

Mediclinic International plc  
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("Mediclinic", the "Company" or the "Group")

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

## MEDICLINIC INTERNATIONAL PLC – 2016/17 INTERIM RESULTS

**Strong performance in Switzerland**  
**Southern Africa in line with expectations**  
**Middle East platform impacted by Abu Dhabi business**

Mediclinic announces its 2016/17 interim results for the six months ended 30 September 2016 (the "reporting period") and declaration of cash dividend. Mediclinic is an international private healthcare group with operating platforms in Southern Africa, Switzerland and the United Arab Emirates and a 29.9% investment in Spire Healthcare plc.

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

*"We have seen good progress across the Group in the first half of the year. Switzerland in particular had strong revenue and underlying EBITDA growth driven by an increase in total patient activity. In the Middle East, we have had a productive first half of the year successfully opening the City Hospital North Wing in Dubai and business integration is progressing well, expected to deliver AED75m of annualised synergies. In Abu Dhabi, the recent introduction of Thiqa co-payment has further impacted our near term expectations for Thiqa revenues. We continue to believe in the long-term growth opportunity the Middle East presents to the Group."*

*"Whilst the industry trends of growing competition and regulatory changes remain challenging across all our platforms, we are highly focused on investing in and delivering high quality patient-centric clinical care. With this focus and our leading positions in core markets, Mediclinic is well-positioned to deliver sustainable long-term growth."*

### GROUP FINANCIAL AND OPERATING HIGHLIGHTS

- 27% increase in Group revenue of which 16% was contributed by Al Noor
- Strong performance in Switzerland with revenue up 5% and underlying EBITDA up 7%
- Good organic growth in Southern Africa supported by infrastructure investment
- Middle East business impacted by new insurance co-payment requirement, doctor vacancies and delayed facility openings
- Integration of Al Noor on track to deliver AED75m of annualised synergies
- Underlying EBITDA up 11% to £220m
- Operating profit up 10% to £169m
- Underlying earnings per share decreased by 26% to 12.8 pence, largely impacted by the shares issued to acquire and adverse operating performance of Al Noor
- Cash flow conversion 95% of underlying EBITDA
- Interim dividend per ordinary share up to 3.20 pence
- Continued investments to improve patient experience and clinical quality

## GROUP FINANCIAL SUMMARY

£m	1H17	1H16	Variance %
Revenue	<b>1 283</b>	1 010	27%
EBITDA <sup>(1)</sup>	<b>232</b>	199	17%
Underlying EBITDA <sup>(1)</sup>	<b>220</b>	199	11%
Operating profit	<b>169</b>	154	10%
Earnings <sup>(2)</sup>	<b>110</b>	96	15%
Underlying earnings <sup>(1)</sup>	<b>94</b>	94	-
Earnings per share (pence)	<b>14.9</b>	17.6	(15%)
Underlying earnings per share (pence) <sup>(1)</sup>	<b>12.8</b>	17.2	(26%)
Dividend per share (pence)*	<b>3.20</b>	2.66	20%
Net debt**	<b>1 702</b>	1 536	11%

\* The interim dividend per share for the period ended 30 September 2015 in pound sterling comprises the equivalent interim dividend per share paid in December 2015 by Mediclinic International Limited, adjusted for the 0.625 share exchange ratio.

\*\* The comparative for net debt reflects the balance as at 31 March 2016.

### NOTES

- 1 See the reconciliations between the statutory and the non-GAAP measures in the 'Financial Review' section below.
- 2 Earnings refer to profit attributable to equity holders.

Group results are subject to movements in foreign currency exchange rates. Refer to the 'Financial Review' section below for exchange rates used to convert the operating platforms' results and financial position to pound sterling.

Details of a presentation in London, webcast and conference call are available at the end of this report or visit the Group's website at [www.mediclinic.com](http://www.mediclinic.com).

## OPERATING REVIEW

### GROUP

The Group delivered financial results in line with management's expectations during the reporting period for Southern Africa and Switzerland. Switzerland achieved particularly strong revenue and underlying EBITDA growth. A specific focus on efficiencies and cost savings has enabled Hirslanden to continue growing its underlying EBITDA margin notwithstanding consistently high occupancy levels. In Southern Africa, the ongoing investment across the portfolio has supported growing inpatient volumes as well as the continued roll out of day clinics. In Dubai, the North Wing of Mediclinic City Hospital was opened in September 2016 providing a state-of-the-art Comprehensive Cancer Centre.

In the Middle East, the newly enlarged business is well-positioned to service the fast-growing market where Mediclinic sees significant long-term growth opportunities. A key area of focus has been the integration of the Al Noor hospital group with Mediclinic Middle East. A number of operational and regulatory factors in the UAE, including the introduction on 1 July 2016 of Thiqa co-payments (health insurance for UAE nationals living in Abu Dhabi), a large number of doctor vacancies and a delay in opening the Al Jowhara Hospital and other facilities, impacted the newly acquired Abu Dhabi business in the reporting period. The integration process has progressed well and according to the Group's plans with a new combined organisational structure and strategy in place. The Group remains on track to generate annualised cost synergies of AED75m from the combined Middle East platform.

Group revenue grew by 27% and underlying EBITDA grew by 11%. Mediclinic's financial results for the reporting period benefited from the addition of Al Noor's operations, which was not accounted for in the six

months ended 30 September 2015 (the “comparative period”). The Combination of the businesses was completed on 15 February 2016. The inclusion of the Al Noor business accounted for around 16% of the overall increase in Group revenue. On a constant currency basis, the Group’s revenue and underlying EBITDA for the reporting period increased by 19% and 5% respectively. This growth was supported by investments in selected capacity projects as well as new service lines. The Group’s underlying EBITDA margin was primarily impacted by the underperforming Middle East business and as a result fell to 17.1% in the reporting period versus 19.7% in the comparative period. Underlying earnings of £94m in the reporting period were unchanged versus the comparative period, with Spire contributing £10m (nil contribution in the comparative period). Underlying earnings per share decreased by 26%, largely impacted by the shares issued to acquire and adverse operating performance of Al Noor. Earnings per share, which includes one-off income and charges, decreased by 15%.

Spire performed in line with expectations for its first half year ended 30 June 2016.

## **OUTLOOK**

The Group’s main strategic focus remains to ensure high-quality care and optimal patient experience. To this end, Mediclinic continues to invest in its people, patient facilities and the technology within the facilities. The Group’s growing international scale also enables it to unlock further value through promoting collaboration and best practice between its operating platforms and to leverage the benefits of scale through synergies and cost-efficiencies. The Group is well-positioned to deliver long-term value to its shareholders with a well-balanced portfolio of global operations, a leading position across all four attractive healthcare markets and a platform for future growth.

Mediclinic continues to see a strong demand for quality private healthcare services across its three operating platforms and in the UK, notwithstanding the ongoing challenges in the global and regional economies and the regulatory changes that continue to impact healthcare and its affordability.

At Hirslanden, given high occupancy levels, the Group anticipates modest growth and stable margins for the full year 2016/17.

In Mediclinic Southern Africa, the Group expects continued growth, notwithstanding macro-economic challenges and increasing competition anticipated in the year ahead. In line with the Group’s key strategic initiatives, it will continue to make additional investment in the operations to drive competitive advantage.

In the Middle East, revenue growth (excluding the further impact of Thiqa volumes referenced below) is expected to be at the bottom end of expectations due to the continued weak macro-economic environment, the alignment of business and operational practices and a further delay to the opening of Al Jowhara, which is now open. In addition, the Abu Dhabi business continues to be impacted by the new Thiqa co-payment regulation. This has further impacted Thiqa volumes in the second quarter. Assuming these current volumes persist, we expect an additional impact to full year revenues of around AED150m leading to an overall decline versus 2015/16 pro-forma Middle East revenues. Notwithstanding good progress on the integration synergies the impact from the lower revenues is expected to result in underlying EBITDA margins around the bottom end of previous expectations.

## HIRSLANDEN

	1H17	1H16	Variance %
Movement in bed days sold	<b>(0.1%)</b>	6.1%	
Movement in revenue per bed day sold	<b>3.3%</b>	1.5%	
Inpatients (000's)	<b>48</b>	47	3.7%
Revenue (CHFm)	<b>819</b>	783	5%
Underlying EBITDA (CHFm)	<b>152</b>	142	7%
Underlying EBITDA margin	<b>18.6%</b>	18.1%	
Expansion capex (CHFm)	<b>11</b>	22	(50%)
Maintenance capex (CHFm)	<b>19</b>	25	(24%)
Underlying EBITDA converted to cash	<b>96%</b>	70%	
Average GBP/CHF during period	<b>1.34</b>	1.47	(9%)
Revenue (£m)	<b>613</b>	532	15%
Underlying EBITDA <sup>(1)</sup> (£m)	<b>114</b>	97	18%

In Switzerland, as at the end of the reporting period, Hirslanden operates 16 hospitals and 4 clinics with a total of 1 677 inpatient beds and 9 342 employees. It is the largest private acute care hospital group in Switzerland servicing approximately one third of all inpatients treated in Swiss private hospitals.

During the reporting period, inpatient numbers increased by 3.7%, total revenue by 5% and underlying EBITDA by 7%. Inpatient revenue per case decreased by 0.4%. Underlying EBITDA margin increased to 18.6% mainly as a result of solid revenue growth and cost-containment measures implemented during the reporting period. Hirslanden contributed £48m to the Group's underlying earnings compared to £39m in the comparative period.

During the reporting period, Hirslanden invested CHF11m in expansion capital projects and new equipment and CHF19m on the replacement of existing equipment. Projects concluded include a third heart catheter laboratory at Hirslanden Klinik Aarau, the restructuring of the radiology department at Hirslanden Klinik Stephanshorn, new doctors' consulting rooms at Hirslanden Clinique La Colline and a restructuring of the sterilisation unit at Hirslanden Klinik Permanence. At the end of the reporting period, the number of inpatient beds remained unchanged at 1 677.

The Swiss private healthcare market is one of the best-funded in the developed world and continues to grow steadily. However, one of the most significant trends in the Swiss healthcare market is the ongoing shift of basic medical treatments from the inpatient to the outpatient sector. As a result, it is important for Hirslanden to continue to respond to this trend, with the opening of new outpatient clinics and the creation of an integrated medical network that facilitates the access to healthcare for patients – especially because outpatient clinics are a well-established route for the subsequent allocation of patients to hospitals and specialists. In response to this, the establishment of outpatient clinics as well as outpatient surgery units is now part of the Hirslanden 2020 strategic programme. This programme has two main goals: to increase the efficiency of the existing business by implementing consistent systems and processes; and to develop new areas of business, such as outpatient facilities. In a fast-changing environment it is important for Hirslanden to realise potential synergies by integrating all hospitals and clinics within an overarching system of standardised structures with a consistent business model. Given the external environment, the investment programme within Hirslanden and the potential for increased synergies, the platform is well-positioned to maintain its status as the largest medical network in Switzerland while continuing to improve patient satisfaction and clinical outcomes.

The canton of Zurich is considering cost saving measures which may have an impact on Klinik Hirslanden. The proposal in its current form (known as the VVG levy) is to impose a tax on the proportion of privately insured

patients treated in listed hospitals. This complex matter would need to go through an extended legislative process before any referendum is considered, the result of which is expected during the second half of 2017. Hirslanden is currently engaging with the relevant public authorities to raise concerns regarding the process, equality and the impact of the proposed levy.

The national outpatient tariff ("TARMED") is still in revision and the presently used tariff structure is expected to be valid until the end of 2017.

#### MEDICLINIC SOUTHERN AFRICA

	<b>1H17</b>	1H16	Variance %
Movement in bed days sold	<b>2.6%</b>	3.2%	
Movement in revenue per bed day sold	<b>5.5%</b>	6.1%	
Admissions ('000s)	<b>299</b>	291	2.6%
Revenue (ZARm)	<b>7 283</b>	6 759	8%
Underlying EBITDA (ZARm)	<b>1 506</b>	1 457	3%
Underlying EBITDA margin	<b>20.7%</b>	21.6%	
Expansion capex (ZARm)	<b>383</b>	376	2%
Maintenance capex (ZARm)	<b>301</b>	112	169%
Underlying EBITDA converted to cash	<b>94%</b>	98%	
Average GBP/ZAR for the period	<b>20.00</b>	19.37	3%
Revenue (£m)	<b>364</b>	349	4%
Underlying EBITDA (£m)	<b>75</b>	75	-

In Southern Africa (including South Africa and Namibia), as at the end of the reporting period, Mediclinic operated 52 hospitals and 2 day clinics with a total of 8 043 beds and 17 031 employees. The group is the third largest private healthcare provider in Southern Africa.

Admissions increased by 2.6%, bed days sold increased by 2.6% and revenue per bed day by 5.5%, resulting in total revenue growth of 8% and underlying EBITDA growth of 3%. The group's bed occupancy rate increased to 74.2% versus 73.6% in the prior period. Underlying EBITDA margin decreased to 20.7% as a result of a change in the medical versus surgical mix, pharmacy inflation, bringing forward salary increases by three months in line with the rest of the Group and increased clinical personnel. Mediclinic Southern Africa contributed £30m to the Group's underlying earnings compared to £33m in the comparative period, impacted by an additional £4m interest charge on additional debt following the refinance of the bridge loan.

During the reporting period, the Southern African operations spent ZAR383m on expansion capital projects and new equipment and ZAR301m on the replacement of existing equipment and upgrade projects. The number of beds increased by 26 due to Mediclinic Upington taking the total number of beds from 8 017 to 8 043 at the end of the reporting period.

There remain many incremental growth opportunities in Southern Africa. Opportunities include the expansion of Mediclinic Southern Africa's existing hospitals, and the establishment of new hospitals and day clinics, as well as potential services relating to mental health. At the same time, we are continuing to focus strategically on the value that we deliver to patients, by continuing to improve the safety and quality of its clinical care, the quality of the patient experience, and opportunities to improve operational efficiency. The platform will also continue to focus on opportunities to develop an integrated Southern African private healthcare delivery model for the future. We believe that we are well-positioned to address various challenges in the business environment for example those relating to the regulatory environment and the continuing skills shortages.

The South African Competition Commission is currently undertaking a market inquiry into the private healthcare sector in South Africa to understand both whether there are features of the sector that prevent, distort or restrict competition and how competition in the sector can be promoted. The inquiry was due to publish its recommendations in December 2016 but has recently advised of further delays. Mediclinic has submitted documentation to the inquiry and will continue to engage with all stakeholders to achieve an agreeable outcome.

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 a 14-year period. A draft White Paper outlining the financing and design of the envisaged system has been released for consultation and Mediclinic has submitted comprehensive comments. However, there remain a large number of issues that still need to be addressed before greater clarity about the outcomes can be communicated.

Mediclinic Southern Africa is currently awaiting approval from the Competition Commission, which is expected during the second half of the year, regarding the acquisition of Matlosana Medical Health Services (Pty) Ltd, a private healthcare group in Klerksdorp with 256 beds.

#### MEDICLINIC MIDDLE EAST

	<b>1H17</b>	1H16	Variance %
Inpatients ('000s)*	<b>34</b>	34	(0.3%)
Outpatients ('000s)*	<b>1 591</b>	1 602	(0.7%)
Movement in bed days sold*	<b>3.1%</b>	0.2%	
Revenue (AEDm)	<b>1 547</b>	730	112%
Underlying EBITDA (AEDm)	<b>170</b>	153	11%
Underlying EBITDA margin	<b>11.0%</b>	20.9%	
Expansion capex (AEDm)	<b>99</b>	98	1%
Maintenance capex (AEDm)	<b>18</b>	12	50%
Underlying EBITDA converted to cash	<b>100%</b>	96%	
Average GBP/AED for the period	<b>5.05</b>	5.66	(11%)
Revenue (£m)	<b>306</b>	129	137%
Underlying EBITDA (£m)	<b>34</b>	27	26%

*\*Operational metrics are reported on a pro-forma basis combining Al Noor and Mediclinic for 1H16.*

In the Middle East, as at the end of the reporting period, the combined business operated 5 hospitals (with a sixth opening soon in Al Ain) and 37 clinics with a total of 687 beds and 6 715 employees. The group is the largest private healthcare provider in the UAE.

The Al Noor business was acquired on 15 February 2016 and the financial results include Al Noor's trading for the reporting period, but it is excluded from the comparative period. As a result, revenue increased by 112% and underlying EBITDA increased by 11%. On a pro-forma basis, bed days sold increased by 3.1%. Thiqa outpatient volumes as a percentage of total patients fell to 14.7% from 21.6% in the second half of the reporting period versus the comparative period and inpatient Thiqa volumes as a percentage of total patients fell to 12.3% from 19.9% in the second half of the reporting period versus the comparative period. Mediclinic Middle East contributed £14m to the Group's underlying earnings compared to £22m in the comparative period.

During the reporting period, Mediclinic Middle East invested AED99m in expansion capital projects and new equipment and AED18m on the replacement of existing equipment. The major component of the capex spend was on the Mediclinic City Hospital North Wing expansion which was successfully opened in September 2016 and initial patient numbers are encouraging.

The group completed the sale of Rochester Wellness, consisting of two clinics in Dubai and Oman, to Emirates Health during the reporting period. At the end of September 2016, the group entered into an agreement for the purchase of the remaining 25% interest in the Al Madar group of clinics, based in Abu Dhabi, taking the group's interest in the business to 100%. The deal is subject to certain conditions precedent and is expected to close in the second half of the 2016/17 financial year. After the end of the reporting period, the group agreed to the sale of Gulf International Cancer Centre to Proton Partners International and continues to review its portfolio for other non-core divestment opportunities.

Whilst the Dubai business as a whole has performed well in the first half of 2016/17, the Abu Dhabi business, as previously indicated, has experienced a number of challenges that have impacted the financial results. This includes the implementation of a Thiqa co-payment on 1 July 2016, doctor vacancies and the delayed opening of the Al Jowhara Hospital in Al Ain and other facilities. Al Jowhara Hospital recently opened following licensing delays. The integration process has progressed well with a new management team in place and strategy agreed in the first half of 2016. The Group remains on track to generate annualised cost synergies of AED75m from the combined Middle East platform, largely as a result of corporate office consolidation, procurement synergies and headcount efficiencies, with the material benefit being realised in the second half of the 2016/17 financial year. Performance in the Middle East is expected to be materially second half weighted, predicated on seasonality, realising integration synergies, stabilising Thiqa patient volumes, filling doctor vacancies and ramping up patient activity in new facilities.

The regulatory environment in the Middle East has had a significant impact on the group's performance. On 30 June 2016, the Health Authority Abu Dhabi ("HAAD") announced a number of amendments to Abu Dhabi's health insurance programmes which were implemented across all facilities for both the Thiqa plan and the Abu Dhabi basic plan with immediate effect as of 1 July 2016. Changes to the Thiqa plan stipulate that patients receive 80% coverage of the fees for services provided by private healthcare facilities in Abu Dhabi (previously 100% for most services). It is mandatory for private healthcare providers to collect the full co-payment from patients, which the group adhered to with immediate effect. However, Thiqa patients continue to receive full coverage for services received at all government healthcare facilities in the Emirate, including all Abu Dhabi Health Services ("SEHA") units, Mubadala Healthcare facilities and the Cleveland Clinic Abu Dhabi ("CCAD"). Furthermore, the Thiqa plan will only cover 50% of the cost if patients seek medical services outside Abu Dhabi (including Dubai and the Northern Emirates). In cases where specialised services and treatments are unavailable at healthcare facilities within the emirate of Abu Dhabi, however, the Thiqa plan will cover 100% of the treatment cost. In addition to this change, the Abu Dhabi government has significantly reduced the subsidy of the basic plan. In future, the additional cost will be borne by the employer and employee combined. In Dubai, UAE nationals are covered under the ENAYA and SAADA health insurance programme, under the supervision of the Dubai Health Authority, with a 10% co-payment in public and private sector.

Following the combination of the businesses of Mediclinic Middle East and Abu Dhabi-based Al Noor Hospitals Group in February 2016, Mediclinic is working to further develop its relationship with HAAD. Mediclinic has seen a significant reduction in Thiqa patient volumes since 1 July 2016 compared to the same period in 2015, in addition to the summer months already impacted by holidays and religious celebrations. Management is currently actively addressing these challenges with the relevant stakeholders and government departments.

Although the region faces a low oil price environment and softening of consumer sentiment, the Middle East remains a growth market, where the combination of Mediclinic and Al Noor has created a clear leader in the UAE private healthcare sector. Opportunities include the provision of services for a growing and ageing population, which is facing an increased incidence of lifestyle-related medical conditions, in a region where governments are seeking to diversify their economies away from dependence on oil revenues.

## FINANCIAL REVIEW

Group revenue increased by 27% to £1 283m (30 September 2015: £1 010m) for the reporting period.

Underlying operating profit before interest, tax, depreciation and amortisation (“underlying EBITDA”) was 11% higher at £220m (30 September 2015: £199m) and basic underlying earnings per share were 26% lower at 12.8 pence (30 September 2015: 17.2 pence).

Underlying margins declined from 19.7% to 17.1%.

## EARNINGS RECONCILIATION

	Total	Corporate	Switzerland	Southern Africa	Middle East	United Kingdom
	£m	£m	£m	£m	£m	£m
<b>30 SEPTEMBER 2016 INTERIM RESULTS</b>						
Revenue	<b>1 283</b>	-	613	364	306	-
Operating profit	<b>169</b>	(4)	91	64	18	-
Profit attributable to equity holders*	<b>110</b>	(8)	64	30	14	10
<b>RECONCILIATIONS</b>						
Operating profit	<b>169</b>	(4)	91	64	18	-
Add back:						
- Other gains and losses	-	1	-	-	(1)	-
- Depreciation	<b>63</b>	-	36	11	16	-
<b>EBITDA</b>	<b>232</b>	(3)	127	75	33	-
<b>One-off and exceptional items:</b>						
Past service cost credit	<b>(13)</b>	-	(13)	-	-	-
Restructuring cost	<b>1</b>	-	-	-	1	-
<b>Underlying EBITDA</b>	<b>220</b>	(3)	114	75	34	-
Profit attributable to equity holders*	<b>110</b>	(8)	64	30	14	10
<b>One-off and exceptional items:</b>						
Past service cost credit	<b>(13)</b>	-	(13)	-	-	-
Restructuring cost	<b>1</b>	-	-	-	1	-
Fair value gains on ineffective cash flow hedges	<b>(8)</b>	-	(8)	-	-	-
Other gains and losses	<b>(1)</b>	-	-	-	(1)	-
Tax on one-off and exceptional items	<b>5</b>	-	5	-	-	-
<b>Underlying earnings</b>	<b>94</b>	(8)	48	30	14	10
Weighted average number of shares (millions)	736.9					
<b>Underlying earnings per share (pence)</b>	<b>12.8</b>					

*\*Profit attributable to equity holders in Switzerland is shown after the elimination of intercompany loan interest of £8m.*

	Total	Corporate	Switzerland	Southern Africa	Middle East	United Kingdom
	£m	£m	£m	£m	£m	£m
<b>30 SEPTEMBER 2015 INTERIM RESULTS</b>						
Revenue	1 010	-	532	349	129	-
Operating profit	154	-	67	64	23	-
Profit attributable to equity holders*	96	-	41	33	22	-
<b>RECONCILIATIONS</b>						-
Operating profit	154	-	67	64	23	-
Add back:						-
- Other gains and losses	-	-	-	-	-	-
- Depreciation	45	-	30	11	4	-
<b>EBITDA</b>	199	-	97	75	27	-
<b>One-off and exceptional items:</b>						-
Adjustments	-	-	-	-	-	-
<b>Underlying EBITDA</b>	199	-	97	75	27	-
Profit attributable to equity holders*	96	-	41	33	22	-
<b>One-off and exceptional items:</b>						-
Ineffective cash flow hedges	(3)	-	(3)	-	-	-
Tax on one-off and exceptional items	1	-	1	-	-	-
<b>Underlying earnings</b>	94	-	39	33	22	-
Weighted average number of shares (millions)	545.4					
<b>Underlying earnings per share (pence)</b>	17.2					
*Profit attributable to equity holders in Switzerland is shown after the elimination of intercompany loan interest of £9m.						

During the reporting period, the following exceptional and one-off items were adjusted for in determining underlying earnings:

- £8m (£6m 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.

- A past-service cost credit of £13m (£10m after tax) arising in the main Hirslanden pension fund.
- Restructuring costs of £1m relating to the integration of the Al Noor operations.
- £1m gain on the mark-to-market of a put option.

### 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.

Foreign exchange rate sensitivity:

- The impact of a 10% change in the GBP/CHF exchange rate for a sustained period of six months is that underlying earnings for the year would increase/decrease by £5m (30 September 2015: increase/decrease by £4m) due to exposure to the GBP/CHF exchange rate.
- The impact of a 10% change in the GBP/ZAR exchange rate for a sustained period of six months is that underlying earnings for the year would increase/decrease by £3m (30 September 2015: increase/decrease by £3m) due to exposure to the GBP/ZAR exchange rate.
- The impact of a 10% change in the GBP/AED exchange rate for a sustained period of six months is that underlying earnings for the year would increase/decrease by £4m (30 September 2015: increase/decrease by £2m) due to exposure to the GBP/AED exchange rate.

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

	1H17	Variance %	1H16
<b>Average rates:</b>			
GBP/CHF	1.34	(9%)	1.47
GBP/AED	5.05	(11%)	5.66
GBP/ZAR	20.00	3%	19.37
<b>Period end rates:</b>			
GBP/CHF	1.26	(9%)	1.38
GBP/AED	4.76	(10%)	5.28
GBP/ZAR	18.03	(15%)	21.21

### Cash flow

The Group continued to deliver strong cash flow. The Group converted 95% (30 September 2015: 85%) of underlying EBITDA into cash generated from operations. Cash and cash equivalents decreased from £305m at 31 March 2016 to £279m at 30 September 2016.

### Interest-bearing borrowings

Interest-bearing borrowings increased from £1 841m at 31 March 2016 to £1 981m at 30 September 2016. This increase is mainly as a result of the change in the closing exchange rates and utilisation of the bank overdraft offset by a loan amortisation. During the reporting period, the bridge facility was repaid using additional financing facilities in South Africa and the Middle East.

	1H17 £m	FY2015/16 £m
Interest-bearing	1 981	1 841
Less: cash and cash equivalents	(279)	(305)
Net debt	1 702	1 536
Total equity	3 948	3 570
Debt-to-equity capital ratio	0.4	0.4

### Assets

Property, equipment and vehicles increased from £3 199m at 31 March 2016 to £3 543m at 30 September 2016. This increase is mainly as a result of additions as well as the change in closing exchange rates.

Intangible assets increased from £1 927m at 31 March 2016 to £2 090m at 30 September 2016 mainly because of the change in closing exchange rates.

## **Tax**

The Group's effective tax rate was increased from 19.9% to 21.0% mainly as a result of increased non-deductible expenses and a reduced contribution by Middle East non-taxable earnings off set by non-taxable income from associate.

## **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 reporting period. It is the Group's intention to continue to consistently apply this definition in the future.

## **DIVIDEND POLICY AND DIVIDEND DECLARATION**

The Group's dividend policy is to target a pay-out ratio of between 25% and 30% of underlying earnings. The Board may revise the policy at its discretion.

The Board declared an interim dividend from retained earnings of 3.20 pence per ordinary share for the six months ended 30 September 2016. Shareholders on the South African register will be paid the ZAR cash equivalent of 53.31200 cents (45.31520 cents net of dividend withholding tax) per share. A dividend withholding tax of 15% will be applicable to all shareholders on the South African register who are not exempt therefrom. The ZAR cash equivalent has been calculated using the following exchange rate: £1: ZAR16.66, being the 5 day average ZAR/GBP exchange rate on Friday, 4 November 2016 at 3:00pm GMT Bloomberg.

The interim dividend will be paid on Monday, 12 December 2016 to all ordinary shareholders who are on the register of members at the close of business on the record date of Friday, 25 November 2016.

The salient dates for the dividend will be as follows:

Dividend announcement date	Thursday, 10 November 2016
Last date to trade cum dividend (SA register)	Tuesday, 22 November 2016
First date of trading ex-dividend (SA register)	Wednesday, 23 November 2016
First date of trading ex-dividend (UK register)	Thursday, 24 November 2016
Record date	Friday, 25 November 2016
Payment date	Monday, 12 December 2016

Share certificates may not be dematerialised or rematerialised within Strate from Wednesday, 23 November 2016 to Friday, 25 November 2016, both dates inclusive. No transfers between the UK and SA registers may take place from Thursday, 10 November 2016 to Friday, 25 November 2016, both days inclusive.

## PRINCIPAL RISKS

The Board is ultimately accountable for the Group's risk management process and system of internal control. The principal risks and mitigating factors remained the same as described on pages 24 to 28 of the Group's Annual Report and Financial Statements for the year ended 31 March 2016 (a copy of which is available on the Group's website at [www.mediclinic.com](http://www.mediclinic.com)).

The vote to leave the EU has resulted in some uncertainty, including currency volatility and a significant weakening of Sterling against the Group's principal trading currencies. The Group continues to monitor the impact of Brexit on its principal risks.

## BOARD CHANGES

On 1 August 2016, Jurgens Myburgh was appointed as an Executive Director and Group Chief Financial Officer.

## DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors confirm that to the best of their knowledge the unaudited condensed financial information has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by the Disclosure Guidance and Transparency Rules 4.2.4, 4.2.7 and 4.2.8.

After making enquiries, the Directors considered it appropriate to adopt the going concern basis in preparing this half-yearly financial report.

The names and functions of the Company's directors are listed on the Company's website.

By order of the Board.

**Danie Meintjes**  
Chief Executive Officer

**Jurgens Myburgh**  
Chief Financial Officer

10 November 2016

## CAUTIONARY STATEMENT

*This 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 general practitioners 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 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.*

## **EXTERNAL AUDITOR'S INDEPENDENT REVIEW REPORT TO MEDICLINIC INTERNATIONAL PLC**

### **Report on the condensed financial information**

#### **Our conclusion**

We have reviewed Mediclinic International plc's condensed financial information (the "interim financial statements") in the half-yearly report of Mediclinic International plc for the 6-month period ended 30 September 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

#### **What we have reviewed**

The interim financial statements comprise:

- the consolidated statement of financial position at 30 September 2016;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### **Responsibilities for the interim financial statements and the review**

##### **Our responsibilities and those of the directors**

The half-yearly report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### **What a review of interim financial statements involves**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become

aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP  
Chartered Accountants  
London  
10 November 2016

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
as at 30 September 2016

	Notes	30 Sep 2016 (Unaudited) £m	31 March 2016 (Audited) £m
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>6 123</b>	<b>5 604</b>
Property, equipment and vehicles		3 543	3 199
Intangible assets		2 090	1 927
Equity accounted investments	3	464	455
Other investments and loans		6	4
Receivables		-	2
Derivative financial instruments		-	1
Deferred income tax assets		20	16
<b>Current assets</b>		<b>1 003</b>	<b>945</b>
Inventories		83	75
Trade and other receivables		584	561
Current income tax assets		3	2
Derivative financial instruments		-	2
Short-term deposits		21	-
Assets classified as held for sale	5	33	-
Cash and cash equivalents		279	305
<b>Total assets</b>		<b>7 126</b>	<b>6 549</b>
<b>EQUITY</b>			
Share capital		74	74
Share premium reserve		690	690
Treasury shares		(2)	(2)
Retained earnings		5 393	5 320
Other reserves		(2 272)	(2 573)
<b>Attributable to equity holders of the Company</b>		<b>3 883</b>	<b>3 509</b>
Non-controlling interests		65	61
<b>Total equity</b>		<b>3 948</b>	<b>3 570</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>		<b>2 631</b>	<b>2 192</b>
Borrowings	4	1 902	1 524
Deferred income tax liabilities		503	446
Retirement benefit obligations		184	179
Provisions		29	24
Derivative financial instruments		13	19
<b>Current liabilities</b>		<b>547</b>	<b>787</b>
Trade and other payables		424	431
Borrowings	4	79	317
Provisions		22	19
Retirement benefit obligations		9	9
Derivative financial instruments		-	1
Liabilities classified as held for sale	5	2	-
Current income tax liabilities		11	10
<b>Total liabilities</b>		<b>3 178</b>	<b>2 979</b>
<b>Total equity and liabilities</b>		<b>7 126</b>	<b>6 549</b>

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
for the six months ended 30 September 2016

		<b>GROUP</b>	
		<b>30 Sep 2016 (Unaudited) £m</b>	<i>(Restated)</i> <b>30 Sep 2015 (Unaudited) £m</b>
	Notes		
<b>Revenue</b>		<b>1 283</b>	1 010
Cost of sales		<b>(784)</b>	(616)
Administration and other operating expenses		<b>(330)</b>	(240)
<b>Operating profit</b>		<b>169</b>	154
Finance income		<b>4</b>	4
Finance cost	7	<b>(35)</b>	(29)
Share of profit of equity accounted investments		<b>10</b>	-
<b>Profit before tax</b>		<b>148</b>	129
Income tax expense	8	<b>(31)</b>	(26)
<b>Profit for the period</b>		<b>117</b>	103
Attributable to:			
Equity holders of the Company		<b>110</b>	96
Non-controlling interests		<b>7</b>	7
		<b>117</b>	103
<b>Earnings per ordinary share attributable to the equity holders of the Company – pence</b>			
Basic	9	<b>14.9</b>	17.6
Diluted	9	<b>14.9</b>	17.3

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
for the six months ended 30 September 2016

	<b>GROUP</b>	
	<b>30 Sep 2016 (Unaudited) £m</b>	<i>(Restated)</i> <b>30 Sep 2015 (Unaudited) £m</b>
<b>Profit for the period</b>	<b>117</b>	<b>103</b>
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to the income statement</b>		
Currency translation differences	<b>311</b>	<b>(30)</b>
Fair value adjustment – cash flow hedges	<b>-</b>	<b>1</b>
	<b>311</b>	<b>(29)</b>
<b>Items that may not be reclassified to the income statement</b>		
Actuarial gains and losses	<b>5</b>	<b>(14)</b>
<b>Other comprehensive income, net of tax</b>	<b>316</b>	<b>(43)</b>
<b>Total comprehensive income for the period</b>	<b>433</b>	<b>60</b>
<b>Attributable to:</b>		
Equity holders of the Company	<b>416</b>	<b>63</b>
Non-controlling interests	<b>17</b>	<b>(3)</b>
	<b>433</b>	<b>60</b>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
for the six months ended 30 September 2016

	Share capital £m	Capital redemption reserve £m	Share premium reserve £m	Reverse acquisition reserve £m	Treasury shares £m	Share-based payment reserve £m	Foreign currency translation reserve £m	Hedging reserve £m	Retained earnings £m	Shareholders' equity £m	Non-controlling interests £m	Total equity £m
Balance at 1 April 2015 (restated in £)	994	-	-	-	(22)	14	306	2	485	1 779	61	1 840
Profit for the period	-	-	-	-	-	-	-	-	96	96	7	103
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	(20)	1	(14)	(33)	(10)	(43)
Total comprehensive income for the period	-	-	-	-	-	-	(20)	1	82	63	(3)	60
Shares issued (August 2015)	479	-	-	-	-	-	-	-	-	479	-	479
Share issue costs (August 2015)	(4)	-	-	-	-	-	-	-	-	(4)	-	(4)
Treasury shares purchased (Forfeitable Share Plan)	-	-	-	-	(1)	-	-	-	-	(1)	-	(1)
Share-based payment expense	-	-	-	-	-	1	-	-	-	1	-	1
Dividends paid	-	-	-	-	-	-	-	-	(33)	(33)	(6)	(39)
Balance at 30 September 2015 (unaudited)	1 469	-	-	-	(23)	15	286	3	534	2 284	52	2 336

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** (continued)  
for the six months ended 30 September 2016

Balance at 1 April 2016	74	6	690	(3 014)	(2)	24	407	4	5 320	3 509	61	3 570
Profit for the period	-	-	-	-	-	-	-	-	110	110	7	117
Other comprehensive income/(loss) for the period	-	-	-	-	-	-	301	-	5	306	10	316
Total comprehensive income for the period	-	-	-	-	-	-	301	-	115	416	17	433
Transactions with non-controlling shareholders	-	-	-	-	-	-	-	-	3	3	(6)	(3)
Dividends paid	-	-	-	-	-	-	-	-	(45)	(45)	(7)	(52)
<b>Balance at 30 September 2016 (unaudited)</b>	<b>74</b>	<b>6</b>	<b>690</b>	<b>(3 014)</b>	<b>(2)</b>	<b>24</b>	<b>708</b>	<b>4</b>	<b>5 393</b>	<b>3 883</b>	<b>65</b>	<b>3 948</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the six months ended 30 September 2016

		<b>GROUP</b>	
		<b>30 Sep 2016 £m (Unaudited)</b>	<i>(Restated)</i> <b>30 Sep 2015 £m (Unaudited)</b>
	Notes	Inflow/(Outflow)	Inflow/(Outflow)
<b>Cash flow from operating activities</b>			
Cash received from customers		<b>1 302</b>	991
Cash paid to suppliers and employees		<b>(1 092)</b>	(822)
Cash generated from operations		<b>210</b>	169
Interest received		<b>4</b>	4
Interest paid		<b>(37)</b>	(27)
Tax paid		<b>(20)</b>	(23)
Net cash generated from operating activities		<b>157</b>	123
<b>Cash flow from investment activities</b>		<b>(85)</b>	(521)
Investment to maintain operations		<b>(33)</b>	(24)
Investment to expand operations		<b>(46)</b>	(52)
Proceeds on disposal of property, equipment and vehicles		-	1
Disposal of subsidiary	10	<b>13</b>	-
Acquisition of investment in associate		-	(446)
Dividends received from equity accounted investment		<b>3</b>	-
Loans advanced		<b>(2)</b>	-
Investment in short-term deposits		<b>(20)</b>	-
Net cash generated / (utilised) before financing activities		<b>72</b>	(398)
<b>Cash flow from financing activities</b>		<b>(124)</b>	389
Proceeds of shares issued		-	479
Share issue costs		-	(4)
Distributions to non-controlling interests		<b>(7)</b>	(6)
Distributions to shareholders		<b>(45)</b>	(33)
Proceeds from borrowings		<b>247</b>	-
Repayment of borrowings		<b>(317)</b>	(43)
Refinancing transaction costs		<b>(2)</b>	(1)
Shares purchased (Forfeitable Share Plan)		-	(1)
Acquisition of non-controlling interest		-	(2)
Net decrease in cash and cash equivalents and bank overdraft		<b>(52)</b>	(9)
Opening balance of cash and cash equivalents		<b>305</b>	228
Exchange rate fluctuations on foreign cash		<b>9</b>	54
Closing balance of cash and cash equivalents and bank overdraft		<b>262</b>	273
Cash and cash equivalents comprise:			
Cash and cash equivalents		<b>279</b>	273
Bank overdrafts		<b>(19)</b>	-
Cash and cash equivalents classified as assets held for sale		<b>2</b>	-
		<b>262</b>	273

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Mediclinic International plc is a private hospital group with operating platforms in Southern Africa (South Africa and Namibia), Switzerland and the United Arab Emirates with an equity investment in the UK. Its core purpose is to enhance the quality of life of patients by providing cost-effective acute care specialised hospital services.

The Company is a public limited company, with a primary listing on the London Stock Exchange and secondary listings on the Johannesburg Stock Exchange and the Namibian Stock Exchange and incorporated and domiciled in the UK (registered number: 08338604). The address of its registered office is 40 Dukes Place, London, EC3A 7NH, United Kingdom.

The condensed consolidated interim financial information for the six months period ended 30 September 2016 was approved by the Board on 10 November 2016.

### 2. BASIS OF PREPARATION OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements 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.

This results announcement has been prepared applying consistent accounting policies to those applied by the Group in the 31 March 2016 financial year, except as described below. The Group has prepared the condensed consolidated interim financial statements on a going concern basis. The condensed consolidated interim financial information has been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with IAS 34 Interim Financial Reporting, as adopted by the EU. They do not include all the information required for full annual financial statements and should be read in conjunction with information contained in the Group's Annual Report and Financial Statements for the year ended 31 March 2016. The condensed consolidated interim financial information has been reviewed, not audited.

This results announcement does not constitute statutory accounts of the Group within the meaning of sections 434(3) and 435(3) of the Companies Act 2006. Statutory accounts for the year ended 31 March 2016 were approved by the Board of Directors on 25 May 2016 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain statements under section 498 (2) or (3) of the Companies Act 2006.

#### Functional and presentation currency

The condensed consolidated interim financial statements 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 prior 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 interim financial statements for the period ended 30 September 2015 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 period ended 30 September 2015.

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

The following reclassifications have been made to the consolidated income statement for the period ended 30 September 2015:

- The mark-to-market loss of £3m relating to the ineffective cash flow hedge has been reclassified from other gains or losses to finance cost as the ineffective portion of the hedge should match the classification of the hedged item.

- Depreciation and amortisation of £37m and £8m have 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 table below shows the impact on the consolidated income statement:

	30 Sep 2015 figures as previously reported	Reclassification	30 Sep 2015 figures as reclassified
<b>Consolidated income statement</b>			
Cost of sales	(579)	(37)	(616)
Administration and other operating expenses	(232)	(8)	(240)
Other gains and losses	3	(3)	-
Depreciation and amortisation	(45)	45	-
Finance cost	(32)	3	(29)

These reclassifications had no impact on the reported profit or net asset measures of the Group.

### 3. EQUITY ACCOUNTED INVESTMENTS

	GROUP	
	30 Sep 2016 £m	31 March 2016 £m
Investment in associates	460	452
Investment in joint venture	4	3
	464	455
Investment in associates:		
Listed investments	458	451
Unlisted investments	2	1
	460	452

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

Listed investment		
Opening balance	451	-
Total cost of equity investment	-	447
Share of profit of associated companies	10	6
Dividends received from associated companies	(3)	(2)
	458	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 investment in associate was equity accounted for the 6 months to 30 June 2016. No significant events occurred since 1 July 2016 to the reporting date.

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

**4. BORROWINGS**

**SOUTHERN AFRICA**

Secured long-term bank loans

Long-term portion

Short-term portion

The long-term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 1.51% and is repayable on 3 June 2019.

<b>GROUP</b>	
<b>30 Sep 2016</b>	<b>31 March 2016</b>
<b>£m</b>	<b>£m</b>
<b>165</b>	<b>140</b>
<b>164</b>	<b>139</b>
<b>1</b>	<b>1</b>

Secured long-term bank loans\*

Long-term portion

The long-term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 1.69% and is repayable on 3 June 2019.

<b>67</b>	<b>-</b>
<b>67</b>	<b>-</b>

Preference shares

Long-term portion

Short-term portion

Dividends are payable quarterly at a rate of 69% of the South African prime interest rate (10.25%) (31 March 2016: 10.25%). £6m was redeemed on 9 October 2015 and another £6m was redeemed on 1 September 2016. The balance of £100m will be redeemed on 3 June 2019.

<b>101</b>	<b>90</b>
<b>100</b>	<b>85</b>
<b>1</b>	<b>5</b>

Preference shares\*

Long-term portion

Dividends are payable quarterly at a rate of 73% of the South African prime interest rate (10.25%) (31 March 2016: 10.25%). The amount is repayable on 29 June 2020.

<b>83</b>	<b>-</b>
<b>83</b>	<b>-</b>

Secured long-term bank loan

Long-term portion

Short-term portion

The long-term bank loans bear interest at the 3 month Jibar variable rate plus a margin of 1.06% compounded quarterly. £6m was paid on 1 September 2016 and the balance of £6m is repayable on 8 October 2017.

<b>6</b>	<b>10</b>
<b>6</b>	<b>5</b>
<b>-</b>	<b>5</b>

Secured long-term bank loan

Long-term portion

The long-term capex loans bear interest at the 3 month Jibar variable rate plus a margin of 1.51%, and are repayable on 3 June 2019.

<b>11</b>	<b>9</b>
<b>11</b>	<b>9</b>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

		GROUP	
		30 Sep 2016	31 March 2016
		£m	£m
<b>4. BORROWINGS (continued)</b>			
Secured long-term bank loans		5	5
Long-term portion		4	4
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 nine years.			
Bank overdraft		19	-
<b>Borrowings in Southern African operations</b>		<b>457</b>	<b>254</b>
<b>MIDDLE EAST</b>			
Secured long-term bank loans*		174	53
Long-term portion		160	50
Short-term portion		18	3
Capitalised financing costs -long-term		(3)	-
Capitalised financing costs -short-term		(1)	-
This loan bears interest at variable rates linked to the 3M LIBOR and a margin of 2.75% (31 March 2016: 2.0%), with respective 4-year and 5-year amortising terms, expiring in June 2020 and May 2021.			
<b>Borrowings in Middle East operations</b>		<b>174</b>	<b>53</b>
<b>SWITZERLAND</b>			
Secured long-term bank loans		1 163	1 098
Long-term portion		1 148	1 088
Short-term portion		40	36
Capitalised financing costs -long-term		(25)	(26)
These loans bear interest at a variable rate linked to the 3M LIBOR plus 1.5% and 2.85% (31 March 2016: 3M LIBOR plus 1.5% and 2.85%) and is repayable by July 2020.			
Listed bonds		186	170
Long-term portion		186	170
The listed bonds consist of CHF145m 1.625% and CHF 90m 2.0% Swiss francs bonds. The bonds are repayable on 25 February 2021 and 25 February 2025 respectively.			

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

	<b>GROUP</b>	
	<b>30 Sep 2016</b>	<b>31 March 2016</b>
	<b>£m</b>	<b>£m</b>
<b>4. BORROWINGS (continued)</b>		
Secured long-term finance	1	-
Long-term portion	1	-
These loans bear interest at interest rates ranging between 8% and 12% (31 March 2016: 3% and 12%) and are repayable in equal monthly payments in periods ranging from one to seven years.		
<b>Borrowings in Swiss operations</b>	<b>1 350</b>	<b>1 268</b>
<b>UNITED KINGDOM</b>		
Bank loans*	-	266
Short-term portion	-	266
During the period, the loan was settled in full.		
<b>Borrowings in the United Kingdom</b>	<b>-</b>	<b>266</b>
Total borrowings	<b>1 981</b>	<b>1 841</b>
Short-term portion transferred to current liabilities	<b>(79)</b>	<b>(317)</b>
Non-current borrowings	<b>1 902</b>	<b>1 524</b>
*During the period, the bridge facility of £266m in the United Kingdom was repaid. In South Africa, the Group entered a new long term bank loan of ZAR1.2 billion (£67m) and issued redeemable preference shares of ZAR1.5 billion (£83m) which are classified as a financial liability. In the Middle East, the Group entered a new long term bank loan of AED831m (£174m). Other than these transactions and foreign currency movements on translation of local currency borrowings to Sterling, there is no significant change in the Group's borrowings.		
<b>5. DISPOSAL GROUP HELD FOR SALE</b>		
In September 2016, management decided to sell Emirates American Company for Medical Services LLC (GICC). Accordingly, assets and liabilities of this entity are disclosed as Disposal Group Held for Sale, as the classification requirements of IFRS5 have been met at 30 September 2016.		
Property and equipment	8	
Intangible assets	18	
Inventories	-	
Trade and other receivables	5	
Cash and cash equivalents	2	
<b>Assets</b>	<b>33</b>	
Trade and other payables	(1)	
Employee benefit obligations	(1)	
<b>Liabilities</b>	<b>(2)</b>	

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 6. SEGMENTAL REPORT

The reportable operating segments are identified as follows: Mediclinic Southern Africa, Mediclinic Switzerland, Mediclinic Middle East and two other segments for the United Kingdom and Corporate.

Period ended 30 September 2016	Southern Africa £m	Switzerland £m	Middle East £m	United Kingdom £m	Corporate £m	Total £m
Revenue	364	613	306	-	-	1 283
EBITDA	75	127	33	-	(3)	232
EBITDA before management fee	77	128	35	-	(8)	232
Management fees	(2)	(1)	(2)	-	5	-
Other gains and losses	-	-	1	-	(1)	-
Depreciation and amortisation	(11)	(36)	(16)	-	-	(63)
Operating profit	64	91	18	-	(4)	169
Income from associate	-	-	-	10	-	10
Finance income	4	-	-	-	-	4
Finance cost	(15)	(20)	(4)	-	(4)	(43)
Taxation	(16)	(15)	-	-	-	(31)
<b>Segment result</b>	<b>37</b>	<b>56</b>	<b>14</b>	<b>10</b>	<b>(8)</b>	<b>109</b>
<b>At 30 September 2016</b>						
Investments in associates	-	2	-	458	-	460
Investments in joint venture	4	-	-	-	-	4
Capital expenditure	34	22	23	-	-	79
<b>Total segment assets</b>	<b>592</b>	<b>4 135</b>	<b>1 929</b>	<b>458</b>	<b>12</b>	<b>7 126</b>
<b>Segment liabilities</b>	<b>597</b>	<b>3 127</b>	<b>369</b>	<b>-</b>	<b>4</b>	<b>4 097</b>

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

**6. SEGMENTAL REPORT** (continued)

<b>Period ended 30 September 2015</b>	<b>Southern Africa £m</b>	<b>Switzerland £m</b>	<b>Middle East £m</b>	<b>United Kingdom £m</b>	<b>Corporate £m</b>	<b>Total £m</b>
Revenue	349	532	129	-	-	1 010
EBITDA	75	97	27	-	-	199
EBITDA before management fee	77	98	28	-	(4)	199
Management fees	(2)	(1)	(1)	-	4	-
Other gains and losses	-	-	-	-	-	-
Depreciation and amortisation	(11)	(30)	(4)	-	-	(45)
Operating profit	64	67	23	-	-	154
Finance income	4	-	-	-	-	4
Finance cost	(12)	(25)	(1)	-	-	(38)
Taxation	(16)	(10)	-	-	-	(26)
<b>Segment result</b>	<b>40</b>	<b>32</b>	<b>22</b>	<b>-</b>	<b>-</b>	<b>94</b>
<b>At 31 March 2016</b>						
Investments in associates	-	1	-	451	-	452
Investments in joint venture	3	-	-	-	-	3
Capital expenditure	52	98	36	-	-	186
<b>Total segment assets</b>	<b>485</b>	<b>3 809</b>	<b>1 800</b>	<b>451</b>	<b>4</b>	<b>6 549</b>
<b>Segment liabilities</b>	<b>370</b>	<b>2 940</b>	<b>243</b>	<b>-</b>	<b>272</b>	<b>3 825</b>

	<i>(Restated)</i>	
<b>Reconciliation of segment result, assets and liabilities</b>	<b>30 Sep 2016 £m</b>	<b>30 Sep 2015 £m</b>
Segment result		
Total profit from reportable segments	109	94
Elimination of intersegment loan interest	8	9
Profit for the period	117	103
Finance cost from reportable segments	43	38
Elimination of intersegment loan interest	(8)	(9)
Finance cost for the period	35	29
Liabilities		
Total liabilities from reportable segments	4 097	3 825
Elimination of intersegment loan	(919)	(846)
	3 178	2 979

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. FINANCE COST

	GROUP	
	30 Sep 2016	(Restated) 30 Sep 2015
	£m	£m
Interest expense	31	20
Interest rate swaps	5	6
Amortisation of capitalised financing costs	4	3
Fair value (gains) on ineffective cash flow hedges	(8)	(3)
Preference share dividend	3	3
	<b>35</b>	<b>29</b>

8. INCOME TAX EXPENSE

Current tax		
Current year	21	20
Deferred tax	10	6
Taxation per income statement	<b>31</b>	<b>26</b>
<i>Composition</i>		
UK tax	-	-
Foreign tax	31	26
	<b>31</b>	<b>26</b>

The tax charge for the period has been calculated using an estimate of the effective annual rate of tax for the full year. This rate has been applied to the pre-tax profits for the six months ended 30 September 2016. The effective tax rate on profit before tax was 21.0% (2015: 19.9%). No significant items affecting the effective tax rate for the period under review were identified.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

	GROUP	
	30 Sep 2016 £m	(Restated) 30 Sep 2015 £m
<b>9. EARNINGS PER ORDINARY SHARE</b>		
Earnings per ordinary share (pence)		
Basic (pence)	14.9	17.6
Diluted (pence)	14.9	17.3
	<b>30 Sep 2016 Number</b>	<b>30 Sep 2015* Number</b>
<b>Weighted average number of ordinary shares in issue for basic earnings per share</b>		
Number of ordinary shares in issue at the beginning of the period	737 243 810	542 473 328
Weighted average number of ordinary shares issued during the period (August 2015)	-	7 039 574
Adjustment for equity raising -Rights Offer (2015) (IAS 33 para 26)	-	5 254 129
Weighted average number of treasury shares	(365 801)	(9 416 078)
BEE shareholder	(96 586)	(971 524)
Mpilo Trusts	(29 925)	(8 249 098)
Forfeitable Share Plan	(239 290)	(195 456)
	<b>736 878 009</b>	<b>545 350 953</b>
<b>Weighted average number of ordinary shares in issue for diluted earnings per share</b>		
Weighted average number of ordinary shares in issue	736 878 009	545 350 953
Weighted average number of treasury shares not yet released from treasury stock	365 801	9 304 733
BEE shareholder	96 586	971 524
Mpilo Trusts	29 925	8 249 098
Forfeitable Share Plan	239 290	84 111
	<b>737 243 810</b>	<b>554 655 686</b>

\*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.

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

### 9. EARNINGS PER ORDINARY SHARE (continued)

#### 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 2/2015 (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:

	<b>GROUP</b>	
	<b>30 Sep 2016</b>	<i>(Restated)</i> <b>30 Sep 2015</b>
	<b>£m</b>	<b>£m</b>
Profit for the financial period attributable to equity holders of the parent	<b>110</b>	96
Adjustments*	-	-
Headline earnings	<b>110</b>	96
*Adjustments to headline earnings are less than £1m.		
Headline earnings per share (pence)	<b>14.9</b>	17.6
Diluted headline earnings per share (pence)	<b>14.9</b>	17.3

### 10. CASH FLOW ON DISPOSAL OF SUBSIDIARY

The Group has sold 100% of the shares and voting interests in Rochester Wellness Centre LLC and National Medical Services LLC on 31 July 2016 for an amount of £13m.

	<b>GROUP</b>
	<b>30 Sep 2016</b>
	<b>£m</b>
Cash flow on disposal	
<b>Assets and liabilities disposed:</b>	
Property and equipment	<b>1</b>
Goodwill	<b>12</b>
Trade and other receivables	<b>5</b>
Cash and cash equivalents	-
Trade and other payables	<b>(1)</b>
<b>Net assets and liabilities</b>	<b>17</b>
Consideration received in cash	<b>13</b>
Consideration receivable	<b>1</b>
Contingent payable transferred	<b>3</b>
<b>Total consideration</b>	<b>17</b>
<b>Net gain / (loss)</b>	-
<b>Net cash inflow</b>	<b>13</b>

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

### **11. FAIR VALUE MEASUREMENT**

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

### **12. RELATED PARTIES**

There are no significant related party transactions other than those disclosed in the Group's Annual Report and Financial Statements for the year ended 31 March 2016.

### **13. EVENTS AFTER THE REPORTING DATE**

The directors are not aware of any matter or circumstance arising since the end of the financial period that would significantly affect the operations of the Group or the results of its operations.

## ABOUT MEDICLINIC INTERNATIONAL PLC

Mediclinic is an international private healthcare group with 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 combination of the Company (previously named Al Noor Hospitals Group plc), with operations mainly in Abu Dhabi in the United Arab Emirates, and 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.

As at the end of the reporting period, 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 37 clinics with more than 600 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.

## PRESENTATION WEBCAST AND CONFERENCE CALL DETAILS

In conjunction with these results Mediclinic is conducting a London investor and analyst presentation at FTI Consulting, 200 Aldersgate Street, London, EC1A 4HD.

09:00 GMT /11:00 SAST – Webcast and conference call

To join the live video webcast, or view the replay, please use the following link:

<https://secure.emincote.com/client/mediclinic/mediclinic006/>

To access the call please dial the appropriate number below shortly before the start of the event and ask for the Mediclinic International plc conference call. A replay facility will be available on the website shortly after the presentation. The telephone numbers are:

UK: 020 305 98125

SA: 031 819 7008

UAE toll-free: 800 035 702413

Other: +44 (0)20 3059 8125

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**Corporate broker:** Morgan Stanley & Co International plc

**JSE sponsor (South Africa):** Rand Merchant Bank (A division of FirstRand Bank Limited)

**NSX sponsor (Namibia):** Simonis Storm Securities (Pty) Ltd