CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 March 2016

	Notes	GROUP 2016 £'m	(Restated) 2015 £'m	(Restated) 2014 £'m
ASSETS				
Non-current assets		**5 604**	3 654	3 368
Property, equipment and vehicles	5	**3 199**	2 985	2 817
Intangible assets	6	**1 927**	642	523
Equity accounted investments	7	**455**	4	4
Other investments and loans	8	**4**	5	4
Receivables	11	**2**	–	–
Derivative financial instruments	19	**1**	1	3
Deferred income tax assets	9	**16**	17	17
Current assets		**945**	742	637
Inventories	10	**75**	60	51
Trade and other receivables	11	**561**	415	384
Current income tax assets		**2**	2	2
Derivative financial instruments	19	**2**	–	–
Cash and cash equivalents	27.8	**305**	265	200
Total assets		**6 549**	4 396	4 005
EQUITY				
Capital and reserves				
Share capital	12	**74**	994	821
Share premium reserve	12	**690**	–	–
Treasury shares	12	**(2)**	(23)	(22)
Retained earnings	13	**5 320**	485	321
Other reserves	12, 14	**(2 573)**	323	268
Attributable to equity holders of the Company		**3 509**	1 779	1 388
Non-controlling interests	15	**61**	61	51
Total equity		**3 570**	1 840	1 439
LIABILITIES				
Non-current liabilities		**2 192**	2 114	2 096
Borrowings	16	**1 524**	1 550	1 630
Deferred income tax liabilities	9	**446**	429	412
Retirement benefit obligations	17	**179**	87	34
Provisions	18	**24**	22	18
Derivative financial instruments	19	**19**	26	2
Current liabilities		**787**	442	470
Trade and other payables	20	**431**	335	288
Borrowings	16	**317**	68	95
Provisions	18	**19**	24	20
Retirement benefit obligations	17	**9**	1	1
Derivative financial instruments	19	**1**	1	–
Current income tax liabilities		**10**	13	66
Total liabilities		**2 979**	2 556	2 566
Total equity and liabilities		**6 549**	4 396	4 005

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

D Meintjes
Chief Executive Officer

CI Tingle
Chief Financial Officer

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2016

	Notes	GROUP 2016 £'m	GROUP (Restated) 2015 £'m
Revenue		**2 107**	1 977
Cost of sales	21	**(1 264)**	(1 184)
Administration and other operating expenses	21	**(554)**	(472)
Other gains and losses	22	**(1)**	24
Operating profit		**288**	345
Finance income		**9**	6
Finance cost	23	**(58)**	(85)
Share of profit of equity accounted investments	7	**6**	–
Profit before tax		**245**	266
Income tax expense	24	**(55)**	(12)
Profit for the year		**190**	254
Attributable to:			
Equity holders of the Company		**177**	241
Non-controlling interests		**13**	13
		190	254
Earnings per ordinary share attributable to the equity holders of the Company – pence			
Basic	25	**29.6**	44.6
Diluted	25	**29.5**	43.8

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2016

	Notes	GROUP 2016 £'m	GROUP (Restated) 2015 £'m
Profit for the year		**190**	254
Other comprehensive income			
Items that may be reclassified to the income statement			
Currency translation differences	26	**92**	59
Fair value adjustment – cash flow hedges	26	**2**	(5)
		94	54
Items that may not be reclassified to the income statement			
Actuarial gains and losses	26	**(56)**	(31)
Other comprehensive income, net of tax	26	**38**	23
Total comprehensive income for the year		**228**	277
Attributable to:			
Equity holders of the Company		**224**	264
Non-controlling interests		**4**	13
		228	277

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

	Share capital (note 12) £'m	Capital redemption (note 12) £'m	Share premium reserve (note 12) £'m	Reverse acquisition reserve (note 12) £'m
Balance at 31 March 2014 (restated in £)	821	–	–	–
Profit for the year	–	–	–	–
Other comprehensive income/(loss) for the year	–	–	–	–
Total comprehensive income for the year	–	–	–	–
Shares issued	177	–	–	–
Share issue costs	(4)	–	–	–
Treasury shares purchased (Forfeitable Share Plan)	–	–	–	–
Share-based payment expense	–	–	–	–
Transactions with non-controlling shareholders	–	–	–	–
Dividends paid	–	–	–	–
Balance at 31 March 2015 (restated in £)	994	–	–	–
Profit for the year	**–**	**–**	**–**	**–**
Other comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**
Shares issued (August 2015)	**479**	**–**	**–**	**–**
Share issue costs (August 2015)	**(4)**	**–**	**–**	**–**
Reverse acquisition	**(1 402)**	**6**	**4 862**	**(3 014)**
Share subscription (February 2016)	**7**	**–**	**593**	**–**
Reduction of share premium	**–**	**–**	**(4 765)**	**–**
Utilised by the Mpilo Trusts	**–**	**–**	**–**	**–**
Treasury shares purchased (Forfeitable Share Plan)	**–**	**–**	**–**	**–**
Share-based payment expense	**–**	**–**	**–**	**–**
Transactions with non-controlling shareholders	**–**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**–**
Balance at 31 March 2016	**74**	**6**	**690**	**(3 014)**

Treasury shares (note 12) £'m	Share-based payment reserve (note 14) £'m	Foreign currency translation reserve (note 14) £'m	Hedging reserve (note 14) £'m	Retained earnings (note 13) £'m	GROUP Share-holders' equity £'m	Non-controlling interests (note 15) £'m	Total equity £'m
(21)	13	247	7	321	1 388	51	1 439
–	–	–	–	241	241	13	254
–	–	59	(5)	(31)	23	–	23
–	–	59	(5)	210	264	13	277
–	–	–	–	–	177	–	177
–	–	–	–	–	(4)	–	(4)
(1)	–	–	–	–	(1)	–	(1)
–	1	–	–	–	1	–	1
–	–	–	–	1	1	4	5
–	–	–	–	(47)	(47)	(7)	(54)
(22)	14	306	2	485	1 779	61	1 840
–	**–**	**–**	**–**	**177**	**177**	**13**	**190**
–	**–**	**101**	**2**	**(56)**	**47**	**(9)**	**38**
–	**–**	**101**	**2**	**121**	**224**	**4**	**228**
–	**–**	**–**	**–**	**–**	**479**	**–**	**479**
–	**–**	**–**	**–**	**–**	**(4)**	**–**	**(4)**
–	**–**	**–**	**–**	**(6)**	**446**	**–**	**446**
–	**–**	**–**	**–**	**–**	**600**	**–**	**600**
–	**–**	**–**	**–**	**4 765**	**–**	**–**	**–**
21	**–**	**–**	**–**	**–**	**21**	**–**	**21**
(1)	**–**	**–**	**–**	**–**	**(1)**	**–**	**(1)**
–	**10**	**–**	**–**	**–**	**10**	**–**	**10**
–	**–**	**–**	**–**	**3**	**3**	**3**	**6**
–	**–**	**–**	**–**	**(48)**	**(48)**	**(7)**	**(55)**
(2)	**24**	**407**	**4**	**5 320**	**3 509**	**61**	**3 570**

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

	Notes	GROUP 2016 £'m Inflow/ (outflow)	GROUP (Restated) 2015 £'m Inflow/ (outflow)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash received from customers		**2 078**	1 980
Cash paid to suppliers and employees		**(1 667)**	(1 540)
Cash generated from operations	27.1	**411**	440
Interest received		**9**	6
Interest paid	27.2	**(55)**	(57)
Tax paid	27.3	**(45)**	(52)
Net cash generated from operating activities		**320**	337
CASH FLOW FROM INVESTMENT ACTIVITIES		**(1 549)**	(257)
Investment to maintain operations	27.4	**(72)**	(68)
Investment to expand operations	27.5	**(114)**	(124)
Business combinations	28	**(17)**	(81)
Al Noor Hospitals Group plc shares repurchased	28	**(530)**	–
Special dividend to existing Al Noor Hospitals Group plc shareholders	28	**(383)**	–
Proceeds on disposal of property, equipment and vehicles	27.6	**1**	5
Disposal of subsidiary	30	**–**	3
Acquisition of investment in associate	29	**(446)**	–
Dividends received from equity accounted investment		**2**	–
Proceeds from money market fund		**10**	–
Insurance proceeds		**–**	9
Loans advanced		**–**	(1)
Net cash (utilised)/generated before financing activities		**(1 229)**	80
CASH FLOW FROM FINANCING ACTIVITIES		**1 242**	(23)
Proceeds of shares issued	12	**479**	177
Share issue costs	12	**(4)**	(4)
Share subscription (February 2016)	12	**600**	–
Distributions to non-controlling interests	15	**(7)**	(7)
Distributions to shareholders	27.7	**(48)**	(47)
Proceeds from borrowings		**302**	279
Repayment of borrowings		**(85)**	(417)
Refinancing transaction costs		**(6)**	(7)
Settlement of Al Noor Hospitals Group plc share option scheme		**(2)**	–
Shares purchased (Forfeitable Share Plan)		**(1)**	(1)
Proceeds from disposal of treasury shares		**12**	–
Acquisition of non-controlling interest		**(2)**	–
Proceeds on disposal of non-controlling interest		**4**	4
Net increase in cash and cash equivalents		**13**	57
Opening balance of cash and cash equivalents		**265**	198
Exchange rate fluctuations on foreign cash		**27**	10
Closing balance of cash and cash equivalents	27.8	**305**	265

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 March 2016

1. DESCRIPTION OF BUSINESS

Mediclinic International plc is a private hospital Group with three 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group 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.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed in note 4.

Functional and presentation currency

The financial statements and financial information are presented in pound sterling, rounded to the nearest million. The functional currency of the majority of the Group's entities, and the currencies of the primary economic environments in which they operate, is the South African rand, Swiss franc and United Arab Emirates dirham. The United Arab Emirates dirham is pegged against the United States dollar at a rate of 3.6725 per US dollar. Due to the reverse acquisition which occurred during the financial year, the Group's presentation currency changed from the South African rand in 2015 to pound sterling in 2016. A change in presentational currency is a change in accounting policy which is accounted for retrospectively. Financial information reported in rand in the prior year's financial statements has been translated to sterling using the procedures outlined below:

- Assets and liabilities were translated at the closing sterling rates;
- Income and expenses were translated at average sterling exchange rates; and
- Differences resulting from retranslation have been recognised in the foreign currency translation reserve.

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

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

The following reclassifications have been made to the consolidated income statement:

1) The mark-to-market loss of £19m relating to the ineffective cash flow hedge has been reclassified from other gains or losses to finance cost as the ineffective portion of the hedge should match the classification of the hedged item.

2) Operating profit includes other gains of £24m. Previously it was shown below operating profit to present the income statement by function in terms of IAS 1.

3) Depreciation and amortisation of £68m and £17m has been included in cost of sales and administration and other operating expenses respectively (refer to note 21) in order to present the income statement by function in terms of IAS 1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following reclassification has been made to the statement of financial position:

The UAE end of service benefit obligation of £15m was reclassified from provisions to retirement benefit obligations (refer to note 17).

The table below shows the impact on the consolidated income statement and statement of financial position:

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

Going concern

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

Implementation of new accounting standards

The adoption of new and revised accounting standards during the year had no impact on the reported results or financial position of the Group. Refer to note 34 for new accounting standards and amendments which has been issued but is not yet effective.

2.2 Consolidation and equity accounting

a) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition until control is lost.

Adjustments to the financial statements of subsidiaries are made when necessary to bring their accounting policies in line with those of the Group.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transactions which result in changes in ownership levels, where the company has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Reverse acquisition accounting

On 14 October 2015, the board of directors of Al Noor Hospitals Group plc and the independent board of directors of Mediclinic International Limited announced that they had reached an agreement on the terms of a recommended combination of their respective businesses (the "Combination"). Given the relative size of Al Noor and Mediclinic, the Combination has been classified as a reverse takeover in terms of IFRS 3, based on the analysis of the voting rights after the combination and the composition of the Board of directors. For the purpose of the Listing Rules of the UK Listing Authority, the Combination was also classified as a reverse takeover.

On 15 February 2016, the entire share capital of Mediclinic International Limited was acquired by Al Noor Hospitals Group plc pursuant to the Mediclinic Scheme. Al Noor Hospitals Group plc acquired all of the Mediclinic Shares that were not repurchased and cancelled by Mediclinic in the Repurchase Option. Mediclinic Shareholders were entitled to receive 0.62500 new shares for every Mediclinic share held.

Al Noor Hospitals Group plc has remained the holding company of the Enlarged Group and has been renamed to "Mediclinic International plc". Mediclinic International plc wholly owns the Al Noor Hospitals Group and the Mediclinic Group, as well as the 29.9% interest in Spire Healthcare plc, which was acquired by Mediclinic International Limited in August 2015.

Accordingly, these consolidated financial statements are issued in the name of Mediclinic International plc (previously Al Noor Hospitals Group plc), but are a continuation of the consolidated financial statements of Mediclinic International Limited. In accordance with IFRS 3 Business Combinations, the financial statements of Mediclinic International Limited, including comparative information, have been retrospectively adjusted to reflect the legal capital position of Mediclinic International plc. For further details, refer to note 28.

A capital redemption reserve and a reverse acquisition reserve were created (refer to note 12).

Al Noor's results have been consolidated in the consolidated financial statements from the effective date of the acquisition, 15 February 2016.

b) Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt that are amortised as part of the effective interest and costs to issue equity, which are included in equity.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition conditions of IFRS 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal company) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-for-sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-controlling interests arising from a business combination, which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRSs.

In cases where the Company held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the company at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

c) Investment in associate

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement. Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Investment in joint venture

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures. Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

Consistent with internal reporting, the Group's segments are identified as Mediclinic Southern Africa, Mediclinic Switzerland, Mediclinic Middle East, equity investment in the United Kingdom and corporate. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions. The Executive Committee comprises the executive directors and other senior management.

2.4 Property, equipment and vehicles

Land and buildings comprise mainly hospitals and offices. All property, equipment and vehicles are shown at cost less subsequent depreciation and impairment, except for land, which is shown at cost less impairment. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

- Buildings: 10 – 100 years
- Leasehold improvements: 10 years or over the lease contract if shorter
- Equipment: 3 – 10 years
- Furniture and vehicles: 3 – 8 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Profit or loss on disposals is determined by comparing proceeds with carrying amounts. These are included in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets

a) Trade names

Trade names that are deemed to have an indefinite useful life are carried at cost less accumulated impairment losses. Trade names that are deemed to have a finite useful life are capitalised at the cost to the Group and amortised on the straight-line basis over its estimated useful lifetime of 15 to 20 years. No value is placed on internally developed trade names. Expenditure to maintain trade names is accounted for against income as incurred.

b) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition and the fair value of the non-controlling interest in the subsidiary. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates and joint ventures is included in investments in associates and joint ventures. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or Groups of CGUs that are expected to benefit from business combinations in which goodwill arose. CGUs have been defined as the operating platforms.

c) Computer software

Acquired computer software licences and internally developed software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (1 – 5 years). Costs associated with maintaining computer software programmes or development expenditure that does not meet the recognition criteria are recognised as an expense as incurred.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The recoverable amount is calculated by estimating future cash benefits that will result from each asset and discounting those cash benefits at an appropriate discount rate. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows – CGUs. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets and financial assets at fair value through profit and loss. The classification depends on the purpose for which the asset was acquired. Management determines the classification of its investments at initial recognition.

Purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not subsequently carried at fair value through profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest rate method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments available-for-sale

Other long-term investments are classified as available-for-sale and are included within non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. These investments are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised in other comprehensive income in the period in which they arise. When available-for-sale investments are either sold or impaired, the accumulated fair value adjustments are realised and included in profit or loss.

Financial assets at fair value through profit and loss

These instruments, consisting of financial instruments held-for-trading and those designated at fair value through profit and loss at inception, are carried at fair value. Derivatives are also classified as held-for-trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised in the income statement in the period in which they arise.

Impairment

At each reporting date the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that loss has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include indications that the receivables or a group of receivables is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. In the case of available-for-sale financial assets, a significant or prolonged decline in the fair value of the asset below its cost is considered an indicator that the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other comprehensive income and recognised in the income statement.

Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

2.8 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts, the legal enforceable right is not contingent of a future event and is enforceable in the normal course of business even in the event of default, bankruptcy and insolvency, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Inventories

Inventories are valued at the lower of cost, determined on the weighted average method, or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Trade and other receivables

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset’s carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the income statement.

2.11 Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and cash on hand and are classified as loans and receivables. Bank overdrafts are classified as financial liabilities at amortised cost and are disclosed as part of borrowings in current liabilities in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Hedges of a particular risk associated with a recognised liability or a highly probable forecast transaction is designated as a cash flow hedge. The Group uses interest rate swaps as cash flow hedges.

The Group documents, at inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 19. The hedging reserve in shareholders' equity is shown in note 14. On the statement of financial position hedging derivatives are not classified based on whether the amount is expected to be recovered or settled within, or after, 12 months. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedge relationship is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedge relationship is less than 12 months.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that is designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in other comprehensive income are recycled to the income statement in the periods when the hedged item affects profit or loss (for example, when the interest expense on hedged variable rate borrowings is recognised in profit and loss).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

2.13 Share capital

Ordinary shares are classified as equity. Shares in the Company held by wholly-owned Group companies are classified as treasury shares and are held at cost.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

2.14 Treasury shares

Treasury shares are deducted from equity until the shares are cancelled, reissued or disposed of. No gains or losses are recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. All consideration paid or received for treasury shares is recognised directly in equity.

2.15 Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Accounts payable is classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs are expensed when incurred, except for borrowing costs directly attributable to the construction or acquisition of qualifying assets. Borrowing cost directly attributable to the construction or acquisition of qualifying assets is added to the cost of those assets, until such time as the assets are substantially ready for their intended use. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

2.18 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liabilities where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Employee benefits

a) Retirement benefit costs

The Group provides defined benefit and defined contribution plans for the benefit of employees, the assets of which are held in separate trustee administered funds. These plans are funded by payments from the employees and the Group, taking into account recommendations of independent qualified actuaries.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to make further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due.

Defined benefit plans

A defined benefit plan is a plan that is not a defined contribution plan. This plan defines an amount of pension benefit an employee will receive on retirement, dependent on one or more factors such as age, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognised immediately in the income statement. A net pension asset is recorded only to the extent that it does not exceed the present value of any economic benefit available in the form of reductions in future contributions to the plan, and any unrecognised actuarial losses and past service costs. The annual pension costs of the Group's benefit plans are charged to the income statement.

Incurred interest costs/income on the defined benefit obligations are recognised as wages and salaries.

b) Post-retirement medical benefits

Some Group companies provide for post-retirement medical contributions in relation to current and retired employees. The expected costs of these benefits are accounted for by using the projected unit credit method. Under this method, the expected costs of these benefits are accumulated over the service lives of the employees. Valuation of these obligations is carried out by independent qualified actuaries. All actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

c) Share-based compensation

The Group operates a equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

d) Profit sharing and bonus plans

The Group recognises a liability and an expense where a contractual obligation exist for short-term incentives. The amounts payable to employees in respect of the short-term incentive schemes are determined based on annual business performance targets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Revenue recognition

Revenues are measured at the fair value of the consideration that has been received or is to be received and represent the amounts that can be received for services in the regular course of business when the significant risks and rewards of ownership have been transferred or services have been rendered. Discounts, sales taxes and other taxes associated with the revenues have to be deducted.

Revenue primarily comprises fees charged for inpatient and outpatient hospital services. Services include charges for accommodation, theatre, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used. Revenue is recorded and recognised during the period in which the hospital service is provided, based upon the amounts due from patients and/or medical funding entities. Fees are calculated and billed based on various tariff agreements with funders.

Discounts comprise retrospective volume discounts granted to certain customers on attainment of certain levels of purchases from the Group. These are accrued over the course of the arrangement based on estimates of the level of business expected and are adjusted at the end of the arrangement to reflect actual volumes.

In Switzerland, medical services can on occasion be charged based on provisional tariffs as delays can occur in the agreement of tariffs between providers (including the Group) and funders. When tariffs have not yet been agreed, tariff provisions are recognised as adjustments in revenue to reflect any uncertainty about collectibility of amounts invoiced. Revenue continues to be recognised in these circumstances as the Group has developed significant historical experience of continuing to collect revenue for delivered services where tariff negotiations have not concluded with all relevant authorities. However, a tariff provision will be recorded when the Group identifies any uncertainty around collection of amounts invoiced for delivered services and it is probable that an outflow of resources will be required, which can be reliably estimated. The provision is calculated on the basis of historical experience of outcomes to negotiations between providers and funders and this historical experience is subject to regular reassessment based on the actual outcome to tariff negotiations.

Other revenues earned are recognised on the following bases:

a) Interest income

Interest income is recognised on a time-proportioned basis using the effective interest rate method.

b) Rental income

Rental income, which is insignificant, is recognised on a straight-line basis over the term of the lease.

With the exception of interest income, all the items above are presented as revenue.

2.21 Cost of sales

Cost of sales consists of the cost of inventories, including obsolete stock, which have been expensed during the year, together with personnel costs and related overheads which are directly attributable to the provision of services, but excludes depreciation and amortisation.

2.22 Leased assets

Leases of property, equipment and vehicles where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in interest-bearing borrowings. The interest element of the finance charges is charged to the income statement over the lease period. The property, equipment and vehicles acquired under finance leasing contracts are depreciated over the useful lives of the assets or the term of the lease agreement if shorter and transfer of ownership at the end of the lease period is uncertain.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.23 Dividend distribution

Dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Foreign currency transactions

Transactions and balances

Transactions in foreign currencies are translated to the functional currency at the rates of exchange ruling on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income. Foreign exchange gains and losses are presented in the income statement within 'Administration and other operating expenses'.

Group entities

The results and financial position of all foreign operations that have a functional currency that is different from the Group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date.
- Income and expenses for each income statement are translated at average exchange rates for the year.
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation exchange differences arising from the translation of the net investment in foreign operations are taken directly to other comprehensive income. Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at closing rates at the reporting date.

2.25 Exchange rates

The Group uses the average of exchange rates prevailing during the period to translate the results and cash flows of overseas subsidiaries, the joint venture and associated undertakings into pound sterling and period end rates to translate the net assets of those undertakings. The following exchange rates were applicable during the period:

	2016	2015
Average rates:		
Swiss franc	**1.47**	1.50
UAE dirham	**5.54**	5.92
South African rand	**20.73**	17.82
Period end rates:		
Swiss franc	**1.38**	1.44
UAE dirham	**5.28**	5.43
South African rand	**21.21**	18.02

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

In respect of the Group's financial instruments, normal business activities expose the Group to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance.

a) Market risk

i) Currency risk

Investments in foreign operations

The Group has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies. Changes in the pound sterling/Swiss franc, pound sterling/UAE dirham and pound sterling/South African rand exchange rate over a period of time result in increased/decreased earnings. Other than the Group's earnings and payment of dividends which are presented and declared in Sterling and thus exposed to currency risk, the Group is not significantly exposed to currency risk since the operating platforms predominantly operates in its local currency (including its debt).

In the case of corporate offshore transactions and or cross-border business combinations, generally forward cover contracts are considered or taken out to minimise foreign currency risk. Currently there are no forward cover contracts in place.

3. FINANCIAL RISK MANAGEMENT (continued)

The impact of a 10% change in the pound sterling/Swiss franc, pound sterling/South African rand and the pound sterling/UAE dirham exchange rates for a sustained period of one year is:

- profit for the period would increase/decrease by £11m (2015: increase/decrease by £12m) due to exposure to the GBP/Swiss franc exchange rate;
- profit for the period would increase/decrease by £6m (2015: increase/decrease by £4m) due to exposure to the GBP/UAE dirham exchange rate;
- profit for the period would increase/decrease by £7m (2015: increase/decrease by £10m) due to exposure to the GBP/South African rand exchange rate;
- foreign currency translation reserve would increase/decrease by £112m (2015: increase/decrease by £106m) due to exposure to the GBP/Swiss franc exchange rate; and
- foreign currency translation reserve would increase/decrease by £24m (2015: increase/decrease by £20m) due to exposure to the GBP/UAE dirham exchange rate.
- foreign currency translation reserve would increase/decrease by £12m (2015: increase/decrease by £10m) due to exposure to the GBP/South African rand exchange rate.

ii) Interest rate risk

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

The Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term borrowings at floating rates and swaps them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's:

- profit for the period would increase/decrease by £3m (2015: increase/decrease by £1m). This is mainly attributable to the Group's exposure to interest rates on its unhedged variable rate borrowings and cash.

iii) Other price risk

The Group is not materially exposed to commodity or any other price risk.

b) Credit risk

Financial assets that potentially subject the Group to concentrations of credit risk consist principally of cash, short-term deposits and trade and other receivables and derivative financial contracts. The Group's cash equivalents and short-term deposits, are placed with quality financial institutions with a high credit rating. Trade receivables are represented net of the allowance for doubtful receivables. Credit risk with respect to trade receivables is limited due to the large number of customers comprising the Group's customer base, which consists mainly of medical schemes and insurance companies. The financial condition of these clients in relation to their credit standing is evaluated on an ongoing basis. Medical schemes and insurance companies are forced to maintain minimum reserve levels. The policy for patients that do not have a medical scheme or an insurance company paying for the Group's service, is to require a preliminary payment instead. The Group does not have any significant exposure to any individual customer or counterparty.

The Group is exposed to credit-related losses in the event of non-performance by counterparties to hedging instruments. The counterparties to these contracts are major financial institutions. The Group monitors its positions and limits the extent to which it enters into contracts with any one party.

The carrying amounts of financial assets included in the statement of financial position represents the Group's maximum exposure to credit risk in relation to these assets. At 31 March 2015 and 31 March 2016, the Group did not consider there to be a significant concentration of credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) for the year ended 31 March 2016

3. FINANCIAL RISK MANAGEMENT (continued)

c) Liquidity risk

The Group manages liquidity risk by monitoring cash flow forecasts to ensure that it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Given that the Group has bank facilities in place which expires during 2019/2020, the Group did not consider there to be a significant concentration of liquidity risk.

	2016 £'m	2015 £'m
The Group's unused overdraft facilities are:	**88**	94

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the required date of repayment. The table includes both interest and principal cash flows. The analysis of derivative financial instruments has been drawn up based on undiscounted net cash inflows/(outflows) that settle on a net basis.

Financial liabilities	**Carrying value**	**Contractual cash flows £'m**	**0 – 12 months £'m**	**1 – 5 years £'m**	**Beyond 5 years £'m**
31 March 2016					
Interest-bearing borrowings	**1 841**	**2 025**	**358**	**1 597**	**70**
Derivative financial instruments	**20**	**20**	**8**	**12**	**–**
Trade payables	**200**	**200**	**200**	**–**	**–**
Other payables and accrued expenses	**169**	**169**	**169**	**–**	**–**
31 March 2015					
Interest-bearing borrowings	1 618	1 774	103	605	1 066
Derivative financial instruments	27	28	8	20	–
Trade payables	157	157	157	–	–
Other payables and accrued expenses	120	120	120	–	–

3.2 Fair value of financial instruments

The fair value of financial assets and liabilities are determined as follows:

a) Cash and cash equivalents, trade and other receivables: The carrying amounts reported in the statement of financial position approximate fair values because of the short-term maturities of these amounts.

b) Borrowings and trade and other payables: The carrying amounts reported in the statement of financial position approximate fair values determined on the basis of a discounted cash flow methodology.

c) Financial assets at fair value through profit and loss: The fair value of these financial instruments is derived from quoted prices in active markets for identical assets.

d) Derivative financial instruments: Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

e) Available-for-sale financial assets: The carrying amounts reported in the statement of financial position are determined based on an appropriate valuation methodology.

Financial instruments that are measured at fair value in the statement of financial position, are disclosed by level of the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Input (other than quoted prices included within level 1) that is observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – Input for the asset or liability that is not based on observable market data (unobservable input).

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, retained earnings and other reserves and non-controlling interest as disclosed in notes 12, 13, 14 and 15 respectively. The Group's Audit and Risk Committee reviews the going concern status and capital structure of the Group annually. The Group balances its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The debt-to-adjusted capital ratios at 31 March 2016 and 31 March 2015 were as follows:

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

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Estimated impairment of goodwill and intangible asset

The Group tests annually whether goodwill and the indefinite useful life intangible asset, resulting from the Al Noor and Swiss acquisitions, have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates in respect of growth and discount rates and it assumes a stable regulatory environment. Regulatory environments are subject to uncertainties. The uncertainties in the regulatory environments can have an impact on the recoverability of the goodwill and the intangible asset's recoverable amount. Refer to note 6.

b) Retirement benefits

The cost of defined benefit pension plans, post-retirement medical benefit liability obligations, and UAE end of service obligations are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 17.

c) Property, equipment and vehicles

The estimation of the useful lives of property, equipment and vehicles is based on historical performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. These depreciation rates represent management's current best estimate of the useful lives and residual values of the assets.

For a private hospital it is fundamentally important that the earnings potential of a building is maintained on a permanent basis. The Group therefore follows a structured maintenance programme with regard to hospital buildings with the specific goal to prolong the useful lifetime of these buildings.

d) Provision for tariff risks

Provisions were raised for risks related to Swiss tariff risk, including historic tariff disputes at various Swiss hospitals. The provisions are determined by management and represent an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 18. Tariff provisions are charged or released to revenue in the income statement.

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

e) Purchase price allocation

Critical accounting estimates and assumptions were made in the purchase price allocation of the Al Noor acquisition in accordance with IFRS 3, Business Combinations. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The fair value of an asset or liability represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. We used an independent valuer to assist in the valuation of Al Noor's opening balance sheet.

The more material estimates and assumptions relate mainly to the identification and valuation of intangible assets and the determination of the useful lives of these assets. The valuation of the identified intangible assets uses assumptions relating to future cash flows and discount rates which are based on forecasts and are therefore inherently judgemental. The key judgements applied were as follows:

- The trademarks acquired were measured by applying the Relief From Royalty (RFR) methodology. RFR estimates the value of the trademark based on amounts an unrelated party will pay as a percentage of revenue for use of the trade mark. A royalty factor has been applied based on comparable transactions. The selected royalty factor reflects that the Al Noor trademark is specific to the Abu Dhabi market; and
- Certain favourable lease terms were identified in the acquired business, resulting from fixed rental terms that extend beyond a five-year period. The identified intangible asset has been estimated as the difference between the present value of the existing contractual rent schedule and the lease schedule using current market prices, discounted to present value.

The purchase price allocation exercise considered whether any other intangible assets should be identified, including consideration of customer contracts and non-contractual relationships. However, no other material assets were separately identifiable.

The excess of the consideration over the fair value of the net identifiable assets acquired has been recorded as goodwill. The relative proportion of identified intangible assets to goodwill was also considered and was benchmarked to other transactions in the healthcare sector. Goodwill represents benefits from Al Noor's geographic footprint and expansion opportunities, synergies from a combined business in the UAE and a skilled workforce assembled at the operating facilities.

In addition, a fair value exercise was undertaken for all of the other assets and liabilities acquired as a result of the transaction in order to ensure completeness of liabilities in the opening balance sheet for all contractual and other obligations and to ensure that all assets are stated at their recoverable amounts. An exercise was also undertaken to conform the Al Noor business to the accounting policies of the Group.

The purchase price allocation for the Al Noor transaction remains provisional at 31 March 2016 as the Group has one year from the acquisition date to re-measure the fair values of the acquired assets and liabilities and resulting goodwill if new information is obtained relating to conditions that existed at the acquisition date.

f) Income taxes

The Group has tax losses and other deductible temporary differences that have the potential to reduce tax payments in future years. Deferred tax assets are only recognised to the extent that their recovery is probable, having regard to the projected future taxable income of these entities and after taking into account specific risk factors that affect the recovery of these assets. Management uses the same profit projections for these purposes as are used by the business, for example in assessing the carrying value of goodwill. Management's judgement in this area is applied on a case-by-case basis due to the jurisdictional nature of taxation. This analysis is considered afresh at each balance sheet date.

		GROUP	
		2016	2015
		£'m	£'m
5.	**PROPERTY, EQUIPMENT AND VEHICLES**		
	Land – cost	**819**	778
	Buildings	**1 952**	1 869
	Cost	**2 119**	1 998
	Accumulated depreciation	**(166)**	(127)
	Accumulated impairment	**(1)**	(2)
	Land and buildings	**2 771**	2 647
	Equipment	**251**	200
	Cost	**610**	488
	Accumulated depreciation	**(359)**	(288)
	Furniture and vehicles	**46**	39
	Cost	**169**	140
	Accumulated depreciation	**(123)**	(101)
	Subtotal	**3 068**	2 886
	Capital expenditure in progress	**131**	99
		3 199	2 985

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) for the year ended 31 March 2016

5. PROPERTY, EQUIPMENT AND VEHICLES (continued)

	Land and buildings £'m	Capital expen-diture in progress £'m	Equipment £'m	Furniture and vehicles £'m	Total £'m
At 1 April 2014					
Cost	2 646	62	419	118	3 245
Accumulated depreciation	(103)	–	(243)	(82)	(428)
Net book value	2 543	62	176	36	2 817
Year ended 31 March 2015					
Net opening book value	2 543	62	176	36	2 817
Capital expenditure	55	48	54	20	177
Business combinations	1	–	7	1	9
Exchange differences	61	–	3	–	64
Disposals	(2)	–	–	–	(2)
Prior year capital expenditure completed	11	(11)	–	–	–
Impairment losses*	(2)	–	–	–	(2)
Depreciation per income statement	(20)	–	(40)	(18)	(78)
Net closing book value	2 647	99	200	39	2 985
At 31 March 2015					
Cost	2 776	99	488	140	3 503
Accumulated depreciation	(127)	–	(288)	(101)	(516)
Accumulated impairment	(2)	–	–	–	(2)
Net book value	2 647	99	200	39	2 985
Year ended 31 March 2016					
Net opening book value	**2 647**	**99**	**200**	**39**	**2 985**
Capital expenditure	**40**	**47**	**71**	**19**	**177**
Exchange differences	**76**	**(13)**	**(4)**	**1**	**60**
Disposals	**–**	**–**	**–**	**–**	**–**
Business combinations	**15**	**16**	**25**	**5**	**61**
Prior year capital expenditure completed	**18**	**(18)**	**–**	**–**	**–**
Depreciation per income statement	**(25)**	**–**	**(41)**	**(18)**	**(84)**
Net closing book value	**2 771**	**131**	**251**	**46**	**3 199**
At 31 March 2016					
Cost	**2 938**	**131**	**610**	**169**	**3 848**
Accumulated depreciation	**(166)**	**–**	**(359)**	**(123)**	**(648)**
Accumulated impairment	**(1)**	**–**	**–**	**–**	**(1)**
Net book value	**2 771**	**131**	**251**	**46**	**3 199**

* *An impairment charge was booked after the earnings potential of the original part of the Mediclinic Vergelegen Hospital building was significantly affected after a flood caused damage to the building.*

	GROUP 2016 £'m	GROUP 2015 £'m
5. PROPERTY, EQUIPMENT AND VEHICLES (continued)		
Total additions	**177**	177
To maintain operations	**63**	53
To expand operations	**114**	124

Property, equipment and vehicles with a book value of £2 508m (2015: £2 410m) are encumbered as security for borrowings (see note 16).

Included in equipment is capitalised finance lease equipment with a book value of £1m (2015: £1m).

	Lease* £'m	Software and IT projects £'m	Trade names £'m	Goodwill £'m	Total £'m
6. INTANGIBLE ASSETS					
At 1 April 2014					
Cost	–	19	287	228	534
Accumulated amortisation and impairment	–	(9)	(2)	–	(11)
Net book value	–	10	285	228	523
Year ended 31 March 2015					
Net opening book value	–	10	285	228	523
Amortisation charge	–	(5)	(2)	–	(7)
Additions	–	15	–	–	15
Business combinations	–	1	12	63	76
Exchange differences	–	–	17	18	35
Net closing book value	–	21	312	309	642
At 31 March 2015					
Cost	–	35	316	309	660
Accumulated amortisation and impairment	–	(14)	(4)	–	(18)
Net book value	–	21	312	309	642
Year ended 31 March 2016					
Net opening book value	**–**	**21**	**312**	**309**	**642**
Amortisation charge	**–**	**(7)**	**(2)**	**–**	**(9)**
Additions	**–**	**9**	**–**	**–**	**9**
Business combinations	**24**	**8**	**33**	**1 189**	**1 254**
Exchange differences	**–**	**–**	**11**	**20**	**31**
Net closing book value	**24**	**31**	**354**	**1 518**	**1 927**
At 31 March 2016					
Cost	**24**	**54**	**358**	**1 518**	**1 954**
Accumulated amortisation and impairment	**–**	**(23)**	**(4)**	**–**	**(27)**
Net book value	**24**	**31**	**354**	**1 518**	**1 927**

* *Relates to a favourable lease contracts on buildings. The leases are characterised by fixed annual rent without annual rent escalations for most part of the contract.*

6. INTANGIBLE ASSETS (continued)

Impairment testing of significant goodwill balances and indefinite useful life trade name

The carrying amounts of significant goodwill and Swiss indefinite life trade names is considered annually for impairment testing. The impairment tests are based on value-in-use calculations. These calculations use cash flow projections based on financial budgets covering a five-year period. The discount rates used reflect specific risks related to the hospital industry. These calculations indicate that there was no impairment in the carrying value of goodwill balances and the Swiss trade names.

	GROUP	
	2016	2015
	£'m	£'m
Carrying amount of Al Noor goodwill	**1 197**	–
Carrying amount of Swiss goodwill	**278**	267
Carrying amount of Swiss indefinite life trade names	**309**	297

Impairment testing of Al Noor goodwill

The Al Noor goodwill comprises four CGUs and the key assumptions for the impairment testing are the same.

Key assumptions used for the value-in-use calculations for the annual impairment testing were as follows:

Future earnings is based on budgets and forecasts that represents management best view of future admissions, tariffs and patient mix and includes savings relating to operational and capital expenditures.

Discount rates – discount rates reflect management's estimate of the time value and the risks associated with the Al Noor business. The weighted average cost of capital (WACC) has been determined by considering the respective debt and equity costs and ratios. The discount rate applied to cash flow projections is 7.8%.

Growth rates – growth rates are based on budgeted figures and management's estimates. The estimated figures assume a stable regulatory and tariff environment. Cash flows beyond the five-year period are extrapolated using a 2.5% growth rate.

Sensitivity analysis – for the goodwill, the recoverable amount calculated based on value in use exceeded the carrying value by approximately £292m. A fall in growth rate to 1.9% (which will also include the possible effect of changes in budgeted margins) or a rise in discount rate to 8.3% would remove the remaining headroom.

Impairment testing of Swiss goodwill and indefinite life trade names

Key assumptions used for the value-in-use calculations for the annual impairment testing were as follows:

Discount rates – discount rates reflect management's estimate of the time value and the risks associated with the Swiss business. The weighted average cost of capital (WACC) has been determined by considering the respective debt and equity costs and ratios. The pre-tax discount rate applied to cash flow projections is 4.7% (2015: 5.8%).

Growth rates – growth rates are based on budgeted figures and management's estimates. The estimated figures assume a stable regulatory and tariff environment. Cash flows beyond the five-year period are extrapolated using a 1.6% (2015: 1.6%) growth rate.

Sensitivity analysis – for the goodwill, the recoverable amount calculated based on value in use exceeded the carrying value by approximately £1 212m (2015: £326m). A fall in growth rate to 0.3% (2015: 1.1%) (which will also include the possible effect of changes in budgeted margins) or a rise in discount rate to 5.8% (2015: 6.2%) would remove the remaining headroom.

	GROUP 2016 £'m	2015 £'m
7. EQUITY ACCOUNTED INVESTMENTS		
Investment in associates	**452**	–
Investment in joint venture	**3**	4
	455	4
7.1 Investment in associates		
Listed investment	**451**	–
Unlisted investment	**1**	–
	452	–
Reconciliation of carrying value at the beginning and end of the period		
Listed investment		
Total cost of equity investment (note 29)	**447**	–
Share of profit of associated company	**6**	–
Dividend received from associated company	**(2)**	–
	451	–

Set out below are details of the associate which is material to the Group:

Name of entity	**Country of incorporation and place of business**	**% ownership**
Spire Healthcare Group plc	United Kingdom	29.9%

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

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

Summarised financial information in respect of the Group's material associate is set out below.

Summarised statement of financial position	**As at 31 Dec 2015 £'m**
Current assets	**243**
Non-current assets	**1 415**
Total assets	**1 657**
Current liabilities	**(113)**
Non-current liabilities	**(547)**
Net assets	**998**
Mediclinic's effective interest	**29.9%**
Mediclinic's effective interest in net assets	**298**
Goodwill purchase adjustment	**153**
Total carrying value of equity investment	**451**
Market value of listed investment at 31 March 2016	**431**

Although the market value of the investment is below the carrying value at 31 March 2016, management has concluded that no impairment exists. The market value of the investment has not been at a level below its cost for a prolonged period and the shortfall is not considered to be significant.

		As at 31 Dec 2015 £'m
7.	**EQUITY ACCOUNTED INVESTMENTS (continued)**	
	Summarised statement of comprehensive income	
	Revenue	885
	Profit from continuing operations	60
	Other comprehensive income	–
	Total comprehensive income	60

	GROUP 2016 £'m	GROUP 2015 £'m
Unlisted investment		
Opening balance	–	–
Share in current year profits/(losses)	–	–
Additional amounts invested	1	–
Exchange differences	–	–
	1	–

The aggregate information of the associate that is not individually material:

	GROUP 2016 £'m	GROUP 2015 £'m
The Group's share of profit (loss)*	–	–
The Group's share of other comprehensive loss*	–	–
The Group's share of total comprehensive loss*	–	–
Aggregate carrying amount of Group's investment in associate*	–	–

For the year ended 31 March 2016, the associate is accounted for by using its financial information for the 12 months ended 31 December 2015, since it has a different financial year end.

* *Amount is less than £1m.*

Refer to the annexure for further details of investments in associates.

		GROUP 2016 £'m	GROUP 2015 £'m
7.2	**Investment in joint venture**		
	Unlisted		
	Carrying value of investment in joint venture		
	Opening balance	4	4
	Share in current year losses*	–	–
	(Loans repaid)/Additional amounts invested*	–	–
	Exchange differences	(1)	–
		3	4

The aggregate information of joint venture that is not individually material:

	GROUP 2016 £'m	GROUP 2015 £'m
The Group's share of profit (loss)*	–	–
The Group's share of total comprehensive loss*	–	–
Aggregate carrying amount of Group's interest in this joint venture	3	4

For the year ended 31 March 2016, the joint venture is accounted for by using its financial information for the 12 months ended 31 December 2015, since it has a different financial year end.

* *Amount is less than £1m.*

Details of the joint venture appear in the Annexure.

	GROUP 2016 £'m	2015 £'m
8. OTHER INVESTMENTS AND LOANS		
Unlisted – no active market		
Loans and receivables*	**3**	4
Available-for-sale: Shares	**1**	1
	4	5
Other investments and loans are held in the following currencies:		
Swiss franc: CHF1m (2015: CHF2m)	**1**	1
South African rand	**3**	4
UAE dirham	**–**	–
	4	5

* *Supported by the underlying business's financial position, the credit quality of the loans is considered satisfactory.*

	GROUP 2016 £'m	2015 £'m
9. DEFERRED TAX		
The movement on the deferred tax account is as follows:		
Opening balance	**412**	395
Income statement charge for the year	**13**	12
Provision for the year	**13**	12
Tax rate changes	**–**	–
Business acquisitions	**–**	4
Exchange differences	**18**	11
Charged to other comprehensive income	**(13)**	(10)
Balance at the end of the year	**430**	412
Deferred income tax assets	**(16)**	(17)
Deferred income tax liabilities	**446**	429
	430	412

The deferred tax relating to current assets and current liabilities contain temporary differences that are most likely to realise in the next 12 months.

9. DEFERRED TAX (continued)

The deferred tax balance is comprised of temporary differences arising in separate legal entities. Offsetting has been applied on a legal entity basis. The table below shows the deferred tax balances and movements in the various categories before offsetting was applied:

	Tangible assets £'m	Intangible assets £'m	Financial assets £'m	Current assets £'m	Provisions and others £'m	Total £'m
Deferred tax liabilities						
At 1 April 2014	382	64	–	6	8	460
Charged/(credited) to the income statement	–	–	–	–	–	–
Charged/(credited) to other comprehensive income	–	–	–	–	–	–
Charged directly to equity	–	–	–	–	–	–
Exchange differences	10	3	–	–	–	13
Acquisition of subsidiary	–	4	–	–	1	5
At 31 March 2015	392	71	–	6	9	478
Set-off of deferred tax liabilities pursuant to set-off provisions						(49)
Net deferred tax liabilities at the end of the year						429
At 1 April 2015	**392**	**71**	**–**	**6**	**9**	**478**
Charged/(credited) to the income statement	**1**	**–**	**–**	**–**	**5**	**6**
Charged/(credited) to other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**
Charged directly to equity	**–**	**–**	**–**	**–**	**–**	**–**
Exchange differences	**16**	**2**	**–**	**–**	**1**	**19**
Acquisition of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**
At 31 March 2016	**409**	**73**	**–**	**6**	**15**	**503**
Set-off of deferred tax liabilities pursuant to set-off provisions						**(57)**
Net deferred tax liabilities at the end of the year						**446**

9. DEFERRED TAX (continued)

	Current assets £'m	Provisions and others £'m	Long-term liabilities £'m	Deriva-tives £'m	Tax losses carried forward £'m	Total £'m
Deferred tax assets						
At 1 April 2014	(1)	(7)	(7)	–	(52)	(67)
Charged/(credited) to the income statement	–	(1)	(2)	(4)	17	10
Charged/(credited) to other comprehensive income	–	–	(8)	(2)	–	(10)
Charged directly to equity	–	–	–	–	–	–
Exchange differences	(1)	–	(1)	1	–	(1)
Acquisition of subsidiary	–	–	2	–	–	2
At 31 March 2015	(2)	(8)	(16)	(5)	(35)	(66)
Set-off of deferred tax liabilities pursuant to set-off provisions						49
Net deferred tax assets at the end of the year						(17)
At 1 April 2015	**(2)**	**(8)**	**(16)**	**(5)**	**(35)**	**(66)**
Charged/(credited) to the income statement	**–**	**1**	**(1)**	**1**	**6**	**7**
Charged/(credited) to other comprehensive income	**–**	**–**	**(13)**	**–**	**–**	**(13)**
Charged directly to equity	**–**	**–**	**–**	**–**	**–**	**–**
Exchange differences	**–**	**–**	**(1)**	**–**	**–**	**(1)**
Acquisition of subsidiary	**–**	**–**	**–**	**–**	**–**	**–**
At 31 March 2016	**(2)**	**(7)**	**(31)**	**(4)**	**(29)**	**(73)**
Set-off of deferred tax liabilities pursuant to set-off provisions						**57**
Net deferred tax assets at the end of the year						**(16)**

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) for the year ended 31 March 2016

9. DEFERRED TAX (continued)

At 31 March 2016, the Group had unutilised tax losses of approximately £18m (2015: £14m) potentially available for offset against future profits. A deferred tax asset of £29m (2015: £35m) has been recognised in respect of gross losses based on profitability from approved budgets and business plans. No deferred tax asset has been recognised in respect of the remaining gross losses due to the unpredictability and availability of future profit streams in the relevant jurisdictions. The majority of the unrecognised losses relate to Switzerland, which expire after 7 years. Their utilisation is dependent upon the profitability of their entities. The financial projections used in assessing the future profitability are consistent with those used in assessing the carrying value of goodwill as set out in note 6. The rate of utilisation of these losses will occur at different rates due to the incidence and timing of profits within these entities which consequently impacts their recognition as deferred tax assets. In Switzerland, tax losses expire after 7 years, unused tax losses in Switzerland are as follows:

	GROUP	
	2016 £'m	2015 £'m
Unused tax losses not recognised as deferred tax assets		
Expiry in 1 year	**1**	1
Expiry in 2 years	**9**	1
Expiry in 3 to 7 years	**6**	9
No expiry	**2**	3
	18	14

No deferred tax liability has been recognised in respect of temporary differences arising on investments in subsidiaries and equity accounted investments where the Group is able to control the timing of the reversal and it is probable that such differences will not reverse in the foreseeable future. Similarly tax is not provided where it is expected that such distributions will not give rise to a tax liability at the reporting date. The gross timing difference in this regard amounts to £522m (2015: £421m). There are no significant expected income tax consequences of earnings being distributed from Switzerland and the UAE, as there is no dividend withholding tax applicable to earnings being distributed from these operations. Although South African distributions to the UK are typically subject to dividend withholding taxes, distributions from South Africa are not expected to have income tax consequences in the foreseeable future as the operations in South Africa have a significant contributed tax capital balance from which may be paid dividends free from withholding tax. In line with the South African Reserve Bank requirement, it is intended that dividends to South African resident shareholders on the South African share register will be paid from a planned dividend access share scheme.

	GROUP	
	2016 £'m	2015 £'m
10. INVENTORIES		
Inventories consist of:		
Pharmaceutical products	**67**	53
Consumables	**8**	6
Finished goods and work in progress	**–**	1
	75	60

The cost of inventories recognised as an expense and included in cost of sales amounted to £481m (2015: £455m).

		GROUP 2016 £'m	2015 £'m
11.	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables	**413**	311
	Less provision for impairment of receivables	**(19)**	(18)
	Trade receivables – net	**394**	293
	Other receivables*	**167**	122
		561	415

* *Included in other receivables are Swiss unbilled services of £82m (2015: £68m). More than 92% will be recovered by Swiss insurance companies and federal authorities (cantons). Swiss insurance companies are subject to regular credit-worthiness checks (e.g. minimum reserve levels).*

	2016 £'m	2015 £'m
Non-current receivables**	**2**	–

** *The non-current receivable relates to a 25-year prepaid lease agreement in the UAE.*

Trade and other receivables are categorised as loans and receivables. The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2016 £'m	2015 £'m
South African rand***	**59**	68
Swiss franc	**340**	299
UAE dirham	**162**	48
	561	415

*** *Trade receivables to the value of £41m (2015: £46m) have been ceded as security for banking facilities.*

Included in the Group's trade receivables balance are trade receivables with a carrying value of £151m (2015: £98m) that are past due at the reporting date, but which the Group has not impaired as there has not been a significant change in credit quality and the amounts are still considered to be recoverable. The ageing of these receivables are as follows:

	2016 £'m	2015 £'m
Up to 3 months	**99**	70
Over 3 months	**52**	28
	151	98

Movement in the provision for impairment of receivables	2016 £'m	2015 £'m
Opening balance	**18**	14
Provision for receivables impairment	**9**	10
Exchange differences	**–**	1
Amounts written off as uncollectable	**(8)**	(7)
Balance at the end of the year	**19**	18

Amounts written off during the year relate to individually identified accounts that are considered to be uncollectable.

Provision for impairment of receivables is based on historical collection trends, current market conditions and expected future cash flows.

Management considers the credit quality of the fully performing trade receivables to be high in light of the nature of these trade receivables as described in note 3.1(b).

Included in the Group's other receivables balance are other receivables with a carrying value of £nil (2015: £1m) that are past due at the reporting date.

12. SHARE CAPITAL

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

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

Reverse acquisition

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

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

*** *The reverse acquisition reserve represents the net of the following adjustments resulting from the Al Noor reverse acquisition:*
– adjustment of the capital structure (share capital and share premium) of the Group to that of the legal parent;
– adjustment to account for the premium on shares issued to the Mediclinic International Limited shareholders; and
– the share value component of the total consideration.

12. SHARE CAPITAL (continued)

	Number of shares	Total £'m
Treasury shares		
At 1 April 2014	8 450 612	(21)
Repurchase of shares – Forfeitable Share Plan	155 454	(1)
Utilised by the Mpilo Trusts	(178 875)	–
At 31 March 2015	**8 427 191**	**(22)**
Repurchase of shares – Forfeitable Share Plan	**129 927**	**(1)**
Disposal of shares – Forfeitable Share Plan	**(46 091)**	**–**
Utilised by the Mpilo Trusts	**(8 238 246)**	**21**
At 31 March 2016	**272 781**	**(2)**
The balance of the treasury comprise:		
Forfeitable Share Plan	**239 290**	
Mpilo Trusts	**33 491**	
	272 781	

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

	GROUP 2016
Ordinary shares	
Number of shares in issue:	**737 243 810**
Nominal value:	**10p**

Value: indicating nominal and share premium amount
Rights of the Ordinary Shares (the "Ordinary Shares") to profits: All dividends shall be declared and paid according to the amounts paid up on the Ordinary Shares.

Rights of the Ordinary Shares to capital: If there is a return of capital on winding-up or otherwise, the Ordinary shares shall confer full rights but they do not confer any rights of redemption, and shall rank after the Subscriber Shares.

Voting rights of the Ordinary Shares: The Ordinary Shares shall confer, on each holder of the Ordinary Shares, the right to receive notice of and to attend, speak and vote at all general meetings of the Company. Each Ordinary Share carries the right to one vote on a poll.

	GROUP 2016
Subscriber shares – fully paid up	
Number of shares in issue:	**10**
Nominal value:	**10p**

Value: indicating nominal and share premium amount
10 issued Ordinary Shares were converted into and designated as subscriber shares of 10 pence each. The Subscriber Shares carry no rights to receive any of the profits of the Company available for distribution by way of dividend or otherwise. If there is a return of capital on a winding-up or otherwise, the assets of the Company available for distribution among the members shall be applied first in repaying in full to the holder of the Subscriber Shares the amount paid up on such shares.

Except as provided above, the Subscriber Shares shall not carry any right to participate in profits or assets of the Company. The holders of the Subscriber Shares shall not be entitled to receive notice of or attend and vote at any general meeting of the Company unless a resolution is proposed which varies, modifies, alters or abrogates any of the rights attaching to the Subscriber Shares.

12. SHARE CAPITAL (continued)

Mpilo trusts

The Mpilo trusts were created in 2005 for purposes of an employee share scheme to introduce Mediclinic Southern Africa employees up to first line management level as shareholders of the Group. This share-based payment arrangement is accounted for as an equity-settled share-based payment transaction. As qualifying employees leave prior to entitlement and shares become available further allocations were made to new and existing qualifying employees. The allocations of units made by the trusts were subject to lock-in periods which expired in December 2015, with the shares linked to participating employees units either transferred to them or sold with the proceeds of the sale distributed to them.

Summary of the allocations:

Allocation	Qualifying date	Issue price	Partici-pating shares*	Expiry date
First allocation**	1 Dec 2005	R18.40	80	31 Dec 2015
Second allocation	1 Dec 2009	R18.08	50	31 Dec 2015
Third allocation	1 Dec 2010	R18.59	100	31 Dec 2015
Fourth allocation	1 Dec 2012	R17.20	70	31 Dec 2015***
Fifth allocation			18 shares for every completed years service	31 Dec 2015

* *Per qualifying employee for each completed year of service since previous allocation.*
** *Initial 1 000 shares per qualifying employee and additional 80 shares for every year completed service prior 1 December 2005.*
*** *During the year, the expiry date of the Fourth Allocation was changed from 31 March 2018 to 31 December 2015.*

Movement in the number of Mpilo shares outstanding are:	Outstanding price per share	31 March 2016 Number	31 March 2015 Number
Outstanding at the beginning of the year	**R17.82 (2015: R17.50)**	**7 197 831**	7 830 994
Mpilo shares forfeited		**(119 296)**	(454 288)
Fifth allocation		**1 159 711**	–
Mpilo shares vested	**R16.28 (2015: R17.84)**	**(8 238 246)**	(178 875)
Outstanding at the end of the period	**2015: R17.82**	**–**	7 197 831

The share-based payment charge relating to the Mpilo trust grants are shown in note 14 and note 21.

Forfeitable Share Plan

The Mediclinic International Limited 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.

12. SHARE CAPITAL (continued)

Under the FSP, conditional share awards are granted to selected employees of the Group. The vesting of these shares are subject to continued employment, and is conditional upon achievement of performance targets, measured over a three-year period. The performance conditions for the year under review constitute a combination of: absolute total shareholder return ("TSR") (40% weighting) and underlying diluted headline earnings per share (60% weighting).

	Weighted average fair value at grant date offer price	31 March 2016 Number	31 March 2015 Number
Opening balance	R87.41	155 454	–
Granted	R107.23	129 927	155 454
Shares sold		(46 091)	–
Vested		–	–
Closing balance		239 290	155 454

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 share-based payment charge relating to the Forfeitable Share Plan are shown in note 14 and note 21.

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

Risk-free rate	**7.49%**	**6.9%**
Dividend yield	**1.0%**	**1.5%**
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 Hospital 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) for the year ended 31 March 2016

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

* *During the financial year ending 31 March 2006, the difference between the fair value of the equity instruments issued in a BEE transaction and the fair value of the cash and other assets received was recognised as an expense (grant date) and this corresponding increase in equity was booked.*

		GROUP	
		2016 £'m	2015 £'m
	Foreign currency translation reserve	**407**	306
	Opening balance	**306**	247
	Currency translation differences	**101**	59
	Hedging reserve	**4**	2
	Opening balance	**2**	7
	Fair value adjustments of cash flow hedges, net of tax	**2**	(6)
	Recycling of fair value adjustments of derecognised cash flow hedge, net of tax	**–**	1
15.	**NON-CONTROLLING INTERESTS**		
	Opening balance	**61**	51
	Transactions with non-controlling shareholders	**3**	4
	Dividends to non-controlling interests	**(7)**	(7)
	Share of total comprehensive income	**4**	13
	Share of profit	**13**	13
	Currency translation differences	**(9)**	–
	Non-controlling interests in hospital activities	**61**	61

15. NON-CONTROLLING INTERESTS (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests:

	Profit allocated to non-controlling interests		Ownership interest held by NCI	
	2016 £'m	2015 £'m	**2016 %**	2015 %
Mediclinic (Pty) Ltd*	**1**	1	**3.4%**	3.4%
Curamed Holdings (Pty) Ltd Group*	**3**	4	**30.3%**	30.3%

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before inter-group eliminations. The comparatives are for the year ended 31 March 2015.

* *Place of business: South Africa*

	Mediclinic (Pty) Ltd	
Current assets	**90**	56
Non-current assets	**124**	155
Current liabilities	**(116)**	(128)
Non-current liabilities	**(22)**	(23)
Equity attributable to owners of the Company	**(71)**	(53)
Non-controlling interests	**(5)**	(6)
Revenue	**294**	320
Profit for the year	**35**	32
Other comprehensive income	**1**	(1)
Total comprehensive income	**36**	31
Total comprehensive income allocated to non-controlling interests	**1**	1
Dividends paid to non-controlling interests	**1**	1
Net cash inflow from operating activities	**64**	46
Net cash inflow (outflow) from investing activities	**1**	(38)
Net cash inflow (outflow) from financing activities	**65**	(17)
Net cash outflow	**(1)**	(9)

	Curamed Holdings (Pty) Ltd group	
Current assets	**35**	38
Non-current assets	**23**	25
Current liabilities	**(7)**	(10)
Non-current liabilities	**(2)**	(2)
Equity attributable to owners of the Company	**(34)**	(35)
Non-controlling interests	**(15)**	(16)
Revenue	**51**	55
Profit for the year	**11**	12
Other comprehensive income	**-**	-
Total comprehensive income	**11**	12
Total comprehensive income allocated to non-controlling interests	**-**	4
Dividends paid to non-controlling interests	**2**	2
Net cash inflow from operating activities	**11**	15
Net cash (outflow) from investing activities	**(3)**	(3)
Net cash (outflow) from financing activities	**(7)**	(7)
Net cash inflow	**2**	6

	GROUP 2016 £'m	GROUP 2015 £'m
16. BORROWINGS		
Secured long-term bank loans*	**140**	166
Long-term portion	**139**	165
Short-term portion	**1**	1
Capitalised financing costs – long-term	**–**	–
The long-term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 1.51% (2015: 1.51%) compounded quarterly, and is repayable on 2 June 2019.		
Preference shares*	**90**	111
Long-term portion	**85**	105
Short-term portion	**5**	6
Dividends are payable monthly at a rate of 69% of prime overdraft rate. £5m shares must be redeemed on 1 September 2016 and 1 September 2017 and the balance of £85m on 2 June 2019.		
Secured long-term bank loan*	**10**	18
Long-term portion	**5**	12
Short-term portion	**5**	6
The long-term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 1.06% (2015: 1.06%) compounded. £5m must be redeemed on 1 September 2016 and the balance of £5m on 8 October 2017.		
Secured long-term bank loan*	**9**	11
Long-term portion	**9**	11
Short-term portion	**–**	–
The long-term bank loan bears interest at the 3 month Jibar variable rate plus a margin of 1.51% (2015: 1.31%) compounded quarterly, and is repayable on 2 June 2019.		
Secured long-term bank loans	**5**	7
Long-term portion	**4**	6
Short-term portion	**1**	1
These loans bear interest at variable rates linked to the prime overdraft rate and are repayable in periods ranging between one and twelve years. Property, equipment and vehicles with a book value of £12m (2015: £15m) are encumbered as security for these loans. Net trade receivables of £1m (2015: £1m) has also been ceded as security for these loans.		
Borrowings in Southern African operations	**254**	313

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

	GROUP 2016 £'m	2015 £'m
16. BORROWINGS (continued)		
Secured long-term bank loans	**53**	56
Long-term portion	**50**	38
Short-term portion	**3**	19
Capitalised financing costs – long-term	**–**	(1)
This loan bears interest at variable rates linked to the 3M Libor and a margin of 2.0% (2015: 2.75%) and is amortising until 31 March 2020 (2015: June 2017). Properties with a book value of £100m (2015: £83m) are encumbered as security for this loan.		
Borrowings in Middle East operations	**53**	56
Secured long-term bank loans	**1 098**	1 084
Long-term portion	**1 088**	1 079
Short-term portion	**36**	35
Capitalised financing costs – long-term	**(26)**	(30)
These loans bear interest at a variable rate linked to the 3M Libor plus 1.5% and 2.85% (2015: 3M Libor plus 2.0% and 3.5%) and is repayable by July 2020. The loan is secured by: Swiss properties with a book value of £2 248m (2015: £2 161m); and Swiss bank accounts with a book value of £128m (2015: £138m).		
Listed bonds	**170**	164
Long-term portion	**170**	164
Short-term portion	**–**	–
The listed bonds consist of CHF145m 1.625% and CHF90m 2.0% Swiss franc bonds. The bonds are repayable on 25 February 2021 and 25 February 2025 respectively.		
Secured long-term finance	**–**	1
Long-term portion	**–**	1
Short-term portion	**–**	–
These loans bear interest at interest rates ranging between 3% and 12% (2015: 3% and 12%) and are repayable in equal monthly payments in periods ranging from one to seven years. Equipment with a book value of £1m (2015: £1m) is encumbered as security for these loans.		
Borrowings in Swiss operations	**1 268**	1 249
Secured long-term bank loans	**266**	–
Long-term portion	**–**	–
Short-term portion	**266**	–
Capitalised financing costs – long-term	**–**	–
This loan bears interest at variable rates linked to Libor with a minimum base rate of 1% plus 3.75%. The facility is secured in favour of lenders over the shares in Mediclinic International Limited and of Mediclinic CHF Finco Limited, Mediclinic Middle East Holdings Limited and Mediclinic Holdings Netherlands B.V.		
Borrowings in the United Kingdom	**266**	–
Total borrowings	**1 841**	1 618
Short-term portion transferred to current liabilities	**(317)**	(68)
Non-current borrowings	**1 524**	1 550

	GROUP 2016 £'m	GROUP 2015 £'m
17. RETIREMENT BENEFIT OBLIGATIONS		
Statement of financial position obligations for:		
Swiss pension benefit obligation	**119**	47
South African post-retirement medical benefit obligation	**24**	26
UAE end of service benefit obligation	**45**	15
	188	88
Total retirement benefit obligations	**188**	88
Short-term portion of retirement benefit obligations	**(9)**	(1)
Non-current retirement benefit obligations	**179**	87
Total amount charged to the income statement:		
Swiss pension benefit obligation	**30**	26
South African post-retirement medical benefit obligation	**4**	4
UAE end of service benefit obligation	**4**	3
	38	33
Total amount charged/(credit) to other comprehensive income:		
Swiss pension benefit obligation	**(66)**	(37)
South African post-retirement medical benefit obligation	**1**	(3)
UAE end of service benefit obligation	**(4)**	–
	(69)	(40)

None of the directors of Mediclinic International plc participate in Swiss pension benefits or the UAE end of service benefit. The two executive directors of Mediclinic International plc participate in the South African post-retirement medical benefit obligation.

(a) Swiss pension benefit obligation
The Group's Swiss operations has five (2015: five) defined benefit pension plans, namely:

Pensionskasse Hirslanden (cash balance plan)
Vorsorgestiftung VSAO (cash balance plan) (Association for Swiss Assistant and Senior Doctors)
Radiotherapie Hirslanden AG; Pension fund at foundation "pro" (cash balance plan)
Clinique La Colline SA; Pension fund at banque cantonal vaudois (cash balance plan)
Swissana Clinic AG; Pension fund at foundation "Nest" (cash balance plan)

	GROUP 2016 £'m	GROUP 2015 £'m
Statement of financial position		
Amounts recognised in the statement of financial position are as follows:		
Present value of funded obligations	**949**	797
Fair value of plan assets	**(830)**	(750)
Net pension liability	**119**	47

	GROUP	
	2016	2015
	£'m	£'m
17. RETIREMENT BENEFIT OBLIGATIONS (continued)		
(a) Swiss pension benefit obligation (continued)		
The movement in the defined benefit obligation over the period is as follows:		
Opening balance	**797**	640
Current service cost	**29**	26
Interest cost	**7**	12
Employee contributions	**26**	24
Benefits paid	**(8)**	(8)
Actuarial loss – experience	**14**	7
Actuarial demographical loss assumption	**–**	(17)
Actuarial financial loss assumption	**45**	76
Acquisition	**–**	16
Exchange differences	**39**	21
Balance at end of year	**949**	797
The movement of the fair value of plan assets over the period is as follows:		
Opening balance	**750**	637
Employer contributions	**30**	27
Plan participants contributions	**26**	24
Benefits paid from fund	**(8)**	(8)
Interest income on plan assets	**7**	13
Return on plan assets greater/(less) than discount rate	**(7)**	28
Acquisition	**–**	10
Administration cost paid	**(1)**	(1)
Exchange differences	**33**	20
Balance at end of year	**830**	750
Statement of financial position		
Opening net liability	**47**	3
Expense as above	**30**	26
Contributions paid by employer	**(30)**	(27)
Exchange differences	**6**	3
Actuarial loss recognised in equity	**66**	37
Acquisitions	**–**	5
Closing net liability	**119**	47
Statement of comprehensive income		
Amounts recognised in other comprehensive income are as follows:		
Actuarial (loss) – experience	**(14)**	(7)
Actuarial (loss) due to liability assumption changes	**(45)**	(58)
Return on plan assets greater/(less) than discount rate	**(7)**	28
Total comprehensive income	**(66)**	(37)

		GROUP	
		2016 **£'m**	2015 £'m
17.	**RETIREMENT BENEFIT OBLIGATIONS (continued)**		
	(a) Swiss pension benefit obligation (continued)		
	Income statement		
	Amounts recognised in the income statement are as follows:		
	Current service cost	**29**	26
	Past service cost	**–**	–
	Interest on liability	**7**	12
	Interest on plan assets	**(7)**	(13)
	Administration cost paid	**1**	1
	Settlement gain	**–**	–
	Total expense	**30**	26
	Actual return on plan assets	**(1)**	41
	Principal actuarial assumptions on statement of financial position		
	Discount rate	**0.45%**	0.90%
	Future salary increases	**1.50%**	1.50%
	Future pension increases	**0.00%**	0.00%
	Inflation rate	**1.00%**	1.00%
	Number of plan members		
	Active members	**8 617**	8 219
	Pensioners	**694**	640
		9 311	8 859
	Experience adjustment		
	On plan liabilities: loss	**14**	7
	On plan assets: (gain)/loss	**7**	(28)

17. **RETIREMENT BENEFIT OBLIGATIONS (continued)**

(a) Swiss pension benefit obligation (continued)

	2016		2015	
Asset allocation	**£'m**	**%**	£'m	%
Quoted investments				
Fixed income investments	**288**	**34.7%**	268	35.7%
Equity investments	**197**	**23.7%**	185	24.7%
Real estate	**67**	**8.1%**	82	10.9%
Other	**72**	**8.7%**	78	10.4%
	624	**75.2%**	613	81.7%
Non-quoted investments				
Fixed income investments	**3**	**0.3%**	2	0.3%
Equity investments	**10**	**1.2%**	10	1.4%
Real estate	**137**	**16.5%**	88	11.7%
Other	**56**	**6.8%**	37	4.9%
	206	**24.8%**	137	18.3%
	830	**100.0%**	750	100.0%

	Impact on defined benefit obligation			
	Base assumption	Change in assumption	Increase	Decrease
Discount rate	0.5%	0.3%	(2.9%)	3.1%
Salary growth rate	1.5%	0.5%	0.8%	(0.8%)
Pension growth rate	0.0%	0.3%	2.5%	–
		Change in assumption	Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy (mortality)		1 year in expected life time of plan participant	2.4%	(2.4%)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credited method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Expected employer contributions to be paid to the pension plans for the year ended 31 March 2017 are £25m.

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

(a) Swiss pension benefit obligation (continued)

The weighted average duration of the defined benefit obligation is 14.3 years (2015: 13.4 years). The maturity profile of the defined benefit obligation is as follows:

	< 1 year £'m	1 – 5 years £'m	> 5 years £'m	Total £'m
31 March 2016				
Defined benefit obligation	**57**	**170**	**731**	**958**
31 March 2015				
Defined benefit obligation	51	154	667	872

The Swiss defined benefit pension plans exposes the Group to some actuarial and investment risks.

The pension plans provides employees of the Hirslanden Group with post-employment, death-in-service and disability benefits in accordance with the Federal Law on Occupational Old-age. It is separate legal entities from the Hirslanden Group. The funds' governing bodies consists of an equal number of employer and employee representatives.

The benefits of the pension plans are substantially higher than the legal minimum. The employee's and employer's contributions is based on their insured salary and range from 1.25% to 15.5% for Pensionskasse Hirslanden and 14% for VSAO.

If an employee leaves the Hirslanden Group or the pension plans before reaching retirement age, legally they are to transfer the vested benefits to a new pension plan. On retirement, the participant may decide to withdraw the benefits as an annuity or a lump-sum.

As per the pension law in Switzerland, benefits provided by the pension funds are financed through annual contributions. If insufficient investment returns or actuarial losses lead to a funding gap, the governing body is legally obliged to take actions to close this gap within 5 years to a maximum of 7 years. Such actions may include additional contributions by the respective Group companies and the beneficiaries.

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

(b) South African post-retirement medical benefit obligation

The Group's Southern African operations have a post-retirement medical benefit obligation for employees who joined before 1 July 2012.

The Group accounts for actuarially determined future medical benefits and provide for the expected liability in the statement of financial position.

During the last valuation on 31 March 2016 a 9.25% (2015: 7.1%) medical inflation cost and a 10.25% (2015: 8.1%) interest rate were assumed. The average retirement age was set at 63 years (2015: 63 years).

	GROUP	
	2016 £'m	2015 £'m
The assumed rates of mortality are as follows:		
During employment: SA 85/90 tables of mortality		
Post-employment: PA(90) tables		
Amounts recognised in the statement of financial position are as follows:		
Opening balance	**26**	21
Amounts recognised in the income statement	**4**	4
Current service cost	**2**	2
Interest cost	**2**	2
Contributions	**–**	–
Exchange differences	**(5)**	(2)
Actuarial (gain)/loss recognised in other comprehensive income	**(1)**	3
Present value of unfunded obligations	**24**	26

The effect of a 1% movement in the assumed health cost trend rate is as follows:	**2016 Increase**	**2016 Decrease**
Defined benefit obligation	**17%**	**(14%)**
Aggregate of the current service cost and interest cost	**19%**	**(15%)**

Historical information: The present value of the Group's post-retirement medical benefits at 31 March 2014 was £21m, 31 March 2013: £22m and 31 March 2012: £28m.

Expected employer contributions to be paid to the post-retirement medical benefit liability for the year ended 31 March 2017 are £0.5m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) for the year ended 31 March 2016

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

(c) UAE end of service benefit obligation

In terms of UAE labour law, employees are entitled to severance pay at the end of employment. Severance pay is calculated as follows:

First 5 years of service: between 7 and 30 days wage per year of service and thereafter 30 days per additional year.

	GROUP	
	2016 **£'m**	2015 £'m
The employee benefit was actuarially determined:		
The following are the principle actuarial assumptions:		
Discount rate	**4.2%**	7.4%
Future salary increases	**3.5%**	3.5%
Average retirement age	**60 years**	60 years
Annual turnover rate	**12.8%**	12.8%
	£'m	£'m
Amounts recognised in the statement of financial position are as follows:		
Opening balance	**15**	11
Amounts recognised in the income statement	**4**	3
Current service cost	**3**	2
Interest cost	**1**	1
Contributions	**(1)**	(1)
Business combinations	**22**	–
Exchange differences	**1**	2
Actuarial loss recognised in other comprehensive income	**4**	–
Present value of unfunded obligations	**45**	15
Current portion of retirement benefit obligations	**9**	1
Non-current retirement benefit obligations	**36**	14
	45	15

The effect of a 1% movement in the assumed health cost trend rate is as follows:	**2016 Increase**	**2016 Decrease**
Defined benefit obligation	**7%**	**(6%)**
Aggregate of the current service cost and interest cost	**9%**	**(8%)**

Expected employer contributions to be paid to the post-retirement medical benefit liability for the year ended 31 March 2017 are £4m.

18. PROVISIONS

	Employee benefits £'m	Legal cases and other £'m	Tariff risks £'m	Total £'m
Year ended 31 March 2015				
Opening balance	12	1	26	39
Charged to the income statement	4	–	10	14
Utilised during the year	(1)	–	(1)	(2)
Unused amounts reversed	–	–	(6)	(6)
Exchange differences	(1)	–	2	1
Balance at the end of the year	14	1	31	46
At 31 March 2015				
Current	3	–	21	24
Non-current	11	1	10	22
	14	1	31	46
Year ended 31 March 2016				
Opening balance	**14**	**1**	**31**	**46**
Charged to the income statement	**2**	**1**	**4**	**7**
Utilised during the year	**(2)**	**–**	**–**	**(2)**
Unused amounts reversed	**–**	**–**	**(10)**	**(10)**
Exchange differences	**1**	**–**	**1**	**2**
Balance at the end of the year	**15**	**2**	**26**	**43**
At 31 March 2016				
Current	**2**	**–**	**17**	**19**
Non-current	**13**	**2**	**9**	**24**
	15	**2**	**26**	**43**

(a) Employee benefits
This provision is for benefits granted to employees for long service.

(b) Legal cases and other
This provision relates to third-party excess payments for malpractice claims which are not covered by insurance and other costs for legal claims.

(c) Tariff risks
This provision relates to compulsory health insurance tariff risks in Switzerland and other tariff disputes at some of the Group's Swiss hospitals.

	2016 £'m	2015 £'m
Provisions are expected to be payable during the following financial years:		
Within 1 year	**19**	24
After one year but not more than five years	**18**	13
More than five years	**6**	9
	43	46

	GROUP 2016 £'m	GROUP 2016 £'m	GROUP 2015 £'m	GROUP 2015 £'m
19. DERIVATIVE FINANCIAL INSTRUMENTS				
	Assets	**Liabilities**	Assets	Liabilities
Interest rate swaps – cash flow hedges				
Non-current	**1**	**19**	1	26
Current	**–**	**–**	–	1
Subtotal	**1**	**19**	1	27
Forward exchange contracts	**–**	**1**	–	–
Call option	**2**	**–**	–	–
	3	**20**	1	27

Effective interest rate swaps

In order to hedge specific exposures in the interest rate repricing profile of existing borrowings, the Group uses interest rate derivatives to generate the desired interest profile. At 31 March 2016, the Group had eight effective interest rate swap contracts (31 March 2015: six). The value of borrowings hedged by the interest rate derivatives and the rates applicable to these contracts are as follows:

	Borrowings hedged £'m	Fixed interest payable	Interest receivable	Fair value gain/(loss) for the year £'m
31 March 2015				
1 to 3 years*	106	5.5 – 8.4%	3 month Jibar	–
3 to 5 years*	15	7.6%	3 month Jibar	–
31 March 2016				
1 to 3 years*	**67**	**5.5 – 8.1%**	**3 month Jibar**	**1**
3 to 5 years**	**13**	**7.6%**	**3 month Jibar**	**–**

* *The interest rate swap agreement reset every 3 months on 1 June, 1 September, 1 December and 1 March with a final reset on 1 September 2017 and 1 March 2019. There is no ineffective portion recognised in the profit and loss that arises from the cash flow hedges.*

** *The interest rate swap agreements reset every 3 months on 1 June, 1 September, 1 December and 1 March with a final reset on 3 June 2019. There is no ineffective portion recognised in the profit and loss that arises from the cash flow hedges.*

19. **DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

Ineffective interest rate swaps

Due to the current negative interest rates in Switzerland, the hedge relationship in respect of the 3 month Swiss Libor interest rate swaps became ineffective since the interest on the borrowings is capped at a rate of 0% but is fully considered as interest payments on the swap. Hedge accounting discontinued from the previous reporting period when hedge effectiveness could be demonstrated, i.e. from 1 October 2014.

	GROUP 2016 £'m	GROUP 2015 £'m
Opening balance	**(26)**	3
Fair value adjustments through other comprehensive income	**–**	(8)
Fair value adjustments booked through profit and loss (finance cost)	**8**	(19)
Exchange differences	**(1)**	(2)
Balance at the end of the period	**(19)**	(26)

31 March 2015	**Nominal value £'m**	**Fixed interest payable**	**Interest receivable £'m**
3 years and beyond*	1 128	0.112% and 0.239%	3 month Swiss Libor
31 March 2016			
Beyond 2 years*	**1 122**	**0.112% and 0.239%**	**3 month Swiss Libor**

* *The interest rate swap agreement resets every 3 months on 31 March, 30 June, 30 September and 31 December with a final reset on 31 March 2018 and termination date on 30 June 2018.*

Based on the degree to which the fair values are observable, the interest rate swaps and the forward contracts are grouped as Level 2.

Call option

As per an Al Noor shareholders' agreement, Al Noor Medical Company, Al Noor Hospital and Al Noor Pharmacy LLC has an option to buy 25% minority shares with effect from 1 January 2016. Fair value of this option has been recognised as a derivative asset as at 31 March 2016.

	GROUP 2016 £'m	GROUP 2015 £'m
Forward contracts		
Loss recognised in the income statement	**(1)**	–

Based on the degree to which the fair values are observable, the interest rate swaps and the forward contracts are Grouped as Level 2.

20. **TRADE AND OTHER PAYABLES**	GROUP 2016 £'m	GROUP 2015 £'m
Trade payables	**200**	157
Other payables and accrued expenses	**169**	120
Social insurance and accrued leave pay	**55**	53
Value added tax	**7**	5
	431	335

		GROUP 2016 £'m	GROUP 2015 £'m
21.	**EXPENSES BY NATURE**		
	Fees paid to the Group's auditors for the following services:		
	Audit of the parent Company and consolidated financial statements	**0.4**	–
	Audit Company subsidiaries	**1.9**	1.0
	Audit services	**2.3**	1.0
	Audit-related services	**1.1**	0.3
	Tax advice	**0.4**	0.2
	Tax compliance	**0.3**	–
	All other services	**0.2**	–
		4.3	1.5
	Cost of inventories	**481**	455
	Depreciation – buildings	**25**	20
	– equipment	**41**	40
	– furniture and vehicles	**18**	18
	Employee benefit expenses	**934**	870
	Wages and salaries	**875**	825
	Retirement benefit costs – defined contribution plans	**11**	11
	Retirement benefit costs – defined benefit obligations (note 17)	**38**	33
	Share-based payment expense (note 14)	**10**	1
	Impairment of property	**–**	2
	Increase in impairment provision for receivables (note 11)	**1**	3
	Maintenance costs	**44**	46
	Managerial and administration fees	**–**	–
	Operating leases – buildings	**32**	26
	– equipment	**2**	2
	Amortisation of intangible assets	**9**	7
	Other expenses	**227**	165
	General expenses	**228**	170
	Profit on disposal of property, equipment and vehicles	**(1)**	(5)
		1 818	1 656
	Classified as:		
	Cost of sales	**1 264**	1 184
	Administration and other operating expenses	**554**	472
		1 818	1 656
	Depreciation and amortisation is classified as:		
	Cost of sales	**76**	68
	Administration and other operating expenses	**17**	17
		93	85
		Number	Number
	Number of employees	**32 884**	27 696

		GROUP 2016 £'m	GROUP 2015 £'m
22.	**OTHER GAINS AND LOSSES**		
	(Losses)/gains on foreign currency forward contracts	**(1)**	2
	Gain on disposal of subsidiary	**–**	2
	Discount on loan repayment	**–**	11
	Insurance proceeds	**–**	9
		(1)	24

		GROUP	
		2016 **£'m**	(Restated) 2015 £'m
23.	**FINANCE COST**		
	Interest expense	**44**	49
	Interest rate swaps	**11**	4
	Amortisation of capitalised financing costs	**5**	8
	Fair value (gains)/losses on ineffective cash flow hedges	**(8)**	19
	Preference share dividend	**6**	7
	Less: amounts included in the cost of qualifying assets	**–**	(2)
		58	85
24.	**INCOME TAX EXPENSE**		
	Current tax		
	Current year	**41**	44
	Previous year	**1**	(44)
	Deferred tax (note 9)	**13**	12
	Taxation per income statement	**55**	12
	Composition		
	UK tax	**–**	–
	Foreign tax	**55**	12
		55	12
	Reconciliation of rate of taxation:		
	UK statutory rate of taxation****	**20.0%**	21.0%
	Adjusted for:		
	Capital gains taxed at different rates	**0.1%**	(0.6%)
	Non-taxable income	**(0.3%)**	(0.6%)
	Non-deductible expenses*	**5.6%**	2.0%
	Non-controlling interests' share of profit before tax	**(0.3%)**	(0.3%)
	Effect of different tax rates***	**(4.3%)**	(1.4%)
	Income tax rate changes	**(0.2%)**	–
	Non-recognition of tax losses in current year	**1.8%**	0.6%
	Recognition of tax losses relating to prior years	**(0.4%)**	–
	Prior year adjustment**	**0.4%**	(16.4%)
	Effective tax rate	**22.4%**	4.3%

* *Non-deductible expenses in the current year were impacted by:*
– Transaction costs in relation to the Al Noor transaction was not deductible for tax purposes as these costs are capital of nature. The tax effect of this amounted £10m which resulted in an increase in the effective tax rate.
– Non-deductible accelerated IFRS 2 charges increased the tax charge by £3m.

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

*** *The effect of different tax rates is mainly because of profit earned from South Africa which is subject to income tax rate of 28%, reduced by profit earned from the UAE which is not subject to income tax.*

**** *The statutory income tax rate in the UK reduced from 21% to 20% since 1 April 2015.*

The income tax liability includes an amount of approximately £8m (2015: £7m) relating to unresolved tax matters. The range of possible outcomes relating to this liability is not considered to be material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) for the year ended 31 March 2016

		GROUP 2016 Pence	GROUP (Restated) 2015 Pence
25.	**EARNINGS PER ORDINARY SHARE**		
	Basic	**29.6**	44.6
	Diluted	**29.5**	43.8

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

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

* *Represents the equivalent weighted average number of shares for which no value has been received from the BEE shareholder (Mpilo Investment Holdings 2 (RF) (Pty) Ltd) in terms of the Group's black ownership initiative. To date, no value was received for an equivalent of 521 141 (2015: 1 158 198) shares issued to the strategic black partner.*

Mpilo Investment Holdings 1 (RF) (Pty) Ltd and Mpilo Investment Holdings 2 (RF) (Pty) Ltd are structured entities that are not consolidated due to the Group not having control. These companies are investment holding companies and were incorporated as part of the Mediclinic BEE transaction. The companies hold ordinary shares in Mediclinic International plc (2015: Mediclinic International Limited) on which it receives dividends. These dividends are used to repay the outstanding debt of the companies. The outstanding debt referred to is provided by third parties with no recourse to the Group.

** *The shares were issued at a price lower than the fair value of the shares before the equity capital raised in June 2014 and Rights Offer in August 2015. As a result, the weighted average number of shares was adjusted in accordance with IAS 33 paragraph 26.*

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

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

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

26. OTHER COMPREHENSIVE INCOME

Components of other comprehensive income

	GROUP 2016 £'m	GROUP (Restated) 2015 £'m
Currency translation differences	**92**	59
Fair value adjustment – cash flow hedges	**2**	(5)
Actuarial gains and losses	**(56)**	(31)
Other comprehensive income, net of tax	**38**	23

Year ended 31 March 2015	**Attributable to equity holders of the Company (before tax) £'m**	**Tax charge attributable to equity holders of the Company £'m**	**Attributable to non-controlling interest (after tax) £'m**	**Total £'m**
Currency translation differences	59	–	–	59
Recycling of fair value adjustments of derecognised cash flow hedge	1	–	–	1
Fair value adjustment – cash flow hedges	(8)	2	–	(6)
Actuarial gains and losses	(39)	8	–	(31)
Other comprehensive income	13	10	–	23
Year ended 31 March 2016				
Currency translation differences	**101**	**-**	**(9)**	**92**
Recycling of fair value adjustments of derecognised cash flow hedge	**1**	**-**	**-**	**1**
Fair value adjustment – cash flow hedges	**1**	**-**	**-**	**1**
Actuarial gains and losses	**(69)**	**13**	**-**	**(56)**
Other comprehensive income	**34**	**13**	**(9)**	**38**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) for the year ended 31 March 2016

	GROUP 2016 £'m	GROUP (Restated) 2015 £'m
27. CASH FLOW INFORMATION		
27.1 Reconciliation of profit before taxation to cash generated from operations		
Profit before taxation	**245**	266
Adjustments for:		
Finance cost – net	**49**	79
Share of net profit of equity accounted investments	**(6)**	–
Other gains and losses	**1**	(24)
Share-based payment	**10**	1
Depreciation and amortisation	**93**	85
Impairment losses	**–**	2
Movement in provisions	**5**	8
Movement in retirement benefit obligations	**9**	2
Profit on disposal of property, equipment and vehicles	**(1)**	(5)
Operating income before changes in working capital	**405**	414
Working capital changes	**6**	26
Increase in inventories	**(1)**	(5)
Increase in trade and other receivables	**4**	(7)
Increase in trade and other payables	**3**	38
	411	440
27.2 Interest paid		
Finance cost per income statement	**58**	85
Refinancing costs shown as financing activities	**(6)**	–
Non-cash items		
Amortisation of capitalised financing fees	**(5)**	(8)
Other non-cash flow finance expenses	**–**	(1)
Fair value (gains)/losses on ineffective cash flow hedges	**8**	(19)
	55	57
27.3 Tax paid		
Liability at the beginning of the period	**11**	64
Exchange differences	**–**	–
Provision for the period	**42**	(1)
	53	63
Liability at the end of the period	**(8)**	(11)
	45	52
27.4 Investment to maintain operations		
Property, equipment and vehicles purchased	**63**	53
Intangible assets purchased	**9**	15
Loans to subsidiaries	**–**	–
	72	68
27.5 Investment to expand operations		
Property, equipment and vehicles purchased	**114**	124
27.6 Proceeds on disposal of property, equipment and vehicles		
Book value of property, equipment and vehicles sold	**–**	2
Profit per income statement	**1**	5
Sale price receivable	**–**	(2)
Exchange differences	**–**	–
	1	5

	GROUP 2016 £'m	GROUP (Restated) 2015 £'m
27. CASH FLOW INFORMATION (continued)		
27.7 Distributions paid to shareholders		
Dividends declared and paid during the period	**48**	47
Dividends not recognised at the end of the reporting period:		
In addition to the above dividends, following the reporting date, the directors have recommended the payment of a final dividend of 5.24 pence per ordinary share. The aggregate amount of the proposed dividend expected to be paid on 25 July 2016 from retained earnings. As at 31 March 2016, no liability has been recognised.		
27.8 Cash and cash equivalents		
For the purposes of the statement of cash flows, cash, cash equivalents and bank overdrafts include:		
Cash and cash equivalents	**305**	265
Cash, cash equivalents and bank overdrafts are denominated in the following currencies:		
South African rand*	**74**	83
Swiss franc**	**131**	139
UAE dirham***	**100**	43
Euro	**–**	–
	305	265

* *The counterparties have a minimum Baa2 credit rating by Moody's.*
** *The facility agreement of the Swiss subsidiary restricts the distribution of cash. The counterparties have a minimum A2 credit rating by Moody's and a minimum A credit rating by Standard & Poor's.*
*** *The counterparties have a minimum BBB+ credit rating.*

Cash and cash equivalents denominated in South African rands amounting to £12m (31 March 2015: £10m) has been ceded as security for borrowings (see note 16).

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

28. BUSINESS COMBINATIONS (continued)

Al Noor Hospitals Group plc

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

Following implementation of the Combination, it is expected that Al Noor, as enlarged by the acquisition of Mediclinic (the "Enlarged Group"), will be one of the world's leading international private healthcare groups, with deep operational expertise and a well-balanced geographic profile in Southern Africa, Switzerland, the United Arab Emirates and in the UK through a minority stake in Spire.

The goodwill of £1 189m arising from the acquisition is attributable to the earnings potential of the established Al Noor business with a geographical footprint in Abu Dhabi. Goodwill represents benefits from the geographic footprint and expansion, synergies from a combined business in the UAE and a skilled workforce assembled at the operating facilities. None of the goodwill recognised is expected to be deductible for income tax purposes.

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

	GROUP 2016 £'m
Purchase consideration at 15 February 2016	
Special dividend (£3.28 per share)	383
Tender offer (limited to £1bn with special dividend, £8.32 per share)	530
Value of share element*	446
Total consideration transferred	1 359
Recognised amounts of identifiable assets acquired and liabilities assumed (provisional purchase price allocation)	
Assets	
Property, equipment and vehicles	61
Intangible assets	65
Non-current receivable	2
Inventories	14
Trade and other receivables	111
Derivative financial instruments	2
Investment in money market funds	10
Cash and cash equivalents	24
Total assets	289
Liabilities	
Retirement benefit obligations	22
Trade and other payables	92
Total liabilities	114
Total identifiable net assets at fair value	175
Non-controlling interest	(5)
Goodwill	1 189
Total	1 359

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

28. BUSINESS COMBINATIONS (continued)

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

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

From the date of acquisition, Al Noor Hospitals Group has contributed £50m of revenue and £4m to the net profit before tax of the Group. If the business combination had taken place at the beginning of the financial year, revenue from continuing operations would have been £333m and the net profit for the Group would have been £56m.

	GROUP 2016 £'m
Analysis of cash flow on acquisition	
Transaction costs incurred in reverse acquisition	**(41)**
Net cash acquired with the subsidiary	**24**
Net cash flow on acquisition	**(17)**

Clinique La Colline

On 25 June 2014, Hirslanden acquired a 100% interest in the operating company of Clinique la Colline. Clinique La Colline is a private hospital based in Geneva, Switzerland.

The goodwill of £62m arising from the acquisition is attributable to the earnings potential of the business. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Clinique La Colline Group, the fair value of assets acquired and liabilities assumed at the acquisition date.

	GROUP (Restated) 2015 £'m
Consideration at 25 June 2014	
Cash	76
Total consideration transferred	76
Recognised amounts of identifiable assets acquired and liabilities assumed	
Assets	
Property, equipment and vehicles	7
Intangible assets	18
Inventories	1
Trade and other receivables	10
Cash and cash equivalents	2
Total assets	38
Liabilities	
Borrowings	10
Provisions	1
Pension liability	4
Deferred tax liabilities	4
Trade and other payables	5
Total liabilities	24
Total identifiable net assets at fair value	14
Goodwill	62
Total	76

28. BUSINESS COMBINATIONS (continued)

Acquisition-related costs of £1m have been charged to administrative expenses in the consolidated income statement.

The fair value of trade and other receivables is £10m and includes trade receivables with a fair value of £9m. The gross contractual amount for trade receivables due is £10m, of which £nil is expected to be uncollectible.

From the date of acquisition, Clinique la Colline has contributed £32m of revenue and £6m to the net profit of the Group. If the business combination had taken place at the beginning of the prior year, revenue from continuing operations would have been £42m and the net profit for the Group would have been £7m.

	GROUP (Restated) 2015 £'m
Analysis of cash flow on acquisition	
Total consideration transferred	(76)
Net cash acquired with the subsidiary	2
Net cash flow on acquisition	(74)

Swissana Clinic AG Meggen

On 8 August 2014, Hirslanden acquired a 100% interest in the operating company of Swissana Clinic Meggen. Swissana Clinic Meggen is a private hospital based in Meggen, Switzerland.

The goodwill of £6m arising from the acquisition is attributable to the earnings potential of the business. None of the goodwill recognised is expected to be deductible for income tax purposes.

The following table summarises the consideration paid for Swissana Clinic AG Meggen, the fair value of assets acquired and liabilities assumed at the acquisition date.

	GROUP (Restated) 2015 £'m
Consideration at 8 August 2014	
Cash	6
Total consideration transferred	
Recognised amounts of identifiable assets acquired and liabilities assumed	
Assets	
Property, equipment and vehicles	2
Trade and other receivables	1
Total assets	3
Liabilities	
Borrowings	1
Pension liability	1
Trade and other payables	1
Total liabilities	3
Total identifiable net assets at fair value	–
Goodwill	6
Total	6

28. **BUSINESS COMBINATIONS (continued)**

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

The fair value of trade and other receivables is £1m and includes trade receivables with a fair value of £1m. The gross contractual amount for trade receivables due is £1m, of which £nil is expected to be uncollectible.

From the date of acquisition, Swissana Clinic Meggen has contributed £4m of revenue and £nil to the net profit of the Group. If the combination had taken place at the beginning of the prior year, revenue from continuing operations would have been £6m and the net profit for the Group would have been £nil.

	GROUP (Restated) 2015 £'m
Analysis of cash flow on acquisition	
Total consideration transferred	(6)
Net cash acquired with the subsidiary	–
Net cash flow on acquisition	(6)

	GROUP 2016 Cash flow on acquisition £'m
29. CASH FLOW ON ACQUISITION OF INVESTMENT IN ASSOCIATE	
Spire Healthcare Group plc	**446**

On 24 August 2015, the Group acquired 119 923 335 shares in Spire Healthcare Group plc, the equivalent to a 29.9% shareholding. Spire Healthcare Group plc is a leading private healthcare group in the UK with a national network of 39 hospitals across the United Kingdom. The investment in Spire provides Mediclinic with a further opportunity to diversify into an attractive new geography with a strong currency. The Group and Spire will benefit from collaboration, with the potential to unlock procurement benefits and knowledge transfer.

On 22 June 2015, Remgro through its wholly-owned subsidiary, Remgro Jersey Ltd (subsequently renamed to Mediclinic Jersey Ltd), acquired 119 923 335 Spire shares equivalent to a 29.9% shareholding. The purchase of the equity investment were negotiated jointly by Mediclinic and Remgro with the seller. Mediclinic acquired Remgro's indirect shareholding in Spire for an amount equal to the aggregate of the purchase price paid by Remgro Jersey Ltd, transaction costs and funding costs, totalling approximately £446m. The Spire acquisition was effected through a series of transactions which ultimately resulted in Mediclinic, through a wholly-owned subsidiary (Mediclinic Jersey Limited) directly holding the 29.9% interest in Spire.

Purchase consideration paid, comprise of the following:

	£'m
Purchase price paid to Remgro (refer to note 33)	**437**
Transaction cost	**10**
Total cost of equity investment	**447**
Less cash acquired in subsidiary (Mediclinic Jersey Ltd)	**(1)**
Cash flow on acquisition of investment in associate	**446**

		GROUP (Restated) 2015 £'m
30.	**DISPOSAL OF SUBSIDIARY**	
	On 19 February 2015, the Group disposed Med-Immo La Colline SA.	
	Consideration received at 19 February 2015	
	Consideration received in cash and cash equivalents	3
	Analysis of assets and liabilities over which control was lost	
	Assets	
	Property, equipment and vehicles	1
	Cash and cash equivalents	–
	Total assets	1
	Liabilities	
	Borrowings	–
	Total liabilities	–
	Net assets disposed of	1
	Gain on disposal of subsidiary	
	Consideration received	3
	Net assets disposed of	(1)
	Gain on disposal	2
	Total cash flow on disposal of subsidiary	3
	Less: cash and cash equivalents balanced disposed of	–
	Net cash flow on disposal	3

		GROUP 2016 £'m	GROUP (Restated) 2015 £'m
31.	**COMMITMENTS**		
	Capital commitments		
	Incomplete capital expenditure contracts	**92**	110
	Southern Africa	**57**	45
	Switzerland	**10**	29
	Middle East	**25**	36
	Capital expenses authorised by the Board of Directors but not yet contracted	**212**	101
	Southern Africa	**70**	84
	Switzerland	**18**	9
	Middle East	**124**	8
		304	211
	These commitments will be financed from Group and borrowed funds.		
	Operating lease commitments		
	The Group has entered into various operating lease agreements on premises and equipment. The future non-cancellable minimum lease rentals are payable during the following financial years:		
	Within 1 year	**41**	25
	1 to 5 years	**139**	73
	Beyond 5 years	**322**	143
		502	241

	GROUP 2016 £'m	GROUP (Restated) 2015 £'m

31. **COMMITMENTS (continued)**

Income guarantees

As part of the expansion of network of specialist institutes in Switzerland and centres of expertise the Group has agreed to guarantee a minimum net income to these specialists for a start-up period of three to five years. Payments under such guarantees become due, if the net income from the collaboration does not meet the amounts guaranteed. There were no payments under the above mentioned income guarantees in the reporting period as the net income individually generated met or exceeded the amounts guaranteed.

	2016 £'m	(Restated) 2015 £'m
Total of net income guaranteed:		
April 2015 to March 2016	**6**	2
April 2016 to March 2017	**3**	1
April 2017 to March 2018	**–**	–
April 2018 to March 2019	**–**	–
	9	3

Contingent liabilities

Litigation

The Group is not aware of any pending legal claims that are not covered by the Group's extensive insurance programmes.

32. **SEGMENTAL REPORT**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) for the year ended 31 March 2016

32. SEGMENTAL REPORT (continued)

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

32. SEGMENTAL REPORT (continued)

Reconciliation of segment result, assets and liabilities

Segment result	2016 £'m	2015 £'m
Total profit from reportable segments	**173**	238
Elimination of intersegment loan interest	**17**	15
Profit for the year	**190**	253
Liabilities		
Total liabilities from reportable segments	**3 825**	3 074
Elimination of intersegment loan	**(846)**	(520)
	2 979	2 554
The total non-current assets, excluding financial instruments and deferred tax assets per geographical location, are:		
Southern Africa	**322**	340
Middle East	**1 512**	154
Switzerland	**3 302**	3 142
United Kingdom	**451**	n/a
ENTITY-WIDE DISCLOSURES		
Revenue		
From UK	**–**	–
From foreign countries	**2 107**	1 977
Revenues from external customers are primarily from hospital services.		
The total non-current assets, excluding financial instruments and deferred tax assets		
From UK	**451**	–
From foreign countries	**5 136**	3 636

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) for the year ended 31 March 2016

		GROUP	
		2016 £'m	(Restated) 2015 £'m
33.	**RELATED-PARTY TRANSACTIONS**		
	Remgro Limited owns, through various subsidiaries (Remgro Healthcare Holdings (Pty) Ltd, Remgro Health Limited and Remgro Jersey GBP Limited) 44.56% (2015: 41.35%) of the Company's issued share capital.		
	The following transactions were carried out with related third parties:		
i)	**Transactions with shareholders**		
	Share subscription		
	Remgro Group and its subsidiaries	**600**	–
	In addition to the share subscription (February 2016), Remgro also participated in the Rights Offer (August 2015).		
	Remgro Management Services Limited (subsidiary of Remgro Limited)		
	Managerial and administration fees*	**–**	–
	Internal audit services*	**–**	–
	Management fee relating to the acquisition of equity investment (Spire Healthcare Group plc)	**2**	–
	Underwriting fees in respect of the rights offer	**4**	–
	Balance due to	**–**	–
	V&R Management Services AG (subsidiary of Remgro Limited)		
	Administration fees*	**–**	–
	Acquisition of equity investment (Spire Healthcare Group plc)		
	During the period under review, Mediclinic International Limited and Remgro Limited jointly negotiated the terms of the transaction to acquire an equity investment in Spire Healthcare Group plc with the seller. Refer to note 29 for additional information.		
ii)	**Key management compensation**		
	Key management includes the directors (executive and non-executive) and members of the Executive Committee.		
	Salaries and other short-term benefits	**4**	3
	Short-term benefits	**4**	3
	Post-employment benefits*	**–**	–
	Share-based payment	**–**	–
iii)	**Transactions with associates**		
	Zentrallabor Zürich (ZLZ)		
	Fees earned	**(1)**	(1)
	Purchases	**7**	7
	Spire Healthcare Group plc		
	Non-executive director fee*	**–**	n/a

* *Amount is less than £0.5m.*

34. STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

Certain new and revised IFRSs have been issued but are not yet effective for the Group's 2016 financial year. The Group has not early adopted the new and revised IFRSs that are not yet effective.

New and revised IFRSs affecting mainly presentation and disclosure:

IFRS 9: Financial Instruments (1 January 2018)
The new standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. IFRS 9 applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. IFRS 9 also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.

IFRS 15: Revenue from Contracts with Customers (1 January 2018)
The new standard requires companies to recognise revenue to depict the transfer of goods or services to customers, that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, and provides guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

IFRS 16: Leases (1 January 2019)
The new standard addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces IAS 17 'Leases', and related interpretations.

The amendments to following standards will have no material effect on the financial statements:

IFRS 10 Consolidated Financial Statements (1 January 2016)
IFRS 11 Joint Arrangements (1 January 2016)
IFRS 12 Disclosure of Interest in Other Entities (1 January 2014 & 1 January 2016)
IFRS 14 Regulatory Deferral Accounts (1 January 2016)
IAS 1 Presentation of Financial Statements (1 January 2016)
IAS 16 Property, Plant and Equipment (1 January 2016)
IAS 27 Consolidated and Separate Financial Statements (1 January 2016)
IAS 28 Investments in Associates and Joint Ventures (1 January 2016)
IAS 36 Impairment of Assets (1 January 2016)
IAS 38 Intangible Assets (1 January 2016)

There are numerous other amendments to existing standards relating to the Annual Improvements process 2012-14 cycle (1 January 2016) that are not yet effective for the Company. Each of these has been assessed, and will not have a material impact on the financial statements.

35. EVENTS AFTER THE REPORTING DATE

At the time the financial statements were authorised for issue, the following events had taken place which have not been recognised as at 31 March 2016:

Since year-end, the following material events have taken place:

During May 2016 the Group obtained additional bank facilities in the amount of R1.2 billion (approximately £54m). The loans will carry interest at 3 month Jibar plus a margin of 1.69% and is fully repayable in June 2019.

ANNEXURE – INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

SUBSIDIARIES

Company	Country of incorporation and place of business	Principal activities	Interest in capital[1] 2016 %	2015 %
Al Noor Holdings Cayman Limited ("ANH Cayman")	Cayman Islands	Intermediary Holding Company	**100.0**	100.0
ANMC Management Limited ("ANMC Management")	Cayman Islands	Intermediary Holding Company and manager of Al Noor Golden	**100.0**	100.0
Mediclinic CHF Finco Limited (previously held indirectly through Mediclinic Investments (Pty) Ltd)	Jersey	Treasury	**100.0**	100.0
Mediclinic Holdings Netherlands B.V (previously held indirectly through Mediclinic Europe (Pty) Ltd)	Netherlands	Intermediary Holding Company	**100.0**	100.0
Mediclinic International Limited	South Africa	Intermediary Holding Company	**100.0**	n/a
Mediclinic Middle East Holdings Limited (previously held indirectly through Mediclinic Middle East Investment Holdings (Pty) Ltd)	Jersey	Intermediary Holding Company	**100.0**	100.0
Group				
Indirectly held through Mediclinic CHF Finco Limited				
Mediclinic Jersey Limited	Jersey	Intermediary Holding Company	**100.0**	n/a
Indirectly held through Mediclinic International Limited				
Mediclinic Investments (Pty) Ltd	South Africa	Intermediary Holding Company	**100.0**	100.0
Indirectly held through Mediclinic Investments (Pty) Ltd				
Business Ventures Investments No 1871 (Pty) Ltd	Jersey	Dormant (deregistration in process)	**100.0**	n/a
Mediclinic Europe (Pty) Ltd	South Africa	Dormant	**100.0**	100.0
Mediclinic Group Services (Pty) Ltd	South Africa	Provision of Group services within the Mediclinic Group	**100.0**	100.0
Mediclinic Middle East Investment Holdings (Pty) Ltd	South Africa	Dormant	**100.0**	100.0
Mediclinic Southern Africa (Pty) Ltd	South Africa	Intermediary Holding Company	**100.0**	100.0
Indirectly held through Mediclinic Group Services (Pty) Ltd				
Mediclinic Management Services (Pty) Ltd	South Africa	Dormant	**100.0**	100.0
Indirectly held through Mediclinic Southern Africa (Pty) Ltd				
Curamed Holdings (Pty) Ltd	South Africa	Intermediary Holding Company	**69.8**	69.8
ER24 Holdings (Pty) Ltd	South Africa	Intermediary Holding Company	**100.0**	100.0
Hedrapix Investments (Pty) Ltd	South Africa	Dormant	**100.0**	100.0
Howick Private Hospital Holdings (Pty) Ltd	South Africa	Intermediary Holding Company	**50.0**	50.0
Medical Human Resources (Pty) Ltd	South Africa	Management of Healthcare Staff	**100.0**	100.0
Medical Innovations (Pty) Ltd	South Africa	Hospital Equipment	**100.0**	100.0

SUBSIDIARIES

Group	Country of incorporation and place of business	Principal activities	Interest in capital[1] 2016 %	2015 %
Mediclinic (Pty) Ltd (ordinary shares and Mediclinic Head Office Hospital Shares)	South Africa	Intermediary Holding Company and operating Company of Mediclinic Southern Africa	**100.0**	100.0
Mediclinic Brits (Pty) Ltd*	South Africa	Healthcare Services	**64.1**	60.5
Mediclinic Finance Corporation (Pty) Ltd	South Africa	Treasury	**100.0**	100.0
Mediclinic Holdings (Namibia) (Pty) Ltd	Namibia	Intermediary Holding Company	**100.0**	100.0
Mediclinic Lephalale (Pty) Ltd	South Africa	Healthcare Services	**87.3**	86.3
Mediclinic Midstream (Pty) Ltd	South Africa	Healthcare Services	**81.1**	100.0
Mediclinic Midstream Properties (Pty) Ltd	South Africa	Dormant	**100.0**	100.0
Mediclinic Paarl (Pty) Ltd*	South Africa	Healthcare Services	**74.6**	74.6
Mediclinic Properties (Pty) Ltd	South Africa	Property Ownership and Management	**100.0**	100.0
Mediclinic Tzaneen (Pty) Ltd* (50% plus 1 share)	South Africa	Healthcare Services	**50.0**	49.4
Medipark Clinic (Pty) Ltd	South Africa	Dormant	**100.0**	100.0
Newcastle Private Hospital (Pty) Ltd* (50% plus 1 share)	South Africa	Healthcare Services	**50.0**	15.1
Phodiclinics (Pty) Ltd	South Africa	Dormant (deregistration in process)	**100.0**	100.0
Practice Relief (Pty) Ltd	South Africa	Provision of debt collection and related services	**100.0**	100.0
Victoria Hospital (Pty) Ltd* (50% plus 1 share)	South Africa	Healthcare Services	**50.0**	33.7
Indirectly held through Mediclinic Holdings (Namibia) (Pty) Ltd				
Mediclinic Capital (Namibia) (Pty) Ltd	Namibia	Investment Holding Company	**100.0**	100.0
Mediclinic Otjiwarongo (Pty) Ltd	Namibia	Healthcare Services	**96.0**	94.0
Mediclinic Properties (Swakopmund) (Pty) Ltd	Namibia	Property Ownership and Management	**100.0**	100.0
Mediclinic Properties (Windhoek) (Pty) Ltd	Namibia	Property Ownership and Management	**100.0**	100.0
Mediclinic Swakopmund (Pty) Ltd	Namibia	Healthcare Services	**97.2**	97.3
Mediclinic Windhoek (Pty) Ltd	Namibia	Healthcare Services	**96.4**	96.6

ANNEXURE – INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES

Group	Country of incorporation and place of business	Principal activities	Interest in capital[1] 2016 %	Interest in capital[1] 2015 %
Hospital Investment Companies				
Mediclinic Bloemfontein Investments (Pty) Ltd	South Africa	Hospital Investment Company	**98.7**	99.0
Mediclinic Cape Gate Investments (Pty) Ltd	South Africa	Hospital Investment Company	**93.5**	92.8
Mediclinic Cape Town Investments (Pty) Ltd	South Africa	Hospital Investment Company	**99.0**	99.1
Mediclinic Constantiaberg Investments (Pty) Ltd	South Africa	Hospital Investment Company	**75.6**	77.1
Mediclinic Durbanville Investments (Pty) Ltd	South Africa	Hospital Investment Company	**99.4**	99.8
Mediclinic Emfuleni Investments (Pty) Ltd	South Africa	Hospital Investment Company	**82.9**	87.1
Mediclinic George Investments (Pty) Ltd	South Africa	Hospital Investment Company	**98.6**	98.9
Mediclinic Highveld Investments (Pty) Ltd	South Africa	Hospital Investment Company	**98.6**	98.7
Mediclinic Hoogland Investments (Pty) Ltd	South Africa	Hospital Investment Company	**99.2**	99.2
Mediclinic Kathu Investments (Pty) Ltd	South Africa	Dormant	**100.0**	100.0
Mediclinic Klein Karoo Investments (Pty) Ltd	South Africa	Hospital Investment Company	**100.0**	100.0
Mediclinic Legae Investments (Pty) Ltd	South Africa	Hospital Investment Company	**94.3**	95.9
Mediclinic Louis Leipoldt Investments (Pty) Ltd	South Africa	Hospital Investment Company	**99.6**	99.9
Mediclinic Milnerton Investments (Pty) Ltd	South Africa	Hospital Investment Company	**99.4**	99.4
Mediclinic Morningside Investments (Pty) Ltd	South Africa	Hospital Investment Company	**79.7**	84.8
Mediclinic Nelspruit Investments (Pty) Ltd	South Africa	Hospital Investment Company	**98.6**	98.6
Mediclinic Panorama Investments (Pty) Ltd	South Africa	Hospital Investment Company	**99.1**	99.5
Mediclinic Pietermaritzburg Investments (Pty) Ltd	South Africa	Hospital Investment Company	**76.9**	78.3
Mediclinic Plettenberg Bay Investments (Pty) Ltd	South Africa	Hospital Investment Company	**94.5**	94.5
Mediclinic Sandton Investments (Pty) Ltd	South Africa	Hospital Investment Company	**92.8**	93.7
Mediclinic Secunda Investments (Pty) Ltd	South Africa	Hospital Investment Company	**81.8**	81.5
Mediclinic Stellenbosch Investments (Pty) Ltd	South Africa	Hospital Investment Company	**90.8**	90.9
Mediclinic Vereeniging Investments (Pty) Ltd	South Africa	Hospital Investment Company	**99.0**	99.0
Mediclinic Vergelegen Investments (Pty) Ltd	South Africa	Hospital Investment Company	**94.3**	94.5
Mediclinic Welkom Investments (Pty) Ltd	South Africa	Hospital Investment Company	**92.2**	93.4
Mediclinic Worcester Investments (Pty) Ltd	South Africa	Hospital Investment Company	**99.3**	99.3

SUBSIDIARIES

Group	Country of incorporation and place of business	Principal activities	Interest in capital[1] 2016 %	2015 %
Indirectly held through Mediclinic (Pty) Ltd				
Mediclinic Barberton (Pty) Ltd†*	South Africa	Healthcare Services	**77.0**	77.0
Mediclinic Ermelo (Pty) Ltd†*	South Africa	Healthcare Services	**50.1**	50.1
Mediclinic Hermanus (Pty) Ltd* (50% plus 1 share)	South Africa	Healthcare Services	**50.0**	34.8
Mediclinic Kimberley (Pty) Ltd*	South Africa	Healthcare Services	**88.6**	88.7
Mediclinic Limpopo (Pty) Ltd†*	South Africa	Healthcare Services	**50.0**	50.0
Mediclinic Potchefstroom (Pty) Ltd*	South Africa	Healthcare Services	**88.7**	88.3
Mediclinic Upington (Pty) Ltd*	South Africa	Healthcare Services	**50.0**	40.8
Indirectly held through Howick Private Hospital Holdings (Pty) Ltd				
Howick Private Hospital (Pty) Ltd*	South Africa	Healthcare Services	**100.0**	100.0
Indirectly held through Mediclinic Limpopo (Pty) Ltd				
Mediclinic Limpopo Day Clinic (Pty) Ltd (previously Flashing Star Trading (Pty) Ltd)	South Africa	Day Clinic Investment Company	**64.7**	n/a
Mediclinic Limpopo Investments (Pty) Ltd	South Africa	Investment Holding Company	**100.0**	100.0
Indirectly held through Mediclinic Durbanville Investments (Pty) Ltd				
Mediclinic Durbanville Day Clinic (Pty) Ltd (Hedrapth Investments (Pty) Ltd)	South Africa	Day Clinic Investment Company	**89.9**	100.0
Indirectly held through Mediclinic Tzaneen (Pty) Ltd				
Mediclinic Tzaneen Investments (Pty) Ltd	South Africa	Investment Holding Company	**100.0**	100.0
Indirectly held through Mediclinic Victoria Hospital (Pty) Ltd				
Victoria Hospital Investments (Pty) Ltd	South Africa	Investment Holding Company	**100.0**	100.0
Indirectly held through Curamed Holdings (Pty) Ltd				
Curamed Hospitals (Pty) Ltd	South Africa	Healthcare Services	**100.0**	100.0
Curamed Properties (Pty) Ltd	South Africa	Property Ownership and Management	**100.0**	100.0
Indirectly held through Curamed Hospitals (Pty) Ltd				
Mediclinic Thabazimbi (Pty) Ltd	South Africa	Healthcare Services	**76.0**	75.0
Indirectly Held through ER24 Holdings (Pty) Ltd				
ER24 EMS (Pty) Ltd	South Africa	Emergency Medical Services	**100.0**	100.0
ER24 Trademarks (Pty) Ltd	South Africa	Intellectual Property Holding Company	**100.0**	100.0
Indirectly held through Mediclinic Holdings Netherlands B.V.				
Mediclinic Luxembourg S.à.r.l	Luxembourg	Intermediary Holding Company	**100.0**	100.0

ANNEXURE – INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES

Group	Country of incorporation and place of business	Principal activities	Interest in capital[1] 2016 %	Interest in capital[1] 2015 %
Indirectly held through Mediclinic Luxembourg S.à.r.l.				
Hirslanden AG	Switzerland	Intermediary Holding Company and operating Company of the Hirslanden Group	**100.0**	100.0
Indirectly held through Hirslanden AG				
Andreas Klinik AG Cham	Switzerland	Healthcare Services	**100.0**	100.0
Clinique La Colline SA	Switzerland	Healthcare Services	**–**	100.0
Hirslanden Bern AG	Switzerland	Healthcare Services	**100.0**	100.0
Hirslanden Clinique La Colline SA	Switzerland	Healthcare Services	**100.0**	100.0
Hirslanden Freiburg AG, Düdingen	Switzerland	Healthcare Services	**100.0**	100.0
Hirslanden Klinik Aarau AG	Switzerland	Healthcare Services	**100.0**	100.0
Hirslanden Klinik am Rosenberg AG	Switzerland	Healthcare Services	**100.0**	100.0
Hirslanden Lausanne SA	Switzerland	Healthcare Services	**100.0**	100.0
IMRAD SA	Switzerland	Healthcare Services	**80.0**	80.0
Klinik am Rosenberg Heiden AG (indirectly held through Hirslanden Klinik am Rosenberg AG)	Switzerland	Healthcare Services	**99.1**	99.1
Klinik Belair AG	Switzerland	Healthcare Services	**100.0**	100.0
Klinik Birshof AG	Switzerland	Healthcare Services	**99.7**	99.7
Klinik St. Anna AG	Switzerland	Healthcare Services	**100.0**	100.0
Klinik Stephanshorn AG	Switzerland	Healthcare Services	**100.0**	100.0
Polyclinique La Colline SA	Switzerland	Healthcare Services	**–**	100.0
Radiotherapie Hirslanden AG	Switzerland	Healthcare Services	**100.0**	100.0
Swissana Clinic AG, Meggen	Switzerland	Healthcare Services	**–**	100.0
Indirectly held through Mediclinic Middle East Holdings Limited				
Mediclinic International Co Limited	United Kingdom	Intermediary Holding Company	**100.0**	n/a
Emirates Healthcare Holdings Limited	British Virgin Islands	Intermediary Holding Company	**100.0**	100.0
Indirectly held through Emirates Healthcare Holdings Limited				
Welcare World Holdings Limited	British Virgin Islands	Healthcare Services	**100.0**	100.0
Emirates Healthcare Limited	British Virgin Islands	Healthcare Services	**100.0**	100.0
Indirectly held through Emirates Healthcare Limited				
American Healthcare Management Systems Limited	British Virgin Islands	Management Services	**100.0**	100.0
Emirates Healthcare Estates Limited	British Virgin Islands	Property Management	**100.0**	100.0
Mediclinic Al Quasis Clinic LLC[4]	UAE	Healthcare Services	**49.0**	49.0
Mediclinic Beach Road LLC[4]	UAE	Healthcare Services	**49.0**	49.0
Mediclinic City Hospital FZ LLC	UAE	Healthcare Services	**100.0**	100.0
Mediclinic Clinics Investment LLC[4]	UAE	Intermediary Holding Company	**49.0**	49.0

SUBSIDIARIES

Group	Country of incorporation and place of business	Principal activities	Interest in capital[1] 2016 %	2015 %
Mediclinic Ibn Battuta Clinic LLC[4]	UAE	Healthcare Services		
Mediclinic Medical Stores Co LLC[4]	UAE	Healthcare Services	**49.0**	49.0
Mediclinic Middle East Management Services FZ LLC (indirectly held through World Health Systems Limited)	UAE	Healthcare Management Services	**100.0**	100.0
Mediclinic Mirdif Clinic LLC[4]	UAE	Healthcare Services	**49.0**	49.0
Mediclinic Creek Hospital FZ LLC	UAE	Healthcare Services	**–**	100.0
Mediclinic Parkview Hospital LLC	UAE	Healthcare Services	**49.0**	n/a
Mediclinic Welcare Hospital LLC (indirectly held through Welcare Hospitals Limited)	UAE	Healthcare Services	**49.0**	49.0
Welcare Hospitals Limited	British Virgin Islands	Healthcare Services	**100.0**	100.0
Welcare World Health Systems Limited	British Virgin Islands	Healthcare Services	**100.0**	100.0
Indirectly held through Welcare World Holdings Limited				
Mediclinic Corniche Medical Centre LLC	UAE	Healthcare Services	**49.0**	49.0
Mediclinic Pharmacy LLC	UAE	Healthcare Services (Pharmacy)	**49.0**	49.0
Indirectly held through Al Noor Holdings Cayman Limited/ANMC Management Limited				
Al Noor Golden Commercial Investment LLC ("Al Noor Golden")[2]	UAE	Intermediary Holding Company	**49.0**	49.0
Indirectly held through Al Noor Golden/its subsidiaries				
Al Noor Medical Company – Al Noor Hospital – Al Noor Pharmacy and Al Noor Warehouse LLC ("ANMC")[5]	UAE	Intermediary Holding Company and Operating Company for Al Noor Group	**99.0**	99.0
Al Hospital Family Care Centre – Al Mamoora LLC[6]	UAE	Healthcare Services	**100.0**	100.0
Emirates American Company for Medical Services LLC[7]	UAE	Healthcare Services	**100.0**	100.0
Rochester Wellness LLC[8]	UAE	Healthcare Services	**49.0**	n/a
Abu Dhabi Medical Services LLC[9]	Oman	Healthcare Services	**70.0**	70.0
National Medical Services LLC[9]	Oman	Healthcare Services	**70.0**	n/a
Manchester International Medical Centre LLC (previously named British Urology Centre LLC)[10]	UAE	Healthcare Services	**73.0**	73.0
Al Madar Medical Centre LLC (previously named Al Madar Group LLC)[11]	UAE	Healthcare Services	**48.0**	48.0
Aspetar Al Madar Reha LLC[12]	UAE	Healthcare Services	**48.0**	n/a
Look Wow One Day Surgery Company LLC	UAE	Healthcare Services	**76.0**	n/a
Manchester Clinic LLC[13]	UAE	Healthcare Services	**24.0**	24.0

ANNEXURE – INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

SUBSIDIARIES

[1] *The actual equity interest in the UAE entities are disclosed herein, with the beneficial interest further explained in the notes.*

[2] *ANH Cayman holds 48% and ANMC Management holds 1% in the share capital of Al Noor Golden, collectively 49%. The remaining 51% is held by Al Noor Commercial Investment LLC ("ANCI").3 The constitutional documents of Al Noor Golden provide that ANH Cayman has the right to receive up to 89% of all distributions by Al Noor Golden, ANMC Management the right to receive 1%, and ANCI the right to receive the remaining 10%. In terms of the Mudaraba Agreement, ANH Cayman has the right to receive 99% of ANCI's right to receive 10% of the distributions of Al Noor Golden. Al Noor Cayman and ANMC Management therefore, collectively, have an effective beneficial interest of 99.9% in Al Noor Golden.*

[3] *The First Arabian Corporation LLC holds 99.33% and Sheikh Mohammed Bin Butti Al Hamed holds the remaining 0.67% in ANCI. ANCI holds 51% of the issued share capital of Al Noor Golden, and 1% of the issued share capital of ANMC and 51% of the issued share capital of Manchester Clinic LLC Pursuant to a shareholders agreement and a Mudaraba agreement, 99% of ANCI's profit or loss should be distributed to ANC Cayman.*

[4] *In terms of the constitutional and contractual arrangements the Group has full management control and an economic interest of 100% in these UAE entities.*

[5] *ANCI holds the remaining 1% in the issued share capital of ANMC. Al Noor Golden has the right to be appointed as the proxy of ANCI, to attend and vote at all shareholder meetings of ANMC.*

[6] *ANMC holds 99% and Al Noor Golden holds 1% in the issued share capital of Al Noor Hospital Family Care Centre – AL Mamoora LLC, collectively 100%.*

[7] *ANMC holds 99% and Al Noor Golden holds 1% in the issued share capital of Emirates American Company for Medical Services LLC (trading as Gulf International Cancer Centre/GICC), collectively 100%.*

[8] *ANCI holds the remaining 51% in the issued share capital of Rochester Wellness LLC, which was acquired from 19 October 2015. The constitutional documents of Rochester Wellness LLC provide that ANCI has the right to receive 20% of the net profits, and ANMC as the right to receive the remaining 80%. The Group's effective beneficial interest in the entity is therefore 80%.*

[9] *ANMC holds 70% in the issued share capital of Abu Dhabi Medical Services LLC and National Medical Services LLC, respectively, The remaining 30% interest in these entities is held by a third-party shareholder as a bare nominee. ANMC therefore holds a 100% beneficial interest in these entities.*

[10] *ANCI holds the remaining 27% in the issued share capital of Manchester International Medical Centre LLC. The constitutional documents of Manchester International Medical Centre LLC provide that ANCI has the right to receive 10% of the net profits, and ANMC has the right to receive the remaining 90%. The Group's effective beneficial interest in the entity is therefore 80%.*

[11] *ANCI holds 27% and a third-party shareholder holds 25% in the issued share capital of Al Madar Medical Centre LLC. The constitutional documents of Al Madar Medical Centre LLC provide that ANMC has the right to receive 74% of the net profits, Dr Manasra has the right to receive 25%, and ANCI the right to receive the remaining 1%. The Group's effective beneficial interest in the entity is therefore 74%.*

[12] *ANCI holds 27% and a third-party shareholder holds 25% in the issued share capital of Aspetar Al Madar Reha LLC. The constitutional documents of Aspetar Al Madar Reha LLC provide that ANMC has the right to receive 74% of the net profits, Dr Manasra has the right to receive 25%, and ANCI the right to receive the remaining 1%. The Group's effective beneficial interest in the entity is therefore 74%.*

[13] *ANCI holds 51% and a third-party shareholder holds 25% in the issued share capital of Manchester Clinic LLC. The constitutional documents of Manchester Clinic LLC provide that ANMC has the right to receive 55% of the net profits, Dr Manasra has the right to receive 25%, and ANCI the right to receive the remaining 20%. The Group's effective beneficial interest in the entity is therefore 55%.*

* *Controlled through long-term management agreements.*

† *Operating through trusts or partnerships.*

JOINT VENTURES

Company	Country of incorporation and place of business	Principal activities	Interest in capital 2016 %	Interest in capital 2015 %
Wits University Donald Gordon Medical Centre (Pty) Ltd	South Africa	Healthcare Services	**49.9**	49.9

ASSOCIATES

Group	Interest in capital 2016 %	Interest in capital 2015 %	Book value of investment 2016 £'m	Book value of investment 2015 £'m
Listed:				
Spire Healthcare Group plc (held through Mediclinic Jersey Limited)	**29.9**	n/a	**451**	n/a
Unlisted:				
Zentrallabor Zürich, Zürich	**56.0**	57.0	**1**	–
			452	–

The nature of the activities of the associates is similar to the major activities of the Group.