NETCARE LIMITED
(Registration number 1996/008242/06)
JSE ordinary share code: NTC
ISIN: ZAE000011953
JSE preference share code: NTCP ISIN: ZAE000081121
("Netcare")

UNAUDITED INTERIM GROUP RESULTS
for the six months ended 31 March 2018

KEY HIGHLIGHTS
- 3.5% increase in patients days as SA market returns to growth
- Acquisition of Akeso provides important national network in mental healthcare sector
- Strategic decision to exit UK operations
- 8.1% increase in normalised Group EBITDA to R2 080 million
- 8.5% increase in adjusted HEPS from continuing operations to 87.7 cents
- 32.9% increase in cash generated from SA operations to R1 577 million
- 15.8% increase in interim dividend to 44.0 cents

COMMENTARY

KEY FINANCIAL RESULTS

	6 Months ended		
	31 March	31 March	
Rm	2018	2017[1]	% change
Continuing operations			
Revenue	9 966	9 207	8.2
Normalised EBITDA	2 080	1 924	8.1
Normalised EBITDA margin	20.9%	20.9%	
Normalised operating profit	1 733	1 605	8.0
Normalised operating profit margin	17.4%	17.4%	
Normalised profit before taxation	1 690	1 563	8.1
Normalised taxation	(479)	(436)	
Normalised profit after taxation from continuing operations	1 211	1 127	7.5
Discontinued operations			
(Loss)/profit from discontinued operations	(473)	646	
Normalised profit after taxation	738	1 773	
Exceptional items:	2 903	169	
Profit on loss of control	4 205	-	
Impairment of contractual economic interest in debt of BMI Healthcare	(1 534)	-	
Profit on sale of old Netcare CBMH land and buildings	-	203	
Taxation effect	232	(34)	
Profit for the period	3 641	1 942	

1. Restated for discontinued operations

The accounting policies applied in preparing the unaudited Group interim financial statements are consistent in all material respects with those applied in the audited financial statements for the year ended 30 September 2017.

OVERVIEW

The first half of Netcare's 2018 financial year has been characterised by significant changes to the Group's operational profile.
In South Africa ("SA"), the hospital market has returned to growth and Netcare increased its patient days by 3.5%. Furthermore, Netcare is pleased to have secured the approval of the Competition Tribunal for its acquisition of Akeso Clinics ("Akeso"), a national network of 12 dedicated mental healthcare facilities, comprising 811 beds. Netcare has provisionally accounted for the acquisition purchase price in the Group statement of financial position as at 31 March 2018, while the trading results of Akeso will only be consolidated into the Group from 1 April 2018.

With regard to the United Kingdom ("UK"), as noted in the SENS announcement of 28 March 2018, Netcare made a strategic decision to exit this market and to pursue the disposal of its interests in General Healthcare Group ("GHG"), comprising of 56.9% of BMI Healthcare, which operates the largest network of private hospitals in the UK, and 56.9% of GHG PropCo 2, which owns 6 hospital properties leased by BMI Healthcare. This decision was informed by various inter-related factors, including (i) Netcare's inability to conclude a commercially viable rent reduction transaction with BMI Healthcare's largest landlord, sufficient to generate an appropriate risk-adjusted return for its shareholders; (ii) the deterioration of the UK healthcare market, which is expected to remain constrained in the medium to longer term; and (iii) the demands of BMI Healthcare's lenders that shareholders of GHG relinquish effective control of the boards of directors of BMI Healthcare in return for the extension of short-term funding to the business. Acting in the best interests of BMI Healthcare and its stakeholders, Netcare elected to accede to the lenders' demands.

As a result of these events, the UK operations have been deconsolidated with effect from 28 March 2018. In addition, in accordance with the accounting standards, the results of the UK operations have been classified as a discontinued operation in the Group statement of profit or loss and the comparative results have been restated accordingly. Certain significant non-cash, non-recurring accounting adjustments have arisen related to the accounting treatment of the UK operations and these are discussed in more detail later in this report. These exceptional items have been separately disclosed in the table above, in order to facilitate a meaningful comparison of the Group's underlying trading results.

GROUP FINANCIAL REVIEW

The continuing operations of the Group now comprise Netcare's SA operations. Group revenue from continuing operations grew by 8.2% to R9 966 million (2017: R9 207 million).

Normalised Group earnings before interest, tax, depreciation and amortisation ("EBITDA") increased 8.1% to R2 080 million (2017: R1 924 million). Normalised operating profit was 8.0% higher at R1 733 million (2017: R1 605 million).

Net financial expenses of R86 million (2017: R91 million) were broadly in line with H1 2017. Normalised Group profit before tax was 8.1% higher at R1 690 million (2017: R1 563 million). The normalised taxation charge amounted to R479 million (2017: R436 million), reflecting a normalised effective Group tax rate of 28.3%. Normalised Group profit after taxation increased by 7.5% to R1 211 million (2017: R1 127 million).

The after-tax results from discontinued operations amounted to a net loss of R473 million (2017: profit of R646 million) comprising a loss of R11 million (2017: R10 million) from the Mozambique emergency services operations, a profit of R10 million (2017: R9 million) from GHG PropCo 2, and a loss of R472 million (2017: profit of R647 million) incurred by BMI Healthcare. The large swing in the period-on-period performance of BMI Healthcare is due to both a decline in the underlying UK trading performance, as well as a significant H1 2017 non-cash accounting credit of R651 million (£40.8 million) after tax, arising from the fair value adjustment of its Retail Price Index swap instruments.

Exceptional items amounted to a net after-tax profit of R2 903 million (2017: R169 million) arising on the sale of the old Netcare Christiaan Barnard Memorial Hospital land and buildings) and relate purely to circumstances surrounding the UK operations. Firstly, a non-cash profit of R4 205 million arose on the deconsolidation of BMI Healthcare. Secondly, a non-cash impairment of R1 302 million (after tax) has been recognised against the carrying value of Netcare's contractual economic interest in the debt of BMI Healthcare. Although the economic and contractual rights with regard to this debt remain intact (including BMI Healthcare's obligation to repay the debt), the accounting standards are prescriptive and provide that, when determining fair value of this contractual economic interest, cognisance may only be taken of factors in existence at the reporting date of 31 March 2018. Given that BMI Healthcare had not negotiated a rental reduction with its major external landlord by the reporting date; the rental negotiations have been ongoing for many years without success; no certainty exists as to whether a rent reduction transaction will be agreed; and BMI Healthcare is currently in default of certain obligations under its 2nd lien debt facility (in which Netcare owns a contractual economic interest), Netcare is of the view that it is prudent to impair this contractual economic interest in the debt of BMI Healthcare in full.

The reported Group profit after tax for the period amounted to R3 641 million (2017: R1 942 million). Adjusted Headline Earnings per Share ("HEPS") from continuing operations grew by 8.5% to 87.7 cents (2017: 80.8 cents). Based on the improved performance of our South African operations, further informed by the decision to exit the UK, confidence in the SA businesses going forward and the strong balance sheet, the Board has agreed to declare an interim dividend of 44.0 cents, representing an increase of 15.8% against the 2017 interim dividend of 38.0 cents.

FINANCIAL POSITION AND CASH FLOW

SUMMARISED STATEMENT OF FINANCIAL POSITION

Rm	Actual 30 Sep 2017	UK exit	Akeso acquisition	Forex effect	Other movement	Actual 31 Mar 2018
Assets						
PPE, goodwill and intangible assets	15 945	(3 704)	1 489	(349)	107	13 488
Other non-current assets	4 008	(2 389)	-	(192)	(26)	1 401
Current assets	8 116	(3 039)	99	(223)	(212)	4 741
Assets classified as held-for-sale	43	203	-	(1)	47	292
Total assets	28 112	(8 929)	1 588	(765)	(84)	19 922
Equity and liabilities						
Total shareholders' equity	8 862	927	3	120	(72)	9 840
Borrowings	8 910	(3 517)	1 337	(332)	(187)	6 211
Other liabilities	10 340	(6 339)	248	(553)	175	3 871
Total equity and liabilities	28 112	(8 929)	1 588	(765)	(84)	19 922

The Group statement of financial position at 31 March 2018 includes only SA assets, liabilities and reserves, other than assets held for sale, which include Netcare's 56.9% interest in GHG PropCo 2 in the UK. Rental income earned by GHG PropCo 2 for H1 2018 amounted to £3.7 million (2017: £3.6 million) with a rental cover at the six operating facilities of approximately 2.0 times. Total assets decreased 29.1% to R19 922 million at 31 March 2018 from R28 112 million at 30 September 2017, largely due to the deconsolidation of the UK operations, partially offset by the inclusion of Akeso's provisional acquisition balance sheet. Total shareholders' equity increased to R9 840 million at 31 March 2018, from R8 862 million at 30 September 2017.

At 31 March 2018, Group net debt was R5 582 million (March 2017: Group R6 657 million; SA R4 724 million), inclusive of the Akeso purchase consideration of R1 233 million and the acquisition of its existing debt of R242 million. Net debt to normalised EBITDA is stable at 1.3 times (March 2017: 1.2 times), while interest cover is healthy at 20.6 times. The increase in SA net debt from R3 908 million at 30 September 2017 is due to capital expenditure, tax and dividend payments which collectively amounted to R1 767 million (March 2017: R2 050 million) during the period under review, as well as funding required for the acquisition of Akeso.

The Group invested R742 million (2017: R960 million) in capital expenditure (including intangible assets) and paid R784 million (2017: R773 million) to shareholders in ordinary dividends.

DIVISIONAL REVIEW

South Africa

The SA normalised EBITDA margin has remained stable at 20.9%, with a consistent normalised operating profit margin of 17.4%. In terms of our 'asset lighter' approach, capital expenditure for the period, including intangible assets, of R462 million reduced from the R744 million invested in H1 2017.

Cash generated from operations during the six month period was 32.9% higher at R1 577 million (2017: R1 187 million), benefitting from, inter alia, higher EBITDA and good traction in our Green Procurement initiative, which is focused on optimising stock holdings across the Group, and has reduced overall inventory balances.

Hospital and Emergency Services

Revenue showed strong growth of 9.3% to R9 637 million (2017: R8 818 million), attributable to patient day growth of 3.5% and an increase in net revenue per patient day of 5.1%. Full week occupancy levels improved to 65.0% (2017: 63.2%). Week day occupancies for the same period were 70.8%, compared to 69.0% in the comparative period. The specialist base grew by a net 51 doctors, with strong support from surgical disciplines.

EBITDA increased by 8.3% to R2 029 million (2017: R1 874 million), at an EBITDA margin of 21.1% (2017: 21.3%). This includes non-recurring expenditure of R39 million relating to legal and advisory costs associated with the Competition Tribunal approval of the Akeso acquisition and UK-related advisory fees. The underlying EBITDA, excluding these costs, was R2 068 million, at an EBITDA margin of 21.5% (2017: 21.3%). Operating profit improved 8.2% to R1 706 million (2017: R1 577 million).

The Emergency Services business in SA has been restructured and losses from this division have been curtailed during the period. The closure of the Mozambican emergency services operations was completed by 31 December 2017.

Netcare's various ongoing efficiency projects continue to add value. These include: the optimisation of ward and theatre staffing; automation and centralisation of administrative processes; and extensive sustainability programmes focused on curbing the costs of electricity, water and waste. Given the unprecedented and crippling effects of the water shortages in the Western Cape, Netcare has completed a programme to ensure total sustainability of our operations in the event of a 'Day Zero' scenario, should the Western Cape run out of water. This programme entailed installing a fully-fledged desalination plant at the Netcare Christiaan Barnard Memorial Hospital in Cape Town. In addition, boreholes have been sunk at all hospitals and several Medicross and NRC facilities in the Western Cape region. Lastly, extensive water savings initiatives have been introduced to ensure water utilisation per patient is significantly conserved. Netcare has been recognised as a global leader in the movement towards the delivery of climate-smart healthcare, and recently received four Climate Champion Awards, two gold and two silver awards, at the international 2020 Health Care Climate Challenge organised by Global Green Healthy Hospitals. Globally, this achievement has only been equalled by one other organisation, which is based in the United States.

Netcare has partnered with a team of skilled global specialists on a three-year journey to implement fully digitised patient and clinical records in terms of the strategy to deliver person-centred health and care which is digitally enabled. These will improve patient care and safety, the accuracy of record keeping and allow patients to have quick and easy access to their own medical records. As the platform operates on mobile devices off the Apple iOS platform, it will further allow clinicians to access records offsite from their mobile phones or iPads in order to respond immediately, where necessary. Importantly, it will allow nurses to spend more time caring for patients by reducing repetitive administrative tasks and will streamline overall administration services and increase case management capabilities. World leading drug interaction software will also be introduced to automatically flag and prevent any potential drug interactions or medication related errors, further enhancing the quality of patient care.

In terms of Netcare's 'asset lighter' strategy, aimed at leveraging our existing capacity and maintaining a highly disciplined approach to capital allocation throughout the Group, no new hospital beds were added during the period. Twenty under-utilised beds were transferred to a hospital with higher demand and 10 under-utilised beds were converted to higher demand disciplines during the period.

Key clinical quality focus areas include the maintenance of a world class Quality Management System and Netcare is currently completing accreditation by the British Standards Institute ("BSI") towards achieving an ISO 9001 - 2015 certification for the entire Group. We expect this to be completed by August 2018. Patient safety and excellence in care are essential goals, pursued through the fostering of collaborative stakeholder relationships, clinical governance processes and focused clinical improvement projects. At the centre of our core values is 'care', placing the patient at the centre of our clinical quality strategy for the Group, whilst also ensuring the wellbeing of individual members of the care-delivery team.

The acquisition of Akeso provides a sizable platform for Netcare's expansion into the rapidly growing mental and psychiatric healthcare services segment, comprising a 28% share of this sector. Akeso's co-founder and Managing Director, Allan Sweidan, along with his existing senior management team, will continue to manage the business within Netcare and will assist in developing and extending Netcare's mental healthcare offering under the Akeso brand. A condition of the Competition Tribunal approval of the Akeso acquisition was the disposal by Netcare of its Bell Street and Rand hospitals (which collectively contribute approximately 0.5% to revenue) within 12 and 18 months respectively. The property, plant and equipment of these entities has been classified as held-for-sale at 31 March 2018, as they are expected to be sold within the next 12 months, based on strong interest expressed to date.

Primary Care

The H1 2018 reported performance of this division's results is affected by the structural changes implemented in FY2017. Revenue of R329 million reduced by 15.4% compared to the prior period of R389 million. However, H1 2017 included retail pharmacy revenue for the two months prior to the outsourcing to Clicks (effected from 1 December 2016), which replaced a revenue business model for a rental model, as well as three month's revenue from managed care administration services, which were wound down in H1 2017. The underlying increase in revenue on a like-for-like basis was 7.4%. Three new Medicross medical and dental centres were opened during H1 2018 and are expected to contribute more fully in H2 2018. The transformation of the business is reflected in the improved EBITDA margin of 15.5% (2017: 12.9%). EBITDA of R51 million remained in line with the comparative period's R50 million.

Operating profit reduced slightly by 3.6% to R27 million (2017: R28 million) as a result of higher depreciation charges on the new day theatre and sub-acute facilities, which were operational for the full period.

United Kingdom

Operational performance

Trading conditions in the UK have remained challenging across the entire private healthcare market. Inpatient and day caseload decreased by 3.5%. The impact of the National Health Services ("NHS") demand management initiatives saw NHS caseload decline by 4.5% (2017: growth of 8.5%) during the period under review. Private Medical Insurance ("PMI") demand remains weak and caseload reduced by 9.6% (2017: decline of 3.6%). The Self-pay segment achieved growth of 2.3% (2017: growth of 6.4%). There was a further change in case mix with inpatient volumes declining at a higher rate than the reduction in day cases during the reporting period.

Revenue of £438.9 million (2017: £458.0 million) decreased by 4.2%. The business incurred significant strategic restructuring costs during the period amounting to £9.6 million. EBITDA prior to these costs amounted to £3.1 million, reflecting a sharp drop of 87.1% against the comparative period of £24.0 million, while the EBITDA margin declined to 0.7% (2017: 5.2%). After the strategic restructuring costs the business reported an EBITDA loss of £6.5 million (2017: profit of £24.0 million). After depreciation and amortisation charges, an operating loss of £20.3 million (2017: operating profit of £6.0 million) was reported.

Exit from UK market

On 28 March 2018 Netcare announced that it had made a strategic decision to exit the UK market and pursue the disposal of its interests in the UK.

By way of background, in May 2006, Netcare invested £219.0m at R11.73: £1 for 52.6% of GHG. At that time, approximately 97.5% of BMI Healthcare's volumes were PMI and private Self-pay patients, with publicly funded NHS caseload only contributing approximately 2.5% of activity. Funding for the transaction was secured by the property portfolio (collectively "GHG PropCo 1" or "PropCo"), which was separated from the operating company ("BMI Healthcare" or "OpCo"). The cost of the funding placed on the PropCo entities was fixed by way of interest rate swap instruments. These steps were common market practice at the time and were implemented with the benefit of extensive professional advice.

However, the Global Financial Crisis ("GFC") of 2008/2009 created a structural change in the private healthcare market. The UK experienced large-scale job losses, which resulted in a significant reduction of beneficiaries in the PMI market. In the decade since then PMI demand has not recovered. BMI Healthcare was able to partially compensate for lower PMI demand by treating an increasing number of NHS patients at lower tariffs. Currently ±45% of BMI Healthcare's caseload is for NHS patients. This change in payor mix necessitated BMI Healthcare undertaking several restructuring exercises over the years, aimed at improving efficiencies.

A further notable consequence of the GFC was that interest rates plummeted to near-zero levels and remained suppressed at these levels for an extended period. As a result, the interest rate swap instruments related to the debt of GHG PropCo 1 moved heavily out-of-the-money, to the extent that it made the 2013 refinancing of the GHG PropCo 1 property debt unachievable. Netcare has always maintained a ring-fenced approach to its offshore investments and advocated a disciplined approach to capital allocation. Therefore, it chose not to commit to a substantial rights issue in order to fund a GHG PropCo 1 refinancing. During the GFC a large portion of the GHG PropCo 1 debt was acquired by distressed debt investors and they precipitated a complex restructuring of the GHG PropCo 1 debt obligations, including forcing GHG shareholders to relinquish control of GHG PropCo 1.

Even prior to the completion of the first GHG PropCo 1 restructuring, it was evident that BMI Healthcare's rental obligations would need to be altered. BMI Healthcare, together with its shareholders (including Netcare) continued to explore a rent reduction transaction with GHG PropCo 1 and its distressed debt investor shareholders. Over this period, Netcare spent considerable time and resources pursuing a rent reduction transaction with GHG PropCo 1 (BMI Healthcare's largest landlord). However, after more than five years of negotiation, Netcare concluded that a rent reduction transaction under which BMI Healthcare would have the resources necessary to invest in the estate and simultaneously generate an appropriate risk-adjusted return for Netcare shareholders, was highly unlikely.

In addition to the items summarised above, over the years there have been several other factors that negatively affected BMI Healthcare's performance, some internal and many external.

Towards the end of the 2017 calendar year, in light of the deteriorating UK healthcare landscape and BMI Healthcare's poor performance, particularly in H2 of 2017, Netcare undertook a comprehensive strategic review of the UK healthcare market. This review concluded that the constrained prevailing market conditions are likely to persist beyond the short term and remain in place through the medium to longer term.

Unfortunately, BMI Healthcare's ability to respond adequately to the changing market circumstances continues to be impacted by its onerous long-term leases and its limited capital.

In a SENS announcement on 18 January 2018, Netcare advised that in the absence of an appropriate commercially viable rent reduction, and given the poor market conditions, it would not be providing any further capital to support the UK.

BMI Healthcare secured a short-term funding arrangement with its lenders, which matured on 31 March 2018. The lenders conditioned any extension of this short-term funding beyond that date on GHG's shareholders relinquishing effective control of the boards of directors of BMI Healthcare. As a result of the abovementioned inter-related factors, Netcare agreed to accede to this demand, in the interests of the business, and made a strategic decision to exit the UK market and to explore the disposal of its UK interests.

Accordingly, as required by the relevant accounting standards, the UK operations have been deconsolidated from Netcare's accounts with effect from 28 March 2018.

OUTLOOK

The SA healthcare market has returned to growth and Netcare expects demand for private healthcare to remain resilient over the medium to longer term as a function of the aging population, growing burden of disease and medical innovation. The growth in patient days experienced to date (excluding the Akeso facilities) is expected to continue into H2 2018, albeit at a slower rate than the H1 2018 growth. The trading results of Akeso will be included in the Group results from H2 2018.

Netcare has no current plans to add any new acute hospital beds in the second half of the year and will complete projects in progress to convert beds to higher demand disciplines and transfer beds from under-utilised to higher demand facilities. However, management will continue to evaluate selective investments in high growth areas. A further 61 new beds will be added to the Akeso clinics at no additional capital cost. Planned capital expenditure in SA of approximately R1.4 billion for the full year is expected, which will cover continued work on the major Netcare Milpark Hospital expansion project, refurbishment of certain hospitals and cyclical replacement and technological upgrades of medical and theatre equipment, as well as growing the footprint of our cancer services and day theatre networks.

In the Primary Care division there are a number of factors which are expected to positively impact performance in the second half. There will be a contribution for the full period from the three new Medicross medical and dental centres taken on during H1 2018, along with benefits from increasing activity and occupancy levels at the new day theatres in Kimberley and Upington. The business has grown its occupational health and safety offering and has secured two new contracts which will come on-stream in the second half.

Netcare has a disciplined approach to capital allocation, focused on value creation for Netcare and its shareholders. Our 'asset lighter' strategy complements this goal. We are reviewing the return on capital of our portfolio of assets to ensure greater value creation for all stakeholders.

With respect to international acquisitions, Netcare will continue to assess new market opportunities, but only with a focus on long term value creation for shareholders.

Provisional findings of the SA Health Market Inquiry were expected to be released on 30 April 2018, but the release has now been delayed to 31 May 2018. Netcare has contributed significantly to this market-wide review and believes that the SA hospital sector is highly competitive demonstrated by significant levels of new entrants into the hospital segment.

CHANGE IN DIRECTORSHIP

Mr Meyer Kahn ("Mr Kahn") retired from the Board with effect from the close of business on 31 March 2018. The Board wishes to express its profound gratitude and appreciation to Mr Kahn for the extraordinary contribution he made to Netcare during his term of office.

Mrs Thevendrie Brewer, an independent non-executive member of the Board since January 2011 and deputy chair since November 2015, assumed the role of chair effective 1 April 2018. Netcare looks forward to her continuing stewardship.

Declaration of interim dividend number 18

Notice is hereby given that a gross interim dividend of 44.0 cents per ordinary share is declared in respect of the period ended 31 March 2018. The dividend has been declared from income reserves and is payable to shareholders recorded in the register at the close of business on Friday, 06 July 2018. The number of ordinary shares (inclusive of treasury shares) in issue at date of this declaration is 1 470 682 370. The dividend will be subject to a local dividend withholding tax at a rate of 20%, which will result in a net interim dividend to those shareholders not exempt from paying dividend withholding tax of 35.2 cents per ordinary share and 44.0 cents per ordinary share for those shareholders who are exempt from dividend withholding tax.

The Board has confirmed by resolution that the solvency and liquidity test as contemplated by the Companies Act 71 of 2008 has been duly considered, applied and satisfied.

The salient dates applicable to the interim dividend are as follows:

Last day to trade cum dividend	Tuesday, 03 July 2018
Trading ex-dividend commences	Wednesday, 04 July 2018
Record date	Friday, 06 July 2018
Payment date	Monday, 09 July 2018

Share certificates may not be dematerialised nor rematerialised between Wednesday, 04 July 2018 and Friday, 06 July 2018, both dates inclusive.

On Monday, 09 July 2018, the dividend will be electronically transferred to the bank accounts of all certificated shareholders. Holders of dematerialised shares will have their accounts credited at their participant or broker on Monday, 09 July 2018.

Netcare Limited's tax reference number is 9999/581/71/4.

On behalf of the Board

Thevendrie Brewer	Chair
Richard Friedland	Chief Executive Officer
Keith Gibson	Chief Financial Officer

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11 May 2018

Disclaimer
Any forward-looking statements incorporated in these financial results have not been audited or reviewed by our external auditors.

GROUP STATEMENT OF PROFIT OR LOSS

Rm	Notes	Unaudited six months ended 31 March 2018	Unaudited six months ended 31 March 2017(1)	% change	Year ended 30 September 2017(1)
Revenue		9 966	9 207	8.2	19 114
Cost of sales		(4 975)	(4 624)		(9 661)
Gross profit		4 991	4 583	8.9	9 453
Other income		246	214		460
Administrative and other expenses - excluding items below		(3 504)	(3 192)		(6 582)
Operating profit before items below	2	1 733	1 605	8.0	3 331
Profit on sale of old Netcare CBMH(2) land and buildings		-	203		203
Impairment of contractual economic interest in the debt of BMI Healthcare	7	(1 534)	-		-
Operating profit		199	1 808		3 534
Investment income	3	197	137		343
Financial expenses	4	(281)	(228)		(489)
Other financial (losses)/gains - net	5	(2)	-		3
Attributable earnings of associates		22	34		36
Attributable earnings of joint ventures		21	15		53
Profit before taxation		156	1 766		3 480
Taxation	6	(247)	(470)		(942)
(Loss)/profit for the period from continuing operations		(91)	1 296		2 538
(Loss)/profit from discontinued operations	10	(473)	646		(5 267)
Profit on loss of control	11	4 205	-		-
Profit/(loss) for the period		3 641	1 942		(2 729)
Attributable to:					
Owners of the parent		3 811	1 632		(549)
Preference shareholders		28	28		56
Profit/(loss) attributable to shareholders		3 839	1 660		(493)
Non-controlling interest		(198)	282		(2 236)
		3 641	1 942		(2 729)
Cents					
Basic earnings/(loss) per share		279.5	120.0	132.9	(40.9)
Continuing operations		(9.5)	92.9		182.1
Discontinued operations		289.0	27.1		(223.0)
Diluted earnings/(loss) per share		275.7	118.5	132.7	(40.9)
Continuing operations		(9.3)	91.8		179.7
Discontinued operations		285.0	26.7		(220.6)
Dividend per share (cents)		44.0	38.0	15.8	95.0

1. Restated for discontinued operations
2. Christiaan Barnard Memorial Hospital

GROUP STATEMENT OF OTHER COMPREHENSIVE INCOME

Rm	Unaudited six months ended 31 March 2018	Unaudited six months ended 31 March 2017	Year ended 30 September 2017
Profit/(loss) for the period	3 641	1 942	(2 729)
Items that may not subsequently be reclassified to profit or loss	-	-	(29)
Remeasurement of defined benefit obligation	-	-	(40)
Taxation on items that may not subsequently be reclassified to profit or loss	-	-	11
Items that may subsequently be reclassified to profit or loss	(1 891)	(231)	(38)
Effect of cash flow hedge accounting	(2)	(10)	(43)
Amortisation of cash flow hedge accounting reserve	1	1	2
Change in the fair value of cash flow hedges	(3)	(11)	(45)
Effect of translation of foreign entities	86	(224)	(7)
Recycling of foreign currency translation reserve on loss of control	(1 976)	-	-
Taxation on items that may subsequently be reclassified to profit or loss	1	3	12
Other comprehensive loss for the period	(1 891)	(231)	(67)
Total comprehensive income/(loss) for the period	1 750	1 711	(2 796)
Attributable to:			
Owners of the parent	1 613	1 499	(604)
Preference shareholders	28	28	56
Non-controlling interest	109	184	(2 248)
	1 750	1 711	(2 796)

GROUP STATEMENT OF FINANCIAL POSITION

Rm	Notes	Unaudited 31 March 2018	Unaudited 31 March 2017	30 September 2017
ASSETS				
Non-current assets				
Property, plant and equipment		11 742	14 476	13 908
Goodwill		1 602	3 897	1 705
Intangible assets		144	268	332
Equity-accounted investments, loans and receivables	7	971	2 598	2 876
Financial assets	8	2	9	17
Deferred lease assets		27	26	23
Deferred taxation		401	1 171	1 092
Total non-current assets		14 889	22 445	19 953
Current assets				
Loans and receivables	7	53	52	53
Financial assets	8	-	11	1
Inventories		656	1 138	984
Trade and other receivables		3 197	5 567	4 541
Taxation receivable		16	19	6
Cash and cash equivalents		819	1 630	2 531
		4 741	8 417	8 116
Assets classified as held-for-sale		292	-	43
Total current assets		5 033	8 417	8 159
Total assets		19 922	30 862	28 112
EQUITY AND LIABILITIES				
Capital and reserves				
Ordinary share capital and premium		4 383	4 205	4 205
Treasury shares		(3 888)	(3 738)	(3 720)
Other reserves		546	2 340	2 481
Retained earnings		8 106	8 109	5 316
Equity attributable to owners of the parent		9 147	10 916	8 282
Preference share capital and premium		644	644	644
Non-controlling interest		49	2 375	(64)
Total shareholders' equity		9 840	13 935	8 862
Non-current liabilities				
Long-term debt	9	5 112	4 492	7 232
Financial liabilities	8	50	1 344	1 187
Post-retirement benefit obligations		512	442	497
Deferred lease liabilities		34	124	149
Deferred taxation		191	1 134	1 049
Provisions		-	94	1 470
Total non-current liabilities		5 899	7 630	11 584
Current liabilities				
Trade and other payables		2 881	5 473	5 912
Short-term debt	9	1 099	3 570	1 678
Financial liabilities	8	10	8	9
Taxation payable		3	21	56
Bank overdrafts		190	225	6
		4 183	9 297	7 661
Liabilities classified as held-for-sale		-	-	5
Total current liabilities		4 183	9 297	7 666
Total equity and liabilities		19 922	30 862	28 112

GROUP STATEMENT OF CASH FLOWS

Rm	Unaudited six months ended 31 March 2018	Unaudited six months ended 31 March 2017	Year ended 30 September 2017
Cash flows from operating activities			
Cash received from customers	9 141	16 433	34 508
Cash paid to suppliers and employees	(7 641)	(15 096)	(30 239)
Cash generated from operations	1 500	1 337	4 269
Interest paid	(442)	(324)	(732)
Taxation paid	(474)	(466)	(874)
Ordinary dividends paid by subsidiaries	(14)	(9)	(37)
Ordinary dividends paid	(784)	(773)	(1 296)
Preference dividends paid	(28)	(28)	(56)
Distributions to beneficiaries of the HPFL B-BBEE trusts	(8)	(30)	(49)
Net cash from operating activities	(250)	(293)	1 225
Cash flows from investing activities			
Acquisition of property, plant and equipment	(741)	(958)	(2 419)
Additions to intangible assets	(1)	(2)	(28)
Proceeds on disposal of property, plant and equipment and intangible assets	18	8	338
Acquisition of businesses	(1 233)	(140)	(139)
Bank overdraft related to acquisition of business	(185)	-	-
Proceeds from disposal of businesses	-	2	3
Cash and cash equivalents of business deconsolidated	(673)	-	-
Decrease in investments and loans	73	46	50
Interest received	97	62	151
Dividends received	16	12	15
Increase in equity interest from associates and joint ventures to subsidiaries	(2)	-	-
Net cash from investing activities	(2 631)	(970)	(2 029)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	3	7	8
Proceeds on disposal of treasury shares	10	31	48
Long-term debt raised/(repaid)	1 628	(1 538)	1 018
Short-term debt (repaid)/raised	(579)	2 249	287
Settlement of derivatives	(2)	-	-
Acquisition of non-controlling interests	-	(5)	(1)
Net cash from financing activities	1 060	744	1 360
Net (decrease)/increase in cash and cash equivalents	(1 821)	(519)	556
Translation effects on cash and cash equivalents of foreign entities	(81)	(55)	21
Cash and cash equivalents at the beginning of the period	2 525	1 979	1 979
Cash and cash equivalents related to assets held-for-sale	6	-	(31)
Cash and cash equivalents at the end of the period	629	1 405	2 525
Consisting of:			
Cash on hand and balances with banks	819	1 630	2 531
Short-term money market borrowings and bank overdrafts	(190)	(225)	(6)
	629	1 405	2 525

CONDENSED GROUP STATEMENT OF CHANGES IN EQUITY

Rm	Ordinary share capital and premium	Treasury shares	Cash flow hedge accounting reserve	Foreign currency translation reserve	Other reserves	Retained earnings	Equity attributable to owners of the parent	Preference share capital and premium	Non-controlling interest	Total share-holders' equity
Balance as at 30 September 2016	4 197	(3 768)	(14)	2 000	479	7 283	10 177	644	2 188	13 009
Shares issued during the period	8	-	-	-	-	-	8	-	-	8
Sale of treasury shares	-	30	-	-	-	2	32	-	-	32
Share-based payments reserve movements	-	-	-	-	10	-	10	-	-	10
Tax recognised in equity	-	-	-	-	-	9	9	-	-	9
Preference dividends paid	-	-	-	-	-	-	-	(28)	-	(28)
Dividends paid	-	-	-	-	-	(773)	(773)	-	(9)	(782)
Distributions to beneficiaries of the HPFL B-BBEE trusts	-	-	-	-	-	(30)	(30)	-	-	(30)
Increase in equity interest in subsidiaries	-	-	-	-	-	(16)	(16)	-	12	(4)
Total comprehensive (loss)/income for the period	-	-	(7)	(128)	-	1 634	1 499	28	184	1 711
Balance as at 31 March 2017	4 205	(3 738)	(21)	1 872	489	8 109	10 916	644	2 375	13 935
Sale of treasury shares	-	18	-	-	-	(2)	16	-	-	16
Share-based payments reserve movements	-	-	-	-	36	-	36	-	-	36
Tax recognised in equity	-	-	-	-	-	(23)	(23)	-	-	(23)
Preference dividends paid	-	-	-	-	-	-	-	(28)	-	(28)
Dividends paid	-	-	-	-	-	(523)	(523)	-	(28)	(551)
Distributions to beneficiaries of the HPFL B-BBEE trusts	-	-	-	-	-	(19)	(19)	-	-	(19)
Decrease in equity interest in subsidiaries	-	-	-	-	-	(18)	(18)	-	21	3
Total comprehensive (loss)/income for the period	-	-	(24)	129	-	(2 208)	(2 103)	28	(2 432)	(4 507)
Balance as at 30 September 2017	4 205	(3 720)	(45)	2 001	525	5 316	8 282	644	(64)	8 862
Shares issued during the period	178	(175)	-	-	-	-	3	-	-	3
Sale of treasury shares	-	7	-	-	-	3	10	-	-	10
Share-based payments reserve movements	-	-	-	-	18	-	18	-	-	18
Transfer to retained earnings	-	-	-	-	(11)	11	-	-	-	-
Tax recognised in equity	-	-	-	-	-	23	23	-	-	23
Preference dividends paid	-	-	-	-	-	-	-	(28)	-	(28)
Dividends paid	-	-	-	-	-	(784)	(784)	-	(14)	(798)
Distributions to beneficiaries of the HPFL B-BBEE trusts	-	-	-	-	-	(8)	(8)	-	-	(8)
Increase in equity interest in subsidiaries	-	-	-	-	-	(10)	(10)	-	18	8
Total comprehensive (loss)/income for the period	-	-	(2)	(1 908)	(32)	3 555	1 613	28	109	1 750
Ordinary movements	-	-	(2)	68	-	(392)	(326)	28	(181)	(479)
Deconsolidation of BMI Healthcare	-	-	-	(1 976)	(32)	3 947	1 939	-	290	2 229
Balance as at 31 March 2018	4 383	(3 888)	(47)	93	500	8 106	9 147	644	49	9 840

HEADLINE EARNINGS

Rm	Unaudited six months ended 31 March 2018	Unaudited six months ended 31 March 2017(1)	% change	Year ended 30 September 2017(1)
Reconciliation of headline earnings				
Profit/(loss) for the period	3 641	1 942	87.5	(2 729)
Less:				
Dividends paid on shares attributable to the Forfeitable Share Plan	(7)	(4)		(7)
Preference shareholders	(28)	(28)		(56)
Non-controlling interest	198	(282)		2 236
Profit/(loss) attributable to owners of the parent used in the calculation of basic and diluted earnings per share	3 804	1 628	133.7	(556)
Adjusted for:				
Fair value gains on investments on acquisition of control	(3)	-		(16)
Impairment of goodwill	-	-		2 354
Profit on loss of control	(4 205)	-		-
Recognition of impairment of investments	-	-		8
Recognition of impairment of property, plant and equipment	-	-		1 543
Net profit on disposal of property, plant and equipment	(10)	(200)		(193)
Net profit on disposal of investments	(2)	(4)		(7)
Tax effect of headline adjusting items	2	34		32
Non-controlling share of headline adjusting items	(1)	(1)		(1 672)
Headline (loss)/earnings	(415)	1 457	(128.5)	1 493
Adjustments for discontinued operations:				
Loss/(profit) from discontinued operations	473	(646)		5 267
Non-controlling interest	(201)	279		(2 236)
Impairment of goodwill	-	-		(2 354)
Recognition of impairment of property, plant and equipment	-	-		(1 540)
Net profit on disposal of property, plant and equipment	(2)	(1)		(4)
Tax effect of headline adjusting items	-	-		1
Non-controlling share of headline adjusting items	1	1		1 672
Headline (loss)/earnings from continuing operations	(144)	1 090	(113.2)	2 299

1. Restated for discontinued operations

Rm	Unaudited six months ended 31 March 2018	Unaudited six months ended 31 March 2017(1)	% change	Year ended 30 September 2017(1)
Adjusted headline earnings				
Headline (loss)/earnings	(415)	1 457		1 493
Adjusted for:				
Settlement loss on FEC option	2	-		-
Amortisation of the cash flow hedge accounting reserve	1	1		2
Ineffectiveness gains on cash flow hedges	(1)	(1)		(5)
Fair value losses/(gains) on derivative financial instruments	85	(665)		(937)
(Reversal)/recognition of onerous lease provisions	(168)	-		1 668
Recognition of loan impairment	-	-		7
Recognition of impairment of contractual economic interest in debt of BMI Healthcare	1 534	-		-
Competition Commission costs	8	10		14
Restructure costs incurred by BMI Healthcare	212	-		124
Restructure costs incurred by Netcare in respect of BMI Healthcare	23	-		8
Akeso related transaction costs	16	-		-
Tax effect of adjusting items	(250)	11		(28)
Non-controlling share of adjusting items	(43)	281		(359)
Adjusted headline earnings	1 004	1 094	(8.2)	1 987
Adjustments for discontinued operations:				
Loss/(profit) from discontinued operations	473	(646)		5 267
Non-controlling interest	(201)	279		(2 236)
Headline earnings adjustments relating to discontinued operations	(1)	-		(2 225)
Fair value losses/(gains) on derivative financial instruments	(85)	665		937
(Reversal)/recognition of onerous lease provisions	168	-		(1 668)
Restructure costs incurred by BMI Healthcare	(212)	-		(124)
Tax effect of adjusting items	4	(14)		22
Non-controlling share of adjusting items	43	(281)		359
Adjusted headline earnings from continuing operations	1 193	1 097	8.8	2 319

1. Restated for discontinued operations

Rm	Unaudited six months ended 31 March 2018	31 March 2017(1)	% change	Year ended 30 September 2017(1)
Headline (loss)/earnings per share	(30.5)	107.4	(128.4)	109.9
Continuing operations	(10.6)	80.3		169.2
Discontinued operations	(19.9)	27.1		(59.3)
Diluted headline (loss)/earnings per share	(30.5)	106.0	(128.8)	108.6
Continuing operations	(10.6)	79.3		167.3
Discontinued operations	(19.9)	26.7		(58.7)
Adjusted headline earnings per share	73.8	80.6	(8.4)	146.2
Continuing operations	87.7	80.8		170.6
Discontinued operations	(13.9)	(0.2)		(24.4)

1. Restated for discontinued operations

CONDENSED SEGMENT REPORT

	South Africa			United Kingdom	
Rm	Hospital and Emergency services(1,2)	Primary Care	Total	BMI Healthcare(1)	Group
31 March 2018					
Statement of profit or loss					
Revenue	9 637	329	9 966	*	9 966
EBITDA - before item below	2 029	51	2 080	*	2 080
Operating profit - before item below	1 706	27	1 733	*	1 733
Impairment of contractual economic interest in debt of BMI Healthcare	(1 534)	-	(1 534)	-	(1 534)
Operating profit	172	27	199	*	199
Attributable earnings of associates and joint ventures	-	-	43	*	43
Segment assets and liabilities					
Total assets			19 719	203	19 922
Total liabilities			(10 082)	-	(10 082)
31 March 2017					
Statement of profit or loss					
Revenue	8 818	389	9 207	*	9 207
EBITDA - before item below	1 874	50	1 924	*	1 924
Operating profit - before item below	1 577	28	1 605	*	1 605
Profit on sale of old Netcare CBMH land and buildings	203	-	203	-	203
Operating profit	1 780	28	1 808	*	1 808
Attributable earnings of associates and joint ventures	-	-	49	*	49
Segment assets and liabilities					
Total assets			18 726	12 136	30 862
Total liabilities			(8 817)	(8 110)	(16 927)

1. Restated for discontinued operations
2. EBITDA and operating profit in 2018 are inclusive of UK related restructure costs amounting to R23 million, and Akeso transaction costs amounting to R16 million

* Results now included under discontinued operations

	South Africa			United Kingdom	
Rm	Hospital and Emergency services(1)	Primary Care	Total	BMI Healthcare(2)	Group
30 September 2017					
Statement of profit or loss					
Revenue	18 403	711	19 114	*	19 114
EBITDA before item below	3 867	108	3 975	*	3 975
Operating profit - before item below	3 268	63	3 331	*	3 331
Profit on sale of old Netcare CBMH land and buildings	203	-	203	-	203
Operating profit	3 471	63	3 534	*	3 534
Attributable earnings of associates and joint ventures	-	-	89	*	89
Segment assets and liabilities					
Total assets			19 864	8 248	28 112
Total liabilities			(9 215)	(10 035)	(19 250)

1. EBITDA and operating profit are inclusive of an R8 million impairment of a joint venture
2. Restated for discontinued operations

* Results now included under discontinued operations

CONDENSED NOTES TO THE UNAUDITED INTERIM GROUP FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The condensed unaudited interim Group financial statements for the six months ended 31 March 2018 have been prepared in compliance with the Listings Requirements of the JSE Limited, the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting, SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, No. 71 of 2008. These condensed unaudited interim financial statements were compiled under the supervision of Mr KN Gibson (CA) SA, Group Chief Financial Officer.

The accounting policies applied in the preparation of these results are in accordance with IFRS and are consistent in all material respects with those applied in the audited financial statements for the year ended 30 September 2017.

Due to the significance of the impairment of the contractual economic interest in the debt of BMI Healthcare, both quantitatively and qualitatively, it has been presented separately on the face of the statement of profit or loss, together with the profit on the sale of the old Netcare Christiaan Barnard Memorial Hospital land and buildings in the prior year.

We believe this presentation is in line with IAS 1: Presentation of Financial Statements which notes that additional line items may be presented in the statement of profit or loss when such presentation is relevant to an understanding of the entity's financial performance.

The interim results have not been reviewed or audited by the Group's independent external auditors, Grant Thornton Johannesburg.

		Unaudited six months ended		Year ended
	Rm	31 March 2018	31 March 2017(1)	30 September 20171
2.	OPERATING PROFIT			
	After including:			
	Depreciation and amortisation	(347)	(319)	(644)
	Impairment of property, plant and equipment	-	-	(1)
	Operating lease charges	(278)	(241)	(560)
	Profit on disposal of property, plant and equipment	12	203	203
3.	INVESTMENT INCOME			
	Interest on bank accounts and other	93	60	148
	Interest income on contractual economic interest in the debt of BMI Healthcare	104	77	195
		197	137	343
4.	FINANCIAL EXPENSES			
	Interest on bank loans and other	(117)	(114)	(243)
	Interest on promissory notes	(143)	(95)	(207)
	Total funding financial expense	(260)	(209)	(450)
	Retirement benefit plan financial expenses	(21)	(19)	(39)
		(281)	(228)	(489)

1. Restated for discontinued operations

		Unaudited six months ended		Year ended
	Rm	31 March 2018	31 March 2017(1)	30 September 20171
5.	OTHER FINANCIAL (LOSSES)/GAINS - NET			
	Amortisation of the cash flow hedge accounting reserve	(1)	(1)	(2)
	Settlement loss on FEC option	(2)	-	-
	Ineffectiveness gains on cash flow hedges	1	1	5
		(2)	-	3
6.	TAXATION			
	South African normal and deferred taxation			
	Current year	(235)	(440)	(923)
	Prior years	-	12	26
	Capital gains tax	(2)	(32)	(32)
		(237)	(460)	(929)
	Foreign normal and deferred taxation			
	Current year	(10)	(10)	(18)
	Prior years	-	-	5
		(10)	(10)	(13)
	Total taxation per the statement of profit or loss	(247)	(470)	(942)

1. Restated for discontinued operations

Rm	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)	30 September 2017
7. EQUITY-ACCOUNTED INVESTMENTS, LOANS AND RECEIVABLES			
Non-current			
Associated companies	534	773	817
Joint ventures	195	210	228
Contractual economic interest in the debt of BMI Healthcare	-	1 345	1 575
Other loans and receivables	242	270	256
	971	2 598	2 876
Current			
Loans and receivables	53	52	53
	1 024	2 650	2 929

At 31 March 2018, an amount of R1 534 million relating to a contractual economic interest in the debt of BMI Healthcare was impaired. Refer to note 11 for further details on the impairment.

Rm	31 March 2018 (Unaudited)	31 March 2017 (Unaudited)	30 September 2017
8. DERIVATIVE FINANCIAL INSTRUMENTS			
Derivative financial assets			
Interest rate swaps			
South African Rand	1	12	6
Non-derivative financial asset			
Investment in Cell Captive	1	8	12
	2	20	18
Included in:			
Non-current assets	2	9	17
Current assets	-	11	1
	2	20	18
Derivative financial liabilities			
Interest rate swaps			
South African Rand	(29)	(16)	(34)
Inflation rate swaps			
South African Rand	(31)	(22)	(29)
Foreign currency	-	(1 314)	(1 133)
	(60)	(1 352)	(1 196)
Included in:			
Non-current liabilities	(50)	(1 344)	(1 187)
Current liabilities	(10)	(8)	(9)
	(60)	(1 352)	(1 196)

Fair value hierarchy

Financial instruments measured at fair value are grouped into the following levels based on the significance of the inputs used in determining fair value:

Level 1: Fair value is derived from quoted prices (unadjusted) in active markets for identical instruments.

Level 2: Fair value is derived through the use of valuation techniques based on observable inputs, either directly or indirectly.

Level 3: Fair value is derived through the use of valuation techniques using inputs not based on observable market data.

The table below analyses the level applicable to financial instruments measured at fair value:

Rm	Level 2	Total
31 March 2018		
Derivative financial assets		
Interest rate swaps	1	1
Non-derivative financial asset		
Cell Captive	1	1
	2	2
Derivative financial liabilities		
Interest rate swaps	(29)	(29)
Inflation rate swaps	(31)	(31)
	(60)	(60)
31 March 2017		
Derivative financial assets		
Interest rate swaps	12	12
Non-derivative financial asset		
Cell Captive	8	8
	20	20
Derivative financial liabilities		
Interest rate swaps	(16)	(16)
Inflation rate swaps	(1 336)	(1 336)
	(1 352)	(1 352)

Rm	Level 2	Total
30 September 2017		
Derivative financial assets		
Interest rate swaps	6	6
Non-derivative financial asset		
Cell Captive	12	12
	18	18
Derivative financial liabilities		
Interest rate swaps	(34)	(34)
Inflation rate swaps	(1 162)	(1 162)
	(1 196)	(1 196)

The Group has no financial instruments categorised as Level 1 or Level 3. There were no transfers between categories in the current period.

	Unaudited		
Rm	31 March 2018	31 March 2017	30 September 2017
9. DEBT			
Long-term debt	5 112	4 492	7 232
Short-term debt	1 099	3 570	1 678
Total debt	6 211	8 062	8 910
Comprising:			
Debt in South African Rand			
Secured liabilities			
Finance leases	25	28	25
Unsecured liabilities			
Bank loans	1 740	2 651	2 700
Promissory notes and commercial paper in issue	4 411	2 362	2 750
Other	35	6	15
	6 211	5 047	5 490
Debt in foreign currency			
Secured liabilities			
Finance leases	-	303	326
Bank loans	-	2 527	3 109
Arrangement fees	-	-	(89)
Unsecured liabilities			
Accrued interest	-	185	74
	-	3 015	3 420
	6 211	8 062	8 910

Maturity profile(1)

Rm	Total	<1 year	1 - 2 years	2 - 3 years	3 - 4 years	>4 years
31 March 2018						
Debt in South African Rand	7 804	1 605	452	2 827	1 236	1 684
31 March 2017						
Debt in South African Rand	6 192	2 760	803	197	760	1 672
Debt in foreign currency	3 341	1 077	1 676	487	48	53
	9 533	3 837	2 479	684	808	1 725
30 September 2017						
Debt in South African Rand	6 758	2 005	868	1 550	183	2 152
Debt in foreign currency	5 591	183	178	150	120	4 960
	12 349	2 188	1 046	1 700	303	7 112

1. In terms of IFRS 7: Financial Instruments: Disclosures, this maturity analysis includes the contractual undiscounted cash flows, represented by gross commitments, including finance charges. These amounts are different to those reflected in the statement of financial position, which are based on discounted cash flows.

10. (LOSS)/PROFIT FROM DISCONTINUED OPERATIONS

Included in discontinued operations are the results of the Emergency Services business in Mozambique, the results of BMI Healthcare as well as the earnings of GHG PropCo 2.

Mozambique Emergency Services business

This entity was classified as discontinued at September 2017, as a decision was taken to dispose of the business. This process is still ongoing.

BMI Healthcare and GHG PropCo 2

On 28 March 2018 Netcare announced that it had made a strategic decision to exit the UK market and pursue the disposal of its interests in the UK. The operations represent a separate geographical area of operation (the UK), and therefore in terms of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations, we have classified BMI Healthcare and GHG PropCo 2 as a discontinued operation. Further detail can be found in note 11.

Rm	Emergency Services Mozambique	BMI Healthcare	GHG PropCo 2	Total
31 March 2018				
The (loss)/profit from discontinued operations is analysed as follows:				
Revenue	6	7 608	-	7 614
(Loss)/profit after taxation for the period is analysed as follows:				
Operating (loss)/profit	(6)	(184)	-	(190)
Investment income	-	4	-	4
Financial expenses	-	(226)	-	(226)
Other financial losses - net	-	(85)	-	(85)
Attributable earnings of associates	-	11	10	21
Attributable earnings of joint ventures	-	7	-	7
(Loss)/profit before taxation	(6)	(473)	10	(469)
Taxation	(5)	1	-	(4)
(Loss)/profit from discontinued operations	(11)	(472)	10	(473)
Cash flows from discontinued operations				
Cash flows from operating activities	(8)	(265)	-	(273)
Cash flows from investing activities	-	(310)	-	(310)
Cash flows from financing activities	7	386	-	393
Net decrease in cash and cash equivalents	(1)	(189)	-	(190)
Operating (loss)/profit after charging:				
Depreciation of property, plant and equipment	-	239	-	239
Employee costs - Salaries and wages	4	2 566	-	2 570
Operating lease charges	-	1 421	-	1 421
GHG PropCo 1	-	1 280	-	1 280
GHG PropCo 2	-	64	-	64
Other	-	77	-	77

Rm	Emergency Services Mozambique	BMI Healthcare	GHG PropCo 2	Total
31 March 2017				
The (loss)/profit from discontinued operations is analysed as follows:				
Revenue	11	7 694	-	7 705
(Loss)/profit after taxation for the period is analysed as follows:				
Operating (loss)/profit	(10)	94	-	84
Investment income	-	2	-	2
Financial expenses	-	(115)	-	(115)
Other financial gains - net	-	665	-	665
Attributable earnings of associates	-	11	9	20
Attributable earnings of joint ventures	-	8	-	8
(Loss)/profit before taxation	(10)	665	9	664
Taxation	-	(18)	-	(18)
(Loss)/profit from discontinued operations	(10)	647	9	646
Cash flows from discontinued operations				
Cash flows from operating activities	(9)	27	-	18
Cash flows from investing activities	-	(124)	-	(124)
Cash flows from financing activities	15	203	-	218
Net increase in cash and cash equivalents	6	106	-	112
Operating (loss)/profit after charging:				
Depreciation of property, plant and equipment	1	304	-	305
Employee costs - Salaries and wages	5	2 558	-	2 563
Operating lease charges	1	1 513	-	1 514
GHG PropCo 1	-	1 212	-	1 212
GHG PropCo 2	-	61	-	61
Other	1	240	-	241

Rm	Emergency Services Mozambique	BMI Healthcare	GHG PropCo 2	Total
30 September 2017				
The (loss)/profit from discontinued operations is analysed as follows:				
Revenue	24	15 011	-	15 035
(Loss)/profit after taxation for the period is analysed as follows:				
Operating loss	(48)	(5 928)	-	(5 976)
Investment income	-	53	-	53
Financial expenses	-	(347)	-	(347)
Other financial gains - net	-	937	-	937
Attributable earnings of associates	-	23	18	41
Attributable earnings of joint ventures	-	16	-	16
(Loss)/profit before taxation	(48)	(5 246)	18	(5 276)
Taxation	2	7	-	9
(Loss)/profit from discontinued operations	(46)	(5 239)	18	(5 267)
Cash flows from discontinued operations				
Cash flows from operating activities	(31)	303	-	272
Cash flows from investing activities	-	(764)	-	(764)
Cash flows from financing activities	38	353	-	391
Net increase/(decrease) in cash and cash equivalents	7	(108)	-	(101)
Operating loss after charging:				
Depreciation of property, plant and equipment	2	655	-	657
Employee costs - Salaries and wages	15	5 082	-	5 097
Operating lease charges	2	4 712	-	4 714
GHG PropCo 1	-	2 453	-	2 453
GHG PropCo 2	-	122	-	122
Other	2	2 137	-	2 139

11. DECONSOLIDATION OF BMI HEALTHCARE

The UK private healthcare market landscape has been challenging for a number of years. BMI Healthcare's ability to adapt sufficiently to the changing market has been severely hampered by its onerous long-term leases and limited capital. BMI Healthcare secured a short-term funding arrangement with its lenders which expired on 31 March 2018. BMI Healthcare's lenders conditioned any further extension of the short-term funding on GHG's shareholders relinquishing effective control of the boards of directors of BMI Healthcare. Netcare agreed, in the interests of the business, to accede to this demand and with effect from 28 March 2018 has representation of only one out of seven directors on the board. This allowed BMI Healthcare to conclude a further short-term funding arrangement with its lenders. Although Netcare has retained its shareholding and contractual economic interest in the debt of BMI Healthcare, which exposes it to variable returns, it is the board of BMI Healthcare that is the decision-making body directing the relevant activities of the company. The removal of Netcare's right to appoint a majority of directors to the board, along with other powers vested in the company and its committees, has removed Netcare's power over these entities. Netcare no longer has the ability to exert control in order to direct the relevant activities of BMI Healthcare and therefore the business has been deconsolidated with effect from 28 March 2018.

Following the changes described above, Netcare does not have significant influence over the affairs of BMI Healthcare, as it does not have power to participate in the financial and operating policy decisions of the business. Accordingly, BMI Healthcare is not an associate or joint venture, and it does not meet the qualifying criteria for Netcare to equity account its investment in the business.

The investment in BMI Healthcare is accounted for as an available-for-sale financial instrument, and is carried at Rnil.

With regard to the contractual economic interest held in the debt of BMI Healthcare, although the economic and contractual rights with regard to this debt interest remain intact (including BMI Healthcare's obligation to repay the debt), the accounting standards are prescriptive and provide that, when determining fair value of this contractual economic interest, cognisance may only be taken of factors in existence at the reporting date of 31 March 2018. Given that: BMI Healthcare had not negotiated a rental reduction with its major external landlord by the reporting date; the rental negotiations have been ongoing for many years without success; no certainty exists as to whether a rent reduction transaction will be agreed; and BMI Healthcare is currently in default of certain obligations under its 2nd lien debt facility (in which Netcare owns a contractual economic interest), Netcare believes it prudent to impair this contractual economic interest in the debt of BMI Healthcare in full.

Netcare's 56.9% interest in GHG PropCo 2 has been classified as an asset held-for-sale and will therefore no longer be equity accounted.

11. DECONSOLIDATION OF BMI HEALTHCARE continued

Rm	31 March 2018
Net asset value deconsolidated	
Property, plant and equipment	(2 597)
Goodwill	(940)
Intangible assets	(167)
Investment in joint ventures	(36)
Investment in associates	(54)
Inventories	(372)
Trade and other receivables	(1 994)
Cash and cash equivalents	(673)
Long term debt	3 517
Financial liabilities	1 121
Deferred lease liability	98
Provisions	1 505
Trade and other payables	2 821
Realisation of net asset value	2 229
Realisation of foreign currency translation reserve through statement of profit or loss	1 976
Profit on loss of control	4 205

12. ACQUISITION OF BUSINESS

Akeso Clinics Group

Effective 27 March 2018, after approval by the Competition Tribunal, Netcare acquired the Akeso Clinics Group. Five of the operating companies have shareholding by doctors holding non-controlling interests between 2.5% and 33.3%. The transaction has been recorded effective 31 March 2018.

In terms of IFRS 10: Consolidated Financial Statements, Netcare has control of the Akeso entities by virtue of its majority shareholding and majority on the board of directors, and they are therefore consolidated as subsidiaries.

Critical accounting estimates and assumptions were made in the allocation of the purchase price on acquisition of the Akeso Clinics Group in accordance with IFRS 3: Business Combinations. The assets and liabilities acquired were measured at fair value at the acquisition date. No contingent liabilities were determined at the acquisition date.

The fair value determination of the opening balance sheet of the Akeso Clinics Group at 31 March 2018 is provisional, as permitted by IFRS 3: Business Combinations, and is required to be finalised within 12 months from the acquisition date.

The only significant intangible assets identified during the provisional purchase price allocation exercise have been the Akeso brand and intellectual property relating to the clinical therapeutic programmes.

The Akeso brand has been valued using the relief from royalty methodology based on the projected revenue streams, discounted at a rate appropriate to the Akeso Clinics Group taking into account the risks associated with the revenue streams. It is intended that the Akeso brand will be used for the foreseeable future as it is closely associated with the current hospitals. The expected life span of the Akeso brand is uncertain and is therefore regarded as indefinite. The carrying amounts of indefinite life intangible assets are tested annually for impairment.

Patient treatment is predicated on the clinical therapeutic programmes established in the Akeso Clinics Group and modified from time to time. These programmes have been determined to be an intangible asset on acquisition and the estimated replacement cost has been used as the fair value. The expected life of the clinical intellectual property has been determined to be five years.

Rm	31 March 2018
Property, plant and equipment	544
Brand	11
Clinical intellectual property	11
Current assets	52
Current liabilities	(43)
Bank overdraft	(185)
Current tax liability	(3)
Short-term debt	(57)
Deferred tax liability	(17)
Non-controlling interest	(3)
Fair value of net assets acquired	310
Goodwill	923
Consideration paid	1 233

The value of the workforce in place and other intangible assets acquired have been subsumed into goodwill, which constitutes the balance of the purchase price. The goodwill arises as a result of the acquisition of a platform on which to expand mental health services in the Netcare Group, in appropriate dedicated hospitals which take cognisance of the specialist treatment needs.

The effect on revenue of the Group would have been R161 million if the business had been acquired on 1 October 2017, and the profit for the period would have been R16 million (R15 million net of non-controlling interests).

Rm	Unaudited 31 March 2018	31 March 2017	30 September 2017
13. COMMITMENTS			
Capital commitments	1 848	2 491	1 697
South Africa	1 848	2 040	1 467
United Kingdom	-	451	230
Operating lease commitments	4 039	45 236	47 723
South Africa	4 039	3 594	3 221
United Kingdom	-	41 642	44 502
14. CONTINGENT LIABILITIES			
South Africa	44	47	45

15. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matters or circumstances arising since the end of the reporting period, not otherwise dealt with in the Group's unaudited interim financial statements, which signficiantly affect the financial position at 31 March 2018 or the results of its operations or cash flow for the period then ended.

SALIENT FEATURES

	Unaudited 31 March 2018	31 March 2017	30 September 2017
Share statistics			
Ordinary shares			
Shares in issue (million)	1 471	1 463	1 462
Shares in issue net of treasury shares (million)	1 361	1 359	1 360
Weighted average number of shares (million)	1 361	1 357	1 359
Diluted weighted average number of shares (million)	1 380	1 374	1 374
Market price per share (cents)	2 800	2 582	2 380
Currency conversion guide (R:£)			
Closing exchange rate	16.58	16.85	18.15
Average exchange rate for the period	17.34	16.82	16.94

ADMINISTRATION

Netcare Limited
Registration number: 1996/008242/06
(Incorporated in the Republic of South Africa) JSE share code: NTC ISIN: ZAE000011953
("Netcare")

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KN Gibson (Chief Financial Officer)

Non-executive directors

T Brewer (Chair), M Bower, B Bulo,
APH Jammine, MJ Kuscus, KD Moroka,
N Weltman
Company Secretary
L Bagwandeen

Sponsor

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Any forward-looking information contained in this announcement/presentation has not been reviewed or reported on by the company's external auditors.
Forward-looking statements apply only as of the date on which they are made, and Netcare does not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise.