Mediclinic International plc ("**Mediclinic**" or the "**Company**")
(Incorporated in England and Wales)
Company Number: 08338604
LSE Share Code: MDC
JSE Share Code: MEI
NSX Share Code: MEP
ISIN: GB00B8HX8Z88

**Mediclinic International plc reports its audited results for the year ended 31 March 2016 and proposed final dividend**

**SUMMARY GROUP RESULTS FOR THE YEAR ENDED 31 MARCH 2016**

| (£ million) | **2016** | 2015 | Variance % |
|---|---|---|---|
| Revenue | **2 107** | 1 977 | 7% |
| EBITDA[1] | **382** | 406 | (6%) |
| Underlying EBITDA[1] | **428** | 403 | 6% |
| Operating profit | **288** | 345 | (17%) |
| Earnings[2] | **177** | 241 | (27%) |
| Underlying earnings[1] | **219** | 193 | 13% |
| Basic earnings per share, pence | **29.6** | 44.6 | (34%) |
| Underlying basic earnings per share, pence[1] | **36.7** | 35.8 | 3% |
| Dividend per share, pence* | **7.90** | 9.33 | (15%) |
| Net debt at the year end | **1 536** | 1 353 | 14% |

**The total dividend for the year ended 31 March 2016 in pound sterling comprises the proposed final dividend of 5.24 pence per share and the equivalent interim dividend (adjusted for the 0.625 exchange ratio) of 2.66 pence per share, paid in December 2015 by Mediclinic International Limited.*

**GROUP FINANCIAL AND OPERATING HIGHLIGHTS**

- Strong patient growth across all the operating platforms
- Continued investments in patient experience and clinical quality initiatives
- Successful completion of Mediclinic and Al Noor Combination and acquisition of 29.9% stake in Spire Healthcare Group
- Solid financial performance with stable margins and good cash generation
- Revenue growth of 7% with stable margins at 20.3% driving strong underlying earnings growth
- Underlying basic earnings per share increased by 3% to 36.7 pence
- Proposed final dividend per ordinary share of 5.24 pence

**NOTES**

1 *See the reconciliations between the statutory and the non-GAAP earning measures in the financial review below.*

2 *Earnings refer to profit attributable to equity holders.*

*The Al Noor acquisition has been classified as a reverse takeover in terms of IFRS3. Since Mediclinic International Limited has been identified as the acquirer, the comparative figures are those of Mediclinic International Limited's 2015 group results excluding Al Noor and are re-presented in pounds sterling. Al Noor's results have been consolidated from the effective date of the acquisition (15 February 2016).*

*Group results are subject to movements in foreign currency exchange rates. Refer to the financial review below for exchange rates used to convert the operating platforms' results to pound sterling.*

**Danie Meintjes, CEO of Mediclinic International, commented:**

***"We are pleased to announce trading for the year has been in line with management's expectations. The Group continues to deliver against its key performance indicators with growth in patient activity across all platforms at stable margins. With the Al Noor transaction completing on 15 February, we are now focused on the smooth integration of the business.***

***We expect an increase in demand for cost-effective quality hospital services and increasingly complex clinical services to continue leading to further volume growth. In line with industry trends, we are continuing to see the impact on our business of on-going regulatory initiatives and increasing competition. We strive to differentiate ourselves from our peers in terms of our focus on patients, quality and safety. Leveraging on our Group strength, our platform distribution and our combined knowledge will allow us to unlock further benefits for both patients and shareholders."***

For further information please contact:

**Mediclinic International**
Craig Tingle, Chief Financial Officer
Gert Hattingh, Group Services Executive
+27 (0)21 809 6500

**Bell Pottinger**
Liz Morley/Aarti Iyer
+44 (0)203 772 2468

**Registered address:** 1st Floor, 40 Dukes Place, London, EC3A 7NH, United Kingdom
**Website:** www.mediclinic.com
**JSE sponsor:** RAND MERCHANT BANK (A division of FirstRand Bank Limited)
**NSX sponsor:** Simonis Storm Securities (Pty) Ltd

**ABOUT MEDICLINIC**

Mediclinic is an international private healthcare group with three operating platforms in Southern Africa (South Africa and Namibia), Switzerland and the United Arab Emirates. Its core purpose is to enhance the quality of life of patients by providing acute care, specialist-orientated, multi-disciplinary healthcare services. Mediclinic also holds a 29.9% interest in Spire Healthcare Group plc ("Spire"), a LSE listed and UK-based private healthcare group.

During February 2016 the reverse takeover (the "**Combination**") by the Company (previously named Al Noor Hospitals Group plc), with operations mainly in Abu Dhabi in the United Arab Emirates, by Mediclinic International Limited was completed. Mediclinic International Limited was a South African based international private healthcare group founded in 1983 and listed on the JSE, the South African stock exchange, since 1986, with operations in South Africa, Namibia, Switzerland and the United Arab Emirates (mainly in Dubai). The Combination resulted in the enlarged Mediclinic group, renamed Mediclinic International plc comprising 73 hospitals and 45 clinics.

Today, Mediclinic Southern Africa operates 49 hospitals and 2 day clinics throughout South Africa and 3 hospitals in Namibia with more than 8 000 inpatient beds in total; Hirslanden operates 16 private acute care facilities and 4 clinics in Switzerland with more than 1 600 inpatient beds; and Mediclinic Middle East operates 5 hospitals and 39 clinics with more than 700 inpatient beds in the United Arab Emirates.

Mediclinic puts science at the heart of its care approach, focusing on providing the best possible facilities with international-standard technology, backed-up by sound medical expertise and the empathy of its nursing staff.

Mediclinic has a primary listing on the Main Market of the LSE, with secondary listings on the JSE in South Africa and the NSX in Namibia.

**CAUTIONARY STATEMENT**

*This preliminary announcement contains certain forward-looking statements relating to the business of the Company and its subsidiaries (collectively, the "**Group**"), including with respect to the progress, timing and completion of the Group's development, the Group's ability to treat, attract, and retain patients and customers, its ability to engage consultants and GPs and to operate its business and increase referrals, the integration of prior acquisitions, the Group's estimates for future performance and its estimates regarding anticipated operating results, future revenue, capital requirements, shareholder structure and financing. In addition, even if the Group's actual results or development are consistent with the forward-looking statements contained in this preliminary announcement, those results or developments may not be indicative of the Group's results or developments in the future. In some cases, you can identify forward-looking statements by words such as "could," "should," "may," "expects," "aims," "targets," "anticipates," "believes," "intends," "estimates," or similar words. These forward-looking statements are based largely on the Group's current expectations as of the date of this preliminary announcement and are subject to a number of known and unknown risks and uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievement expressed or implied by these forward-looking statements. In particular, the Group's expectations could be affected by, among other things, uncertainties involved in the integration of acquisitions or new developments, changes in legislation or the regulatory regime governing healthcare in Switzerland, South Africa, Namibia and the UAE and poor* *performance by healthcare practitioners who practice at our facilities, unexpected regulatory actions or suspensions, competition in general, the impact of global economic changes, and the Group's ability to obtain or maintain accreditation or approval for its facilities or service lines. In light of these risks and uncertainties, there can be no assurance that the forward-looking statements made in this preliminary announcement will in fact be realised and no representation or warranty is given as to the completeness or accuracy of the forward-looking statements contained in this preliminary announcement.*

*The Group is providing the information in this preliminary announcement as of this date, and we disclaim any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

**ANALYST AND INVESTOR MEETING**

There will be an analyst and investor meeting on Wednesday, 25 May 2016 at 09:00 BST Aldersgate, London, EC1A 4HD. A live audiocast of the presentation will be available at 9am BST (10am SAST) on www.mediclinic.com.

https://secure.emincote.com/client/mediclinic/mediclinic003/

Enquiries: Aarti Iyer, Bell Pottinger
+44 (0)203 772 2468
aiyer@bellpottinger.com

**OPERATING REVIEW**

The period under review was one of the most significant in Mediclinic's three-decade history. Through the Combination of the businesses of Mediclinic International Limited and the Al Noor Hospitals Group, we boosted our presence on an international scale, doubled the size of our UAE business in a fast-growing market, and secured a listing as a FTSE 100 company on the London Stock Exchange. With the investment in Spire Healthcare, we also established a footprint in the dynamic UK healthcare markets.

Our financial performance for the year was good. Increased patient volumes in all our operating platforms led to overall revenue growth of 7% and underlying EBITDA growth of 6%. This growth was supported by investments in selected capacity projects as well as new service lines. A strong focus on efficiencies has ensured stable margins.

Overall, the developments during the period under review enabled us to accelerate progress against our strategic priorities, in all our key markets. Our main strategic focus remains in ensuring high-quality care and optimal patient experience. To this end, we continue to invest heavily in our people, their training, the facilities in which they work, and the technology they use. Our growing international scale also enables us to unlock further value through promoting collaboration and best practice transfer between our operating platforms and to leverage the benefits of scale through synergies and cost-efficiencies.

The 2016/17 financial year is set to be another exciting year for Mediclinic. Our number one priority is to stay focused on patients, and to remain their demonstrable first choice. Despite the uncertain economic environment, the market fundamentals remain sound, and we anticipate continued capacity and footprint expansion at attractive returns across all of our operating platforms. The Group is well positioned to deliver long-term value to our shareholders - a well-balanced portfolio of operations, a leading position across a mix of attractive healthcare markets and a strong management team at the helm.

**OPERATIONS IN SWITZERLAND**

**HIRSLANDEN**

**Key highlights**
Inpatient numbers increased by 4.9% and total revenue by 6%. Inpatient revenue per case increased by 0.5% as a result of increased case complexity. Underlying EBITDA margin increased to 19.7% mainly as a result of cost-containment measures implemented during the year.

**Financial performance**
Mediclinic Switzerland contributed £101m (2015: £88m) to the Group's underlying earnings. Financial highlights include:
- Revenue increased by 8% from £1 044m to £1 130m
- Underlying EBITDA increased by 9% from £203m to £221m

In local currency:
- Revenue increased by 6% from CHF1 563m to CHF1 657m
- Underlying EBITDA increased by 7% from CHF303m to CHF325m

- Underlying earnings increased by 12% from CHF132m to CHF148m

**Projects and capital expenditure**

During the period under review, Hirslanden invested £47m in expansion capital projects and new equipment and £51m on the replacement of existing equipment. Projects concluded include the Lausanne Radiology Institute (IROL – Institut de radiologie de l'ouest lausannois), the radiology and doctor office complex at Hirslanden Klinik Birshof, a hybrid operating theatre and outpatient surgical centre at Hirslanden Clinique Cecil, an enlarged emergency unit, ICU and cath lab at Hirslanden Klinik Aarau and Praxiszentrum Düdingen with an outpatient clinic with an integrated radiology institute in Fribourg canton. Technology investments include new linear accelerators at Klinik Hirslanden and Hirslanden Klinik Aarau, a surgical imaging system at Clinique La Colline, MRI's at Hirslanden Clinique Bois-Cerf and Hirslanden Klinik St. Anna and a CT scanner at Klinik Hirslanden.

The number of inpatient beds increased from 1 655 to 1677 during the period under review with the opening on new beds at Hirslanden Klinik Stephanshorn and Hirslanden Klinik Aarau.

**Regulatory environment**

The national outpatient tariff ("**TARMED**") is being revised and expected to be implemented in 2017 or 2018. The canton of Zurich is considering cost saving measures which might in due course have an impact on private healthcare.

**OPERATIONS IN SOUTHERN AFRICA**

**MEDICLINIC SOUTHERN AFRICA**

**Key highlights**

Admissions increased by 1.3%, bed days sold by 2.9% and revenue per bed day by 6.3%. This resulted in total revenue growth of 9% in South African rand. Underlying EBITDA margin increased to 21.4%

**Financial performance**

Mediclinic Southern Africa contributed £63m (2015: £63m) to the Group's underlying earnings. Financial highlights include:

- Revenue declined by 6% from £691m to £649m
- Underlying EBITDA declined by 5% from £147m to £139m

In local currency:

- Revenue increased by 9% from R12 323m to R13 450m
- Underlying EBITDA increased by 10% from R2 625m to R2 877m
- Underlying earnings increased by 17% from R1 118m to R1 305m

**Projects and capital expenditure**

During the period under review, the Southern African operations spent £37m on expansion capital projects and new equipment and £15m on the replacement of existing equipment.

The number of beds increased from 7 885 to 8 017 during the period under review. This comprised of the development of two new day clinics (Mediclinic Limpopo Day Clinic and Mediclinic Durbanville Day Clinic) as well as the expansion of existing hospitals.

**Regulatory environment**

The South African Government is seeking to address the shortcomings of the public health system through the phased introduction of a National Health Insurance system over the next 14 years. A White Paper outlining the financing and design of the envisaged system has been released for consultation and Mediclinic will be submitting comprehensive comments.

The South African Competition Commission is currently undertaking a market inquiry into the private healthcare sector in South Africa to both understand whether there are features of the sector that prevent, distort or restrict competition, and how competition in the sector can be promoted. The enquiry is due to publish its recommendations in December 2016.

**OPERATIONS IN UNITED ARAB EMIRATES**

**MEDICLINIC MIDDLE EAST**

**Key highlights**

The Al Noor business was acquired on 15 February 2016 and the financial results include Al Noor trading for this period. The operational statistics below exclude the Al Noor business, except where otherwise stated due to the short period involved and the mid-month effective date.

Admissions increased by 3.0%, bed days occupied by 5.7% and outpatient and accident and emergencies attendance by 1.8%. This resulted in a revenue increase of 8%. Al Noor revenue for the period was AED 258.7m (£50m).

**Financial performance**
Mediclinic Middle East contributed £57m (2015: £42m) to the Group's underlying earnings (including £5m contribution by Al Noor).

Excluding Al Noor the financial highlights include:
- Revenue increased by 15% from £242m to £279m
- Underlying EBITDA increased by 17% from £53m to £62m

In local currency:
- Revenue increased by 8% from AED1 430m to AED1 544m
- Underlying EBITDA increased by 11% from AED312m to AED345m
- Underlying earnings increased by 15% from AED252m to AED291m

**Projects and capital expenditure**
During the period under review, Mediclinic Middle East invested £30m in expansion capital projects and new equipment and £5m on the replacement of existing equipment. The major component of the capex spend was on the Mediclinic City Hospital North Wing expansion.

The total number of beds in the group is now 721, comprising 371 beds in the Mediclinic Middle East facilities and 350 in the Al Noor group facilities.

**Regulatory environment**
The regulatory environment in the UAE continues to be dynamic with major developments during the year being the rollout of mandatory health insurance in Dubai as well as the announcement of a planned limited DRG inpatient tariff implementation during 2017.

**BOARD CHANGES**

After the successful completion of the Al Noor Combination, the newly formed Mediclinic International plc Board consists of the following individuals:

| **Name** | **Date of appointment** |
|---|---|
| Ian Tyler | 5 June 2013 |
| Seamus Keating | 5 June 2013 |
| Dr Edwin Hertzog* | 15 February 2016 |
| Danie Meintjes* | 15 February 2016 |
| Craig Tingle* | 15 February 2016 |
| Jannie Durand* | 15 February 2016 |
| Alan Grieve* | 15 February 2016 |
| Prof Dr Robert Leu* | 15 February 2016 |
| Nandi Mandela* | 15 February 2016 |
| Trevor Petersen* | 15 February 2016 |
| Desmond Smith* | 15 February 2016 |

**These directors were members of the Mediclinic International Limited Board prior to the Combination with Al Noor.*

**NEW CHIEF FINANCIAL OFFICER**

Since the year end, Craig Tingle, Chief Financial Officer, announced his early retirement and will be leaving Mediclinic on 15 June 2016. On 11 May 2016 Mediclinic announced that Jurgens Myburgh will be appointed as Executive Director and Group Chief Financial Officer and will join the Company effective 1 August 2016.

**OVERVIEW AND OUTLOOK**

Notwithstanding the on-going changes in the global and regional economies and the regulatory changes that continue to impact healthcare and its affordability, we are continuing to see a strong demand for quality private healthcare services across our three operating platforms.

Mediclinic has continued to deliver strong revenue and profit growth. Our three operating platforms in Southern Africa, Switzerland and United Arab Emirates have all achieved good growth in patient numbers and we continue to invest in buildings, technology and people to ensure we offer high quality private healthcare service to both in and out patients.

At Hirslanden, given our high occupancy levels we anticipate modest growth at stable margins.

In Mediclinic Southern Africa, we expect continued growth, notwithstanding macro-economic challenges and increased competition anticipated in the year ahead. In line with our key strategic initiatives we will continue to make additional investment in our operations to drive competitive advantage.

In Mediclinic Middle East, following the Combination with Al Noor we expect to deliver continued strong growth supported by increased capacity and beneficial underlying demographics. Successful integration of the business is well underway and cost synergies have been identified, which will be partially offset by new project start-up costs and incremental operational investment.

We will continue to focus on our patients' needs by improving our 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, we can leverage best practice in terms of experience, knowledge and skills. Mediclinic remains well positioned for future growth.

**FINANCIAL REVIEW**

Group revenue increased by 7% to £2 107m (2015: £1 977m) for the period under review.

Underlying operating profit before interest, tax, depreciation and amortisation ("underlying EBITDA") was 6% higher at £428m (2015: £403m) and basic underlying earnings per share were 3% higher at 36.7 pence (2015: 35.8 pence).

Effective from 24 August 2015, the Group acquired a 29.9% shareholding in Spire. As Spire's financial year end is 31 December, the income from associate was not recognised for the 3 months from January 2016 to March 2016. Underlying pro-forma earnings was adjusted to include the income from associate for that period. Basic underlying pro-forma earnings per share were 5% higher at 37.5 pence (2015: 35.8 pence).

Underlying margins remained stable at 20.4%.

**EARNINGS RECONCILIATION**

| **2016 STATUTORY RESULTS** | **Total £'m** | **Corporate £'m** | **Switzerland £'m** | **Southern Africa £'m** | **Middle East £'m** | **United Kingdom £'m** |
|---|---|---|---|---|---|---|
| Revenue | **2 107** | - | 1 130 | 649 | 328 | - |
| Operating profit | **288** | (44) | 165 | 109 | 58 | - |
| Profit attributable to equity holders | **177** | (50) | 113 | 53 | 55 | 6 |
| **RECONCILIATIONS** | | | | | | |
| Operating profit | **288** | (44) | 165 | 109 | 58 | - |
| Add back: | | | | | | |
| - Other gains and losses | **1** | 1 | - | - | - | - |
| - Depreciation | **93** | - | 63 | 20 | 10 | - |
| **EBITDA** | **382** | (43) | 228 | 129 | 68 | - |
| ***One-off and exceptional items:*** | | | | | | |
| Transaction cost (Al Noor acquisition) | **41** | 41 | - | - | - | - |
| Accelerated share-based payment charges | **10** | - | - | 10 | - | - |
| Pre-acquisition Swiss tariff provision release | **(7)** | - | (7) | - | - | - |
| Restructuring cost | **2** | - | - | - | 2 | - |
| **Underlying EBITDA** | **428** | (2) | 221 | 139 | 70 | - |
| Profit attributable to equity holders | **177** | (50) | 113 | 53 | 55 | 6 |
| ***One-off and exceptional items:*** | | | | | | |
| Transaction cost (Al Noor acquisition) | **41** | 41 | - | - | - | - |
| Tax | **-** | - | - | - | - | - |
| Accelerated share-based payment charges | **10** | - | - | 10 | - | - |
| Tax | **-** | - | - | - | - | - |
| Pre-acquisition Swiss tariff provision | **(7)** | - | (7) | - | - | - |

| | | | | | | |
|---|---|---|---|---|---|---|
| release | | | | | | |
| Tax | **2** | - | 2 | - | - | - |
| Restructuring cost | **2** | - | - | - | 2 | - |
| Tax | **-** | - | - | - | - | - |
| Fair value gains on ineffective cash flow hedges | **(8)** | - | (8) | - | - | - |
| Tax | **1** | - | 1 | - | - | - |
| Other gains and losses | **1** | 1 | - | - | - | - |
| Tax | **-** | - | - | - | - | - |
| **Underlying earnings** | **219** | (8) | 101 | 63 | 57 | 6 |
| Weighted average number of shares (millions) | 598.4 | | | | | |
| **Underlying earnings per share (pence)** | **36.7** | | | | | |

| **2015 STATUTORY RESULTS** | **Total £'m** | **Corporate £'m** | **Switzerland £'m** | **Southern Africa £'m** | **Middle East £'m** | **United Kingdom £'m** |
|---|---|---|---|---|---|---|
| Revenue | **1 977** | - | 1 044 | 691 | 242 | - |
| Operating profit | **345** | 2 | 161 | 137 | 45 | - |
| Profit attributable to equity holders | **241** | 2 | 124 | 73 | 42 | - |
| | | | | | | |
| **RECONCILIATIONS** | | | | | | - |
| Operating profit | **345** | 2 | 161 | 137 | 45 | - |
| Add back: | | | | | | - |
| - Other gains and losses | **(24)** | (2) | (13) | (9) | - | - |
| - Depreciation | **85** | - | 55 | 22 | 8 | - |
| **EBITDA** | **406** | - | 203 | 150 | 53 | - |
| | | | | | | |
| ***One-off and exceptional items:*** | | | | | | - |
| Impairment of property and equipment | **2** | - | - | 2 | - | - |
| Profit on sale of property, equipment and vehicles | **(5)** | - | - | (5) | - | - |
| **Underlying EBITDA** | **403** | - | 203 | 147 | 53 | - |
| | | | | | | |
| Profit attributable to equity holders | **241** | 2 | 124 | 73 | 42 | - |
| ***One-off and exceptional items:*** | | | | | | - |
| Impairment of property | **2** | - | - | 2 | - | - |
| Tax | **-** | - | - | - | - | - |
| Insurance proceeds | **(9)** | - | - | (9) | - | - |
| Tax | **1** | - | - | 1 | - | - |
| Gain on disposal of subsidiary | **(2)** | - | (2) | - | - | - |
| Tax | **-** | - | - | - | - | - |
| Profit on disposal of property, equipment and vehicles | **(5)** | - | - | (5) | - | - |
| Tax | **1** | - | - | 1 | - | - |
| Realised gain on foreign currency forward contract | **(2)** | (2) | - | - | - | - |
| Tax | **-** | - | - | - | - | - |
| Ineffective cash flow hedges | **19** | - | 19 | - | - | - |
| Tax | **(4)** | - | (4) | - | - | - |
| Swiss tax rate charges relating to prior years | **(40)** | - | (40) | - | - | - |
| Tax | **-** | - | - | - | - | - |
| Discount on loan repayment | **(11)** | - | (11) | - | - | - |
| Tax | **2** | - | 2 | - | - | - |
| **Underlying earnings** | **193** | - | 88 | 63 | 42 | - |
| Weighted average number of shares (millions) | 540.3 | | | | | |
| **Underlying earnings per share (pence)** | **35.8** | | | | | |

The current Group results include the following exceptional and one-off items which were adjusted to determine underlying earnings:

- One-off transaction costs of £41m (£41m after tax) relating to the Al Noor acquisition. The transaction cost is mainly comprised of advisor fees and South African securities transfer tax.

- A one-off non-cash IFRS 2 accelerated share-based payment charge of £10m (£10m after tax) relating to employee share trusts for Southern African employees.

  After the announcement of the proposed Mediclinic/Al Noor Combination, the trustees of the employee trusts and the relevant participating employer companies agreed to accelerate the vesting of the underlying assets of the trusts to the beneficiaries and to close down the trusts. The underlying shares were sold in two book building exercises previously announced in December 2015 and January 2016.

- £7m (£5m after tax) was released in respect of a pre-acquisition Swiss tariff provision. When Mediclinic acquired the Hirslanden business in 2007, a provision relating to a specific tariff dispute was included in the opening accounts. After lengthy judicial processes and a court ruling in the 2013 financial year an increased provision was made which was excluded in the measurement of underlying performance for the year. The dispute has now been finally settled and the balance of the provision released. Given that the exceptional charge was adjusted from underlying earnings in 2013, its release has been treated consistently by being excluded from underlying earnings in 2016.

- £8m (£7m after tax) mark-to-market fair value gain, relating to the ineffective Swiss interest rate swaps. The group uses floating-to-fixed interest rate swaps on certain loan agreements to hedge against interest movements which have the economic effect of converting floating rate borrowings to fixed rate borrowings. The group applies hedge accounting and therefore fair value adjustments are booked to the consolidated statement of comprehensive income.

  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 as bank funding at Libor plus relevant margins is subject to a zero rate Libor floor. Effective from 1 October 2014, the mark-to –market movements are charged to the income statement. As these are non-cash flow items and to provide balanced operational reporting the group excluded the charge in the measurement of underlying performance in the 2015 financial year and consistently excludes the gain arising this year. The swaps expire in 2017 and 2018.

- Al Noor post acquisition restructuring costs of £2m.

- Loss of £1m on foreign currency forward contracts.

**Foreign exchange rates**
Although the Group reports its results in pound sterling, the underlying operation segments earnings are generated in Swiss franc, UAE dirham and the South African rand. Consequently, movement in exchange rates affected the reported earnings and reported balances in the statement of financial position. The impact of a 10% change in the GBP/South African rand exchange rates for a sustained period of one year is: profit for the year would increase/decrease by £7m (2015: increase/decrease by £10m) due to exposure to the GBP/South African Rand exchange rate.

During the period under review, the average exchange rates were the following:

| | **2016** | Variance | 2015 |
|---|---|---|---|
| **Average rates:** | | | |
| GBP/Swiss franc | 1.47 | (2.0%) | 1.50 |
| GBP/UAE dirham | 5.54 | (6.4%) | 5.92 |
| GBP/South African rand | 20.73 | 16.3% | 17.82 |
| **Period end rates:** | | | |
| GBP/Swiss franc | 1.38 | (4.2%) | 1.44 |
| GBP/UAE dirham | 5.28 | (2.8%) | 5.43 |
| GBP/South African rand | 21.21 | 17.7% | 18.02 |

**Mediclinic / Al Noor Combination**
The Combination became effective on 15 February 2016. The results of Al Noor have been consolidated from that date. The integration of Al Noor is on-going and the performance until now is in line with expectations.

The fair value exercise over the opening balance sheet of Al Noor remains provisional at 31 March 2016 as permitted by IFRS 3. Since the Group is in discussions with UAE medical insurance funders and other third parties about conforming Al Noor's commercial practices with the rest of the Group, there is still a degree of uncertainty about the fair value of certain acquired assets and liabilities. This is expected to be finalised during the next year.

**Cash flow**
The Group continued to deliver strong cash flow. The Group converted 96% (2015: 109%) of underlying EBITDA into cash generated from operations. Cash and cash equivalents increased from £265m to £305m.

**Interest-bearing borrowings**
Interest-bearing borrowings increased from £1 618m to £1 841m. The increase is mainly because of the bridge facility which was utilised to fund the tender offer to Al Noor Hospitals Group plc shareholders. The refinancing of the bridge is underway and details will be provided on conclusion thereof.

| | **2016** **£m** | 2015 £m |
|---|---|---|
| Interest-bearing | 1 841 | 1 618 |
| Less: cash and cash equivalents | (305) | (265) |
| Net debt | 1 536 | 1 353 |
| | | |
| Total equity | 3 570 | 1 840 |
| Debt-to-equity capital ratio | 0.4 | 0.7 |

**Assets**
Intangible assets increased from £642m at 31 March 2015 to £1 927m at 31 March 2016 mainly because of the goodwill recognised in respect of the Al Noor acquisition.

**Tax**
The Group's effective tax rate was increased from 4.3% to 22.4%. In the prior year, the tax rate was impacted by the release of £43m Swiss income tax liabilities in relation to historic uncertain tax positions. For the period under review, the transaction cost relating to the Al Noor Combination was non-deductible for tax purposes and this had a tax effect of £10m. Furthermore, the non-deductibility of the accelerated IFRS 2 charges affected the tax charge by £3m.

**Weighted average number of shares adjustment**
During the period under review, shares were issued at a discount. As required by the accounting standards (IAS 33 paragraph 26), an adjustment was made to the weighted average number of shares in issue for the current and the prior year. Basic earnings per share for the prior year was adjusted and decreased by 1.1 pence from 45.7 pence to 44.6 pence and basic underlying earnings per share for the prior year decreased by 0.8 pence from 36.6 to 35.8 pence.

**Underlying non-IFRS financial measures**
The Group uses underlying income statement reporting as non-IFRS measures in evaluating performance and as a method to provide shareholders with clear and consistent reporting.

The Group's non-IFRS measures are intended to remove from reported earnings volatility associated with the following types of one-off income and charges:

- restructuring provisions;
- profit/loss on sale of significant assets;
- past service cost charges / credits in relation to pension fund conversion rate changes;
- significant prior year tax and deferred tax adjustments;
- accelerated IFRS 2 charges;
- significant tariff provision charges / releases;
- mark-to-market fair value gains / losses, relating to ineffective interest rate swaps;
- significant impairment charges;
- significant insurance proceeds; and
- significant transaction costs incurred during acquisitions.

The Group has consistently applied this definition of underlying measures as it has reported on its financial performance in the past as the directors believe this additional information is important to allow shareholders to better understand the Group's trading performance for the year. It is the Group's intention to continue to consistently apply this definition in the future.

**INVESTMENT IN ASSOCIATE AND CORPORATE EXPENDITURE**

On 24 August 2015, the Group acquired a 29.9% shareholding in Spire for £447m. The investment in Spire contributed £6m to the Group's underlying earnings.

In addition, corporate expenditure was incurred amounting to £8m, of which £6m relates to the finance charges in respect of the bridge facility.

**DIVIDEND POLICY AND DIVIDEND**

Following the completion of the Combination of Mediclinic International Limited and Al Noor, the Board has reviewed and amended the dividend policy to target a pay-out ratio of between 25% and 30% of underlying earnings. The Board may revise the policy from time to time.

The Board proposes a final dividend of 5.24 pence per ordinary share for the year ended 31 March 2016. Together with the interim dividend of 1.66 pence per share for the six months ended 30 September 2015 (paid on 7 December 2015), the total final proposed dividend reflects a 25% distribution of underlying group earnings attributable to ordinary shareholders.

Shareholders on the South African register will be paid the ZAR cash equivalent of 119.5244 cents (101.59574 cents net of dividend withholding tax) per share. The ZAR cash equivalent has been calculated using the following exchange rate: £1: ZAR 22.81, being the 5 day average ZAR/GBP exchange rate at 3:00pm GMT Bloomberg.

The final dividend will be paid on Friday, 25 July 2016 to all ordinary shareholders who are on the register of members at the close of business on the record date of Friday, 17 June 2016.

The salient dates for the dividend will be as follows:

| | |
|---|---|
| Dividend announcement date | Wednesday, 25 May 2016 |
| Last date to trade cum dividend (SA register) | Thursday, 9 June 2016 |
| First date of trading ex-dividend: SA | Friday, 10 June 2016 |
| First date of trading ex-dividend: UK | Thursday, 16 June 2016 |
| Record date | Friday, 17 June 2016 |
| AGM approval | Wednesday, 20 July 2016 |
| Payment date | Monday, 25 July 2016 |

No dematerialisation or rematerialisation within Strate and no transfers between the UK and SA registers may take place between Friday, 10 June 2016 and Friday, 17 June 2016, both dates inclusive.

By order of the Board.

**Danie Meintjes**
Chief Executive Officer

**Craig Tingle**
Chief Financial Officer

25 May 2016

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
as at 31 March 2016

| | | GROUP | | |
|---|---|---|---|---|
| | Notes | **2016** **£'m** | *(Restated)* 2015 £'m | *(Restated)* 2014 £'m |
| **ASSETS** | | | | |
| **Non-current assets** | | **5 604** | 3 654 | 3 368 |
| Property, equipment and vehicles | | **3 199** | 2 985 | 2 817 |
| Intangible assets | | **1 927** | 642 | 523 |
| Equity accounted investments | 3 | **455** | 4 | 4 |
| Other investments and loans | | **4** | 5 | 4 |
| Receivables | | **2** | – | – |
| Derivative financial instruments | | **1** | 1 | 3 |
| Deferred income tax assets | | **16** | 17 | 17 |
| **Current assets** | | **945** | 742 | 637 |
| Inventories | | **75** | 60 | 51 |
| Trade and other receivables | | **561** | 415 | 384 |
| Current income tax assets | | **2** | 2 | 2 |
| Derivative financial instruments | | **2** | – | – |
| Cash and cash equivalents | | **305** | 265 | 200 |
| **Total assets** | | **6 549** | 4 396 | 4 005 |
| **EQUITY** | | | | |
| **Capital and reserves** | | | | |
| Share capital | 4 | **74** | 994 | 821 |
| Share premium reserve | 4 | **690** | – | – |
| Treasury shares | 4 | **(2)** | (23) | (22) |
| Retained earnings | 5 | **5 320** | 485 | 321 |
| Other reserves | 4, 6 | **(2 573)** | 323 | 268 |
| **Attributable to equity holders of the Company** | | **3 509** | 1 779 | 1 388 |
| Non-controlling interests | | **61** | 61 | 51 |
| **Total equity** | | **3 570** | 1 840 | 1 439 |
| **LIABILITIES** | | | | |
| **Non-current liabilities** | | **2 192** | 2 114 | 2 096 |
| Borrowings | 7 | **1 524** | 1 550 | 1 630 |
| Deferred income tax liabilities | | **446** | 429 | 412 |
| Retirement benefit obligations | | **179** | 87 | 34 |
| Provisions | | **24** | 22 | 18 |
| Derivative financial instruments | | **19** | 26 | 2 |
| **Current liabilities** | | **787** | 442 | 470 |
| Trade and other payables | | **431** | 335 | 288 |
| Borrowings | 7 | **317** | 68 | 95 |
| Provisions | | **19** | 24 | 20 |
| Retirement benefit obligations | | **9** | 1 | 1 |
| Derivative financial instruments | | **1** | 1 | – |
| Current income tax liabilities | | **10** | 13 | 66 |

| | | | |
|---|---|---|---|
| **Total liabilities** | **2 979** | 2 556 | 2 566 |
| **Total equity and liabilities** | **6 549** | 4 396 | 4 005 |

These consolidated financial statements and the accompanying notes were approved for issue by the Board of Directors on 25 May 2016 and were signed on its behalf by:

**D Meintjes**
Chief Executive Officer

**CI Tingle**
Chief Financial Officer

**CONDENSED CONSOLIDATED INCOME STATEMENT**
for the year ended 31 March 2016

| | | GROUP | |
|---|---|---|---|
| | Notes | **2016**<br>**£'m** | *(Restated)*<br>2015<br>£'m |
| **Revenue** | | **2 107** | 1 977 |
| Cost of sales | | **(1 264)** | (1 184) |
| Administration and other operating expenses | | **(554)** | (472) |
| Other gains and losses | | **(1)** | 24 |
| **Operating profit** | | **288** | 345 |
| Finance income | | **9** | 6 |
| Finance cost | 9 | **(58)** | (85) |
| Share of profit of equity accounted investments | | **6** | – |
| **Profit before tax** | | **245** | 266 |
| Income tax expense | 10 | **(55)** | (12) |
| **Profit for the year** | | **190** | 254 |
| | | | |
| Attributable to: | | | |
| Equity holders of the Company | | **177** | 241 |
| Non-controlling interests | | **13** | 13 |
| | | **190** | 254 |
| | | | |
| **Earnings per ordinary share attributable to the equity holders of the Company – pence** | | | |
| Basic | 11 | **29.6** | 44.6 |
| Diluted | 11 | **29.5** | 43.8 |

**CONDENSED CONSOLIDATED INCOME STATEMENT**
for the year ended 31 March 2016

| | | GROUP | |
|---|---|---|---|
| | | | *(Restated)* |
| | | **2016** | 2015 |
| | Notes | **£'m** | £'m |
| **Profit for the year** | | **190** | 254 |
| | | | |
| **Other comprehensive income** | | | |
| **Items that may be reclassified to the income statement** | | | |
| Currency translation differences | | **92** | 59 |
| Fair value adjustment – cash flow hedges | | **2** | (5) |
| | | **94** | 54 |
| **Items that may not be reclassified to the income statement** | | | |
| Actuarial gains and losses | | **(56)** | (31) |
| **Other comprehensive income, net of tax** | | **38** | 23 |
| | | | |
| **Total comprehensive income for the year** | | **228** | 277 |
| | | | |
| **Attributable to:** | | | |
| Equity holders of the Company | | **224** | 264 |
| Non-controlling interests | | **4** | 13 |
| | | **228** | 277 |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
for the year ended 31 March 2016

| | Share capital (note 4) £'m | Capital redemp-tion reserve (note 4) £'m | Share premium reserve (note 4) £'m | Reverse acqui-sition reserve (note 4) £' | Treasury shares (note 4) £'m | Share-based payment reserve (note 6) £'m | Foreign currency trans-lation reserve (note 6) £'m | Hedging reserve (note 6) £'m | Retained earnings (note 5) £'m | Share-holders' equity £'m | Non-control-ling interests £'m | Total equity £'m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 31 March 2014 (restated in £)** | 821 | – | – | – | (21) | 13 | 247 | 7 | 321 | 1 388 | 51 | 1 439 |
| Profit for the year | – | – | – | – | – | – | – | – | 241 | 241 | 13 | 254 |
| Other compre-hensive income/(loss) for the year | – | – | – | – | – | – | 59 | (5) | (31) | 23 | – | 23 |
| Total comprehensive income for the year | – | – | – | – | – | – | 59 | (5) | 210 | 264 | 13 | 277 |
| Shares issued | 177 | – | – | – | – | – | – | – | – | 177 | – | 177 |
| Share issue costs | (4) | – | – | – | – | – | – | – | – | (4) | – | (4) |
| Treasury shares purchased (Forfeitable Share Plan) | – | – | – | – | (1) | – | – | – | – | (1) | – | (1) |
| Share-based payment expense | – | – | – | – | – | 1 | – | – | – | 1 | – | 1 |
| Transactions with non-controlling shareholders | – | – | – | – | – | – | – | – | 1 | 1 | 4 | 5 |
| Dividends paid | – | – | – | – | – | – | – | – | (47) | (47) | (7) | (54) |
| **Balance at 31 March 2015 (restated in £)** | **994** | **–** | **–** | **–** | **(22)** | **14** | **306** | **2** | **485** | **1 779** | **61** | **1 840** |
| Profit for the year | **–** | **–** | **–** | **–** | **–** | **–** | **–** | | **177** | **177** | **13** | **190** |
| Other comprehensive income/(loss) for the year | **–** | **–** | **–** | **–** | **–** | **–** | **101** | **2** | **(56)** | **47** | **(9)** | **38** |
| Total comprehensive income for the year | **–** | - | **–** | - | **–** | **–** | **101** | **2** | **121** | **224** | **4** | **228** |
| Shares issued (August 2015) | **479** | - | **–** | | **–** | **–** | **–** | **–** | **–** | **479** | **–** | **479** |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Share issue costs (August 2015) | **(4)** | **-** | **–** | | **–** | **–** | **–** | **–** | **–** | **(4)** | **–** | **(4)** |
| Reverse acquisition | **(1 402)** | **6** | **4862** | **(3 014)** | **-** | **–** | **–** | **–** | **(6)** | **446** | **–** | **446** |
| Share subscription (February 2016) | **7** | **-** | **593** | - | **–** | **–** | **–** | **–** | **–** | **600** | **–** | **600** |
| Reduction of share premium | | | **(4 765)** | - | | | | | **4 765** | **-** | | **-** |
| Utilised by the Mpilo Trusts | **–** | **-** | **–** | - | **21** | **–** | **–** | **–** | **–** | **21** | **–** | **21** |
| Treasury shares purchased (Forfeitable Share Plan) | **–** | **-** | **–** | - | **(1)** | **–** | **–** | **–** | **–** | **(1)** | **–** | **(1)** |
| Share-based payment expense | **–** | **-** | **–** | - | **–** | **10** | **–** | **–** | **–** | **10** | **–** | **10** |
| Transactions with non-controlling shareholders | **–** | **-** | **–** | - | **–** | **–** | **–** | **–** | **3** | **3** | **3** | **6** |
| Dividends paid | **–** | **-** | **–** | - | **–** | **–** | **–** | **–** | **(48)** | **(48)** | **(7)** | **(55)** |
| **Balance at 31 March 2016** | **74** | **6** | **690** | **(3 014)** | **(2)** | **24** | **407** | **4** | **5 320** | **3 509** | **61** | **3 570** |

**CONDENSED CONSOLIDATED SUMMARISED STATEMENT OF CASH FLOWS**
for the year ended 31 March 2016

| | | GROUP | |
|---|---|---|---|
| | | | *(Restated)* |
| | | **2016** | 2015 |
| | | **£'m** | £'m |
| | Notes | Inflow/(outflow) | Inflow/(outflow) |
| **Cash flow from operating activities** | | | |
| Cash received from customers | | **2 078** | 1 980 |
| Cash paid to suppliers and employees | | **(1 667)** | (1 540) |
| Cash generated from operations | | **411** | 440 |
| Interest received | | **9** | 6 |
| Interest paid | | **(55)** | (57) |
| Tax paid | | **(45)** | (52) |
| Net cash generated from operating activities | | **320** | 337 |
| **Cash flow from investment activities** | | **(1 549)** | (257) |
| Investment to maintain operations | | **(72)** | (68) |
| Investment to expand operations | | **(114)** | (124) |
| Business combinations | 12 | **(17)** | (81) |
| Al Noor Hospitals Group plc shares repurchased | 12 | **(530)** | – |
| Special dividend to existing Al Noor Hospitals Group plc shareholders | | **(383)** | – |
| Proceeds on disposal of property, equipment and vehicles | | **1** | 5 |
| Disposal of subsidiary | | **–** | 3 |
| Acquisition of investment in associate | | **(446)** | – |
| Dividends received from equity accounted investment | | **2** | – |
| Proceeds from money market fund | | **10** | – |
| Insurance proceeds | | **–** | 9 |
| Loans advanced | | **–** | (1) |
| Net cash (utilised)/generated before financing activities | | **(1 229)** | 80 |
| **Cash flow from financing activities** | | **1 242** | (23) |
| Proceeds of shares issued | | **479** | 177 |
| Share issue costs | | **(4)** | (4) |
| Share subscription (February 2016) | | **600** | – |
| Distributions to non-controlling interests | | **(7)** | (7) |
| Distributions to shareholders | | **(48)** | (47) |
| Proceeds from borrowings | | **302** | 279 |
| Repayment of borrowings | | **(85)** | (417) |
| Refinancing transaction costs | | **(6)** | (7) |
| Settlement of Al Noor Hospitals Group plc share option scheme | | **(2)** | – |
| Shares purchased (Forfeitable Share Plan) | | **(1)** | (1) |
| Proceeds from disposal of treasury shares | | **12** | – |
| Acquisition of non-controlling interest | | **(2)** | – |
| Proceeds on disposal of non-controlling interest | | **4** | 4 |
| Net increase in cash and cash equivalents | | **13** | 57 |
| Opening balance of cash and cash equivalents | | **265** | 198 |
| Exchange rate fluctuations on foreign cash | | **27** | 10 |
| Closing balance of cash and cash equivalents | | **305** | 265 |

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1 BASIS OF PREPARATION**

The condensed consolidated financial statements included in the preliminary results announcement for the year ended 31 March 2016 have been extracted from the full Annual Report which was approved by the Board of Directors on 25 May 2016. The consolidated financial statements within the full Annual Report are prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU'), the Companies Act 2006 and Article 4 of the EU IAS Regulations.

The auditor's report on those consolidated financial statements was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report, and did not contain statements under section 498(2) or 498(3) of the Companies Act 2006. The preliminary results do not comprise statutory accounts within the meaning of section 434(3) of the Companies Act 2006. The Annual Report for the year ended 31 March 2016 will be delivered to the Registrar of Companies following the Company's annual general meeting to be held on 20 July 2016.

Following the combination of Al Noor Hospitals Group plc and Mediclinic International Limited on 15 February 2016, the comparatives relate to the consolidated results of Mediclinic International Limited, previously a South African registered group listed on the Johannesburg Stock Exchange and the auditor's report on those financial statements was unqualified. The combination has been accounted for as a reverse acquisition by the Group.

The condensed consolidated financial statements included in this preliminary announcement do not itself contain sufficient information to comply with IFRS. The Company will publish full financial statements that comply with IFRS in June 2016.

This preliminary results announcement has been prepared applying consistent accounting policies to those applied by the Group in the comparative period, except as described below. The Group has prepared the consolidated financial statements on a going concern basis.

**Functional and presentation currency**
The financial statements and financial information are presented in pound sterling, rounded to the nearest million. The functional currency of the majority of the Group's entities, and the currencies of the primary economic environments in which they operate, is the South African rand, Swiss franc and United Arab Emirates dirham. The United Arab Emirates dirham is pegged against the United States dollar at a rate of 3.6725 per US Dollar. Due to the reverse acquisition which occurred during the financial year, the Group's presentation currency changed from the South African rand in 2015 to pound sterling in 2016. A change in presentational currency is a change in accounting policy which is accounted for retrospectively. Financial information reported in rand in the prior year's financial statements has been translated to sterling using the procedures outlined below:
- Assets and liabilities were translated at the closing sterling rates;
- Income and expenses were translated at average sterling exchange rates; and
- Differences resulting from retranslation have been recognised in the foreign currency translation reserve.

The comparative numbers have been restated for the change in presentation currency.

Within the consolidated income statement certain line items were reclassified for the year ended 31 March 2015. The reclassifications had no impact on the reported profit or net asset measures of the Group.

The following reclassifications have been made to the consolidated income statement:
1) The mark-to-market loss of £19m relating to the ineffective cash flow hedge has been reclassified from other gains of losses to finance cost as the ineffective portion of the hedge should match the classification of the hedged item.
2) Operating profit includes other gains of £24m. Previously it was shown below operating profit to present the income statement by function in terms of IAS 1.
3) Depreciation and amortisation of £68m and £17m has been included in cost of sales and administration and other operating expenses respectively in order to present the income statement by function in terms of IAS1.

The following reclassification has been made to the statement of financial position:
The UAE end of service benefit obligation of £15m was reclassified from provisions to retirement benefit obligations.
The table below shows the impact on the consolidated income statement and statement of financial position:

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. **BASIS OF PREPARATION** (continued)

| | 2015 figures as presented in prior year | Reclassification | 2015 figure as presented in current year |
|---|---|---|---|
| **Consolidated income statement** | | | |
| Cost of sales | (1 116) | (68) | (1 184) |
| Administration and other operating expenses | (455) | (17) | (472) |
| Other gains and losses | 5 | 19 | 24 |
| Depreciation and amortisation | (85) | 85 | - |
| Finance cost | (66) | (19) | (85) |
| **Effect on profit before tax** | **(1 717)** | **-** | **(1 717)** |
| | | | |
| **Consolidated statement of financial position** | | | |
| Retirement benefit obligations | 72 | 15 | 87 |
| Provisions | 37 | (14) | 23 |
| **Non-current liabilities** | **109** | **1** | **110** |
| Provisions | 24 | (1) | 23 |
| **Current liabilities** | **24** | **(1)** | **23** |
| **Total liabilities** | **133** | **-** | **133** |

2. **GOING CONCERN**

Having assessed the principal risks and the other matters discussed in connection with the viability statement, the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

## 3. EQUITY ACCOUNTED INVESTMENTS

| | GROUP | |
|---|---|---|
| | **2016** **£'m** | 2015 £'m |
| Investment in associates | **452** | – |
| Investment in joint venture | **3** | 4 |
| | **455** | 4 |
| Investment in associates: | | |
| Listed investments | **451** | – |
| Unlisted investments | **1** | – |
| | **452** | – |

**Reconciliation of carrying value at the beginning and end of the period**

| | | |
|---|---|---|
| Listed investment | | |
| Total cost of equity investment | **447** | – |
| Share of profit of associated companies | **6** | – |
| Dividends received from associated companies | **(2)** | – |
| | **451** | – |

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% |

Spire Healthcare Group plc is listed on the London Stock Exchange. It does not issue publicly available quarterly financial information and has a December year-end. The associate was acquired on 24 August 2015. The investment in associate was equity accounted for the 4 months to 31 December 2015. No significant events occurred since 1 January 2016 to the reporting date.

A provisional notional purchase price allocation assessment did not identify any significant intangible assets other than goodwill.

## 4. SHARE CAPITAL

| Ordinary shares | Number of shares | Share capital £'m | Capital redemption Reserve** £'m | Share premium £'m | Reverse acquisition reserve*** £'m | Total |
|---|---|---|---|---|---|---|
| At 1 April 2014 | 516 851 655 | 821 | - | – | – | 821 |
| Shares issued | 25 625 000 | 177 | - | – | – | 177 |
| Share issue costs | – | (4) | - | – | – | (4) |
| At 31 March 2015 | 542 476 655 | 994 | - | – | – | 994 |
| Shares issued (August 2015) | **69 444 444** | **479** | **-** | **–** | **–** | **479** |
| Share issue costs | | **(4)** | **-** | **–** | **–** | **(4)** |
| At 14 February 2016 | **611 921 099** | **1 469** | **-** | **–** | **–** | **1 469** |
| Reverse acquisition* | **53 207 327** | **(1 402)** | **6** | **4 862** | **(3 014)** | **452** |
| Combined capital structure on 15 February 2016 | **665 128 426** | **67** | **6** | **4 862** | **(3 014)** | **1 921** |
| Share subscription | **72 115 384** | **7** | **-** | **593** | | **600** |
| Reduction of share premium | **-** | **-** | **-** | **(4 765)** | **–** | **(4 765)** |
| | **737 243 810** | **74** | **6** | **690** | **(3 014)** | **(2 244)** |

*The company received legal advice on the scheme of arrangement and the premium on issue of share capital to Mediclinic International Limited shareholders did not qualify as merger relief under United Kingdom law.

**Reverse acquisition**
The prior number of shares from 1 April 2015 to 14 February 2016 represents equivalent number of Mediclinic International Limited shares converted using the Mediclinic scheme of arrangement conversion ratio of 0.625. From 15 February 2016 the capital structure of the Group represents that of Mediclinic International plc.

**The Companies Act provides that where shares of a company are repurchased and funded by a new issue of shares, the amount by which the Company's issued share capital is diminished on cancellation of the shares are transferred to a capital redemption reserve to maintain capital. The reduction of the company's share capital shall be treated as if the capital redemption reserve were paid up capital of the Company.

***The reverse acquisition reserve represents the net of the following adjustments resulting from the Al Noor reverse acquisition:

- adjustment of the capital structure (share capital and share premium) of the Group to that of the legal parent;
- adjustment to account for the premium on shares issued to the Mediclinic International Limited shareholders;
- the share value component of the total consideration.

## 4. SHARE CAPITAL (continued)

| *Treasury shares* | Number of shares | Total |
|---|---|---|
| | | £'m |
| At 1 April 2014 | **8 450 612** | (21) |
| Repurchase of shares – Forfeitable Share Plan | **155 454** | (1) |
| Utilised by the Mpilo Trusts | **(178 875)** | – |
| At 31 March 2015 | **8 427 191** | (22) |
| Repurchase of shares – Forfeitable Share Plan | **129 927** | (1) |
| Disposal of shares – Forfeitable Share Plan | **(46 091)** | – |
| Utilised by the Mpilo Trusts | **(8 238 246)** | 21 |
| At 31 March 2016 | **272 781** | (2) |

| *The balance of the treasury comprise:* | |
|---|---|
| Forfeitable Share Plan | **239 290** |
| Mpilo Trusts | **33 491** |
| | **272 781** |

*The prior year number of shares have been converted using the Mediclinic scheme of arrangement conversion ratio of 0.625 Mediclinic International plc shares for each Mediclinic International Limited share held.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

| | GROUP | |
|---|---|---|
| | **2016 £'m** | 2015 £'m |
| **5. RETAINED EARNINGS** | | |
| Opening balance | **485** | 321 |
| Profit for the year | **177** | 241 |
| Dividends paid | **(48)** | (47) |
| Capital redemption on tender offer | **(6)** | - |
| Reduction of share premium | **4 765** | – |
| Actuarial gains and losses | **(56)** | (31) |
| Transactions with non-controlling shareholders | **3** | 1 |
| Balance at the end of the year | **5 320** | 485 |

| | GROUP | |
|---|---|---|
| | **2016 £'m** | 2015 £'m |
| **6. OTHER RESERVES** | | |
| **Share-based payment reserve** | **24** | 14 |
| Opening balance | **14** | 13 |
| Forfeitable Share Plan | **1** | – |
| Mpilo trusts | **11** | 1 |
| Al Noor share option scheme | **(2)** | – |
| | | |
| **The balance of the share-based payment reserve comprise:** | | |
| Executive share option scheme | **1** | 1 |
| Forfeitable share plan | **1** | – |
| Al Noor share option scheme | **(2)** | – |
| Mpilo trusts (Employee share trusts) | **17** | 6 |
| Strategic South African black partners* | **7** | 7 |
| | **24** | 14 |

** 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.*

| | GROUP | |
|---|---|---|
| | **2016** **£'m** | 2015 £'m |
| **6. OTHER RESERVES** (continued) | | |
| **Foreign currency translation reserve** | **407** | 306 |
| Opening balance | **306** | 247 |
| Currency translation differences | **101** | 59 |
| | | |
| **Hedging reserve** | **4** | 2 |
| Opening balance | **2** | 7 |
| Fair value adjustments of cash flow hedges, net of tax | **2** | (6) |
| Recycling of fair value adjustments of derecognised cash flow hedge, net of tax | **–** | 1 |
| | | |
| **7. BORROWINGS** | | |
| Secured long-term bank loans* | **140** | 166 |
| Long-term portion | **139** | 165 |
| Short-term portion | **1** | 1 |
| Capitalised financing costs – long-term | **–** | – |
| * 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* | **90** | 111 |
| Long-term portion | **85** | 105 |
| Short-term portion | **5** | 6 |
| * Dividends are payable monthly at a rate of 69% of prime overdraft rate. £5m shares must be redeemed on 1 September 2016 and 1 September 2017 and the balance of £85m on 2 June 2019. | | |
| | | |
| Secured long-term bank loan* | **10** | 18 |
| Long-term portion | **5** | 12 |
| Short-term portion | **5** | 6 |
| * 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. £5m must be redeemed on 1 September 2016 and the balance of £5m on 8 October 2017. | | |
| | | |
| Secured long-term bank loan* | **9** | 11 |
| Long-term portion | **9** | 11 |
| Short-term portion | **–** | – |
| * The long-term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 1.51% (31 March 2015: 1.31%) compounded quarterly, and is repayable on 2 June 2019. | | |
| | | |
| Secured long-term bank loans | **5** | 7 |
| Long-term portion | **4** | 6 |
| Short-term portion | **1** | 1 |
| 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 £12m (31 March 2015: £15m) are encumbered as security for these loans. Net trade receivables of £1m (31 March 2015: £1m) has also been ceded as security for these loans. | | |

| | GROUP | |
|---|---|---|
| | **2016** **£'m** | 2015 £'m |
| **7. BORROWINGS** (continued) | | |
| **Borrowings in Southern African operations** | **254** | 313 |

* Property and equipment with a book value of £160m (31 March 2015: £150m), cash and cash equivalents of £12m (31 March 2015: £10m) and trade receivables of £41m (31 March 2015: £46m) have been ceded as security for these borrowings.

| | **2016** | 2015 |
|---|---|---|
| Secured long-term bank loans | **53** | 56 |
| Long-term portion | **50** | 38 |
| Short-term portion | **3** | 19 |
| Capitalised financing costs – long-term | – | (1) |

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 £100m (31 March 2015: £83m) are encumbered as security for this loan.

| | **2016** | 2015 |
|---|---|---|
| **Borrowings in Middle East operations** | **53** | 56 |

| | **2016** | 2015 |
|---|---|---|
| Secured long-term bank loans | **1 098** | 1 084 |
| Long-term portion | **1 088** | 1 079 |
| Short-term portion | **36** | 35 |
| Capitalised financing costs – long-term | **(26)** | (30) |

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 2.0% and 3.5%) and is repayable by July 2020. The loan is secured by: Swiss properties with a book value of £2 248m (31 March 2015:£2 161m); and Swiss bank accounts with a book value of £128m (31 March 2015: £138m).

| | **2016** | 2015 |
|---|---|---|
| Listed bonds | **170** | 164 |
| Long-term portion | **170** | 164 |
| 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.

| | **2016** | 2015 |
|---|---|---|
| Secured long-term finance | **–** | 1 |
| Long-term portion | – | 1 |
| Short-term portion | – | – |

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 seven years. Equipment with a book value of £1m (31 March 2015: £1m) is encumbered as security for these loans.

| | **2016** | 2015 |
|---|---|---|
| **Borrowings in Swiss operations** | **1 268** | 1 249 |

| | **2016** | 2015 |
|---|---|---|
| Secured long-term bank loans | **266** | – |
| Long-term portion | – | – |
| Short-term portion | **266** | – |
| Capitalised financing costs – long-term | – | – |

| | GROUP | |
|---|---|---|
| | **2016** | 2015 |
| | **£'m** | £'m |
| **7. BORROWINGS** (continued) | | |
| This loan bears interest at variable rates linked to LIBOR with a minimum base rate of 1% plus 3.75%. The facility is secured in favour or lenders over the shares in Mediclinic International Limited and of Mediclinic CHF Finco Limited, Mediclinic Middle East Holdings Limited and Mediclinic Holdings Netherlands B.V. | | |
| **Borrowings in the United Kingdom** | **266** | – |
| Total borrowings | **1 841** | 1 618 |
| Short-term portion transferred to current liabilities | **(317)** | (68) |
| Non-current borrowings | **1 524** | 1 550 |

## 8. SEGMENTAL REPORT

The reportable operating segments are identified as follows: Mediclinic Southern Africa, Mediclinic Switzerland, Mediclinic Middle East, United Kingdom and an additional reporting segment is shown for Corporate. The comparatives have been changed to conform with current presentation. United Kingdom and Corporate is shown as operating segments.

| Year ended 31 March 2016 | Southern Africa £'m | Switzerland £'m | Middle East £'m | United Kingdom £'m | Corporate £'m | Total £'m |
|---|---|---|---|---|---|---|
| Revenue | 649 | 1 130 | 328 | – | – | 2 107 |
| EBITDA | 129 | 229 | 68 | – | (51) | 375 |
| EBITDA before management fee | 133 | 230 | 70 | – | – | – |
| Management fees included in EBITDA | (4) | (1) | (2) | – | 7 | 7 |
| Other gains and losses | – | – | – | – | (1) | (1) |
| Depreciation and amortisation | (20) | (63) | (10) | – | – | (93) |
| Operating profit | 109 | 166 | 58 | – | (45) | 288 |
| Income from associate | – | – | – | 6 | – | 6 |
| Finance income | 8 | 1 | – | – | – | 9 |
| Finance cost | (21) | (46) | (2) | – | (6) | (75) |
| Taxation | (31) | (24) | – | – | – | (55) |
| **Segment result** | 65 | 97 | 56 | 6 | (51) | 173 |
| **At 31 March 2016** | | | | | | |
| Investments in associates | – | 1 | – | 451 | – | 452 |
| Investments in joint venture | 3 | – | – | – | – | 3 |
| Capital expenditure | 52 | 98 | 36 | – | – | 186 |
| **Total segment assets** | 485 | 3 809 | 1 800 | 451 | 4 | 6 549 |
| **Segment liabilities** | 370 | 2 940 | 243 | – | 272 | 3 825 |

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**8. SEGMENTAL REPORT** (continued)

| **Year ended 31 March 2015** | **Southern Africa £'m** | **Switzerland £'m** | **Middle East £'m** | **United Kingdom £'m** | **Corporate £'m** | **Total £'m** |
|---|---|---|---|---|---|---|
| Revenue | 691 | 1 044 | 242 | – | – | 1 977 |
| EBITDA | 150 | 203 | 53 | – | (6) | 400 |
| EBITDA before management fee | 154 | 204 | 54 | – | – | – |
| Management fees included in EBITDA | (4) | (1) | (1) | – | 6 | 6 |
| Other gains and losses | 9 | 13 | – | – | 2 | 24 |
| Depreciation and amortisation | (22) | (55) | (8) | – | – | (85) |
| Operating profit | 137 | 161 | 45 | – | 2 | 345 |
| Income from associate | – | – | – | – | – | – |
| Income from joint venture | – | – | – | – | – | – |
| Finance income | 5 | – | – | – | – | 5 |
| Finance cost | (23) | (74) | (3) | – | – | (100) |
| Taxation | (33) | 21 | – | – | – | (12) |
| **Segment result** | 86 | 108 | 42 | – | 2 | 238 |
| **At 31 March 2015** | | | | | | |
| Investments in associates | – | – | – | – | – | – |
| Investments in joint venture | 4 | – | – | – | – | 4 |
| Capital expenditure | 80 | 94 | 17 | – | – | 191 |
| **Total segment assets** | 527 | 3 615 | 252 | – | 2 | 4 396 |
| **Segment liabilities** | 436 | 2 511 | 127 | – | – | 3 074 |

| **Reconciliation of segment result, assets and liabilities** | **2016 £'m** | 2015 £'m |
|---|---|---|
| Segment result | | |
| Total profit from reportable segments | **173** | 238 |
| Elimination of intersegment loan interest | **17** | 15 |
| Profit for the year | **190** | 253 |
| Liabilities | | |
| Total liabilities from reportable segments | **3 825** | 3 074 |
| Elimination of intersegment loan | **(846)** | (520) |
| | **2 979** | 2 554 |

## 9. FINANCE COST

| | GROUP | |
|---|---|---|
| | **2016** **£'m** | 2015 £'m |
| Interest expense | **44** | 49 |
| Interest rate swaps | **11** | 4 |
| Amortisation of capitalised financing costs | **5** | 8 |
| Fair value (gains)/losses on ineffective cash flow hedges | **(8)** | 19 |
| Preference share dividend | **6** | 7 |
| Less: amounts included in the cost of qualifying assets | - | (2) |
| | **58** | 85 |

## 10. INCOME TAX EXPENSE

| | | |
|---|---|---|
| Current tax | | |
| Current year | **(41)** | (44) |
| Previous year | **(1)** | 44 |
| Deferred tax | **(13)** | (12) |
| Taxation per income statement | **(55)** | (12) |
| | | |
| *Composition* | | |
| UK tax | - | - |
| Foreign tax | **(55)** | (12) |
| | **(55)** | (12) |
| | | |
| Reconciliation of rate of taxation: | | |
| Standard rate for companies (UK) | **20.0%** | 21.0% |
| | | |
| Adjusted for: | | |
| Capital gains tax | **0.1%** | (0.6)% |
| Non-taxable income | **(0.3)%** | (0.6)% |
| Non-deductible expenses* | **5.6%** | 2.0% |
| Non-controlling interests' share of profit before tax | **(0.3)%** | (0.3)% |
| Effect of different tax rates*** | **(4.3)%** | (1.4)% |
| Income tax rate changes | **(0.2)%** | – |
| Non-recognition of tax losses in current year | **1.8%** | 0.6% |
| Recognition of tax losses relating to prior years | **(0.4)%** | – |
| Prior year adjustment** | **0.4%** | (16.4)% |
| Effective tax rate | **22.4%** | 4.3% |

*Non-deductible expenses in the current year were impacted by:

- Transaction costs in relation to the Al Noor transaction were not deductible for tax purposes as these costs are capital of nature. The tax effect of this amounted £10m which resulted in an increase in the effective tax rate.

- Non-deductible accelerated IFRS 2 charges increased the tax charge by £3m.

**In the prior year, Swiss income tax liabilities were released in respect of historical uncertain tax positions after settlement with tax authorities. This reduced the tax charge by £43m.

***The effect of different tax rates is mainly because of profit earned from South Africa which is subject to income tax rate of 28%, reduced by profit earned from the UAE which is not subject to income tax.
****The statutory income tax rate in the UK reduced from 21% to 20% since 1 April 2015.

The income tax liability includes an amount of approximately £8m (2015: £7m) relating to unresolved tax matters.

The range of possible outcomes relating to this liability is not considered to be material.

| | GROUP | |
|---|---|---|
| | **2016** **£'m** | (Restated) 2015 £'m |
| **11. EARNINGS PER ORDINARY SHARE** | | |
| Earnings per ordinary share (pence) | | |
| Basic (pence) | **29.6** | 44.6 |
| Diluted (pence) | **29.5** | 43.8 |

Number of shares reconciliation

| | **2016** | 2015*** |
|---|---|---|
| **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 | **542 473 328** | 516 848 328 |
| Al Noor Hospitals Group plc shares prior to reverse acquisition | **14 688 077** | – |
| Al Noor Hospitals Group plc shares repurchased | **(8 000 842)** | – |
| Weighted average number of ordinary shares issued during the year (August 2015) | **41 742 562** | – |
| Weighted average number of ordinary shares issued during the year (February 2016) | **9 063 634** | – |
| Weighted average number of ordinary shares issued during the year (June 2014) | **–** | 19 868 151 |
| Adjustment for equity raising – Private placement (June 2014) (IAS 33 para 26)** | **–** | 378 641 |
| Adjustment for equity raising – Rights Offer (2015) (IAS 33 para 26)** | **5 239 773** | 13 135 323 |
| Weighted average number of treasury shares | **(6 764 447)** | (9 957 753) |
| BEE shareholder | **(521 142)** | (1 503 618) |
| Mpilo Trusts | **(5 995 653)** | (8 377 728) |
| Forfeitable Share Plan | **(247 652)** | (76 407) |
| | **598 442 085** | 540 272 690 |
| **Weighted average number of ordinary shares in issue for diluted earnings per share** | | |
| Weighted average number of ordinary shares in issue | **598 442 085** | 540 272 690 |
| Weighted average number of treasury shares held in terms of the BEE initiative not yet released from treasury stock | **768 793** | 9 957 753 |
| BEE shareholder* | **521 141** | 1 503 618 |
| Mpilo Trusts | **–** | 8 377 728 |
| Forfeitable Share Plan | **247 652** | 76 407 |
| | **599 210 878** | 550 230 443 |

The prior year number of shares have been converted using the Mediclinic scheme of arrangement conversion ratio of 0.625 Mediclinic International plc shares for each Mediclinic International Limited share held.

* 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 521 141 (2015: 1 158 198) shares issued to the strategic black partner.

**11. EARNINGS PER ORDINARY SHARE** (continued)

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 plc (2015: 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.

** The shares were issued at a price lower than the fair value of the shares before the equity capital raised 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.

*** The 2015 number of shares has been adjusted with the exchange ratio of 0.625 (1 Mediclinic International Limited share was exchanged for 0.625 AL Noor Hospitals Group plc share in terms of the Mediclinic scheme of arrangement).

**Headline earnings per ordinary share**

The Group is required to calculate headline earnings per share (HEPS) in accordance with the JSE Limited (JSE) Listing Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 02/2013 (Revised) 'Headline Earnings'. The table below sets out a reconciliation of basic EPS and HEPS in accordance with that circular. Disclosure of HEPS is not a requirement of IFRS, but it is a commonly used measure of earnings in South Africa. The table below reconciles the profit for the financial year attributable to equity holders of the parent to headline earnings and summarises the calculation of basic HEPS:

| | **GROUP** | |
|---|---|---|
| | **2016**<br>**£'m** | (Restated)<br>2015<br>£'m |
| Profit for the financial period attributable to equity holders of the parent | **177** | 241 |
| Adjustments | | |
| Impairment of property | – | 2 |
| Insurance proceeds | – | (8) |
| Gain on disposal of subsidiary | – | (2) |
| Profit on disposal of property, equipment and vehicles | - | (4) |
| Headline earnings | **177** | 229 |
| Headline earnings per share (pence) | **29.6** | 42.4 |
| Diluted headline earnings per share (pence) | **29.5** | 41.6 |

## 12. BUSINESS COMBINATIONS

| | GROUP | |
|---|---|---|
| | 2016 £'m | (Restated) 2015 £'m |
| | **Cash flow on acquisition** | Cash flow on acquisition |
| Al Noor Hospitals Group plc | **17** | – |
| Clinique La Colline | **–** | 75 |
| Swissana Clinic AG Meggen | **–** | 6 |
| | **17** | 81 |

**Al Noor Hospitals Group plc**

On 15 February 2016, Mediclinic completed the Combination between Al Noor Hospitals Group plc and Mediclinic International Limited. The Combination of Al Noor Hospitals Group plc and Mediclinic International became unconditional on 15 February 2016. The directors recognise the strong strategic merit in the transaction, with an excellent strategic fit between the operations in the UAE and the creation of a leading international private healthcare operator with a well-balanced geographic profile. The Combination is classified as a reverse take-over.

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 goodwill of £1 189m arising from the acquisition is attributable to the earnings potential of the established Al Noor business with a geographical footprint in Abu Dhabi. None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value exercise over the opening balance sheet of Al Noor remains provisional at 31 March 2016 as permitted by IFRS 3. Since the Group is in discussions with UAE medical insurance funders and other third parties about conforming Al Noor's commercial practices with the rest of the Group, there is still a degree of uncertainty about the fair value of certain acquired assets and liabilities. This is expected to be finalised during the next year. The following table summarises the consideration paid for Al Noor Hospital Group and the provisional fair value of assets acquired and liabilities assumed at the acquisition date.

| | |
|---|---|
| **Purchase consideration at 15 February 2016** | |
| Special dividend (£3.28 per share) | **383** |
| Tender offer (limited to £1bn with special dividend, £8.32 per share) | **530** |
| Value of share element* | **446** |
| **Total consideration transferred** | **1 359** |

* The value of the share element represents the equivalent fair value of the shares at date of acquisition that the acquirer (Mediclinic International Limited), would have issued to the shareholders of Al Noor Hospitals Group plc if equity instruments of the acquirer had to be issued.

## 12. BUSINESS COMBINATIONS (continued)

| | GROUP 2016 £'m Cash flow on acquisition | *(Restated)* 2015 £'m Cash flow on acquisition |
|---|---|---|
| **Recognised amounts of identifiable assets acquired and liabilities assumed (provisional purchase price allocation)** | | |
| Assets | | |
| Property, equipment and vehicles | 61 | |
| Intangible assets | 65 | |
| Non-current receivable | 2 | |
| Inventories | 14 | |
| Trade and other receivables | 111 | |
| Derivative financial instruments | 2 | |
| Investment in money market funds | 10 | |
| Cash and cash equivalents | 24 | |
| **Total assets** | 289 | |
| Liabilities | | |
| Retirement benefit obligations | 22 | |
| Trade and other payables | 92 | |
| **Total liabilities** | 114 | |
| **Total identifiable net assets at fair value** | 175 | |
| Non-controlling interest | (5) | |
| Goodwill | 1 189 | |
| **Total** | 1 359 | |

Acquisition-related costs of £41m have been charged to administrative expenses in the consolidated income statement.

The fair value of trade and other receivables is £111m and includes trade receivables with a fair value of £95m. The gross contractual amount for trade receivables due is £121m, of which £95m is expected to be collectible.

From the date of acquisition, Al Noor Hospitals Group has contributed £50m of revenue and £4m to the net 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 £333m and the net profit for the Group would have been £56m.

| **Analysis of cash flow on acquisition** | |
|---|---|
| Transaction costs incurred in reverse acquisition | (41) |
| Net cash acquired with the subsidiary | 24 |
| Net cash flow on acquisition | (17) |

## 13. EVENTS AFTER THE REPORTING DATE

At the time the financial statements were authorised for issue, the following events had taken place which have not been recognised as at 31 March 2016:
During May 2016 the Group obtained additional bank facilities in the amount of R1.2 billion (approximately £54m). The loans will carry interest at 3 month Jibar plus a margin of 1.69% and is fully repayable in June 2019.