U.S. Holders of Shares would be required (i) to pay a special U.S. addition to tax on certain distributions and gains on sale and (ii) to pay tax on any gain from the sale of Shares at ordinary income (rather than capital gains) rates in addition to paying the special addition to tax on this gain. Additionally, dividends paid by the Company would not be eligible for the reduced rate of tax described above under "*Dividends—General*". Shareholders should consult their tax advisers regarding the potential application of the PFIC regime.

A U.S. Holder who owns, or who is treated as owning, PFIC stock during any taxable year in which the Company is classified as a PFIC may be required to file IRS Form 8621. Shareholders should consult their tax advisers regarding the requirement to file IRS Form 8621 and the potential application of the PFIC regime.

4 Backup Withholding and Information Reporting

Payments of the proceeds of sale or other disposition (including exchange) of Shares, as well as dividends and other proceeds with respect to Shares, by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to comply with applicable certification requirements. Certain U.S. Holders are not subject to backup withholding. U.S. Holders should consult their tax advisers about these rules and any other reporting obligations that may apply to the ownership or disposition of Shares, including requirements related to the holding of certain foreign financial assets.

Part C: South African ("SA") Taxation

The following paragraphs contain a general summary of SA tax implications for persons tax resident in South Africa. The tax analysis is not comprehensive or determinative and should not be regarded as tax advice given by the Company or any of its advisers.

1 Taxation of dividends

With a few exceptions, foreign dividends received by SA tax residents are exempt from normal income tax in South Africa. Unless specifically exempted, such dividends are subject to a 15 per cent. tax in South Africa. As far as the operation and collection of the 15 per cent. tax is concerned it is necessary to distinguish between shares held on the SA Branch Register and shares held on the UK Register. In respect of shares held on the SA Branch Register the 15 per cent. dividends tax is collected by way of a withholding tax at the time when the dividends are paid. The South African Income Tax Act contains a list of exemptions from the tax, which includes South African resident companies. In respect of shares held on the UK Register the 15 percent tax is levied as an income tax on assessment. Once again, the South African Income Tax Act allows for exemptions, which includes a "participation exemption" where the SA resident holds at least 10 per cent. of the total equity shares and voting rights in the foreign company.

2 Taxation of capital gains

South African resident shareholders—individuals

A disposal of shares by an individual shareholder who is a SA tax resident may give rise to a gain (or loss) for the purposes of capital gains tax ("**CGT**"). The capital gain (or loss) on disposal of the shares is equal to the difference between the disposal proceeds and base cost. A shareholder's base cost in the shares will generally be the consideration paid for those shares. In respect of listed shares, the base cost may be increased by one-third of any interest incurred to finance the cost of acquiring the shares, and other direct costs incurred in acquiring the shares to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income. A gain on a disposal of shares, together with other capital gains, less allowable capital losses in a year of assessment, is subject to tax at the individual's marginal tax rate (maximum 41 per cent.) to the extent that it exceeds the annual exclusion of ZAR30,000. Only 33.3 per cent. of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 13.65 per cent. On the death of a taxpayer, there is a deemed disposal of the shares at market value. Where a taxpayer emigrates (i.e. gives up SA tax residence), there will be a deemed disposal of the Shares at market value and this may trigger CGT.

South African resident shareholders—corporate

A disposal of shares by a SA resident corporate shareholder may give rise to a capital gain (or loss) for the purposes of CGT. The capital gain (or loss) on disposal of the shares is equal to the difference between the disposal proceeds and the base cost. A shareholder's base cost in the shares will generally be the consideration paid for the shares. In respect of listed shares, the base cost may be increased by one-third of any interest incurred to finance the cost of acquiring the shares, and other direct costs incurred in acquiring the shares to the extent that such amounts are not otherwise allowable for deduction in the determination of taxable income. A capital gain on a disposal of shares by a corporate shareholder, together with other capital gains, less allowable losses in a year of assessment, is subject to tax at the normal tax rate for companies of 28 per cent. Only 66.6 per cent. of the net capital gain is included in taxable income, resulting in a maximum effective tax rate on capital gains of 18.66 per cent. Where a corporate shareholder ceases to be a SA tax resident, there will be a deemed disposal of the shares at market value and this may trigger CGT.

3 Estate duty

Where a person who is ordinarily resident in South Africa holds shares at the date of his or her death, the market value of such shares will be included in the estate. Estate duty is levied at a flat rate of 20 per cent. on the dutiable amount of the deceased's estate to the extent that it exceeds ZAR3.5 million per estate. In determining the dutiable amount of an estate, deductions are, *inter alia*, allowed for the value of bequests and property left to a surviving spouse and estate liabilities, including CGT tax paid on the deemed disposal of the Shares on date of death.

4 Securities transfer tax

Securities transfer tax ("**STT**") at a rate of 0.25 per cent. of the applicable taxable amount is payable in respect of every "transfer" of securities issued by a company incorporated in South Africa, as well as "transfers" of those shares of foreign companies which are listed on the Johannesburg Stock Exchange ("**JSE**"). In the case of listed securities, the taxable amount would normally be the consideration paid. "Transfer" includes any cancellation or redemption of a security, but does not include the issue of a security or any event that does not result in a change in beneficial ownership of a security. Where the purchase of shares takes place from or through the agency of a JSE registered broker, the STT is payable by the broker, which may recover it from the transferee.

PART 20—ADDITIONAL INFORMATION

1 Responsibility

The Company, the Al Noor Directors and the Proposed Directors, whose names are set out in Part 10: "*Al Noor Directors, Proposed Directors, Senior Management and Corporate Governance*" of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company, the Al Noor Directors and the Proposed Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 Incorporation and registered office

2.1 The Company was incorporated and registered in England and Wales on 20 December 2012 as a public company limited by shares under the Companies Act with the name "Al Noor Hospitals Plc" and with registered number 08338604. The Company was renamed "Al Noor Hospitals Group PLC" on 21 June 2013. Upon Completion, the Company will be renamed "Mediclinic International plc".

2.2 The registered office of the Company is 1 Floor, 40 Dukes Place, London, EC3A 7NH. The principal place of business of the Company is Khalifa Street, Abu Dhabi, United Arab Emirates 46713 and the telephone number is +9712 4066900.

2.3 The principal legislation under which the Company operates and the Shares have been (and in the case of New Shares, will be) created is the Companies Act.

2.4 The business of the Company, and its principal activity, is to act as the ultimate holding company of the Al Noor Group. Upon Completion, the Company will act as the ultimate holding company of the Enlarged Group.

2.5 KPMG LLP, whose address is 15 Canada Square, London E14 5GL, United Kingdom, is the auditor of the Company. KPMG LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

2.6 Upon Completion, it is intended that PricewaterhouseCoopers LLP, whose address is 1 Embankment Place, London WC2N 6RH, United Kingdom, will be appointed as auditor to the Company. PricewaterhouseCoopers LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

3 Information on the share capital

3.1 The issued and fully paid share capital of the Company as at 17 November 2015, being the latest practicable date prior to publication of this document is as follows:

Class of shares	Number	Nominal Amount
Ordinary shares of £0.10 each[1]	116,866,203	£11,686,620
Redeemable non-voting preference shares of £1.00 each[2]	50,000	£ 50,000
Subscriber shares of £0.10 each[3]	10	£ 1

Notes:

(1) No Existing Shares are held in treasury.

(2) The redeemable non-voting preference shares of £1.00 each were issued at par for cash consideration (in accordance with section 583(3)(d) of the Companies Act) pursuant to an undertaking to pay £50,000 from Astro II SPV to the Company in 2013. It is expected that the redeemable non-voting preference shares of £1.00 each will be redeemed following Admission.

(3) It is expected that the Subscriber Shares will be cancelled following Admission.

3.2 The Existing Shares are admitted to the premium listing segment of the Official List and admitted to trading on the main market for listed securities of the London Stock Exchange.

3.3 No Existing Shares are held in treasury. The Company has no convertible securities, exchangeable securities or securities with warrants in issue.

3.4 The approximate issued and fully paid share capital of Al Noor on Admission will be as follows:

Class of shares	Number	Nominal Amount
Ordinary shares of £0.10 each[1][3]	up to 802,159,572	£80,215,957
Redeemable non-voting preference shares of £1.00 each[2]	50,000	£ 50,000
Subscriber Shares of £0.10 each[4]	10	£ 1

Notes:

(1) Based on Al Noor's issued share capital as at 17 November 2015 (being the latest practicable date prior to the date of this document) and the Mediclinic Shareholder register as at 6 November 2015, up to 613,000,000 New Shares being issued pursuant to the Combination, 72,115,384 New Shares being issued pursuant to the Remgro Subscription, and assuming no Al Noor Shareholders elect to tender their Existing Shares under the Tender Offer, no South African appraisal rights are exercised in connection with the Mediclinic Scheme, up to 177,985 New Shares being issued to satisfy awards made in 2014 and 2015 under the Al Noor Deferred Annual Bonus Plan 2013 and the Al Noor Long Term Incentive Plan 2013 and no other Al Noor Shares or Mediclinic Shares being issued under the Al Noor Employee Share Plans or Mediclinic forfeitable Share Plan, respectively, between 17 November 2015 and Admission.

(2) It is expected that the redeemable non-voting preference shares of £1.00 each will be redeemed following Admission.

(3) Depending on the extent to which Al Noor Shareholders participate in the Tender Offer.

(4) It is expected that the Subscriber Shares will be cancelled following Admission.

3.5 The following table shows the changes to the issued share capital of Al Noor which have occurred between 20 December 2012 and 17 November 2015 (being the latest practicable date prior to the date of this document).

	Issued Share Capital	
	Number of Shares	Nominal Value (£)
Class of shares		
Subscribers shares		
At 20 June 2013[1]	10	£ 1.00
Immediately following IPO Admission (26 June 2013)	10	£ 1.00
Ordinary shares		
On incorporation (20 December 2012)	1	£ 1.00
At 5 June 2013[2]	10	£ 1.00
At 20 June 2013[3]	10 million	£10 million
Immediately following IPO Admission (26 June 2013)	116,866,203	£11,686,620
Redeemable non-voting preference shares		
At 5 June 2013[4]	50,000	£ 50,000
Immediately following IPO Admission (26 June 2013)	50,000	£ 50,000

Notes:

(1) By resolutions passed at the general meeting of the sole member of the Company on 20 June 2013, the 10 issued ordinary Shares were converted into and designated as subscriber shares of 10 pence each (the "**Subscriber Shares**"). The Subscriber Shares carry no rights to receive any of the profits of the Company available for distribution by way of dividend or otherwise. If there is a return of capital on a winding-up or otherwise, the assets of the Company available for distribution among the members shall be applied first in repaying in full to the holder of the Subscriber Shares the amount paid up on such shares. Except as provided above, the Subscriber Shares shall not carry any right to participate in profits or assets of the Company. The holders of the Subscriber Shares shall not be entitled to receive notice of or attend and vote at any general meeting of the Company unless a resolution is proposed which varies, modifies, alters or abrogates any of the rights attaching to the Subscriber Shares.

(2) By resolution passed at a general meeting of the sole member of the Company on 5 June 2013, the existing one ordinary share of £1.00 in the share capital of the Company was sub-divided and converted into 10 ordinary shares of £0.10 each.

(3) On 20 June 2013, the board of the Company resolved to allot 100 million ordinary shares to the Principal Shareholders in connection with the pre-IPO reorganisation of the Al Noor Group, as further described in "*Part XVIII Additional Information—Pre-IPO Reorganisation*" of the IPO Prospectus.

(4) On 5 June 2013, the board of the Company resolved to allot 50,000 redeemable non-voting preference shares at par for cash consideration (in accordance with section 583(3)(d) of the Companies Act) pursuant to an undertaking to pay £50,000 from Astro II SPV to the Company.

3.6 Existing shareholder authorities

At the annual general meeting of Al Noor held on 12 May 2015, Shareholders approved resolutions (based on the issued share capital of Al Noor as at 29 March 2015 (being the latest practicable date prior to the publication of the notice of annual general meeting)) to:

3.6.1 allot shares in Al Noor or grant rights to subscribe for or to convert any security into shares in Al Noor up to a nominal amount of £3,895,540 (representing approximately one third of Al Noor's issued share capital);

3.6.2 allot equity securities up to a nominal amount of £3,895,540 (representing approximately one third of Al Noor's issued share capital) in connection with a rights issue;

3.6.3 allot equity securities or sell treasury shares for cash (otherwise than in connection with an employee share scheme), free of pre-emption rights up to a nominal amount of £1,168,662 (representing approximately 10 per cent. of Al Noor's issued share capital); and

3.6.4 purchase a maximum of 11,686,620 ordinary shares of £0.10 each (representing approximately 10 per cent. of Al Noor's issued share capital).

3.7 Share capital authorities to be proposed at the General Meeting

Full details of the resolution on authorities relating to share capital to be passed in connection with the Combination are set out in the General Meeting Notice at the end of the Al Noor Circular.

The following resolutions (together with other resolutions not relating to share capital) are set out in the Al Noor Circular and the General Meeting Notice sent to Al Noor Shareholders on or around the date of this document and it is proposed that the following resolutions (together with other resolutions not relating to share capital) will be voted on at the General Meeting in connection with the Combination.

The Combination is conditional, *inter alia*, on the passing of the following resolutions as ordinary resolutions:

3.7.1 subject to and conditional upon each of the resolutions set out in the General Meeting Notice except for Resolutions 3, 5, 7 and 9 (as set out in the General Meeting Notice) being passed by the requisite majority, and with effect from the Mediclinic Scheme becoming unconditional in all respects and in addition and without prejudice to all existing authorities for the purposes of section 551 of the UK Companies Act 2006 and the authority granted pursuant to Resolution 3 (as set out in the General Meeting Notice):

(a) the Directors be unconditionally authorised for the purposes of section 551 of the Companies Act, to exercise all the powers of the Company to allot and issue up to 685,293,369 new ordinary shares of 10 pence each in the capital of the company (the "**New Shares**") in accordance with the terms of the Mediclinic Scheme and the Remgro Subscription Agreement, such authorisation to expire on 31 December 2016, but so that the Company may, before such expiry, make offers or enter into agreements which would or might require the New Shares to be allotted for the specific purpose stated after the authorities granted by this resolution have expired; and

(b) the issue of 72,115,384 New Shares pursuant to the Remgro Subscription Agreement at a price of 832 pence per ordinary share, being a discount of more than 10 per cent. to the closing middle market price of the Existing Shares on 13 October 2015 (being the latest practicable date prior to the announcement of the Combination and the Remgro Subscription Agreement), be approved (in accordance with the requirements of the Listing Rules of the UK Listing Authority);

3.7.2 with effect from the Mediclinic Scheme becoming unconditional in all respects, the Al Noor Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for, or convert any security into shares in the Company:

(a) up to a maximum aggregate nominal amount of £24,200,000; and

(b) comprising equity securities (as defined in section 560(1) of the Companies Act) up to a further nominal amount of £24,200,000 in connection with an offer by way of a rights issue.

These authorities shall apply in substitution for all other previous general authorities pursuant to section 551 of the Companies Act but without prejudice to the authorities granted under Resolution 2 of the Notice of General Meeting Notice and shall expire at the conclusion of the next annual general meeting or on 31 December 2016, whichever is the earlier, but, in each case, so that the Company may, before such expiry, make offers or enter into agreements which would or might require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authorities granted by this resolution have expired.

The Combination is also conditional, *inter alia*, on the passing of the following resolutions as special resolutions:

3.7.3 with effect from the Mediclinic Scheme becoming unconditional in all respects, and without prejudice to all existing authorities for the purposes of section 570(1) of the Act and the authority granted pursuant to Resolution 9 (as set out in the General Meeting Notice), the Directors be unconditionally authorised for the purposes of 570(1) of the Act to allot 72,115,384 New Shares to the Subscriber pursuant to the terms of the Remgro Subscription Agreement for cash pursuant to the authorisation conferred by this resolution as if section 561 of the Act did not apply to such allotment, provided that such power shall expire on 31 December 2016, but so that the Company may, before such expiry, make offers or enter into agreements which would or might require the New Shares to be allotted for the specific purpose stated after the authorities granted by this resolution have expired;

3.7.4 subject to and conditional upon each of the resolutions set out in the General Meeting Notice, other than Resolutions 3, 5 and 7 (as set out therein) being passed by the requisite majority, the Directors be unconditionally authorised to allot equity securities (as defined in section 560(1) of the Act) for cash:

(a) pursuant to the authority given by paragraph (a) of resolution 3 (as set out in the General Meeting Notice) or where the allotment constitutes an allotment of equity securities by virtue of section 560(3) of the Act in each case:

(i) in connection with a pre-emptive offer; and

(ii) otherwise than in connection with a pre-emptive offer, up to an aggregate nominal value of £3,600,000; and

(b) pursuant to the authority given by paragraph (b) of resolution 3 (as set out in the General Meeting Notice) in connection with a rights issue,

as if section 561(1) of the Act did not apply to any such allotment, such power to expire at the conclusion of the next annual general meeting of the Company or on 31 December 2016, whichever is the earlier, but so that the Company may during this period, make offers or enter into agreements which would, or might, require equity securities to be allotted after the power ends and the Directors may allot equity securities under any such offer or agreement as if the authority conferred by this resolution had not expired.

For the purposes of this paragraph:

(i) "Completion", "Existing Shares", "New Shares", "Remgro Subscription" and "Tender Offer" shall each have the meaning given in the Al Noor Circular;

(ii) "rights issue" means an offer to:

(a) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(b) people who are holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities,

to subscribe further securities by means of the issue of a renounceable letter (or other renounceable instrument) which may be traded for a period before payment for the securities is due, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;

(iii) "pre-emptive offer" means an offer of equity securities open for acceptance for a period fixed by the Directors to (a) holders (other than the Company) on the register on a record date fixed by the Directors of ordinary shares in proportion to their respective holdings and (b) other persons so entitled by virtue of the rights attaching to any other equity securities held by them, but subject in both cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates or legal, regulatory or practical problems in, or under the laws of, any territory;

(iv) references to an allotment of equity securities shall include a sale of treasury shares; and

(v) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

4 Summary of the Articles of Association of Al Noor

The Articles of Al Noor, which were adopted pursuant to a special resolution passed on 20 June 2013, are summarised below. The Articles of the Company and the New Articles to be adopted on Completion are available for inspection at the address specified in paragraph 23 of this Part 20: "*Additional Information*".

It is intended that a number of amendments will be made to the Articles of the Company and such amended Articles (the "**New Articles**") be approved by Al Noor Shareholders at the General Meeting and be adopted by the Company with effect from Completion. Save for amendments which are required to enable the Company to establish a South African branch register for the Shares, as well as to change the Company's name to Mediclinic International plc and remove references to the Existing Relationship Agreement, all other provisions of the Articles will remain unchanged.

4.1 Objects

The Company's objects are not restricted by its Articles. Accordingly, pursuant to section 31 of the Companies Act, the Company's objects are unrestricted.

4.2 Shares

Respective rights of different classes of shares

Without prejudice to any rights attached to any existing shares, the Company may issue shares with such rights or restrictions as determined by either the Company by ordinary resolution or, if the Company passes a resolution to so authorise them, the Directors. The Company may also issue shares which are, or are liable to be, redeemed at the option of the Company or the holder.

Voting rights

At a general meeting, subject to any special rights or restrictions attached to any class of shares:

(a) on a show of hands, every member present in person and every duly appointed proxy present shall have one vote;

(b) on a show of hands, a proxy has one vote for and one vote against the resolution, if the proxy has been duly appointed by more than one member entitled to vote on the resolution, and the proxy has been instructed:

  (i) by one or more of those members to vote for the resolution and by one or more other of those members to vote against it; or

  (ii) by one or more of those members to vote either for or against the resolution and by one or more other of those members to use his discretion as to how to vote; and

(c) on a poll, every member present in person or by proxy has one vote for every share held by him.

A proxy shall not be entitled to vote on a show of hands or on a poll where the member appointing the proxy would not have been entitled to vote on the resolution had he been present in person.

Unless the Directors resolve otherwise, no member shall be entitled to vote either personally or by proxy or to exercise any other right in relation to general meetings if any call or other sum due from him to the Company in respect of that share remains unpaid.

Variation of rights

Should the share capital of the Company be divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the written consent of the holders of three-quarters in nominal value of the issued shares of the class (excluding shares held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of the class (but not otherwise), and may be so varied or abrogated either while the Company is a going concern or during or in contemplation of a winding-up.

The special rights attached to any class of shares will not, unless otherwise expressly provided by the terms of issue, be deemed to be varied by (i) the creation or issue of further shares ranking, as regards participation in the profits or assets of the Company, in some or all respects equally with them but in no respect in priority to them or (ii) the purchase or redemption by the Company of any of its own shares.

Transfer of shares

Transfers of certificated shares must be effected in writing, and signed by or on behalf of the transferor and, except in the case of fully paid shares, by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the Register of Members in respect of those shares. Transfers of uncertificated shares may be effected by means of a relevant system (i.e. CREST) unless the CREST Regulations provide otherwise.

The Directors may decline to register any transfer of a certificated share, unless (i) the instrument of transfer is in respect of only one class of share, (ii) the instrument of transfer is lodged at the transfer office, duly stamped if required and accompanied by the relevant share certificate(s) or other evidence reasonably required by the Directors to show the transferor's right to make the transfer or, if the instrument of transfer is executed by some other person on the transferor's behalf, the authority of that person to do so and (iii) the certificated share is fully paid up.

The Directors may refuse to register an allotment or transfer of shares in favour of more than four persons jointly.

Restrictions where notice not complied with

If any person appearing to be interested in shares (within the meaning of Part 22 of the Companies Act) has been duly served with a notice under section 793 of the Companies Act (which confers upon public companies the power to require information as to interests in its voting shares) and is in default for a period of 14 days in supplying to the Company the information required by that notice:

(a) the holder of those shares shall not be entitled to attend or vote (in person or by proxy) at any shareholders' meeting, unless the Directors otherwise determine; and

(b) the Directors may in their absolute discretion, where those shares represent 0.25 per cent. or more of the issued shares of a relevant class, by notice to the holder, direct that:

    (i) any dividend or part of a dividend (including shares issued in lieu of a dividend) or other money which would otherwise be payable on the shares will be retained by the Company without any liability for interest and the shareholder will not be entitled to elect to receive shares in lieu of a dividend; and/or

    (ii) (with various exceptions set out in the Articles) transfers of the shares will not be registered.

Forfeiture and lien

If a member fails to pay in full any sum which is due in respect of a share on or before the due date for payment, then, following notice by the Directors requiring payment of the unpaid amount with any accrued interest and any expenses incurred, such share may be forfeited by a resolution of the Directors to that effect (including all dividends declared in respect of the forfeited share and not actually paid before the forfeiture).

A member whose shares have been forfeited will cease to be a member in respect of the shares, but will remain liable to pay the Company all monies which at the date of forfeiture were presently payable, together with interest. The Directors may in their absolute discretion enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal, or waive payment in whole or part.

The Company shall have a lien on every share (not being a fully paid-up share) that is not fully paid for all monies called or payable at a fixed time in respect of such share. The Company's lien over a share takes priority over the rights of any third party and extends to any dividends or other sums payable by the Company in respect of that share. The Directors may waive any lien which has arisen and may resolve that any share shall for some limited period be exempt from such a lien, either wholly or partially.

A share forfeited or surrendered shall become the property of the Company and may be sold, re-allotted or otherwise disposed of to any person (including the person who was, before such forfeiture or surrender, the holder of that share or entitled to it) on such terms and in such manner as the Directors think fit. The Company may deliver an enforcement notice in respect of any share if a sum in respect of which a lien exists is due and has not been paid. The Company may sell any share in respect of which an enforcement notice, delivered in accordance with the Articles, has been given if such notice has not been complied with. The proceeds of sale shall first be applied towards payment of the amount in respect of the lien to the extent that amount was due on the date of the enforcement notice, and then on surrender of the share certificate for cancellation, to the person entitled to the shares immediately prior to the sale.

4.3 General meetings

Annual general meeting

An annual general meeting shall be held within each period of six months beginning with the day following the Company's accounting reference date, at such place or places, date and time as may be decided by the Directors.

Convening of general meetings

The Directors may, whenever they think fit, call a general meeting. The Directors are required to call a general meeting once the Company has received requests from its members to do so in accordance with the Companies Act.

Notice of general meetings, etc.

(a) Notice of general meetings shall include all information required to be included by the Companies Act and shall be given to all members other than those members who are not entitled to receive such notices from the Company under the provisions of the Articles. The Company may determine that only those persons entered on the Register of Members at the close of business on a day decided by the Company, such day being no more than 21 days before the day that notice of the meeting is sent, shall be entitled to receive such a notice.

(b) For the purposes of determining which persons are entitled to attend or vote at a meeting, and how many votes such persons may cast, the Company must specify in the notice of the meeting a time, not more than 48 hours before the time fixed for the meeting, by which a person must be entered on the Register in order to have the right to attend or vote at the meeting. The Directors may in their discretion resolve that, in calculating such period, no account shall be taken of any part of any day that is not a working day (within the meaning of section 1173 of the Companies Act).

Quorum and voting

No business other than the appointment of a chairman shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two members present in person or by corporate representative or proxy shall be a quorum. At any general meeting, any resolution other than a Procedural Resolution (as defined below) (a "**Substantive Resolution**") put to the vote shall be decided on a poll, and any resolution at a general meeting which, in the opinion of the chairman, is of a procedural nature (including a resolution on the choice of a chairman of the

meeting, a resolution to adjourn the meeting or a resolution to correct an obvious error in a Substantive Resolution) (a "**Procedural Resolution**") put to the vote shall be decided on a show of hands unless a poll is (before the resolution is put to the vote on a show of hands, or on the declaration of the result of, the show of hands) demanded.

Conditions of admission

(a) The Directors may require attendees to submit to searches or put in place such arrangements or restrictions as they think fit to ensure the safety and security of attendees at a general meeting. Any member, proxy or other person who fails to comply with such arrangements or restrictions may be refused entry into, or removed from, the general meeting.

(b) The Directors may decide that a general meeting shall be held at two or more locations to facilitate the organisation and administration of such meeting. A member present in person or by proxy at the designated "satellite" meeting place may be counted in the quorum and may exercise all rights that they would have been able to exercise if they had been present at the principal meeting place. The Directors may make and change from time to time such arrangements as they shall in their absolute discretion consider appropriate to:

  (i) ensure that all members and proxies for members wishing to attend the meeting can do so;

  (ii) ensure that all persons attending the meeting are able to participate in the business of the meeting and to see and hear anyone else addressing the meeting;

  (iii) ensure the safety of persons attending the meeting and the orderly conduct of the meeting; and

  (iv) restrict the numbers of members and proxies at any one location to such number as can safely and conveniently be accommodated there.

4.4 Directors

General powers

The Directors shall manage the business and affairs of the Company and may exercise all powers of the Company other than those that are required by the Companies Act or by the Articles to be exercised by the Company at the general meeting.

Number of Directors

The Directors shall not be less than two nor more than 20 in number, save that the Company may, by ordinary resolution, from time to time vary the minimum number and/or maximum number of Directors.

Share qualification

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at general meetings.

Directors' fees

(a) Directors' fees are determined by the Directors from time to time, except that they may not exceed £5,000,000 per annum in aggregate or such higher amount as may from time to time be determined by ordinary resolution of the shareholders.

(b) Any Director who holds any executive office (including the office of Chairman or Deputy Chairman), or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the Directors may determine.

Executive Directors

The Directors may from time to time appoint one or more of their number to be the holder of any executive office and may confer upon any Director holding an executive office any of the powers exercisable by them as Directors upon such terms and conditions, and with such restrictions, as they think fit. They may from time to time revoke, withdraw, alter or vary all or any of such delegated powers.

Directors' retirement

(a) Each Director shall retire at the annual general meeting held in the third calendar year following the year in which he was elected or last re-elected by the Company. In addition, each Director (other than the Chairman and any Director holding an executive office) shall also be required to retire at each annual general meeting following the ninth anniversary on the date on which he was elected by the Company. A Director who retires at any annual general meeting shall be eligible for election or re-election, unless the Directors resolve otherwise, not later than the date of the notice of such annual general meeting.

(b) When a Director retires at an annual general meeting in accordance with the Articles, the Company may, by ordinary resolution at the meeting, fill the office being vacated by re-electing the retiring Director. In the absence of such a resolution, the retiring Director shall nevertheless be deemed to have been re-elected, except in the cases identified by the Articles.

Removal of a Director by resolution of the Company

The Company may, by ordinary resolution of which special notice is given, remove any Director before the expiration of his period of office in accordance with the Companies Act, and elect another person in place of a Director so removed from office. Such removal may take place notwithstanding any provision of the Articles or of any agreement between the Company and such Director, but is without prejudice to any claim the Director may have for damages for breach of any such agreement.

Proceedings of the Board

Subject to the provisions of the Articles and subject as provided in the Existing Relationship Agreement and as long as it is in effect, the Directors may meet for the despatch of business and adjourn and otherwise regulate its proceedings as they think fit and the following shall apply in relation to proceedings of the Board.

(a) The quorum necessary for Board meetings shall be half the total number of Directors (rounded up to the nearest whole number), and shall include a Director appointed by each Principal Shareholder (each a "**Shareholder Director**"), and two Independent Directors. A Board meeting may be adjourned for a lack of quorum to a specified time and place not less than one day after the original date. The quorum necessary for such adjourned Board meeting shall be half the total number of Directors (rounded up to the nearest whole number). If a quorum is not present within half an hour of the time appointed for the adjourned meeting, or if a quorum ceases to be present during the course of the adjourned meeting, the Director(s) present shall further adjourn the meeting to a specified time and place not less than one day after the original date. The quorum necessary for the transaction of business of the Directors at such re-adjourned meeting may be fixed from time to time by the Directors and unless so fixed at any other number shall be any two Directors.

(b) The Directors may elect from their number a Chairman and a Deputy Chairman (or two or more Deputy Chairmen) and decide the period for which each is to hold office.

(c) Questions arising at any meeting of the Directors shall be determined by a majority of votes. The chairman of the meeting shall not have a casting vote.

Directors' interests

(a) For the purposes of section 175 of the Companies Act, the Directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

(b) Any such authorisation will be effective only if:

(i) the matter in question was proposed in writing for consideration at a meeting of the Directors, in accordance with the Al Noor Board's normal procedures or in such other manner as the Directors may resolve;

(ii) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the Director in question or any other interested Director; and

(iii) the matter was agreed to without such interested Directors voting or would have been agreed to if their votes had not been counted.

(c) The Directors may extend any such authorisation to any actual or potential conflict of interest which may arise out of the matter so authorised and may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions they expressly impose, but such authorisation is otherwise given to the fullest extent permitted. The Directors may also terminate any such authorisation at any time.

Restrictions on voting

(a) Except as provided below, a Director may not vote in respect of any contract, arrangement or any other proposal in which he, or a person connected to him, is interested. Any vote of a Director in respect of a matter where he is not entitled to vote shall be disregarded.

(b) Subject to the provisions of the Companies Act, a Director is entitled to vote and be counted in the quorum in respect of any resolution concerning any contract, transaction or arrangement, or any other proposal (*inter alia*):

(i) in which he has an interest, of which he is not aware or which cannot reasonably be regarded as likely to give rise to a conflict of interest;

(ii) in which he has an interest only by virtue of interests in the Company's shares, debentures or other securities or otherwise in or through the Company;

(iii) which involves the giving of any security, guarantee or indemnity to the Director or any other person in respect of obligations incurred by him and guaranteed by the Company (or *vice versa*);

(iv) concerning an offer of securities by the Company or any of its subsidiary undertakings in which he is or may be entitled to participate as a holder of securities or as an underwriter or sub-underwriter;

(v) concerning any other body corporate, provided that he and any connected persons do not own or have a beneficial interest in one per cent. or more of any class of share capital of such body corporate, or of the voting rights available to the members of such body corporate;

(vi) relating to an arrangement for the benefit of employees or former employees which does not award him any privilege or benefit not generally awarded to the employees or former employees to whom such arrangement relates;

(vii) concerning the purchase or maintenance of insurance for any liability for the benefit of Directors;

(viii) concerning the giving of indemnities in favour of the Directors; or

(ix) concerning the funding of expenditure by any Director or Directors (i) on defending criminal, civil or regulatory proceedings or actions against him or them, (ii) in connection with an application to the court for relief, (iii) on defending him or them in any regulatory investigations or (iv) incurred doing anything to enable him to avoid incurring such expenditure.

Confidential information

If a Director, otherwise than by virtue of his position as Director, receives information in respect of which he owes a duty of confidentiality to a person other than the Company, he shall not be required to disclose such information to the Company or otherwise use or apply such confidential information for the purpose of or in connection with the performance of his duties as a Director, provided that such an actual or potential conflict of interest arises from a permitted or authorised interest under the Articles. This is without prejudice to any equitable principle or rule of law which may excuse or release the Director from

disclosing the information, in circumstances where disclosure may otherwise be required under the Articles.

Powers of the Directors

(a) The Directors may delegate any of their powers or discretions, including those involving the payment of remuneration or the conferring of any other benefit to the Directors, to such person or committee and in such manner as they think fit. Any such person or committee shall, unless the Directors otherwise resolve, have the power to sub-delegate any of the powers or discretions delegated to them. The Directors may make regulations in relation to the proceedings of committees or sub-committees.

(b) The Directors may establish any local boards or appoint managers or agents to manage any of the affairs of the Company, either in the United Kingdom or elsewhere, and may:

  (i) appoint persons to be members or agents or managers of such local board and fix their remuneration;

  (ii) delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the Directors, with the power to sub-delegate;

  (iii) remove any person so appointed, and may annul or vary any such delegation; and

  (iv) authorise the members of any local boards, or any of them, to fill any vacancies on such boards, and to act notwithstanding such vacancies.

(c) The Directors may appoint any person or fluctuating body of persons to be the attorney of the Company with such purposes and with such powers, authorities and discretions and for such periods and subject to such conditions as they may think fit.

(d) Any Director may at any time appoint any person (including another Director) to be his alternate Director and may at any time terminate such appointment.

Directors' liabilities

(a) So far as may be permitted by the Companies Act, every Director, former Director or Secretary of the Company or of an Associated Company (as defined in section 256 of the Companies Act) of the Company may be indemnified by the Company out of its own funds against any liability incurred by him in connection with any negligence, default, breach of duty or breach of trust by him or any other liability incurred by him in the execution of his duties, the exercise of his powers or otherwise in connection with his duties, powers or offices.

(b) The Directors may also purchase and maintain insurance for or for the benefit of:

  (i) any person who is or was a Director or Secretary of a Relevant Company (as defined in the Articles); or

  (ii) any person who is or was at any time a trustee of any pension fund or employees' share scheme in which employees of any Relevant Company are interested,

  including insurance against any liability (including all related costs, charges, losses and expenses) incurred by or attaching to him in relation to his duties, powers or offices in relation to any Relevant Company, or any such pension fund or employees' share scheme.

(c) So far as may be permitted by the Companies Act, the Company may provide a Relevant Officer (as defined in the Articles) with defence costs in relation to any criminal or civil proceedings in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company or an Associated Company of the Company, or in relation to an application for relief under section 205(5) of the Companies Act. The Company may do anything to enable such Relevant Officer to avoid incurring such expenditure.

4.5 Dividends

(a) The Company may, by ordinary resolution, declare final dividends to be paid to its shareholders. However, no dividend shall be declared unless it has been recommended by the Directors and does not exceed the amount recommended by the Directors.

(b) If the Directors believe that the profits of the Company justify such payment, they may pay dividends on any class of share where the dividend is payable on fixed dates. They may also pay interim dividends on shares of any class in amounts and on dates and periods as they think fit. Provided the Directors act in good faith, they shall not incur any liability to the holders of any shares for any loss they may suffer by the payment of dividends on any other class of shares having rights ranking equally with or behind those shares.

(c) Unless the share rights otherwise provide, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, and apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid.

(d) Any unclaimed dividends may be invested or otherwise applied for the benefit of the Company until they are claimed. Any dividend unclaimed for 12 years from the date on which it was declared or became due for payment shall be forfeited and shall revert to the Company.

(e) The Directors may, if authorised by ordinary resolution, offer to ordinary shareholders the right to elect to receive, in lieu of a dividend, an allotment of new ordinary shares credited as fully paid.

4.6 Failure to supply an address

A shareholder who has no registered address within the United Kingdom and has not supplied to the Company an address within the United Kingdom for the service of notices will not be entitled to receive notices from the Company.

4.7 Disclosure of shareholding ownership

The Disclosure and Transparency Rules require a member to notify the Company if the voting rights held by such member (including by way of certain financial instruments) reach, exceed or fall below 3 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. Under the Disclosure and Transparency Rules, certain voting rights in the Company may be disregarded.

4.8 Changes in capital

The provisions of the Articles governing the conditions under which the Company may alter its share capital are no more stringent that the conditions imposed by the Companies Act.

5 Mandatory takeover bids, squeeze-out and sell-out rules

5.1 Takeover bids

The City Code on Takeovers and Mergers (the "**City Code**") is issued and administered by The Panel on Takeovers and Mergers (the "**Takeover Panel**"). The Company is subject to the City Code and therefore its shareholders are entitled to the protections afforded by the City Code.

5.2 Mandatory bids

Rule 9 of the City Code provides that, except with the consent of the Takeover Panel, when: (a) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company; or (b) any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, then, in either case, that person, together with the persons acting in concert with him, is normally required to extend offers in cash, at the highest price paid by him (or any persons acting in concert with him) for shares in the Company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

On Completion, and taking into account the New Shares to be issued to Remgro or or one of its affiliates pursuant to the Remgro Subscription, Remgro will hold, through its wholly-owned subsidiaries, between 40.95 per cent. and 45.18 per cent. of the Shares, depending on the extent to which Al Noor Shareholders participate in the Tender Offer. In addition, the Remgro Concert Party (based on Remgro's enquiries of

the Relevant Portfolio Companies) will hold between 42.99 per cent. and 47.43 per cent. of the Enlarged Group as a result of the Combination and after the Remgro Subscription and the Tender Offer (depending on the extent to which Al Noor Shareholders participate in the Tender Offer).

The Panel has agreed to waive the obligation to make a general offer that would otherwise arise as a result of increases in the shareholding of Remgro and its concert parties following the Combination, subject to the approval of the independent Al Noor Shareholders. Accordingly, the Whitewash Resolution will be proposed at the General Meeting and will be taken on an independent poll of Al Noor Shareholders. Al Noor and Mediclinic have agreed that the Whitewash Resolution is being proposed to permit, if passed, the Remgro Concert Party to hold up to and including 47.43 per cent. of the issued ordinary share capital of the Company.

An announcement of the actual amount of issued ordinary share capital of the Company held by the Remgro Concert Party as a consequence of the Combination, the Remgro Subscription and the Tender Offer will be made by the Company immediately following completion or lapse of the Tender Offer (as the case may be). Any transaction in issued ordinary shares of the Company by the Remgro Concert Party following Completion that results in the Remgro Concert Party holding more than the post-tender Remgro holding will (save as agreed by the Panel) be subject to the usual provisions of the City Code.

If the Whitewash Resolution is passed at the General Meeting, this would not restrict Remgro from making a general offer for Al Noor in the future.

Pursuant to the Remgro Relationship Agreement, Al Noor has undertaken not to effect any share repurchase that would give rise to an obligation on the part of Remgro to make a general offer for Al Noor under Rule 9 of the Code, unless a waiver from the obligation under Rule 9 of the Code has been granted by the Panel.

5.3 Squeeze-out

Under the Companies Act, if a "**takeover offer**" (as defined in section 974 of the Companies Act) is made for the Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the shares to which the takeover offer relates (the "**Takeover Offer Shares**") and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10 per cent. It would do so by sending a notice to outstanding shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for outstanding shareholders. The consideration offered to the shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

5.4 Sell-out

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Shares and at any time before the end of the period within which the offer could be accepted the offeror held or had agreed to acquire not less than 90 per cent. of the Shares to which the offer relates, any holder of Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Shares. The offeror is required to give any shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a shareholder exercises his or her rights, the offeror is bound to acquire those Shares on the terms of the offer or on such other terms as may be agreed.

6 Interests of Al Noor Directors, Proposed Directors, Al Noor Senior Managers and Proposed Senior Managers

The Al Noor Directors, Proposed Directors, Al Noor Senior Managers and Proposed Senior Managers, their functions within the Al Noor Group (or, in the case of the Proposed Directors and Proposed Senior Managers, their proposed functions upon Admission) and brief biographies are set out in Part 10: "*Al Noor Directors, Proposed Directors, Senior Management and Corporate Governance*".

6.1 Issued share capital

Set out below are the interests of the Al Noor Directors, Proposed Directors, Al Noor Senior Managers and Proposed Senior Managers in the issued share capital of the Company, including the interests of persons connected (within the meaning of Section 96B of FSMA) with the Al Noor Directors, Proposed Directors, Al Noor Senior Managers or Proposed Senior Managers for the purposes of DTR 3.1.2 of the Disclosure and Transparency Rules, as notified to the Company pursuant to DTR 3.1.2 (or which would, if such Proposed Director or Proposed Senior Manager were an Al Noor Director, be required to be notified to the Company pursuant to DTR 3.1.2) together with such interests as are expected to subsist immediately

following Admission. The following table has been prepared on the basis of the information available as at 17 November 2015 (being the latest practicable date prior to the date of this document).

Name	Number of ordinary shares as at 17 November 2015	Percentage of voting rights in respect of issued share capital of Al Noor as at 17 November 2015	Number of Shares/ Percentage of voting rights in respect of enlarged issued share capital of Enlarged Al Noor immediately following Admission[1][2]
Al Noor Directors			
Dr. Kassem Alom	7,055,946	6.0%	7,055,946 /0.9%
Ian Tyler	—	—	—
Seamus Keating	—	—	—
Ronald Lavater	—	—	—
Sheikh Mansoor Bin Butti Al Hamed	—	—	—
Ahmad Nimer	—	—	—
William J. Ward	—	—	—
Mubarak Matar Al Hamiri	—	—	—
William S. Ward	—	—	—
Proposed Directors			
Dr. Edwin Hertzog[3]	—	—	3,754,855 /0.5%
Danie Meintjes[3]	—	—	118,215 /0.0%
Craig Tingle[3]	—	—	68969 /0.0%
Ian Tyler	—	—	—
Seamus Keating	—	—	—
Jannie Durand	—	—	—
Alan Grieve	—	—	—
Prof. Dr. Robert Leu	—	—	—
Nandi Mandela	—	—	—
Trevor Petersen	—	—	—
Desmond Smith	—	—	—
Al Noor Senior Managers			
Joanne Curin	—	—	—
Dr. Georges Feghali	—	—	—
Dr. Sami Alom	—	—	—
David Hoidal	—	—	—
Yvette Van Der Linde	—	—	—
Donna Lunn	—	—	—
Rajaa Hammound	—	—	—
Proposed Senior Managers			
Danie Meintjes	—	—	See above
Craig Tingle	—	—	See above
Gert Hattingh[3]	—	—	105,769 /0.0%
Dr. Ronnie van der Merwe[3]	—	—	30,630 /0.0%
Dr. Dirk le Roux[3]	—	—	956 /0.0%
Koert Pretorius[3]	—	—	91,651 /0.0%
Dr. Ole Wiesinger	—	—	—
David Hadley[3]	—	—	179 /0.0%
Total	7,055,946	6.0%	1.4%

Notes:

(1) Based on Al Noor's issued share capital as at 17 November 2015 (being the latest practicable date prior to the date of this document) and the Mediclinic Shareholder register as at 6 November 2015, up to 613,000,000 New Shares being issued pursuant to the Combination, 72,115,384 New Shares being issued pursuant to the Remgro Subscription, and assuming no Al Noor Shareholders elect to tender their Existing Shares under the Tender Offer, no South African appraisal rights are exercised in connection with the Mediclinic Scheme, up to 177,985 New Shares being issued to satisfy awards made in 2014 and 2015 under the Al Noor Deferred Annual Bonus Plan 2013 and the Al Noor Long Term Incentive Plan 2013, and no other Al Noor Shares or Mediclinic Shares being issued under the Al Noor Employee Share Plans or Mediclinic Forfeitable Share Plan, respectively, between 17 November 2015 and Admission.

(2) Depending on the extent to which Al Noor Shareholders participate in the Tender Offer.

(3) Based on the number of Mediclinic Shares held by the relevant Proposed Directors and Proposed Senior Managers as at 6 November 2015.

6.2 Share options and awards

As at 17 November 2015 (being the latest practicable date prior to the date of this document), the following Al Noor Directors and Al Noor Senior Managers had the following rights to acquire Shares for nil or nominal consideration under the Al Noor Employee Share Plans or otherwise:

Name of Al Noor Director/Al Noor Senior Manager	Share Incentive Scheme	Number of Shares / percentage of total issued share capital as at 17 November 2015	Vesting date
Ian Tyler[1]	See note[1]	8,695 / 0.01%	5 June 2016
Ronald Lavater . .	Long Scheme Incentive Plan 2014	20,978 / 0.02%	25 November 2017
Ronald Lavater . .	Deferred Annual Bonus 2014	1,231 / 0.00%	50% in 28 April 2016 50% 28 April 2017
Ronald Lavater . .	Long term Incentive scheme 2015	97,398 / 0.08%	28 April 2018
Sami Alom	Long Scheme Incentive Plan 2013	85,030 / 0.07%	50% 31 December 2015 50% 31 December 2016
Sami Alom	Long Scheme Incentive Plan 2014	8,797 / 0.01%	14 August 2017
Sami Alom	Deferred Annual Bonus 2014	1,014 / 0.00%	50% in 28 April 2016 50% 28 April 2017
Sami Alom	Long term Incentive scheme 2015	11,464 / 0.01%	28 April 2018
David Hoidal	Long term Incentive scheme 2015	19,479 / 0.02%	28 April 2018
Georges Feghali . .	Long term Incentive scheme 2015	17,625 / 0.02%	28 April 2018

Note:

(1) Ian Tyler's interest in the share capital of the Company is in respect of the grant of Shares pursuant to his letter of appointment as further described in "*—Directors' Service Agreements, and Letters of appointment, Remuneration and Other Matters*" below.

6.3 Save as disclosed in paragraphs 6.1 and 6.2 of this Part 20: "*Additional information*", none of the Al Noor Directors, the Proposed Directors, the Al Noor Senior Managers or the Proposed Senior Managers or any person connected (within the meaning of Section 96B of FSMA) with the Al Noor Directors, the Proposed Directors, the Al Noor Senior Managers or the Proposed Senior Managers has any interest, beneficial or non-beneficial, in the share capital of Al Noor.

6.4 Save as set out in this paragraph "*Interests of Al Noor Directors, Proposed Directors, Al Noor Senior Managers and Proposed Senior Managers*", no Al Noor Director, Proposed Director, Al Noor Senior Manager or Proposed Senior Manager has or has had any interest in any transaction which is or was unusual in its nature or conditions or is or was significant to the business of the Al Noor Group and which was effected by the Company in the current or immediately preceding financial year or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

6.5 As at 17 November 2015 (being the latest practicable date prior to the date of this document), there were no outstanding loans granted by any member of the Al Noor Group to any Al Noor Director, Proposed Director, Al Noor Senior Manager or Proposed Senior Manager, nor by any Al Noor Director, Proposed Director, Al Noor Senior Manager or Proposed Senior Manager to any member of the Al Noor Group, nor was any guarantee which had been provided by any member of the Al Noor Group for the benefit of any Al Noor Director, Proposed Director, Al Noor Senior Manager or Proposed Senior Manager, or by any Al Noor Director, Proposed Director, Al Noor Senior Manager or Proposed Senior Manager for the benefit of any member of the Al Noor Group, outstanding.

7 Directorships and Partnerships

7.1 Save as set out below, none of the Al Noor Directors, Proposed Directors, Al Noor Senior Managers or Proposed Senior Managers hold any directorships of any company, other than those companies within the Al Noor Group which are subsidiaries of Al Noor in the case of the Al Noor Directors and Al Noor Senior Managers, or companies in the Mediclinic Group which are subsidiaries of Mediclinic in the case of the Proposed Directors and the Proposed Senior Managers currently employed by the Mediclinic Group, nor have any of the Al Noor Directors, Proposed Directors, Al Noor Senior Managers or Proposed Senior Managers been a partner in a partnership or a director of a company at any time in the five years prior to the date of this document.

Current and previous directorships and partnerships of the Al Noor Directors

Name of Al Noor Director	Current directorships and partnerships	Previous directorships and partnerships
Ian Tyler	BAE Systems plc Bovis Homes Group plc The BRE Trust Cairn Energy plc Construction Industry Relief, Assistance and Support for the Homeless Ltd Woldingham School Yankee Delta Corporation Limited	Balfour Beatty plc BK Gulf LLC Cable & Wireless Communications plc Dutco Balfour Beatty (LLC) Dutco Construction Co. LLC Dutco Tunnelling LLC Gammon China Limited Gammon Construction Holdings Ltd VT Group Plc
Seamus Keating	First Derivatives plc BGL Group Mi Pay Group The National Funding Scheme Rechannel Limited Callcredit Information GroupSKapital Ltd DSI Archer Limited Eppix eSolution Limited	121 Corporate Limited 121 Holdings Limited 121 Land Limited 1900 Group Limited Aethos Trustees Limited CMG Computer Management Group (UK) Ltd CMG Limited Enable IT Limited Huntonbury Ilex Group Limited Logica AB Logica Belgium SA NV Logica Business Services UK Limited LogicaCMG (Jersey) Limited LogicaCMG Corporate Holdings Limited LogicaCMG Financial Software Limited LogicaCMG International Holdings Limited Logica France SAS Logica Holdings AB Logica Holdings BV Logica Holdings Limited Logica Holdings Nederland BV Logica International Holdings BV Logica International Limited Logica International Projects Limited Logica IT Services Limited

Name of Al Noor Director	Current directorships and partnerships	Previous directorships and partnerships
		Logica (Jersey) 2008 Limited Logica Nederland BV Logica plc Logica QUEST Trustees Limited Logica UK Limited Logica VTS Limited Mouchel plc
Sheikh Mansoor Bin Butti Al Hamed	Mubadala Development Company PJSC United Al Saqer Group LLC	
Mubarak Matar Al Hamiri	Royal Capital Group PJSC Seara Bank Pivot Engineering International Capital Trading LLC Sawaeed Emp LLC	AIDar Real Estate Sorouth Real Estate PJSC Reem Finance PJSC
William S. Ward	Lime White Advisory Limited	—
William J. Ward	Health Administration Degree Programme, John Hopkins Bloomberg School of Public Health's Sommer Scholars leadership programme Healthcare Management Resources INC University of Maryland Upper Chesapeake Health Catholic health services (Long Island)	—
Ahmad Nimer	United AL Saqer Group LLC Royal International Construction LLC Global Catering Company Abdali Towers WLL	Gulf Catering Company Deloitte & Touche LLP
Dr. Kassem Alom	Member of MoH Health Council Future Centre for Special Needs International Community School	—
Ronald Lavater	—	Johns Hopkins Medicine International Corniche Hospital Hospital Corporation of America

Current and previous directorships and partnerships of the Al Noor Senior Managers

Name of Al Noor Senior Manager	Current directorships and partnerships	Previous directorships and partnerships
Joanne Curin	Deep Ocean Group Holdings AS	Lamprell plc WS Atkins plc
Dr. Georges Feghali	—	TriHealth
Dr. Sami Alom	UAE University, College of Medicine and Health Sciences	

Name of Al Noor Senior Manager	Current directorships and partnerships	Previous directorships and partnerships
David Hoidal	—	Medpoint Health Partners Al Rahba Hospital
Yvette Van Der Linde	—	Platinum Human Resources Consultants
Donna Lunn	—	Abu Dhabi Health Services
Rajaa Hammound	—	Dr. Soliman Fakeeh Hospital Jeddah National Centre for Cancer Care and Research—Hamad Medical Corporation Doha, Qatar University of Calgary Qatar Doha, Qatar

Current and previous directorships and partnerships of the Proposed Directors

Name of Proposed Director	Current directorships and partnerships	Previous directorships and partnerships
Dr. Edwin Hertzog	Distell Group Limited DWRH Holdings B Limited (BVI) Elstelm Beleggings (Pty) Ltd Elstelm Boerdery (Pty) Ltd Meadow Fresh (Pty) Ltd Remgro Limited	DWRH Holdings Limited (BVI) Leopont 226 Properties (Pty) Ltd Remgro-Capevin Investments Limited Total (South Africa) (Pty) Ltd Trans Hex Group Limited Vodafone Telecommunications Investments (SA) (Pty) Ltd Vodafone Investments (SA) (Pty) Ltd
Ian Tyler	See above under Al Noor Directors	See above under Al Noor Directors
Danie Meintjes	Spire Healthcare Group plc	—
Craig Tingle	—	—
Jannie Durand	Business Leadership South Africa Cape Country Ballooning (Pty) Ltd Capevin Holdings Limited (and subsidiary) Discovery Holdings Limited (and various subsidiaries) Distell Group Limited FirstRand Bank Limited (and subsidiary) Grindrod Limited Innovus Tegnologie Oordrag (Pty) Ltd Leopard Creek Country Club Limited Leopard Creek Share Block Limited Milestone Capital Strategic Holdings Ltd (BVI) RCL Foods Limited	Commsco International Holdings S.A. Luxembourg (Luxembourg) Entek Investments Limited Invenfin (Pty) Ltd Invenfin Investments 4 (Pty) Ltd Kagiso Tiso Holdings (Pty) Ltd Kagiso Trust Investment (Pty) Ltd Pembani Remgro Infrastructure Managers (Pty) Ltd Premier Team Holdings Limited R&V Technology Holdings Limited Riverside Processors (Pty) Ltd Sabido Investments (Pty) Ltd Saracens Limited Shell Case 59 (Pty) Ltd Sports Science Institute of South Africa Stellenbosch Academy of Sport

Name of Proposed Director	Current directorships and partnerships	Previous directorships and partnerships
	Remgro Limited (and various subsidiaries) Retdur Properties (Pty) Ltd RMB Holdings Limited (alternate) RMI Holdings Limited Stand 218 LC Properties (Pty) Ltd Stellenbosch University The Mad Bunch	Properties (Pty) Ltd Stellenbosch University Sport Performance Institute Total SA (Pty) Ltd (alternate), Tracker Investment Holdings (Pty) Ltd Unilever South Africa Holdings (Pty) Ltd
Alan Grieve	AATC Trading AG (Switzerland) Arendale Holdings Corp. (US) Business Aviation Services (Jersey) Limited (Jersey) Cartier Creation Studio SA (Switzerland) Cartier International AG (Switzerland) DWRH Holdings A Limited (BVI) DWRH Holdings B Limited (BVI) DWRH Holdings F Limited (BVI) Ehrbar Nominees Limited (BVI) Flight Services (Bermuda) Limited (Bermuda) Keoni Holdings Limited (BVI) Officine Panerai AG (Switzerland) Reinet GmbH (Switzerland) Reinet Fund Manager SA (Luxembourg) Reinet Investments Manager SA (Luxembourg) Reinet Securities SA (Switzerland) RFM GmbH (Switzerland) Richemont DNS Inc. (Switzerland) Richemont Holdings AG (Switzerland) Richemont Securities SA (Switzerland) Rona Holdings Limited (BVI) Silver Sun Partners LLC (USA) Tangs Department Limited (BVI) V&R Management Services AG (Switzerland)	Adena Holdings Limited (BVI) DWRH Holdings Limited (BVI) DWRH Holdings C Limited (BVI) DWRH Holdings D Limited (BVI) DWRH Holdings E Limited (BVI) Muse Holdings S.a.r.l (Luxembourg) Reinet Limited (UK) Reinet S.a.r.l. (Luxembourg) Reinet Columbus Limited (Jersey) Reinet Flex Holdings Limited (Jersey) Reinet Jagersfontein Holdings S.a.r.l. (Luxembourg) Reinet Jersey Holdings Limited (Jersey) Reinet PC Investments (Jersey) Limited (Jersey) Reinet Rooipoort Holdings S.a.r.l. (Luxembourg) Reinet SPG Limited (Jersey) Reinet Stokes Holdings SA (Luxembourg) Reinet TCP Fund V NECI Limited (Jersey) Reinet TCP Holdings Limited (Jersey) Reinet TEM Holdings Limited (Jersey) RPH Limited (Jersey) RPH 2 Limited (Jersey) RSF SA Limited (Luxembourg) RSF I SA Limited (Luxembourg) RSF II Limited (Jersey) RTH Global Holdings Limited (Jersey) RTH Global Investors Limited (Jersey) RTH Global Parallel Holdings Limited (Jersey) RTH Euro Investments Limited (Jersey)

Name of Proposed Director	Current directorships and partnerships	Previous directorships and partnerships
		RTH Euro Investments II Limited (Jersey)
Seamus Keating	See above under Al Noor Directors.	See above under Al Noor Directors.
Prof. Dr. Robert Leu	VISANA AG (Switzerland)	—
Nandi Mandela	Edenvale Mall (Pty) Ltd Linda Masinga & Associates CC Natholigugu Investment (Pty) Ltd New Ground Investments (Pty) Ltd Oceanspray Investments (Pty) Ltd Turquoise Moon Trading 553 (Pty) Ltd	MP1 Investment Holdings (Pty) Ltd
Trevor Petersen	Media 24 (Pty) Ltd Petmin Limited University of Cape Town	—
Desmond Smith	RGA Reinsurance Company of South Africa Limited RGA Southern African Holdings (Pty) Ltd Sanlam Limited Sanlam Life Insurance Limited Tedo Beleggings 5 (Pty) Ltd Twee Klippen Estates (Pty) Ltd Innovus Tegnologie Oordrag (Pty) Ltd Road Accident Fund Stellenbosch Institute for Advanced Study	

Current and previous directorships and partnerships of the Proposed Senior Managers

Name of Proposed Senior Manager	Current directorships and partnerships	Previous directorships and partnerships
Danie Meintjes	See above under Proposed Directors	See above under Proposed Directors
Craig Tingle	See above under Proposed Directors	See above under Proposed Directors
David Hadley	—	—
Gert Hattingh	—	—
Dr Dirk le Roux	ThinkWorx Consulting (Pty) Ltd BLUE02 (Pty) Ltd	—
Koert Pretorius	—	Hospital Association of South Africa
Dr. Ronnie van der Merwe	—	—
Dr Ole Wiesinger	—	—

7.2 Save as disclosed in this paragraph 7.2, there is no family relationship between any of the Al Noor Directors, Al Noor Senior Managers, Proposed Directors or Proposed Senior Managers. Dr. Sami Alom is the son of Dr. Kassem Alom, a Director of the Company and a Principal Shareholder. One of the Company's Non-Executive Directors, Sheikh Mansoor Bin Butti, is the son of SMBB, one of the Principal Shareholders, who also indirectly owns Al Saqer, a company within the United Al Saqer Group LLC which owns and leases the properties which Airport Road Hospital, Al Ain Hospital and Khalifa Hospital occupy and certain residential properties to the Al Noor Group. One of the

Company's other Non-Executive Directors, Ahmad Nimer, is the Chief Executive Officer of United Al Saqer Group LLC.

7.3 Save as set out above, none of the Al Noor Directors, the Al Noor Senior Managers, the Proposed Directors, the Proposed Senior Managers or the Company Secretary has any business interests, or performs any activities, outside the Al Noor Group which are significant with respect to the Al Noor Group.

7.4 Seamus Keating was a non-executive director of Mouchel Group plc between 2010 and 2012. Mouchel Group plc entered into administration in 2012 and was dissolved on 12 November 2013.

7.5 As at the date of this document, none of the Al Noor Directors, Proposed Directors, Al Noor Senior Managers or Proposed Senior Managers has at any time within the past five years:

(a) save as disclosed in paragraphs 7.1 and 7.2 above, been a director or partner of any companies or partnerships;

(b) had any convictions in relation to fraudulent offences (whether spent or unspent);

(c) been adjudged bankrupt or has entered into any individual voluntary arrangements;

(d) save as disclosed in paragraph 7.4 above, been a director of any company at the time of or within a 12-month period preceding any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with such company's creditors generally or with any class of creditors of such company;

(e) been a partner of any partnership at the time of or within a 12-month period preceding any compulsory liquidation, administration or partnership voluntary arrangement of such partnership;

(f) had his assets be the subject of any receivership;

(g) been a partner of any partnership at the time of or within a 12-month period preceding any assets thereof being the subject of a receivership;

(h) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including any designated professional body); or

(i) ever been disqualified by a court from acting as a director or other officer of any company or from acting in the management or conduct of the affairs of any company.

7.6 Save for their capacities as persons legally and beneficially interested in Shares as set out in paragraphs 6.1 and 6.2 above, and save as described in paragraph 7.2 above, there are:

(a) no potential conflicts of interest between any duties to the Company of the Al Noor Directors, Proposed Directors, Al Noor Senior Managers and the Proposed Senior Managers and their private interests and/or other duties; and

(b) no arrangements or understandings with the Principal Shareholders, members, suppliers or others pursuant to which any Al Noor Director or Al Noor Senior Manager was selected other than the appointments of Ahmad Nimer and Sheikh Mansoor Bin Butti pursuant to the terms of the Existing Relationship Agreement.

8 Directors' Service Agreements, and Letters of Appointment, Remuneration and Other Matters

8.1 Existing Executive Directors' Service Contracts

Ronald Lavater, the Executive Director of Al Noor has the following agreements with the Company or its subsidiaries.

Ronald Lavater has entered into a service agreement with ANMC and also has an appointment letter with the Company.

Under the terms of his service agreement, Ronald Lavater is entitled to receive an annual salary of US$750,000. He also receives benefits in kind including medical insurance, life assurance and a company car. He is eligible to participate in the discretionary performance related bonus scheme and subject to achievement of personal and company targets, he may be awarded a bonus of up to 150 per cent. of base salary. He is entitled to 30 working days' paid holiday per annum (in addition to public holidays).

Ronald Lavater is entitled to receive six month's notice of termination of his employment. The Company can elect to terminate his employment by making a payment in lieu of notice equivalent to his base salary for the amount of any unexpired notice period, which may be paid in instalments. Alternatively, the Company may put him on garden leave during all or part of the notice period. The service agreement will be terminable with immediate effect without notice in certain circumstances, including where he commits any serious or persistent breach of his service agreement or gross misconduct. He is also entitled to an end-of-service benefit as prescribed under UAE law (see also paragraph 8.9 below).

In the event that Ronald Lavater's UAE work permit is revoked for reason beyond his control or he is forced to leave the UAE as a result of actions or instructions of either the UAE or US government, subject to signing a binding waiver and release agreement, he will be paid an amount equivalent to 12 months' basic salary and benefits under the service agreement.

The service agreement contains post-termination restrictions, which for a period of 12 months following termination (less any garden leave period) prevent competition with the Al Noor Group and interference with its suppliers and solicitation of employees and clients.

Ronald Lavater's appointment with the Company will automatically terminate upon the termination of his service agreement.

8.2 Al Noor Non-Executive Directors' Letters of Appointment

The Non-Executive Directors of Al Noor do not have service contracts, although they each have letters of appointment reflecting their responsibilities and commitments, which are terminable on three months' notice. Under the Articles, all Al Noor Directors must retire by rotation and seek re-election by Shareholders every three years; however, it is intended that the Al Noor Directors shall each retire and submit themselves for re-election by Shareholders annually.

8.3 The terms of the Independent Non-Executive Directors' letters of appointment are summarised below:

Name of Director	Title	Appointment Letter Date	Fee per Annum
Ian Tyler	Chairman	5 June 2013	£200,000
Seamus Keating	Senior Independent Director	5 June 2013	£ 80,000
William J. Ward	Independent Non-Executive Director	5 June 2013	£ 75,000
Mubarak Matar Al Hamiri	Independent Non-Executive Director	5 June 2013	£ 65,000
William S. Ward	Independent Non-Executive Director	7 November 2013	£ 65,000
Ahmad Nimer	Non-Executive Director	5 June 2013	Nil
Sheikh Mansoor Bin Butti Al Hamed	Non-Executive Director	5 June 2013	Nil
Dr. Kassem Alom	Non-Executive Director	1 October 2014	£ 90,000

8.4 In addition to the annual fee above, except in the case of Ian Tyler, a further fee of £10,000 per annum is payable for chairing a committee of the Board. In addition, under his letter of appointment and in relation to the listing of the Company in June 2013, Ian Tyler is further entitled to receive, after payment of any tax, 8,695 Shares on the third anniversary of his appointment as Chairman of the Al Noor Board, subject only to (i) his appointment to the Al Noor Board not having been terminated for cause, or (ii) his not having resigned from the Al Noor Board, prior to that date. This number of Shares will be adjusted to take account of the Special Dividend.

8.5 The remaining Non-Executive Directors, Sheikh Mansoor Bin Butti Al Hamed and Ahmad Nimer are not entitled to receive any fees in respect of their Al Noor Board appointments.

8.6 Other than the entitlement to notice, the Non-Executive Directors are not entitled to receive any compensation on termination of their appointment.

8.7 None of the Al Noor Directors' service contracts or letters of appointment have been entered into or amended during the period of six months prior to the date of this document.

8.8 Proposed Directors' service contracts

No service contracts have been entered into by Al Noor or any of its subsidiaries with any Proposed Directors.

Under UK law, Al Noor is required to have a directors' remuneration policy that is approved periodically by shareholders by way of ordinary resolution. It is expected that Al Noor will propose, in contemplation of the Mediclinic Scheme becoming operative, certain revisions to its remuneration policy, among other things, to enable the steps described below to be taken and for the executive Proposed Directors to continue on their existing terms of employment.

Those non-executive Proposed Directors who will join the board of Al Noor on implementation of the Mediclinic Scheme (being Dr. Edwin Hertzog, Jannie Durand, Alan Grieve, Prof. Dr. Robert Leu, Nandi Mandela, Trevor Petersen and Desmond Smith), will resign as directors of Mediclinic and be appointed as directors of Al Noor on the usual terms of appointment for non-executive directors of Al Noor as described in paragraph 8.2 above and will accordingly be entitled to directors' fees (paid in sterling) and reimbursement of expenses in accordance with Al Noor's revised remuneration policy and commensurate with their roles and responsibilities.

The executive Proposed Directors who will join the board of Al Noor on implementation of the Mediclinic Scheme (being Danie Meintjes and Craig Tingle) will remain as directors and employees of Mediclinic but will also be appointed as directors of Al Noor. In their capacity as directors of Al Noor, they will be entitled to directors' fees (paid in sterling) and reimbursement of expenses in accordance with Al Noor's revised remuneration policy and commensurate with their roles and responsibilities. It is proposed that the aggregate of the new terms will be substantially similar to their existing terms and conditions as executive directors of Mediclinic. Al Noor Shareholders are being asked to approve changes to the Al Noor remuneration policy primarily so that the revised policy will permit, where applicable the continuation of their existing terms. It is not expected that this will result in an immediate or material increase in their overall remuneration. However, the Enlarged Al Noor Board may in due course review whether the overall remuneration of the Directors continues to be appropriate which may result in an increase (subject always to the terms of Al Noor's remuneration policy from time to time in force).

The directors' remuneration is provided in accordance with the scale as determined by Mediclinic from time to time, and increments to remuneration are made at the sole discretion of Mediclinic. Mediclinic has the right to transfer the directors to any of Mediclinic's offices, departments or subsidiaries and the right to second any of the directors to any of Mediclinic's offices or subsidiaries. The employment contracts impose a duty of confidentiality, and stipulate that the directors assign any right to copyright that may arise in relation to work forthcoming from their occupation. The relevant directors may not hold another office, or engage in other employment, for which such director is remunerated, without the prior consent of Mediclinic. The relevant directors must also comply with the requirements relating to disclosure of conflicts of interests in the South African Companies Act and the JSE Listing Requirements. The termination notice for Danie Meintjes and Craig Tingle is two calendar months. The directors' contracts contain provisions which prevent them from accepting employment with an undertaking that is in direct competition with Mediclinic for a period of 12 months after termination.

8.9 Pensions and End of Service Gratuity

The Company has no company-wide pension scheme. As currently required under UAE law, contributions are made on behalf of UAE and GCC nationals employed by the Al Noor Group to the Abu Dhabi Retirement Pensions Benefits Fund and UAE General Pension and Social Security Authority, respectively. All non-UAE and non-GCC nationals are entitled to end of service benefits consisting of 21 days' basic salary for each of the first five years of employment and 30 days' basic salary for each additional year thereafter. As at 30 June 2015, the Al Noor Group accrued U.S.$16.1 million in respect of end of service benefits payable to non-UAE and non-GCC national employees.

In respect of amounts due under government pension schemes for UAE and GCC national employees, the Al Noor Group transfers amounts to the Abu Dhabi Retirement Pensions Benefits Fund and the UAE General Pension and Social Security Authority, respectively, for the current month and such amounts are paid on or before the seventh working day of the subsequent month. For the six month period ended 30 June 2015, the Al Noor Group paid U.S.$35,047 in respect of UAE, Sultanate or Oman and GCC national employees.

Save for these amounts, no amounts were set aside or accrued by the Al Noor Group in respect of pension, retirement or similar benefits for Directors, Senior Management or employees of the Al Noor Group.

Pension arrangements of the Mediclinic Group

In Southern Africa all new employees are obliged to join an option offered by the Mediclinic Retirement Fund which is a defined contribution fund. The fund receives contributions from the employees and the employer.

In Switzerland, Hirslanden provides defined contribution plans in terms of Swiss law, the assets of which are held in separate trustee administered funds. These plans are funded by payments from the employees and the employer, taking into account recommendations of independent qualified actuaries. Due to the strict definition of defined contribution plans in IAS 19, these plans are classified as defined benefit plans for IFRS purposes since the employer takes some investment and longevity risk in terms of Swiss law.

In the Middle East, as currently required under UAE law, contributions are made on behalf of UAE and GCC nationals employed by the group to the respective UAE and GCC pension funds (the contributions are paid to the country's pension fund from where the GCC national originates). All non-UAE and non-GCC nationals are entitled to end of service benefits consisting of 21 days' basic salary for each of the first five years of employment and 30 days' basic salary for each additional year thereafter. As at 30 September 2015, Mediclinic Middle East accrued AED 89.2 million in respect of end of service benefits payable to non-UAE and non-GCC national employees.

In respect of amounts due under government pension schemes for UAE and GCC national employees, Mediclinic Middle East transfers amounts to the respective UAE and GCC pension funds, for the current month and such amounts are paid on or before the seventh working day of the subsequent month.

9 Interests of major Al Noor Shareholders

9.1 Insofar as is known to the Company, other than the interests of the Al Noor Directors, Proposed Directors, Al Noor Senior Managers and Proposed Senior Managers disclosed in "*Interests of Al Noor Directors, Proposed Directors, Al Noor Senior Managers and Proposed Senior Managers*", the name of each person who, directly or indirectly, has an interest in three per cent. or more of the Company's issued share capital, and the amount of such person's interest, as at 17 November 2015 (being the latest practicable date prior to the publication of this document) is as follows:

Name of Al Noor Shareholder	Number of ordinary shares as at 17 November 2015	Percentage of voting rights in respect of issued share capital of Al Noor as at 17 November 2015	Percentage of voting rights in respect of enlarged issued share capital of Enlarged Al Noor immediately following Admission[1][2]
Sapor Business Corp.	33,018,320	28.25	4.12
Maksar Investments Ltd.	7,055,946	6.04	0.88
Woodford Investment Management	6,409,977	5.48	0.80
BlackRock Group	6,066,720	5.19	0.76
Fidelity Management & Research	4,252,502	3.64	0.53
Total	56,803,465	48.61	7.09

Notes:

(1) Based on Al Noor's issued share capital as at 17 November 2015 (being the latest practicable date prior to the date of this document) and the Mediclinic Shareholder register as at 6 November 2015, up to 613,000,000 New Shares being issued pursuant to the Combination 72,115,384 New Shares being issued pursuant to the Remgro Subscription, and assuming no Al Noor Shareholders elect to tender their Existing Shares under the Tender Offer, no South African appraisal rights are exercised in connection with the Mediclinic Scheme, up to 177,985 New Shares being issued to satisfy awards made in 2014 and 2015 under the Al Noor Deferred Annual Bonus Plan 2013 and the Al Noor Long Term Incentive Plan 2013, and no other Al Noor Shares or Mediclinic Shares being issued under the Al Noor Employee Share Plans or Mediclinic Forfeitable Share Plan, respectively between 17 November 2015 and Admission.

(2) Depending on the extent to which Al Noor Shareholders participate in the Tender Offer.

9.2 So far as is known to the Company, the following persons (other than those persons set out in paragraph 9.1 of this Part 20: "*Additional Information*") shall be directly or indirectly interested in 3 per cent. or more of Al Noor's issued share capital immediately following Admission (based on Al Noor's issued share capital as at 17 November 2015 (being the latest practicable date prior to the date of this document) and the Mediclinic Shareholder register as at 6 November 2015, up to 613,000,000 New Shares being issued pursuant to the Combination, 72,115,384 New Shares being issued pursuant to the Remgro Subscription, and assuming no Al Noor Shareholders elect to tender their Existing Shares under the Tender Offer, no South African appraisal rights are exercised in connection with the Mediclinic Scheme, up to 177,985 New Shares being issued to satisfy awards made in 2014 and 2015 under the Al Noor Deferred Annual Bonus Plan 2013 and the Al Noor Long Term Incentive Plan 2013, and no other Al Noor Shares or Mediclinic Shares being issued under the Al Noor Employee Share Plans or Mediclinic Forfeitable Share Plan, respectively, between 17 November 2015 and Admission.

Name	Number of ordinary shares as at 17 November 2015	Percentage of voting rights in respect of issued share capital of Al Noor as at 17 November 2015	Percentage of voting rights in respect of enlarged issued share capital of Enlarged Al Noor immediately following Admission
Remgro (ex. concert parties)	—	—	40.95
Government Employees Pension Fund	—	—	6.52
Sapor Business Corp	33,018,320	28.25	4.12
Total	33,018,320	28.25	51.59

Notes:

(1) Based on Al Noor's issued share capital as at 17 November 2015 (being the latest practicable date prior to the date of this document) and the Mediclinic Shareholder register as at 6 November 2015, up to 613,000,000 New Shares being issued pursuant to the Combination, 72,115,384 New Shares being issued pursuant to the Remgro Subscription, and assuming no Al Noor Shareholders elect to tender their Existing Shares under the Tender Offer, no South African appraisal rights are exercised in connection with the Mediclinic Scheme, up to 177,985 New Shares being issued to satisfy awards made in 2014 and 2015 under the Al Noor Deferred Annual Bonus Plan 2013 and the Al Noor Long Term Incentive Plan 2013, and no other Al Noor Shares or Mediclinic Shares being issued under the Al Noor Employee Share Plans or Mediclinic Forfeitable Share Plan, respectively, between 17 November 2015 and Admission.

(2) Depending on the extent to which Al Noor Shareholders participate in the Tender Offer.

9.3 None of the major Al Noor Shareholders referred to above has, or upon Admission, will have, different voting rights from other Al Noor Shareholders.

10 Al Noor Directors' and Al Noor Senior Managers' remuneration

In addition to the options and awards under the Al Noor Employee Share Plans disclosed in paragraph 13 of this Part 20: "*Additional Information*", the amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to Al Noor Directors for services in all capacities to the Al Noor Group (including subsidiaries where applicable) by any person for the financial year ended 31 December 2014 was as follows:

Executive Directors	Position	Annual Salary US$'000	Annual Bonus US$'000	Other Benefits US$'000[2]	End of Service Gratuity US$'000[3]	Total US$'000
Ronald Lavater[1]	Chief Executive	188	33	18	11	250
Dr. Kassem Alom[4]	Executive Director	347	—	110	20	477

Non-Executive Directors	Position	Annual Salary £'000	Annual Bonus £'000	Other Benefits £'000[2]	End of Service Gratuity £'000[3]	Total £'000
Ian Tyler	Chairman	200	—	—	—	200
Dr. Kassem Alom	Non-Executive Director	23	—	—	—	23
Seamus Keating	Non-Executive Director	80	—	—	—	80
William J. Ward	Non-Executive Director	75	—	—	—	75
William S. Ward	Non-Executive Director	65	—	—	—	65
Mubarak Matar Al Hamiri	Non-Executive Director	65	—	—	—	65
Sheikh Mansoor Bin Butti	Non-Executive Director	—	—	—	—	—
Ahmad Nimer	Non-Executive Director	—	—	—	—	—
Faisal Belhoul[5]	Non-Executive Director	—	—	—	—	—
Khaldoun Haj Hassan[5]	Non-Executive Director	—	—	—	—	—

Notes:

(1) Ronald Lavater was appointed on 1 October 2014.

(2) The Other Benefits figure includes, where applicable, private medical insurance, the use of a company car and driver, car insurance, private fuel card, airfare tickets, housing, utility expenses and end of service gratuity.

(3) End of service gratuity is the provision accrued at the end of the year.

(4) Dr Kassem Alom stepped down as Chief Executive Officer on 1 October 2014, at which point he was appointed as Deputy Chairman. Dr Kassem Alom continued to receive certain benefits (primarily medical insurance and car benefits) from the Company following his retirement as CEO. The value of his benefits (US$19,372) was offset against his end of service gratuity received under UAE law, so there was no cost to the Company from providing these benefits and they have not been included in the single figure above.

(5) Faisal Beloul and Khaldoun Haj Hassan resigned from the Company on 21 April 2015.

The aggregate total remuneration paid (including contingent or deferred compensation), and benefits in kind granted to the Al Noor Senior Managers for 2015 is AED 4,772,272 (the 2015 figure is provided rather than the 2014 figure as six of the seven Senior Managers took up their current position in 2015).

11 Significant subsidiaries

11.1 Significant subsidiaries of the Al Noor Group

The following is a list of principal subsidiaries of Al Noor (each of which is considered by Al Noor to be likely to have a significant effect on the assessment of the assets, liabilities, financial position and/or the profits and losses of the Al Noor Group) as at 17 November 2015.

Name of subsidiary	Country of incorporation and operation	Percentage equity interest as at 17 November 2015	Nature of Business
Al Noor Holdings Cayman Limited	Cayman Islands	100.0%	Holding Company
ANMC Management Limited	Cayman Islands	100.0%	Management Company
Al Noor Golden Commercial Investment LLC	UAE	49.0%	Intermediate Holding Company
Al Noor Medical Company—Al Noor Hospital—Al Noor Pharmacy and Al Noor Warehouse LLC	UAE	99.0%	Healthcare
Abu Dhabi Medical Services LLC	Sultanate of Oman	100.0%	Healthcare
Al Noor Hospital Family Care Center—Al Mamura LLC	UAE	100.0%	Healthcare
Al Madar Group LLC	UAE	74.9%	Healthcare
Manchester Clinic LLC	UAE	74.9%	Healthcare
British Urology Centre LLC	UAE	99.9%	Healthcare
Emirates American Company for Medical Services LLC	UAE	99.9%	Healthcare
Lookwow One Day Surgery Company LLC	UAE	57.0%	Healthcare
Rochester Wellness LLC	UAE	100.0%	Healthcare
National Medical Services LLC	Oman	100.0%	Healthcare

11.2 Significant subsidiaries of the Mediclinic Group

Mediclinic is the holding company of the Mediclinic Group. The following table shows details of Mediclinic's significant subsidiaries (each of which is considered by Mediclinic to be likely to have a significant effect on the assessment of the assets, liabilities, financial position and/or the profits and losses

of the Mediclinic Group) as at 31 March 2015. The issued share capital of each of these companies is fully paid and each will be included in the consolidated accounts of the Mediclinic Group.

Name	Country of incorporation and registered office	Percentage of shares held as at 31 March 2015	Percentage of voting rights held as at 31 March 2015	Nature of business
Mediclinic Investments (Pty) Ltd	South Africa	100	100	Holding, administrative and investment company of the Mediclinic Group
Mediclinic Group Services (Pty) Ltd	South Africa	100 (via Mediclinic Investments (Pty) Ltd)	100 (via Mediclinic Investments (Pty) Ltd)	Provision of management services in the Mediclinic Group
Mediclinic CHF Finco Limited (Jersey)	Jersey	100 (via Mediclinic Investments (Pty) Ltd)	100 (via Mediclinic Investments (Pty) Ltd)	Finance company for the Mediclinic Group
Southern African platform:				
Mediclinic Southern Africa (Pty) Ltd	South Africa	100 (via Mediclinic Investments (Pty) Ltd)	100 (via Mediclinic Investments (Pty) Ltd)	Investment in and operation of private healthcare facilities in Southern Africa
Swiss platform:				
Mediclinic Europe (Pty) Ltd	South Africa	100 (via Mediclinic Investments (Pty) Ltd)	100 (via Mediclinic Investments (Pty) Ltd)	Holding, administrative and investment company of the Mediclinic Group's operations in Europe
Mediclinic Holdings Netherlands B.V.	Netherlands	100 (via Mediclinic Europe (Pty) Ltd)	100 (via Mediclinic Europe (Pty) Ltd)	Holding, administrative and investment company of the Mediclinic Group's operations in Europe
Mediclinic Luxembourg S.a.r.l	Luxembourg	100 (via Mediclinic Holdings Netherlands B.V.)	100 (via Mediclinic Holdings Netherlands B.V.)	Investment in and operation of private healthcare facilities in Europe
Hirslanden AG	Switzerland	100 (via Mediclinic Luxembourg S.a.r.l)	100 (via Mediclinic Luxembourg S.a.r.l)	Investment in and operation of private healthcare facilities in Switzerland
Middle East platform:				
Mediclinic Middle East Investment Holdings (Pty) Ltd	South Africa	100 (via Mediclinic Investments (Pty) Ltd)	100 (via Mediclinic Investments (Pty) Ltd)	Holding, administrative and investment company of the Mediclinic Group's operations in the Middle East
Mediclinic Middle East Holdings Ltd	Jersey	100 (via Mediclinic Middle East Investment Holdings (Pty) Ltd)	100 (via Mediclinic Middle East Investment Holdings (Pty) Ltd)	Holding, administrative and investment company of the Mediclinic Group's operations in the Middle East
Emirates Healthcare Holdings Limited	British Virgin Islands	100 (via Mediclinic Middle East Holdings Ltd)	100 (via Mediclinic Middle East Holdings Ltd)	Investment in and operation of private healthcare facilities in the UAE
Spire investment:				
Business Venture Investments No 1871 (Pty) Ltd	South Africa	100 (via Mediclinic Investments (Pty) Ltd)	100 (via Mediclinic Investments (Pty) Ltd)	Holding, administrative and investment company of the Mediclinic Group's investment in Spire Healthcare Plc
Remgro Jersey Limited	Jersey	100 (via Business Venture Investments No 1871 (Pty) Ltd)	100 (via Business Venture Investments No 1871 (Pty) Ltd)	Holding, administrative and investment company of the Mediclinic Group's investment in Spire Healthcare Plc

12 Employees

The Company's average employee numbers for the financial years ended 31 December 2014, 2013 and 2012 were as follows:

By geographical location	30 June 2015	31 December 2014	31 December 2013	31 December 2012
Central Region	2,438	2,470	2,265	2,137
Al Ain	1,185	1,088	961	802
Western Region	184	144	139	151
Dubai & Northern Emirates	28	23	22	—
International	21	17	15	—
Corporate	334	357	325	274
Total	4,190	4,101	3,727	3,364

By main category of activity	30 June 2015	31 December 2014	2013	2012
Physicians	556	534	470	350
Other Support Directors	128	113	108	86
Nurses	908	841	764	732
Other Medical Staff	829	796	687	608
Administrative Staff	1,769	1,817	1,698	1,588
Total	4,190	4,101	3,727	3,364

13 Employee Share Plans

The Al Noor Share Plans

The Company operates the following employee share plans: the Al Noor Hospitals Group Plc Long-Term Incentive Plan 2013 (the "**LTIP**") and the Al Noor Hospitals Group Plc Deferred Annual Bonus Plan 2013 (the "**DAB**") and has adopted but not operated the Annual Share Incentive Plan (the "**ASIP**" and together with the LTIP and the DAB, the "**Al Noor Employee Share Plans**"). Set out at paragraphs 13.1 to 13.3 of this Part 20: "*Additional Information*" are the principal features of the Al Noor Employee Share Plans and those features which are common to both.

13.1 Principal terms of the Long Term Incentive Plan 2013 (the "LTIP")

Grant of awards under the LTIP ("LTIP Awards")

LTIP Awards may be structured as nil (or nominal) cost options or as conditional share awards. The Remuneration Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it does not currently intend to do so.

Timing of grants

LTIP Awards may be granted within 42 days of the announcement of its results for any period. The Remuneration Committee may also grant LTIP Awards at any other time when the Remuneration Committee considers that there are sufficiently exceptional circumstances to justify the granting of LTIP Awards.

Individual limit

The maximum total market value of Shares over which LTIP Awards may be granted to any employee during any financial year of the Company is 200 per cent. of the employee's annual base compensation in that financial year. The Remuneration Committee will, in its discretion, determine the actual level of the LTIP Awards to be made to participants each year, subject to the maximum limit approved by Shareholders.

Performance conditions

The vesting of LTIP Awards will be subject to performance conditions determined by the Remuneration Committee.

The Remuneration Committee may set different performance conditions and targets from those applying to the Initial Awards for future LTIP Awards. Any such change would be disclosed in the Company's annual Directors' Remuneration Report.

The Remuneration Committee may vary the performance conditions applying to existing LTIP Awards if an event has occurred which causes the Remuneration Committee to consider that it would be appropriate to amend the performance conditions, provided the Remuneration Committee considers the varied conditions are fair and reasonable and not materially less challenging than the original conditions would have been but for the event in question.

Vesting of LTIP Awards

LTIP Awards will normally vest three years after they are granted, subject to the satisfaction of the applicable performance conditions and provided the participant is still employed within the Company's group. LTIP Awards structured as options will be exercisable from the date of vesting until the day before

the tenth anniversary of the grant date (or for such shorter period as determined by the Remuneration Committee) unless they lapse earlier.

Leaving Employment

As a general rule, if a participant ceases to hold employment or be a Director within the Company's group, his or her LTIP Awards will normally lapse.

However, if the reason for a participant ceasing to be an employee or a Director is because of his injury, disability, retirement, his employing company or the business for which he works being sold out of the Company's group or in other circumstances at the discretion of the Remuneration Committee, then his LTIP Award will vest on the date that it would have vested if he had not ceased such employment or office. The extent to which an LTIP Award will vest in these situations will depend upon two factors: (i) the extent to which the performance conditions have been satisfied over the original performance period; and (ii) the pro-rating of the LTIP Award to reflect the reduced period of time between its grant and vesting, although the Remuneration Committee can decide not to pro-rate an LTIP Award if it regards it as inappropriate to do so in the particular circumstances.

If a participant ceases to be an employee or Director in the Company's group for one of the "good leaver" reasons specified above, the Remuneration Committee can decide, in circumstances which they consider to be sufficiently exceptional, that his LTIP Award will vest on the date of cessation, subject to: (i) the satisfaction of the performance conditions measured at that time; and (ii) pro-rating by reference to the time of cessation as described above.

In the event that a participant dies whilst in employment or when he holds an office within the Company's group, his LTIP Award will vest on the date of cessation to the extent that the performance conditions have been satisfied at that time unless the Remuneration Committee determines that the LTIP Award shall instead vest on the normal vesting date subject to satisfaction of the relevant performance conditions. The LTIP Award will not be time pro-rated on death.

Takeovers and other corporate events

LTIP Awards (including the Initial Awards) shall vest early on a takeover, scheme of arrangement or on a winding-up of the Company (not being an internal corporate reorganisation), subject to the Remuneration Committee's determination of the Company's achievement of any applicable performance conditions. LTIP Awards (except Initial Awards) vesting as a result of the change of control will be pro-rated to reflect the reduced period of time between their grant and vesting, although the Remuneration Committee can decide not to pro-rate an LTIP Award if it regards it as inappropriate to do so in the particular circumstances.

An internal reorganisation will not trigger vesting—LTIP Awards will be exchanged for equivalent new awards over shares in the new holding company unless the Remuneration Committee determines that the LTIP Awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of the Shares to a material extent, then the Remuneration Committee may decide that LTIP Awards will vest on the basis which would apply in the case of a takeover as described above.

Clawback

The Remuneration Committee may decide within three years of an LTIP Award vesting that a participant's LTIP Award will be subject to clawback where there has been a material misstatement in the Company's financial results or an error in assessing any applicable performance condition or other condition or if the participant's employment is terminated for gross misconduct.

The clawback may be satisfied by way of a reduction in the amount of any future bonus, the vesting of any subsisting or future share options or LTIP Awards, the number of Shares under any vested but unexercised option granted under certain share incentive plans and/or a requirement to make a cash payment.

13.2 Summary of the Deferred Annual Bonus Plan 2013 (the "DAB")

The purpose of the DAB is to facilitate the deferral of part of the executives' annual bonus into Shares in the Company. The decision to apply bonus deferral in any year, and the portion of any bonus which will be deferred, will be determined by the Remuneration Committee.

Grant of DAB Awards

DAB Awards may be structured as nil (or nominal) cost options or as conditional share awards. The Remuneration Committee may also decide to satisfy share-based awards in cash, although it does not currently intend to do so.

Timing of grant

The Remuneration Committee may grant DAB Awards within 42 days of the Company's announcement of its results for any period or within 42 days of the date on which a bonus is determined or paid.

Individual limit

An employee may not receive DAB Awards in any financial year over Shares with a market value exceeding 100 per cent. of his annual compensation in that financial year. Subject to this limit, the Remuneration Committee shall determine the percentage of the employee's pre-tax bonus over which a DAB Award may be granted.

Vesting of DAB Awards

DAB Awards will normally vest in two equal tranches—50 per cent. on the dealing day immediately following the first anniversary of grant and 50 per cent. on the dealing day immediately following the second anniversary of grant, provided the participant is still a Director or employee within the Company's group.

DAB Awards structured as options will be exercisable from the date of vesting until the day before the tenth anniversary of the grant date (or for such shorter period as determined by the Remuneration Committee) unless they lapse earlier.

Leaving employment

As a general rule, a DAB Award will lapse upon a participant ceasing to hold employment or be a Director within the Company's group.

However, if a participant ceases to be an employee or a Director because of his death, injury, disability, retirement, his employing company or the business for which he works being sold out of the Company's group or in other circumstances at the discretion of the Remuneration Committee, then his DAB Award will vest in full on the date of cessation.

Takeovers and other corporate events

DAB Awards shall vest early on a takeover, scheme of arrangement or on winding-up of the Company (not being an internal corporate reorganisation).

An internal reorganisation will not trigger vesting—DAB Awards will be exchanged for equivalent new awards over shares in the new holding company unless the Remuneration Committee determines that the DAB Awards should vest on the basis which would apply in the case of a takeover.

If a demerger, special dividend or other similar event is proposed which, in the opinion of the Remuneration Committee, would affect the market price of the Shares to a material extent, then the Remuneration Committee may decide that DAB Awards will vest on the basis which would apply in the case of a takeover as described above.

Clawback

The Remuneration Committee may decide before the vesting of a DAB Award or within three years of the relevant DAB Award vesting that a participant's DAB Award will be subject to clawback where there has been a material misstatement in the Company's financial results or an error in assessing any condition applying to the DAB Award or if the participant's employment is terminated for gross misconduct.

The clawback may be satisfied by way of a reduction in the amount of any future bonus, the vesting of any subsisting or future share options/DAB Awards, the number of Shares under any vested but unexercised option granted under certain share incentive plans and/or a requirement to make a cash payment.

13.3 Principal terms of the Annual Share Incentive Plan (the "ASIP")

The Company has adopted the ASIP but not operated it. It will not be operated in respect of annual bonuses for the 2015 year but may be operated in future years.

The ASIP is broadly similar to the DAB except that:

- the number of Shares subject to Award will be that which has a market value at the time of award equal to the amount of the bonus to be deferred;
- awards will normally vest at the end of the financial year in which the award is granted (though a different vesting period may be set on award);
- the clawback provisions only apply for two years from grant.

13.4 Principal terms common to the Al Noor Employee Share Plans

Eligibility

Any employee (including, except in the case of the ASIP, an Executive Director) of the Company and its subsidiaries will be eligible to participate in the Employee Share Plans at the discretion of the Remuneration Committee. No eligible employee shall have an automatic or contractual right to participate in the Employee Share Plans in any year or from one year to the next.

Grant of Awards

LTIP Awards and DAB Awards may be satisfied by the issue of new Shares, by the transfer of Shares held as treasury shares and/or by the transfer of Shares purchased in the market. Awards under the ASIP cannot be satisfied using newly issued or treasury shares.

No payment is required for the grant of an Award. Awards are not transferable (except on death), and are not pensionable.

The Employee Share Plans will be governed by English law.

Timing of grants

Awards may not be granted at any time when the Al Noor Directors are prohibited from dealing in Shares under the Listing Rules or otherwise pursuant to any other applicable law, regulation or enactment.

An Award may not be granted more than 10 years after the date on which the relevant plan was adopted.

Dividend equivalents

On or before the grant of an Award, the Remuneration Committee may decide that participants will receive a payment (in cash and/or Shares) of an amount equivalent to the dividends that would have been paid on the Shares that vest under their Award by reference to the dividend record dates occurring during the period starting on the date of grant of the Award and the date when the Award vests. This amount may assume the reinvestment of dividends. Alternatively, participants may have their Awards increased as if dividends were paid on the Shares subject to the Award and then reinvested in further Shares.

Participants' rights

Awards of conditional shares and options will not confer any Shareholder rights until the Awards have vested or the options been exercised and the participants have received their Shares.

Rights attaching to Ordinary Shares

Any ordinary shares allotted when an Award vests or is exercised will rank equally with Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

Variations of capital

If there is a variation in the share capital of the Company, or the implementation of a demerger, payment of a special dividend or a similar event which materially affects the market price of the Shares, the Remuneration Committee may make such adjustment as it considers appropriate to the number of Shares over which an Award has been granted and/or the exercise price payable (if any).

Overall Employee Share Plan limits

In any ten calendar year period, the Company may not issue (or grant rights to issue) more than 10 per cent. of the issued ordinary share capital of the Company under the Employee Share Plans and any other employee share plan adopted by the Company.

Shares held as treasury shares will count as new issue Shares for the purposes of these limits unless institutional investors decide that they need not count.

Shares issued or to be issued under awards or options granted before the Company was listed on the London Stock Exchange will not count towards these limits.

Alterations to the Employee Share Plans

The Remuneration Committee may, at any time, amend the Employee Share Plans in any respect, provided that (except in the case of the ASIP), the prior approval of Shareholders is obtained for any amendments to the advantage of participants in respect of the rules governing: (i) eligibility, (ii) limits on participation, (iii) the overall limits on the issue of Shares or the transfer of treasury shares, (iv) the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be acquired, and (v) the adjustment of Awards.

The requirement to obtain prior approval of Shareholders will not, however, apply to any minor alteration made to benefit the administration of the Employee Share Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any Company in the Company's group. Shareholder approval will also not be required for any amendments to any performance condition applying to an LTIP Award.

No alteration to the material disadvantage of a participant may be made without the prior consent of the participants.

13.5 Impact of Combination on employee share plans

Al Noor Employee Share Plans

Outstanding awards under the Al Noor Employee Share Plans shall vest on the Closing Date as a result of the Special Dividend:

- under the DAB, in full; and
- under the LTIP, to the extent that performance conditions are met (as determined by Al Noor's remuneration committee).

The number of Shares will not be reduced to reflect early vesting.

Participants will also receive dividend equivalents (in cash or Shares) for dividends up to and including the Special Dividend.

Awards made in 2013 under the Al Noor Long Term Incentive Plan 2013 will be satisfied in cash and Awards made in 2014 and 2015 under the Al Noor Deferred Annual Bonus Plan 2013 and the Al Noor Long Term Incentive Plan 2013 may be satisfied in cash or newly issued shares.

Al Noor will write to holders of the awards after the posting of the Al Noor Circular to inform them of the impact of the Combination on their awards and the extent to which their awards will vest as a result of the Combination.

Mediclinic Forfeitable Share Plan

Awards under the Mediclinic Forfeitable Share Plan will vest as a result of the Combination to the extent that the remuneration committee of the Mediclinic Board determines. To the extent that awards do not vest, they will be exchanged for awards over Shares on such terms as Al Noor and Mediclinic shall agree such that participants in the Mediclinic Forfeitable Share Plan are in no worse position than prior to the implementation of the Mediclinic Scheme or may be cashed out or otherwise treated in accordance with the rules of the Mediclinic Forfeitable Share Plan.

The effect of the Mediclinic Scheme in respect of awards under the Mpilo Trust employee share plan (subject to compliance with the trust deed of the Mpilo Trust in respect of receipt of a favourable independent opinion in relation to the Mediclinic Scheme) is as follows:

(a) in respect of the first three allocations in terms of which the lock-in period expires on 31 December 2015:

  (i) employees who elect to sell their Mediclinic Shares (which should occur before the Mediclinic Scheme becomes operative) will not be affected;

  (ii) employees who elect to take transfer of their shares will have their Mediclinic Shares exchanged for New Shares (in the ratio of 0.62500 New Shares for every one Mediclinic Share held, the "**Exchange Ratio**") and they will accordingly be treated the same as all Mediclinic Shareholders; and

  (iii) employees who elect to remain in the Mpilo Trust will have their units linked to New Shares (in the Exchange Ratio); and

(b) in respect of the allocation in terms of which the lock-in period expires in 2018, the Mediclinic Shares linked to the units will be exchanged for New Shares (in the Exchange Ratio).

Al Noor and Mediclinic shall after posting of the Al Noor Circular and the Mediclinic Scheme Circular write to holders of awards under the Mediclinic Forfeitable Share Plan to inform them of the impact of the Combination on their awards and the extent to which their awards will vest as a result of the Combination; and the trustees of the Mpilo Trust to inform them of the impact of the Combination on the units allocated under the Mpilo Trust and what action is required to be taken by the trustees to determine the Mpilo Trust's participation in the Mediclinic Scheme.

13.6 Share options and awards

(a) As at 17 November 2015 (being the latest practicable date prior to this document), the aggregate number of Existing Shares outstanding pursuant to options and awards under the Al Noor Employee Share Plans (including options and awards granted to Al Noor Directors and Al Noor Senior Managers disclosed above) was 463,955.

(b) Save as disclosed in this paragraph 13.6 of Part 20 (*Additional Information*), neither Al Noor nor any of its subsidiaries has granted any option over its shares or loan capital which remain outstanding or has agreed, conditionally or unconditionally, to grant any such options.

14 Property, plant and equipment

14.1 The Al Noor Group

As at the date hereof, all material operating properties are leased, typically under long-term leases of up to 25 years. As at the date hereof, the Al Noor Group does not own any real property that is material either in relation to its asset base or that is used in any of its material operations. See Part 20: "*Additional Information—Related Party Transactions*". For a summary of the key terms of the existing lease agreements (as amended) for the Al Noor Group's three hospitals in Airport Road, Al Ain and Khalifa Street, which are responsible for generating the vast majority of its revenue and EBITDA, see Part 7—"*Information on the Al Noor Group—Property*".

14.2 The Mediclinic Group

Southern Africa

Mediclinic's largest operations are in Southern Africa. The Southern African platform operates 49 hospitals and two day clinics in South Africa and 3 hospitals in Namibia. Mediclinic owns all their hospital properties in Southern Africa, except Mediclinic Louis Leipoldt, which is leased in terms of a long-term lease agreement. The platform has a total of 7,983 licensed inpatient beds and 265 licensed theatres. Below

are short descriptions of Mediclinic's leading hospitals in Southern Africa, all the properties of which are owned.

Name of facility	Size (sq.m.)	Capacity (beds) as at 31 March 2015
Mediclinic Bloemfontein	37,930	377
Mediclinic Panorama	33,685	400
Mediclinic Nelspruit	22,387	314
Mediclinic Limpopo	21,755	247
Mediclinic Kloof	13,921	205
Mediclinic Pietermaritzburg	19,210	198
Mediclinic Vereeniging	22,040	267
Mediclinic Kimberley & Mediclinic Gariep (Kimberley)	56,035	252
Mediclinic Muelmed	21,569	222
Mediclinic Sandton	34,109	379

Switzerland

Mediclinic's Swiss platform operates 16 hospitals with a total of 1,680 licensed inpatient beds and 88 licensed theatres. Mediclinic owns all their hospital properties in Switzerland, except Hirslanden Clinique la Colline and Hirslanden Klinik Meggen, which are leased in terms of long-term lease agreements. The total annual lease amount for hospital and other properties in Switzerland amounts to c. CHF23 million. Below are short descriptions of Mediclinic's leading hospitals in Switzerland, all the properties of which are owned.

Name of facility	Size (sq.m.)	Capacity (beds) as at 31 March 2015
Klinik Hirslanden	39,959	330
Klinik St. Anna	25,393	196
Klinik Aarau	13,003	145
Klinik Im Park	10,633	133

UAE

Mediclinic's UAE platform operates two hospitals and eight clinics in Dubai and two clinics in Abu Dhabi with a total of 382 licensed inpatient beds and ten licensed theatres. Mediclinic owns the property of its major asset in the UAE, Mediclinic City Hospital, with the properties of Mediclinic Welcare Hospitals and the clinics subject to lease agreements, mostly long-term leases. Below are short descriptions of Mediclinic's leading facilities in the UAE, all of which are leased except Mediclinic City Hospital of which the hospital property is owned.

Name of facility	Size (sq.m.)	Capacity (beds) as at 31 March 2015
Mediclinic City Hospital	39,864.16	229
Mediclinic Welcare Hospital	11,643.26	126
Mediclinic Dubai Mall Clinic	5,727.57	7

15 Material contracts

15.1 Material contracts of the Al Noor Group

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Al Noor Group within the two years immediately preceding the date of this document, and are, or may be, material or have been entered into at any time by the Company or any member of the Al Noor Group and contain provisions under which the Company or any member of the Al Noor Group has an obligation or entitlement which is, or may be, material to the Company or any member of the Al Noor Group as at the date of this document:

Bid Conduct Agreement

In connection with the Combination, the Company and Mediclinic entered into a bid conduct agreement dated 14 October 2015 (the "**Bid Conduct Agreement**").

Under the terms of the Bid Conduct Agreement:

15.1.1 The parties have agreed to provide information relating to and, where applicable, co-operate, with respect to the preparation of the necessary regulatory filings, shareholder circulars and prospectuses.

15.1.2 Mediclinic has undertaken to take certain steps in relation to the preparation of the Mediclinic Circular.

15.1.3 The parties have set out their intentions with regard to the treatment of certain existing share schemes.

15.1.4 Mediclinic has agreed to pay a break fee of £5 million to Al Noor, as Al Noor's exclusive remedy, if the Bid Conduct Agreement is terminated: (i) as a result of the Mediclinic Board not making or, once made, withdrawing, modifying or qualifying its recommendation to Mediclinic Shareholders that they vote in favour of the resolutions necessary to implement the Combination; or (ii) as a result of the failure or inability to satisfy certain of the conditions precedent to implementation of the Combination set out in Appendix III to the Announcement. The break fee represents approximately 0.09 per cent. of Mediclinic's market capitalisation as at the close of trading on 13 October 2015 (being the last trading day before the date of the Announcement).

Remgro Subscription Agreement

Under the terms of the Remgro Subscription Agreement, Remgro Healthcare Holdings Proprietary Limited ("**Remgro Healthcare**") will (or shall procure that one or more of its affiliates shall) subscribe for 72,115,384 New shares at a fixed price of £8.32 per share, to raise proceeds of £600 million. The Remgro Subscription is conditional on, *inter alia*, the Mediclinic Scheme becoming effective.

Mediclinic Bridge Facility Agreement

In addition, Mediclinic and certain of its wholly-owned subsidiaries as guarantors have entered into a £400 million secured senior facility agreement dated 14 October 2015 (the "Bridge Facility") with Morgan Stanley Bank International Limited and RMB as mandated lead arrangers, RMB as agent and U.S. Bank Trustees Limited as security agent.

Following Completion, Al Noor will accede to the Bridge Facility as the borrower in respect of the £400,000,000 term loan facility made available under the agreement. Al Noor may only apply amounts borrowed by it under the Bridge Facility towards (i) payment (directly or indirectly) of the amounts due to the shareholders in Al Noor who are entitled to participate in the Tender Offer and the Special Dividend pursuant to the Tender Offer and the Special Dividend and (ii) payment (directly or indirectly) of any fees, costs, expenses or taxes incurred by Al Noor or any other member of the Enlarged Group in connection with entry into the Bridge Facility and the related finance documents.

The Bridge Facility has an availability period from 14 October 2015 to and including the earlier of: (i) the date which is six months and 31 "business days" (as defined in the South African Companies Act, 2008) after 14 October 2015; (ii) the date falling fourteen days after the Closing Date; and, (iii) the date on which the Mediclinic Scheme lapses, terminates or is withdrawn.

Drawdown under the Bridge Facility is conditional upon, among other things, Al Noor acceding to the Bridge Facility as borrower, Completion occurring, the grant of first ranking security over the shares in certain members of the Enlarged Group in favour of U.S. Bank Trustees Limited (as security agent under the Bridge Facility) and delivery of certain documentation to RMB (as agent under the Bridge Facility), including any requisite exchange control approvals of the Financial Surveillance Department of the South African Reserve Bank.

Any loan drawn under the Bridge Facility will have an initial term of six months from the date of publication of the Mediclinic Scheme Circular (the "Initial Maturity Date"), which may be extended up to two times at the option of Al Noor by six months per extension. The right to extend the term of the Bridge Facility does not require the consent of the lenders under the Bridge Facility, provided that no default under the Bridge Facility has occurred and is continuing either at the maturity date or when Al Noor delivers notice to RMB (as agent under the Bridge Facility) of its intention to extend.

If there is an event of default, a change of control event in respect of Mediclinic (prior to Completion) or Al Noor (following Completion) or the ordinary shares in Al Noor are either delisted from the premium segment of the Official List maintained by the Financial Conduct Authority or cease to trade on the London Stock Exchange's main market for listed securities for more than five Business Days, the lenders

under the Bridge Facility may give notice of cancellation of all available commitments and/or declare all outstanding advances, together with accrued interest, to be immediately due and payable. In addition, subject to certain agreed thresholds and carve-outs, proceeds of disposals by the Enlarged Group or capital markets proceeds received by the Enlarged Group are required to be applied in mandatory prepayment of amounts outstanding under the Bridge Facility.

Sponsor Agreement

On or around the date of this document, a sponsor agreement was entered into between Rothschild, Jefferies and Al Noor pursuant to which Rothschild and Jefferies agreed to act as joint sponsors to Al Noor in connection with the Combination and Admission. This agreement contains customary undertakings and warranties given by Al Noor in favour of the joint sponsors in connection with their role as Al Noor's joint sponsors.

Remgro Relationship Agreement

On Completion, as a result of the Combination and taking into account the New Shares to be issued to Remgro or one or more of its affiliates pursuant to the Remgro Subscription, and depending on the extent to which Al Noor Shareholders participate in the Tender Offer, Remgro will hold between 40.95 per cent. and 45.18 per cent. of the issued share capital of Al Noor. A new relationship agreement was entered into between Al Noor and the Company on 14 October 2015, to be effective on Completion, to govern the ongoing relationship between Remgro and the Company (the "**Remgro Relationship Agreement**"). The principal purpose of the Remgro Relationship Agreement is to ensure that the Company is capable of carrying on its business independently of Remgro and its associates. The Remgro Relationship Agreement contains customary terms and conditions. Under the terms of the Remgro Relationship Agreement, *inter alia*:

- Remgro undertakes to conduct all transactions and arrangements with any member of the Enlarged Group at arm's length and on normal commercial terms; not to take any action that would have the effect of preventing the Enlarged Group from complying with its obligations under the Listing Rules; not to propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules; and to abstain from voting on any shareholder resolution that is required to be passed under Chapter 11 of the Listing Rules in order to approve a related party transaction involving Remgro or any of its associates (as defined in the Listing Rules), as the related party. Remgro also undertakes to procure, so far as it is legally able to do so, that its associates comply with such undertakings;
- Remgro undertakes not to solicit senior employees of the Enlarged Group for a period of two years, and to preserve the confidentiality of the Enlarged Group's information;
- Remgro is entitled to appoint one director (or, at Remgro's election, an observer) for every 10 per cent. of the voting rights held by it or its subsidiary undertakings (as defined in the UK Companies Act), up to a maximum of three directors, provided that the right to appoint a third director is subject to the requirement that the Enlarged Al Noor Board will, following such appointment, comprise a majority of independent directors. Remgro is also entitled to representation on each committee of the Enlarged Al Noor Board (save that the Audit and Risk Committee shall comprise solely of independent directors). The Remgro Relationship Agreement requires the presence of a director appointed by Remgro at board meetings in order to constitute a quorum; and
- Al Noor (as parent company of the Enlarged Group) undertakes not to effect any share repurchase or similar transaction that would give rise to an obligation on the part of Remgro to make a general offer under Rule 9 of the Takeover Code, unless a waiver from the obligation under Rule 9 of the Takeover Code has been granted by the Takeover Panel.

Existing Relationship Agreement

The Company originally entered into a relationship agreement dated 21 June 2013 with, *inter alia*, Sheikh Mohammed Bin Butti Al Hamed and Dr. Kassem Alom (the "**Principal Shareholders**). That agreement was amended and restated on 13 November 2014 in order to comply with the changes to the Listing Rules relating to controlling shareholders implemented by the UK Listing Authority on 16 May 2014. A "controlling shareholder" is any person who exercises, or controls on its own or together with any person(s) with whom it is acting in concert, 30 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company.

The Existing Relationship Agreement governs the relationship between the Principal Shareholders and the Company and the principal purpose of which is to ensure that the Company is capable of carrying out its business independently of the Principal Shareholders and their respective associates and that transactions and arrangements with the Principal Shareholders and their respective associates are at arm's length and on normal commercial terms (subject to the rules on related party transactions in the Listing Rules).

If a Principal Shareholder ceases to hold 10 per cent. of the Company's share capital (or 10 per cent. of the aggregate voting rights in the Company), the rights and obligations of that Principal Shareholder and any member of its Principal Shareholder Group under the Existing Relationship Agreement shall terminate. If there ceases to be any Principal Shareholder holding 10 per cent. of the Company's share capital (or 10 per cent. of the aggregate voting rights in the Company) the Existing Relationship Agreement shall terminate. If the Shares cease to be listed on the premium listing segment of the Official List and traded on the London Stock Exchange, the Existing Relationship Agreement shall terminate. The ordinary shares owned by the Principal Shareholders rank *pari passu* with the other ordinary shares in all respects.

The Existing Relationship Agreement will terminate on Completion.

Shareholders' Agreement

Please refer to the description given in Part 9: "*Corporate Structure*".

Mudaraba Agreement

Please refer to the description given in Part 9: "*Corporate Structure*".

Relationship Management Agreement

Please refer to the description given in Part 9: "*Corporate Structure*".

Capex Facility

On 21 May 2013, ANMC entered into a AED 150 million and U.S.$40.8 million (total limit equivalent of U.S.$81.7 million) revolving credit and letter of credit facility agreement (the "**Capex Facility**") with Standard Chartered Bank and Mashreq Bank PSC, with the intention of preserving the Al Noor Group's financial flexibility. In accordance with its terms, the Capex Facility is made up of AED and U.S. dollar tranches, which may be used to fund future acquisitions of targets operating in the GCC and in the same sector as the Company, expansionary capital expenditure requirements and working capital requirements. The Capex Facility has a term of five years. Loans under the Capex Facility have maturities of one, three or six months. Starting at 33 months from the agreement date, the amount of funds available for drawdown under the Capex Facility will reduce by 7.5 per cent. for that quarter and each of the following eight quarters up to the termination of the facility. The two tranches of the facility will bear interest at rates of EIBOR plus margins of 2.20 per cent. per annum for the AED tranche and LIBOR plus margins of 2.80 per cent. per annum for the U.S. dollar tranche. Availability of funds under the Capex Facility is conditional upon the facility agent having received and being satisfied with the form and substance of conditions precedent usual for transactions of a similar nature, and in particular it shall be a condition precedent that Admission has occurred and that the 2012 Loan and any associated hedging has been settled in full. The Company is obliged to maintain certain customary financial covenants under the Capex Facility, including, *inter alia*, in relation to maximum total net debt, a total gross debt to equity ratio and a periodic minimum account balance. The Capex Facility is secured by way of a parent guarantee from Al Noor Golden, with all material subsidiaries from time to time required to provide a guarantee. The security also includes an assignment by the Company of insurance proceeds equal to no less than 30 per cent. of the Al Noor Group's gross revenue and payments due under merchant agreements. As at the date of this document, the Capex Facility is undrawn. Following Completion, the Capex Facility is not expected to be retained by the Enlarged Group.

Assets Transfer Agreement

On or around the date of this document, Al Noor and Mediclinic entered into the Assets Transfer Agreement. Under the terms of the Assets Transfer Agreement, all of the shares in certain subsidiaries of Mediclinic (being Mediclinic Holdings Netherlands N.V., Mediclinic Middle East Holdings Limited (Jersey), Mediclinic CHF Finco Limited (Jersey) and, if Mediclinic Jersey Limited (Jersey) has been transferred to Mediclinic CHF Finco Limited prior to the applicable date, then Mediclinic Jersey Limited

(Jersey) (the "**Designated Subsidiaries**")) will be transferred to Al Noor before the Mediclinic Scheme becomes operative, in order to align the Enlarged Group's structure along jurisdictional lines (the "**Assets Transfer**").

The Assets Transfer is conditional on the fulfilment or waiver, as the case may be, of certain conditions precedent including board and shareholder approval by the companies concerned. In addition, the Assets Transfer is conditional on the Mediclinic Scheme having become unconditional in accordance with its terms (save for any condition that, by its nature, can be satisfied only immediately before the Mediclinic Scheme becomes operative) and on there being no reason to believe that the Mediclinic Scheme will not become operative in accordance with its terms.

Al Noor will acquire the shares in the Designated Subsidiaries at the market value thereof. The purchase consideration will remain outstanding as a debt due by Al Noor to the relevant members of the Mediclinic Group.

The Assets Transfer Agreement contains basic warranties only, in view of the fact that the various sellers and Al Noor will form part of the same group of companies shortly after the implementation of the Assets Transfer. There are no indemnities contained in the Assets Transfer Agreement.

15.2 Material contracts of the Mediclinic Group

In addition to the Bid Conduct Agreement as described in paragraph 15.1 above, the following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by members of the Mediclinic Group: (a) within the two years immediately preceding the date of this document which are, or may be, material to the Mediclinic Group; or (b) at any time and contain obligations or entitlements which are, or may be, material to the Mediclinic Group as at the date of this document:

For the 2-year period preceding the date of this document, neither Mediclinic nor any of its subsidiaries have entered into any material contract, either verbally or in writing, other than:

- contracts entered into in the ordinary course of business;
- the agreements to acquire a 29.9 per cent. interest in Spire in the United Kingdom in August 2015 and the underwriting agreement pertaining to the rights issue in relation thereto, which agreements are summarised below.

No contracts entered into at any time contain an obligation or settlement that is material to Mediclinic or its subsidiaries as at the date of the document.

Share Purchase Agreement

On 22 June 2015, Remgro, through a wholly owned subsidiary, Remgro Jersey Limited ("**Remgro Jersey**") (subsequently renamed Mediclinic Jersey Limited), entered into an agreement with Rozier Investments Limited Partnership to acquire 119,923,335 shares in Spire equivalent to a 29.9 per cent. shareholding in Spire, at a price of £3.60 per share for a total purchase consideration of £431.7 million. The transaction closed on 15 July 2015.

Sale of Spire to Mediclinic

On 22 June 2015, Mediclinic and Remgro entered into an agreement under which Mediclinic agreed to acquire Remgro's shareholding in Remgro Jersey, and consequently the shareholding in Spire described above for an amount equal to the aggregate of the purchase price paid by Remgro Jersey, transaction costs and funding costs, totalling approximately ZAR8.6 billion.

The Spire acquisition by Mediclinic was funded through the successful completion of a fully underwritten renounceable rights issue in respect of 111,111,111 rights issue shares at the ratio of 12.80145 rights issue shares for every 100 shares held at a price of ZAR90.00 per rights issue share.

The rights issue was underwritten by a wholly-owned subsidiary of Remgro and was completed on 24 August 2015. Mediclinic's acquisition of Remgro Jersey was completed on 24 August 2015.

Underwriting Agreement

The Mediclinic rights issue was underwritten by Remgro Healthcare, a wholly-owned subsidiary of Remgro, pursuant to an underwriting agreement dated 22 June 2015 (the "**Underwriting Agreement**"). Remgro Healthcare, provided Mediclinic with an irrevocable undertaking to:

(a) subscribe for all of the 45,940,451 rights issue shares (being ZAR4,135 million) to which it was entitled pursuant to the terms of the rights issue; and

(b) underwrite the balance of 65,170,660 rights issue shares (being ZAR5,865 million) (the "**Underwritten Amount**").

In terms of the Underwriting Agreement, an underwriting fee equal to 1.5 per cent. of the Underwritten Amount was paid to Remgro Healthcare. Remgro Healthcare acquired 5,402,435 rights issue shares in its capacity as underwriter.

Mediclinic Existing Facilities

The Mediclinic Group has the following funding in place:

(a) a ZAR6,200,000,000 senior loan facilities and preference share facility agreement entered into during October 2012 between, among others, Mediclinic Southern Africa Proprietary Limited ("**MCSA**"), Mediclinic Properties Proprietary Limited ("**SA Propco**"), Mediclinic Finance Corporation Proprietary Limited ("**SA Finco**"), The Standard Bank of South Africa Limited ("**SBSA**"), ABSA Bank Limited ("**Absa**") and FirstRand Bank Limited (acting through its Rand Merchant Bank Division) ("**RMB**") (the "**Direct Facilities Agreement**");

(b) a ZAR65,000,000 commercial property finance facility made available to Mediclinic Hermanus Proprietary Limited ("**MC Hermanus**") by Absa (the "**MC Hermanus Facility**");

(c) a ZAR32,000,000 development property finance facility made available to Howick Private Hospital Proprietary Limited ("**Howick**") (the "**Howick Facility**");

(d) a ZAR32,000,000 commercial property facility made available to Mediclinic Lephalale Proprietary Limited ("**Lephalale**") by Absa (the "**Lephalale Facility**");

(e) a ZAR 35,000,000 commercial property facility made available to Mediclinic Upington Proprietary Limited (Upington) by Absa (the "Upington Facility");

(f) a ZAR60,000,000 general banking facility made available to Wits University Donald Gordon Medical Centre Proprietary Limited ("**WDG**") by SBSA (the "**WDG Facility**");

(g) a term loan and overdraft facilities agreement dated 24 March 2011 (as amended and restated pursuant to an amendment and restatement agreement dated 10 December 2012, as amended pursuant to an amendment agreement dated 26 February 2014, as amended and restated pursuant to an amendment and restatement agreement dated 31 March 2014 and as amended and restated pursuant to an amendment and restatement agreement dated 16 June 2015) between, among others, Emirates Healthcare Limited, Mediclinic Middle East Management Services FZ-LLC and Standard Chartered (the "**Middle East Facilities Agreement**");

(h) a CHF1,550,000,000 senior term loan and revolving credit facilities agreement originally dated 31 July 2012 (as amended on 3 October 2012, 17 December 2014 and as amended and restated on 24 March 2015) between, amongst others, Hirslanden AG and Credit Suisse AG (the "**Swiss Senior Facilities Agreement**");

(i) a CHF100,000,000 junior term loan facility agreement originally dated 31 July 2012 (as amended on 3 October 2012, 17 December 2014 and as amended and restated on 24 March 2015) between, amongst others, Hirslanden AG and Credit Suisse AG (the "**Swiss Junior Facility Agreement**");

(j) a CHF145,000,000 listed Swiss bond issued by Hirslanden AG, ISIN CH0269698772 maturing 25 February 2021) (the "**2021 Swiss Bond**"); and

(k) a CHF90,000,000 listed Swiss bond issued by Hirslanden AG, ISIN CH0269698798 (maturing 25 February 2021) (the "**2025 Swiss Bond**").

In addition, Mediclinic and certain of its wholly-owned subsidiaries as guarantors have entered into a £400 million secured senior facility agreement dated 14 October 2015 (the "**Mediclinic Bridge Facility**")

with Morgan Stanley Bank International Limited and FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("**RMB**") as mandated lead arrangers, RMB as agent and U.S. Bank Trustees Limited as security agent.

The Direct Facilities Agreement

The following secured facilities have been made available under the Direct Facilities Agreement: (i) a ZAR2,000,000,000 preference share facility made available to MCSA by SBSA, Absa and RMB (the "**Preference Share Facility**"); (ii) a ZAR2,950,000,000 term facility made available to SA Propco by SBSA, Absa and RMB ("SA Facility A"); (iii) a ZAR750,000,000 term facility made available to SA Finco by SBSA, Absa and RMB ("**SA Facility B**"); (iv) a ZAR500,000,000 term facility made available to SA Finco by SBSA, Absa and RMB (the "**Capex Facility**"); (v) a ZAR200,000,000 general banking facility, which facility will increase to ZAR 300,000,000 from October 2017, granted to SA FinCo by SBSA (the "**SBSA GBF Facility**"); (vi) a ZAR200,000,000 general banking facility, which facility will increase to ZAR 300,000,000 from October 2017, granted to SA FinCo by Absa (the "**Absa GBF Facility**"); and, (vii) a ZAR200,000,000 general banking facility, which facility will increase to ZAR 300,000,000 from October 2017, granted to SA FinCo by FirstRand Bank Limited (acting through its Corporate and Investment Banking Division) (the "**RMB GBF Facility**").

The Preference Share Facility became unconditional and was fully drawn down in October 2012. MCSA applied the proceeds from the Preference Share Facility to provide funding to Hirslanden AG for the sole purpose of partially repaying that portion of the Hirslanden AG acquisition facilities incurred during 2007. As at 31 March 2015, ZAR2,000,000,000 of the capital amount remained outstanding under the Preference Share Facility.

The Preference Share Facility terminates on 2 June 2019 with small redemptions commencing three years and one day after the utilisation date thereof. However, all of the preference shares that were issued pursuant to the Preference Share Facility are redeemable in the case of an event of default under the Direct Facilities Agreement or upon the delisting of Mediclinic from the main board of the JSE.

SA Facility A became unconditional and was drawn down in October 2012. SA Propco applied the proceeds drawn under SA Facility A for purposes of the refinancing of certain financial indebtedness which existed at the utilisation date of SA Facility A and for the general corporate purposes of MCSA and its subsidiaries. As at 31 March 2015, ZAR2,950,000,000 of the capital amount remained outstanding under SA Facility A.

SA Facility B became unconditional and was drawn down in October 2012. SA Finco applied the proceeds drawn under SA Facility B for purposes of the refinancing of certain financial indebtedness which existed at the utilisation date of SA Facility B and for the general corporate purposes of MCSA and its subsidiaries. As at 31 March 2015, ZAR330,000,000 of the capital amount remained outstanding under SA Facility B.

The Capex Facility became unconditional in October 2012 and ZAR200,000,000 was drawn down in September 2013. The proceeds drawn under the Capex Facility are for the purpose of financing (i) capital expenditure of MCSA and its subsidiaries and (ii) certain permitted acquisitions made by MCSA and/or any of its subsidiaries. As at 31 March 2015, ZAR200,000,000 of the capital amount remained outstanding under the Capex Facility.

Each of SA Facility A and the Capex Facility is repayable on 2 June 2019. SA Facility B terminates on 8 October 2017, but is repayable in instalments. However, amounts borrowed under SA Facility A, SA Facility B and the Capex Facility will be repayable on demand in the case of an event of default under the Direct Facilities Agreement or the delisting of Mediclinic from the main board of the JSE.

Each of the SBSA GBF Facility, the Absa GBF Facility and the RMB GBF Facility became unconditional and was made available in October 2012 for the purpose of financing the working capital requirements of MCSA and its subsidiaries. No amount is currently outstanding under any of the SBSA GBF Facility, the Absa GBF Facility or the RMB GBF Facility.

None of the SBSA GBF Facility, the Absa GBF Facility or the RMB GBF Facility has a fixed term. However, each of these facilities shall be repayable on demand in the case of an event of default under the Direct Facilities Agreement or the delisting of Mediclinic from the main board of the JSE.

Amounts borrowed under the Direct Facilities Agreement are secured in favour of the lenders by cross-guarantees granted by the material subsidiaries of MCSA and pursuant to:

(a) a cession and pledge of all the shares and claims of the material subsidiaries of MCSA;

(b) a cession in security of all bank accounts, insurance policies, book debts, intellectual property rights and lease agreements owned by the material subsidiaries of MCSA;

(c) notarial bonds registered over the movable assets of the material subsidiaries of MCSA; and

(d) mortgage bonds registered over the immovable properties of the material subsidiaries of MCSA.

The MC Hermanus Facility

The MC Hermanus Facility is an unsecured term loan facility which became unconditional and was made available to MC Hermanus in December 2010. Amounts borrowed under the MC Hermanus Facility were applied for the development of MC Hermanus. As at 31 March 2015, ZAR39,776,919 remained outstanding under the MC Hermanus Facility.

The MC Hermanus Facility is repayable in full in December 2020. If there is an event of default in respect of the MC Hermanus Facility, the lender is entitled to declare all amounts outstanding under the MC Hermanus Facility to be repayable on demand.

The Howick Facility

The Howick Facility is a secured term loan facility which become unconditional and was made available to Howick in December 2012. Amounts borrowed under the Howick Facility were used to fund the extension of the Howick hospital. As at 31 March 2015, ZAR29,831,187 remained outstanding under the Howick Facility.

The Howick Facility has an amortizing five year term, with equal monthly capital instalments being made. If there is an event of default in respect of the Howick Facility or in the event of severe damage or destruction of the Howick hospital or the expropriation of the Howick hospital, the lender is entitled to declare all amounts outstanding under the Howick Facility to be repayable on demand.

Amounts borrowed by Howick under the Howick Facility are secured in favour of the lender by: (i) mortgage bonds registered over the immovable property owned by Howick; and, (ii) a suretyship by Howick Private Hospital Holdings Limited.

The Lephalale Facility

The Lephalale Facility is a secured term loan facility which became unconditional and was fully drawn in January 2015. Amounts borrowed by Lephalale were applied for the acquisition of a property located in Lephalale. As at 31 March 2015, ZAR32,000,000 remained outstanding under the Lephalale Facility.

The Lephalale Facility has an amortizing ten year term, with equal monthly capital instalments being made. If there is an event of default in respect of the Lephalale Facility, severe damage or destruction of the property or expropriation, the lender is entitled to declare all amounts outstanding under the Lephalale Facility to be repayable on demand.

Amounts borrowed by Lephalale under the Lephalale Facility are secured in favour of the lender by: (i) a mortgage bond registered over the property acquired with the proceeds drawn under the Lephalale Facility; and, (ii) a cession in security by Lephalale of all its insurance claims.

Upington Facility

The Upington Facility is a secured term loan facility which became unconditional and was made available to Upington in March 2014. The facility was made available to Upington to acquire an immovable property in Upington. As at 31 March 2015, ZAR99,750 remained outstanding under the Upington Facility.

The Upington Facility has an amortizing ten year term, with equal monthly capital instalments being made. If there is an event of default in respect of the Upington Facility, severe damage or destruction of the property or expropriation, the lender is entitled to declare all amounts outstanding under the Upington Facility to be repayable on demand.

Amounts borrowed by Upington under the Upington Facility are secured in favour of the lender by: (i) a mortgage bond registered over the property acquired with the proceeds drawn under the Upington Facility; and (ii) a cession in security by Upington of all of its insurance claims.

The WDG Facility

The WDG Facility is an unsecured general banking facility which became unconditional and was made available to WDG in August 2013. Amounts borrowed by WDG under the WDG Facility may only be applied to finance the working capital requirements of WDG. As at 31 March 2015, ZAR23,621,249 was outstanding and attributable to Mediclinic, which holds a 49.9% interest in WDG, under the WDG Facility.

There is no agreed repayment date of the WDG Facility. The WDG Facility is repayable on demand, if there is an event of default in respect of the WDG Facility or if SBSA gives written notice of termination.

The Middle East Facilities Agreement

The lenders under the Middle East Facilities Agreement have made available to Emirates Healthcare Limited the following secured facilities: (i) a dirham overdraft facility in the amount of AED 33,000,000 ("**Middle East Facility B**"); (ii) a dollar term loan facility in the amount of USD 172,000,000 ("**Middle East Facility C**"); and (iii) a dollar term loan facility in the amount of USD 54,500,000 ("**Middle East Facility D**"). Emirates Healthcare Limited may only apply amounts borrowed by under Middle East Facility B for the purpose of funding its working capital requirements. Amounts borrowed by Emirates Healthcare Limited under Middle East Facility D may only be applied for the purpose of making any payments towards the expansion capital expenditure and working capital requirements of Emirates Healthcare Limited and its subsidiaries and the payment of any fees, costs, expenses payable in connection with the Middle East Facilities Agreement and the related finance documents.

Each of Middle East Facility B, Middle East Facility C and Middle East Facility D has a maturity date of 60 months from 16 June 2015. Middle East Facility B is a revolving overdraft facility and is available until the maturity date. No further drawdowns can be made in respect of Middle East Facility C which, as at 16 June 2015, had USD 84,689,600 outstanding in respect of drawn amounts. Middle East Facility D has an availability period of 3 years from 24 June 2015, which is the effective date in respect of the facility.

If there is an event of default or a change of control of Emirates Healthcare Limited, such that (i) Emirates Healthcare Holdings Limited is no longer the sole shareholder of Emirates Healthcare Limited or ceases to control it or (ii) Mediclinic Middle East Holdings Limited is no longer the sole shareholder of Emirates Healthcare Holdings Limited or ceases to control it, the lenders (or the agent on their behalf) can cancel the total commitments and accelerate any outstanding loans.

In addition, in the event of sale of the shares of Emirates Healthcare Limited or any of its subsidiaries, 100 per cent. of the proceeds of any share sale will be required to be applied towards the prepayment of the loans under the Middle East Facilities Agreement.

Amounts borrowed under the Middle East Facilities Agreement are secured in favour of the lender pursuant to:

(a) the pledge and assignment of various dirham denominated bank accounts held by Mediclinic Mirdif Clinic LLC, Mediclinic IBN Battuta Clinic LLC, Mediclinic Clinics Investments LLC, Emirates Healthcare Limited, Mediclinic City Hospital FZ-LLC, Mediclinic Al Qusais Clinic LLC, Mediclinic Middle East Management Services FZ-LLC, Mediclinic Welcare Hospital LLC and Mediclinic Beach Road LLC;

(b) the assignment by way of security of Emirates Healthcare Limited's rights under certain intercompany loans;

(c) a share pledge over the shares in Mediclinic Middle East Management Services FZ-LLC, entered into by Welcare World Health Systems Limited as security provider, and over the shares in Mediclinic City Hospital FZ-LLC, entered into by Emirates Healthcare Limited as security provided;

(d) an equitable share mortgage over the shares in Emirates Healthcare Limited, entered into by Emirates Healthcare Holdings Limited as security provider; and

(e) first-ranking real estate mortgages granted by Mediclinic City Hospital FZ-LLC and Mediclinic Middle East Management Services FZ-LLC over certain real estate assets in Dubai held by each company.

The Swiss Senior Facilities Agreement

The lenders under the Swiss Senior Facilities Agreement have made available to Hirslanden AG as borrower, (i) a secured CHF senior amortizing term loan facility up to a maximum aggregate amount equal to CHF1,500,000,000 ("**Swiss Senior Facility A1**") and (ii) a secured senior revolving loan facility in an aggregate amount equal to CHF50,000,000 ("**Swiss Senior Facility A2**"). Hirslanden AG may only apply amounts borrowed by it under Swiss Senior Facility A1 towards the financing of working capital and other general corporate purposes and the payment of any fees, costs and expenses incurred in connection with the Swiss Senior Facilities Agreement and the related finance documents. Amounts borrowed by Hirslanden AG under Swiss Senior Facility A2 may only be applied towards the financing of working capital and other general corporate purposes.

Swiss Senior Facility A2 has an availability period expiring on 31 July 2020, the termination date under the Swiss Senior Facilities Agreement.

Swiss Senior Facility A1 is an amortising term loan, which requires Hirslanden AG to repay an instalment of CHF50,000,000 on each of 30 September 2015, 30 September 2016, 30 September 2017, 30 September 2018 and 30 September 2019. All amounts outstanding in connection with the Swiss Senior Facilities Agreement, under both Swiss Senior Facility A1 and Swiss Senior Facility A2, including accrued but unpaid interest, are repayable in full on the termination date, 31 July 2020.

If there is a change of control event in respect of Hirslanden AG, a complete refinancing of Swiss Senior Facility A1, Swiss Senior Facility A2 and the Swiss Junior Facility or an event of default, the lenders may declare all loans and amounts payable under the Swiss Senior Facilities Agreement, together with accrued interest, to be due and payable and may cancel the available commitments under Swiss Senior Facility A2. In each case, the lenders shall not be required to fund a utilisation under Swiss Senior Facility A2 unless the mandatory prepayment has been made.

In addition, and subject to certain carve-outs and thresholds (including, in connection with asset sales and insurance proceeds, reinvestment), the net proceeds of (i) asset disposals by Hirslanden AG or one of its subsidiaries, (ii) the issuance of certain unsecured bonds issued by Hirslanden AG, (iii) other capital market transactions entered into by Hirslanden AG or one of its subsidiaries, (iv) insurance claims or indemnification payments made to Hirslanden AG or one of its subsidiaries or (v) any repayments of amounts outstanding under the Swiss Junior Facility (as defined below) in connection with an illegality event, must be applied in mandatory prepayment of amounts outstanding under any loan made under the Swiss Senior Facilities Agreement. The lenders may declare the available commitments to be cancelled in an aggregate amount equal to the amount to be prepaid. Any mandatory prepayment must be made within ten business days and any prepayment required following an event of default shall be immediately due and payable.

Amounts borrowed under the Swiss Senior Facilities Agreement are secured in favour of the lenders pursuant to:

(a) two security transfer agreements in respect of mortgage certificates granted by Hirslanden AG and one of its operating subsidiaries as security providers;

(b) a pledge agreement in respect of the shares in Hirslanden AG entered into by Mediclinic Luxembourg S.à r.l. as security provider;

(c) a security assignment in respect of subordinated shareholder loans entered into by Mediclinic Luxembourg S.à r.l. as security provider; and

(d) ten pledge agreements in respect of bank accounts entered into by Hirslanden AG and nine of its operating subsidiaries as security providers,

(together, the "**Swiss Security Package**")

The Swiss Senior Facilities Agreement is governed by Swiss law.

The Swiss Junior Facility Agreement

Hirslanden AG is also the borrower in respect of a secured CHF100,000,000 term loan facility (the "**Swiss Junior Facility**") made available by the lenders under the Swiss Junior Facility Agreement. Amounts borrowed by Hirslanden AG under the Swiss Junior Facility may only be applied towards the financing of working capital and other general corporate purposes and for the payment of fees, costs and expenses incurred in connection with the Swiss Junior Facility Agreement and other related finance documents.

The Swiss Junior Facility is fully drawn and Hirslanden AG has no ability to request any further utilisations of the Swiss Junior Facility. All amounts owing and accrued under the Swiss Junior Facility and the related finance documents are repayable in full on 31 July 2020, which is the termination date under the Swiss Junior Facility Agreement.

If there is a change of control event in respect of Hirslanden AG, a complete refinancing of Swiss Senior Facility A1, Swiss Senior Facility A2 and the Swiss Junior Facility or an event of default, the lenders may declare all loans and amounts payable under the Swiss Junior Facility Agreement, together with accrued interest, to be due and payable. In addition, and subject to certain carve-outs and thresholds (including, in connection with assets sales and insurance proceeds, reinvestment), the net proceeds of (i) asset disposals by Hirslanden AG or one of its subsidiaries, (ii) the issuance of certain unsecured bonds issued by Hirslanden AG, (iii) other capital market transactions entered into by Hirslanden AG or one of its subsidiaries or (iv) insurance claims or indemnification payments made to Hirslanden AG or one of its subsidiaries, must be applied in mandatory prepayment of amounts outstanding under any loan. Any mandatory prepayment must be made within ten business days and any prepayment required following an event of default shall be immediately due and payable.

Amounts borrowed under the Swiss Junior Facility Agreement are also secured in favour of the lenders by the Swiss Security Package.

The Swiss Junior Facility Agreement is governed by Swiss law.

The 2021 Swiss Bond

Hirslanden AG is the issuer in respect of a Swiss law bond due 2021 in an aggregate principal amount of CHF145,000,000. As issuer, Hirslanden AG undertakes to pay to bondholders all amounts outstanding under the bonds, at par by no later than 25 February 2021.

The bondholders who from time to time hold the 2021 Swiss Bond may, provided that certain conditions are met, request early repayment of amounts due in connection with the 2021 Swiss Bond if there is a change of control event in respect of Hirslanden AG as the issuer.

The 2025 Swiss Bond

Hirslanden AG is the issuer in respect of a Swiss law bond due 2025 in an aggregate principal amount of CHF90,000,000. As issuer, Hirslanden undertakes to pay to bondholders all amounts outstanding under the bonds, at par by no later than 25 February 2025.

The bondholders who from time to time hold the 2025 Swiss Bond may, provided that certain conditions are met, request early repayment of amounts due in connection with the 2025 Swiss Bond if there is a change of control event in respect of Hirslanden AG as the issuer.

The Mediclinic Bridge Facility

Following Completion, Al Noor will accede to the Mediclinic Bridge Facility as the borrower in respect of the £400,000,000 secured term loan facility made available under the agreement. Al Noor may only apply amounts borrowed by it under the Mediclinic Bridge Facility towards (i) payment (directly or indirectly) of the amounts due to the shareholders in Al Noor who are entitled to participate in the Tender Offer and the Special Dividend pursuant to the Tender Offer and the Special Dividend and (ii) payment (directly or indirectly) of any fees, costs, expenses or taxes incurred by Al Noor or any other member of the Enlarged Group in connection with entry into the Mediclinic Bridge Facility and the related finance documents.

The Mediclinic Bridge Facility has an availability period from 14 October 2015 to and including the earlier of: (i) the date which is six months and 31 "business days" (as defined in the South African Companies Act, 2008) after 14 October 2015; (ii) the date falling fourteen days after the Closing Date; and, (iii) the date on which the Scheme lapses, terminates or is withdrawn.

Drawdown under the Mediclinic Bridge Facility is conditional upon, among other things, Al Noor acceding to the Mediclinic Bridge Facility as borrower, Completion occurring, the grant of first ranking security over the shares in certain members of the Group in favour of U.S. Bank Trustees Limited (as security agent under the Mediclinic Bridge Facility) and delivery of certain documentation to RMB (as agent under the Mediclinic Bridge Facility), including any requisite exchange control approvals of the Financial Surveillance Department of the South African Reserve Bank.

Any loan drawn under the Mediclinic Bridge Facility will have an initial term of six months from the date of publication of the Mediclinic Scheme Circular (the "Initial Maturity Date"), which may be extended up to two times at the option of Al Noor by six months per extension. The right to extend the term of the Mediclinic Bridge Facility does not require the consent of the lenders under the Mediclinic Bridge Facility, provided that no default under the Mediclinic Bridge Facility has occurred and is continuing either at the maturity date or when Al Noor delivers notice to RMB (as agent under the Mediclinic Bridge Facility) of its intention to extend.

If there is an event of default, a change of control event in respect of Mediclinic (prior to Completion) or Al Noor (following Completion) or the ordinary shares in Al Noor are either delisted from the premium segment of the Official List maintained by the Financial Conduct Authority or cease to trade on the London Stock Exchange's main market for listed securities for more than five Business Days, the lenders under the Mediclinic Bridge Facility may give notice of cancellation of all available commitments and/or declare all outstanding advances, together with accrued interest, to be immediately due and payable. In addition, subject to certain agreed thresholds and carve-outs, proceeds of disposals by the Enlarged Group or capital markets proceeds received by the Enlarged Group are required to be applied in mandatory prepayment of amounts outstanding under the Mediclinic Bridge Facility.

Amounts borrowed under the Mediclinic Bridge Facility will be secured in favour of lenders by first ranking security over the shares in Mediclinic Investments (Proprietary) Limited and Mediclinic Jersey Limited. If the offshore Assets Transfer is implemented and each, or any, of Mediclinic CHF Finco Limited, Mediclinic Middle East Holdings Limited and Mediclinic Holdings Netherlands B.V. are transferred to Al Noor, Al Noor will grant first ranking share security over the shares that it holds in each or any of these companies.

The Mediclinic Bridge Facility is governed by English law.

Asset Transfer Agreement

See summary of the terms of the Asset Transfer Agreement in paragraph 15.1 above.

Spire Relationship Agreement

Further to Remgro Jersey's acquisition of a 29.9 per cent. interest in Spire, Remgro Jersey and Spire entered into a Relationship Agreement on or about 22 June 2015 to regulate the relationship between them. The Relationship Agreement contains the customary terms and conditions, including provisions intended to protect Spire's confidential information. As part of the agreement, Mediclinic, through Remgro Jersey, has the right to nominate one non-executive director to be appointed or reappointed to the board of Spire, and one observer to the board of Spire for so long as Mediclinic holds more than 15 per cent. in the issued share capital of Spire. In terms of the agreement, with effect from 20 August 2015, Mr. Danie Meintjes, the Chief Executive Officer of Mediclinic, was appointed as a non-executive director of Spire and Mr. Craig Tingle, the Chief Financial Officer of Mediclinic, was appointed as a Board observer.

16 Related party transactions

16.1 The Al Noor Group

Details of related party transactions entered into by members of the Al Noor Group during the period covered by the historical financial information and up to the date of this document are set out in (i) the note to "Related Party Balances and Transactions" to the Annual Reports and Accounts 2014 and 2013 and the unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 June 2015 incorporated by reference to this document; (ii) note 22 to the combined financial information contained in Section B of Part XIV "Historical Financial Information" of the IPO Prospectus and (iii) in Part II "Summary of the Transaction Agreements" of the Related Party Circular posted to shareholders by the Company on 7 August 2015.

In addition, in order to protect the Company's rights and seek to ensure that it will have the full benefit of the operating businesses under Al Noor Golden, and as part of the Al Noor Group's corporate structure, the Shareholders' Agreement was entered into, and witnessed, between ANH Cayman, ANMC Management, ANCI and the shareholders of ANCI (SMBB and First Arabian). In addition, the Mudaraba Agreement was also entered into between ANCI and Al Noor Golden. The Relationship Management Agreement was also entered into between ANMC, Al Noor Golden and ANCI, to regulate the relationship between ANMC, as operator of the Al Noor Group's licensed medical facilities and pharmacies, Al Noor Golden and ANCI. The Relationship Management Agreement provides that ANCI must co-operate and provide assistance to ANMC in connection with the medical licences required to operate ANMC's business. See Part 9: "*Corporate Structure*" for further details on each of these agreements.

Further, it has been proposed that a retention bonus be paid to Mr. Lavater as described in paragraph 14 of the Chairman's letter in the Circular.

Save as set out above, and for the related party transactions set out in (i) the note to "Related Party Balances and Transactions" to the Annual Reports and Accounts 2014 and 2013 and the unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 June 2015 incorporated by reference to this document; (ii) note 22 to the combined financial information contained in Section B of Part XIV "Historical Financial Information" of the IPO Propsectus; and (iii) the Related Party Circular, there are no related party transactions that were entered into during the period covered by the historical financial information and during the period from 30 June 2015 and 17 November 2015 (being the latest practicable date prior to the publication of this document).

16.2 The Mediclinic Group

The major shareholder of Mediclinic is Remgro Healthcare Holdings (Pty) Ltd (a subsidiary of Remgro Ltd), which owns 41.9 per cent. of the issued share capital. During the periods specified below, the following related party transactions were carried out with related third parties:

	Year ended 31 March			Six months ended 30 September
	2013	2014	2015	2015
			(R'm)	
Transactions with shareholders:				
Remgro Management Services Ltd (subsidiary of Remgro Ltd)				
—Managerial and administration fees	4	4	5	3
—Internal audit services	2	2	2	1
Balance due from	100	—	—	—
V&R Management Services AG (subsidiary of Remgro Ltd)				
—Administration fees	1	1	1	—
—Facilitation fee in respect of equity investment (Spire Healthcare Group plc)	—	—	—	50
—Underwriting fees in respect of the rights offer	—	—	—	88
Key management compensation:				
Directors				
Information regarding the directors' remuneration appears on page 285				
Transactions with subsidiaries and associates:				
Zentrallabor Zürich (ZLZ)				
—Fees earned	(17)	(22)	(22)	(15)
—Purchases	84	100	129	69
Company				
Transactions with subsidiaries and associates:				
Mediclinic Investments (Pty) Ltd				
—Dividends received	568	731	831	—
—Balance due from	11,222	11,252	14,361	—

17 Litigation and arbitration proceedings

17.1 The Al Noor Group

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of Al Noor or the Al Noor Group.

17.2 The Mediclinic Group

There are no governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) which may have, or have had in the recent past, significant effects on the financial position or profitability of Mediclinic or the Mediclinic Group.

18 Working capital

The Company is of the opinion that, following the Combination, taking into account the Remgro Subscription and the bank and other facilities available to the Enlarged Group, the working capital of the Enlarged Group is sufficient for the Enlarged Group's present requirements, that is for at least 12 months from the date of publication of this document.

19 No significant change

19.1 The Al Noor Group

There has been no significant change in the financial or trading position of the Al Noor Group since 30 June 2015, the date to which the latest unaudited interim condensed consolidated financial information in relation to the Al Noor Group was prepared.

19.2 The Mediclinic Group

There has been no significant change in the financial or trading position of the Mediclinic Group since 30 September 2015, the date to which the latest audited interim financial information in relation to the Mediclinic Group was prepared.

20 Consents

20.1 Rothschild, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.2 Goldman Sachs International, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.3 Jefferies, which is authorised and regulated by the Financial Conduct Authority, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the references to its name in the form and context in which they appear.

20.4 KPMG LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of its accountant's report on the Profit Forecast of the Al Noor Group in Annex 1 (*Profit Forecast of the Al Noor Group*) in the form and context in which it appears and has authorised the contents of the part of this document which comprise its report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

21 PricewaterhouseCoopers LLP is a member firm of the Institute of Chartered Accountants in England and Wales and has given and has not withdrawn its written consent to the inclusion of its report on the unaudited pro forma financial information in Section A of Part 17: "*Unaudited Pro Forma Financial Information of the Enlarged Group*" and its report on the Mediclinic historical financial information in Section A of Part 16: *"Historical Financial Information of Mediclinic"* in the form and context in which they appear and has authorised the contents of those parts of this document which comprise its report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

22 Dividends

The following table sets forth certain information regarding dividends declared and paid by the Company in respect of the financial years ended 2012, 2013 and 2014.

	Year ended 31 December		
	2012	2013	2014
		(U.S.$)	
Dividends declared and paid (millions)	30.6	20.7	24.8
Dividend per share (cents)	0	14.7	13.4

23 Miscellaneous

The total costs and expenses payable by the Company in connection with the Combination and Admission (including the listing fees of the FCA and the London Stock Exchange, professional fees and expenses and the costs of printing and distribution of documents) are estimated to amount to £25,535,000 million (excluding VAT).

24 Documents available for inspection

Copies of the following documents may be inspected during usual business hours on any business day for a period of 12 months following Admission at the registered address of the Company (1st Floor, 40 Dukes Place, London EC3A 7NH):

- the Articles of Association and the New Articles of Association;
- the Annual Report and Accounts of Al Noor for the financial years ended 31 December 2014 and 2013;
- the unaudited interim condensed financial information for Al Noor in respect of the six months ended 30 June 2014 and 2015;
- the IPO Prospectus;
- the Bid Conduct Agreement;
- the Remgro Subscription Agreement;
- the Mediclinic Bridge Facility;
- the Remgro Relationship Agreement;
- the Al Noor Circular;
- the consent letters referred to in paragraph 20 of this Part 20: "*Additional Information*";
- the Accountant's Report on the Unaudited Pro Forma Financial Information on the Enlarged Group set out in Part 17: "*Unaudited Pro Forma Financial Information of the Enlarged Group*";
- the Accountant's Report on the Historical Financial Information on Mediclinic set out in Part 16: "*Historical Financial Information of Mediclinic*";
- the Accountant's Report on the Profit Forecast of the Al Noor Group as set out in Annex 1: "*Profit Forecast*";
- the documents incorporated by reference into this document as described in Part 21: "*Documentation incorporated by reference*"; and
- this document.

19 November 2015

PART 21—DOCUMENTATION INCORPORATED BY REFERENCE

This document should be read and construed in conjunction with certain documents which have been previously published and filed with the FCA and which shall be deemed to be incorporated in, and form part of, this document.

Part 15: "*Historical Financial Information of Al Noor*" and the table below list the information which is incorporated by reference into this document in compliance with Prospectus Rule 2.4.1. To the extent that any document or information incorporated by reference or attached to this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document for the purposes of the Prospectus Rules, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information.

Any statement contained in a document which is deemed to be incorporated by reference into this document shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained in this document (or in a later document which is incorporated by reference into this document) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

Except as set forth above, no other portion of these documents is incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for investors or the relevant information is included elsewhere in this document.

Reference document	Information incorporated by reference into this document	Page number in reference document
IPO Prospectus	Accountant's Report on Historical Financial Information	128
	Consolidated Income Statement	130
	Consolidated Statement of Comprehensive Income	131
	Consolidated Statement of Financial Position	132
	Statement of Changes in Equity	133
	Consolidated Statement of Cash Flows	134
	Notes forming part of the Consolidated Financial Information	135
Al Noor Circular published on or around the date of this document in connection with the Combination	Part IV (Information on the Combination) Section E: Conditions of the Combination	71
Al Noor Group's Annual Report for the year ended 31 December 2013	Financial & operating review	40
	Independent auditor's report	84
	Consolidated statement of financial position	86
	Consolidated statement of profit or loss and other comprehensive income	87
	Consolidated statement of changes in equity	88
	Consolidated statement of cash flows	89
	Notes to the consolidated financial statements	90
Al Noor Group's unaudited consolidated results for the six months ended 30 June 2014	CEOs Review	4
	Independent review report	8
	Condensed consolidated interim statement of financial position	9

Reference document	Information incorporated by reference into this document	Page number in reference document
	Condensed consolidated interim statement of profit or less and other comprehensive income	10
	Condensed consolidated interim statement of changes in equity	12
	Condensed consolidated interim statement of cash flows	13
	Notes to the condensed consolidated interim financial statements	14
Al Noor Group's Annual Report for the year ended 31 December 2014	Operational Review	26
	Financial Review	32
	Corporate Governance Report	54
	Directors' remuneration report	64
	Independent auditor's report	82
	Consolidated statement of financial position	84
	Consolidated statement of profit or loss and other comprehensive income	85
	Consolidated statement of changes in equity	86
	Consolidated statement of cash flows	87
	Notes to the consolidated financial statements	88
Al Noor Group's unaudited consolidated results for the six months ended 30 June 2015	Results of the six months to 30 June 2015	2
	Independent review report	9
	Condensed consolidated interim statement of financial position	10
	Condensed consolidated interim statement of profit or loss and other comprehensive income	11
	Condensed consolidated interim statement of changes in equity	13
	Condensed consolidated interim statement of cash flows	14
	Notes to the condensed consolidated interim financial statements	15
Related Party Circular	Part II Summary of the Transaction Agreements	7-9

PART 22—DEFINITIONS

In this document the following expressions have the following meaning unless the context otherwise requires:

£ or **pounds sterling**	The lawful currency of the United Kingdom.
2010 PD Amending Directive	The 2010 EU directive which amended the Prospectus Directive (2010/73/EU).
Abu Dhabi	The Emirate of Abu Dhabi.
Abu Dhabi Courts	The courts of Abu Dhabi.
Adjusted EBITDA	EBITDA prior to payment of the Management Fee.
Admission	The admission of the Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities becoming effective in accordance with, respectively, the Listing Rules and the Admission and Disclosure Standards.
Admission and Disclosure Standards	The requirements contained in the publication "Admission and Disclosure Standards" (as amended from time to time) published by the London Stock Exchange containing, among other things, the requirements to be observed by companies seeking admission to trading on the London Stock Exchange's main market for listed securities.
AED	The lawful currency of the United Arab Emirates.
Airport Road Hospital	The Al Noor Group's Airport Road facility.
Al Ain Hospital	Al Noor Hospital—Al Ain.
Al Noor or **Company**	Al Noor Hospitals Group Plc.
Al Noor Board	The board of directors of the Company as at the date of this document.
Al Noor Circular	The circular to Al Noor Shareholders in connection with the Combination, including the General Meeting Notice.
Al Noor Directors	The Executive Directors and Non-Executive Directors of the Company as at the date of this document.
Al Noor Employee Share Plans	The Al Noor Hospitals Group plc Long-Term Incentive Plan 2013 (LTIP) and the Al Noor Hospitals Group plc Deferred Annual Bonus Plan 2013 (DAB).
Al Noor Golden	Al Noor Golden Commercial Investment LLC (UAE).
Al Noor Group	The Company and its subsidiary undertakings from time to time.
Al Noor Group Company	A company within the Al Noor Group.
Al Noor Record Date	The record date by reference to which the entitlement of Al Noor Shareholders to receive the Special Dividend and to participate in the Tender Offer will be determined, which shall be a date as close as practicable before the expected Closing Date and, to the extent practicable, the same as the record date for determining the entitlement of Mediclinic Shareholders to participate in the Mediclinic Scheme.
Al Noor Senior Managers	Members of the Al Noor management team as at the date of this document, details of whom are set out in Part 10: "*Al Noor Directors, Proposed Directors, Senior Management and Corporate Governance*".
Al Noor Shareholders	The shareholders of Al Noor.
ANCI	Al Noor Commercial Investment LLC (UAE).

ANCI Return	ANCI's right to receive 10 per cent. of the distributions from Al Noor Golden (under the Al Noor Golden constitution).
ANH Cayman	Al Noor Holdings Cayman (Cayman Islands).
ANMC	Al Noor Medical Company—Al Noor Hospital—Al Noor Pharmacy—Al Noor Warehouse LLC.
ANMC Management	ANMC Management Limited (Cayman Islands).
Announcement	The joint announcement by Al Noor and Mediclinic with regards to the Combination dated 14 October 2015.
Articles of Association or Articles	The articles of association of the Company (as amended from time to time).
Assets Transfer	Pursuant to the Assets Transfer Agreement, the transfer of certain assets from the Mediclinic Group to the Al Noor Group, if applicable, to take effect immediately prior to the Closing Date, as further described in paragraph 15.1 of Part 20: "*Additional Information*".
Assets Transfer Agreement	The agreement entered into on or about the date of this document between Mediclinic and certain members of the Mediclinic Group, on the one hand and Al Noor on the other hand, in terms whereof the Assets Transfer is to be effected.
Associates	Has the meaning given to it in the Listing Rules.
Audit and Risk Committee	The audit and risk committee of the Al Noor Board.
Auditors	KPMG LLP.
Basic or **Basic plan**	The basic category of the HAAD health insurance plan administered by Daman.
BEE	Black economic empowerment, as defined in the South African Broad-Based Black Economic Empowerment Act, No. 53 of 2003.
Bid Conduct Agreement	The bid conduct agreement dated 14 October 2015 entered into between Al Noor and Mediclinic in connection with the implementation of the Combination.
Board	The board of directors of the Company from time to time.
Business Day	Any day other than a Saturday, Sunday or public holiday on which banks are open in the City of London for the transaction of general commercial business.
Business Ethics Committee	The business ethics committee of the Al Noor Group.
CAGR	Compound annual growth rate.
Capex Facility	The AED 150 million and U.S.$40.8 million revolving credit and letter of credit facility agreement dated 21 May 2013 between, among others, ANMC and Standard Chartered Bank.
CCU	Coronary Care Unit.
CEO	The Al Noor Group's Chief Executive Officer, Ronald Lavater.
Certified form or certificated	Shares not recorded on the UK Register as being in uncertificated form in CREST.
Chairman	The chairman of the Al Noor Board, Ian Tyler.
CHF	The lawful currency of Switzerland.
City Code	The UK City Code on Takeovers and Mergers (as amended from time to time).

Closing Date	The date on which Completion occurs, being the operative date of the Mediclinic Scheme and the date of Admission.
CMO	The Al Noor Group's Chief Medical Officer, Dr. Georges Feghali.
COHSASA	Council for Health Services Accreditation in South Africa.
COID	Compensation for Occupational Injuries and Diseases in South Africa.
Combination	The proposed combination of Al Noor and Mediclinic through a share for share exchange to be implemented by way of a scheme of arrangement of Mediclinic under section 114 of the South African Companies Act between Mediclinic Shareholders and Al Noor, pursuant to the terms of and subject to the conditions in the Al Noor Circular and the Mediclinic Circular.
Companies Act	The UK Companies Act 2006, as such act may be amended, modified or re-enacted from time to time.
Competition Commission	The South African Competition Commission.
Completion	The time at which the Mediclinic Scheme has become fully operative following the satisfaction or waiver (as applicable) of all conditions to the Mediclinic Scheme.
Concealment Law	The UAE Federal Law No. 17 of 2004 Regarding Commercial Concealment.
Continuum of Care	The continuum of care provided to patients of the Al Noor Group through its integrated healthcare service network as described in Part 7: "*Information on the Al Noor Group—Scope of Services*".
Co-Sponsors or Sponsors	Rothschild and Jefferies.
Court	The High Court of Justice in England and Wales.
CREST	The UK-based system of paperless settlement of trades in listed securities and the holding of uncertificated securities operated by Euroclear UK and Ireland Limited in accordance with the Uncertificated Securities Regulations 2001, of which CRESTCo is the operator.
CRESTCo	Euroclear UK and Ireland Limited, the operator (as defined in the CREST Regulations) of CREST.
CREST Member	A person who has been admitted by Euroclear as a system member (as defined in the CREST Regulations).
CREST Regulations	The Uncertificated Securities Regulations 2001 (SI 2001/3755).
CREST Sponsored Member	A CREST Member admitted to CREST as a sponsored member.
DAB	The Al Noor Group's deferred annual bonus plan.
Daman	The state owned national health insurance company of the UAE.
DHA	Dubai Health Authority.
DHCC	Dubai Healthcare City.
DHCC Free Zone	Dubai Healthcare City Free Zone.
DIFC-LCIA Arbitration Centre	The regional arbitration centre launched by the Dubai International Financial Centre and the London Court of International Arbitration on 17 February 2008.
Directors	The directors of the Company from time to time.

Disclosure and Transparency Rules or **DTR**	The disclosure rules and transparency rules produced by the FCA and forming part of the handbook of the FCA through which a manager derives its status as an authorised person under the FSMA rules and guidance, as, from time to time, amended.
Dubai	The Emirate of Dubai.
E&M	Evaluation and management.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EBT	The Al Noor Hospitals Group Employee Benefit Trust.
EIBOR	Emirates Interbank Offered Rate.
Emirate	An emirate of the UAE.
Emirates Healthcare	Emirates Healthcare Holdings Ltd.
Enhanced or Enhanced plan	The Enhanced category of the HAAD health insurance plan.
Enlarged Al Noor	Al Noor following Completion.
Enlarged Al Noor Board	The board of directors of Enlarged Al Noor from time to time.
Enlarged Al Noor Directors	The directors of Enlarged Al Noor from time to time.
Enlarged Group	The Al Noor Group as enlarged to include Mediclinic and its subsidiary undertakings following Completion.
ENT	Ear, nose and throat.
ER	Emergency Room.
ERP	Enterprise resource planning module.
Eskom	Eskom Holdings Limited (registration number 2002/015527/06).
EU	The European Union.
EU IFRS	International Financial Reporting Standards, as adopted by the European Union.
Euro	The currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community.
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST.
European Economic Area or **EEA**	The EU, Iceland, Norway and Liechtenstein.
Exchange Act	The United States Securities Exchange Act of 1934, as amended.
Executive Director	The executive director of the Company as at the date of this document.
Existing Relationship Agreement	The relationship agreement between, amongst others, the Company and the Principal Shareholders entered into on 21 June 2013, amended and restated in November 2014.
Existing Shares	The Existing ordinary shares in the capital of the Company in issue immediately preceding the issue of the New Shares.
FCA	The UK Financial Conduct Authority.
First Arabian	The First Arabian Corporation LLC (UAE), owner of 99 per cent. of ANCI.
Form of Proxy	The form of proxy accompanying the Al Noor Circular for use by Al Noor Shareholders in relation to the General Meeting.
FSMA	The Financial Services and Markets Act 2000, as amended.

GCC	The Gulf Co-operative Council countries. The GCC was created on 25 May 1981 and comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. Al Noor's GCC operations include factories and sales offices in the Emirates of Dubai and Abu Dhabi, and in Qatar, Oman and Saudi Arabia.
GDP	Gross Domestic Product.
General Meeting	The general meeting of the Company to be held at 9:00 a.m. on 15 December 2015, notice of which is set out in the Al Noor Circular.
General Meeting Notice	The notice of General Meeting set out in the Al Noor Circular.
Gulf & World Traders	Gulf & World Traders LLC, a company whose registered office is at Al Garhood Street, Deira, Dubai, UAE.
HAAD	Health Authority of Abu Dhabi.
Hirslanden	Mediclinic Group's operation in Switzerland, trading under the Hirslanden brand, with Hirslanden AG as the intermediary holding company of the Mediclinic Group's operations in Switzerland.
HIS	The Al Noor Group's health information system.
HMRC	HM Revenue & Customs.
ICT	Information and Communications Technology.
ICU	Intensive Care Unit.
Independent Non-Executive Directors	The "independent non-executive directors" of the Company, within the meaning of the UK Corporate Governance Code.
Initial Awards	The awards granted under the LTIP shortly after IPO.
IPO	The offer by Al Noor of 38,454,971 shares and admission of 116,866,203 shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.
IPO Prospectus	The prospectus dated 21 June 2013 relating to the IPO.
IRS	The U.S. Internal Revenue Service.
ISO	The International Organisation for Standardisation.
IT	Information Technology.
JCI	Joint Commission International.
Jefferies	Jefferies International Limited.
JIBAR	The Johannesburg Interbank Agreed Rate.
JSE	The Johannesburg Stock Exchange being the exchange operated by JSE Limited, a public company incorporated in South Africa.
Khalifa Street Hospital	The Al Noor Group's Khalifa Street facility.
King III	The King Code of Governance for South Africa 2009 and King Report on Governance for South Africa 2009.
KPI	Key performance indicator.
LIBOR	The London Interbank Offered Rate.
Listing Rules	The rules relating to admission to the Official List made in accordance with section 73A(2) of FSMA.
London Stock Exchange or **LSE**	London Stock Exchange plc.

Long Stop Date	14 April 2016 (or such later date as Mediclinic and Al Noor may agree in writing), provided that if (i) any person entitled to give a notice under section 164(3) of the Companies Act has given such notice within the period allowed therefor; and (ii) that person is able to satisfy the requirements of section 164(5) of the Companies Act; and (iii) the date on which the Scheme Resolution is actually passed is fewer than 30 Business Days before the Long-Stop Date, the Long-Stop Date shall be deferred by such additional number of days as may be required to ensure that it falls on the 31st Business Day after the date on which such resolution was actually passed.
LTIP	The Al Noor Group's long term incentive plan.
Management Agreement	The management agreement dated 20 May 2013 entered into between Al Noor Golden and ANMC Management.
Market Inquiry	The general market inquiry currently undertaken by the Competition Commission as referred to in Part 1: "*Risk factors*" and Part 8: "*Information on the Mediclinic Group*".
Medical Schemes Act	The Southern African Medical Schemes Act, No. 131 of 1998, as amended.
Mediclinic	Mediclinic International Limited.
Mediclinic Board	The board of directors of Mediclinic.
Mediclinic Bridge Facility	The £400,000,000 facility agreement dated 14 October 2015 between Mediclinic, Mediclinic CHF Finco Limited, Remgro Jersey Limited, Mediclinic Middle East Holdings Ltd and Mediclinic Holdings Netherlands B.V. as original guarantors, Morgan Stanley International Limited and Firstrand Bank Limited as arrangers and original lenders and U.S. Bank Trustees Limited as Security Agent.
Mediclinic Circular	The combined circular to Mediclinic Shareholders in connection with the Combination and containing the terms of the Mediclinic Scheme.
Mediclinic Forfeitable Share Plan	The Mediclinic Forfeitable Share Plan as amended from time to time and as described in paragraph 13 of Part 20.
Mediclinic Group	Mediclinic and its subsidiary undertakings, from time to time.
Mediclinic Independent Board	The independent board of directors of Mediclinic.
Mediclinic Middle East	Mediclinic Group's operations in the UAE, trading under the Mediclinic brand, with Emirates Healthcare Holdings Limited BVI as the intermediary holding company of the Mediclinic Group's operations in the UAE.
Mediclinic Record Date	The record date for the Mediclinic Scheme, as set out in the Mediclinic Circular.
Mediclinic Retirement Fund	The defined contribution pension fund in Southern Africa.
Mediclinic Scheme	A scheme of arrangement of Mediclinic under section 114 of the South African Companies Act 71 of 2008 under which the Combination will be effected.
Mediclinic Shareholders	Shareholders of Mediclinic.
Mediclinic Shares	The ordinary shares in the capital of Mediclinic.
Mediclinic Southern Africa	The Mediclinic Group's operations in South Africa and Namibia, trading under the Mediclinic brand, with Mediclinic Southern Africa (Pty) Ltd as the intermediary holding company of the Mediclinic Group's operations in South Africa and Namibia.

Member account ID	The identification code or number attached to any member account in CREST.
Member States	Member states of the EEA.
MENA	Middle East and North Africa.
MoH	The UAE Ministry of Health.
Mudaraba Agreement	The mudaraba agreement dated 20 May 2013 entered into between ANCI and ANH Cayman.
Namibia	The Republic of Namibia.
Namibian Stock Exchange or **NSX**	The Namibian Stock Exchange, which is licensed as an exchange under the Namibian Stock Exchange Control Act 1 of 1985, as amended.
NAP	Net Acquisition Price.
New Articles	New articles of association to be adopted by the Company on Completion.
New Shares	The new ordinary shares of 10 pence each in the capital of the Company to be allotted and issued in connection with the Combination and the new ordinary shares of 10 pence each in the capital of the Company to be allotted and issued in connection with the Remgro Subscription and any new ordinary shares of 10 pence each in the Company to be issued to satisfy awards made under the relevant Al Noor Employee Share Plans.
NHI	National Health Insurance of South Africa.
NHS	The National Health Services in England, Scotland, Wales and Northern Ireland, collectively.
NICU	Neonatal Intensive Care Unit.
Non-Executive Directors	The non-executive directors of the Company, as at the date of this document.
OBGYN	Obstetrics and gynaecology.
Official List	The Official List of the UK Listing Authority.
On-Shore Entities	Mediclinic Corniche Medical Centre LLC, Mediclinic Pharmacy LLC, Mediclinic Welcare Hospital LLC, Mediclinic Al Qusais Clinic LLC, Mediclinic Mirdif Clinic LLC, Mediclinic IBN Battuta Clinic LLC, Mediclinic Clinics Investment LLC, Mediclinic Beach Road LLC and Mediclinic Medical Stores Co LLC all registered "on-shore" in Dubai and Abu Dhabi where the Ownership Requirement applies.
OPEC	The Organisation of Petroleum Exporting Countries.
Overseas Shareholders	A Shareholder who is a resident in, or a citizen of, a jurisdiction outside the United Kingdom.
Ownership Requirement	A foreign person or entity may only own up to 49 per cent. of the shares of a company incorporated under the UAE Companies Law.
PACS	The Al Noor Group's picture archiving and communication system.
Panel or Takeover Panel	The UK Panel on Takeovers and Mergers.
PEI	Patient Experience Index.
PFIC	A passive foreign investment company for U.S. federal income tax purposes.
Phodiso	Phodiso Holdings Limited.

Principal Shareholders	SMBB and Dr. Kassem Alom, as at the date of this document.
Profit Forecast	As set out in Annex 1 of this document.
Pro Forma Financial Information	"Pro forma" financial information which has been extracted without material adjustment from the unaudited pro forma financial information contained in Part 17: "*Unaudited Pro Forma Financial Information of the Enlarged Group*".
Proposed Directors	Dr. Edwin Hertzog, Danie Meintjes, Craig Tingle, Ian Tyler, Seamus Keating, Jannie Durand, Alan Grieve, Prof. Dr. Robert Leu, Nandi Mandela, Trevor Petersen and Desmond Smith.
Proposed Senior Managers	Danie Meintjes, Craig Tingle, Gert Hattingh, Dr. Ronnie van der Merwe, Dr. Dirk le Roux, Koert Pretorius, Dr. Ole Wiesinger and David Hadley.
Prospectus	This document, which constitutes a prospectus used in connection with the application for admission to listing on the premium segment of the Official List of the FCA and admission to trading on the London Stock Exchange's main market for listed securities.
Prospectus Directive	The EU Prospectus Directive (2003/71/EC), including any relevant implementing measure in each member state of the European Economic Area that has implemented Directive 2003/71/EC.
Prospectus Rules	The rules for the purposes of Part VI of FSMA in relation to offers of securities to the public and the admission of securities to trading on a regulated market.
Qualified institutional buyers or QIBs	Has the meaning given by Rule 144A under the Securities Act.
Qualifying Shareholder	The Al Noor Shareholders who are entitled to participate in the Tender Offer, being those who are on the register of members of the Company on the Al Noor Record Date.
Quality Committee	The quality committee of the Al Noor Board.
Receiving Agent	Capita Asset Services, a trading name of Capita Registrars Limited, 34 Beckenham Road, Beckenham, Kent BR3 4YU, United Kingdom.
Registrar	The UK Registrar and/or the SA Registrar, as the context requires.
Regulation S	Regulation S under the Securities Act.
Relationship Management Agreement	The relationship management agreements entered into on 20 May 2013 between ANCI, Al Noor Golden and ANH Cayman.
Relevant Portfolio Company	Those portfolio companies, as listed in the Al Noor Circular, which Remgro has a 20 per cent. or more direct interest in, which have activities in the financial services sector, and therefore invest and trade in securities (including, potentially, those of Mediclinic and/or Al Noor, directly or indirectly, for their own account or on behalf of their clients, in the normal course of business).
Remgro	Remgro Limited, a public company incorporated in South Africa.
Remgro Arrangement Fee Letter	The fee letter dated 14 October 2015 in relation to the Remgro Facility Agreement.

Remgro Concert Party	Those persons who have been determined by the Panel to be acting in concert with Remgro, as listed in the Al Noor Circular, together with Remgro and its subsidiaries.
Remgro Facility Agreement	The £600,000,000 bridge facilities agreement dated 14 October 2015 between, amongst others, Remgro and Firstrand Bank Limited (acting through its Rand Merchant Bank division).
Remgro Healthcare	Remgro Healthcare Holdings Property Limited
Remgro Relationship Agreement	The relationship agreement entered into between the Company and a wholly-owned subsidiary of Remgro on 14 October 2015, to be effective on Completion, which will regulate the ongoing relationship between them.
Remgro Subscription	The subscription of 72,115,384 New Shares at £8.32 per New Share by Remgro Healthcare or one or more of its affiliates pursuant to a subscription agreement dated 14 October 2015 entered into between Remgro Healthcare and the Company in connection with the Combination.
Remuneration Committee	The remuneration committee of the Al Noor Board.
Resolutions	The Resolutions to be proposed at the General Meeting in connection with the Combination, notice of which is set out in the General Meeting Notice.
Restricted Jurisdiction	The People's Republic of China and any other jurisdiction outside the EEA where the mailing of this document or the accompanying documents into or inside such jurisdiction would carry a significant risk of civil, regulatory or criminal exposure in each such jurisdiction.
Rothschild	N M Rothschild & Sons Limited.
Rule 144A SEC	Rule 144A under the Securities Act. United States Securities and Exchange Commission.
SA Branch Register	A branch register of members of Al Noor to be set up in South Africa in connection with the Combination.
SA Companies Act	The South African Companies Act No 74 of 2008, as amended.
SA Registrar	The South African registrar to be appointed by Al Noor in South Africa in connection with the Combination.
SDRG	Swiss Diagnosis Related Groups.
Second Reduction of Capital	The proposed cancellation of the Existing Shares that are successfully tendered pursuant to the Tender Offer and the reduction to U.S.$1 billion of the then existing Al Noor share premium account, with the payment by way of return of capital of £8.32 per share to holders of successfully tendered Existing Shares.
Securities Act	The United States Securities Act of 1933, as amended.
SEHA	Abu Dhabi Health Services Company.
SEP	Single Exit Price.
Shareholders' Agreement	The shareholders' agreement dated 20 May 2013 entered into between ANH Cayman, ANMC Management, ANCI and the shareholders of ANCI (SMBB and First Arabian).

Shares	The ordinary shares of 10 pence each in the capital of the Company, issued and to be issued, to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for trading on the London Stock Exchange's main market for listed securities.
SMBB	Sheikh Mohammed bin Butti Al Hamed.
South Africa	The Republic of South Africa.
South African rand or **rand** or **R**	The lawful currency of South Africa.
Special Dividend	The special dividend of £3.28 per share to be paid to all Al Noor Shareholders on the register of members of the Company on the Al Noor Record Date, conditional on the Mediclinic Scheme becoming operative.
Spire	Spire Healthcare Plc.
STRATE	Strate Proprietary Limited (Registration number: 1998/02224/07), a private company duly incorporated in accordance with the laws of South Africa which is a registered central securities depository in terms of the Financial Markets Act, and which manages the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades.
Subsidiary	Has the meaning given to it in section 1159 of the Companies Act and includes group companies included in the consolidated financial statements of the Al Noor Group from time to time.
Swiss franc or CHF	The lawful currency of Switzerland.
Switzerland	The Swiss Confederation.
TARMED	The Swiss national tariff system for reimbursement of outpatient medical and surgical procedures.
Tender Offer	Has the meaning given to such term in Part 6 of this document.
Terms of Reference	The Competition Commission's Terms of Reference setting out the scope of the Market Inquiry as well as the time within which it is expected to be completed, published in the Government Gazette on 29 November 2013 (notice 1166 of 2013), as amended on 16 October 2015.
Thiqa or **Thiqa plan**	The category of the HAAD health insurance plan offered to UAE nationals residing in the Emirate of Abu Dhabi, administered by Daman.
TPA	Third-party administration.
UAE	The United Arab Emirates, a federation of seven Emirates made up of Abu Dhabi, Dubai, Sharjah, Ajman, Umm Al Quwain, Fujairah and Ras Al Khaimah.
UAE Companies Law	The Commercial Companies Law of the UAE.
UAE Federal Government	The federal Government of the UAE.
UK Corporate Governance Code	The UK Corporate Governance Code published by the Financial Reporting Council in September 2014, setting out principles of good governance and a code of best practice.
UK Listing Authority	The FCA in its capacity as the competent authority for the purposes of Part VI of the FSMA.
UK Register	The register of members of Al Noor in the United Kingdom.

UK Registrar	Capita Asset Services, a trading name of Capita Registrars Limited, 34 Beckenham Road, Beckenham, Kent BR3 4YU, United Kingdom.
Uncertificated form	Shares recorded on the UK Register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertified Securities Regulations, may be transferred by means of CREST.
United Arab Emirates or **UAE**	The United Arab Emirates.
United Kingdom or **UK**	The United Kingdom of Great Britain and Northern Ireland.
United States or **U.S.**	The United States of America, its territories and possessions, any state of the United States of America, and the District of Columbia.
U.S.$, $ or **U.S. dollars**	The lawful currency of the United States.
U.S. Holder	A beneficial owner of Shares that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised under the laws of the United States or any state thereof, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has elected to be treated as a domestic trust for U.S. federal income tax purposes.
VAT	Value added tax.
Whitewash Resolution	The ordinary resolution to approve the waiver of any requirement under Rule 9 of the City Code for Remgro to make a general offer to shareholders of the Company as a result of obtaining ordinary shares in the capital of the Company representing between 42.99 and 47.43 per cent. of the enlarged ordinary share capital of the Company.

ANNEX 1—PROFIT FORECAST

Section A: Profit Forecast

The Al Noor Group

On 25 August 2015, Al Noor published its unaudited interim condensed consolidated financial statements for the six months ended 30 June 2015 (the "**2015 Unaudited Interim Financial Statements**"). The 2015 Unaudited Interim Financial Statements contain the following profit forecast:

"We expect to deliver slightly higher growth in revenue and earnings in the second half compared with the first six months of the year, as we increase the number of inpatient beds in Al Ain Hospital, gain the benefits of recent investments in infrastructure and equipment at Al Noor hospitals and continue to increase patient visits to the medical centres opened in 2014, as well as capture further growth from acquired medical centres."

Al Noor confirms that: (1) the reference above to earnings growth was to underlying EBITDA growth; and (2) underlying EBITDA growth in the second half of the financial year ending 31 December 2015, compared to the same half year period in the financial year ending 31 December 2014, is expected to be higher than underlying EBITDA growth in the first six months of the financial year ended 31 December 2015 compared to the same half year period in the financial year ended 31 December 2014 (the "**Profit Forecast**").

The Al Noor Board has prepared the Profit Forecast based on the 2015 Unaudited Interim Financial Statements, the unaudited management accounts for the three months ended 30 September 2015 and a forecast to 31 December 2015. The Profit Forecast has been properly compiled on the basis of the assumptions stated below, on a basis consistent with the accounting policies adopted by Al Noor in preparing its audited consolidated financial statements for the year ended 31 December 2014, 2013 and 2012 and the 2015 Unaudited Interim Financial Statements.

The Al Noor Board prepared the Profit Forecast on the basis of the following assumptions, any of which could turn out to be incorrect and therefore affect whether the Profit Forecast is achieved:

Factors outside the influence or control of the Al Noor Board

(a) There will be no major change in either the regulatory or legislative environment for companies providing healthcare in Al Noor's primary markets.

(b) There will be no negative step change in the pricing of services received from health insurance companies that is beyond the control of the Company.

(c) There will be a stable competitive environment in Al Noor's primary markets.

(d) There will be no significant regional disturbance, from regional conflict or otherwise, that would reduce the stability of Al Noor's primary markets and their patient population.

(e) That no major legal claim will be made against Al Noor in the second half of 2015.

Factors within the influence or control of the Al Noor Board

(a) Al Noor's existing capacity continues to perform to its current operational and clinical levels.

(b) The additional bed capacity in Al Noor's Al Ain hospital will be operational before the end of 2015.

(c) Al Noor's average number of doctors will not decline in the second half of 2015 versus the first half of 2015.

(d) Outpatient volume in Al Noor's hospitals will not be significantly lower in the second half of 2015 than the first half of 2015.

(e) Outpatient volume for Al Noor's clinics opened in 2014 will be greater in the second half of 2015 than the first half of 2015.

(f) Outpatient volume for the Al Madar Network of clinics will be greater in the second half of 2015 than the first half of 2015.

The Mediclinic Group

Not applicable. There is no profit forecast or estimate.

KPMG LLP
15 Canada Square
London E14 5GL
United Kingdom

Private & confidential

The Directors and the proposed directors
Al Noor Hospitals Group plc
1st Floor
40 Dukes Place
London EC3A 7NH

19 November 2015

Ladies and Gentlemen

Al Noor Hospitals Group Plc

We report on the profit forecast comprising a forecast of Underlying EBITDA of Al Noor Hospitals Group Plc ("the Company") and its subsidiaries ("the Group") for the year ending 31 December 2015 (the "Profit Forecast"). The Profit Forecast, and the material assumptions upon which it is based, are set out on page 505 of the prospectus issued by the Company dated 19 November 2015. This report is required by paragraph 13.2 of Annex I of the Prospectus Directive Regulation and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Profit Forecast in accordance with the requirements of the Prospectus Directive Regulation. The proposed directors of the Company are also responsible for the Profit Forecast.

It is our responsibility to form an opinion as required by the Prospectus Directive Regulation as to the proper compilation of the Profit Forecast and to report that opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the Prospectus Directive Regulation, consenting to its inclusion in the prospectus.

Basis of preparation of the Profit Forecast

The Profit Forecast has been prepared on the basis stated on page 505 of the Prospectus and is based on the unaudited interim financial results for the six months ended 30 June 2015, the unaudited management accounts for the three months ended 30 September 2015 and a forecast to 31 December 2015. The Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Group.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included evaluating the basis on which the historical financial information included in the Profit Forecast has been prepared and considering whether the Profit Forecast has been accurately computed based upon the disclosed assumptions and the accounting policies of the Group. Whilst the assumptions upon which the Profit Forecast are based are solely the responsibility of the directors of the Company, we considered whether anything came to our attention to indicate that any of the assumptions adopted by the directors of the Company which, in our opinion, are necessary for a proper understanding of the Profit Forecast have not been disclosed and whether any material assumption made by the directors of the Company appears to us to be unrealistic.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Profit Forecast has been properly compiled on the basis stated.

Since the Profit Forecast and the assumptions on which it is based relate to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results reported will correspond to those shown in the Profit Forecast and differences may be material.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion the Profit Forecast has been properly compiled on the basis stated and the basis of accounting used is consistent with the accounting policies of the Group.

Declaration

For the purposes of Prospectus Rule 5.5.3R (2)(f) we are responsible for this report as part of the prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the prospectus in compliance with paragraph 1.2 of Annex I of the Prospectus Directive Regulation.

Yours faithfully

KPMG LLP

KPMG LLP

Merrill Corporation Ltd, London
15ZCR48302