



IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

FULL YEAR FINANCIAL REPORT
31 DECEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	4th quarter ended			Financial year ended		
		31 Dec 2015	31 Dec 2014	Variance	31 Dec 2015	31 Dec 2014	Variance
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue		2,294,868	1,937,411	18%	8,455,468	7,344,019	15%
Other operating income		170,164	138,434	23%	329,333	266,669	23%
Inventories and consumables		(398,128)	(325,728)	-22%	(1,422,812)	(1,224,245)	-16%
Purchased and contracted services		(203,547)	(177,478)	-15%	(760,424)	(669,097)	-14%
Staff costs	1	(869,920)	(724,358)	-20%	(3,255,551)	(2,822,131)	-15%
Depreciation and impairment losses of property, plant and equipment	2	(183,421)	(126,584)	-45%	(629,030)	(540,553)	-16%
Amortisation and impairment losses of intangible assets		(11,878)	(17,089)	30%	(60,371)	(66,927)	10%
Operating lease expenses		(62,013)	(51,278)	-21%	(223,670)	(198,895)	-12%
Other operating expenses	3	(264,845)	(208,827)	-27%	(903,690)	(753,332)	-20%
Finance income	4	20,396	22,563	-10%	92,773	65,623	41%
Finance costs	4	67,232	(36,265)	NM	(418,770)	(189,806)	-121%
Share of profits of associates (net of tax)		543	386	41%	1,601	1,702	-6%
Share of profits of joint ventures (net of tax)		3,338	(2,188)	NM	12,682	8,149	56%
Profit before tax		562,789	428,999	31%	1,217,539	1,221,176	0%
Income tax expense	5	(28,549)	(93,857)	70%	(165,444)	(277,892)	40%
Profit for the period/year		534,240	335,142	59%	1,052,095	943,284	12%
Other comprehensive income, net of tax							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences from foreign operations	6	(171,639)	682,138	-125%	2,328,418	409,569	NM
Hedge of net investments in foreign operations	6	21,031	62,819	-67%	(178,681)	103,036	NM
Net change in fair value of available-for-sale financial instruments	7	22,775	(21,594)	NM	283,747	132,546	114%
Cash flow hedge		360	(866)	142%	3,394	(2,541)	NM
		(127,473)	722,497	-118%	2,436,878	642,610	NM
Items that will not be reclassified subsequently to profit or loss							
Remeasurement of defined benefit liability		(8,530)	(5,219)	-63%	(8,530)	(5,927)	-44%
Revaluation of property, plant and equipment upon transfer of properties to investment properties	8	-	(157)	100%	-	35,666	-100%
		(8,530)	(5,376)	-59%	(8,530)	29,739	-129%
Total comprehensive income for the period/year		398,237	1,052,263	-62%	3,480,443	1,615,633	115%
Profit attributable to:							
Owners of the Company		415,826	239,228	74%	933,903	754,291	24%
Non-controlling interests		118,414	95,914	23%	118,192	188,993	-37%
Profit for the period		534,240	335,142	59%	1,052,095	943,284	12%
Total comprehensive income attributable to:							
Owners of the Company		264,189	894,588	-70%	3,251,063	1,436,535	126%
Non-controlling interests		134,048	157,675	-15%	229,380	179,098	28%
Total comprehensive income for the period/year		398,237	1,052,263	-62%	3,480,443	1,615,633	115%
Earnings per share (sen)							
Basic	9	5.06	2.93	73%	11.38	9.24	23%
Diluted	9	5.05	2.92	73%	11.36	9.21	23%

NM: Not meaningful

Note: "Acibadem Holdings" as referred to throughout this financial report includes the wholly-owned Integrated Healthcare Turkey Yatirimlari Limited Group, which owns 60% effective interest in Acibadem Sa ğlık Yatirimlari Holding A. . Group

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

SUPPLEMENTARY INFORMATION

	4th quarter ended			Financial year ended		
	31 Dec 2015 RM'000	31 Dec 2014 RM'000	Variance %	31 Dec 2015 RM'000	31 Dec 2014 RM'000	Variance %
Profit attributable to owners of the Company	415,826	239,228	74%	933,903	754,291	24%
Add back/(less): Exceptional items ("EI")						
Gain on liquidation of subsidiaries ⁱ	-	-		(4,095)	-	
Gain on disposal of a subsidiary ⁱⁱ	-	(336)		-	(336)	
Change in fair value of investment properties ⁱⁱⁱ	(49,238)	227		(49,238)	227	
Investment tax allowance ^{iv}	(93,070)	-		(93,070)	-	
Change in fair value of CCPS liabilities ^v	(882)	-		(882)	-	
Exchange (gain)/loss on net borrowings ^{vi}	4	(121,269)	4,637	234,194	58,369	
	(264,459)	4,528		86,909	58,260	
Add/(less): Tax effects on EI	24,254	(928)		(46,839)	(11,674)	
Add/(less): Non-controlling interests' share of EI	39,015	(1,484)		(74,733)	(18,678)	
	(201,190)	2,116		(34,663)	27,908	
Profit attributable to owners of the Company, excluding EI^{vii}	214,636	241,344	-11%	899,240	782,199	15%
Earnings per share, excluding EI^{vii} (sen)						
Basic	9	2.61	2.95	10.95	9.58	
Diluted	9	2.61	2.94	10.93	9.55	

NM: Not meaningful

Note:

- i. Gain on liquidation of Gleneagles Hospital (UK) Limited and the Heart Hospital Limited, both 65%-owned subsidiaries of the Group.
- ii. Gain on disposal of GCRC Pte. Ltd, an indirect 51% owned subsidiary of the Group in 2013. Additional gain was recognised upon finalisation of the price consideration in 2014.
- iii. Fair valuation of investment properties held for rental to third parties, excluding PLife REIT's investment properties held for rental to third parties.
- iv. Investment tax allowance granted in relation to the Group's hospital construction projects and capital investments in Malaysia.
- v. Change in fair value of Compulsory Convertible Preference Shares ("CCPS") of a subsidiary that is classified as financial liabilities at fair value through profit or loss ("FVTPL").
- vi. Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings. (As at 31 Dec 2015, Euro/TL=3.1776 USD/TL=2.9076)
- vii. Exceptional items, net of tax and non-controlling interests.

EXPLANATORY NOTES TO THE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Refer to Section B1 for performance review of the Group’s major operating segments.

1. Staff costs increased as a result of higher headcount and salary increase driven by the higher demand for trained healthcare professionals. The Group increased its headcount to meet staffing requirements with the opening of new wards in existing hospitals and ramping up of new hospitals.

On 29 April 2015 and 2 July 2015, the Group granted Long Term Incentive Plan (“LTIP”) units to eligible employees of the Group. The 1st tranche of the 2015 LTIP Grant vests immediately on grant date and the remaining 2 tranches vest over a shorter period of 2 years as compared to a longer vesting period of 3 years for previous grants. Staff costs increased by approximately RM8.8 million in YTD 2015 as a result of higher amortisation of share-based expense.

On 1 July 2015, the Group granted options to eligible employees of the Group under the Enterprise Option Scheme (“EOS”), resulting in higher amortisation of share-based expenses of RM5.5 million in YTD 2015. The EOS was approved by shareholders at the Company’s Extraordinary General Meeting held on 15 June 2015 (“EGM”).

2. Q4 2015 and YTD 2015 depreciation includes the incremental depreciation of land and building of the Group’s newly opened hospitals, namely, Acibadem Taksim and Gleneagles Medini Hospital. The Group commenced depreciation of these hospitals upon completion of construction.
3. Other operating expense increased as a result of higher volume. In addition, pre-operating and start-up costs were incurred by the new hospitals.
4. Acibadem Holdings recognised exchange gain or loss arising from the translation of its non-Turkish Lira (“TL”) denominated borrowings/payables net of its non-TL denominated cash/receivables as finance income or finance cost respectively. RM121.3 million exchange gain and RM234.2 million exchange loss were recognised on translation of such non-TL balances in the finance costs in Q4 2015 and YTD 2015 respectively, as compared to an exchange loss of RM4.6 million and RM58.4 million recognised in the corresponding periods last year.

Refer to Section B14 for details.

5. In Q4 2015, the Group recorded investment tax allowance claims amounting to RM93.1 million. During 2015, the Group reversed overprovision of prior years’ tax amounting to approximately RM15.2 million with the finalisation of the tax position of certain subsidiaries upon reaching the time-bar period set by the local tax authorities.
6. PLife REIT hedges its interest in the net assets of its Japanese operations and the effective portion of the hedge is recognised as a hedge of net investments in the statement of other comprehensive income, which offsets the foreign currency translation differences from the translation of the net assets of its Japanese operations. The Group’s remaining foreign currency translation differences from foreign operations arise mainly from the translation of the net assets of its Singapore and Turkish operations.

In YTD 2015, the Group recorded a net foreign currency translation gain of RM2,207.4 million and RM221.2 million as a result of the 14.0% and 23.5% appreciation of Singapore Dollar (“SGD”) and United States Dollars (“USD”) respectively against the Ringgit Malaysia (“RM”). The SGD translation gain arises from the Group’s Singapore operations whereas the USD translation gain arises from the Group’s investment in Integrated Healthcare Holdings (Bharat) Limited, which holds the Group’s stake in Apollo Hospital Enterprise Limited.

These translation gains were offset by the YTD 0.6% depreciation of TL against the RM upon the translation of the Group’s operations in Turkey.

7. Fair value change of available-for-sale financial instruments arose from the mark-to-market of the Group’s 10.85% investment in Apollo Hospitals Enterprise Limited, investments in Eurobonds, and investment in Money Market Fund units.
8. In 2014, the Group re-designated the use of a few medical suites units at Mount Elizabeth Novena Specialist Centre from held for own use to held for rental and had accordingly reclassified them from property, plant and equipment to investment properties. The difference in the carrying value of these medical suites units immediately prior to the transfer and their fair value was recognised directly in equity as a revaluation of property, plant and equipment.
9. The Group’s EPS was computed based on an enlarged share capital base in comparison to last year. Refer to Section B12 for details.

Note:

Key average exchange rates used to translate the YTD results of overseas subsidiaries into RM:

	31 Dec 2015	31 Dec 2014
1 SGD	2.8249	2.5813
1 TL	1.4322	1.4959

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015**

	Note	31 Dec 2015 RM'000	31 Dec 2014 RM'000
Assets			
Property, plant and equipment	1	11,435,898	9,148,483
Prepaid lease payments		902,133	746,061
Investment properties	2	2,869,113	2,028,438
Goodwill on consolidation	3	11,009,274	9,154,565
Intangible assets		2,600,426	2,537,802
Interests in associates		6,583	4,239
Interests in joint ventures		220,006	179,175
Other financial assets	4	1,455,549	956,035
Trade and other receivables		113,234	48,235
Derivative assets		8,097	28,213
Deferred tax assets	5	233,211	68,327
Total non-current assets		30,853,524	24,899,573
Development properties	6	7,144	-
Inventories		218,768	171,718
Trade and other receivables		1,234,323	1,027,535
Tax recoverable		85,962	59,005
Other financial assets	4	1,113,074	13,581
Derivative assets		-	1,067
Cash and cash equivalents		1,977,939	2,467,827
		4,637,210	3,740,733
Assets classified as held for sale	7	7,156	-
Total current assets		4,644,366	3,740,733
Total assets		35,497,890	28,640,306
Equity			
Share capital		8,223,346	8,178,570
Share premium		8,151,010	8,059,158
Other reserves		3,041,333	963,885
Retained earnings		2,923,869	2,250,132
Total equity attributable to owners of the Company		22,339,558	19,451,745
Non-controlling interests		2,080,968	1,861,651
Total equity		24,420,526	21,313,396
Liabilities			
Loans and borrowings	8	6,322,527	3,592,776
Employee benefits		32,067	23,312
Trade and other payables		372,278	408,501
Derivative liabilities		12,521	6,536
Deferred tax liabilities		1,101,491	938,045
Total non-current liabilities		7,840,884	4,969,170
Loans and borrowings	8	373,923	676,542
Trade and other payables		2,555,494	1,390,641
Derivative liabilities		-	517
Employee benefits		59,981	43,492
Tax payable		247,082	246,548
Total current liabilities		3,236,480	2,357,740
Total liabilities		11,077,364	7,326,910
Total equity and liabilities		35,497,890	28,640,306
Net assets per share attributable to owners of the Company ¹ (RM)		2.72	2.38

¹ Based on 8,223.3 million and 8,178.6 million shares issued as at 31 December 2015 and 31 December 2014 respectively

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2014 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

Generally, the assets and liabilities increased with the appreciation of SGD and USD against the RM, slightly offset by the depreciation of TL. The increases in the balances on the statement of financial position as at 31 December 2015 were also due to the consolidation of Continental Hospitals Limited (“Continental”) and Ravindranath GE Medical Associates Pte Ltd (“Global Hospitals”), which were acquired during the year.

1. The increase in property, plant and equipment was attributed to the purchases of medical equipment during the year, cost capitalised for the on-going expansion and new hospital construction projects, as well as the additions from the acquisition of Continental and Global Hospitals during the year.
2. The increase in investment properties was mainly due to PLife REIT’s acquisition of 6 Japanese properties during the year at a consideration equivalent to approximately RM257.8 million, and the recognition of revaluation gains of RM120.9 million on the Group’s investment properties that are held for rental to external parties.
3. The Group recorded goodwill on acquisition of approximately RM67.8 million and RM637.0 million arising from the acquisition of Continental and Global Hospitals respectively. As at 31 December 2015, the Group is in the midst of performing a purchase price allocation (“PPA”) for the acquisition of Global Hospitals, and would adjust the goodwill amount accordingly upon the completion of the PPA. Refer to Section A11(v) for details.
4. The increase in other financial assets was due to the fair valuation gain on the Group’s available-for-sale financial instruments in Apollo Hospitals Enterprise Limited and Money Market Fund. The Group also classified RM705.0 million of fixed deposits with tenure of more than 3 months to other financial assets. In addition, the Group purchased Eurobonds that had a fair value of RM311.6 million as at 31 December 2015.
5. The increase in deferred tax assets mainly arises from the year-to-date exchange loss on Acibadem Holding’s net borrowings and investment tax allowance granted in relation to the Group’s hospital construction projects and capital investments in Malaysia.
6. Development properties comprise medical suites developed for sale at Gleneagles Medini.
7. Assets classified as held for sale relates to a piece of freehold land in India that is committed for sale as at 31 December 2015, pending the approval from the Foreign Investment Promotion Board of India for the transfer of the title deed.
8. Borrowings increased with more loans taken to finance working capital, capital expenditure as well as purchase of investment properties and for acquisitions. The consolidation of Continental and Global Hospitals borrowings also increased the Group’s borrowings by RM132.6 million and RM173.4 million respectively.

Note:

Key closing exchange rates used to translate the financial position of overseas subsidiaries into RM:

	31 Dec 2015	31 Dec 2014
1 SGD	3.0590	2.6831
1 TL	1.4745	1.4830

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	----- Attributable to owners of the Company -----												
	----- Non-distributable -----								Distributable				
	Share capital	Share premium	Share option reserve	Fair value reserve	Revaluation reserve	Hedge reserve	Capital reserve	Legal reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	8,178,570	8,059,158	33,114	348,628	35,871	15,266	(309,306)	28,266	812,046	2,250,132	19,451,745	1,861,651	21,313,396
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	2,099,341	-	2,099,341	229,077	2,328,418
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	(63,843)	-	(63,843)	(114,838)	(178,681)
Net change in fair value of available-for-sale financial instruments	-	-	-	285,629	-	-	-	-	-	-	285,629	(1,882)	283,747
Cash flow hedge	-	-	-	-	-	1,151	-	-	-	-	1,151	2,243	3,394
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	(5,118)	(5,118)	(3,412)	(8,530)
Total other comprehensive income for the year	-	-	-	285,629	-	1,151	-	-	2,035,498	(5,118)	2,317,160	111,188	2,428,348
Profit for the year	-	-	-	-	-	-	-	-	-	933,903	933,903	118,192	1,052,095
Total comprehensive income for the year	-	-	-	285,629	-	1,151	-	-	2,035,498	928,785	3,251,063	229,380	3,480,443
<i>Contributions by and distributions to owners of the Company</i>													
- Share options exercised	33,250	55,195	-	-	-	-	-	-	-	-	88,445	-	88,445
- Share-based payment	-	-	47,664	-	-	-	-	-	-	-	47,664	-	47,664
- Dividends paid to owners of Company	-	-	-	-	-	-	-	-	-	(246,645)	(246,645)	-	(246,645)
Transfer to share capital and share premium on share options exercised	33,250	55,195	47,664	-	-	-	-	-	-	(246,645)	(110,536)	-	(110,536)
Acquisition of subsidiaries	11,526	36,657	(48,183)	-	-	-	-	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	-	-	1	(30,132)	-	(5)	-	(30,136)	(5,447)	(35,583)
Liquidation of subsidiaries	-	-	-	-	-	-	-	-	(1,030)	-	(1,030)	144	(886)
Capital injection into subsidiary	-	-	-	-	-	-	(119)	-	-	-	(119)	13,792	13,673
Transfer per statutory requirements	-	-	-	-	-	-	-	8,403	-	(8,403)	-	-	-
Recognition of put options granted to a non-controlling interest	-	-	-	-	-	-	(221,429)	-	-	-	(221,429)	-	(221,429)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(173,489)	(173,489)
Total transactions with owners of the Company	44,776	91,852	(519)	-	-	1	(251,680)	8,403	(1,035)	(255,048)	(363,250)	(10,063)	(373,313)
At 31 December 2015	8,223,346	8,151,010	32,595	634,257	35,871	16,418	(560,986)	36,669	2,846,509	2,923,869	22,339,558	2,080,968	24,420,526

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	----- Attributable to owners of the Company -----								----- Non-distributable -----		----- Distributable -----		Total equity RM'000
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	
At 1 January 2014	8,134,974	7,992,299	33,295	216,082	205	16,150	(302,406)	9,020	293,383	1,682,143	18,075,145	1,847,802	19,922,947
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	481,658	-	481,658	(72,089)	409,569
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	36,815	-	36,815	66,221	103,036
Net change in fair value of available-for-sale financial instruments	-	-	-	132,546	-	-	-	-	-	-	132,546	-	132,546
Cash flow hedge	-	-	-	-	-	(885)	-	-	-	-	(885)	(1,656)	(2,541)
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	(3,556)	(3,556)	(2,371)	(5,927)
Revaluation of property, plant and equipment upon transfer of properties to investment properties	-	-	-	-	35,666	-	-	-	-	-	35,666	-	35,666
Total other comprehensive income for the year	-	-	-	132,546	35,666	(885)	-	-	518,473	(3,556)	682,244	(9,895)	672,349
Profit for the year	-	-	-	-	-	-	-	-	-	754,291	754,291	188,993	943,284
Total comprehensive income for the year	-	-	-	132,546	35,666	(885)	-	-	518,473	750,735	1,436,535	179,098	1,615,633
<i>Contributions by and distributions to owners of the Company</i>													
- Share options exercised	34,000	48,574	-	-	-	-	-	-	-	-	82,574	-	82,574
- Share-based payment	-	-	27,700	-	-	-	-	-	-	-	27,700	-	27,700
- Cancellation of share options	-	13	(13)	-	-	-	-	-	-	-	-	-	-
- Dividends to owners of the Company	-	-	-	-	-	-	-	-	-	(163,500)	(163,500)	-	(163,500)
	34,000	48,587	27,687	-	-	-	-	-	-	(163,500)	(53,226)	-	(53,226)
Transfer to share capital and share premium on share options exercised	9,596	18,272	(27,868)	-	-	-	-	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	-	-	1	(6,900)	-	190	-	(6,709)	(24,293)	(31,002)
Transfer per statutory requirements	-	-	-	-	-	-	-	19,246	-	(19,246)	-	-	-
Issue of shares by subsidiary to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	400	400
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(141,356)	(141,356)
Total transactions with owners of the Company	43,596	66,859	(181)	-	-	1	(6,900)	19,246	190	(182,746)	(59,935)	(165,249)	(225,184)
At 31 December 2014	8,178,570	8,059,158	33,114	348,628	35,871	15,266	(309,306)	28,266	812,046	2,250,132	19,451,745	1,861,651	21,313,396

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2014 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD YEAR ENDED 31 DECEMBER 2015**

	Financial year ended	
	31 Dec 2015 RM'000	31 Dec 2014 RM'000
Cash flows from operating activities		
Profit before tax	1,217,539	1,221,176
Adjustments for:		
Dividend income	(7,868)	(4,687)
Finance income	(92,773)	(65,623)
Finance costs	418,770	189,806
Depreciation and impairment losses of property, plant and equipment	629,030	540,553
Amortisation and impairment losses of intangible assets	60,371	66,927
Impairment loss made/(written back):		
- Trade and other receivables	44,593	18,275
- Amounts due from associates	(1,119)	(1,022)
- Amounts due from joint venture	228	-
Write-off:		
- Property, plant and equipment	3,643	2,116
- Intangible assets	-	140
- Inventories	1,429	662
- Trade and other receivables	14,253	9,331
- Other financial assets	73	-
Gain on disposal of property, plant and equipment	(1,366)	(2,939)
Gain on disposal of subsidiaries	-	(336)
Gain on liquidation of subsidiaries	(4,095)	-
Gain on divestment of investment properties	-	(36,425)
Gain on disposal of unquoted available-for-sale financial instruments	(171)	-
Change in fair value of CCPS liabilities	(882)	-
Change in fair value of investment properties	(120,904)	(52,453)
Share of profits of associates (net of tax)	(1,601)	(1,702)
Share of profits of joint ventures (net of tax)	(12,682)	(8,149)
Equity-settled share-based payment	47,664	27,700
Net unrealised foreign exchange differences	(11,566)	(58,535)
Operating profit before changes in working capital	2,182,566	1,844,815
Changes in working capital		
Trade and other receivables	(73,904)	(94,624)
Development properties	(2,004)	-
Inventories	(14,282)	(26,097)
Trade and other payables	207,946	109,367
Cash flows from operations	2,300,322	1,833,461
Net income tax paid	(314,580)	(202,861)
Net cash generated from operating activities	1,985,742	1,630,600
Cash flows from investing activities		
Interest received	62,253	48,493
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(705,094)	-
Development and purchase of intangible assets	(11,440)	(11,167)
Purchase of property, plant and equipment	(1,379,516)	(908,842)
Purchase of investment properties	(317,905)	(212,485)
Purchase of unquoted available-for-sale financial instruments	(480,082)	-
Purchase of other financial assets	-	(1,050)
Placement of fixed deposits with duration more than 3 months	(704,889)	-
Proceeds from disposal of property, plant and equipment	22,341	54,733
Proceeds from divestment of investment properties	-	236,156
Proceeds from disposal of intangible assets	206	1,015
Proceeds from disposal of unquoted available-for-sale financial instruments	100,064	-

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	Financial year ended	
	31 Dec 2015	31 Dec 2014
	RM'000	RM'000
Net repayment from associates	1,103	976
Net repayment from joint ventures	6,523	11,722
Dividends received from available-for-sale financial instruments	7,868	4,687
Dividends received from joint ventures	2,387	2,197
Dividends received from associates	-	516
Capital distributions from associates	-	1,588
Refund of deposits paid to non-controlling shareholders of subsidiaries	-	25,591
Net cash used in investing activities	(3,396,181)	(745,870)
Cash flows from financing activities		
Interest paid	(176,154)	(128,567)
Proceeds from exercise of share options	88,445	82,574
Proceeds from loans and borrowings	4,363,416	1,006,815
Repayment of loans and borrowings	(3,170,762)	(1,185,924)
Loan from non-controlling interests of a subsidiary	158,890	35,618
Dividends paid to non-controlling interests	(173,489)	(141,356)
Dividends paid to shareholders	(246,645)	(163,500)
Acquisition of non-controlling interests	(39,008)	(32,080)
Capital injection into a subsidiary by non-controlling interest	13,673	-
Issue of shares by subsidiary to non-controlling interest	-	400
Change in pledged deposits	1,764	1,519
Net cash from/(used in) financing activities	820,130	(524,501)
Net (decrease)/increase in cash and cash equivalents	(590,309)	360,229
Effect of exchange rate fluctuations on cash and cash equivalents held	96,182	(35,710)
Cash and cash equivalents at beginning of the year	2,460,128	2,135,609
Cash and cash equivalents at end of the year	1,966,001	2,460,128

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprises of:

	31 Dec 2015	31 Dec 2014
	RM'000	RM'000
Cash and bank balances	950,233	971,481
Fixed deposits placed with licensed banks	1,027,706	1,496,346
	1,977,939	2,467,827
Less:		
- Bank overdrafts	(6,003)	-
- Deposits pledged	(382)	(3,127)
- Cash collateral received	(5,553)	(4,572)
Cash and cash equivalents at end of the year	1,966,001	2,460,128

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2014 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**A NOTES TO THE FULL YEAR FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015**

A1 BASIS OF PREPARATION

a) Basis of accounting

These condensed consolidated financial report are unaudited and prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134: Interim Financial Reporting in Malaysia and IAS 34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 (“2014 Audited Financial Statements”).

The 2014 Audited Financial Statements were prepared under Malaysian Financial Reporting Standards (“MFRS”).

b) Significant accounting policies

The accounting policies and presentation adopted for this unaudited condensed consolidated interim financial report are consistent with those adopted for the 2014 Audited Financial Statements, except for the adoption of the new, revised and amendments to MFRS effective as of 1 January 2015 as issued by the Malaysian Accounting Standards Board, which does not have any impact on the financial statements of the Group.

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements for the financial year ended 31 December 2014 were not subjected to any qualification.

A3 SEASONALITY OF OPERATIONS

Inpatient and outpatient revenue and volume are generally lower during festive periods and summer months in each of the relevant countries in which the Group operates and other holiday periods. Conversely, patient volumes and thus inpatient and outpatient revenue are highest during the winter months. As the Group is continuously expanding, the effects of seasonality may not be obvious from the Group’s financial statements.

A4 SIGNIFICANT UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 31 December 2015.

A5 CHANGE IN ACCOUNTING ESTIMATES

There were no changes in the estimates of amounts reported in prior financial years that may have a material effect in the current quarter and financial year.

In preparing the unaudited condensed consolidated interim financial report, the significant judgments made by the management in applying the Group’s accounting policies and key sources of estimating uncertainty were consistent with those applied to 2014 Audited Financial Statements.

**A NOTES TO THE FULL YEAR FINANCIAL REPORT
 FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015**

A6 DEBT AND EQUITY SECURITIES

- (a) Between 1 January to 31 December 2015, the Company issued:
- i) 33,250,002 new ordinary shares of RM1.00 each pursuant to the exercise of vested Equity Participation Plan (“EPP”) options; and
 - ii) 11,526,143 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIP units.
- (b) On 18 March 2015, the Company granted a total of 466,000 LTIP units to an eligible employee of the Group.
- (c) On 29 April 2015, the Company granted a total of 3,903,000 LTIP units to eligible employees of the Group. Out of the total 3,903,000 units granted, 70,000 units were granted under a cash option pursuant to the terms and conditions of the LTIP Bye Laws.
- (d) On 1 July 2015, the Company granted a total of 8,822,000 options to eligible employees of the Group under the EOS. Out of the total 8,822,000 options granted, 4,121,000 options were granted to the executive directors of the Company, pursuant to the shareholders’ approval obtained at the Company’s EGM.
- (e) On 2 July 2015, the Company granted 2,014,000 LTIP units to the executive directors of the Company, pursuant to the shareholders’ approval obtained at the Company’s 5th Annual General Meeting (“AGM”) held on 15 June 2015

Except as disclosed above, there were no other issuance of shares, share buy-backs, and repayments of debt and equity securities by the Company during the financial period ended 31 December 2015.

As at 31 December 2015, the issued and paid-up share capital of the Company amounted to RM8,223,346,034 comprising 8,223,346,034 ordinary shares of RM1.00 each.

A7 DIVIDENDS PAID

	Sen per ordinary share	Total amount RM'000	Date of payment
First and final single tier cash dividend for financial year ended 31 December 2014	3.00	246,645	22-Jul-15

A8 SEGMENT REPORTING

There had been no changes in the basis of segmentation or in the basis of measurement of segment profit or loss from the 2014 Audited Financial Statements.

Management monitors the operating results of each business unit for the purpose of making decisions on resources allocation and performance assessment. Performance is measured based on segment earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items (“EBITDA”).

**A NOTES TO THE FULL YEAR FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015**

A8 SEGMENT REPORTING

Financial year ended 31 December 2015

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	PLife REIT RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<u>Revenue and expenses</u>							
Revenue from external customers	5,159,759	2,952,859	229,348	105,634	7,868	-	8,455,468
Inter-segment revenue	106,365	-	3,249	182,677	106,866	(399,157)	-
Total segment revenue	<u>5,266,124</u>	<u>2,952,859</u>	<u>232,597</u>	<u>288,311</u>	<u>114,734</u>	<u>(399,157)</u>	<u>8,455,468</u>
EBITDA	1,349,288	521,031	80,591	306,226	69,464	(185,094)	2,141,506
Depreciation and impairment losses of property, plant and equipment	(335,934)	(247,378)	(12,654)	(32,366)	(698)	-	(629,030)
Amortisation and impairment losses of intangible assets	(26,127)	(33,791)	(453)	-	-	-	(60,371)
Foreign exchange gain	8,682	2,821	1,843	8,735	853	-	22,934
Finance income	53,201	17,003	5,891	32	16,646	-	92,773
Finance costs	(29,566)	(352,341)	(281)	(36,567)	(15)	-	(418,770)
Share of profits of associates (net of tax)	1,601	-	-	-	-	-	1,601
Share of profits of joint ventures (net of tax)	12,682	-	-	-	-	-	12,682
Others	54,214	-	-	-	-	-	54,214
Profit/(loss) before tax	<u>1,088,041</u>	<u>(92,655)</u>	<u>74,937</u>	<u>246,060</u>	<u>86,250</u>	<u>(185,094)</u>	<u>1,217,539</u>
Income tax (expense)/credit	(114,921)	7,590	(20,647)	(30,883)	(6,583)	-	(165,444)
Profit/(loss) for the year	<u>973,120</u>	<u>(85,065)</u>	<u>54,290</u>	<u>215,177</u>	<u>79,667</u>	<u>(185,094)</u>	<u>1,052,095</u>
<u>Assets and liabilities</u>							
Cash and cash equivalents	1,365,193	448,352	74,113	62,277	28,004	-	1,977,939
Other assets	20,831,562	6,042,898	441,162	4,285,247	1,944,602	(25,520)	33,519,951
Segment assets as at 31 December 2015	<u>22,196,755</u>	<u>6,491,250</u>	<u>515,275</u>	<u>4,347,524</u>	<u>1,972,606</u>	<u>(25,520)</u>	<u>35,497,890</u>
Loans and borrowings	1,682,166	3,217,467	584	1,796,233	-	-	6,696,450
Other liabilities	3,028,652	905,292	130,988	329,753	11,749	(25,520)	4,380,914
Segment liabilities as at 31 December 2015	<u>4,710,818</u>	<u>4,122,759</u>	<u>131,572</u>	<u>2,125,986</u>	<u>11,749</u>	<u>(25,520)</u>	<u>11,077,364</u>

**A NOTES TO THE FULL YEAR FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Financial year ended 31 December 2014

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	PLife REIT RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<i>Revenue and expenses</i>							
Revenue from external customers	4,374,837	2,652,289	217,884	94,322	4,687	-	7,344,019
Inter-segment revenue	87,961	-	3,028	164,436	34,149	(289,574)	-
Total segment revenue	<u>4,462,798</u>	<u>2,652,289</u>	<u>220,912</u>	<u>258,758</u>	<u>38,836</u>	<u>(289,574)</u>	<u>7,344,019</u>
EBITDA	1,179,250	476,433	76,421	298,324	3,437	(97,982)	1,935,883
Depreciation and impairment losses of property, plant and equipment	(270,270)	(227,077)	(12,087)	(30,688)	(431)	-	(540,553)
Amortisation and impairment losses of intangible assets	(32,559)	(33,993)	(375)	-	-	-	(66,927)
Foreign exchange gain/(loss)	1,123	764	(77)	5,413	(227)	-	6,996
Finance income	26,781	10,107	4,889	108	23,738	-	65,623
Finance costs	(16,992)	(151,081)	(243)	(21,473)	(17)	-	(189,806)
Share of profits of associates (net of tax)	1,702	-	-	-	-	-	1,702
Share of profits of joint ventures (net of tax)	8,149	-	-	-	-	-	8,149
Others	109	-	-	-	-	-	109
Profit before tax	<u>897,293</u>	<u>75,153</u>	<u>68,528</u>	<u>251,684</u>	<u>26,500</u>	<u>(97,982)</u>	<u>1,221,176</u>
Income tax expense	(206,407)	(16,730)	(18,947)	(29,982)	(5,826)	-	(277,892)
Profit for the year	<u>690,886</u>	<u>58,423</u>	<u>49,581</u>	<u>221,702</u>	<u>20,674</u>	<u>(97,982)</u>	<u>943,284</u>
<i>Assets and liabilities</i>							
Cash and cash equivalents	855,217	241,658	180,332	392,825	797,795	-	2,467,827
Other assets	16,008,756	5,330,311	384,250	3,512,877	958,066	(21,781)	26,172,479
Segment assets as at 31 December 2014	<u>16,863,973</u>	<u>5,571,969</u>	<u>564,582</u>	<u>3,905,702</u>	<u>1,755,861</u>	<u>(21,781)</u>	<u>28,640,306</u>
Loans and borrowings	509,219	2,191,855	735	1,567,509	-	-	4,269,318
Other liabilities	1,850,606	800,876	127,634	286,128	14,129	(21,781)	3,057,592
Segment liabilities as at 31 December 2014	<u>2,359,825</u>	<u>2,992,731</u>	<u>128,369</u>	<u>1,853,637</u>	<u>14,129</u>	<u>(21,781)</u>	<u>7,326,910</u>

**A NOTES TO THE FULL YEAR FINANCIAL REPORT
 FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015**

A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group does not adopt a revaluation policy on its property, plant and equipment.

A10 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties transactions have been entered into in the normal course of business under negotiated terms. Other than the remuneration paid to the Key Management Personnel, the significant related party transactions of the Group are as follows:

	Financial year ended	
	31 Dec 2015	31 Dec 2014
	RM'000	RM'000
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	257,547	221,169
- Purchase and consumption of services	(45,880)	(43,487)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	27,250	47,233
- Purchase and consumption of services	(63,382)	(42,404)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 1 February 2015, Pantai Medical Centre Sdn. Bhd. ("PMCSB") acquired 250,000 ordinary shares of RM1.00 each, representing 100% of the total issued and paid-up share capital of Oncology Centre (KL) Sdn. Bhd. from Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. for a total consideration of RM793,000 pursuant to an internal reorganisation exercise.
- (b) On 16 February 2015, Acibadem Saglik Hizmetleri ve Ticaret A.S. ("ASH") established a foreign wholly-owned subsidiary named Acibadem International Medical Centre B.V. ("AIMC") in Rotterdam, Netherlands. AIMC has an initial paid-up capital of EUR100,000 and its intended principal activity is to establish and operate medical clinics, and to provide home treatment and care services.
- (c) On 1 March 2015, PMCSB acquired 100% of the total issued and paid-up share capital of both HPAK Lithotripsy Services Sdn. Bhd and HPAK Cancer Centre Sdn. Bhd. from Hospital Pantai Ayer Keroh Sdn. Bhd. for a total purchase consideration of RM1 and RM667,000 respectively pursuant to an internal reorganisation exercise.
- (d) On 6 March 2015, as part of the Group's streamlining exercise, Clinical Hospital Sistina, Kosovo was dissolved pursuant to the mutual agreement between its shareholders.
- (e) On 16 March 2015, Parkway Life Japan4 Pte. Ltd. ("TK Investor") entered into a *Tokumei Kumiai* agreement (or silent partnership agreement, the "TK Agreement") with Godo Kaisha Samurai 10 ("TK Operator"). Pursuant to the TK Agreement, the TK Investor has injected funds into the TK Operator in relation to the acquisition of 4 nursing homes and 1 group home located in Japan by the TK Operator at a total purchase price of approximately ¥5,977,000,000 (approximately RM182,615,000). Due to the nature of the arrangements under the TK Agreement, the TK Operator is under established terms that impose strict limitations on decision-making powers of the TK Operator's management, resulting in the Group receiving the majority of the benefits relating to the TK Operator's operations and net assets, being exposed to the majority of the risks incident to the TK Operator's activities and retaining the majority of the residual or ownership risks related to the TK Operator and their assets. As such the TK Operator is regarded as subsidiary of the Group pursuant to MFRS 10: Consolidated Financial Statements.

**A NOTES TO THE FULL YEAR FINANCIAL REPORT
 FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015**

- (f) On 23 March 2015, Gleneagles Development Pte Ltd (“GDPL”) acquired and subscribed to 71,085,224 ordinary shares representing 51% equity interest in Continental, for a total cash consideration of INR2,818,830,000 (equivalent to RM166,731,000). The principal activity of Continental is provision of medical, surgical and hospital services.

The effect of the acquisition is as follows:

Fair value of consideration transferred

	RM'000
Cash and cash equivalents	<u>166,731</u>

Identifiable assets acquired and liabilities assumed

	RM'000
Property, plant and equipment	324,272
Deferred tax assets	17,336
Other financial assets	735
Inventories	2,178
Trade and other receivables	5,192
Cash and bank balances	111,878
Trade and other payables	(54,908)
Employee benefits	(875)
Bank overdrafts	(8,329)
Loans and borrowings	(166,493)
Deferred tax liabilities	(37,098)
Fair value of net identifiable assets acquired	<u>193,888</u>

Net cash outflow arising from acquisition of subsidiary

	RM'000
Purchase consideration settled in cash and cash equivalents	166,731
Less: Cash and cash equivalents acquired	<u>(103,549)</u>
	<u>63,182</u>

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	RM'000
Fair value of consideration transferred	166,731
Fair value of net identifiable assets acquired	(193,888)
Non-controlling interests, based on their proportionate interest in the net identifiable assets acquired	<u>95,004</u>
Goodwill	<u>67,847</u>

- (g) On 1 April 2015, Acibadem Poliklinikleri A.S. (“POL”) swapped 40% equity interest each in Medlife Clinic Ambulance ve Ozel Saglik Hizmetleri ve Ihracat A.S., Bodrum Medikal Ozel Saglik Hizmetleri Turizm Gida Insaat Pazarlama Ithalat Ihracat Sanayi ve Ticaret A.S., Sesu Ozel Saglik Hizmetleri Tibbi Malzemeler ve Ticaret A.S. and Ozel Turgutreis Poliklinik Hizmetleri Ticaret A.S. (collectively referred as “Bodrum Medical Centres”) for the remaining 40% equity interest in Bodrum Tedavi Hizmetleri A.S. (“BTH”).

Prior to the share swap, the Bodrum Medical Centres were wholly-owned subsidiaries of BTH, which in turn was a 60%-owned subsidiary of POL. As a result of the share swap, BTH became a direct wholly-owned subsidiary of POL whilst Bodrum Medical Centres became 60%-owned subsidiaries of BTH. The share swap was undertaken to streamline the Acibadem group structure and management.

**A NOTES TO THE FULL YEAR FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015**

- (h) On 10 April 2015, Parkway Trust Management Limited (“PTM”) transferred 145,000 PLife REIT units that it owned to its eligible employees in accordance to PTM’s Long Term Incentive Plan. Consequential thereto, the Group’s effective interest in PLife REIT was diluted from 35.76% to 35.74%.
- (i) On 15 April 2015, Credit Enterprise Sdn Bhd was struck off from the Register of Companies pursuant to Section 308(4) of the Companies Act, 1965. The striking off of Credit Enterprise Sdn Bhd is part of the Group’s streamlining exercise.
- (j) On 5 May 2015, Parkway Pantai Limited (“PPL”) subscribed to 98 ordinary shares representing 98% of the total issued and paid-up share capital in GDPL for a total consideration of SGD98 (equivalent to RM265) pursuant to an internal reorganisation exercise. Prior to the internal reorganisation, GDPL was a direct wholly-owned subsidiary of Gleneagles International Pte Ltd.
- (k) On 5 May 2015, Parkway China Holdings Co. Pte. Ltd. acquired 100% equity interest in Shanghai Gleneagles Hospital Management Co., Ltd from Medical Resources International Pte Ltd for a consideration of RMB6.1 million (equivalent to RM3.6 million) pursuant to an internal reorganisation exercise.
- (l) On 9 May 2015, The Heart Hospital Limited was dissolved pursuant to a voluntary creditors’ liquidation.
- (m) On 22 May 2015, Pantai Group Resources Sdn. Bhd. acquired the entire issued and paid-up share capital comprising of 2 ordinary shares of RM1.00 each in Pantai Wellness Sdn. Bhd. (formerly known as Summit Sensation Sdn. Bhd.) (“PWSB”) for a total consideration of RM2.00. The intended principal activity of PWSB is the provision of health and wellness services. The provisional effect of the acquisition is not significant.
- (n) On 9 June 2015, Gleneagles Hospital (UK) Limited was dissolved pursuant to a voluntary creditors’ liquidation.
- (o) On 10 June 2015, Kyami Pty. Ltd., an associate of the Group, was deregistered.
- (p) On 29 June 2015, M&P Investments Pte. Ltd. (“M&P”) established a 70%-owned sino-foreign equity company named ParkwayHealth Shanghai International Hospital Company Limited (“PHSIH”) in the People’s Republic of China pursuant to Equity Joint Venture Contract dated 6 April 2015 and Amendment to Equity Joint Venture Agreement dated 8 May 2015, entered into between M&P and Shanghai Hongxin Medical Investment Holding Co., Ltd. (“Shanghai Hongxin”), at a cash subscription of RMB318,500,000 (equivalent to RM192,056,000). The remaining 30% equity stake in PHSIH is owned by Shanghai Hongxin. The principal activity of PHSIH is the provision of medical and health related facilities and services, including multi-specialty hospital’s outpatient, inpatients, operating theatres, radiology departments, laboratory, diagnosis room, pharmacies, food and beverage facilities, conference or function areas, business centers, retail establishments, automobile parking facilities and all other hospital facilities that are operated in connection therewith.
- (q) On 14 July 2015, ASH established a wholly-owned subsidiary named Acibadem Teknoloji A.S. (“Acibadem Teknoloji”) in Turkey. Acibadem Teknoloji has an initial paid-up capital of TL100,000 and its intended principal activity is to conduct research, develop and commercially market healthcare related software, operating and information systems, web-based applications and other technology solutions to national and international clientele.
- (r) On 13 August 2015, Parkway Group Healthcare Pte Ltd (“PGH”) transferred 100% equity interest in Parkway Healthcare Indo-China Pte Ltd (formerly known as Parkway Education Pte Ltd) to Parkway Pantai Limited for a consideration of SGD1 (equivalent to RM2.87) pursuant to an internal reorganisation exercise.
- (s) On 1 September 2015, GDPL established a foreign wholly-owned subsidiary named Parkway Healthcare India Private Limited (“PHIPL”). PHIPL has an initial paid-up capital of INR500,000 and its intended principal activity is the provision of centralised support services.

**A NOTES TO THE FULL YEAR FINANCIAL REPORT
 FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015**

- (t) On 29 September 2015, POL merged with its direct wholly-owned subsidiary, BTH. All assets and liabilities including four 60%-owned subsidiaries of BTH were transferred to POL and BTH was subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem group structure and management.
- (u) On 1 December 2015, Pantai Hospitals Sdn. Bhd. acquired 2,778,750 ordinary shares of RM1.00 each, representing approximately 11.58% of the total issued and paid-up share capital of Syarikat Tunas Pantai Sdn. Bhd. (“STPSB”) from Geh Sim Wah Sdn. Bhd. for a total consideration of approximately RM38,787,000. Consequential thereto, the Group’s effective interest in STPSB has increased from 80.7% to 92.28%.
- (v) On 3 December 2015, GDPL completed the acquisition and subscription of 63.74% equity interest on a fully diluted basis in Global Hospitals. On 7 December 2015, the acquisition of an additional 9.72% equity interest on a fully diluted basis in Global Hospitals to GDPL was completed, upon which, GDPL owned 73.46% equity interest on a fully diluted basis in Global Hospitals.

On 7 December 2015, the Group consolidated 77.78% of Global Hospitals on the basis of shareholding interests that gives rise to present access to the rights and rewards of ownership in Global Hospitals.

The effect of the acquisition is as follows:

	2.9985
Fair value of consideration transferred	
	RM'000
Cash and cash equivalents	801,288
Call option right	1,907
	<u>803,195</u>
Identifiable assets acquired and liabilities assumed	
	RM'000
Property, plant and equipment	312,819
Intangibles	109,603
Deferred tax assets	61,739
Other financial assets	4,236
Assets held for sale	6,990
Inventories	7,980
Trade and other receivables	66,083
Cash and bank balances	163,158
Trade and other payables	(236,835)
Employee benefits	(4,280)
bank overdrafts	(7,856)
Loans and borrowings	(198,386)
Deferred tax liabilities	(62,312)
Fair value of net identifiable assets acquired	<u>222,939</u>
Net cash outflow arising from acquisition of subsidiary	
	RM'000
Purchase consideration to be settled in cash and cash equivalents	801,288
Less: Purchase consideration unpaid	(4,074)
Less: Cash and cash equivalents acquired	<u>(155,302)</u>
	<u><u>641,912</u></u>

**A NOTES TO THE FULL YEAR FINANCIAL REPORT
 FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015**

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	RM'000
Fair value of consideration transferred	803,195
Fair value of net identifiable assets acquired	(222,939)
Non-controlling interests, based on their proportionate interest in the net identifiable assets acquired	59,933
Goodwill	<u>640,189</u>

The consolidation of Global Hospitals Group is regarded as a business combination in accordance to *MFRS 3: Business Combinations*. As at 31 December 2015, the fair value of the identifiable assets acquired, liabilities assumed, non-controlling interest in the acquisition and the resulting goodwill is provisional, pending completion of the PPA exercise.

On 8 December 2015, the Group's consolidated 76.25% of Global Hospitals, from 77.78% previously, following the fixing of the conversion ratio of a certain tranche of CCPS in Global Hospitals. The Group's equity interest in Global Hospitals was correspondingly reduced to 72.26% from 73.46% on a fully diluted basis.

- (w) On 21 December 2015, Pantai Irama Ventures Sdn. Bhd. was dissolved pursuant to members' voluntary winding up.
- (x) ASH shares have ceased to be traded on the Istanbul Stock Exchange ("ISE") after the second session of 4 October 2012. Following this, the delisting process has been successfully completed. Any shareholders that were unable to redeem their shares during Mandatory Take Over and Voluntary Take Over have the right to sell their shares for a three-year period from 26 July 2012, being the date ISE granted its approval of ASH's delisting. As at 31 December 2015, Acbadem Saliq Yatirimlari Holding A. S. ("ASYH")'s equity interest in ASH is 99.38%, following the tender of shares.

The above changes in the composition of the Group are not expected to have material effect on the earnings and net assets of the Group.

A12 SUBSEQUENT EVENTS

- (a) On 25 January 2016, PHIC incorporated a 52% owned subsidiary in Myanmar, namely Andaman Alliance Healthcare Limited ("AAHL"). The remaining 48% equity stake in AAHL is owned by Macondray Holdings Pte Ltd (10.5%), AMMK Medicare Company Limited (21.5%) and Global Star Company Limited (16%).

PHIC was informed on 26 January 2016 that the Company Registration Office had issued a Form of Permit (Temporary) and a Certificate of Incorporation (Temporary) both dated 25 January 2016 to AAHL to carry on business in Myanmar pending issuance of the Permanent Form of Permit and Permanent Certificate of Incorporation. Upon the issuance of the Permanent Certificate of Incorporation, AAHL will have a paid up share capital of USD120,000 (equivalent to RM514,980) divided into 120,000 equity shares of USD1 each.

The Form of Permit (Temporary) of AAHL dated 25 January 2016 is valid for six (6) months until the Permanent Form of Permit and Permanent Certificate of Incorporation is issued upon fulfilment of the initial 50% capital remittance under the Myanmar Companies Act.

The intended principal activity of AAHL is the provision of medical and health related facilities and services.

- (b) On 29 January 2016, Suzhou Xin Hui Clinic Co., Ltd ("Suzhou Xin Hui") was dissolved pursuant to the Company Law of the People's Republic of China and the Regulations of the People's Republic of China on Administration of Registration of Companies. All assets and liabilities of Suzhou Xin Hui will be transferred

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to Suzhou Industrial Park Yuan Hui Clinic Co., Ltd.. The dissolution of Suzhou Xin Hui is part of the Group's streamlining exercise.

- (c) On 2 February 2016, PHSB acquired 1,852,500 ordinary shares of RM1.00 each, representing approximately 7.72% of the total issued and paid-up share capital of STPSB from Koperasi Tunas Muda Sungai Ara Berhad for a total consideration of RM25,857,813.00. Consequential thereto, the Group's effective interest in STPSB has increased from 92.28% to 100%.
- (d) On 18 February 2016, PMC Radio-Surgery Sdn Bhd ("PMC") and Angiography Sdn Bhd ("ASB"), indirect wholly-owned subsidiaries of IHH, were dissolved pursuant to members' voluntary winding up. The dissolutions of PMC and ASB are part of the Group's streamlining exercise.
- (e) Between 1 January 2016 to 18 February 2016, the Company issued 250,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options.

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in the contingent liabilities or contingent assets as at 18 February 2016 from that disclosed in the 2014 Audited Financial Statements.

A14 CAPITAL COMMITMENTS

	31 Dec 2015	31 Dec 2014
	RM'000	RM'000
Capital expenditure commitments not provided for:		
Property, plant and equipment and investment properties		
- Authorised and contracted for	2,159,183	2,478,972
- Authorised but not contracted for	1,407,287	1,246,703
	<u>3,566,470</u>	<u>3,725,675</u>

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A15 FAIR VALUE HIERARCHY

Fair value hierarchy

The table below analyses investment properties and financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<u>31 December 2015</u>				
Assets				
Investment properties	-	-	2,869,113	2,869,113
Quoted available-for-sale financial instruments	1,446,623	-	-	1,446,623
Unquoted available-for-sale financial instruments	-	382,282	-	382,282
Derivative assets	-	8,097	-	8,097
Liabilities				
CCPS liabilities ⁱ	-	-	(58,433)	(58,433)
Put option liabilities ⁱⁱ	-	-	(221,429)	(221,429)
Derivative liabilities	-	(10,573)	(1,948)	(12,521)
<u>31 December 2014</u>				
Assets				
Investment properties	-	-	2,028,438	2,028,438
Quoted available-for-sale financial instruments	938,167	-	-	938,167
Derivative assets	-	29,280	-	29,280
Liabilities				
Derivative liabilities	-	(7,053)	-	(7,053)

i) Fair value through profit or loss

ii) Initial and subsequent remeasurements recognised through equity

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

	4th quarter ended			Financial year ended		
	31 Dec 2015	31 Dec 2014	Variance	31 Dec 2015	31 Dec 2014	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
REVENUE¹						
Parkway Pantai:						
- Singapore	878,004	712,145	23%	3,239,800	2,742,328	18%
- Malaysia	364,066	340,032	7%	1,443,532	1,310,452	10%
- North Asia	66,455	54,078	23%	252,870	201,900	25%
- India	40,722	-	-	73,999	-	-
- PPL Others*	42,108	32,449	30%	149,558	120,157	24%
Parkway Pantai	1,391,355	1,138,704	22%	5,159,759	4,374,837	18%
Acibadem Holdings	813,134	719,894	13%	2,952,859	2,652,289	11%
IMU Health	60,164	55,888	8%	229,348	217,884	5%
Others[^]	723	33	NM	7,868	4,687	68%
Group (Excluding PLife REIT)	2,265,376	1,914,519	18%	8,349,834	7,249,697	15%
PLife REIT total revenue	78,452	64,828	21%	288,311	258,758	11%
Less: PLife REIT inter-segment revenue	(48,960)	(41,936)	-17%	(182,677)	(164,436)	-11%
PLife REIT	29,492	22,892	29%	105,634	94,322	12%
Group	2,294,868	1,937,411	18%	8,455,468	7,344,019	15%
EBITDA²						
Parkway Pantai ³ :						
- Singapore	213,969	154,907	38%	756,057	601,998	26%
- Malaysia	90,065	107,492	-16%	419,926	407,099	3%
- North Asia	10,813	16,136	-33%	45,799	54,317	-16%
- India	(12,497)	(38)	NM	(14,912)	(88)	NM
- PPL Others*	15,882	12,845	24%	64,190	52,091	23%
Parkway Pantai	318,232	291,342	9%	1,271,060	1,115,417	14%
Acibadem Holdings	150,038	147,088	2%	521,031	476,433	9%
IMU Health	19,973	11,905	68%	80,591	76,421	5%
Others[^]	(8,824)	(7,490)	-18%	(37,402)	(30,712)	-22%
Group (Excluding PLife REIT)	479,419	442,845	8%	1,835,280	1,637,559	12%
PLife REIT⁴	134,914	140,866	-4%	306,226	298,324	3%
Group	614,333	583,711	5%	2,141,506	1,935,883	11%

¹: Relates to external revenue only

It excludes PLife REIT's rental income earned from Parkway Pantai

Similarly, it excludes Parkway Pantai's dividend and management fee income earned from PLife REIT

²: Relates to the EBITDA performance of each SBUs, after elimination of dividend income from within the Group

³: Includes rental expense incurred for lease of hospitals from PLife REIT

⁴: Includes rental income earned from lease of hospitals to Parkway Pantai

* PPL Others comprise mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai

[^]: Others comprise mainly IHH Group's corporate office as well as other investment holding entities

Q4 2015 vs Q4 2014

The Group achieved 18% and 5% growth for revenue and EBITDA respectively in Q4 2015 over the same period last year. The increase in Q4 2015 revenue was attributed to organic growth of existing operations and the commencement of operations of Acibadem Atakent Hospital (opened in January 2014), Pantai Hospital Manjung (opened in May 2014), Gleneagles Kota Kinabalu (opened in May 2015), Taksim Hospital (opened in October 2015) and Gleneagles Medini Hospital (opened in November 2015). The acquisition of Continental (acquired in March 2015) and Global Hospitals (acquired in December 2015) also contributed to the Group's Q4 2015 revenue.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

EBITDA growth was driven by revenue. EBITDA grew 5% despite a high base in Q4 2014 where the Group recognised revaluation gain of RM52.7 million from PLife REIT's investment properties that are held for rental to external parties and divestment gain of RM36.4 million from PLife REIT's sale of 7 Japanese nursing homes, as compared to revaluation gain of RM71.7 million from PLife REIT's investment properties in Q4 2015. The Group's EBITDA was also eroded by start-up losses of the new hospitals, with the exception of Acibadem Atakent Hospital.

The Group's Q4 2015 PATMI increased 74% over the same period last year as a result of exceptional gains such as revaluation gain of RM49.2 million on investment properties, investment tax allowance granted of RM93.1 million and exchange gain on non-TL denominated borrowings of RM121.3 million.

Excluding exceptional items, the Group's Q4 2015 PATMI decreased 11% on the back of financing costs incurred to fund the acquisition of Global Hospitals and higher depreciation expenses especially with the opening of new hospitals.

Parkway Pantai

Parkway Pantai's revenue grew 22% to RM1,391.4 million in Q4 2015 whilst its EBITDA grew 9% to RM318.2 million in Q4 2015. Excluding the effects of the appreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's Q4 2015 revenues increased 9% while its EBITDA reduced 2% over corresponding period last year.

Parkway Pantai's strong performance was the result of the continuous ramp up of its Mount Elizabeth Novena Hospital in Singapore as well as from its other hospitals and healthcare businesses. Mount Elizabeth Novena Hospital's revenue increased by 36% in Q4 2015 to RM132.5 million as compared to Q4 2014, and it achieved 48% growth in EBITDA to RM37.9 million in Q4 2015 as a result of operating leverage.

Parkway Pantai's Singapore hospitals had a 6.6% increase in inpatient admissions to 17,335 inpatient admissions in Q4 2015. The increase was mainly driven by local patients. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals decreased 3.2% to 45,675 inpatient admissions in Q4 2015 on the back of a general slowdown in consumption following a weaker RM and the implementation of 6% Good Service Tax ("GST") in Malaysia in April 2015. The healthy revenue growth at Parkway Pantai was also driven by higher revenue intensities that resulted from more complex cases undertaken by the hospitals and price increases to compensate for cost inflation. Q4 2015 revenue per inpatient admission increased 1.0% to RM27,338 in Singapore and increased 9.7% to RM5,475 in Malaysia compared to Q4 2014.

Parkway Pantai's Q4 2015 EBITDA grew on the back of higher revenues and operating leverage from the higher patient volumes. However, the growth was eroded by wage inflation from nurses' salaries and benefits as well as start-up losses of RM10.3 million from its new hospitals in Malaysia. Gleneagles Hospital Hong Kong, which is currently under construction, incurred pre-operating loss of about RM3.0 million.

Continental contributed RM16.1 million revenue and RM0.4 million EBITDA in Q4 2015 whilst Global Hospitals contributed RM28.3 million revenue and RM5.5 million EBITDA loss for the month of December. Global Hospitals' Chennai operations was affected by massive floods in Chennai during December. The EBITDA loss of the India sub-segment also included the acquisition-related expenses and costs of Parkway Pantai's India corporate team, which was previously classified under PPL Others.

Acibadem Holdings

Acibadem Holdings' revenue grew 13% to RM813.1 million in Q4 2015 whilst its EBITDA grew 2% to RM150.0 million in Q4 2015. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' Q4 2015 revenues and EBITDA increased by 15% and 3% respectively over last year.

Acibadem Holdings' inpatient admissions grew 0.7% to 34,372 in Q4 2015. Meanwhile, its average inpatient revenue per inpatient admission increased by 8.5% to RM11,092 in Q4 2015 as a result of price increases to

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

compensate for cost inflation and case mix where more complex cases were undertaken.

Acibadem Holdings' Q4 2015 EBITDA growth is attributed to existing hospital operations as well as to its 2 year old Acibadem Atakent Hospital, which almost quadrupled its EBITDA from RM2.8 million in Q4 2014 to RM10.4 million in Q4 2015. However, Acibadem Holdings' Q4 2015 EBITDA was eroded by start-up loss of RM7.8 million for its newly opened Acibadem Taksim Hospital as well as provision doubtful debts of approximately RM7.4 million.

IMU Health

IMU Health's Q4 2015 revenue grew 8% to RM60.2 million in Q4 2015 due to increases in tuition fees for the courses offered.

IMU Health's EBITDA increased 68% to RM20.0 million in Q4 2015 on the back of higher revenue and lesser expenses incurred for marketing activities and maintenance.

PLife REIT

PLife REIT's external revenue increased by 29% to RM29.5 million in Q4 2015 whilst its EBITDA decreased 4% to RM134.9 million in Q4 2015.

PLife REIT's external revenue increased with the contribution from the nursing homes acquired in 2015 and higher rental income from its properties in Singapore which were rented to Parkway Pantai.

PLife REIT's EBITDA decreased from a high base in Q4 2014 where it recognised revaluation gain of RM52.7 million from its investment properties that are held for rental to external parties and divestment gain of RM36.4 million from its sale of 7 Japanese nursing homes, as compared to revaluation gain of RM71.7 million in Q4 2015.

Others

The Company recognised RM0.7 million dividend income from placement of funds in Money Market Fund in 2015. The Company's EBITDA was eroded by higher staff costs with increased head counts.

YTD 2015 vs YTD 2014

The Group achieved 15% and 11% growth for revenue and EBITDA respectively in YTD 2015 over the same period last year. The increase in YTD 2015 revenue was attributed to organic growth of existing operations as well as contribution from new hospitals.

EBITDA growth was driven by revenue. EBITDA grew 11% despite a high base in YTD 2014 where the Group recognised revaluation gain of RM52.7 million from PLife REIT's investment properties that are held for rental to external parties and divestment gain of RM36.4 million from PLife REIT's sale of 7 Japanese nursing homes, as compared to revaluation gain of RM71.7 million from PLife REIT's investment properties in YTD 2015.

As a result of its robust EBITDA growth, and reversal of over provision of tax of RM15.2 million, the Group's YTD 2015 PATMI excluding exceptional items increased 15% to RM899.2 million over the same period last year. The Group's YTD 2015 PATMI increased 24% to RM933.9 million as a result of exceptional gains such as revaluation gain of RM49.2 million on investment properties and investment tax allowance granted of RM93.1 million, offset by exchange loss of RM234.2 million by Acibadem Holdings on the translation of its non-TL denominated borrowings.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

Parkway Pantai

Parkway Pantai's revenue grew 18% to RM5,159.8 million in YTD 2015 while its EBITDA grew 14% to RM1,271.1 million in YTD 2015. Excluding the effects of the appreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's YTD 2015 revenues and EBITDA increased 10% and 7% respectively over last year.

Parkway Pantai's strong performance was the result of the continuous ramp up of its Mount Elizabeth Novena Hospital in Singapore as well as from its other hospitals and healthcare businesses. Mount Elizabeth Novena Hospital's revenue increased by 34% in YTD 2015 to RM471.0 million as compared to YTD 2014, and it achieved 61% growth in EBITDA to RM140.1 million in YTD 2015 as a result of operating leverage.

Parkway Pantai's Singapore hospitals saw an overall 4.9% increase in inpatient admissions to 67,917 inpatient admissions in YTD 2015. The increase was attributed to local patients. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals decreased 0.9% to 183,265 inpatient admissions in YTD 2015 on the back of a general slowdown in consumption following a weaker RM and the implementation of GST in Malaysia in April 2015. The healthy revenue growth at Parkway Pantai was also driven by higher revenue intensities that resulted from more complex cases undertaken by the hospitals and price increases to compensate for cost inflation. YTD 2015 revenue per inpatient admission increased 2.7% to RM27,237 in Singapore and increased 11.9% to RM5,491 in Malaysia.

Parkway Pantai's YTD 2015 EBITDA grew on the back of higher revenues and operating leverage from the higher patient volumes. However, the growth was eroded by wage inflation from nurses' salaries and benefits as well as start-up losses of RM26.1 million from its new hospitals in Malaysia. Gleneagles Hospital Hong Kong, which is currently under construction, incurred pre-operating loss of about RM11.2 million. Parkway Pantai's YTD 2015 EBITDA was also eroded by the recognition of incremental RM5.9 million share-based expense resulting from the shorter vesting period of the 2015 LTIP grants and the recognition of RM3.5 million share-based expense for options granted under the new EOS.

Continental contributed RM45.6 million revenue and RM1.2 million EBITDA since completion of the acquisition in March 2015. Global Hospitals contributed RM28.3 million revenue and RM5.5 million EBITDA loss for the month of December. Global Hospitals' Chennai operations was affected by massive floods in Chennai during December. The EBITDA loss of the India sub-segment also included the acquisition-related expenses and costs of Parkway Pantai's India corporate team, which was previously classified under PPL Others.

Acibadem Holdings

Acibadem Holdings' revenue grew by 11% to RM2,952.9 million whilst its EBITDA increased 9% to RM521.0 million in YTD 2015. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' YTD 2015 revenues and EBITDA increased 16% and 14% respectively over last year.

Acibadem Holdings' inpatient admissions decreased 0.6% to 130,429 in YTD 2015. Meanwhile, its average inpatient revenue per inpatient admission increased by 15.3% to RM10,748 in YTD 2015 as a result of price increases to compensate for cost inflation and case mix where more complex cases were undertaken.

Acibadem Holdings' YTD 2015 EBITDA growth is attributed to existing hospital operations as well as to its 2 year old Acibadem Atakent Hospital, which contributed an EBITDA of RM17.9 million in YTD 2015 compared to a start-up EBITDA loss of RM10.3 million in YTD 2014. However, Acibadem Holdings' YTD 2015 EBITDA was eroded by pre-operating and start-up loss of RM11.3 million for its newly opened Acibadem Taksim Hospital, provision doubtful debts of approximately RM24.6 million and provision for a legal case of approximately RM7.0 million.

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IMU Health

IMU Health's revenue and EBITDA grew 5% to RM229.3 million and RM80.6 million respectively in YTD 2015.

IMU Health's revenue growth was driven by higher student intake and tuition fees, which resulted in EBITDA growth.

PLife REIT

PLife REIT's external revenue grew 12% to RM105.6 million in YTD 2015 whilst its EBITDA grew 3% to RM306.2 million in YTD 2015.

PLife REIT's external revenue and EBITDA increased with the contribution from the nursing homes acquired in 2015. In addition, PLife REIT earned higher rental income from its properties in Singapore which were rented to Parkway Pantai.

PLife REIT's EBITDA decreased from a high base in YTD 2014 where it recognised revaluation gain of RM52.7 million from its investment properties that are held for rental to external parties and divestment gain of RM36.4 million from its sale of 7 Japanese nursing homes, as compared to revaluation gain of RM71.7 million in YTD 2015.

Others

The Company received higher dividend income from its investment in Apollo Hospitals Enterprise Limited in YTD 2015 compared to YTD 2014. In addition, it recognised RM2.8 million dividend income from placement of funds in money market fund in 2015.

The Company's YTD 2015 EBITDA included a one-off RM5.2 million share-based expense recognised with regards to the accelerating and vesting of LTIPs of an employee. In addition, the YTD 2015 EBITDA loss increased as compared to YTD 2014 due to the incremental RM1.6 million share-based expense resulting from the shorter vesting period of the 2015 LTIP grants and the recognition of RM1.7 million share-based expense for options granted under the new EOS.

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B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	4th quarter ended 31 Dec 2015 RM'000	3rd quarter ended 30 Sept 2015 RM'000	Variance %
<u>REVENUE¹</u>			
Parkway Pantai:			
- Singapore	878,004	817,397	7%
- Malaysia	364,066	357,280	2%
- North Asia	66,455	57,368	16%
- India	40,722	17,909	127%
- PPL Others*	42,108	39,806	6%
Parkway Pantai	1,391,355	1,289,760	8%
Acibadem Holdings	813,134	686,687	18%
IMU Health	60,164	54,147	11%
Others[^]	723	5,804	-88%
Group (Excluding PLife REIT)	2,265,376	2,036,398	11%
PLife REIT total revenue	78,452	74,746	5%
Less: PLife REIT inter-segment revenue	(48,960)	(46,866)	-4%
PLife REIT	29,492	27,880	6%
Group	2,294,868	2,064,278	11%
<u>EBITDA²</u>			
Parkway Pantai ³ :			
- Singapore	213,969	186,494	15%
- Malaysia	90,065	101,136	-11%
- North Asia	10,813	5,865	84%
- India	(12,497)	(216)	NM
- PPL Others*	15,882	16,953	-6%
Parkway Pantai	318,232	310,232	3%
Acibadem Holdings	150,038	93,429	61%
IMU Health	19,973	17,819	12%
Others[^]	(8,824)	(5,767)	-53%
Group (Excluding PLife REIT)	479,419	415,713	15%
PLife REIT⁴	134,914	60,692	122%
Group	614,333	476,405	29%

¹: Relates to external revenue only

It excludes PLife REIT's rental income earned from Parkway Pantai

Similarly, it excludes Parkway Pantai's dividend and management fee income earned from PLife REIT

²: Relates to the EBITDA performance of each SBUs, after elimination of dividend income from within the Group

³: Includes rental expense incurred for lease of hospitals from PLife REIT

⁴: Includes rental income earned from lease of hospitals to Parkway Pantai

* PPL Others comprise mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai

[^]: Others comprise mainly IHH Group's corporate office as well as other investment holding entities

Q4 2015 vs Q3 2015

Q3 is typically a slow quarter for the Group due to summer months in Turkey and long periods of holidays in Singapore, Malaysia, China and Turkey. The Group rebounded from the seasonal lows in Q3 2015 and recorded

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

11% quarter-on-quarter increase in revenue in Q4 2015. In addition, the Group recorded 29% quarter-on-quarter growth in EBITDA following the recognition of RM71.7 million revaluation gain arising from PLife REIT's investment properties that are held for rental to external parties in Q4 2015.

The Group's quarter-on-quarter PATMI increased 251% as a result of EBITDA growth and exceptional gains such as revaluation gain of RM49.2 million on investment properties and investment tax allowance granted of RM93.1 million. In addition, it recorded exchange gain of RM121.3 million on Acibadem's non-TL denominated borrowings in Q4 2015, as compared to an exchange loss of RM217.1 million in Q3 2015.

Excluding exceptional items, the Group's quarter-on-quarter PATMI decreased 4% as a result of financing costs incurred to fund the acquisition of Global Hospitals and higher depreciation expenses with the opening of new hospitals in Q4 2015.

Parkway Pantai

Parkway Pantai's revenue grew 8% quarter-on-quarter, driven by a mix of higher inpatient admissions and higher revenue per inpatient admission. Parkway Pantai's Singapore hospitals inpatient admissions increased 2.8% quarter-on-quarter, its revenue per inpatient admission increased 1.1% with more complex cases undertaken by the hospital. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals grew 0.1% quarter-on-quarter and its revenue per inpatient admission grew 0.6%.

Parkway Pantai's EBITDA increased by 3% quarter-on-quarter despite higher pre-operating and start-up losses incurred by Gleneagles Medini Hospital which opened in November 2015 and EBITDA losses from Global Hospitals.

Acibadem Holdings

Acibadem Holdings' revenue grew 18% quarter-on-quarter as its inpatient admissions increased 15.3% with the start of the winter season in Turkey in Q4.

Acibadem Holdings' EBITDA grew 61% quarter-on-quarter on as a result of better operating leverage with increased volumes and the low EBITDA base in Q3 2015, offset by pre-operating and start-up losses incurred by Acibadem Taksim Hospital which opened in October 2015.

IMU Health

IMU Health's registered 11% increase in its quarter-on-quarter revenue. It grew from a lower base in the previous quarter, which coincided with the semester breaks for some of its major medical courses.

IMU Health's EBITDA increased 12% quarter-on-quarter as a result of the increase in revenue.

PLife REIT

PLife REIT's external revenue increased by 6% quarter-on-quarter while its EBITDA grew 122% quarter-on-quarter following the recognition of RM71.7 million revaluation gain on PLife REIT's investment properties that are held for rental to external parties.

Others

Revenue and EBITDA decreased 88% and 53% respectively quarter-on-quarter due to the high base in Q3 2015 whereby the Company recorded RM4.9 million dividend from its investment in Apollo Hospitals Enterprise Limited.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

B3 NEXT FINANCIAL YEAR PROSPECTS

Parkway Pantai

Parkway Pantai expects revenue to increase, driven by revenue intensity in its home markets, opening of new wards and contribution from Gleneagles Kota Kinabalu and Gleneagles Medini which were opened during 2015. The consolidation of Continental and Global Hospitals would also add to the Parkway Pantai's revenue, as it integrates these 2 new acquisitions into the Group.

Parkway Pantai is expected to face continued headwinds from the slowing economies in the countries that it operates. The economic instability and fluctuation of regional currencies may result in postponement of elective surgeries, especially by medical travellers. In addition, Parkway Pantai expects increasing competition with the opening of new private and public hospitals in its home markets and the region. The roll out of universal healthcare insurance in Singapore on 1 November 2015 may have some impact on revenues. Whilst the environment remains challenging, Parkway Pantai will continue to focus on investing in training and development, service excellence initiatives and improving on its clinical outcomes to attract patients to its hospitals.

The construction of Gleneagles Hong Kong is progressing well and Parkway Pantai would incur increasing pre-operating costs as it staffs up the hospital and prepares for its scheduled opening in early 2017. With the exception of Parkway Pantai's joint venture greenfield hospital in Mumbai, other ongoing projects in Malaysia are progressing well.

The robust demand for healthcare services in the region, especially in China and India, continues to present growth opportunities for Parkway Pantai to expand its footprints.

Acibadem Holdings

Acibadem Holdings expects its patient volumes, and hence revenues in TL, to grow with the continued demand and increased affordability of private healthcare. Acibadem Holdings is well-poised to tap this demand with its strong pipeline of beds on stream especially with the opening Acibadem Taksim Hospital in October 2015 and the completion of the expansion of Acibadem Sistina Hospital in December 2015

Acibadem Holdings is expected to face continued headwinds from the uncertainty of the geopolitical turmoil in the Middle East, which may result in fewer medical travellers from the Middle East region seeking medical treatment in Turkey. Notwithstanding that, Acibadem Holdings will continue to expand its reach to other non-traditional sources of medical travellers by opening new representation offices in neighbouring geographies.

Acibadem Holdings expects its staff costs to increase with the Turkish government's implementation of higher minimum wages with effect from 1 January 2016. Acibadem Holdings expects to mitigate such rising costs by optimising its personnel costs and increasing productivity, whilst still maintaining quality patient service.

Ongoing projects in Turkey are progressing well. Acibadem Holdings will continue to explore suitable hospitals for acquisitions in Turkey and its region.

Overall IHH Group Prospects

With the expansion of existing facilities and opening of new facilities across the Group's home markets, the Group has sufficient capacity to support demand, which would drive revenue growth. While the Group expects the pre-operating costs and start-up costs of new operations to partially erode its profitability during the initial stages, the Group seeks to mitigate the effects by ramping up on patient volumes in tandem with phasing in opening of wards at these new facilities in order to achieve optimal operating leverage.

The Group expects higher costs of operations arising from wage inflation as a result of increased competition for trained healthcare personnel in its home markets, and from higher minimum wages in Turkey. In addition, the Group is mindful of rising costs of purchases if USD continues to strengthen against the currencies of its home

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markets. While such sustained cost pressures may potentially reduce the Group’s EBITDA and margins, the Group expects to mitigate these effects through higher revenue intensity procedures, cost optimisation and tight cost control.

Given the Group’s geographical footprints across Asia as well as the Central and Eastern Europe, Middle East and North Africa (“CEEMENA”), the Group is susceptible to geopolitical risks and currency volatility in the countries that it operates, which would result in translation differences in the Group’s balance sheet and income statement. In addition, significant currency volatility against the Ringgit Malaysia may affect the comparability of the Group’s financial performance across periods.

The Group had grown rapidly in the last few years through the opening of new hospitals and acquisitions. Going forward, the Group would focus on consolidating and enhancing its service offerings in existing hospitals, ramping up of hospitals that were opened in 2014 and 2015 to achieve optimal operating leverage and integrating its new acquisitions. In addition, the Group would also focus on staff training, equipping and preparing several of its new greenfield hospitals that are currently under construction for their expected opening in 2017.

The Group is confident that its strong brands and network of hospitals, backed with its strong balance sheet and operating cash flows, would enable it to tide through the challenging operating environment expected for the year ahead.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	4th quarter ended		Financial year ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Current tax expense	24,911	88,845	207,202	261,500
Deferred tax expense	3,638	5,012	(41,758)	16,392
	<u>28,549</u>	<u>93,857</u>	<u>165,444</u>	<u>277,892</u>

The Group’s effective tax rate, after adjusting for the share of profits of associates and joint ventures, was 5.1% for Q4 2015. It is lower than the Malaysian statutory tax rate mainly due to the effects of lower tax rate in certain countries that the Group operates. In addition, the Group recognised a credit of approximately RM15.2 million relating to the recovery of a prior year’s tax in Q3 2015 as well as RM93.1 million of investment tax allowances in Q4 2015, which reduced the Group’s YTD 2015 effective tax rate.

Excluding the prior year tax credit and investment tax allowance, the effective tax rate was 21.4% for Q4 2015 and 22.6% for YTD 2015.

B6 STATUS OF CORPORATE PROPOSALS

Acquisition of majority equity interest in Global Hospitals

Reference is made to the Company’s Q3 2015 interim financial report wherein it was disclosed that GDPL entered into definitive agreements on 28 August 2015 with Global Hospitals, Dr. K. Ravindranath, Indivision India Partners, Estra Enterprises Pvt Ltd, Worldwide Advisory Pte. Ltd., Anand Rathi Financial Services Pvt. Ltd. and Dr. Haranath Policherla to acquire and subscribe to 73.4% of the equity interest on a fully diluted basis, in Global Hospitals.

The acquisition was completed in 2 tranches on 3 December 2015 and 7 December 2015. Refer to Section A11(v) for details of the acquisition.

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There were no other corporate proposals announced but not completed as at 18 February 2016.

B7 LOANS AND BORROWINGS

(a) Breakdown of the Group's loans and borrowings:

	31 Dec 2015	31 Dec 2014
	RM'000	RM'000
Non-current		
Secured		
Bank borrowings	2,411,189	1,102,616
Financial lease liabilities	135,913	110,648
Unsecured		
Bank borrowings	3,775,425	2,379,512
	<u>6,322,527</u>	<u>3,592,776</u>
Current		
Secured		
Bank borrowings	248,393	167,734
Bank overdrafts	5,935	-
Financial lease liabilities	75,808	53,196
Unsecured		
Bank borrowings	43,720	455,612
Bank overdrafts	67	-
	<u>373,923</u>	<u>676,542</u>
Total	<u><u>6,696,450</u></u>	<u><u>4,269,318</u></u>

Breakdown of the Group's loans and borrowings by the source currency of loans, in RM equivalent:

	31 Dec 2015	31 Dec 2014
	RM'000	RM'000
Singapore Dollar	2,025,882	1,436,624
Ringgit Malaysia	60,672	76,085
US Dollar	558,122	1,095,907
Macedonian Denar	9,211	5,776
Euro	1,903,550	195,084
Swiss Franc	45,549	53,585
Turkish Lira	21,863	246,390
Japanese Yen	1,260,017	1,101,510
Indian Rupees	318,859	-
Hong Kong Dollar	492,725	58,357
	<u>6,696,450</u>	<u>4,269,318</u>

Key exchange rates as at 31 December 2015:

1 SGD	= RM3.0590
1 TL	= RM1.4745
1 USD	= RM4.3282

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 31 December 2015:

	Notional amount as at 31 Dec 2015 RM'000	Fair value amount as at 31 Dec 2015 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Between 1 - 3 years	25,993	5,969
- More than 3 years	42,227	2,110
	<u>68,220</u>	<u>8,079</u>
Cross currency interest rate swaps		
- More than 3 years	230,003	18
	<u>230,003</u>	<u>18</u>
	<u>298,223</u>	<u>8,097</u>
Derivative liabilities		
Foreign exchange forward contracts		
- More than 3 years	59,725	(1,260)
Interest rate swaps		
- Between 1 - 3 years	785,442	(3,892)
- More than 3 years	700,780	(5,421)
	<u>1,486,222</u>	<u>(9,313)</u>
Call option right		
- Between 1 - 3 years	32,579	(1,948)
	<u>32,579</u>	<u>(1,948)</u>
	<u>1,578,526</u>	<u>(12,521)</u>

Foreign exchange forward contracts

Foreign exchange forward contracts are entered by the Group to hedge against exchange rate exposures on some balances denominated in currencies other than the functional currency of the entity that recognised the foreign currency balances. The fair value of foreign exchange forward contract is determined based on prevailing market rate.

Interest rate swaps

Interest rate swaps are entered by the Group to hedge against interest rate fluctuations on some floating rate borrowings. The fair value of interest rate swaps is determined based on bank quotes.

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Cross currency interest rate swaps

Cross currency interest rate swaps are entered by the Group to hedge the interest rate fluctuations on the floating rate borrowings, and to realign certain borrowings to the same currency of the Group's foreign investments to achieve a natural hedge. The fair value of cross currency interest rate swaps is determined based on bank quotes.

There are no changes to the Group's financial risk management policies and objectives in managing these derivative financial instruments and its related accounting policies. Refer to Section B14 for the fair value gain/loss recognised in the statement of profit or loss during the period.

Call option right

The Group granted a call option to a non-controlling interest of RGE for the non-controlling interest to purchase the Group's 3% interest in RGE on a fully diluted basis at a fixed price of INR500.0 million (equivalent to RM32.6 million) in 2017, pursuant to an option agreement entered with the non-controlling interest. The call option is classified as a derivative liability.

B9 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

Other than as disclosed in Section A15 the Group does not remeasure its financial liabilities and derivatives at reporting date. The changes in fair value recognised through profit or loss is disclosed in section B14.

B10 CHANGES IN MATERIAL LITIGATIONS

There is no litigation or arbitration as at 18 February 2016, which has a material effect on the financial position of the Group and the Board is not aware of any material proceedings pending or threatening or of any fact likely to give rise to any proceedings.

B11 DIVIDENDS

The Board of Directors recommends a first and final single tier cash dividend of 3 sen per ordinary share (2014: 3 sen) for the financial year ended 31 December 2015, subject to Shareholders' approval at the forthcoming Annual General Meeting. The book closure and the payment date in respect of the proposed dividend will be determined by the Board of Directors at a later date.

For details of the dividends paid during the year, refer to section A7.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

B12 EARNINGS PER SHARE ("EPS")

Basic earnings per share were calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	4th quarter ended		Financial period ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Basic and diluted earnings per share is based on:				
Net profit attributable to ordinary shareholders	415,826	239,228	933,903	754,291
Net profit attributable to ordinary shareholders (excluding EI)	214,636	241,344	899,240	782,199
(a) Basic EPS				
	'000	'000	'000	'000
Weighted average number of shares	8,223,309	8,178,570	8,210,002	8,164,530
	Sen	Sen	Sen	Sen
Basic EPS	5.06	2.93	11.38	9.24
Basic EPS (excluding EI)	2.61	2.95	10.95	9.58

(b) Diluted earnings per share

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	4th quarter ended		Financial period ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	'000	'000	'000	'000
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,223,309	8,178,570	8,210,002	8,164,530
Weighted number of unissued ordinary shares from units under LTIP	6,421	10,245	8,903	10,092
Weighted number of unissued ordinary shares from share options under EPP	144	13,684	5,433	18,435
Weighted average number of dilutive ordinary shares for computation of diluted EPS	8,229,874	8,202,499	8,224,338	8,193,057
	Sen	Sen	Sen	Sen
Diluted EPS	5.05	2.92	11.36	9.21
Diluted EPS (excluding EI)	2.61	2.94	10.93	9.55

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

B13 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained earnings is prepared pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	31 Dec 2015	31 Dec 2014
	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	3,049,893	2,496,263
- Unrealised	474,610	248,207
	<u>3,524,503</u>	<u>2,744,470</u>
Total share of retained earnings from associates		
- Realised	(316)	(1,893)
- Unrealised	-	(24)
	<u>(316)</u>	<u>(1,917)</u>
Total share of retained earnings from joint ventures		
- Realised	49,165	38,870
- Unrealised	-	-
	<u>49,165</u>	<u>38,870</u>
Less: Consolidation adjustments	(649,483)	(531,291)
Total Group retained earnings	<u><u>2,923,869</u></u>	<u><u>2,250,132</u></u>

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2015

B14 NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Pursuant to the amendment to paragraph 9.22 of Bursa Malaysia listing requirements which is effective from 3 January 2012, the following amounts have been (debited)/credited in arriving at the Total Comprehensive Income for the period:

	4th quarter ended		Financial year ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Dividend income	723	33	7,868	4,687
Other operating income	46,371	42,953	174,717	157,156
Net foreign exchange gain	2,127	4,356	22,934	6,996
Impairment loss (made)/written back:				
- Trade and other receivables	(9,928)	(2,320)	(44,593)	(18,275)
- Amounts due from associates	25	1	1,119	1,022
- Amounts due from joint ventures	(228)	-	(228)	-
Write off				
- Property, plant and equipment	(2,426)	(1,713)	(3,643)	(2,116)
- Intangible assets	-	(140)	-	(140)
- Inventories	(496)	(198)	(1,429)	(662)
- Trade and other receivables	(5,366)	(6,081)	(14,253)	(9,331)
- Other financial assets	(73)	-	(73)	-
Gain on disposal of property, plant and equipment	1,219	706	1,366	2,939
Gain on disposal of investment properties	-	36,425	-	36,425
Gain on liquidation of subsidiaries	4,098	-	4,095	-
Gain on disposal of subsidiaries	-	336	-	336
Gain on disposal of unquoted available-for-sale financial instruments	-	-	171	-
Change in fair value of investment properties	120,904	52,453	120,904	52,453
Change in fair value of CCPS liabilities	882	-	882	-
Finance costs				
Interest expense on loans and borrowing	(49,317)	(30,703)	(158,310)	(120,230)
Exchange gain/(loss) on net borrowings	121,269	(4,637)	(234,194)	(58,369)
Fair value (loss)/gain of financial instruments	(146)	1,806	(11,538)	-
Other finance costs	(4,574)	(2,731)	(14,728)	(11,207)
	67,232	(36,265)	(418,770)	(189,806)
Finance income				
Interest income				
- Banks and financial institutions	21,121	12,824	64,071	48,833
- Others	134	214	457	650
Exchange (loss)/gain on net borrowings	(859)	9,438	28,245	13,853
Fair value gain of financial instruments	-	87	-	2,287
	20,396	22,563	92,773	65,623

Note:

- i) Includes RM71.7 million valuation gain (2014: RM52.7 million valuation gain) relating to investment properties held by PLife REIT for rental to parties external to the Group as well as valuation gain of RM49.2 million (2014: RM0.2 million valuation loss) mainly relating to other investment properties held for rental to external parties (classified as an EI).