

INDEPENDENT AUDITOR'S REPORT ON SUMMARISED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF MEDICLINIC INTERNATIONAL LIMITED

The summarised consolidated financial statements of Mediclinic International Limited, contained in the accompanying abridged report, which comprise the summarised consolidated statement of financial position as at 31 March 2014, the summarised consolidated income statement and the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Mediclinic International Limited for the year ended 31 March 2014. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 20 May 2014. Our auditor's report on the audited consolidated financial statements contained an Other Matter paragraph: "Other Reports Required by the Companies Act" (refer below).

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Mediclinic International Limited.

DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in the basis of preparation note to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, *Engagements to Report on Summarised Financial Statements*.

OPINION

In our opinion, the summarised consolidated financial statements derived from the audited consolidated financial statements of Mediclinic International Limited for the year ended 31 March 2014 are consistent, in all material respects, with those consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports, set out in the basis of preparation note to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

The "Other Reports Required by the Companies Act" paragraph in our audit report dated 20 May 2014 states that as part of our audit of the consolidated financial statements for the year ended 31 March 2014, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.



PRICEWATERHOUSECOOPERS INC.

Director: NH Döman
Registered Auditor

Stellenbosch
20 May 2014

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	2014 R'm	2013 (restated) R'm	2012 (restated) R'm
ASSETS			
Non-current assets	59 308	47 885	42 048
Property, equipment and vehicles	49 597	40 137	34 726
Intangible assets	9 210	7 279	6 350
Investment in associate	4	2	1
Investment in joint venture	67	65	53
Other investments and loans	68	63	708
Derivative financial instruments	60	100	-
Deferred income tax assets	302	239	210
Current assets	11 226	8 857	8 121
Inventories	904	681	579
Trade and other receivables	6 768	5 427	4 779
Current income tax assets	33	44	4
Derivative financial instruments	-	-	24
Other investments and loans	-	-	128
Investment in money market funds	-	-	510
Cash and cash equivalents	3 521	2 705	2 097
Total assets	70 534	56 742	50 169
EQUITY			
Capital and reserves			
Stated and issued capital	11 027	11 027	65
Share premium	-	-	6 066
Treasury shares	(249)	(256)	(269)
Share capital	10 778	10 771	5 862
Retained earnings	4 325	1 488	4 254
Other reserves	9 365	4 947	83
Attributable to equity holders of the Company	24 468	17 206	10 199
Non-controlling interests	923	796	1 288
Total equity	25 391	18 002	11 487
LIABILITIES			
Non-current liabilities	36 899	32 692	32 872
Borrowings	28 704	25 351	22 859
Deferred income tax liabilities	7 251	6 182	5 325
Retirement benefit obligations	414	709	709
Provisions	492	365	240
Derivative financial instruments	38	85	3 739
Current liabilities	8 244	6 048	5 810
Trade and other payables	5 048	4 121	3 448
Borrowings	1 666	1 011	1 930
Provisions	376	322	121
Derivative financial instruments	-	65	-
Current income tax liabilities	1 154	529	311
Total liabilities	45 143	38 740	38 682
Total equity and liabilities	70 534	56 742	50 169

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	Notes	2014 R'm	2013 (restated) R'm
Revenue	4	30 495	24 436
Cost of sales		(17 189)	(13 881)
Administration and other operating expenses		(6 562)	(5 428)
Operating profit before depreciation (EBITDA)	5	6 744	5 127
Depreciation and amortisation		(1 239)	(994)
Operating profit		5 505	4 133
Other gains and losses	6	2	531
Income from associates		3	2
Income from joint venture		-	3
Finance income		73	69
Finance cost	7	(1 221)	(5 166)
Profit/(loss) before tax		4 362	(428)
Income tax expense		(776)	(418)
Profit/(loss) for the year		3 586	(846)
Attributable to:			
Equity holders of the Company		3 385	(1 105)
Non-controlling interests		201	259
		3 586	(846)
Earnings/(loss) per ordinary share attributable to the equity holders of the Company - cents			
Basic	2	418.3	(148.9)
Diluted	2	409.3	(144.8)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2014

	2014 R'm	2013 (restated) R'm
Profit/(loss) for the year	3 586	(846)
Other comprehensive income		
Items that may be reclassified to the income statement		
Currency translation differences	4 371	1 699
Fair value adjustment - cash flow hedges	29	3 203
	4 400	4 902
Items that may not be reclassified to the income statement		
Actuarial gains and losses	138	54
Other comprehensive income, net of tax	4 538	4 956
Total comprehensive income for the year	8 124	4 110
Attributable to:		
Equity holders of the Company	7 922	3 808
Non-controlling interests	202	302
	8 124	4 110

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

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

SEGMENTAL REPORT FOR THE YEAR ENDED 31 MARCH 2014

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

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2014

	2014 R'm Inflow/ (outflow)	2013 (restated) R'm Inflow/ (outflow)
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from customers	30 116	24 580
Cash paid to suppliers and employees	(23 776)	(19 009)
Cash generated from operations	6 340	5 571
Interest received	74	63
Interest paid	(1 056)	(1 571)
Tax paid	(743)	(514)
Net cash generated from operating activities	4 615	3 549
CASH FLOW FROM INVESTMENT ACTIVITIES		
Investment to maintain operations	(926)	(792)
Investment to expand operations	(1 684)	(1 230)
Proceeds on disposal of property, equipment and vehicles	32	52
Investment in joint venture	(2)	(8)
Loans granted to joint venture	-	(1)
Insurance proceeds	40	-
Proceeds from other investments and loans	1	4
Proceeds from derivative financial instrument	-	25
Proceeds from FVTPL financial assets	-	868
Proceeds from money market funds	-	1 200
Purchases of money market funds	-	(657)
Interest received	-	12
Net cash generated/(utilised) before financing activities	2 076	3 022
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of shares issued	-	5 000
Share issue costs	-	(104)
Distributions to non-controlling interests	(99)	(206)
Distributions to shareholders	(688)	(488)
Proceeds from borrowings	223	21 996
Repayment of borrowings	(1 074)	(24 939)
Settlement of interest rate swap	-	(1 633)
Refinancing transaction costs	-	(615)
Acquisition of non-controlling interest	-	(1 971)
Treasury shares purchased	-	(16)
Proceeds from disposal of treasury shares	7	27
Proceeds on disposal of nil-paid letters of allocation	-	41
Proceeds on disposal of non-controlling interest	26	71
Net increase in cash, cash equivalents and bank overdrafts	471	185
Opening balance of cash, cash equivalents and bank overdrafts	2 705	1 979
Exchange rate fluctuations on foreign cash	309	541
Closing balance of cash, cash equivalents and bank overdrafts	3 485	2 705

SELECTED NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The accounting policies applied in the preparation of these summarised Group annual financial statements, which are based on reasonable judgements and estimates, are in accordance with International Financial Reporting Standards (IFRS) and are consistent with those applied in the prior year, except for the adoption of the new and revised standards. The adoption of the IFRS 11 Joint Arrangements and the revised IAS 19 Employee Benefits required a restatement of the comparative figures. Refer to note 2.2 of the complete annual financial statements published on the Company's website. The summarised Group annual financial statements have been prepared in accordance with the Financial Reporting Guides issued by the Accounting Practices Committee of the South African Institute of Chartered Accountants and in terms of IAS 34 Interim Financial Reporting as well as in compliance with the Companies Act 71 of 2008, as amended, and the Listings Requirements of the JSE Limited. The preparation of the summarised Group annual financial statements was supervised by the Chief Financial Officer, Mr Cl Tingle (CA(SA)).

The summarised consolidated financial statements do not contain all the information and disclosures required in the consolidated financial statements. The consolidated financial statements have been extracted from the audited consolidated financial statements upon which PricewaterhouseCoopers Inc. has issued an unqualified report. The audited consolidated financial statements and the unqualified audit report are available for inspection at the registered office of the Company.

2. EARNINGS PER ORDINARY SHARE

	2014 R'm	Change %	2013 R'm
Earnings reconciliation			
Profit/(loss) attributable to shareholders	3 385		(1 105)
Re-measurements for headline earnings	(38)		(6)
Profit on sale of property, equipment and vehicles	(4)		(6)
Impairment of property and equipment	8		-
Insurance proceeds	(40)		-
Gain from a bargain purchase	(2)		-
Income tax effects	8		1
Headline earnings/(loss)	3 355	402%	(1 110)
Re-measurements for normalised headline earnings	(352)		3 331
Group one-off refinancing charges	-		3 215
Pre-acquisition tariff provision	-		151
Swiss tax charges relating to prior years	(111)		-
Past-service cost	(241)		(35)
Income tax effects	49		(297)
Normalised headline earnings	3 052	59%	1 924

SELECTED NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

	2014 '000	Change %	2013 '000
2. EARNINGS PER ORDINARY SHARE <small>continued</small>			
Weighted average number of shares			
Before rights offer	n/a		714 856
Adjustment for rights offer (IAS 33 para 26)	n/a		27 002
Weighted average number of ordinary shares in issue	809 319		741 858
Diluted weighted average number of shares			
Before rights offer	n/a		735 860
Adjustment for rights offer (IAS 33 para 26)	n/a		27 002
Diluted weighted average number of ordinary shares in issue	826 956		762 862
	cents		cents
Earnings per ordinary share			
- Basic earnings/(loss) basis	418.3	381%	(148.9)
- Diluted earnings/(loss) basis	409.3		(144.8)
- Basic headline earnings/(loss) basis	414.6	377%	(149.5)
- Diluted headline earnings/(loss) basis	405.7		(145.4)
- Basic normalised headline earnings basis	377.1	45%	259.3
- Normalised diluted headline earnings basis	369.1		252.2
3. DIVIDENDS PER ORDINARY SHARE			
Dividends declared during the year:			
interim dividend - number 33 (2013: number 31)	28.0		25.3
final dividend - number 34 (2013: number 32)	68.0		60.5
	96.0		85.8
<p>The dividends paid in 2014 (dividend numbers 32 & 33) were 88.50 cents per share (2013: 80.3 cents, dividend numbers 30 & 31). A final dividend (dividend number 34) in respect of the year ended 31 March 2014 of 68.0 cents per share was declared at a directors' meeting on 20 May 2014. These financial statements do not reflect this dividend payable.</p>			
	2014 '000	Change %	2013 '000
4. REVENUE RECONCILIATION			
Revenue	30 495		24 436
<i>Adjusted for:</i>			
Pre-acquisition tariff provision	-		151
Normalised revenue	30 495	24%	24 587
5. EBITDA RECONCILIATION			
Operating profit before depreciation (EBITDA)	6 744		5 127
<i>Adjusted for:</i>			
Past-service cost	(241)		(35)
Pre-acquisition tariff provision	-		151
Impairment of equipment	8		-
Insurance proceeds	(40)		-
Profit on sale of property, equipment and vehicles	(4)		(6)
Normalised EBITDA	6 467	23%	5 237

SELECTED NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS continued

	2014 R'm	Change %	2013 R'm
6. OTHER GAINS AND LOSSES			
Realised gains on forward contracts	-		574
Gain on a bargain purchase	2		-
Stamp duty	-		(41)
Other	-		(2)
	<u>2</u>		<u>531</u>
7. FINANCE COST			
Interest	990	(24%)	1 301
Amortisation of capitalised financing fees	133		89
Loan breakage charges	-		54
Preference share dividend	125		59
Accelerated recognition of capitalised financing fees	-		163
Derecognition of Swiss interest rate swap	-		3 531
Less: amounts included in the cost of qualifying assets	(27)		(31)
	<u>1 221</u>		<u>5 166</u>
8. COMMITMENTS			
Capital commitments	3 233		3 307
Southern Africa	1 717		2 011
Middle East	683		607
Switzerland	833		689
	R		R
9. EXCHANGE RATES			
Average Swiss franc (ZAR/CHF)	11.05		9.05
Closing Swiss franc (ZAR/CHF)	11.96		9.69
Average UAE dirham (ZAR/AED)	2.76		2.32
Closing UAE dirham (ZAR/AED)	2.88		2.51
	'000		'000
10. NUMBER OF SHARES ISSUED			
Ordinary shares in issue	826 957		826 957
Ordinary shares held in treasury	(16 832)		(19 078)
Ordinary shares in issue net of treasury shares	<u>810 125</u>		<u>807 879</u>
11. EVENTS AFTER THE REPORTING DATE			
The directors are not aware of any matter or circumstance arising since the end of the financial year that would significantly affect the operations of the Group or the results of its operations.			