

# COMPANY FINANCIAL STATEMENTS INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MEDICLINIC INTERNATIONAL PLC

## REPORT ON THE AUDIT OF THE COMPANY FINANCIAL STATEMENTS

### Opinion

In our opinion, Mediclinic International plc's Company financial statements:

- give a true and fair view of the state of the Company's affairs at 31 March 2018 and of its cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position at 31 March 2018; the statement of cash flows; the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company.

Other than those disclosed in note 22 to the consolidated financial statements, we have provided no non-audit services to the Company in the period from 1 April 2017 to 31 March 2018.

### Our audit approach



#### Overview

- Overall materiality: £13.4m (2017: £12m) based on 1% of total assets capped at 90% of overall materiality applied as part of our Group audit.
- Our audit included substantive procedures of all material balances and transactions.
- Impairment assessment of the Company's investments in subsidiaries.

#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates and we considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures

to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We designed audit procedures that focused on the risk that non-compliance related to, but not limited to, compliance with the Companies Act 2006, the UK Listing Rules and UK taxation legislation gives rise to a material misstatement in the financial statements. In assessing compliance with laws and regulations, our tests included, but were not limited to, checking the financial statement disclosures to underlying supporting documentation, enquiries of management and review of relevant internal audit reports. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

As in all of our audits, we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p><b>Impairment assessment of the Company's investments in subsidiaries</b> <i>(refer to note 3 in the Company financial statements)</i></p> <p>The Company holds investments in subsidiaries with a historical cost of £5 916m.</p> <p>Investments in subsidiaries are accounted for at cost less impairment in the Company balance sheet at 31 March 2018. Investments are tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of the investments in subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the income statement.</p> <p>Impairment triggers were identified in connection with the Company's investments in Mediclinic Holdings Netherlands B.V. and CHF Finco Limited (Jersey) due to a decline in the expected recoverable value of the underlying Swiss operations and following a reduction in the listed market price of the underlying investment in Spire respectively. As a result, an impairment loss of £1 169m was recognised in the current year, reflecting a write-down of the investment in Mediclinic Holdings Netherlands B.V. to its recoverable value at 31 March 2018.</p> <p>The impairment assessment performed by management was considered a key audit matter given the size of the underlying investment carrying values and recognising the significance of the impairment charge that has been recorded. The assessment requires the application of management judgement, particularly in determining whether any impairment indicators have arisen that trigger the need for an impairment review and assessing whether the carrying value of an asset can be supported by its recoverable amount, which is determined by reference to the key valuation assumptions for each investment.</p>	<p>We evaluated management's assumption whether any indicators of impairment existed by comparing the Company's carrying value of investments in subsidiaries to the Group's market capitalisation at 31 March 2018 and to the valuations implied by other models, including valuation models prepared for goodwill impairment review purposes and for the Group's associate investment in Spire, which were subject to audit procedures as part of our Group audit.</p> <p>Deploying our valuation experts, we tested the reasonableness of key assumptions underpinning management's value-in-use valuation of the Company's investments, focusing in particular on the Swiss operations and the investment in Spire, including cash flow forecasts and the selection of growth rates and discount rates. We challenged management to substantiate its assumptions, including comparing relevant assumptions to third party data and economic forecasts.</p> <p>We evaluated management's sensitivity analyses to ascertain the impact of reasonably possible changes to key assumptions on the level of impairment required.</p> <p>Based on our work performed, we concurred with management that an impairment is required in the current year. We have found the judgements and estimates made by management in determining the impairment charge to be materially reasonable in the context of the Company financial statements taken as a whole and the related disclosures to be appropriate.</p>

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, its accounting processes and controls and the industry in which it operates. Our audit included substantive procedures on all material balances and transactions recorded in the Company's financial statements.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£13.4m (2017: £12m).
How we determined it	Based on 1% of total assets capped at 90% of overall materiality applied as part of our Group audit.
Rationale for benchmark applied	Mediclinic International plc is the ultimate parent company which holds the Group's investments. Therefore, the entity is not in itself profit-oriented. The strength of the balance sheet is the key measure of financial health that is important to shareholders, since the primary concern for the parent company is the payment of dividends. Using a benchmark of total assets is therefore most appropriate. However, materiality levels have been capped at 90% of overall materiality applied as part of our Group audit.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £0.75m (2017: £0.74m) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

### Going concern

In accordance with ISAs (UK) we report as follows:

REPORTING OBLIGATION	OUTCOME
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.
We are required to report if the directors' statement relating to going concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

## STRATEGIC REPORT AND DIRECTORS' REPORT

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. (CA06)

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. (CA06)

## THE DIRECTORS' ASSESSMENT OF THE PROSPECTS OF THE COMPANY AND OF THE PRINCIPAL RISKS THAT WOULD THREATEN THE SOLVENCY OR LIQUIDITY OF THE COMPANY

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 99 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated; and
- The directors' explanation on page 50 of the Annual Report as to how they have assessed the prospects of the Company, over what period they have done so and why they consider that period to be appropriate and their statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Company and statement in relation to the longer-term viability of the company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the company and its environment obtained in the course of the audit. (*Listing Rules*)

## OTHER CODE PROVISIONS

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 160, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Company obtained in the course of performing our audit;
- The section of the Annual Report on page 120 describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee; and
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

## DIRECTORS' REMUNERATION

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. (CA06)

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Responsibilities for the financial statements and the audit

#### Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 160, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### OTHER REQUIRED REPORTING

#### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

#### Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 18 March 2016 to audit the financial statements for the year ended 31 March 2016 and subsequent financial periods. The period of total uninterrupted engagement is three years, covering the years ended 31 March 2016 to 31 March 2018.

#### OTHER MATTER

We have reported separately on the consolidated financial statements of Mediclinic International plc for the year ended 31 March 2018.



**Giles Hannam (Senior Statutory Auditor)**

*for and on behalf of PricewaterhouseCoopers LLP*  
Chartered Accountants and Statutory Auditors  
London  
23 May 2018

# COMPANY STATEMENT OF FINANCIAL POSITION

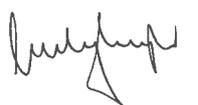
AS AT 31 MARCH 2018

	Notes	2018 £'m	2017 £'m
<b>Non-current assets</b>			
Investment in subsidiaries	3	4 747	5 916
<b>Current assets</b>			
Cash and cash equivalents		26	34
<b>Total assets</b>		<b>4 773</b>	<b>5 950</b>
<b>Equity</b>			
Share capital	5	74	74
Capital redemption reserve	5	6	6
Share premium	5	690	690
Retained earnings		3 976	5 154
Opening balance		5 154	4 899
(Loss)/profit for the year		(1 120)	317
Dividends paid		(58)	(62)
Share-based payment reserve	5	1	1
Treasury shares	5	(1)	(2)
<b>Total equity</b>		<b>4 746</b>	<b>5 923</b>
<b>Current liabilities</b>			
Other payables		1	1
Amount due to related parties	4	26	26
<b>Total liabilities</b>		<b>27</b>	<b>27</b>
		<b>4 773</b>	<b>5 950</b>

These financial statements as set out on pages 253 to 260 were approved and authorised for issue by the Board of Directors and signed on their behalf by:



**DP Meintjes**  
Chief Executive Officer  
23 May 2018



**PJ Myburgh**  
Chief Financial Officer  
23 May 2018

Mediclinic International plc (Company no 08338604)

The notes on pages 256 to 260 form an integral part of these financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Share capital £'m	Capital redemption reserve £'m	Share premium £'m	Retained earnings £'m	Share-based payment reserve £'m	Treasury shares £'m	Total £'m
<b>At 1 April 2016</b>	74	6	690	4 899	1	(2)	5 668
Profit for the year	-	-	-	317	-	-	317
Dividends paid in the year	-	-	-	(62)	-	-	(62)
<b>At 31 March 2017</b>	<b>74</b>	<b>6</b>	<b>690</b>	<b>5 154</b>	<b>1</b>	<b>(2)</b>	<b>5 923</b>
Loss for the year	-	-	-	(1 120)	-	-	(1 120)
Dividends paid in the year	-	-	-	(58)	-	-	(58)
Addition to share-based payment reserve	-	-	-	-	1	-	1
Settlement of share-based payment reserve	-	-	-	-	(1)	1	-
<b>At 31 March 2018</b>	<b>74</b>	<b>6</b>	<b>690</b>	<b>3 976</b>	<b>1</b>	<b>(1)</b>	<b>4 746</b>

The notes on pages 256 to 260 form an integral part of these financial statements.

# COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £'m	2017 £'m
<b>Operating activities</b>			
(Loss)/profit before tax		<b>(1 120)</b>	317
Adjustments for:			
Finance costs		-	6
Other income	6	<b>(33)</b>	(27)
Impairment of investments	3	<b>1 169</b>	-
Settlement of share-based payments		<b>1</b>	-
Dividend income		<b>(24)</b>	(303)
<b>Net cash used in operating activities before movements in working capital</b>		<b>(7)</b>	(7)
Change in balances with related parties		-	47
Change in other payables		-	(2)
Change in derivatives		-	(1)
<b>Net cash (used in)/generated from operating activities</b>		<b>(7)</b>	37
<b>Investing activities</b>			
Dividend received	4	<b>24</b>	303
<b>Net cash generated from investing activities</b>		<b>24</b>	303
<b>Financing activities</b>			
Repayment of bank loan		-	(265)
Interest paid		-	(6)
Dividend paid	6	<b>(25)</b>	(35)
<b>Net cash used in financing activities</b>		<b>(25)</b>	(306)
Net movement in cash and cash equivalents		<b>(8)</b>	34
Cash and cash equivalents at the beginning of the year		<b>34</b>	-
<b>Cash and cash equivalents at the end of the year</b>		<b>26</b>	34

The notes on pages 256 to 260 form an integral part of these financial statements.

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

## 1. STATUS AND ACTIVITY

Mediclinic International plc (the “Company” or “Parent”) is a Company which was incorporated in England and Wales on 20 December 2012. The address of the registered office of the Company is C/O Link Company Matters Limited, 6th Floor, 65 Gresham Street, London, EC2V 7NQ. The registration number of the Company is 08338604. There is no ultimate controlling party. The domicile of the Company is the United Kingdom. The Company is a public liability company with three operating divisions in Switzerland, Southern Africa (South Africa and Namibia) and the United Arab Emirates.

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

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

## 2. BASIS OF PREPARATION

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

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

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

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

### a) Basis of measurement

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

### b) Functional and presentation currency

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

### c) Going concern

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

## 3. INVESTMENT IN SUBSIDIARIES

This investment is stated at cost less impairment.

	2018 £'m	2017 £'m
Shares at cost	5 916	5 916
Less: impairment charge	(1 169)	-
Closing balance	4 747	5 916

### 3. INVESTMENT IN SUBSIDIARIES (continued)

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

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

At the financial year end, the investment in Mediclinic Holdings Netherlands B.V. was impaired due to the impairment of the carrying values of properties and intangible assets of its underlying investment, Hirslanden AG. An impairment charge of £1 169m was recorded in the Company's records. Refer to notes 6 and 7 of the consolidated financial statements for more detail relating to the impairment calculation.

Refer to the Annexure to the notes to the consolidated financial statements on page 243 for a complete listing of investments in subsidiaries, associates and joint ventures of the Group and details of the country of incorporation, place of business, principal activities and interest in capital.

### 4. RELATED PARTY BALANCES AND TRANSACTIONS

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

	2018 £'m	2017 £'m
<b>a) Transactions with key management personnel</b>		
Key management includes the directors (executive and non-executive) and members of the executive committee		
Salaries and other short-term benefits	1	1
<b>b) Amount due to a related party:</b>		
Mediclinic Hospitals LLC	26	26
This amount included the transaction and operational expenses paid by Mediclinic Hospitals LLC on behalf of the Company. This amount is payable on demand.		
Information regarding the Group's subsidiaries and associates can be found in the Annexure to the consolidated financial statements on pages 243 to 247.		
<b>c) Dividends received from related parties:</b>		
Mediclinic CHF Finco Limited	4	49
Mediclinic Holdings Netherlands B.V.	8	7
Mediclinic International (RF) (Pty) Ltd	-	78
Mediclinic Middle East Holdings Limited	12	169
	<b>24</b>	<b>303</b>

## NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

### 5. SHARE CAPITAL AND RESERVES

	2018 £'m	2017 £'m
Issued and fully paid 737 243 810 (2017: 737 243 810) shares of 10 pence each	74	74

### OTHER RESERVES

	Share-based payment reserve £'m	Treasury shares £'m	Total £'m
<b>As at 1 April 2016</b>			
Addition of share-based payment reserve	1	(2)	(1)
	-	-	-
<b>As at 31 March 2017</b>			
Addition to share-based payment reserve	1	-	-
Settlement of share-based payment reserve	(1)	1	-
<b>As at 31 March 2018</b>			
	1	(1)	-

### 6. DIVIDENDS

The Company declared interim dividends for the 2017/18 period and final dividends for the 2016/17 period amounting to £58m. The Company paid £25m (2017: £35m) of these dividends, the remainder of £33m (2017: £27m) was paid by the Dividend Access Trust.

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

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

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

Details on the final proposed dividend has been disclosed in note 28.6 to the consolidated financial statements.

## 7. AUDITOR'S REMUNERATION

The Company incurred an amount of £448 758 (2017: £337 900) to its auditor in respect of the audit of the Company and Group's financial statements for the year ended 31 March 2018. The fee includes an amount of £42 959 (2017: £nil) in respect of prior years.

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

	2018 £'m	2017 £'m
Tax advisory services	-	0.25
Audit-related and other services	<b>0.12</b>	0.10
	<b>0.12</b>	0.35

Relates to services rendered across the Group.

## 8. SHARE-BASED PAYMENT RESERVE

### Forfeitable Share Plan

The Mediclinic International (RF) (Pty) Ltd Forfeitable Share Plan ("FSP") was approved by the Company's shareholders in July 2014 as a long-term incentive scheme for selected senior management (executive directors and prescribed officers). This share-based payment arrangement is accounted for as an equity-settled share-based payment transaction. The FSP shares will vest after the vesting period has lapsed.

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

	2018 Number of shares	2017 Number of shares
As at 1 April 2017 (2017: 1 April 2016)	<b>239 290</b>	239 290
Vested during the year	<b>(137 948)</b>	-
As at 31 March	<b>101 342</b>	239 290

A valuation has been determined and an expense recognised over a three-year period. The fair value of the total shareholder return ("TSR") performance condition has been determined by using the Monte Carlo simulation model and the fair value of the headline earnings per share performance condition, consensus forecasts have been used. The following assumptions were used with the valuation of the scheme: risk-free rate of 7.49%, dividend yield of 1.0% and volatility of 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.

## 9. TAXATION

At 31 March 2018, the Company had unutilised tax losses of approximately £40m (2017: £33m). No deferred tax asset has been recognised in respect of these losses.

## NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

### 10. FINANCIAL INSTRUMENTS

#### a) Capital risk management

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

#### b) Financial risk management objectives

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

#### c) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. There is no material credit risk involved on the Company's financial statements. The Company's cash equivalents are placed with quality financial institutions with a high credit rating.

#### d) Liquidity risk

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

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

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

	Carrying amount £'m	Contractual cash flows £'m	1 year or less £'m
<b>31 March 2018</b>			
Other payables	1	1	1
Related-party payables	26	26	26
	<b>27</b>	<b>27</b>	<b>27</b>
<b>31 March 2017</b>			
Other payables	1	1	1
Related-party payables	26	26	26
	<b>27</b>	<b>27</b>	<b>27</b>

#### e) Foreign currency risk

The Company has an insignificant exposure regarding foreign currency, but a prudent approach towards foreign cover is followed if applicable.