CHAIRMAN'S REPORT

Edwin Hertzog
Non-executive Chairman

GROUP PERFORMANCE

As chairman of Mediclinic International it is indeed my privilege to oversee a leading international healthcare company that has grown from infancy in 1983 to the Group we know today with 68 hospitals and eight clinics, employing over 26 000 staff members across Southern Africa, Switzerland and the United Arab Emirates.

During this time our Group revenue increased from R100m for the year ended 31 March 1987 to R30 495m for the year under review, equating to a compounded annual growth rate (CAGR) of 23.6% since 1987. Similarly, our normalised earnings before interest, tax, depreciation and amortisation (EBITDA) delivered a CAGR of 29.0% and normalised headline earnings delivered a CAGR of 124.5% since 1987. This compares favourably to the performance of the FTSE JSE Top 40 Index, of which we are a constituent today.

The Company's market capitalisation has increased from R170m at listing on the JSE in 1986 to R61 881m at year end.

23.6%
CAGR OF GROUP'S REVENUE SINCE 1987

29.0%
CAGR OF GROUP'S EBITDA SINCE 1987

124.5%
CAGR OF GROUP'S HEADLINE EARNINGS SINCE 1987

As we continue our pattern of consistent growth we remain firmly committed to our vision to be respected internationally and preferred locally. Our relentless focus on patient needs should continue to create long-term shareholder value and entrench Mediclinic International as a leader in the global healthcare industry.

OUTLOOK AND PROSPECTS

Healthcare remains a growth industry globally supported by an ageing population with greater burdens of disease, better diagnostic methods, improved clinical outcomes, new technologies and better informed patients. Our Group has been successful in utilising attractive growth and development opportunities across our businesses in Southern Africa, Switzerland and the United Arab Emirates. Notwithstanding our encouraging growth outlook, many challenges remain when we look towards the future.

In Southern Africa affordability and accessibility for a larger portion of the population will have to remain a priority.

During the year under review, Mediclinic Southern Africa delivered a remarkable increase in patient bed days sold which is most encouraging, but this cannot be expected to be repeated regularly. The South African Competition Commission's market inquiry into the broader healthcare market is expected to commence in the new financial year which hopefully will provide some interesting perspective on especially cost comparisons between the public and private sectors.

In Mediclinic Middle East virtually all the facilities performed to budget or better. However, with such a supportive environment, heightened competition is sure to follow. In Switzerland, Hirslanden also delivered a solid performance, notwithstanding many regulatory uncertainties such as the exact tariffs for hospitals in certain cantons as well as the patient case loads that will be allowed for different specialities in specific hospitals.

Our two most important responses to these challenges are firstly our managerial skills and secondly, the attractiveness of our Group's facilities for especially doctors, but also nurses and our other staff to work in.

I am comfortable that in both these areas our Group will be able to maintain or improve its competitive position. Furthermore the Group has always had a long-term outlook for its business in an industry it knows well, enjoys participating in and where good opportunities for sensible growth have been found over many years. We therefore believe that the Group will be able to continue with its consistent growth pattern.

DIRECTORATE MATTERS

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

APPRECIATION

My sincere thanks to every person in the Mediclinic team who has contributed to the ongoing success of the Group during the last year. They include our directors, management, doctors, nurses and other hospital as well as office staff.

The support of patients who preferred our services is much appreciated. I would also like to thank our shareholders for the confidence bestowed in us.

Edwin Hertzog
Non-executive Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

Danie Meintjes
Chief Executive Officer

We are pleased to report that Mediclinic International delivered commendable results for the financial year under review. Our operating platforms in Southern Africa, the Middle East and Switzerland all achieved strong growth in patient attendance. The marked depreciation of the South African rand (ZAR) to the Swiss franc and the UAE dirham (pegged to the US dollar) positively impacted the results reported in ZAR. Our diversification strategy with operations in distinctly different platforms outside South Africa offers complementary growth environments. We have come a long way and today our offshore platforms contribute more than 60% of our Group's revenue and operating profit.

BUSINESS AND POLITICAL ENVIRONMENT

According to the World Bank's latest Global Economic Prospects report, issued in January 2014, the world economy is showing signs of bouncing back this year, pulled along by a recovery in high-income economies.

Through the ever-changing economic cycles and despite region-specific economical and political challenges, there is a steady increase in the demand

PATIENT SATISFACTION

MEDICLINIC SOUTHERN AFRICA
76%

HIRSLANDEN
95%

MEDICLINIC MIDDLE EAST
93%

SIGNIFICANT INVESTMENTS WERE MADE TO GROW CAPACITY AT OPERATING PLATFORMS

for quality healthcare services. The key challenge for the industry, worldwide, remains the cost pressure related to delivering the services.

Switzerland proved to be one of the most stable economies in Europe with a predicted GDP growth between 2.0% and 2.6% for 2014. Although Switzerland's population growth is relatively low, they have an ageing population that impacts the demand for medical services. In Switzerland 17.3% of the population is older than 65 years compared to the 6.1% in South Africa and 1% in the UAE (Source: *CIA World Factbook*).

Despite the continued political instability in some areas in the Middle East, the United Arab Emirates offers a safe haven for many people in the region and there is a noticeable increase in population leading to an increased demand for medical services.

The South African economy's performance was disappointingly weak; it is, however, encouraging that government has initiated some major infrastructure development in the years to come. Labour unrest, specifically in the mining industry, negatively impacted the economy and led to substantial job losses. We noticed an encouraging growth in the demand for our services, bleak economic realities notwithstanding.

STRATEGIC PRIORITIES

We set the following strategic focus areas for the year under review:

- Patient safety
- International group
- Financial performance
- Integrated healthcare provider
- Footprint growth

We are pleased to report the following progress on these focus areas.

PATIENT SAFETY

Ensuring patient safety at all times at all of our facilities remains the number one priority for our Group. We launched various initiatives during the year, starting with an awareness campaign highlighting the joint responsibility of all caregivers to ensure patient safety. The responsibility of creating a safe environment for patients, however, goes beyond the clinical caregiver teams. It also includes, amongst others, the senior management who are responsible to provide the required resources, processes and the physical environment within which the clinical teams perform their duties.

Formal clinical hospital committees were established at all hospitals with well-defined charters and mandates to take the lead for specific patient safety initiatives at hospital level.

Mediclinic Southern Africa launched a focused programme, the *Patient Journey*, with the aim of improving the patient experience. This programme is actively managed and coordinated by a dedicated senior manager. Although still early days, we are encouraged by the positive feedback from our patient community to date.

INTERNATIONAL GROUP

We are committed to increasingly using our combined international capacity and resources to unlock value for our Group. During the year we formally concluded the Group's organisation structure realignment programme. The operating platforms are at different levels of implementing the platform-specific changes applicable to them. A key building block for the realignment was the decision to implement a standardised Enterprise Resource Planning ("ERP") solution for the Group. The implementation will be done in multiple phases and over a number of years, with the key objectives to standardise data elements, simplify solutions, reduce cost and share resources in the Group. Both Mediclinic Southern Africa and Mediclinic Middle East have successfully replaced legacy financial and procurement systems with SAP as the ERP solution, while Hirslanden embarked on a phased approach to standardise the existing stand-alone SAP solutions deployed at the hospitals.

Various formal cross-platform (Southern Africa, Switzerland and Middle East) work groups, for all the key support functions, are well placed to transfer knowledge, promote collaboration,

ORGANISATION STRUCTURE REALIGNMENT PROGRAMME CONCLUDED DURING THE YEAR TO UNLOCK VALUE FOR GROUP

share resources and standardise processes. We also successfully established an international procurement office to leverage our scale to unlock value. Encouraging savings have already been realised on the procurement of major capital items as well as specific low-cost, high-volume items.

The Group also benefited from the transfer of clinical skills between our Middle Eastern and Swiss operations where surgeons from Dubai underwent training at Hirslanden hospitals in highly specialised clinical procedures. Hirslanden assists in establishing a comprehensive cancer centre including radiotherapy at Mediclinic City Hospital in Dubai.

FINANCIAL PERFORMANCE

We are particularly pleased with the strong growth in patient attendance at our three operating platforms which also all exceeded their revenue and EBITDA targets for the year, as referred to in more detail in the **Chief Financial Officer's Report** and the **Remuneration Report**.

On a year-to-year comparison, Mediclinic Southern Africa had a 5.9% increase in bed-days sold.

Mediclinic Southern Africa contributed 37% (2013: 41%) of the Group's normalised revenue and 37% (2013: 41%) of the normalised EDITDA.

Hirslanden saw a 5.5% increase in patient admissions. General insured patients represented the bulk of the increase due to the listing status of our hospitals in Switzerland, with a slight increase in the private and semi-private numbers. Hirslanden contributed 52% (2013: 49%) of the Group's normalised revenue and 51% (2013: 49%) of the normalised EDITDA.

Mediclinic Middle East regained its momentum in the second half of the year after a relatively slow first half. Mediclinic Welcare Hospital performed strongly towards the end of the year, following a number of successful management initiatives and Mediclinic City Hospital maintained its growth momentum. Inpatient admissions at the hospitals increased by 4% and outpatient clinic attendance increased by 8%. Mediclinic Middle East contributed 11% (2013: 10%) to the Group's normalised revenue and 12% (2013: 10%) to the normalised EDITDA.

STRATEGIC PRIORITIES

1 PATIENT SAFETY

2 INTERNATIONAL GROUP

3 FINANCIAL PERFORMANCE

4 INTEGRATED HEALTHCARE PROVIDER

5 FOOTPRINT GROWTH

INTEGRATED HEALTHCARE PROVIDER

Due to unique country-specific circumstances, our three operating platforms follow different clinical models varying from a more integrated model at Mediclinic Middle East to a more fragmented clinical model in Southern Africa, with Hirslanden following what could be described as a more coordinated healthcare model. To address the differences, we embarked on a process to gradually move towards an effectively coordinated healthcare system with the aim to ensure consistently good clinical outcomes and the optimum utilisation of resources. A key component for a better coordinated system is the sharing of clinical information between the different key role players in the clinical care process across our platforms.

Hirslanden evaluated and enhanced a clinical information system at one of its hospitals and is about to start with the gradual roll-out of the system to their other facilities. At Mediclinic Middle East all clinical facilities (two hospitals and all clinics) use a standardised and integrated clinical information system giving all caregivers access to current and historical clinical data. Mediclinic Southern Africa currently has access to limited electronic data only and will soon identify and evaluate the best-suited system to its unique requirements.

Medical specialists, irrespective of the clinical model, represent the core of the Group's clinical delivery capacity. We realise the importance to identify, attract and retain leading specialists at our facilities. We also realise that the transformation towards becoming a better coordinated healthcare provider will need the buy-in and support of our specialists. Effective and open communication with our supporting clinicians is no doubt a key success factor to support this initiative.

FOOTPRINT GROWTH

We continued to grow our footprint in all operational regions and significant investments were made to enhance facilities and increase our capacity at all three platforms. Refer to the Operational Reviews of the operating platforms for more detail on the various capacity increases.

We have investigated a number of opportunities to grow our footprint beyond the existing operating platforms and regions. Our focus is to identify growth opportunities in developing economies with underdeveloped private healthcare industries at realistic prices. Although we have identified some compelling opportunities, we have not concluded any transaction to date.

OUTLOOK

We will remain focused on our patients' needs in all the markets we serve. We are acutely aware of the challenges we face with continuous cost pressures on healthcare delivery systems and the need to continue to improve efficiencies. We are confident that we can use our diversified international footprint and our pooled experience, knowledge and skills to continuously improve our service offering to our patient communities to ensure a sustainable business for the years to come.

Our two major new projects, the North Wing at Mediclinic City Hospital in Dubai and the new Mediclinic Midstream hospital (previously referred to as Mediclinic Centurion) in South Africa are progressing as planned and are expected to be commissioned in the 2015/16 financial year.

Growing our international footprint remains on our agenda. We have made reasonable progress to date in cultivating a better understanding of the African markets, outside Southern Africa, and have identified specific opportunities in this market that we may be interested to pursue further.

I would like to thank the growing number of patients for their loyal support and trust in Mediclinic as well as all our supporting doctors, management, nursing and supporting staff for their contributions towards the growth and success of our Group. We salute you!

Danie Meintjes
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REPORT

Craig Tingle
Chief Financial Officer

INTRODUCTION

The Group delivered strong financial results and growth for 2014, despite continuing challenging global economic conditions.

GROUP OVERVIEW

GROUP FINANCIAL PERFORMANCE

The Group uses normalised revenue, normalised operating profit before interest, tax, depreciation and amortisation ("normalised EBITDA"), normalised headline earnings and normalised basic headline earnings per share as non-IFRS (International Financial Reporting Standards) measures in evaluating performance and as a method to provide shareholders with clear and consistent reporting. These non-IFRS measures are defined as reportable EBITDA, headline earnings and basic headline earnings per share in terms of accounting standards, excluding one-off items.

45%
INCREASE IN BASIC NORMALISED HEADLINE EARNINGS PER SHARE

24%
INCREASE IN GROUP NORMALISED REVENUE

POSITIVE EFFECT OF GROUP REFINANCING FOR FIRST FULL YEAR

FIGURE 1: EBITDA RECONCILIATION (R'M)

	2014	2013
EBITDA	6 744	5 127
Adjusted for:		
Past-service cost	(241)	(35)
Impairment of property and equipment	8	–
Insurance proceeds	(40)	–
Profit on sale of property, equipment and vehicles	(4)	(6)
Pre-acquisition tariff provision	–	151
Normalised EBITDA	6 467	5 237

RESULTS OVERVIEW

Group normalised revenue increased by 24% to R30 495m (2013: R24 587m) for the period under review. Normalised EBITDA is 23% higher at R6 467m (2013: R5 237m).

The leveraging effect of the Group's capital structure, together with the positive effects of the Group refinancing and acquisition of the minority interests in Mediclinic Middle East completed in October 2012, augmented the Group's financial performance and resulted in basic normalised headline earnings per share growth of 45% to 377.1 cents (2013: 259.3 cents).

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

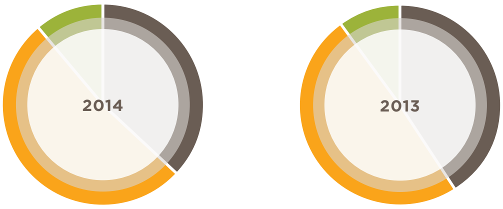
- a past-service cost credit of R241m (R192m after tax) arising in the main Hirslanden pension fund; and
- Swiss prior year tax and deferred tax adjustments amounting to R111m.

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

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

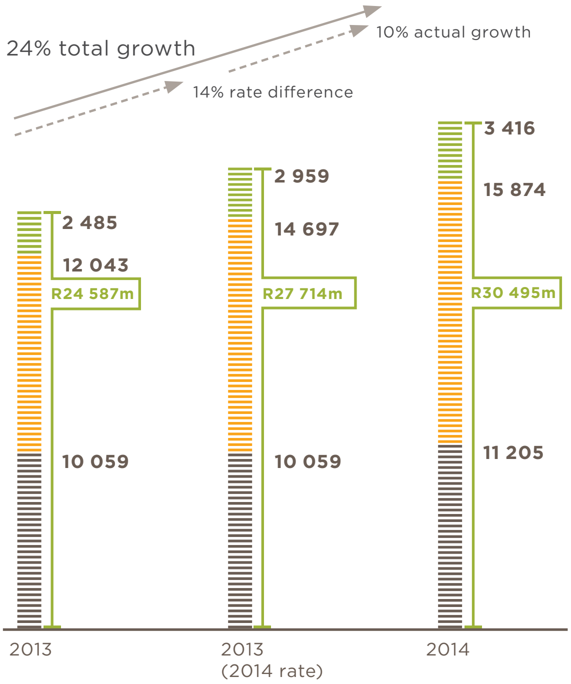
The total dividend per share for the period under review is 96.0 cents (2013: 85.8 cents).

FIGURE 2: NORMALISED REVENUE (R'M)



2014	2013
SOUTHERN AFRICA **R11 205** (37%)	SOUTHERN AFRICA **R10 059** (41%)
SWITZERLAND **R15 874** (52%)	SWITZERLAND **R12 043** (49%)
UAE **R3 416** (11%)	UAE **R2 485** (10%)
TOTAL R30 495M	TOTAL R24 587M

FIGURE 3: NORMALISED REVENUE GROWTH (R'M)



Southern Africa
Switzerland
UAE

REVENUE

The geographical composition of the Group's revenue for 2014 and 2013 is shown in **Figure 2**.

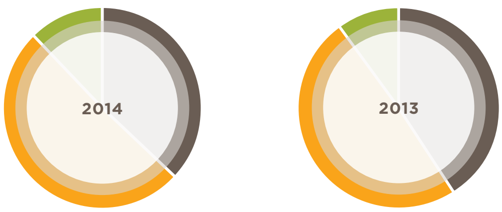
As shown in **Figure 3**, normalised revenue increased by 24% to R30 495m (2013: R24 587m).

NORMALISED EBITDA

The Group's normalised EBITDA margin decreased from 21.3% to 21.2% in 2013. The EBITDA margins of the Group's platforms were 21.6% for Mediclinic Southern Africa, 20.8% for Hirslanden and 22.0% for Mediclinic Middle East.

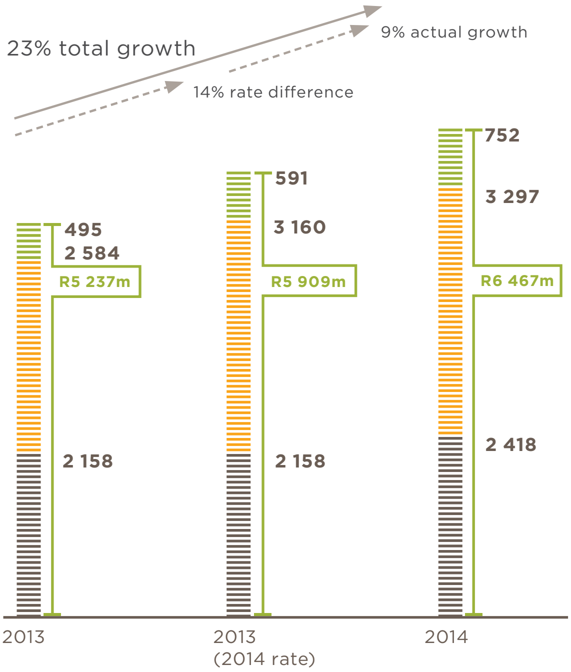
The geographical composition of the Group's Normalised EBITDA for 2014 and 2013 is shown in **Figure 4**.

FIGURE 4: NORMALISED EBITDA (R'M)



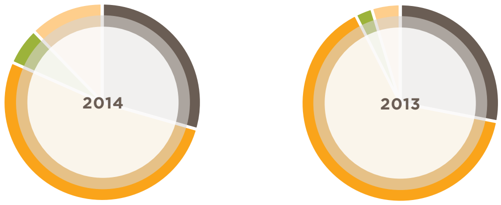
2014	2013
SOUTHERN AFRICA **R2 418** (37%)	SOUTHERN AFRICA **R2 158** (41%)
SWITZERLAND **R3 297** (51%)	SWITZERLAND **R2 584** (49%)
UAE **R752** (12%)	UAE **R495** (10%)
TOTAL R6 467M	TOTAL R5 237M

FIGURE 5: NORMALISED EBITDA GROWTH (R'M)



- Southern Africa
- Switzerland
- UAE

FIGURE 6: NORMALISED FINANCE COST (R'M)



2014	2013
SOUTHERN AFRICA **R473** (39%)	SOUTHERN AFRICA **R444** (31%)
SWITZERLAND **R848** (69%)	SWITZERLAND **R1 016** (71%)
UAE **R95** (8%)	UAE **R46** (3%)
CORPORATE **-R195** (-16%)	CORPORATE **-R80** (-5%)
TOTAL R1 221M	**TOTAL** R1 426M

As shown in **Figure 5**, normalised EBITDA increased 23% to R6 467m (2013: R5 243m).

FINANCE COST

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

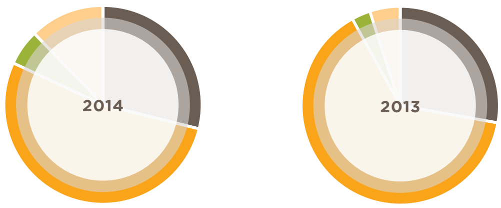
The capitalised financing expenses are amortised over the terms of the relevant loans in line with future cash payments as prescribed in IAS 39 Financial Instruments.

The geographical composition of the Group's finance cost for 2014 is shown in **Figure 6**.

CONTRIBUTION TO GROUP NORMALISED HEADLINE EARNINGS

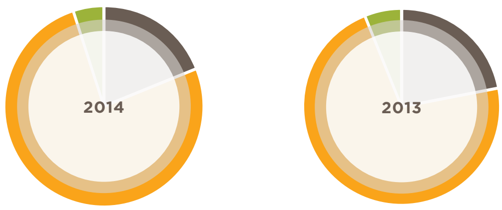
The geographical composition of the Group normalised headline earnings for 2014 and 2013 is shown in **Figure 7**.

FIGURE 7: NORMALISED HEADLINE EARNINGS (R'M)



2014	2013
SOUTHERN AFRICA **R984** (32%)	SOUTHERN AFRICA **R901** (47%)
SWITZERLAND **R1 350** (44%)	SWITZERLAND **R706** (37%)
UAE **R523** (17%)	UAE **R232** (12%)
CORPORATE **R195** (7%)	CORPORATE **R85** (4%)
TOTAL R3 052M	**TOTAL** R1 924M

FIGURE 8: DEBT (R'M)



2014

- SOUTHERN AFRICA **R5 842** (19%)
- SWITZERLAND **R23 040** (76%)
- UAE **R1 488** (5%)

TOTAL R30 370M

2013

- SOUTHERN AFRICA **R5 809** (22%)
- SWITZERLAND **R18 997** (72%)
- UAE **R1 556** (6%)

TOTAL R26 362M

CASH FLOW

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

INTEREST-BEARING BORROWINGS

Interest-bearing borrowings increased from R26 362m at 31 March 2013 to R30 370m at 31 March 2014, mainly as a result of the change in the closing ZAR/CHF and ZAR/AED exchange rates. The closing ZAR/CHF exchange rate moved from R9.69 at 31 March 2013 to R11.96 at 31 March 2014. It is important to note that the foreign debt of the Group's Swiss and Middle Eastern operations, amounting to R24 528m, is matched with foreign assets in the same currencies. The foreign debt has no recourse to the Southern African operations' assets.

The geographical composition of the Group's debt at 31 March 2014 is shown in **Figure 8**.

ASSETS

Property, equipment and vehicles increased from R40 137m at 31 March 2013 to R49 597m at 31 March 2014 and intangible assets increased from R7 279m at 31 March 2013 to R9 210m at 31 March 2014. These increases are mainly as a result of the change in the closing ZAR/CHF and the ZAR/AED exchange rates, as mentioned above.

FOREIGN EXCHANGE RATES

The rand experienced substantial volatility during the year against both the Swiss franc (CHF) and the United States dollar, to which the UAE dirham is pegged at AED3.6725.

The average rand/Swiss franc (CHF) exchange rate was R11.05 compared to R9.05 for the comparative period and the average UAE dirham (AED) was R2.76 compared to R2.32 for the comparative period. These movements in the exchange rates had a positive effect on the reported results, as detailed under Hirslanden's and Mediclinic Middle East's financial performance sections.

Accounting convention requires the Group to convert its offshore balance sheets at the year-end spot rate, while its offshore income statements are converted at the average rate for the year. The difference between the spot rates and the average rates results in distortions, when ratios between the statement of financial position and the income statement items are calculated in rand. The spot rate should therefore also be used for translating, for example, EBITDA, when calculating such ratios.

Exchange rate movements also had a significant impact on the statement of financial position. The resulting currency translation difference, which is the amount by which the Group's interest (including non-controlling interests) in the equity of the two foreign platforms increased as a result of the spot rate's movement, amounted to R4 371m (2013: R1 699m) and was credited to the statement of comprehensive income.

REFINANCING

During the year under review the Dubai facility pricing was re-negotiated to a revised margin of 2.75% with existing tenor and amortisation profile remaining as is.

In Southern Africa, the group used the currently favourable debt market situation to extend the current facilities for a further five years at rates well below those in the existing facilities.

HIRSLANDEN PENSION FUNDS

Hirslanden provides defined contribution pension plans in terms of Swiss law to employees, the assets of which are held in separate trustee-administered funds. These plans are funded by payments from employees and Hirslanden, taking into account the recommendations of independent qualified actuaries. Because of the strict definition of defined contribution plans in IAS 19, in terms of IFRS, these plans are classified as defined benefit plans, since the funds are obliged to take some investment and longevity risk in terms of Swiss law.

The IAS 19 pension liability was valued by the actuaries at the end of the year and amounted to R48m (CHF4m) (2013: R406m (CHF42m)), included under "Retirement benefit obligations" in the Group's statement of financial position. However, the pension funds were, for Swiss statutory purposes, estimated to be 112% (2013: 110%) funded at 31 March 2014. From an economic and legal point of view, this amount as calculated in terms of IAS 19 does not lead to a liability for Hirslanden at 31 March 2014.

The pension liability resulted in an amount of R150m (CHF14m) being credited (2013: R13m charged (CHF1.4m)) to the consolidated statement of comprehensive income for the year. In addition, a one-off past-service cost credit of R241m (CHF21m) (2013: R35m (CHF4m)) was made relating to the lowering of a conversion rate at one of the Swiss pension funds.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses floating-to-fixed interest rate swaps to hedge against interest movements which have the economic effect of converting the interest-bearing borrowings to fixed interest rate borrowings. The Group applies hedge accounting and therefore fair value movements are booked to the consolidated statement of comprehensive income.

The net fair value movements of the interest rate swaps for the year under review resulted in a credit of R29m (2013: charged R3 203m) being booked at year end to the consolidated statement of comprehensive income.

FIGURE 9: MEDICLINIC SOUTHERN AFRICA REVENUE (R'M)

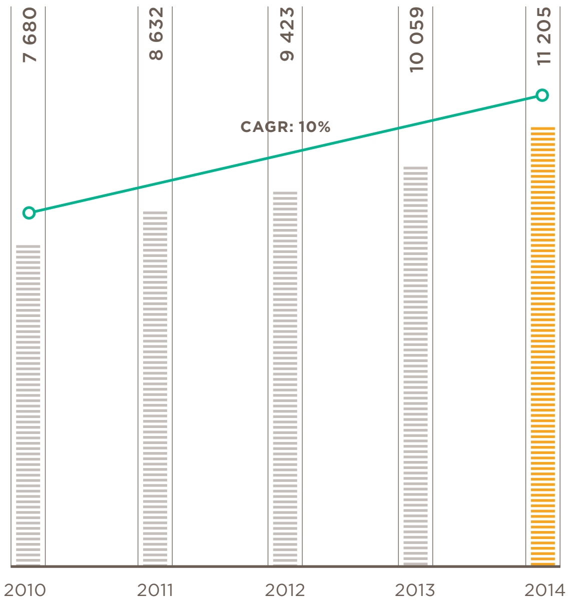
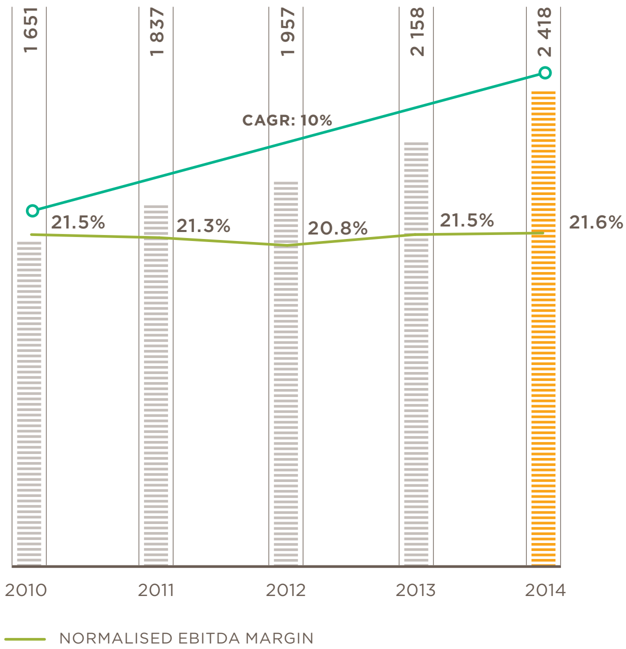


FIGURE 10: MEDICLINIC SOUTHERN AFRICA NORMALISED EBITDA GROWTH AND MARGIN (R'M)



OPERATIONS IN SOUTHERN AFRICA

MEDICLINIC SOUTHERN AFRICA

Mediclinic Southern Africa's normalised revenue increased by 11% to R11 205m (2013: R10 059m) for the period under review. Normalised EBITDA was 12% higher at R2 418m (2013: R2 158m) as illustrated in **Figure 9**.

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

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

Figure 10 shows Mediclinic Southern Africa's EBITDA performance over recent years.

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

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

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

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

FIGURE 11: HIRSLANDEN NORMALISED REVENUE (CHF'M)

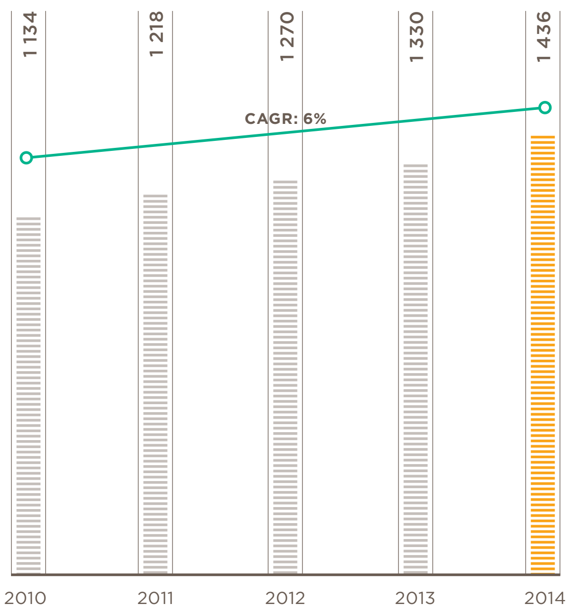
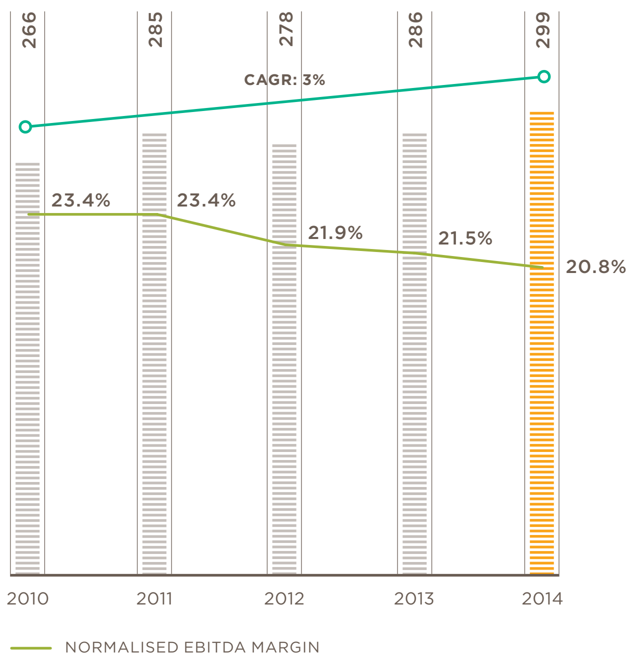


FIGURE 12: HIRSLANDEN NORMALISED EBITDA GROWTH AND MARGIN (CHF'M)



OPERATIONS IN SWITZERLAND

HIRSLANDEN

Hirslanden's reported results for 2014 were affected by exchange rate movements. The average rand/CHF exchange rate for the year increased from R9.05 in 2013 to R11.05 in 2014.

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

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

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

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

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

Hirslanden's revenue performance is set out in **Figure 11**.

The normalised EBITDA margin of Hirslanden decreased from 21.5% to 20.8%, impacted mainly by the marked increase of generally insured patients, start-up costs of the major expansion at Klinik Hirslanden, investments for the future in a centralised logistic platform and the roll-out of a modern clinical information system.

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

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

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

Hirslanden's historical normalised EBITDA performance, excluding one-off items, is set out in **Figure 12**.

FIGURE 13: MEDICLINIC MIDDLE EAST REVENUE (AED'M)

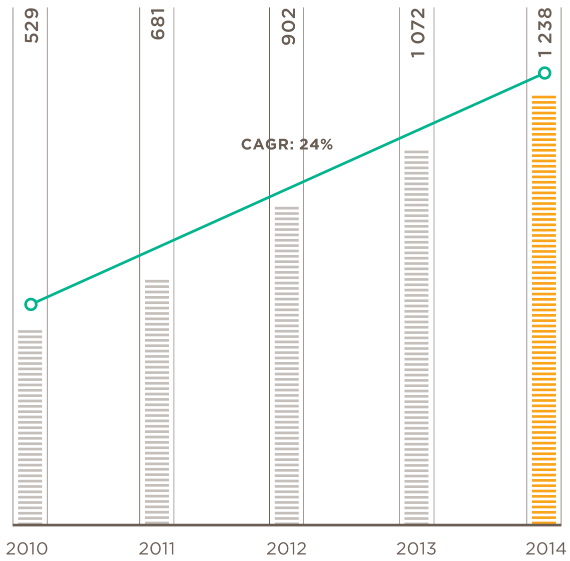
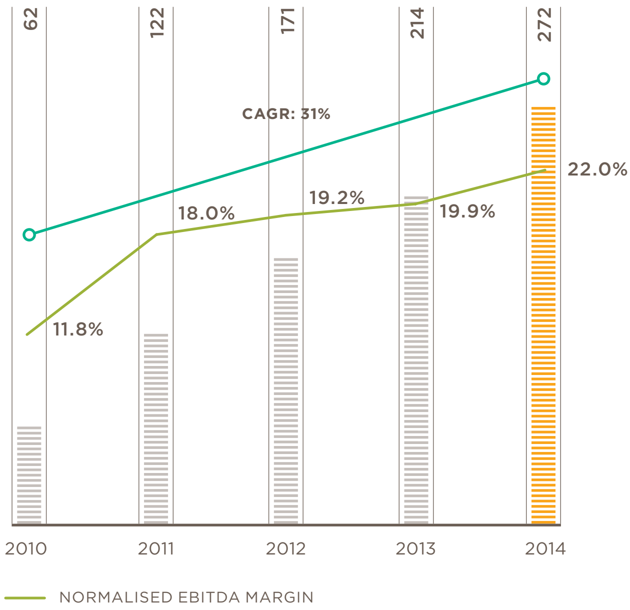


FIGURE 14: MEDICLINIC MIDDLE EAST NORMALISED EBITDA GROWTH AND MARGIN (AED'M)



OPERATIONS IN UNITED ARAB EMIRATES

MEDICLINIC MIDDLE EAST

Mediclinic Middle East's reported results for 2013 were affected by exchange rate movements. The average rand/AED exchange rate for the year increased from R2.32 in 2013 to R2.76 in 2014.

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

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

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

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

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

Mediclinic Middle East's revenue performance is set out in **Figure 13**.

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

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

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

Mediclinic Middle East's historical EBITDA performance is set out in **Figure 14**.

GROUP DIVIDEND POLICY

The Group's dividends are based on and dictated by the performance of the Southern African operations.

RISK MANAGEMENT

Risk management receives top priority throughout the Group. The Group-wide risk management policy is benchmarked against the international Committee of Sponsoring Organisations of the Treadway Commission framework and complies with the recommendations of the King III report.

The Group's risk management process is summarised in the Risk Management Report and the abridged Sustainable Development Report included in this integrated annual report, and notes 3.1 and 3.3 to the annual financial statements published on the Company's website.

ACCOUNTING POLICIES

The adoption of IFRS 11 Joint Arrangements and the revised IAS 19 Employee Benefits required a restatement of the comparative figures. Refer to note 2.2 to the annual financial statements published on the Company's website for further detail of the restatement.

The annual financial statements have been prepared in accordance with IFRS. The accounting policies are based on reasonable judgements and estimates, are in accordance with International Financial Reporting Standards (IFRS) and are consistent with those applied in the prior year.

Craig Tingle
Chief Financial Officer