COMPANY FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

to the members of Mediclinic International plc

REPORT ON THE COMPANY FINANCIAL STATEMENTS

OUR OPINION

In our opinion, Mediclinic International plc's company financial statements (the "**financial statements**"):

- give a true and fair view of the state of the company's affairs at 31 March 2017 and of its cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("**IFRSs**") as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

WHAT WE HAVE AUDITED

The financial statements, included within the Annual Report and Financial Statements, comprise:

- the statement of financial position at 31 March 2017;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

Certain required disclosures have been presented elsewhere in the Annual Report and Financial Statements, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union and applicable law and as applied in accordance with the provisions of the Companies Act 2006.

OTHER REQUIRED REPORTING

CONSISTENCY OF OTHER INFORMATION AND COMPLIANCE WITH APPLICABLE REQUIREMENTS

COMPANIES ACT 2006 REPORTING

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

ISAS (UK & IRELAND) REPORTING

Under International Standards on Auditing (UK and Ireland) ("**ISAs (UK & Ireland)**") we are required to report to you if, in our opinion, information in the Annual Report and Financial Statements is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the company acquired in the course of performing our audit; or
- otherwise misleading.

We have no exceptions to report arising from this responsibility.

ADEQUACY OF ACCOUNTING RECORDS AND INFORMATION AND EXPLANATIONS RECEIVED

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

DIRECTORS' REMUNERATION

DIRECTORS' REMUNERATION REPORT – COMPANIES ACT 2006 OPINION

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

OTHER COMPANIES ACT 2006 REPORTING

Under the Companies Act 2006, we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 129, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 AN AUDIT OF FINANCIAL STATEMENTS INVOLVES

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

OTHER MATTER

We have reported separately on the Group financial statements of Mediclinic International plc for the year ended 31 March 2017.

GH Hannam

Giles Hannam (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 May 2017

COMPANY STATEMENT OF FINANCIAL POSITION as at 31 March 2017

	Notes	2017 £'m	2016 £'m
Non-current assets			
Investment in subsidiaries	3	**5 916**	5 916
Current assets			
Amounts due from related parties	4	**–**	47
Cash and cash equivalents		**34**	–
Total current assets		**34**	47
Total assets		**5 950**	5 963
Equity			
Share capital	5	**74**	74
Capital redemption reserve	5	**6**	6
Share premium	5	**690**	690
Retained earnings	5	**5 154**	4 899
Share-based payment reserve	5	**1**	1
Treasury shares	5	**(2)**	(2)
		5 923	5 668
Current liabilities			
Other payables		**1**	3
Amount due to related parties	4	**26**	26
Bank borrowing	7	**–**	265
Derivatives payable		**–**	1
		27	295
		5 950	5 963

These financial statements as set out on pages 221 to 230 were approved and authorised for issue by the Board of Directors and signed on their behalf by:

DP Meintjes
Chief Executive Officer
23 May 2017

PJ Myburgh
Chief Financial Officer
23 May 2017

Mediclinic International plc (Company no 08338604)

The notes on pages 224 to 230 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY for the year/period ended 31 March

	Share capital £'m	Capital redemp-tion reserve £'m	Share premium £'m	Retained earnings/ (accumu-lated losses) £'m	Share-based payment reserve £'m	Treasury shares £'m	Total £'m
At 1 January 2015	12	–	448	(1)	2	–	461
Profit for the period	–	–	–	91	–	–	91
Transactions with owners of the company:							
Reduction of share premium	–	–	(448)	448	–	–	–
Special dividends declared	–	–	–	(383)	–	–	(383)
Dividends paid in the year 2015	–	–	–	(15)	–	–	(15)
Reversal of share-based payment reserve	–	–	–	–	(1)	–	(1)
Addition of share-based payment reserve	–	–	–	–	1	–	1
Tender offer (repurchase of shares)	(6)	6	(523)	(6)	–	–	(529)
Remgro subscription	7	–	593	–	–	–	600
Repurchase of Mediclinic shares	61	–	5 385	–	–	–	5 446
Addition to treasury shares	–	–	–	–	–	(2)	(2)
Settlement of share-based payment reserve	–	–	–	–	(2)	–	(2)
Addition to share-based payment reserve	–	–	–	–	1	–	1
Transfer of share premium/ capital reduction	–	–	(4 765)	4 765	–	–	–
At 31 March 2016	74	6	690	4 899	1	(2)	5 668
At 1 April 2016	**74**	**6**	**690**	**4 899**	**1**	**(2)**	**5 668**
Profit for the year	**–**	**–**	**–**	**317**	**–**	**–**	**317**
Dividends paid in the year	**–**	**–**	**–**	**(62)**	**–**	**–**	**(62)**
At 31 March 2017	**74**	**6**	**690**	**5 154**	**1**	**(2)**	**5 923**

The notes on pages 224 to 230 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS for the year/period ended 31 March

	Notes	12 months ended 31 March 2017 £'m	15 months ended 31 March 2016 £'m
Operating activities			
Profit before tax		**317**	91
Adjustments for:			
Finance costs		**6**	6
Other income	6	**(27)**	–
Loss from derivatives instruments		**–**	1
Dividend income		**(303)**	(147)
Net cash used in operating activities before movements in working capital		**(7)**	(49)
Change in balances with related parties		**47**	13
Change in other payables		**(2)**	1
Change in derivatives		**(1)**	–
Net cash generated from/(used in) operating activities		**37**	(35)
Investing activities			
Dividend received		**303**	99
Repurchase of shares		**–**	(530)
Issue of shares		**–**	600
Special dividends paid		**–**	(383)
Net cash generated from/(used in) financing activities		**303**	(214)
Financing activities			
Obtaining a bank loan		**–**	313
Repayment of bank loan	7	**(265)**	(46)
Payment of facility fees of bank loan		**–**	(5)
Settlement of share option reserve		**–**	(2)
Interest paid		**(6)**	(2)
Dividend paid		**(35)**	(15)
Net cash (used in)/generated from financing activities		**(306)**	243
Net movement in cash and cash equivalents		**34**	(6)
Cash and cash equivalents at the beginning of the year/period		**–**	6
Cash and cash equivalents at the end of the year/period		**34**	–

The notes on pages 224 to 230 form an integral part of these financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS for the year ended 31 March 2017

1. STATUS AND ACTIVITY

Mediclinic International plc (the "Company" or "Parent") is a Company which was incorporated in England and Wales on 20 December 2012. The address of the registered office of the Company is C/O Capita Company Secretarial Services, 1st Floor, 40 Dukes Place, London, EC3A 7NH. The registered number of the Company is 08338604. There is no ultimate controlling party. The domicile of the Company is the United Kingdom. The Company is a public liability company with three operating platforms in Southern Africa (South Africa and Namibia), Switzerland and the United Arab Emirates.

The activities of the subsidiaries are the operation of medical hospitals and clinics and the sale of pharmaceuticals, medical supplies and related equipment.

These financial statements are the separate financial statements of the Parent Company only and the financial statements of the Group are prepared and presented separately. The financial statements are available at the registered office of the Company.

2. BASIS OF PREPARATION

The Company's principal accounting policies applied in the preparation of these financial statements are the same as those set out in note 2 of the Group's financial statements, except as noted below. These policies have been consistently applied to all the years presented.

Investments in subsidiaries are carried at cost less any accumulated impairment.

Dividend income is recognised when the right to receive payment is established.

The Company is taking advantage of the exemption in section 408 of the UK Companies Act not to present its individual income statement as part of these financial statements.

a) Statement of compliance

The financial statements includes activities for the period from 1 April 2016 to 31 March 2017 (the "**year**"). The comparative information include activities for the period from 1 January 2015 to 31 March 2016 (the "**period**").

b) Basis of measurement

The financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, including IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements are prepared on the historical cost convention, as modified by the revaluation of certain financial instruments to fair value.

c) Functional and presentation currency

The financial statements and financial information are presented in pound, rounded to the nearest million.

d) Going concern

The Company's financial statements were prepared on a going concern basis. The Directors believe that the Company will continue to be in operation in the foreseeable future.

3. INVESTMENT IN SUBSIDIARIES

This investment is stated at cost less impairment, if any.

	2017 £'m	2016 £'m
Shares at cost	**5 916**	5 916

The investments held by the Company are Al Noor Holdings Cayman Limited, ANMC Management Limited, Mediclinic CHF Finco Limited, Mediclinic Holdings Netherlands B.V., Mediclinic Middle East Holdings Limited and Mediclinic International (RF) (Pty) Ltd, each being wholly-owned subsidiaries.

The activities of the subsidiaries are the operation of medical hospitals and clinics and the sale of pharmaceuticals, medical supplies and related equipment.

At 31 March 2017, the market capitalisation of the Company was below the carrying value of the total investment in subsidiaries balance of £5 916m. As a result impairment assessments were performed. No impairment was required for any of the investments as the value-in-use calculations were higher than the carrying values of each individual investment.

Refer to the Annexure to the notes to the consolidated financial statements for a complete listing of investments in subsidiaries, associates and joint ventures of the Group and details of the country of incorporation, place of business, principal activities and interest in capital.

4. RELATED-PARTY BALANCES AND TRANSACTIONS

Related-parties comprise the subsidiaries, the shareholders, key management personnel and those entities over which the parent, the ultimate parent, the Directors or the Company can exercise significant influence or which can significantly influence the Company.

	2017 £'m	2016 £'m
a) Transactions with key management personnel		
Key management includes the Directors (Executive and Non-executive) and members of the Executive Committee.		
Salaries and other short-term benefits	**1**	4
b) Amount due from a related party:		
Mediclinic International (RF) (Pty) Ltd	**–**	47
This amount included the dividends declared by Mediclinic International (RF) (Pty) Ltd on 31 March 2016.		
c) Amount due to a related party:		
Al Noor Medical Company – Al Noor Hospital – Al Noor Pharmacy LLC	**26**	26
This amount included the transaction and operational expenses paid by Al Noor Medical Company – Al Noor Hospital – Al Noor Pharmacy LLC on behalf of the Company. This amount is payable on demand.		
Information regarding the Group's subsidiaries and associates can be found in the Annexure to the Consolidated Financial Statements.		
d) Dividends received from related parties:		
Mediclinic CHF Finco Limited	**49**	35
Mediclinic Holdings Netherlands B.V.	**7**	–
Mediclinic International (RF) (Pty) Ltd	**78**	94
Mediclinic Middle East Holdings Limited	**169**	–
Al Noor Holdings Cayman Limited	**–**	18
	303	147

	2017 £'m	2016 £'m
5. SHARE CAPITAL AND RESERVES		
Issued and fully paid 737 243 810 (2016: 737 243 810) shares of 10 pence each	**74**	74

Movement of issued share capital and share premium:

	Number of Shares million	Share capital £'m	Capital redemption £'m	Share premium £'m	Total £'m
1 January 2015	116 866 203	12	–	448	460
Reduction of share capital	–	–	–	(448)	(448)
Remgro subscription	72 115 384	7	–	593	600
Shares issued to Mediclinic International (RF) (Pty) Ltd shareholders	611 921 099	61	–	5 385	5 446
Tender offer	(63 658 876)	(6)	6	(523)	(523)
Second capital reduction	–	–	–	(4 765)	(4 765)
At 31 March 2016	737 243 810	74	6	690	770
At 31 March 2017	**737 243 810**	**74**	**6**	**690**	**770**

a. *The Directors of the Company, having taken legal advice, have redesignated share premium in aggregate of £448m from the share premium account to retained earnings. On 20 and 21 January 2016 the Company applied to the court for a reduction of the Company's share premium balance to the amounts of £359m and £89m respectively.*
b. *On 16 February 2016, the Company applied to the Court proposed reduction of share capital from £80m to £74m and reduction of share premium from £5 454m (US$8 655m) to £690m (US$1bn). Accordingly, an amount of £4 765m has been transferred from the share premium account to retained earnings.*
c. *The Company received legal advice on the scheme of arrangement and the premium on issue of share capital to Mediclinic International (RF) (Pty) Ltd shareholders, did not qualify as merger relief under United Kingdom law.*

Other reserves

	Share-based payment reserve £'m	Treasury shares £'m	Total £'m
As at 1 January 2015	2	–	2
Reversal of share-based payment reserve	(1)	–	(1)
Addition of share-based payment reserve	2	–	2
Settlement of share-based payment reserve	(2)	–	(2)
Addition to treasury shares	–	(2)	(2)
As at 31 March 2016	1	(2)	(1)
Addition of share-based payment reserve	–	–	–
As at 31 March 2017	**1**	**(2)**	**(1)**

6. DIVIDENDS

The Company declared interim dividends for the 2016/17 period and final dividends for the 2015/16 period amounting to £62m. The Company paid £35m of these dividends, the remainder of £27m was paid by the Dividend Access Trust.

A wholly-owned subsidiary of the Company, Mediclinic International (RF) (Pty) Ltd, formed a Dividend Access Trust to comply with a South African Reserve Bank requirement that dividends from a South African source due to South African shareholders on the South African share register must be paid locally to avoid an outflow of funds from South Africa.

The beneficiaries of the trust are the South African shareholders of the Company who hold their shares via the South African share register on the relevant record date in respect of each distribution paid through the dividend access scheme. The Dividend Access Trust does not participate in any profits.

When a dividend is declared by the Company, the Dividend Access Trust would receive a dividend from Mediclinic International (RF) (Pty) Ltd which in turn is paid over to the Company's transfer secretaries in South Africa, who arrange for the payment of the relevant amount to the South African shareholders (the beneficiaries of the trust) through the usual dividend payment procedures, as if they were dividends received from Mediclinic International plc. To the extent that the dividends due to South African shareholders are not ultimately funded from Mediclinic International (RF) (Pty) Ltd, they receive those dividends as normal dividends from Mediclinic International plc. The South African shareholders' entitlement to receive dividends declared by Mediclinic International plc is reduced by any amounts they receive via the trust.

Details on the final proposed dividend has been disclosed in note 28.7 to the consolidated financial statements.

7. BANK BORROWING

The Company obtained a short-term bridge facility of £400m of which £313m was drawn down on 24 February 2016. This loan was fully repaid within this financial year. This loan incurred interest at variable rates linked to LIBOR with a minimum base rate of 1% plus 3.75%. The facility was secured in favour of lenders over the shares in Mediclinic International (RF) (Pty) Ltd and of Mediclinic CHF Finco Limited, Mediclinic Middle East Holdings Limited and Mediclinic Holdings Netherlands B.V.

	2017 £'m	2016 £'m
As at 1 April 2016 (2016: 1 January 2015)	**265**	–
Drawdown during the period	**–**	313
Repaid during the period	**(265)**	(47)
	–	266
Facility costs	**–**	(1)
As at 31 March	**–**	265

8. AUDITOR'S REMUNERATION

The Company incurred an amount of £337 900 (2016: £352 989) to its auditor in respect of the audit of the Company and Group's financial statements for the year ended 31 March 2017.

Fees payable to the Company's auditors for other services:

	2017 £'m	2016 £'m
Tax advisory services	**248**	–
Audit-related and other services	**98**	–
	346	–

Relates to services rendered across the Group.

9. SHARE-BASED PAYMENT RESERVE

Forfeitable Share Plan

The Mediclinic International (RF) (Pty) Ltd Forfeitable Share Plan ("**FSP**") was approved by the Company's shareholders in July 2014 as a long-term incentive scheme for selected senior management (Executive Directors and prescribed officers). This share-based payment arrangement is accounted for as an equity-settled share-based payment transaction. With the change in control and the acquisition of the Al Noor Hospitals Group Plc, the performance conditions of FSP have been finalised to the extent that the performance conditions were met as at 30 September 2015. The FSP shares will vest after the vesting period has lapsed.

Under the FSP, conditional share awards are granted to selected employees of the Group. The vesting of these shares is subject to continued employment and measured over a three-year period.

	2017	2016
As at 1 April 2016 (2016: 1 January 2015)	**239 290**	–
Amount of shares transferred from Mediclinic International (RF) (Pty) Ltd	**–**	239 290
As at 31 March	**239 290**	239 290

A valuation has been determined and an expense recognised over a three-year period. The fair value of the TSR performance condition has been determined by using the Monte Carlo simulation model and the fair value of the headline earning per share performance condition, consensus forecasts have been used.

The following assumptions have been used to determine the fair value of the TSR performance condition:

	2017	2016
Risk-free rate	**7.49%**	7.49%
Dividend yield	**1.0%**	1.0%
Volatility	**20%**	20%

Apart from the FSP, there are no other share option schemes in place. Therefore, no Director exercised any rights in relation to share option schemes during the reporting period. Al Noor Hospitals Group Plc Directors which exercised options before the acquisition date (15 February 2016) is regarded as a pre-acquisition transaction in these Group financial statements.

10. TAXATION

At 31 March 2017, the Company had unutilised tax losses of approximately £33m (2016: £20m). No deferred tax asset has been recognised in respect of these losses.

11. FINANCIAL INSTRUMENTS

a) Capital risk management

The Company manages its capital to ensure it is able to continue as a going concern while maximising the return on equity. The Company does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objective. The Company's overall strategy remains unchanged from the prior year. The Company is not subject to externally imposed capital requirements.

b) Financial risk management objectives

The Company is exposed to the following risks related to financial instruments: credit risk, liquidity risk and foreign currency risk. The Company does not enter into or trade in financial instruments, investments in securities, including derivative financial instruments, for speculative purposes.

c) Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. There is no credit risk involved on the Company's financial statements except for the amount due from a related party disclosed below:

	2017	2016
Amount due from a related party	**–**	47

d) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors of the Company, who has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. The table below summarises the maturity profile of the Company's non-derivative financial liabilities. The contractual maturities of the financial liabilities have been determined on the basis of the remaining period at the end of reporting period to the contractual repayment date. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The maturity profile of the liabilities at the end of reporting period based on existing contractual repayment arrangements was as follows:

	Carrying amount £'m	**Contractual cash flows £'m**	**1 year or less £'m**
31 March 2017			
Other payables	**1**	**1**	**1**
Related-party payables	**26**	**26**	**26**
	27	**27**	**27**
31 March 2016			
Other payables	3	3	3
Bank borrowing	265	265	265
Derivative payables	1	1	1
Related-party payables	26	26	26
	295	295	295

e) Interest rate risk

The Company's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Interest rate expose the Company to fair value interest rate risk. The Company's policy is to maintain an appropriate mix between fixed and floating rate borrowings.