IHH Healthcare Berhad

COMMITTED TO EXCELLENCE

24/7

ANNUAL REPORT 2013

Committed To Excellence 24/7

IHH Healthcare Berhad continues to distinguish itself as a premium healthcare services provider on multiple fronts. From the excellent quality of patient-centred services that we accord the many communities that we serve, to the sterling business performance that we deliver in our home markets, to our continuous focused expansion across key regions – we are continuously working around the clock and giving it our all.

As a result of our focus on 24/7 excellence, IHH turned in double-digit increases in revenue and EBITDA for 2013 and made strong strides forward on the operational front. We anticipate that we will maintain this strong momentum going forward given the organic growth in our operations and strong performance from new hospitals. As we bolster our leading market positions in our home markets of Singapore, Malaysia and Turkey, as well as strengthen our presence in highly attractive growth markets in Asia and the Central and Eastern Europe, Middle East and North Africa (CEEMENA) region, we will continue to differentiate ourselves by our ongoing commitment to excellence and healthy shareholder value creation.

This year's Annual Report pays tribute to the over 25,000 IHH employees that are working behind the scenes to deliver results par excellence. In whichever market they are employed, in whatever capacity they serve, our people are committed to excellence. We applaud their worthy efforts and salute them for giving their all, every time, all the time.

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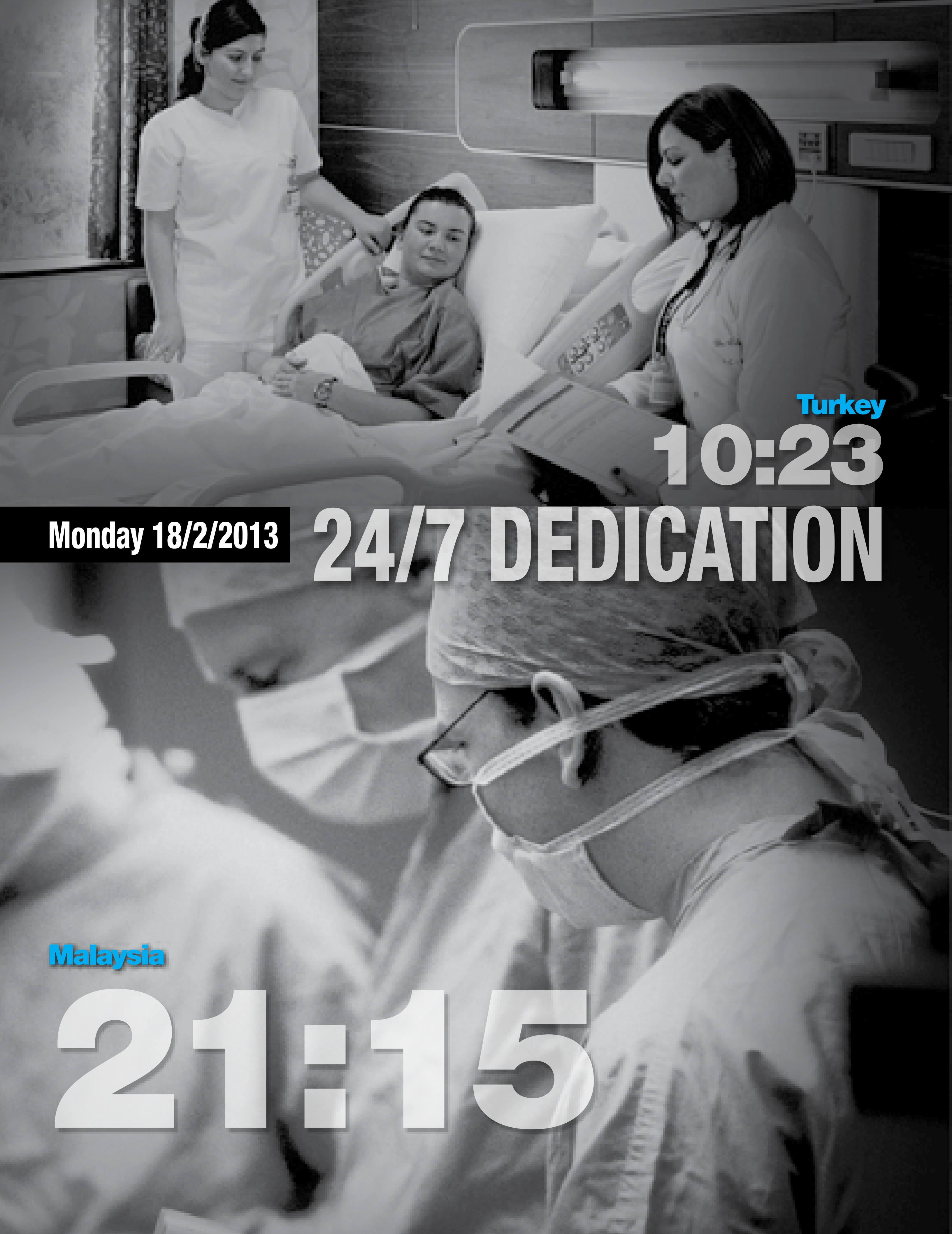
HEALTHCARE
BERHAD

PANTAI HOSPITAL
PANTAI HOSPITAL AYER KEROH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Singapore
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HEALTHCARE AT ITS BEST

IHH HEALTHCARE BERHAD ("IHH" OR "THE GROUP") IS A LEADING INTERNATIONAL PROVIDER OF PREMIUM HEALTHCARE SERVICES IN MARKETS WHERE THE DEMAND FOR QUALITY HEALTHCARE IS GROWING RAPIDLY — SPECIFICALLY IN ASIA AND THE CENTRAL & EASTERN EUROPE, THE MIDDLE EAST AND NORTH AFRICA ("CEEMENA") REGION.

We are dually listed on the main markets of Bursa Malaysia Securities Berhad ("Bursa Securities") and Singapore Exchange Securities Trading Limited ("the SGX-ST"), and are the world's second largest listed healthcare operator by market capitalisation. Today, the Group's business units are the leading private healthcare players in our home markets of Singapore, Malaysia and Turkey, and the key markets of the People's Republic of China ("the PRC") and India. We are also present in Brunei, Vietnam, the United Arab Emirates ("the UAE"), Macedonia and Iraq.

The Group comprises premium-brand healthcare assets, collectively representing a unique multi-market investment position in the healthcare sector. Our "Mount Elizabeth", "Gleneagles", "Pantai" and "Acibadem" brands are among the most prestigious in Asia and Central and Eastern Europe, with a growing presence in the Middle East. Each IHH investee company operates in an established and growing home market and, in a number of cases, with significant inbound medical tourism growth potential.

Our business units today operate over 6,000 licensed beds in 37 hospitals as well as medical centres, clinics and ancillary healthcare businesses across ten countries, with over 3,000 new beds in the pipeline to be delivered through new hospital developments and expansion of existing facilities. We employ more than 25,000 people worldwide.

IHH's pathway has been clear from the outset — operating in markets where the demand for quality healthcare is growing rapidly especially where there are increasingly affluent and rapidly ageing populations. We continue to respond to the opportunities presented by the burgeoning medical travel sector, investing only in facilities distinguished by their ability to meet the changing needs and demographics of the communities they serve.

HEALTHCARE AT ITS BEST

WE EMPLOY
25,000+
PEOPLE WORLDWIDE

6,000+
LICENSED BEDS IN
37
HOSPITALS ACROSS
10
COUNTRIES

3,000+
NEW BEDS IN THE PIPELINE

As of May 2014

HEALTHCARE THAT TRANSCENDS BOUNDARIES

IHH'S SIGNIFICANT PRESENCE IN SO MANY GROWTH MARKETS DISTINGUISHES US FROM OTHER HEALTHCARE OPERATORS WORLDWIDE.

In **SINGAPORE**, we are the number one private healthcare provider by way of our extensive range of healthcare brand offerings and more than 900 licensed beds. Our hospital network comprises four hospitals, namely Mount Elizabeth Novena Hospital, Mount Elizabeth Hospital, Gleneagles Hospital, and Parkway East Hospital, all of which are Joint Commission International ("JCI") accredited. Coupled with Parkway Shenton's extensive network of over 60 primary care clinics, we are one of only two private providers in Singapore offering both inpatient services and a general practitioner network. Today, our "Mount Elizabeth" and "Gleneagles" brands rank among the most prestigious hospital brands in Southeast Asia.

In **MALAYSIA**, where we operate under the "Pantai" and "Gleneagles" brands, we are the second largest private healthcare provider in the country. Our hospital network encompasses 12 hospitals with over 2,000 licensed beds. Two of our hospitals are JCI-accredited while the other nine are accredited by the Malaysia Society for Quality in Health ("MSQH"). Our International Medical University – offering medical, pharmacy, nursing, dentistry, health science and complementary medicine programmes – is not only a profitable venture in itself but also helps to ensure a steady source of highly-qualified healthcare professionals for our hospitals and the healthcare sector.

In **TURKEY**, the Acibadem integrated healthcare chain – in which we hold a 60% share – is synonymous with best-in-class healthcare services. Acibadem operates with more than 2,000 beds across a network of 17 hospitals (15 in Turkey, one in Macedonia and one in Iraq via HMA) and 14 outpatient clinics. Eight of our hospitals in Turkey are JCI-accredited.

We run one of the first and largest cord blood banks in Turkey as well as laboratory and pathology services, stem cell facilities, a range of emergency assistance and home health services, hospital project management and other related services.

In **INDIA**, we continue to strengthen our presence through our 10.85% equity investment in Apollo Hospital Enterprise Limited, one of India's largest private healthcare services providers. We also have JVs with Apollo for the Apollo Gleneagles Hospital, Kolkata and Apollo Gleneagles PET-CT Centre, Hyderabad.

In **GREATER CHINA**, we are a major international private healthcare player with 11 medical centres across the PRC and Hong Kong (six in Shanghai, two in Suzhou and one each in Chengdu, Beijing and Hong Kong). In March 2014, we entered the PRC's hospital sector with the opening of Shanghai International Medical Centre under a Hospital Management Agreement ("HMA").

In Brunei, we have a venture with the Brunei Investment Agency for the Gleneagles JPMC Cardiac Centre. In the UAE, we are providing consultancy and management services to Danat Al Emarat Women and Children's Hospital in Abu Dhabi. In Vietnam, we recently strengthened our position in its private healthcare sector with the opening of the 320-bed City International Hospital in Ho Chi Minh City through a HMA.

Among our markets, Singapore and Turkey remain important hubs for medical tourism in their respective regions, further expanding our patient catchment area and providing significant growth potential for our business. Malaysia's medical tourism market too is ramping up, driven by the price competitiveness of its healthcare services, growing regional connectivity and upgrading of its domestic healthcare infrastructure.

HEALTHCARE THAT TRANSCENDS BOUNDARIES

HEALTHCARE THAT CREATES VALUE

AS AN INTERNATIONAL HEALTHCARE PLATFORM BUILT TO DEVELOP AND DELIVER SYNERGIES ACROSS ALL ITS HEALTHCARE ASSETS, IHH STRIVES TO INTEGRATE EACH OF ITS INVESTEE COMPANY'S CAPABILITIES, MARKET PRESENCE AND BRAND TO OPTIMISE THE COMBINED POTENTIAL OF THE GROUP.

The companies within IHH's healthcare network are well positioned to provide the full spectrum of healthcare services, from primary healthcare clinics, to secondary and tertiary hospitals, to quaternary care and post-operative rehabilitation centres. These offerings are complemented by a wide range of ancillary services including diagnostic laboratories, imaging centres, ambulatory care, medical education facilities, hospital project management and other related services.

We are proud of the respect and reputation that the Group's medical facilities have established through the life-changing and life-saving impact they have had on their communities. Each of our business units is absolutely committed to playing an increasingly important role in the wellness sector of the markets they serve.

Having successfully developed our business through organic growth and acquisitions, we are on a pathway that we believe will see the Group continuing to grow its healthcare interests within Asia and beyond — and we are committed to measured but decisive action to realise those ambitions. Along this pathway, there will be opportunities for further synergies and cooperation among the IHH companies. There will also be growth opportunities for the more than 25,000 first-rate healthcare professionals and employees currently working for IHH companies.

An important goal for IHH is to ensure the highest levels of strategic cooperation among our healthcare businesses. The close collaboration between our Singapore, Malaysia and Turkey operations has demonstrated the success of this approach.

We believe that our increasing scale and leading market positions will continue to provide us with significant opportunities to enhance our profitability as we focus on quality, cost and revenue synergies. These will include more efficient sourcing and procurement of medical equipment and consumables, sharing of project development expertise and management best practices, consolidation of our marketing programmes, and cross-referrals within the Group.

As we venture forth, we are confident that our proven business model which leverages on the following elements will continue to hold us in good stead:

- Leading market positions in highly attractive growth markets;
- Highly recognised brands with a reputation for clinical excellence;
- Integrated healthcare service continuum in our core markets;
- The ability to attract high quality doctors and medical support staff; as well as
- A strong track record and an experienced management team backed by reputable shareholders.

HEALTHCARE THAT CREATES VALUE

PROVIDING EXCELLENCE GLOBALLY

HOME MARKETS

MALAYSIA

- Gleneagles Kuala Lumpur
- Gleneagles Penang
- Gleneagles Kota Kinabalu (under development)
- Gleneagles Medini (under development)
- Pantai Hospital Ampang
- Pantai Hospital Ayer Keroh
- Pantai Hospital Batu Pahat
- Pantai Hospital Cheras
- Pantai Hospital Ipoh
- Pantai Hospital Klang
- Pantai Hospital Kuala Lumpur
- Pantai Hospital Manjung
- Pantai Hospital Penang
- Pantai Hospital Sungai Petani
- International Medical College
- International Medical University
- Pantai Integrated Rehab Services
- Pantai Premier Pathology
- Twin Towers Medical Centre

SINGAPORE

- Gleneagles Hospital
- Mount Elizabeth Hospital
- Mount Elizabeth Novena Hospital
- Parkway College
- Parkway East Hospital
- Parkway Shenton Clinics
- ParkwayHealth Laboratory
- ParkwayHealth Radiology

TURKEY

Istanbul:

- Acibadem Atakent Hospital
- Acibadem Bakirköy Hospital
- Acibadem Fulya Hospital
- Acibadem Kadiköy Hospital
- Acibadem Kozyatagi Hospital
- Acibadem Maslak Hospital
- Aile Hospital Bahcelievler
- International Hospital
- Acibadem Altunizade Hospital (under development)
- Acibadem Atasehir (under development)
- Acibadem Kartal (under development)
- Acibadem Taksim Hospital (under development)
- Aile Hospital Goztepe (operation suspended)

Other regions in Turkey:

- Acibadem Adana Hospital
- Acibadem Ankara Hospital
- Acibadem Bodrum Hospital
- Acibadem Bursa Hospital
- Acibadem Eskisehir Hospital
- Acibadem Kayseri Hospital
- Acibadem Kocaeli Hospital
- Acibadem Laboratories
- Acibadem Mobil
- Acibadem Proje
- APlus
- 14 Acibadem Medical Centres

KEY MARKETS

CHINA

- Chengdu Medical Centre
- Gleneagles Medical and Surgical Centre
- Hong Qiao Medical Centre
- Jin Qiao Medical and Dental Centre
- Luwan Specialty and Inpatient Centre
- Shanghai Centre Medical and Dental Centre
- Shanghai International Medical Centre (HMA)
- Shanghai Jin Mao Tower Medical Centre (JV)
- SIP Medical and Dental Centre
- SND Medical and Dental Centre
- Vantone Medical and Rehabilitation Centre

HONG KONG

- Gleneagles Hong Kong Hospital (under development)
- ParkwayHealth Central Hong Kong Medical Centre

INDIA

- Apollo Gleneagles Hospital, Kolkata (JV)
- Apollo Gleneagles PET-CT Centre, Hyderabad (JV)
- Gleneagles Khubchandani Hospital, Mumbai (JV under development)

OTHER INTERNATIONAL MARKETS

BRUNEI

- Gleneagles JPMC Cardiac Centre

IRAQ

- Faruk Medical City (HMA)

MACEDONIA

- Clinical Hospital Acibadem Sistina, Skopje

UNITED ARAB EMIRATES

- Danat Al Emarat Women and Children's Hospital (HMA, under development)

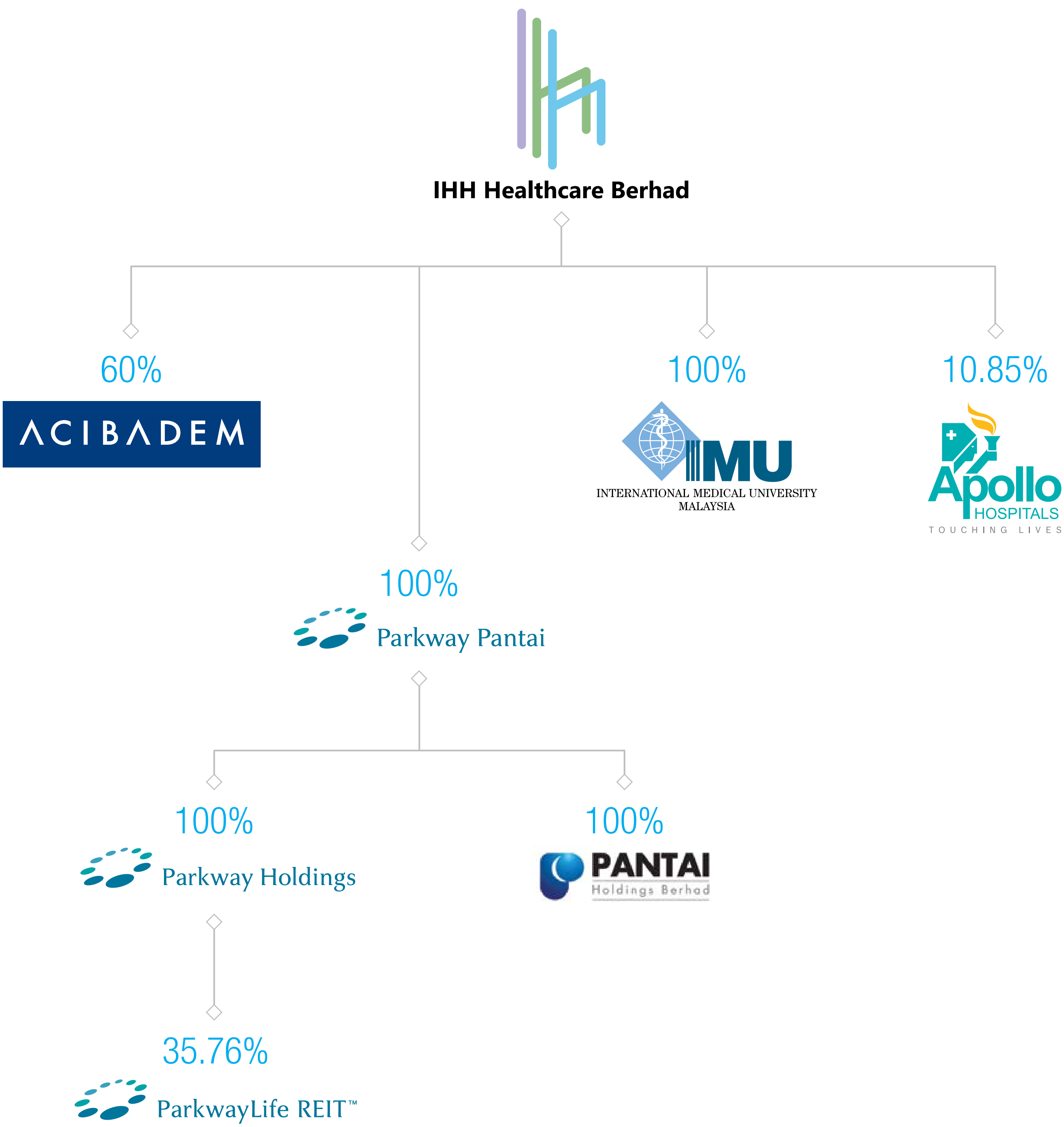
VIETNAM

- City International Hospital, Ho Chi Minh City (HMA)

NOTES :

HMA - Hospital Management Agreement
JV - Joint Venture

CORPORATE STRUCTURE
AS AT 18 APRIL 2014



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Dr Abu Bakar bin Suleiman
Chairman
Non-Independent, Executive

Dato' Mohammed Azlan bin Hashim
Deputy Chairman
Non-Independent, Non-Executive

Dr Tan See Leng
Managing Director and Chief Executive Officer
Non-Independent, Executive

Mehmet Ali Aydinlar
Non-Independent, Executive

YM Tengku Dato' Sri Azmil Zahruddin bin Raja Abdul Aziz
Non-Independent, Non-Executive

Satoshi Tanaka
Non-Independent, Non-Executive

Chang See Hiang
Senior Independent, Non-Executive

Rossana Annizah binti Ahmad Rashid
Independent, Non-Executive

Kuok Khoon Ean
Independent, Non-Executive

Ahmad Shahizam bin Mohd Shariff
Non-Independent, Executive
(Alternate Director to Dr Tan See Leng)

Quek Pei Lynn
Non-Independent, Non-Executive
(Alternate Director to YM Tengku Dato' Sri Azmil Zahruddin bin Raja Abdul Aziz)

Kaichi Yokoyama
Non-Independent, Non-Executive
(Alternate Director to Satoshi Tanaka)

COMPANY SECRETARIES

Michele Kythe Lim Beng Sze
(LS 0009763)

Seow Ching Voon
(MAICSA 7045152)

COMMITTEES

Audit and Risk Management Committee
Chairman : Rossana Annizah binti Ahmad Rashid
Members : Chang See Hiang
: Satoshi Tanaka

Nomination and Remuneration Committee
Chairman : Chang See Hiang
Members : Rossana Annizah binti Ahmad Rashid
: Dato' Mohammed Azlan bin Hashim

Steering Committee
Chairman : Dato' Mohammed Azlan bin Hashim
Members : Dr Tan See Leng
: Mehmet Ali Aydinlar
: Satoshi Tanaka
: YM Tengku Dato' Sri Azmil Zahruddin bin Raja Abdul Aziz

REGISTERED ADDRESS & BUSINESS ADDRESS

Level 28, Mercu UEM
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
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Fax : +603 – 2260 1019

COMPANY WEBSITE

www.ihh-healthcare.com

SHARE REGISTRARS

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Symphony Share Registrars Sdn Bhd
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47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
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Fax : +603 – 7841 8150 / 8151

Singapore
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50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Tel : +65 – 6536 5355
Fax : +65 – 6536 1360

AUDITORS

Messrs KPMG
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603 – 7721 3388
Fax : +603 – 7721 3399

PRINCIPAL BANKERS

- DBS Bank Ltd
- Oversea-Chinese Banking Corporation Limited
- Malayan Banking Berhad
- Standard Chartered Bank
- Türkiye Garanti Bankasi A.S.

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed since 25 July 2012)

Main Board of the Singapore Exchange Securities Trading Limited
(Listed since 25 July 2012)


Friday 8/3/2013
Macedonia
08:50

24/7 EFFICIENCY

FINANCIAL HIGHLIGHTS

		21.5.2010 - 31.12.2010	FY 2011	FY2012	FY2013
(A)	**Income Statement (RM million)**				
	Revenue by Strategic Business Units				
	Parkway Pantai	1,077.2	3,167.1	4,636.0	3,887.8
	Acibadem Holdings	-	-	2,058.5	2,585.6
	IMU Health	82.8	158.8	174.8	197.6
	Others	-	2.9	3.4	4.2
		1,160.0	3,328.8	6,872.7	6,675.2
	PLife REIT total revenue	-	-	232.7	234.7
	PLife REIT inter-segment revenue	-	-	(142.9)	(153.5)
	Total	**1,160.0**	**3,328.8**	**6,962.5**	**6,756.4**
	EBITDA[1] by Strategic Business Units				
	Parkway Pantai	205.9	619.3	1,001.1	966.4
	Acibadem Holdings	-	-	330.4	462.8
	IMU Health	30.9	61.5	63.8	74.6
	Others	(1.2)	(22.6)	(15.9)	(30.0)
		235.6	658.2	1,379.4	1,473.8
	PLife REIT	-	-	189.6	184.5
	Total	**235.6**	**658.2**	**1,569.0**	**1,658.3**
	Profit After Tax and Minority Interest ("PATMI")				
	Including Exceptional Items	0.3	373.5	750.8	631.2
	Excluding Exceptional Items	72.2	439.7	619.1	648.6
(B)	**Financial Position (RM million)**				
	Total Assets	15,763.5	17,284.0	25,648.3	27,261.3
	Net Borrowings	5,501.7	3,727.5	2,213.4	2,316.5
	Equity attributable to Owners of the Company	2,871.7	9,790.7	17,131.0	18,075.1
(C)	**Financial Ratios**				
	Basic Earnings per Share (sen)				
	Including Exceptional Items	0.01	8.22	10.76	7.78
	Excluding Exceptional Items	2.59	9.67	8.88	7.99
	Net Assets[2] per Share (RM)	1.03	1.78	2.13	2.22
	Net Tangible Assets[3] per Share (RM)	(1.85)	0.32	0.68	0.81
	Return on Shareholders' Funds[4] (%)				
	Including Exceptional Items	0.01	3.81	4.38	3.49
	Excluding Exceptional Items	2.51	4.49	3.61	3.59
	Return on Total Assets (%)				
	Including Exceptional Items	0.00	2.16	2.93	2.32
	Excluding Exceptional Items	0.46	2.54	2.41	2.38
	Net Debt Equity Ratio (times)	**1.76**	**0.37**	**0.12**	**0.12**

Notes:
The above historical financial summary may not be comparable across the period presented due to the changes in the Group structure as well as the effects of the initial public offering in 2012.

For changes in the accounting policies, adoption of new and/or revised accounting standards, as well as changes in presentation of financial statements for the respective financial year under review, only the comparative figures for the previous year were restated to conform with the requirements arising from the said changes or adoption.

1. Being earnings before interest, tax, depreciation, amortisation, exchange differences, share of results of associates and joint ventures and other non-operational items.
2. Being net assets attributable to ordinary shareholders (excluding non-controlling interests).
3. Being net assets attributable to ordinary shareholders (excluding non-controlling interests) less goodwill and intangible assets.
4. Being PATMI for the year/period over equity attributable to owners of the Company as at year/period-end.

FINANCIAL HIGHLIGHTS

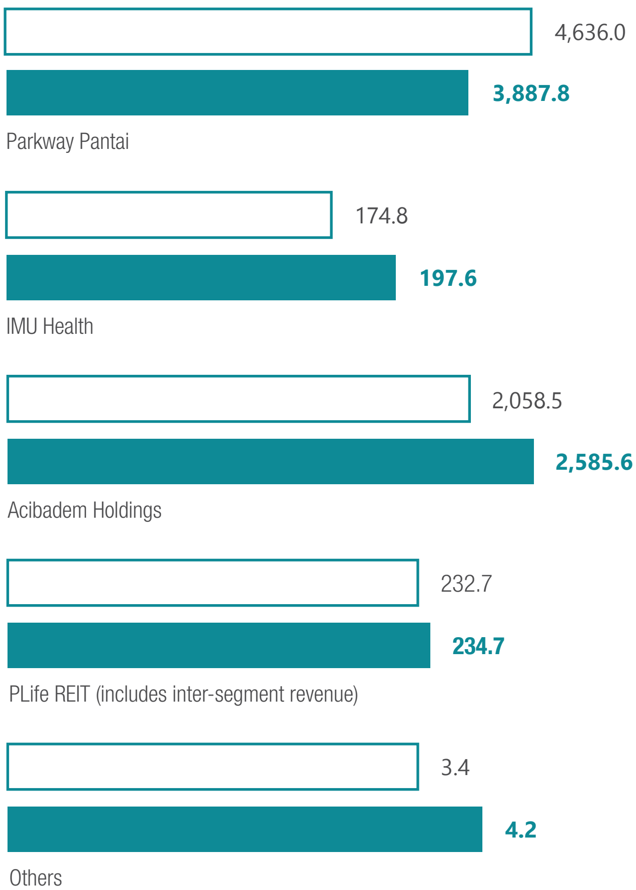
FY2012 Total : 6,962.5

FY2013 Total : 6,756.4

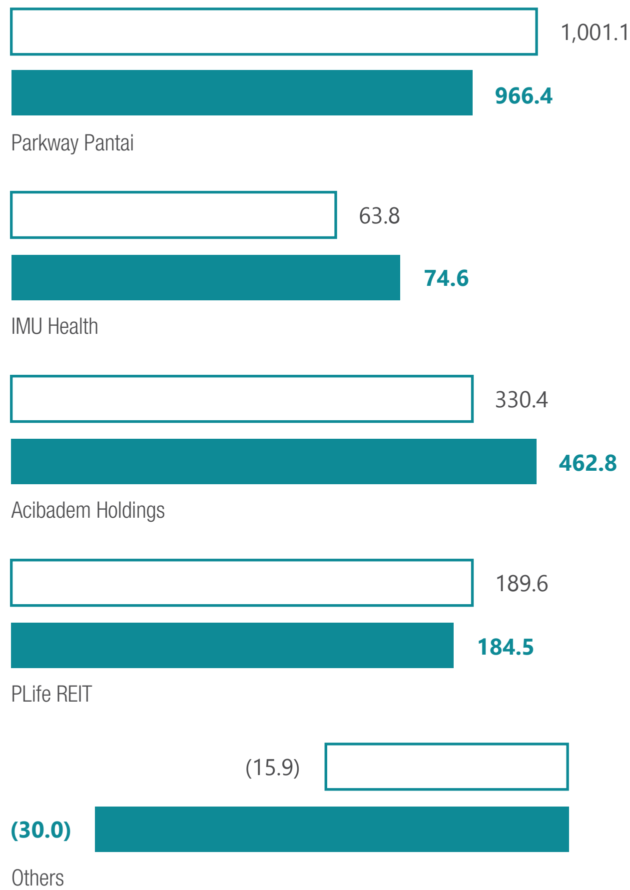
FY2012 Total : 1,569.0

FY2013 Total : 1,658.3

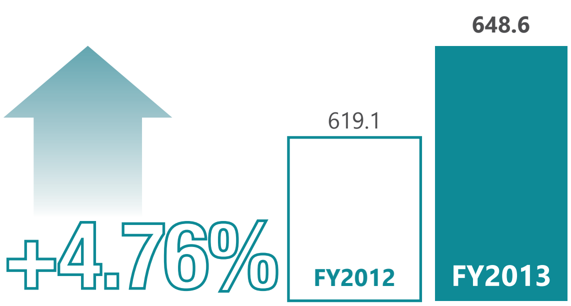
Revenue by Strategic Business Units
(RM million)



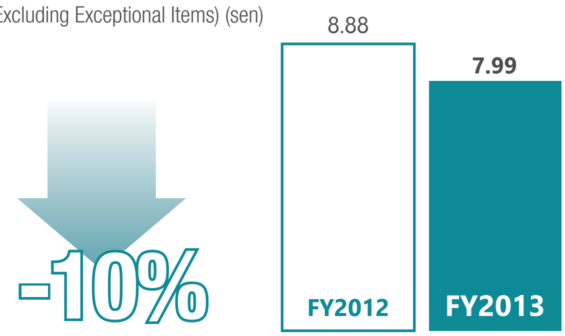
EBITDA by Strategic Business Units
(RM million)



Profit After Tax and Minority Interest ("PATMI")
(Excluding Exceptional Items) (RM million)



Basic Earnings per Share
(Excluding Exceptional Items) (sen)



OPERATIONAL HIGHLIGHTS

Parkway Pantai Limited - Singapore Operations Division	2009	2010	2011	2012	2013
No. of hospitals at end of period	3	3	3	4	**4**
No. of licensed beds[1] at end of period	1,008	743	730	910	**907**
No. of operational beds[1] at end of period	724	714	716	813	**826**
Inpatient admissions[2]	46,961	49,182	51,036	55,251	**59,258**
Average length of stay[3] (days)	3.4	3.3	3.3	3.2	**3.2**
Occupancy rate[4]	60%	62%	64%	63%	**63%**
Average revenue per inpatient admission (in SGD)	6,625	6,847	7,463	7,853	**8,299**
Average revenue per inpatient admission (in RM, SGD1=RM2.57798)	17,079	17,651	19,239	20,245	**21,395**

Parkway Pantai Limited - Malaysia Operations Division	2009	2010	2011	2012	2013
No. of hospitals at end of period	11	11	11	11	**11**
No. of licensed beds[1] at end of period	1,993	1,993	2,010	2,052	**2,060**
No. of operational beds[1] at end of period	1,781	1,835	1,878	1,915	**1,935**
Inpatient admissions[2]	146,200	152,286	153,284	158,990	**170,684**
Average length of stay[3] (days)	2.8	2.8	2.8	2.8	**2.8**
Occupancy rate[4]	64%	65%	63%	63%	**68%**
Average revenue per inpatient admission (in RM)	3,271	3,638	4,141	4,220	**4,493**

Acibadem Holdings	2009	2010	2011	2012	2013
No. of hospitals at end of period	9	11	14	16[8]	**16[8]**
No. of licensed and operational beds[5] at end of period	1,232	1,473	1,751	1,911[7]	**2,035[7]**
No. of overnight beds[5] at end of period	913	1,081	1,081	1,423[7]	**1,433[7]**
Inpatient admissions[2]	52,869	66,428	88,525[6]	112,394[7]	**120,083**
Average length of stay[3] (days)	3.2	3.5	3.5[6]	3.3	**3.2**
Occupancy rate[4]	55%	67%	80%[6]	74%	**73%**
Average revenue per inpatient admission (in TL)	4,907	5,553	5,600	5,840	**6,063**
Average revenue per inpatient admission (in RM, TL1=RM1.52771)	7,496	8,483	8,555	8,922	**9,263**

Notes:

Parkway Pantai Limited ("PPL") and Acibadem Holdings do not compile certain operational data, including number of operational beds, the average length of stay and occupancy rate, on the same basis and therefore, these numbers may not be comparable.

For changes in classification/definitions for the respective financial year under review, only the comparative figures for the previous year were restated to conform with the current classification/definitions.

1. Licensed beds are approved number of beds by the Ministry of Health that the hospital regularly maintains and staffs.
   Operational beds is an internal measure for which we include licensed beds utilised for our patients.
2. Represents the total number of overnight inpatients admitted to our hospitals.
3. Represents the average number of days an overnight inpatient stays at our hospitals.
4. Represents the percentage of hospital operational/overnight beds occupied by inpatients.
   Occupancy rate may be lower due to new hospitals that are in the ramp up stage.
5. Under Turkish Law, "licensed beds" refer to the approved number of beds used for observation and treatment of at least 24 hours, including intensive care, premature and infant unit beds, beds in the burn care units and as indicated in the hospital operation licenses.
   In addition to licensed beds, "operational beds" includes beds used for treatments of less than 24 hours such as chemotheraphy, radiotheraphy and sedation or other beds such as incubators, labour beds, beds for examination, small treatments and relaxation, from which Acibadem derives revenue and does not require licensing.
   "Overnight beds" comprise beds used for observation and treatment of at least 24 hours.
6. Comprises data for only 11 hospitals, which excludes Acibadem Sistina Skopje Clinical Hospital, Aile Hospital Bahcelievler and Aile Hospital Goztepe as these 3 hospitals were only acquired in the second half of 2011, where the operational data were recorded and classified differently with the rest of the other existing entities.
7. Aile Hospital Goztepe's operations was suspended in late April 2012 for building works.
   As such, the number of beds as at the end of 31 December 2012 and 2013 excludes Aile Hospital Goztepe.
   Inpatient admissions includes Aile Hospital Goztepe for January to April 2012, before the hospital operations was suspended.
8. Number of hospitals includes Aile Hospital Goztepe.

SGD: Refers to Singapore dollars; TL: Refers to Turkish Lira

OPERATIONAL HIGHLIGHTS

2013

NO. OF HOSPITALS

PPL Singapore	04
PPL Malaysia	11
Acibadem	16

NO. OF BEDS (OPERATIONAL)

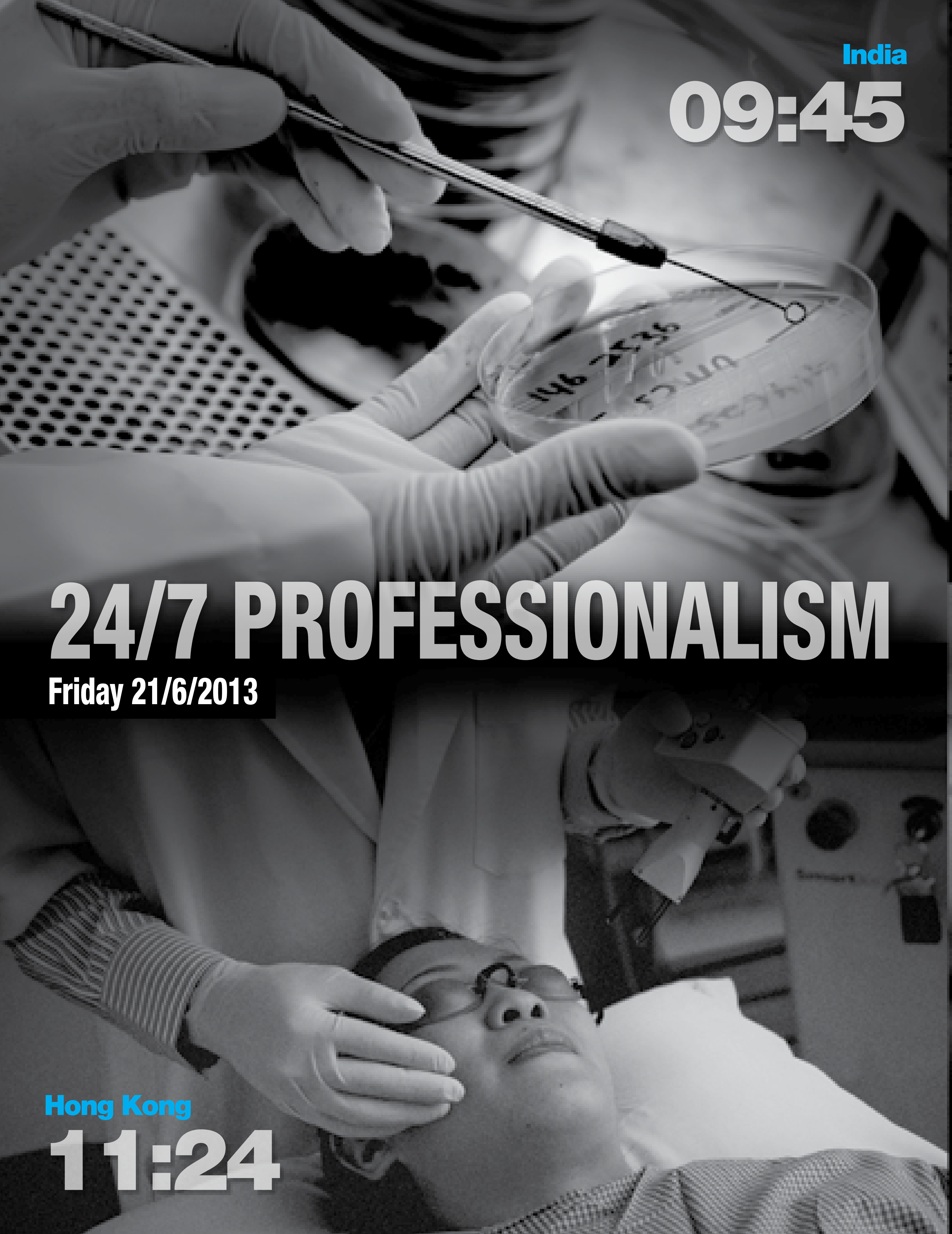
PPL Singapore	826
PPL Malaysia	1,935
Acibadem	2,035

INPATIENT ADMISSIONS

PPL Singapore	59,258
PPL Malaysia	170,684
Acibadem	120,083

AVERAGE REVENUE PER INPATIENT ADMISSION (RM)

PPL Singapore	21,395
PPL Malaysia	4,493
Acibadem	9,263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24/7 PROFESSIONALISM
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Brunei
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CHAIRMAN'S LETTER TO THE SHAREHOLDERS

Tan Sri Dato' Dr Abu Bakar bin Suleiman
Chairman

Dear Shareholders,
On behalf of the Board of Directors, it is an honour and a privilege to present the Annual Report and Audited Financial Statements of IHH Healthcare ("IHH" or the "Group") for the financial year ended 31 December 2013.

Financial Year 2013 ("FY2013") was another splendid year for IHH. We achieved strong traction with new projects, made solid inroads into new markets and balanced this out with solid organic performance across our existing healthcare operations. Our operations in our home markets of Singapore and Malaysia and across Asia under Parkway Pantai Limited ("Parkway Pantai") performed well, as did our operations in our home market of Turkey under Acibadem Holdings ("Acibadem"). Our Malaysian education business under IMU Health too turned in a consistent performance.

The Group continues to be in good hands with our new Managing Director and Chief Executive Officer, Dr Tan See Leng at the helm. We are delighted to be starting the new financial year by introducing a dividend policy which calls for a dividend payout of no less than 20% of the Group's profit after tax and minority interests ("PATMI") excluding exceptional items. This is after considering the level of cash and cash equivalents, return on equity and available retained earnings, projected levels of capital expenditure and other investment plans.

GOOD INROADS INTO NEW MARKETS

As part of our efforts to bolster our healthcare facilities portfolio, we brought to fruition several initiatives, namely our ventures into Vietnam and Greater China. In September 2013, the Group, through a consultancy agreement and hospital management agreement ("HMA"), opened the City International Hospital, a tertiary multi-specialty hospital in Ho Chi Minh City. This was followed by the soft opening of the Shanghai International Medical Centre ("SIMC") which we manage via an

CHAIRMAN'S LETTER TO THE SHAREHOLDERS



HMA in March 2014. This is another key milestone in our efforts to strengthen our presence, network and brand recognition for future expansion in the People's Republic of China ("PRC").

In January 2014, we also undertook the groundbreaking ceremony for the Gleneagles Hong Kong Hospital ("GHK") at Wong Chuk Hang, Hong Kong. The GHK development, a 60:40 venture between Parkway Pantai and NWS Holdings Limited, is expected to open in early 2017, with the University of Hong Kong's Li Ka Shing Faculty of Medicine as the clinical partner. We are particularly excited about this venture as it provides us an opportunity to tap into Hong Kong's premium healthcare segment.

In FY2013, we continued to reinforce our status as a key, premium healthcare service provider in our home markets of Singapore, Malaysia and Turkey, and in our growth markets in the PRC, India, Brunei, Vietnam and Macedonia.

SOLID FINANCIAL PERFORMANCE

I am delighted to report that IHH cemented its financial performance in FY2013 driven by strong performance in several areas. While Group revenue declined 3% year-on-year ("YoY") to RM6.8 billion in FY2013 from RM7.0 billion in FY2012, Group earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items ("EBITDA") grew 6% YoY to RM1.7 billion in FY2013 from RM1.6 billion previously.

Stripping off the recognition of sale of medical suites and contribution by PLife REIT, IHH's underlying operational performance saw strong growth in FY2013. Revenue rose 18% to RM6.7 billion, EBITDA grew 32% to RM1.5 billion, and PATMI excluding exceptional items increased significantly by 70% to RM602.5 million.

The strong performance was driven by better operating leverage achieved through higher inpatient admissions from existing and new hospitals opened in FY2012, as well as higher

EBITDA grew
32%
to RM1.5 billion

PATMI excluding exceptional items grew
70%
to RM602.5 million

CHAIRMAN'S LETTER TO THE SHAREHOLDERS

revenue intensities with the handling of more complex cases. We are also delighted with the performance of the Mount Elizabeth Novena Hospital and Acibadem Ankara Hospital which achieved positive EBITDA in FY2013 within 12 months of their respective openings. Overall, the good performance by our respective operations further reinforces our market position in the diverse markets that we serve.

ROBUST SHAREHOLDER VALUE CREATION

IHH remains committed to creating value for all our shareholders. We are experiencing solid growth and will continue to reinvest our profits back into the business to ensure that such growth continues. Given our strong balance sheet and operating cashflow, the Board felt we were in a healthy position to provide extra returns to investors while continuing to be committed to our expansion plans. As such, it announced its dividend policy on 27 February 2014.

This dividend policy dictates that IHH will pay no less than 20% of its PATMI excluding exceptional items. In respect of the financial year ended 31 December 2013, the Board is recommending a first and final single-tier cash dividend of 2 sen subject to shareholders' approval. The proposed dividend, which is scheduled to be paid out on 16 July 2014, is one way of acknowledging the faith and trust that our shareholders have placed in IHH.

The Board does not expect the dividend policy to impede the Group's anticipated growth. At the end of FY2013, the Group's net gearing stood at 0.12 times, while its operating cashflow stood at more than RM1.3 billion.

Over the course of FY2013, IHH's share price traded in Bursa Malaysia hit an all-time high of RM4.27 in September 2013. Overall, our share price posted a net increase of 14.5% in 2013. Since our initial public offering, IHH stock had risen as much as 52.5%, with a net increase of 37.9% by the end of 2013. By the start of 2014, an average 7.6 million shares were being traded daily.

Relative to key benchmark indices, the Group outperformed the Kuala Lumpur Composite Index by 3.6% and the FTSE All Emerging Market APAC Index by 15.2% during the year. The Group's Singapore share price performed equally strong, even though liquidity remains an issue with an average daily trading volume of only 1.4 million shares since it's debut. For the year in review, the Group's share price in the Singapore Exchange recorded a net increase of 9.9% and outperformed the Straits Times Index by 11.1% and the FTSE All Emerging Market APAC Index by 11.8%.

IHH is committed to undertaking stakeholder engagement activities to strengthen our relationships with shareholders and investors. In FY2013, IHH's management and investor relations teams met with 341 investors, and organised 11 hospital tours for them (3 in Singapore and 8 in Malaysia). Team members also attended 21 investor conferences organised by major global banks. All of these activities elicited good responses from our target audiences.

AWARDS AND ACCOLADES

I am pleased to say that by the year's end, the Group had garnered a host of awards and accolades in Singapore, Malaysia and Turkey.

In Singapore, Mount Elizabeth Hospital received the Singapore Service Excellence Medallion Commendation Award from enterprise development agency, SPRING Singapore, and was a recipient of the Singapore Experience Awards 2013 for "Best Healthcare Experience" from the Singapore Tourism Board. Mount Elizabeth Novena Hospital too was a recipient of the latter tourism award and garnered a gold award for Excellence in Integrated Marketing (B2B) for its Doctor for A Day programme at *Marketing Magazine's* Marketing Excellence Award 2013 event.

Human Resources Magazine voted Parkway Shenton as the number three "Preferred Employee Healthcare Provider" for 2013. It also received the U Partner Award when the National Trades Union Congress recognised IHH at the U Summit 2013 for our efforts to bring more value and benefits to Congress members.

CHAIRMAN'S LETTER TO THE SHAREHOLDERS

IHH's share price posted a net increase of

14.5%

in 2013

IHH garnered

11 awards

in 2013

In Malaysia, Pantai Hospital Kuala Lumpur received the *Reader's Digest* Trusted Brand gold award for 2013. Gleneagles Hospital Kuala Lumpur was presented with the "Highest Revenue for Healthcare Travellers, Central Region 2012" from the Malaysia Healthcare Travel Council at the Malaysia International Healthcare Travel Expo ("MIHTE") Award presentation.

We were also acknowledged in Turkey, receiving the Best Guerrilla Marketing Project Award (Breast Cancer Awareness Campaign) at the Media Cat Communication Institute/Farmaskop National Health Communication Awards, the Best Healthcare Application Award from *Digital Age Magazine*, and the Best Mobile Healthcare Solution for Intelligent Cities Award at the World Intelligent Cities Summit.

We are both humbled and elated that so many organisations of good standing deem IHH and our businesses worthy of such accolades. It indicates a growing acceptance of our subsidiaries' operations in their home markets and affirms the Group's brand presence among the investing community.

RESPONSIBLE CORPORATE PRACTICES

The IHH Board of Directors is committed to upholding and implementing the highest standards of corporate governance and risk management practices. Only by adopting stringent measures can we continue to grow our business, keep our outstanding reputation and continue to create shareholder value. The details of our corporate governance measures and risk management best practices are spelt out in the relevant sections of this Annual Report.

CHAIRMAN'S LETTER TO THE SHAREHOLDERS

As a conscientious corporate citizen and a key healthcare player, IHH is very aware of its obligation to undertake responsible practices that impact positively upon society. To this end, we are constantly balancing our business aspirations against responsible corporate practices that benefit our stakeholders and the communities we operate in. We continue to put in place corporate social responsibility ("CSR") initiatives that help communities develop in a positive way, including raising their healthcare standards.

The cornerstone of these initiatives is the Khazanah IHH Healthcare Fund that provides partial and fully-sponsored medical treatment to needy patients in our home markets of Malaysia, Singapore and Turkey. Through the Fund, IHH helps to elevate lives and make a difference in the communities we operate in. The finer details of the Fund and other innovative CSR initiatives are spelt out in the Corporate Social Responsibility section of our Annual Report.

MAINTAINING OUR FORWARD MOMENTUM

IHH's aim is to continue as a leader in healthcare services and we have clear strategies for the future. We will continue to leverage the Group's hospitals and other healthcare facilities as well as our offer of an integrated and comprehensive range of healthcare services to attract new patients, promote long-term patient retention and offer opportunities to realise synergies. We will also leverage our scale, market positions and business integration to enhance profitability while continuing to attract, retain and develop quality medical personnel.

With the increased demand for trained healthcare professionals and inflationary pressures, the Group expects to incur higher salaries and wages and other operating costs in its home markets. We will mitigate these costs by adjusting prices and extracting operating leverage from the growth in revenues.

Today, the Group is in a strong position to expand its reach globally and capitalise on the growing demand for quality healthcare in key growth markets. Overall, we are optimistic that the demand for quality private healthcare will develop in all our home markets due to the demographics and the growing upper/middle classes in the regions where the Group operates. As such, we will develop and reinforce our leading market positions in our home markets of Singapore, Malaysia and Turkey, as well as strengthen our presence in the highly attractive growth markets of China, India, Hong Kong, Brunei and Vietnam.

CHAIRMAN'S LETTER TO THE SHAREHOLDERS

We are in a strong position to **expand our reach globally** and capitalise on the growing demand for quality healthcare in key growth markets

At the same time, we will continue to explore healthcare opportunities in other high-growth markets.

As we venture forth, we will endeavour to work hard to ensure that we build on the solid momentum generated in 2013. In all that we undertake, we remain committed to ensuring that we distinguish ourselves by the excellent quality of patient-centred services that we provide the communities we serve and the robust value that we create for our shareholders.

With the global economy expected to moderately improve its upward trajectory in 2014, the Board sees opportunities for the year ahead. Barring unforeseen circumstances, the Board remains cautiously optimistic that the Group will continue to deliver a satisfactory performance in the new financial year.

IN APPRECIATION

On behalf of the Board of Directors of IHH Healthcare Berhad, I wish to convey my sincere appreciation to all our shareholders and other stakeholders for their steadfast support and confidence in the Group.

Our dual listing was the largest ever IPO for a hospital operator in Asia, the second largest IPO in Asia for 2012, and one of the top five IPOs in the world. My thanks to our bankers and financiers, business partners and suppliers for their continued commitment and belief in us. The Board also thanks the governments and regulators of the many markets we are in for their support. IHH will continue to work closely with all parties to create stronger healthcare sectors in all our current and future locations.

Our success in the year since listing is due to the dedication of IHH's leadership team and our 25,000+ employees worldwide. We owe our success to their professionalism and tireless efforts. I thank my fellow Board members for their unerring support in helping steer IHH to success in its second year.

At this time, on behalf of the Board, I would like to express our heartfelt appreciation to Dr Lim Cheok Peng, who passed on the role of Managing Director to Dr Tan See Leng on 1 January 2014 as part of the Group's leadership succession plan. Dr Lim has been designated as Senior Advisor to the Board, continuing his more than 25 years of association with the Group. Dr Lim is also expected to work as an advisor to IHH's major shareholder, Khazanah Nasional Berhad, in some of its wellness investments, whereby some area of interaction and synergies with IHH's businesses may be developed.

We thank Dr Lim for his outstanding leadership and dedication that have been crucial in making IHH the company it is today – the world's second-largest healthcare company by market capitalisation. We are delighted that Dr Tan has agreed to take up his new role in this planned and seamless leadership transition process. Dr Tan has been part of IHH's corporate journey from the start and the Board believes he is perfectly placed to steward the Group as we move forward.

As we enter the new financial year, I call upon all stakeholders to lend us their unwavering support as we work together to cement IHH's position on the healthcare landscape and find new opportunities to benefit us all. Thank you.

Tan Sri Dato' Dr Abu Bakar bin Suleiman
Chairman

PROFILES OF DIRECTORS

Tan Sri Dato' Dr Abu Bakar bin Suleiman

Chairman, Non-Independent, Executive

Nationality	Malaysian
Age	70
Date of Appointment	30 March 2011
Length of Service	3 years 1 month *(as at 18 April 2014)*
Date of Last Re-election	25 June 2013

Academic / Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), Monash University
- Master of Medicine (Internal Medicine), National University of Singapore

Present Directorship(s)

- CCM Duopharma Biotech Berhad
- Medical Defence Malaysia Berhad

Work Experience

Tan Sri Dato' Dr Abu Bakar bin Suleiman joined Malaysia's Ministry of Health as Director of Medical Services in 1987 and became Director-General of Health in 1991. As a consultant nephrologist, he built up the nephrology, renal transplantation and dialysis services at Hospital Kuala Lumpur and other Malaysian hospitals, while heading the Department of Nephrology at Hospital Kuala Lumpur. Tan Sri Dato' Dr Abu Bakar is a fellow of the Royal Australasian College of Physicians as well as the Founding President of both the Malaysian Society of Nephrology and the Malaysian Society of Transplantation. He became President of the International Medical University in Kuala Lumpur in 2001 and continues to hold this position. He is also the Chief Executive Officer of IMU Health Sdn Bhd, a wholly-owned subsidiary of IHH Healthcare Berhad as well as the Director for IMU Foundation.

Notes:

- Does not have any family relationships with any directors and/or major shareholders of the Company.
- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past ten years.
- Details of the Directors' attendance at Board meetings are set out in the Statement on Corporate Governance on page 84.

PROFILES OF DIRECTORS

Dato' Mohammed Azlan bin Hashim

Deputy Chairman, Non-Independent, Non-Executive
Chairman of Steering Committee and Member of Nomination and Remuneration Committee

Nationality	Malaysian
Age	57
Date of Appointment	30 March 2011
Length of Service	3 years 1 month *(as at 18 April 2014)*
Date of Last Re-election	25 June 2013

Academic / Professional Qualification(s)
- Bachelor of Economics, Monash University
- Fellow Member, Institute of Chartered Accountants, Australia
- Member, Malaysian Institute of Accountants
- Fellow Member, Malaysian Institute of Directors

Present Directorship(s)
- Khazanah Nasional Berhad
- Scomi Group Berhad
- D&O Green Technologies Berhad
- Silk Holdings Berhad

Work Experience

Dato' Mohammed Azlan bin Hashim began his career as an auditor at Peat Marwick, Mitchell & Co in Australia, and later moved on to senior management roles in Amanah-Chase Merchant Bank Berhad, Sapura Holdings Sdn Bhd, Bumiputra Merchant Bankers Berhad, Kumpulan Fima Berhad and Amanah Capital Malaysia Berhad. From 1998 to 2004, Dato' Azlan was Executive Chairman of the (then) Kuala Lumpur Stock Exchange Group.

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- Does not have any conflict of interest with the Company.
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PROFILES OF DIRECTORS

Dr Tan See Leng

Managing Director and Chief Executive Officer, Non-Independent, Executive
Member of Steering Committee

Nationality	Singaporean
Age	49
Date of Appointment	5 April 2012
Length of Service	2 years *(as at 18 April 2014)*

Academic / Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Master of Medicine (Family Medicine), National University of Singapore
- Master of Business Administration, University of Chicago Booth School of Business

Present Directorship(s)

- Pantai Holdings Berhad (an indirect wholly-owned subsidiary of IHH Healthcare Berhad)

Work Experience

Dr Tan See Leng has over 25 years of experience in the healthcare industry. After founding a private primary healthcare group in Singapore, Dr Tan joined Parkway in 2004 as Chief Operating Officer of Mount Elizabeth Hospital. In 2006, he was appointed Senior Vice President, International Operations of Parkway before being seconded to Pantai as Chief Executive Officer ("CEO") of the Hospitals Division. From 2009, Dr Tan held the position of Executive Vice President of Singapore and Malaysia Operations until he became the Managing Director and CEO of Parkway in 2010. Following the restructuring of the Group in 2011, he assumed his current position as the Group CEO and Managing Director of Parkway Pantai Limited, an indirect wholly-owned subsidiary of IHH Healthcare Berhad. In 2012, Dr Tan was appointed Executive Director of IHH, before becoming its Managing Director and Chief Executive Officer in January 2014.

An active member of various medical committees, Dr Tan currently serves as a member of the Singapore Ministry of Health's MediShield Life Review Committee. He is also a Non-executive Director of CFPS Holdings and a Council Member of the Singapore-Guangdong Collaboration Council. He has been reappointed Adjunct Assistant Professor of Duke-NUS Graduate Medical School Singapore, Office of Education, for a three-year term until 2015, and serves on the Advisory Board of Lee Kong Chian School of Business at Singapore Management University.

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PROFILES OF DIRECTORS

Mehmet Ali Aydinlar

Non-Independent, Executive
Member of Steering Committee

Nationality	Turkish
Age	57
Date of Appointment	24 January 2012
Length of Service	2 years 3 months *(as at 18 April 2014)*

Academic / Professional Qualification(s)

- Business Administration Degree, Galatasaray Economy and Management College

Present Directorship(s)

- Nil

Work Experience

Mehmet Ali Aydinlar is the Chairman and Chief Executive Officer of Acibadem Saglik Yatirimlari Holding as well as the Chairman of the Board of Acibadem group of companies such as APlus, Acibadem Project Management, Acibadem Mobile Services and Acibadem Labmed. He also serves on the Board of Directors of Parkway Pantai Limited. Mr Aydinlar is currently Chairman of the Turkish Accredited Hospitals Association.

A certified public accountant-turned-entrepreneur, Mr Aydinlar has been recognised for his extensive experience in management and involvement in the healthcare sector since 1993. In 2006, he was named Male Entrepreneur of the Year in a survey conducted by Ekonomist Magazine and the "Business Executive of the Year" by Dünya Newspaper and Istanbul University's School of Business Administration. He was also chosen as "The Person with Most Contribution to Development of Healthcare" by the Turkish Healthcare Volunteers Organisation. Mr Aydinlar was awarded "The Eminent Services Award of the Grand National Assembly of Turkey" in 2010.

He is also the Chairman of the Board of Trustees of Acibadem University, initiated by Mr Aydinlar as a most ambitious social responsibility undertaking to advance healthcare in Turkey through education and research. For his philantrophic efforts, Mr Aydinlar was recently recognised by Capital magazine, as one of the top 10 business people with most charitable donations over the past 10 years.

Notes:

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- Does not have any conflict of interest with the Company.
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PROFILES OF DIRECTORS

YM Tengku Dato' Sri Azmil Zahruddin bin Raja Abdul Aziz

Non-Independent, Non-Executive
Member of Steering Committee

Nationality Malaysian

Age 43

Date of Appointment 25 October 2012

Length of Service 1 year 6 months *(as at 18 April 2014)*

Date of Last Re-election 25 June 2013

Academic / Professional Qualification(s)
- BA in Economics (1st Class Honours), University of Cambridge
- Member of the Malaysian Institute of Accountants
- Associate Member of the Institute of Chartered Accountants in England and Wales
- Associate Member of the Association of Corporate Treasurers, United Kingdom

Present Directorship(s)
- Key Asic Berhad

Work Experience

YM Tengku Dato' Sri Azmil Zahruddin bin Raja Abdul Aziz is presently the Executive Director of Investments at Khazanah Nasional Berhad ("Khazanah"). Prior to joining Khazanah in October 2011, Tengku Azmil was the Managing Director and Chief Executive Officer of Malaysia Airlines, where he also served as Executive Director and Chief Financial Officer. He was previously the Managing Director and Chief Executive Officer of Penerbangan Malaysia Berhad, following a stint as its Chief Financial Officer. Tengku Azmil began his career with PricewaterhouseCoopers in their London and Hong Kong offices where he specialised in financial services.

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- Does not have any conflict of interest with the Company.
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PROFILES OF DIRECTORS

Satoshi Tanaka

Non-Independent, Non-Executive
Member of Audit and Risk Management Committee and Steering Committee

Nationality	Japanese
Age	56
Date of Appointment	16 May 2011
Length of Service	2 years 11 months *(as at 18 April 2014)*

Academic / Professional Qualification(s)
- Bachelor of Arts Degree in Literature, University of Tokyo, Japan
- Master of Business Administration, Harvard Business School

Present Directorship(s)
- Nil

Work Experience

Satoshi Tanaka began his career with Mitsui in 1981. In 2004, he was appointed General Manager of the Investor Relations Division and then went on to become General Manager of the Corporate Planning & Strategy Division in 2007. He was subsequently appointed Deputy Chief Operating Officer of Mitsui's Consumer Service Business Unit in 2010. Currently, Mr Tanaka is the Executive Managing Officer and Chief Operating Officer of the Consumer Service Business Unit of Mitsui & Co., Ltd.

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- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past ten years.
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PROFILES OF DIRECTORS

Chang See Hiang

Senior Independent, Non-Executive
Chairman of Nomination and Remuneration Committee and Member of Audit and Risk Management Committee

Nationality Singaporean

Age 60

Date of Appointment 5 April 2012

Length of Service 2 years
(as at 18 April 2014)

Date of Last Re-election -

Academic / Professional Qualification(s)

- Bachelor of Laws (Hons), University of Singapore

Present Directorship(s)

- Nil

Work Experience

Chang See Hiang has been an Advocate and Solicitor of Singapore's Supreme Court since 1979 and is Senior Partner of his law practice, Chang See Hiang & Partners. Mr Chang now serves as an independent director on the Boards of Yeo Hiap Seng Limited and Jardine Cycle & Carriage Limited, both of which are listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). He previously sat on the boards of four other companies listed on SGX-ST and one on the Hong Kong Stock Exchange. He has been a member of the Casino Regulatory Authority of Singapore Board since April 2011, a member of the Appeal Advisory Panel appointed by the Minister of Finance, Singapore since June 2003 and a member of the Securities Industry Council, Singapore since 1 August 2012.

Notes:

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- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past ten years.
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PROFILES OF DIRECTORS

Rossana Annizah binti Ahmad Rashid

Independent, Non-Executive
Chairman of Audit and Risk Management Committee and Member of Nomination and Remuneration Committee

Nationality Malaysian

Age 48

Date of Appointment 17 April 2012

Length of Service 2 years *(as at 18 April 2014)*

Date of Last Re-election -

Academic / Professional Qualification(s)

- Bachelor of Arts in Banking and Finance, Canberra College of Advanced Education (now known as University of Canberra), Australia

Present Directorship(s)

- Time Dotcom Berhad
- TIME dotNet Berhad

Work Experience

Rossana Annizah binti Ahmad Rashid began her career with Citibank NA as a Management Associate in 1988 and left as an Assistant Vice President in the Institutional Bank division in 1993. In 1994, she joined RHB Bank Berhad ("RHB") as Senior Manager to spearhead RHB's Project Finance Product department, and over the years, rose to the post of Senior General Manager, Head of the Enterprise Bank. She left RHB in 2003 to join Maxis Communications Berhad/Maxis Berhad as its Deputy Chief Financial Officer and was appointed as Chief Financial Officer from 2004 until 2011. She was responsible for the overall finance function as well as treasury, corporate finance, investor relations and administration. Her portfolio was subsequently expanded to include regulatory, information technology, corporate social responsibility and corporate communications. In October 2012, she was appointed as Executive Director and Deputy Chief Executive Officer of Time Dotcom Berhad and continues to hold this position.

Notes:

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- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past ten years.
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PROFILES OF DIRECTORS

Kuok Khoon Ean

Independent, Non-Executive

Nationality	Malaysian
Age	58
Date of Appointment	17 April 2012
Length of Service	2 years *(as at 18 April 2014)*
Date of Last Re-election	-

Academic / Professional Qualification(s)

- Bachelor of Economics, Nottingham University, United Kingdom

Present Directorship(s)

- Nil

Work Experience

Kuok Khoon Ean is the Chairman of Kuok (Singapore) Limited, a Director of Kerry Group Limited and Managing Director of Kerry Holdings Limited. He is also the chairman of PACC Offshore Services Holdings Limited, listed in Singapore and a non-executive director of Shangri-La Asia Limited and an independent non-executive director of The Bank of East Asia, Limited, both of which are listed companies in Hong Kong. He is also a non-executive director of Shangri-La Hotel Public Co. Ltd., Thailand. He has served on various statutory bodies in Singapore, namely the Sentosa Development Corporation from 1993 to 2000, the Singapore Trade Development Board from 1995 to 1998 and the Singapore Tourism Board from 2000 to 2001. He also served on the Board of Trustees of the Singapore Management University from 2000 to January 2013. Mr Kuok was Chairman and Executive Director of SCMP Group Limited from January 1998 until January 2013. He also served on the Board of Post Publishing Public Co. Ltd. from April 1999 to January 2013.

Notes:

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- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past ten years.
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PROFILES OF DIRECTORS

Ahmad Shahizam bin Mohd Shariff

Non-Independent, Executive (Alternate Director to Dr Tan See Leng)

Nationality	Malaysian
Age	43
Date of Appointment	5 April 2012
Length of Service	2 years *(as at 18 April 2014)*
Date of Last Re-election	-

Academic / Professional Qualification(s)

- Bachelor of Laws (Hons), London School of Economics and Political Science
- Master in Public Administration, Harvard University

Present Directorship(s)

- Pantai Holdings Berhad (an indirect wholly-owned subsidiary of IHH Healthcare Berhad)

Work Experience

Ahmad Shahizam bin Mohd Shariff began his career in banking with HSBC Malaysia in 1994 and subsequently at ING Barings and Citigroup Salomon Smith Barney as an investment analyst. In 2004, he joined Khazanah Nasional Berhad ("Khazanah") as Special Officer to the Managing Director and eventually assumed the position of Director, Investments responsible for Khazanah's investments in the healthcare and power sectors. In 2008, Mr Ahmad Shahizam was appointed as an Alternate Director of Parkway Holdings Limited ("Parkway") and Director of Pantai Holdings Berhad and IMU Health Sdn Bhd, before his appointment as Executive Director of Parkway in November 2010. He is also the Executive Director, Corporate Services of IHH and Executive Director, Corporate Services of Parkway Pantai Limited, an indirect wholly-owned subsidiary of the IHH Healthcare Berhad.

Notes:

- Does not have any family relationships with any directors and/or major shareholders of the Company.
- Does not have any conflict of interest with the Company.
- Does not have any convictions for offences within the past ten years.
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PROFILES OF DIRECTORS

Quek Pei Lynn

Non-Independent, Non-Executive (Alternate Director to YM Tengku Dato' Sri Azmil Zahruddin bin Raja Abdul Aziz)

Nationality Malaysian

Age 42

Date of Appointment 25 October 2012

Length of Service 1 year 6 months *(as at 18 April 2014)*

Date of Last Re-election -

Academic / Professional Qualification(s)
- Bachelor of Economics, Monash University, Australia

Present Directorship(s)
- Pantai Holdings Berhad (an indirect wholly-owned subsidiary of IHH Healthcare Berhad)

Work Experience

Quek Pei Lynn began her career as an auditor with PriceWaterhouseCoopers from 1994 to 1997. She then moved on to AmInvestment Bank Berhad until 2006 focusing on Corporate Finance before joining Khazanah Nasional Berhad ("Khazanah") in 2007. Today she serves as a Director at Khazanah's Investments Division.

Notes:
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- Does not have any conflict of interest with the Company.
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PROFILES OF DIRECTORS

Kaichi Yokoyama

Non-Independent, Non-Executive (Alternate Director to Mr Satoshi Tanaka)

Nationality	Japanese
Age	41
Date of Appointment	16 April 2012
Length of Service	2 years *(as at 18 April 2014)*
Date of Last Re-election	-

Academic / Professional Qualification(s)

- Bachelor of Arts Degree in Economics, Keio University, Japan

Present Directorship(s)

- Nil

Work Experience

Kaichi Yokoyama began his career with Mitsui in 1995 and in 2002, was appointed as the Manager of Mitsui Benelux, General Merchandise Department. In 2008, he took on the position of Manager of the Medical Healthcare Business Department, Consumer Service Business Unit and in 2009, became the Manager of the Strategic Planning Department, Consumer Service Business Unit. He was subsequently appointed as General Manager of the Medical Service Business Department in 2011. Presently, Mr Yokoyama is the General Manager of the Provider Management Department of Mitsui & Co., Ltd

Notes:

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MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Dr Tan See Leng
Managing Director and Chief Executive Officer

Dear Shareholders,
It has been more than a year since IHH Healthcare Berhad was listed and the different entities integrated into our stable of healthcare assets. Despite a challenging economic landscape, the Group made strong strides forward and once again delivered robust performance across key financial and operational metrics in FY2013.

The year saw us managing costs effectively across our expansive operations and leveraging the central procurement of consumables and major state-of-the-art equipment. We also optimised our capital position and continued to foster a common culture and extract synergies by sharing know-how in and between each business unit. Going forward, we are endeavouring to derive more synergistic benefits from our stable of businesses and will undertake the necessary measures to ensure the Group's sustainable growth.

On 27 February 2014, the Board announced a dividend policy which calls for a dividend payout of no less than 20% of the Group's PATMI excluding exceptional items. This is after considering the level of cash and cash equivalents; return on equity and available retained earnings; projected levels of capital expenditure and other investment plans. Concurrently, the Board also recommended a first and final single-tier cash dividend of 2 sen. These announcements underscore the Group's robust standing today. Our healthy balance sheet and strong operating cash flow enable us to provide extra returns (by way of dividend payment) to shareholders while remaining committed to our expansion plans.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

CONTINUING SOLID GROWTH ACROSS ALL PLATFORMS

In the year under review, the Group's EBITDA increased 6% to RM1.7 billion. The Group's underlying operational performance saw strong growth. Revenue grew 18% to RM6.7 billion, EBITDA grew 32% to RM1.5 billion, while PATMI excluding exceptional items rose by a significant 70% to RM602.5 million. All that achieved while excluding sales of medical suites at Mount Elizabeth Novena Hospital and contribution by PLife REIT.

Three drivers steered our strong revenue and EBITDA performance in FY2013. We saw organic growth in existing operations, and a ramp up of new hospitals, with Mount Elizabeth Novena Hospital and Acibadem Ankara Hospital achieving positive EBITDA in FY2013 – within a year of its opening. We also consolidated 12 months of Acibadem Holdings' ("Acibadem") performance in FY2013 against only 11 months in FY2012 (following our acquisition of Acibadem on 24 January 2012).

Our strong PATMI excluding exceptional items was due to three factors. We reaped finance costs savings by using the IPO listing proceeds to repay the loans previously taken to acquire Parkway Pantai Limited ("Parkway Pantai") and Acibadem. The recapitalisation of Acibadem by its shareholders in the fourth quarter of 2012 to repay some of Acibadem's loans further reduced the Group's overall borrowing costs. We also recovered about RM22.0 million of the prior year's tax and investment tax allowances of RM22.9 million. These offset the incremental depreciation and finance costs from the new hospital in Singapore and two new hospitals in Turkey following their completion in 2012.

Our strong FY2013 performance has given us a solid momentum that will propel us forward into FY2014. We are confident that we will continue our pathway of organic growth and generate new revenue streams as we execute our pipeline of expansion projects across multiple markets.

SEGMENTAL REVIEWS

IHH is today the only true pan-Asian private healthcare operator. This offers us unparalleled access and scale across our markets. The spread includes operations and investments in our home markets of Singapore, Malaysia and Turkey; in our key high growth markets of the PRC and India; as well as in other markets such as Brunei, Vietnam, the UAE, Macedonia and Iraq. The Group's key subsidiaries which operate the core businesses in these markets are Parkway Pantai, Acibadem and IMU Health. At the same time, we continue to explore other healthcare opportunities within Asia, the CEEMENA region, and other parts of the world.

With the implementation of MFRS10 Consolidated Financial Statements, effective 1 January 2013, PLife REIT (which was previously accounted for as an associate) is now consolidated as a subsidiary and its operations are covered here.

I am pleased to present the operational highlights of our key subsidiaries in the Segmental Review sections below.

PARKWAY PANTAI

Parkway Pantai's operations encompass the Singapore Operations Division, Malaysia Operations Division and International Operations Division. Our Singapore and Malaysia brands in particular are well established, and we leverage these well-known medical hubs to increase our access and brand penetration in Asia.

Parkway Pantai saw its FY2013 revenue[1] grow 13% to RM3.9 billion and its EBITDA[1] grow 32% to RM968.8 million. The strong growth was driven by a 7.3% and 7.4% increase in inpatient admissions at our Singapore and Malaysia hospitals respectively. Price increases and the handling of more complex cases increased revenue intensity by 5.7% to RM21,395 for each inpatient admission in Singapore and by 6.5% to RM4,493 for each inpatient admission in Malaysia.

Parkway Pantai's revenue[1] grew by 13% to

RM3.9 billion

and its EBITDA[1] by 32% to

RM968.8 million

Acibadem's revenue grew 26% to

RM2.6 billion

and its EBITDA 40% to

RM462.8 million

IMU Health's revenue grew 13% to

RM197.6 million

and its EBITDA grew 17% to

RM74.6 million

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Singapore Operations Division

Operational Structure

Parkway Pantai is the largest private healthcare provider in Singapore. We own a network of four hospitals, namely Mount Elizabeth Novena Hospital, Mount Elizabeth Hospital, Gleneagles Hospital, and Parkway East Hospital, all of which are JCI-accredited. With its wide range of healthcare offerings and more than 900 beds, Parkway Pantai is today the single largest provider of private inpatient care in Singapore.

Coupled with Parkway Shenton's extensive network of over 60 primary care services, we are one of only two private providers in Singapore offering both inpatient service and a general practitioner network. This allows us to integrate care and referral channels. Our primary care network is further supported by ParkwayHealth Radiology and ParkwayHealth Laboratory.

2013's Operating Environment

According to the Money Authority of Singapore, Singapore's economy grew 4.1% in 2013 broadly underpinned by external and domestic-oriented sectors, notably the manufacturing and trade-related services industries. The Singapore dollar appreciated over other currencies within the region, recording a net increase of more than 4% against the ringgit and 22% against the rupiah[2]. While this was favourable for the parent company, IHH, which reports in ringgit, it risked pricing us out against other healthcare providers outside Singapore. Fortunately, we did not see any marked or sustained impact on medical tourists from key markets such as Indonesia which constitutes about 20% of the Singapore Operations Division's gross patient revenues.

Our Singapore operations continue to face strong competition for healthcare professionals from new private and public hospitals in Singapore. In 2013, the median wages of Singaporean workers increased by about 5% in real terms, while the unemployment rate fell to 2.9%[3]. The year also saw salaries in the healthcare sector continuing to rise. We competed for prospective employees in an attempt to draw in more resources in anticipation of the ageing population and future demand.

Divisional Performance

Amidst this backdrop, the division's underlying performance was solid, and gave us a strong base on which to build future profitability. The Singapore Operations Division performed strongly as revenue grew 14% to RM2.4 billion in FY2013 from RM2.1 billion excluding the sale of Mount Elizabeth Novena medical suites in FY2012. At the same time, EBITDA grew 41% to RM524.0 million in FY2013 from RM388.1 million previously. Headline revenue for the Singapore Operations Division fell 27% to RM2.4 billion, while EBITDA declined 19% to RM512.4 million.

The year saw inpatient admissions at our Singapore hospitals growing 7.3% to 59,258 while revenue intensity increased 5.7% to RM21,395 per patient admission. The strong revenue growth which led to better operating leverage resulted in the strong EBITDA growth. This was also compounded by the positive EBITDA contribution from the new Mount Elizabeth Novena Hospital, which amounted to RM24.0 million in FY2013 against a loss of RM84.2 million in FY2012 (incurred during its pre-operating and start-up phase). We are delighted that the hospital was able to achieve positive EBITDA within 10 months of operations.

Moving Forward

Growth in demand for private healthcare in Singapore is expected to remain robust while the island republic's ageing population could translate into more complex medical cases, leading to higher revenue intensity. In March, Mount Elizabeth Novena launched Singapore's first and only all-single-room maternity ward, in a move towards improving the hospital's suite of services.

Our track record of clinical excellence and the strong reputation of our healthcare brands will continue to steer us in FY2014.

Revenues from medical tourism, which has been a key growth area for our Singapore operations, are expected to grow as the division leverages corporate arrangements made in prior years and continues marketing efforts to diversify into non-traditional sources of foreign patients.

Malaysia Operations Division

Operational Structure

The Malaysia operation encompasses two well-known healthcare brands that have become synonymous with quality healthcare, namely Pantai and Gleneagles. The Malaysia Operations Division is the second largest private healthcare provider in Malaysia with over 2,000 beds across a network of 12 hospitals. Of these, 2 are JCI-accredited, namely Gleneagles Kuala Lumpur and Pantai Hospital Kuala Lumpur. The other 9 hospitals except Pantai Hospital Manjung which opened in May recently, are accredited by the MSQH. The Malaysia Operations Division also operates the Pantai Premier Pathology, Pantai Integrated Rehab, one ambulatory care centre, and one primary care centre.

The division continues to experience strong hospital growth, with two more hospitals, namely Gleneagles Kota Kinabalu (in East Malaysia) and Gleneagles Medini, in the pipeline.

Given our significant network of hospitals and our standing as the second largest provider of private inpatient care in Malaysia by bedcount, the Group continues to maintain its competitive edge. The Malaysia Operations Division is focused on strong branding, building partnership with specialists, and clinical quality.

We also have the benefit of IMU Health, our sister company, to train nurses. Our extensive hospital network provides a platform to identify experienced staff who are already familiar with our operating systems and can help develop new staff who can then make the transition to hospitals that are in the pipeline. Assured and consistent delivery in service quality provides us with improved opportunities to grow the occupancy rate of new hospitals.

2013's Operating Environment

According to the Bank Negara Malaysia, continued growth in domestic demand helped Malaysia's economy grow 4.7% in 2013. Despite a weaker external environment in the first half of 2013, domestic demand stayed resilient throughout the year, led by robust activity in the private sector. Private consumption was also strong, supported mainly by favourable employment conditions and

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

The year saw inpatient admissions at our Singapore hospitals growing **7.3%** to **59,258**

Despite the challenges faced in FY2013, our Malaysia operations continued to perform well, **finding a solid balance between cost and revenue**

wage growth. The growth in wages was helped by the implementation of the minimum wage policy on 1 January 2013. Continued access to financing for those households worthy of credit also helped[4].

Over the year, the ringgit recorded a net depreciation of 7% against the US dollar and 3% against the Singapore dollar, while it appreciated against the rupiah by almost 14%[2]. Also, the marked depreciation of the rupiah against the Singapore dollar to some extent helped the Malaysia Operations Division, which recorded fairly encouraging increases in medical tourists from Indonesia.

By and large, the operating environment for the division was competitive. It faced increasing competition from new hospitals and competition for staff from the public healthcare system.

Divisional Performance

Despite the challenges faced in FY2013, our Malaysia operations continued to perform well, finding a solid balance between cost and revenue. The overall strong performance was driven by higher inpatient admissions which grew 7.4% to 170,684. The handling of more complex cases and increases in medical fees also led to higher revenue intensity which increased 6.5% to RM4,493 per inpatient admission. As such, the Malaysia Operations Division's revenue grew 12% to RM1,164.2 million, while FY2013 EBITDA increased by 21% to RM363.4 million.

Moving Forward

The growth in demand for quality private healthcare in Malaysia is expected to remain robust, underpinned by growing medical insurance coverage either through personal insurance and/or company medical schemes as well as increasing affluence which drives growth in upper-middle and upper income segments. Given the healthy market demand and solid market share our hospitals enjoy in Malaysia, these developments are expected to make positive contributions to the Group going forward.

Today, many of our existing hospitals in Malaysia are undergoing expansion having reached the limit of their existing capacity. Hospitals such as Gleneagles Kuala Lumpur, Pantai Hospital Kuala Lumpur, Pantai Hospital Klang, Pantai Hospital Batu Pahat and Pantai Hospital Ayer Keroh are all undergoing or preparing to undergo expansion.

Construction of the new wing for Gleneagles Kuala Lumpur is progressing well and is expected to be completed by the end of 2014. This is expected to add another 100 beds to the hospital's existing capacity of over 300 beds. Similarly, construction of the new wing at Pantai Hospital Kuala Lumpur is

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

expected to be completed by end 2014 and would effectively add another 120 beds to the hospital's existing capacity of 331 beds. The new wing would also have 200 consultant suites and 8 Centres of Excellence. Renovation is also underway at Pantai Hospital Klang and is expected to be completed sometime in 2015. This renovation will add another 80 beds to the hospital's existing 108 beds. All in, this should add about 300 beds to the existing system.

We also expect to open two new hospitals in 2015. In early 2015, we expect to open the 250-bed Gleneagles Kota Kinabalu. This also marks our maiden entry into the East Malaysia market. Later that year, we expect to open Gleneagles Medini, marking our expansion into Iskandar Malaysia. We plan to start marketing the medical suites in Gleneagles Medini in the second half of 2014 subject to obtaining the necessary approvals from the authorities. At the same time, we will explore further opportunities to expand our presence in East Malaysia and the East Coast of Malaysia.

Overall, these should translate to higher inpatient admissions and provide better operating leverage going forward. Price increases due to inflationary pressures will also enable the Malaysia Operations Division to mitigate the impact of higher operating costs.

On the medical tourism front, we expect the market to see an influx of patients from Indonesia, Myanmar, Bangladesh and the Middle East, in tandem with the government's effort to grow medical tourism. The establishment of more modern private healthcare institutions and more affordable air travel also augur well for the growth in medical tourism.

International Operations Division

Operational Structure

Parkway Pantai's International Operations Division oversees the Group's investments and operations in the PRC and Hong Kong, India, Brunei, Vietnam and the UAE. We operate 11 medical centres across the PRC and Hong Kong (six in Shanghai, two in Suzhou and one each in Chengdu, Beijing and Hong Kong). In India, we have a 10.85% stake in Apollo Hospital Enterprise Limited, one of India's largest private healthcare services providers, a joint venture hospital, the Apollo Gleneagles Hospital in Kolkata and a PET-CT Centre in Hyderabad. In Brunei, we have a venture with the Brunei Investment Agency for the Gleneagles JPMC Cardiac Centre. We provide consultancy and management services in Vietnam to City International Hospital, and in the UAE, to the Danat Al Emarat Women and Children's Hospital in Abu Dhabi.

In recent years, the PRC has liberalised its healthcare investment regulations in favour of private healthcare providers and foreign entities. We are one of the major foreign-owned private healthcare operators in the PRC today and will build on our existing primary and secondary care network to deliver quality tertiary healthcare to the premium segment.

Divisional Performance

We continue to strengthen our healthcare facilities portfolio and expand our footprint in key markets. Our winning formula to enter markets has been to leverage our expertise in medical centres and clinics, management contracts and the provision of ancillary services. This formula has reaped dividends with the International Operations Division's headline revenue growing 17% to RM278 million while its FY2013 EBITDA grew 69% to RM81.4 million.

Key Developments

In March 2014, we entered the PRC's hospital sector with the soft opening of Shanghai International Medical Centre. The hospital management agreement or HMA was signed back in February 2011. We also expanded our network of primary care clinics in China to Beijing and Suzhou. IHH has established a reputation

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for providing quality and premium primary and specialist care, attracting patients who are insured by corporations as well as the affluent, urban and expatriate communities. Our competitive edge is our wide range of doctors and our relationships with over 20 private insurance companies.

We are also excited to expand our presence in Hong Kong. As you may know, our 60%-owned subsidiary, GHK Hospital Limited ("GHK"), won the Hong Kong Government's tender to build a hospital at Wong Chuk Hang. Our joint efforts with NWS Holdings which owns the remaining 40% of GHK will result in the provision of high quality clinical services that are accessible and affordable to the Hong Kong community. Construction of the 500-bed Gleneagles Hong Kong Hospital is expected to finish by end of 2016, with the hospital scheduled to open in early 2017.

Parkway Pantai remains committed to our aspirations in growing our presence in India as we continue to implement hospital development projects there. Through a joint venture with the Khubchandani Group, we are developing a 450-bed capacity hospital in Mumbai.

In September 2013, we forayed into the Vietnam private healthcare sector with the opening of the 320-bed City International Hospital in Ho Chi Minh City. The tertiary multi-specialty hospital offers the latest medical technology and extensive facilities that include 10 operating theatres, 20 intensive care beds and 8 labour delivery rooms. The size and specialist services at the hospital give us a competitive edge in this new market.

Moving Forward

Asia remains a highly attractive growth market for us and we continue to look for new opportunities, particularly within the Asean region. This is in view of the changing demographics, the growing affluence in society and the robust demand for quality private healthcare. Notwithstanding, we will also explore any accretive opportunities in other parts of the world provided it is in line with our internal targets.

ACIBADEM

Operational Structure

Acibadem is the leading private healthcare service provider in Turkey, with more than 2,000 beds across a network of 17 hospitals (15 in Turkey and one each in Macedonia and Iraq) and 14 outpatient clinics. Seven of its hospitals in Turkey are accredited by the JCI. The Acibadem Group of Hospitals boasts some of the most advanced and proven biomedical technology and equipment, operated by highly qualified, competent and motivated teams. We also leverage our connections with the Acibadem University which offers quality training and education.

2013's Operating Environment

According to Turkey's Ministry of Economy, Turkey's economy grew 4.4% in the first nine months of 2013. Public fixed investments spurred growth in consumption expenditure and public expenditure which led to overall growth. The Ministry is expecting the momentum to continue, with the economy expected to grow 4% for all of 2013[5].

Over the course of 2013, the Turkish lira depreciated sharply: by 20% against the US dollar, 16% against the Singapore dollar and 12% against the ringgit[2]. The marked depreciation in the Turkish lira impacted Acibadem's contribution to IHH's bottom line. Notwithstanding this, Acibadem's operational performance and fundamentals remained strong.

By and large, the operating environment for Acibadem was challenging against the backdrop of high inflation which grew to 7.4% towards the end of 2013[5]. On the flipside, there was a reprieve for Acibadem's operations as the Turkish Government raised the claims limit of Social Security Institution patients.

Acibadem also noted encouraging growth in medical tourism following the Ministry of Economy's 2012 decision to increase the scope and set limits on incentives (for example, reimbursement for transportation costs of USD 1,000 per patient) in

medical tourism. With the Turkish Government aiming for USD20 billion medical tourism revenues by 2023, Acibadem is benefiting from these more streamlined regulations to promote medical tourism.

Divisional Performance

Acibadem registered strong earnings performance in FY2013. This was driven mainly by higher revenues which led to better operating leverage that offset increments in costs.

Acibadem's revenue grew 26% to RM2.6 billion while its FY2013 EBITDA increased by 40% to RM462.8 million. The strong performance was due to the Group consolidating Acibadem's 12 months results in FY2013 against only 11 months in FY2012. If the Group assumed a 12-month consolidation for FY2012, Acibadem's FY2013 revenue and EBITDA would have grown by 14% and 20% respectively.

The growth in Acibadem's revenue was due to higher inpatient admissions and an increase in revenue intensity. Inpatient admissions in FY2013 grew 6.8% to 120,083 driven also by the opening of Acibadem Bodrum and Acibadem Ankara Hospitals in mid-2012 and late 2012 respectively. Revenue intensity rose 3.8% to RM9,263 for each inpatient admission, partly explained by price

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

increases. The growth in EBITDA also reflects the higher operating leverage achieved which more than offsets increments in staff costs, rental expense, and pre-operating expense of Acibadem Atakent Hospital (opened in January 2014).

The full year performance of the Turkey Division comes as a pleasant surprise given the market's challenging conditions. In addition, although contributions were markedly impacted by the weakening Turkish lira, the impact was largely accounting in nature as management prudently managed its US-dollar denominated debt by offsetting periodical interest commitments against hard currency receipts from its medical tourism revenue.

Moving Forward

In FY2014 we expect overall demand for quality healthcare services to increase as the market consolidates. Indeed, patient volumes are expected to grow due to continued demand for private healthcare and increased affordability of private medical healthcare following higher claims limits for Social Security Institution patients. Overall, Acibadem's EBITDA margins going forward are expected to be healthy due to better operating leverage.

While Acıbadem already has a leading market position in Turkey, it also has the vision to become a renowned brand in regional markets. In line with that vision, years of proven clinical track record have boosted awareness of the Acibadem brand in the Balkans, Central and Eastern Europe, the Middle East and North Africa. Extra capacity from the newly opened 278-bed Acibadem Atakent Hospital is expected to support the growth in inpatient admissions. In the pipeline are expansion projects by Acibadem Bodrum Hospital and Acibadem Sistina Skopje – both of which are expected to be completed in 2014 and add approximately another 200 beds to Acibadem's existing system of more than 2,000 beds. We recently opened a 210-bed hospital, the Faruk Medical City, in Kurdistan Iraq via HMA.

In light of the Turkish Government's policy to drive revenue from medical tourism, we expect Acibadem will continue to be the main beneficiary given its position as the premier healthcare provider in Turkey. Its International Patient Centre, located in Istanbul, provides a wide range of intermediary services for foreign patients visiting Acibadem's facilities. Acibadem also has partnerships and special agreements with foreign governments and institutions in neighbouring region and expects to further grow its revenue from foreign patients in the coming years. Foreign patient revenues are set to rise as Turkey's position as a medical tourism hub strengthens and Turkish brands start to go global.

Acibadem will also leverage its strategy of organic growth while exploring domestic and international merger and acquisition opportunities. It will also take advantage of the synergies from being a fully integrated healthcare group to expand its business network and bid for tenders.

IMU HEALTH

Operational Structure

Wholly-owned by IHH, IMU Health Sdn Bhd ("IMU Health") operates the International Medical College ("IMC") and the International Medical University ("IMU"), Malaysia's first private healthcare university with local and foreign academic programmes. The foreign academic programmes are on the back of collaborations with our strategic Partner Schools which also serves as a key resource to ensure that all of our programmes are internationally benchmarked. IMU Health has become a brand leader in education, particularly in the fields of private medical, pharmacy, dental, nutrition and dietary, and health science.

While IMU Health's contributions to IHH may be relatively small, the business plays a pivotal role as a national and strategic asset. IMU Health helps to funnel new skilled professionals into IHH's various healthcare facilities, including its subsidiaries, which in turn helps the Group broaden the depth and breadth of its services and reinforce its standing as the only group to provide the full spectrum of integrated healthcare services. This continuum, from gaining healthcare knowledge to applying it in a practical setting, is what sets us apart from other healthcare providers.

2013's Operating Environment

IMU Health continued to operate in a tough environment in FY2013 as competition in the health education sector intensified. We also had to contend with the increasingly demanding requirements by government regulators. Concurrently, there was also the possibility of a limitation on student placements in overseas Partner Schools due to policy changes by the government in those respective countries.

Furthermore, we faced a shortage of skilled and qualified academic staff in the market as both public and private healthcare institutions were able to offer attractive pay packages to specialists as opposed to the comparable academic positions. The shortage of on-the-job placements was also another challenge for us. Government healthcare facilities are overcrowded with students as more private institutions make use of their premises for teaching purposes.

While demand for medicine and pharmacy programmes remains robust, this may start to plateau going forward. Nursing continues to experience a surplus of unemployed nurses who hold nursing diplomas. Their lack of employment is largely due to poor training by other private institutions which has led to a negative perception of nursing as a career for parents and potential students. While this presents a challenge for us to enrol students for nursing courses, it has also led to some private education providers closing their doors. Notwithstanding this, the consolidation impact will take some time to smoothen out and could present an opportunity for IMU and IMC to strengthen their position as quality providers of nursing education for new entrants and nurses who wish to upgrade to degree-level credentials going forward.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Divisional Performance

Amidst these challenges, IMU Health continued to record strong growth. In FY2013, IMU Health's revenue grew 13% to RM197.6 million while its EBITDA grew 17% to RM74.6 million.

Revenue growth was driven by two factors, namely higher fee income from increased student numbers in IMU's medical, dental and chiropractic programmes, as well as IMC Education Sdn Bhd's contributions in FY2013 after it was transferred from Parkway Pantai to IMU Health in October 2012, bringing our Malaysia education business under a single umbrella. 92% of IMU Health's revenue contribution in FY2013 came from tuition fees, largely from the School of Medicine, followed by IMC (3% of revenue) and healthcare services and ancillary income.

Other than the higher operating leverage achieved, the strong EBITDA growth was also compounded by IMU Health's weaker performance in FY2012 as it recognised a one-off claw back on rental of the Clinical School's leased land which amounted to RM2.5 million for the lease period 1999 to 2011.

Moving Forward

IMU Health's educational strategy for the coming year is focused on three aims. While IMU currently largely depends on the enrolments of Malaysian students, we expect to attract international students, particularly from other parts of South East Asia and from Africa in FY2014, as we continue to tailor specific initiatives to these markets.

To further entrench the IMU branding and position, we remain committed to linking up with the industry to ensure the students are well trained while we continue to develop and expand our research initiatives.

Another key strategy for IMU is to move down the value chain by offering a pre-university programme that is benchmarked to international standards. This will also help in the selection and retention of better students for undergraduate programmes. The growth in demand for quality education at the undergraduate level means our programmes will continue to be in high demand. Indeed, each of the five schools in IMU Health is positioned to see its student numbers grow.

Malaysia aims to become a key education-exporting country by 2020 and IMU Health believes this is achievable judging from the growing demand for quality and affordable education from students in existing and new markets such as the PRC, the Middle East and Africa. Foreign students also find it less expensive to study in Malaysia.

In FY2013 we saw two overseas educational institutions join our network namely the Curtin University of Technology and Hacettepe University in Ankara, Turkey. The latter partnership underscores the synergistic benefits between IMU and IHH's subsidiary, Acibadem Holdings. We also launched a satellite clinic in Setiawalk, Puchong, to provide chiropractic healthcare services and to train our chiropractic students.

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PARKWAY LIFE REIT

Operational Structure

Parkway Life REIT ("PLife REIT") is one of Asia's largest listed healthcare REITs. It invests in income-producing real estate and real estate-related assets used mainly for healthcare and healthcare-related purposes. PLife REIT's competitive edge is derived from its defensive long-term lease structure with downside protection, stable income stream supported by regular rental division, diversified portfolio of high-quality and yield accretive properties, and solid growth potential in the fast growing healthcare sector.

As at end FY2013, PLife REIT's portfolio had 44 properties, totalling about S$1.5 billion. IHH manages this portfolio of healthcare properties indirectly. In July 2013, PLife REIT acquired 2 nursing homes in Japan at a combined purchase price of about S$23.1 million, which are expected to provide a net property yield of 7.1%. In September 2013, PLife REIT acquired another 5 nursing homes in Toba, Niihama, Kitakyushu and Nigata at a combined purchase price of about S$59.2 million. These acquisitions are expected to provide a net property yield of 7%.

Divisional Performance

In FY2013, PLife REIT's external[6] revenue declined 10% to RM81.2 million while its EBITDA declined 3% to RM184.5 million. PLife REIT's external revenue was eroded by the translation effects of the weakening Japanese yen on PLife REIT's revenue earned from its Japanese properties. This was partially offset by an increase in rental income when it finalised its purchase of the two nursing homes in July 2013 and acquired the other five nursing homes in September 2013.

EBITDA growth declined on valuation loss. PLife REIT's FY2013 EBITDA growth was mainly eroded by the RM4.4 million valuation loss recognised on its investment properties that were rented to parties external to the Group, compared to a valuation gain of RM1.6 million recognised in FY2012.

Moving Forward

PLife REIT maintains a neutral outlook about its medium-term acquisition prospects as the global markets start to show signs of stabilising. We continue to believe that the long-term prospects of the regional healthcare industry will continue to be robust due to rising demand for better quality private healthcare services driven by the fast-ageing populations.

PROSPECTS AND STRATEGIES FOR 2014 AND BEYOND

The year 2013 cemented the Group's secure base one year on from our IPO listing as we ended the year with a solid performance. The Group is confident that it will continue to make good progress in FY2014. Our plans are to undertake selective acquisitions to complement our growth strategy, embark on new developments and expand existing facilities in order to grow our business.

Focused Expansion

In particular, we are excited about projects due for completion and new ventures we expect to undertake during the year. In Singapore, Parkway Pantai's Mount Elizabeth Novena Hospital will progressively open more wards during 2014 to meet growing patient demand. The planning and construction of Parkway Pantai's new hospitals in Malaysia and Hong Kong are progressing well. We also expect Gleneagles Medini to market its medical suites during the second half of 2014 subject to obtaining all necessary approvals from the authorities.

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The year 2013 cemented the Group's secure base one year on from our IPO listing even as we ended the year with a solid performance. The Group is confident that it will **continue to make good progress in FY2014**

These new operations are expected to incur pre-operating and start-up costs that may erode our EBITDA and profitability margins in the near term. Nevertheless, we expect to fully leverage our experience to minimise such cost impacts. We also aim to continually explore central procurement cost-saving measures through further integration and synergies. Integration in particular has resulted in better cost savings and efficiencies in multiple areas which explains some of the margin improvements and strong profit growth we recorded in FY2013.

With increased demand for trained healthcare professionals and inflationary pressures, the Group expects to incur higher salaries and wages and other operating costs in our home markets, but we expect to mitigate this through price adjustments and continual efforts to boost our operating leverage.

Based on existing projects in the pipeline, the Group expects to add another 3,000 beds into its current system of over 5,000 beds by the end of 2017.

Growth Strategies

We continue to leverage a successful investment strategy underpinned by three proven investment approaches. The first approach sees us owning or building new greenfield hospitals. This approach is often used in markets where the government tenders out private hospital sites for bid. One example was our Hong Kong private hospital bid that will become the new Gleneagles Hong Kong Hospital at Wong Chuk Hang. We only undertake this approach when we are able to understand the market and are confident of a cost-effective build.

The second approach sees us using a HMA to manage hospitals that we do not own as a source of revenue. Such agreements are an excellent way to enter a market and have served us well in the past.

The third approach sees us leasing owner-built hospitals where we do not own the fixed assets or have capital investment in these hospitals. The new Pantai Hospital Manjung and Gleneagles Kota Kinabalu are two examples. All three approaches serve to strengthen our offering to patients and reinforce our market leadership. They also free up capital so that we need only invest when it makes sense to do so.

Partnerships are also very important to IHH. One example is Gleneagles Hospital in Singapore entering into a public-private partnership with Changi General Hospital to admit dengue patients as part of a contingency plan to manage dengue surge situations. Another example is how we partner with universities and medical specialists to provide encompassing career training and work environment.

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Speaking of medical specialists, partnering with them has seen us expand in new ways in FY2013, offering more comprehensive services to people seeking medical treatment. In Singapore and Malaysia, the Group launched our 'Life Renewed' campaigns as part of our corporate social responsibility efforts, to fund medical treatment for needy patients at Parkway Pantai and Acibadem hospitals in collaboration with their respective specialist doctors. Also, the Group's primary care arm, Parkway Shenton, collaborated with National Healthcare Group, Singapore to open a Family Medicine Clinic under a new model of care piloted by Singapore's Ministry of Health.

Market Prospects

We expect the demand for quality healthcare services in markets where we are present to remain robust and commensurate with our intensive capacity expansion.

Medical tourism remains one of the Group's key growth areas. As seen with our Singapore operations, we saw encouraging trends with patients from non-traditional sources in FY2013 on the back of corporate arrangements and continuous marketing efforts. Overall, the Group expects medical tourism revenues to grow in all of our home markets especially for our Malaysia and Turkey operations which are also seeing increasing support from the respective governments to grow medical tourism.

Continuing Our Growth Momentum

Given the pipeline of projects that IHH has and the geographic spread of our services, we are cautiously optimistic that we will continue to deliver a strong performance in FY2014. Our teams will endeavour to ensure that IHH is well-positioned to capture all growth opportunities in our home and target markets, and we will strive to attract the best talent so as to ensure a high level of care and the best quality outcomes for patients. Since our IPO listing, the improvements to our existing operations and our continued growth demonstrate that our assets and business model have built us a strong foundation. We continue to strive for another solid performance in FY2014 to cement our position as a leading healthcare provider in markets where we are present.

ACKNOWLEDGEMENTS

We could not have succeeded in advancing our business without our leadership team and the many dedicated healthcare professionals in our markets across the globe.

I wish to convey my deep appreciation to the IHH Board of Directors for their insights, direction and for steering the Group through the challenges of FY2013. Their decision to recommend IHH's maiden dividend payout in respect of FY2013 underscores their confidence in our strong balance sheet and operating cashflow. We will certainly continue to look to the Board for their invaluable guidance going forward.

Our solid report card was boosted by having an engaged workforce who consistently provides stellar service. Our people's professionalism, commitment and exemplary service have given us a solid platform on which to grow. In whichever market they are employed, in whatever capacity they served, our people are committed to demonstrate excellence in all that they undertook. For this, we applaud their worthy efforts and salute them for giving their all, every time, all the time.

Over the course of the year, IHH was the recipient of numerous honours. Such honours reflect well on everyone's positive attitude and unwavering pursuit of excellence. We are indebted to our workforce for their first-rate work and ongoing support of what we seek to achieve. Their care of and respect for patients gives us tremendous optimism for FY2014.

I thank the people working in our existing operational segments who keep extending our brand awareness in their home markets. In FY2013, we celebrated Gleneagles Penang's 40th anniversary and Pantai Hospital Ampang's 10th anniversary and we continue to bring new projects to fruition.

It is always a privilege to have steadfast support of our valued shareholders. We are grateful for your unwavering confidence in us and ask that you continue to lend us your support as we endeavour to deliver another solid performance in the coming year.

Finally, I am honoured to be succeeding Dr Lim Cheok Peng, who has been instrumental in the Group's achievements to date. I look forward to continuing to work closely with the IHH Board, my colleagues, and our staff across our operating companies to take forward our well-established strategy of delivering quality care to our patients, and growth to our shareholders and investors. My focus will be on cementing IHH's position as a leader in healthcare services in all of our markets delivering excellent clinical outcomes to all of our patients.

In 2014, we will likely face challenges along with successes. Rest assured, we will stay positive and focussed on providing our patients with the best service while managing our costs, creating value for shareholders and giving back to society. We look forward to working together with all stakeholders to ensure that the new financial year is another successful one. Thank you.

Dr Tan See Leng
Managing Director and Chief Executive Officer

NOTES:

1 Excluding sales of the Mount Elizabeth Novena medical suites in 2012.
2 Sourced from Bloomberg.
3 See the Money Authority of Singapore's Economic Review of 7 March 2014, and the Singapore Budget 2014.
4 See Bank Negara Malaysia's 2013 Annual report.
5 See Progress Report prepared by Turkey and published by its Ministry of EU Affairs.
6 Excluding rental income PLife REIT earned from Parkway Pantai.

PROFILES OF GROUP MANAGEMENT

Dr Tan See Leng

Managing Director and Chief Executive Officer, Non-Independent, Executive

Nationality	Singaporean
Age	49
Date of Appointment	5 April 2012

Academic / Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), National University of Singapore
- Master of Medicine (Family Medicine), National University of Singapore
- Master of Business Administration, University of Chicago Graduate School of Business

Work Experience

Dr Tan See Leng has over 25 years of experience in the healthcare industry. After founding a private primary healthcare group in Singapore, Dr Tan joined Parkway in 2004 as Chief Operating Officer of Mount Elizabeth Hospital. In 2006, he was appointed Senior Vice President, International Operations of Parkway before being seconded to Pantai as Chief Executive Officer ("CEO") of the Hospitals Division. From 2009, Dr Tan held the position of Executive Vice President of Singapore and Malaysia Operations until he became the Managing Director and CEO of Parkway in 2010. Following the restructuring of the Group in 2011, he assumed his current position as the Group CEO and Managing Director of Parkway Pantai Limited, an indirect wholly-owned subsidiary of IHH Healthcare Berhad. In 2012, Dr Tan was appointed Executive Director of IHH, before becoming its Managing Director and Chief Executive Officer in January 2014.

An active member of various medical committees, Dr Tan currently serves as a member of the Singapore Ministry of Health's MediShield Life Review Committee. He is also a Non-executive Director of CFPS Holdings and a Council Member of the Singapore-Guangdong Collaboration Council. He has been reappointed Adjunct Assistant Professor of Duke-NUS Graduate Medical School Singapore, Office of Education, for a three-year term until 2015, and serves on the Advisory Board of Lee Kong Chian School of Business at Singapore Management University.

PROFILES OF GROUP MANAGEMENT

Tan Sri Dato' Dr Abu Bakar bin Suleiman

Chairman, Non-Independent, Executive

Nationality Malaysian

Age 70

Date of Appointment 30 March 2011

Academic / Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), Monash University
- Master of Medicine (Internal Medicine), National University of Singapore

Work Experience

Tan Sri Dato' Dr Abu Bakar bin Suleiman joined Malaysia's Ministry of Health as Director of Medical Services in 1987 and became Director-General of Health in 1991. As a consultant nephrologist, he built up the nephrology, renal transplantation and dialysis services at Hospital Kuala Lumpur and other Malaysian hospitals, while heading the Department of Nephrology at Hospital Kuala Lumpur. Tan Sri Dato' Dr Abu Bakar is a fellow of the Royal Australasian College of Physicians as well as the Founding President of both the Malaysian Society of Nephrology and the Malaysian Society of Transplantation. He became President of the International Medical University in Kuala Lumpur in 2001 and continues to hold this position. He is also the Chief Executive Officer of IMU Health Sdn Bhd, a wholly-owned subsidiary of IHH Healthcare Berhad as well as the Director for IMU Foundation.

Mehmet Ali Aydinlar

Non-Independent, Executive

Nationality Turkish

Age 57

Date of Appointment 24 January 2012

Academic / Professional Qualification(s)

- Business Administration Degree, Galatasaray Economy and Management Business College

Work Experience

Mehmet Ali Aydinlar is the Chairman and Chief Executive Officer of Acibadem Saglik Yatirimlari Holding as well as the Chairman of the Board of Acibadem group of companies such as APlus, Acibadem Project Management, Acibadem Mobile Services and Acibadem Labmed. He also serves on the Board of Directors of Parkway Pantai Limited. Mr Aydinlar is currently Chairman of the Turkish Accredited Hospitals Association.

A certified public accountant-turned-entrepreneur, Mr Aydinlar has been recognised for his extensive experience in management and involvement in the healthcare sector since 1993. In 2006, he was named Male Entrepreneur of the Year in a survey conducted by Ekonomist Magazine and the "Business Executive of the Year" by Dünya Newspaper and Istanbul University's School of Business Administration. He was also chosen as "The Person with Most Contribution to Development of Healthcare" by the Turkish Healthcare Volunteers Organisation. Mr Aydinlar was awarded "The Eminent Services Award of the Grand National Assembly of Turkey" in 2010.

He is also the Chairman of the Board of Trustees of Acibadem University, initiated by Mr Aydinlar as a most ambitious social responsibility undertaking to advance healthcare in Turkey through education and research. For his philanthropic efforts, Mr Aydinlar was recently recognised by Capital magazine, as one of the top 10 business people with most charitable donations over the past 10 years.

PROFILES OF GROUP MANAGEMENT

Ahmad Shahizam bin Mohd Shariff

Non-Independent, Executive
(Alternate Director to Dr Tan See Leng)

Nationality	Malaysian
Age	43
Date of Appointment	5 April 2012

Academic / Professional Qualification(s)

- Bachelor of Laws (Hons), London School of Economics and Political Science
- Master in Public Administration, Harvard University

Work Experience

Ahmad Shahizam bin Mohd Shariff began his career in banking with HSBC Malaysia in 1994 and subsequently at ING Barings and Citigroup Salomon Smith Barney as an investment analyst. In 2004, he joined Khazanah Nasional Berhad ("Khazanah") as Special Officer to the Managing Director and eventually assumed the position of Director, Investments responsible for Khazanah's investments in the healthcare and power sectors. In 2008, Mr Ahmad Shahizam was appointed as an Alternate Director of Parkway Holdings Limited ("Parkway") and Director of Pantai Holdings Berhad and IMU Health Sdn Bhd, before his appointment as Executive Director of Parkway in November 2010. He is also the Executive Director, Corporate Services of IHH and Executive Director, Corporate Services of Parkway Pantai Limited, an indirect wholly-owned subsidiary of the IHH Healthcare Berhad.

Tan See Haw

Chief Financial Officer

Nationality	Singaporean
Age	57
Date of Appointment	10 January 2013

Academic / Professional Qualification(s)

- Bachelor Degree in Accountancy, former Singapore University (now known as the National University of Singapore)
- Fellow of the Institute of Certified Public Accountants of Singapore

Work Experience

Tan See Haw held finance and audit positions at NL Petroleum (Far East) Pte Ltd and Price Waterhouse & Co. (now known as PricewaterhouseCoopers) between 1980 and 1986. Mr Tan then went on to hold key financial positions for major corporations such as Pepsi-Cola International (as Asia Division Financial Controller) from 1986 to 1994, and Asia Pacific Breweries Ltd (as Director of Group Finance) from 1994 to 1999. He subsequently assumed the position of Chief Financial Officer of Advanced Interconnect Technologies ("AIT") in 1999. Following AIT's acquisition by Unisem (M) Bhd ("Unisem"), Mr Tan became a Vice President of Unisem from 2007 to 2008.

In January 2009, Mr Tan was appointed as a Director of Parkway Trust Management, the manager of SGX-listed ParkwayLife REIT. On 5 January 2009, he assumed the position of Group Chief Financial Officer of Parkway Holdings Limited ("Parkway"), and was subsequently appointed as Group Chief Financial Officer of Parkway Pantai Limited following its acquisition of Parkway in April 2011. Mr Tan assumed his current position as Chief Financial Officer of IHH on 10 January 2013.

PROFILES OF GROUP MANAGEMENT

Noriyuki Sato

Head, Risk Management

Nationality Japanese

Age 58

Date of Appointment 1 August 2012

Academic / Professional Qualification(s)

- Bachelor of Arts from the Tokyo University of Foreign Studies
- Completed an Executive Programme at the IMD Business School in Lausanne, Switzerland

Work Experience

Noriyuki Sato collectively spent 33 years at Mitsui & Co Ltd in senior management roles both in Japan and in the company's overseas operations in countries such as the United States, Canada, France and Algeria. Prior to joining IHH, Mr Sato was the General Manager of the Planning and Administrative Division in the Consumer Business Unit at Mitsui & Co. Ltd, where his main focus was to ensure that all of the Unit's activities, including that of its medical and healthcare businesses, were conducted in accordance with Mitsui's compliance and risk management framework. Mr Sato joined the IHH Group in August 2012.

Tan Juan Jim

Group Head of Human Capital Management

Nationality Malaysian

Age 34

Date of Appointment 1 March 2014

Academic / Professional Qualification(s)

- PhD in Artificial Intelligence, Queen Mary College, University of London
- MSc in eCommerce Engineering, Queen Mary College, University of London
- BSc in Computing and Information Systems, Sunway College, Malaysia

Work Experience

Prior to joining IHH Healthcare Berhad, Dr Tan Juan Jim was a Managing Consultant at Hay Group, a global management consulting firm, where he led the practices on Building Effective Organisations and Executive Reward in Malaysia. His main focus was to advise Boards and senior management on the strategic objectives they face and the impact on organisations and talent.

PROFILES OF GROUP MANAGEMENT

Michele Kythe Lim Beng Sze

Group Head, Legal & Secretarial
Company Secretary

Nationality	Malaysian
Age	46
Date of Appointment	25 April 2013

Academic / Professional Qualification(s)

- LL.B Hons. (Bachelor of Laws), University of Wales
- Barrister-at-Law, Honourable Society of the Middle Temple, United Kingdom
- Advocate & Solicitor, High Court of Malaya
- Member of the Malaysian Alliance of Corporate Directors

Work Experience

Michele Kythe Lim Beng Sze began her career in 1992 with Messrs. Shook Lin & Bok, one of the largest law firms in Malaysia. She then left the law practice and went on to become an Assistant General Manager for the Legal Affairs and Risk Division of Pengurusan Danaharta Nasional Berhad, the national asset management corporation of Malaysia. Subsequently, she joined Proton Holdings Berhad as General Manager and later Chief Legal Counsel, Group Legal, Secretarial and Compliance where she was as a member of the senior management team and Group Management Committees overseeing legal advisory/risk, corporate secretarial and compliance issues for the group. She completed the Senior Management Development Programme of the Harvard Business School in 2009.

Audrey Huang

Group Head, Internal Audit

Nationality	Singaporean
Age	58
Date of Appointment	21 February 2005

Academic / Professional Qualification(s)

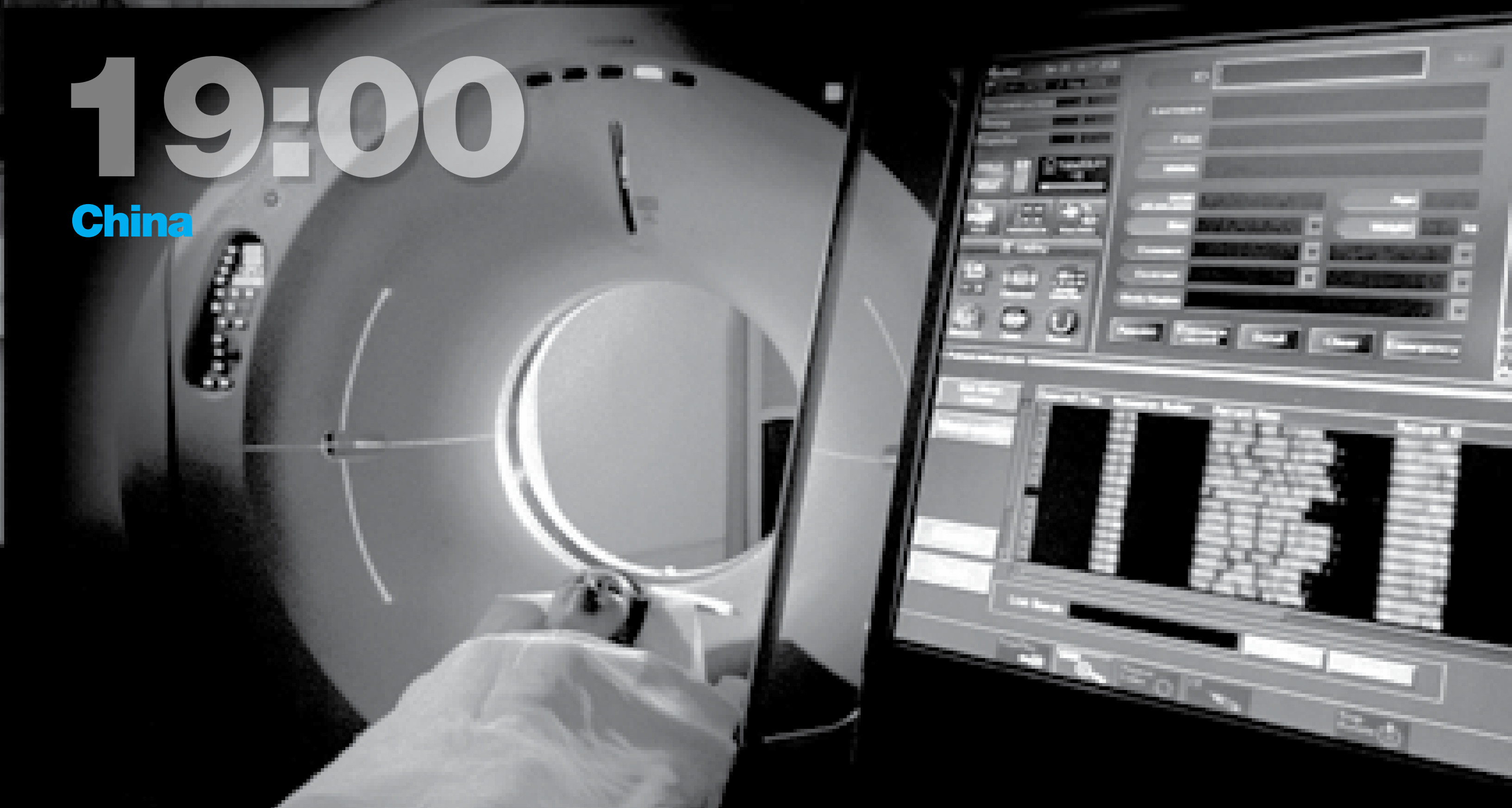
- Member of the Institute of Singapore Chartered Accountants
- Member of the Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accountants (UK)
- Member and Governor of the Institute of Internal Auditors, Singapore

Work Experience

Before joining Parkway in 2005 as Head of Internal Audit, Audrey Huang had chalked up over 30 years of experience on the external audit front (including time with one of the Big 4 accounting firms) as well as the internal audit front (with financial institutions). Appointed the Group Head of Internal Audit of IHH Healthcare Berhad in 2013, she is responsible for managing the internal audit functions of the Group's overall system of internal controls, risk and governance. In 2013, she obtained the Certification in Risk Management Assurance ("CRMA") from the Institute of Internal Auditors, Inc USA.


24/7 INNOVATION
Saturday 5/10/2013
Malaysia
13:20


11:18
Turkey


19:00
China

CORPORATE MILESTONES

1974

- Pantai built its first hospital, Pantai Hospital Kuala Lumpur in Malaysia.

1987

- Parkway entered the healthcare business when it acquired Gleneagles Hospital in Singapore.

1989

- Parkway entered the healthcare business in Malaysia when it acquired a 70.0% equity interest in Pulau Pinang Clinic, which was later renamed Gleneagles Medical Centre, Penang.

1990

- Pantai was listed on Bursa Securities in Malaysia.

1999

- International Medical College was granted university status in February, becoming the International Medical University or IMU.
- IMU launched its own MBBS programme.

2000

- Acibadem was listed on the ISE, becoming the first and only healthcare provider to be listed in Turkey.

2004-05

- IMU launched its own pharmacy, nursing and postgraduate programmes.

2005

- Parkway entered the healthcare business in the PRC through a cooperative joint venture to develop medical and surgical centres, clinics and hospitals.
- Acibadem acquired a 50.0% equity interest in International Hospital in Istanbul, which was Turkey's first private tertiary hospital.

2006

- Parkway swapped its direct 31.0% equity interest in Pantai and formed a 40:60 joint venture company with Khazanah called Pantai Irama, which controlled Pantai.

2010

- IHH made a successful voluntary general offer for Parkway's shares and subsequently delisted Parkway from the Main Board of SGX-ST. After the delisting, we held a 100.0% equity interest in Parkway and Pantai Irama.
- IMU Health became a 100.0% subsidiary of IHH.
- Khazanah transferred its 60.0% equity interest in Pantai Irama and its 23.8% equity interest in Parkway to IHH.

2011

- IMU launched its Chiropractic, Chinese medicine and MSc in Public Health programmes, bringing its total number of academic programmes to 17.
- Parkway entered into a consultancy agreement and HMA to manage SIMC in the Pudong distinct of Shanghai, the PRC, and opened its first medical centre in Hong Kong.
- Acibadem completed the acquisition of a 50.3% equity interest in Acibadem Sistina and a 50.0% equity interest in Acibadem Sistina Medikal, which is a provider of medical equipment, in Macedonia. The acquisitions took place approximately one year after the signing of an affiliation agreement with Acibadem Sistina Skopje Clinical Hospital, the hospital operation that is owned and operated by Acibadem Sistina, in which Acibadem agreed to share its experience, know-how and brand recognition. This was Acibadem's first foreign investment outside Turkey.

  IMU increased the number of partner universities across several of its programmes.

CORPORATE MILESTONES

2012

- IHH acquired an indirect 60.0% equity interest in Acibadem Holding, which was subsequently restructured to include Acibadem Proje and APlus.

- Parkway Pantai Limited acquired a 70.0% equity interest in Twin Tower Healthcare, the holding company of Twin Towers Medical Clinic in Kuala Lumpur, Malaysia. This marks Parkway Pantai's first entry into the primary care business in Malaysia.

- Following the completion of the mandatory tender offer in April 2012, the Board of Directors of Acibadem resolved to delist Acibadem shares from the ISE. The delisting was subject to the approvals of the general assembly of shareholders and the relevant regulators such as the CMB and the ISE. Acibadem was subsequently delisted from the ISE on October 4.

- The Institutional price and final retail price of IHH's IPO was fixed at RM2.80/S$1.113 per share.

- IHH successfully debuted on the Main Market of Bursa Malaysia and Main Board of SGX-ST, closing up 10% on both exchanges.

- IHH was included as a constituent of the following major indices:
  - FTSE Bursa Malaysia KLCI
  - FTSE All-World Index
  - FTSE All-Emerging Index
  - FTSE Global Style Index

- IHH was subsequently listed as a constituent of the following:
  - MSCI Global Standard Indices (Large Cap Segment) (August 7)
  - FTSE Straits Times STI (September 24)

- IHH announced its first and half-year results post-listing.

- Acibadem opened the Acibadem Bodrum Hospital, the Group's first healthcare investment in the south-western region of Turkey.

- Parkway Pantai Limited opened its Mount Elizabeth Novena Specialist Centre and Hospital. The 14-storey complex is among Singapore's most ambitious and comprehensive medical facilities to date.

- IHH launched its global offering and the first-ever concurrent IPO in Malaysia and Singapore.

- Acibadem opened the Acibadem Ankara Hospital in Ankara, Turkey's capital city, providing the Group access to a market of five million people plus an additional four million population in the surrounding area.

- IHH garnered nine awards and accolades for its IPO exercise and corporate governance practices.
  - "Most Transparent Company 2012 - New Issue" - SIAS Investors' Choice Awards 2012
  - "Best IPO" and "Best Malaysia Deal" - FinanceAsia's Achievement Awards 2012
  - "Best Equity Deal/Best IPO (Asia)" and "Best Deal (Malaysia)" - The Asset's Triple A awards
  - "Best IPO" 2012 - Asia Money Award
  - "Malaysia Capital Market Deal of the Year" - IFR Asia Award 2012
  - "Best Dual-Listed IPO of the Year" and "Best Equity Deal of the Year 2012" - Alpha Southeast Asia Award

CORPORATE MILESTONES

2013

January

- In collaboration with the Turkish Ministry of Family and Social Policies, Acıbadem began providing free IVF treatments to 2,500 low-income couples as part of an ambitious corporate social responsibility project, with the support of the Khazanah IHH Healthcare Fund.

March

- GHK Hospital Limited was awarded the Wong Chuk Hang private hospital site in Hong Kong on 13 March 2013.
- Gleneagles Penang's new block started operations.
- Parkway College obtained re-accreditation from the National Resuscitation Council to conduct the Basic Cardiac Life Support ("BCLS") course.

April

- IMU was awarded the first place in the international MacJannet Prize for Global Citizenship, beating 65 other universities from all over the world. The award recognised IMU's ongoing efforts to help the villagers at Kampung Tekir, a village adopted under the IMU Cares programme. The prize is awarded to a university for its work in improving public health in villages as a civically-engaged university.

May

- Vantone Medical and Rehabilitation Center, Parkway Pantai's first medical centre in Beijing, became operational in May 2013 under a management contract.
- Suzhou Industrial Park Medical and Dental Center, Parkway Pantai's first medical centre in Suzhou, became operational in May 2013 (it is fully owned by the Parkway Group Healthcare).
- Acibadem opened a new medical centre in Cappadocia, a tourist destination in Turkey which is especially popular among Asian travelers.
- IMU Signed an MOU with Curtin University of Technology, Perth for the credit transfer of Pharmacy students, student mobility and research.

June

- IMU's first cohort of Bachelor of Dental Surgery and MSc in Public Health students graduated from their courses.

CORPORATE MILESTONES

July

- IHH completed the 100% divestment of its stake in Gleneagles CRC Pte Ltd to EPS Corporation.
- Acibadem Mobile entered the long-term care business with Avitalfora new residential facility in Istanbul.
- For the second consecutive year, Parkway College's students received scholarships from the Workforce Development Agency (WDA) of Singapore for the Master in Health Administration course offered in partnership with Flinders University of Australia.

August

- Acıbadem signed its first overseas HMA with Faruk Medical City in Northern Iraq.

September

- City International Hospital, Vietnam (a HMA project) kick-started its operations with its official opening in January 2014.

October

- Parkway College launched a new part-time three-year Diploma in Optometry to meet the escalating need to train suitably qualified optometrists amidst the growing numbers of children and adults with eye problems. This course is provisionally accredited by the Optometrists and Opticians' Board (OOB) under the Ministry of Health Singapore. Upon successful completion of the course, participants can register with the OOB as an Optometrist.

November

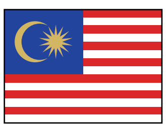
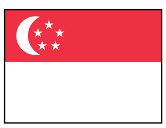
- The inaugural cohort of students from the Bachelor of Science (Honours) in Diagnostic Radiology and Imaging received their awards from the University of Hertfordshire, United Kingdom, at Parkway College's third graduation ceremony.
- The construction of Pantai Hospital Manjung was completed with the hospital receiving its Certification of Completion and Compliance ("CCC").

December

- Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. acquired KL Heartcare Sdn. Bhd. for the purpose of setting up the Gleneagles Kuala Lumpur Health Screening Centre at KL Sentral.
- Acibadem launched its revolutionary Acibadem Online website marking the start of the web-based personal health management era.

AWARDS AND ACCOLADES

Today, IHH's brands are synonymous with highly experienced specialists, advanced facilities and outstanding patient outcomes. In 2013, our brands continued to be formally recognised with a number of prestigious awards across our home markets.

PARKWAY PANTAI LIMITED

Pantai Hospital Kuala Lumpur ("PHKL")
- Reader's Digest Trusted Brand award 2013 (Healthcare - Hospital Services)

Gleneagles Kuala Lumpur ("GKL")
- Malaysia International Healthcare Travel ("MIHTE") Award - Highest Revenue for Healthcare Travellers, Central Region 2012

Mount Elizabeth Hospital
- Singapore Service Excellence Medallion
- Singapore Experience Awards 2013 - Best Healthcare Experience

Mount Elizabeth Novena Hospital
- Excellence in Integrated Marketing (B2B) - Gold
- Singapore Experience Awards 2013 - Best Healthcare Experience

Parkway Shenton
- Marketing Magazine Preferred Employee Healthcare Provider 2013 (Third Position)
- U Partner Award: We were recognised at the U Summit 2013 for our efforts to bring more value and benefits to NTUC members

ACIBADEM HOLDINGS

ACIBADEM SAGLIK HIZMETLERI VE TIC. A.S.

Media Cat Communication Institute/ Farmaskop National Health Communication Awards
- Best Guerilla Marketing Project Award (Breast Cancer Awareness Campaign)
- Best TV Advertisement, Best Integrated Campaign and Best Social Responsibility Campaign Achievement Awards ("Dreams Coming True" Free IVF Services for 2,500 Low-Income Families)

ACIBADEM LABMED

- ISO 15189 Re-accreditation

ACIBADEM PROJECT MANAGEMENT

- ISO 9001: Project Management Services
- ISO 10002 (Quality Management-Customer Satisfaction-Complaints Handling): Project Management Services

ACIBADEM MOBIL SAGLIK HIZMETLERI A.S.

- ISO 9001: Home Health and Emergency Health Services

Digital Age Magazine
- Best Healthcare Application Award

World Intelligent Cities Summit
- Best Mobile Healthcare Solution for Intelligent Cities Award

APLUS

- ISO 9001
  - Re-accreditation: Laundry, catering, cleaning services
- ISO 22000
  - Re-accreditation: Foods and Drinks
- RAL-GZ 992
  - Re-accreditation: Professional fabric care-quality and test standards

AWARDS AND ACCOLADES

The Group's key hospitals are well recognised for consistently performing complex high-intensity clinical procedures involving highly experienced surgeons and advanced facilities, embracing global best practices, and delivering outstanding patient outcomes. The standard of IHH's healthcare services continues to be acknowledged by reputable international and regional quality accreditation agencies including the JCI, the ISO, the MSQH and the EFQM. All these accreditations are certainly enhancing our reputation for clinical excellence and helping us draw additional patients and doctors to our facilities.

JCI (Joint Commission International)

The JCI is one of the most prestigious and respected independent bodies providing international healthcare accreditation services to hospitals around the world.

Singapore: 4 Hospitals

- Gleneagles Hospital
- Mount Elizabeth Novena Hospital
- Mount Elizabeth Hospital
- Parkway East Hospital

Malaysia: 2 Hospitals

- Gleneagles Kuala Lumpur
- Pantai Hospital Kuala Lumpur

Turkey: 7 Hospitals

- Acibadem Adana Hospital
- Acibadem Bakirkoy Hospital
- Acibadem Fulya Hospital
- Acibadem International Hospital
- Acibadem Kadikoy Hospital
- Acibadem Kozyatagi Hospital
- Acibadem Maslak Hospital

MSQH (Malaysian Society for Quality in Health)

The MSQH is recognised by the Ministry of Health Malaysia as the national accreditation body for healthcare facilities and services and is internationally accepted as being on par with those accreditation bodies in other countries such as France, New Zealand, India, Australia, the United Kingdom, Canada and others.

Malaysia: 9 Hospitals

- Gleneagles Kuala Lumpur
- Gleneagles Penang
- Pantai Hospital Ayer Keroh
- Pantai Hospital Batu Pahat
- Pantai Hospital Cheras
- Pantai Hospital Ipoh
- Pantai Hospital Klang
- Pantai Hospital Kuala Lumpur
- Pantai Hospital Penang

Turkish Ministry of Health National Accreditation

The Turkish Ministry of Health recently implemented the national quality standards scheme and the following eight Acibadem hospitals successfully completed their quality audits in 2013, with the remaining institutions scheduled to be surveyed in 2014.

Turkey: 8 Hospitals

- Acibadem Bakirkoy Hospital
- Acibadem Fulya Hospital
- Acibadem International Hospital
- Acibadem Kadikoy Hospital
- Acibadem Kayseri Hospital
- Acibadem Kozyatagi Hospital
- Acibadem Maslak Hospital
- Aile Bahcelievler Hospital


Turkey
08:10


Singapore
14:30
24/7 CARE
Sunday 29/12/2013
Malaysia
17:37

CORPORATE SOCIAL RESPONSIBILITY

As IHH focuses its efforts on creating value for our stakeholders and delivering quality healthcare services to the many markets that we serve, we are ever mindful of our obligation to undertake responsible corporate practices that impact positively on society. To this end, we remain committed to balancing out our business aspirations with responsible corporate practices.

OUR COMMITMENT TO GOOD CSR

TOUCHING LIVES, ENRICHING COMMUNITIES

Being a people-centric healthcare organisation that distinguishes itself by the excellent quality of patient-centred services that we provide, we believe that we can truly impact society for the better by implementing healthcare-related initiatives that elevate lives, enrich communities, and raise healthcare standards.

In this Corporate Social Responsibility ("CSR") Report, we highlight the latest developments under the Khazanah IHH Healthcare Fund and spell out the many effective CSR initiatives our key operating subsidiaries are undertaking in our home markets of Malaysia, Singapore and Turkey. Even as we report on our contributions to societal development and the wellbeing of communities in a positive and tangible manner, we will in time, work towards highlighting our sustainability achievements in other areas such as the Workplace, Marketplace and Environment.

THE CORNERSTONE OF OUR CSR EFFORTS

THE KHAZANAH IHH HEALTHCARE FUND

The cornerstone of IHH's CSR framework is the RM50 million Khazanah Nasional Berhad ("Khazanah") Khazanah IHH Healthcare Fund ("the Fund") that provides partial and fully-sponsored medical treatment to needy patients in our home markets of Malaysia, Singapore and Turkey. Under this initiative, patients who need financial assistance have access to the expertise of IHH's network of world-class healthcare professionals and medical facilities.

CORPORATE SOCIAL RESPONSIBILITY

The Fund represents the Group's collective commitment to fulfil a fundamental responsibility to the many communities that we serve through a unified platform. It was announced at the launch of IHH's initial public offering in July 2012. This social responsibility initiative involves Khazanah setting aside RM50 million from the realised and targeted gain from its investment in IHH and working with the Group to identify and assist needy patients in our home markets. The Fund disburses RM10 million a year for five years to provide medical care for the financially needy. The split is 70% for Malaysia, and 30% split equally between Singapore and Turkey.

In 2013, thanks to the Fund, CSR partners such as IMU Health and Parkway Pantai have established relationships with various government ministries and non-governmental organisations ("NGOs") to identify patients and communities in need. Working with these referral partners allows IHH subsidiaries to have an impartial role in the services they provide. Collaborating with referral partners in the home market also generates a positive impact and recognition for IHH's work.

A look at some of the initiatives made possible by the Khazanah IHH Healthcare Fund shows how much the IHH network is contributing to the health of communities in its home markets.

KHAZANAH IHH HEALTHCARE FUND FRAMEWORK

KHAZANAH NASIONAL BERHAD

IHH HEALTHCARE BERHAD

RM50 MILLION (5 YEARS)

RM35 MILLION (5 YEARS) MALAYSIA

RM15 MILLION (5 YEARS) TURKEY AND SINGAPORE

Parkway Pantai's 'Life Renewed' programme improves the quality of life of many people needing surgical and medical procedures. The Fund covers the entire spectrum of treatment from assessment to post-surgical therapy. Knee replacement surgery is an example of a safe and simple procedure that has changed the lives of many older people who have benefitted from 'Life Renewed'.

The IMU Cares outreach campaign, that provides basic health and medical screening to remote communities is another initiative made possible by the Fund. IMU staff and students have the knowledge and skill to make a difference to underserved communities. Where access to remote areas was once difficult, in 2013, IMU Cares was able to buy equipment and a vehicle to give health teams better access to rural areas.

Acibadem Holdings' 'Dreams Coming True' project in Turkey revolving around the funding of fertility treatments demonstrates a successful working relationship between Acibadem hospitals and government ministries. Many young couples are benefitting from the Khazanah IHH Healthcare Fund which has enabled them to access quality healthcare and expertise.

The work of these CSR partners and others increases the public's awareness and recognition of the Khazanah IHH Healthcare Fund and generates goodwill in the communities that IHH is privileged to serve.

WIDENING ACCESS TO MEDICAL EDUCATION

In line with the Group's commitment to opening up access to medical education in Malaysia and Singapore, some RM10 million has been set aside for endowments and scholarships. This includes RM5 million to be awarded through the Pantai Group in scholarships for medical education in Malaysia over the next five years. In Singapore, Parkway Pantai made an endowment of S$2 million to the National University of Singapore's Yong Loo Lin School of Medicine which led to the establishment of the Mount Elizabeth-Gleneagles Scholarship fund.

CSR EFFORTS THROUGHOUT THE GROUP

As we work to enhance the well-being of the communities that we operate in, we not only provide treatment for the various ailments that afflict these communities, but also support preventive measures and healthy living among them. The year saw IHH's subsidiaries continuing to roll out various initiatives in our home markets that spoke volumes about our commitment to adopting a holistic approach to healthcare among the communities that we serve.

PARKWAY PANTAI

In 2013, the hospitals under Parkway Pantai in Malaysia and Singapore continued to run their established CSR programmes and launched successful new initiatives. New programmes for 2013-2014 will reach many more people in the community, thanks to successful events at each hospital and to the RM50 million provided under the Khazanah IHH Healthcare Fund.

Lives Renewed

'Life Renewed' is Parkway Pantai's CSR initiative for 2013. The Life Renewed campaign is taking the lead for the RM50 million fund by funding medical treatment for needy patients at the Mount Elizabeth Novena, Pantai and Gleneagles hospitals in Malaysia and Singapore. The first patients were identified through partnering charities and welfare organisations.

A feature of the conditions treated through 'Life Renewed' is that although they are not all life-threatening conditions, they are life-changing for the patients. With treatment, the patients benefit by regaining their health and independence, and the community benefits from their regained quality of life. 'Life Renewed' funds their treatment from assessment right through to recovery therapy.

Parkway Pantai's hospitals offered various procedures in the 'Life Renewed' campaign. Mount Elizabeth Novena Hospital funded knee replacement surgery for elderly people with osteoarthritis while Pantai Hospital Ampang worked with ophthalmologist, Dr Go Eng Soon, on the Cataract Screening and Surgery project. 563 people were screened for cataracts in various community settings with 125 of them identified and treated for cataracts. Other Parkway Pantai hospitals in Malaysia are offering paediatric cardiology and urology procedures, and cleft lip and palate surgery.

Raising Awareness of Breast Cancer

Parkway Pantai is a leader in raising awareness about all aspects of breast cancer. Through campaigns that offer health education, prevention, early stage diagnosis and effective treatment, Parkway Pantai continues to strengthen its role as a leader in early preventive measures relating to breast cancer as well as contributions to the many communities that it reaches out to. In 2013, more people than ever participated in Parkway Pantai 'pink' events. The campaigns conducted over the course of the Pink October Breast Cancer Awareness Month were particularly effective in spreading the word at the community level:

- Pantai Hospital Kuala Lumpur's ("PHKL") inaugural Women's Health Summit for 200 participants, was launched during Pink October. Supported by Health & Beauty Magazine, the

CORPORATE SOCIAL RESPONSIBILITY

event sought to align with the national agenda that prioritises women and health. The summit educated women about their health, and also contributed to the national debate on the social, cultural and financial obstacles that women face when they need healthcare. 2013 saw PHKL donating RM20,000 in breast prostheses to Cancerlink Malaysia in addition to subsidised mammograms during Pink October. PHKL hopes to make the summit an annual event.

- Pantai Hospital Klang's ("PHK") Pink Charity Run attracted 2,000 pink-clad runners, raising RM20,000 for Malaysia's National Cancer Society. The 2013 event saw PHK focusing on the role of men in bringing about positive social change and awareness in society.

- Pantai Hospital Cheras' ("PHC") Pink Umbrella Walk attracted 300 participants while raising RM10,000 for breast cancer patients. PHC also used a flash mob as an innovative way to educate the public on health awareness on World Health Day.

- Pink October month also saw Mount Elizabeth Novena Hospital, Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital in Singapore launching 'Operation Pink'. The hospitals pledged S$0.50 for posts carrying hashtag #operationpink on Twitter or Instagram, and raised S$10,000 for Singapore's Breast Cancer Foundation. Other initiatives included educational talks at the four hospitals and screening packages supported by Parkway Shenton and ParkwayHealth Radiology to encourage women to go for screening.

Through the various fund-raising activities held throughout 2013, Parkway Pantai's hospitals raised over RM55,000 worth of contributions for breast cancer awareness organisations.

A Heart for the Children

Gleneagles Kuala Lumpur's ("GKL") 'A Heart for A Heart' programme is now in its seventeenth year. A collaborative effort between the New Straits Times and GKL, this charity programme continues to offer financial aid to children who suffer from congenital defects and who come from families with limited resources. The project caters to children who cannot afford corrective surgery and who require urgent corrective operations due to their critical condition since its launch in 1966.

In 2013 Celebration of Life during the World Congenital Defects Heart Awareness week, some 30 orphans participated in a group painting activity with renowned artist Jake Gohl. Painting celebrates the resilience of these children and those born with congenital heart defects, and the teamwork that keeps communities together. The painting masterpiece, will be auctioned for charity.

PLEASURE - A Healthy Fine Dining Recipe Book

In 2013, GKL embarked on a project to celebrate the joy of health. This culminated in the launch of their recipe book, PLEASURE, containing 80 healthy recipes from renowned chefs of 20 hotels and restaurants. The book is the outcome of collaborative effort between food experts and health experts to celebrate taste and health. PLEASURE aptly recognises that food is one of Malaysia's favourite pastimes and accords equal weight to all food groups. GKL hopes to raise RM100,000 from the sales of the book for various cancer-related organisations.

Festive Fundraisers

In 2013, the Gleneagles 'Festive Relief - Sponsor A Family for Deepavali' initiative raised more than RM5,000 from staff, consultants and guests for poor families in local towns in the State of Pahang. The Gleneagles Penang's Charity Food and Fun Fair 2013 event marked Gleneagles' fourth decade of providing healthcare and promoting health in Penang. Featuring 70 stalls and special dance performances, the event raised more than RM200,000 for Cancerlink and Hospice services.

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Spreading the Joy of Christmas

In the spirit of Christmas 2013, Mount Elizabeth Novena organised the 'Light A Dream' community project to support underprivileged children living with autism. The hospital and Pathlight School students put up a 5 metre-tall Christmas tree of 65 light cubes painted by local artists and special needs students. Approximately S$24,000 was raised for the Pathlight School's fund for needy students through the sale of the light cubes.

In keeping with their annual Christmas tradition of raising funds for charitable organisations, Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital raised S$64,000 for St John's Home for the Elderly, Movement for the Intellectually Disabled of Singapore (MINDS) and voluntary welfare organisation, AIN society.

PHKL's Christmas project saw it sharing the joy of good health with 80 senior citizens and children from neighbouring communities. The event demonstrated PHKL's brand promise, "Caring from the heart" by bringing together many people who live in isolation to celebrate Christmas.

ACIBADEM HOLDINGS

Through its CSR activities in Turkey in 2013, Acibadem continued to sponsor the sports and health of professional and amateur athletes as well as honour its commitment to low-income couples in the Turkish Government's initiative to grow Turkey's population. Through these two key projects, Acibadem has enjoyed a significant amount of goodwill and forged strong community relationships. It prides itself on the quality of care that its health professionals offer the athletes in the sports programme and the young couples in the family programme. Holding true to the maxim that "knowledge and experience are everything", Acibadem's CSR initiatives serve to empower communities in Turkey by nurturing champions, developing leaders and elevating communities.

Building The Region's Sports Talent Pipeline

Acibadem continues to enrich Turkey's offering of athletes and sportsmen by ensuring that they are in the best of health. Through its sports sponsorship programme, Acibadem is involved with Turkey's amateur and professional athletes at every level of their performance. Acibadem's health professionals use their expertise to enhance the physical and mental well-being or treat the injuries of athletes, and to educate them about training safely and successfully. As Turkey's one and only FIFA accredited centre of medical excellence, Acibadem prides itself on the quality of treatment that it offers amateur and professional athletes. It is also looking after the healthcare requirements of national and foreign sports clubs as well as the needs of individual athletes. Through its effective programmes, Acibadem continues to strengthen Turkey's talented sportsmen and sportswomen as well as those from around the region.

In 2013, Acibadem received international recognition for its healthcare sponsorship efforts. Through its programme in the region, Acibadem commits time, effort and heart to public awareness projects and events that harness the spirit of sport for social good. In addition to its existing patronage of football, volleyball, basketball, tennis, handball, cycling, athletics, swimming and wrestling at a national level in Turkey, Acibadem has been chosen as the healthcare group to support teams and athletes in the Ukraine, the UAE, Azerbaijan, and in the FIFA under-20 World Cup.

Bringing Dreams to Life

The Acibadem Healthcare Group has committed resources to a joint project with the Turkish Ministry of Family and Social Policies, aptly named 'Dreams Coming True' by the Ministry and Acibadem's creative agency Telepati. This project, which is tunded by of the Khazanah IHH Healthcare Fund, sponsors the fertility treatment of 2,500 low-income couples in Turkey. The issue of infertility for

CORPORATE SOCIAL RESPONSIBILITY

as many as 150,000 couples has a profound social and psychological impact on the country and is a high priority in the government's population policy.

Working with the Ministry has allowed Acibadem to achieve a substantial scale of social responsibility and impartial involvement. Beneficiaries are fairly selected by the Ministry across a wide geographical area, and all Acibadem hospitals that have an in-vitro fertilisation ("IVF") department are contributing to the project. All fertility-related treatments, including medications and tests are provided by Acibadem, and other expenses such as accommodation and travel are funded by the Ministry. The 'Dreams Coming True' project has won various awards in Turkey; and it has achieved a success rate of between 32% and 49% of pregnancies across Acibadem hospitals. The overall rate of 41% is considered successful by industry standards.

Various conventional and digital communication media were used to spread information about the IVF project, including Facebook, Twitter, Ministry and Acibadem websites, digital screens in Acibadem hospitals and billboards in local communities. As a result, a positive impact and maximum recognition was achieved. The public reaction to 'Dreams Coming True' has been very favourable and generated a significant amount of goodwill.

IMU HEALTH

International Medical University ("IMU") has a long history of undertaking CSR activities through its IMU Cares initiative. IMU Cares is a community outreach programme that provides opportunities for IMU staff and students to demonstrate their professionalism and learn through community service and research. IMU Cares supports IMU's philosophy to serve the community and society through the university's physical and human resources. IMU's mission is to serve and develop less privileged communities by delivering basic healthcare services effectively, preventing disease and promoting wellness.

In 2013, a team of dedicated project and programme coordinators from the schools of medicine, dentistry, pharmacy and health sciences launched over 34 initiatives. IMU has continued to achieve its mission by creating opportunities to develop skilled health professionals, to serve communities, and to engage and collaborate with other organisations for the common good of society.

In Support of Charity Organisations and NGOs

IMU has always supported the work of charity organisations and NGOs and fundraising activities are an integral part of its culture. These activities see IMU staff and students coming out in force to lend their support and acknowledge the efforts of these organisations. Fundraising activities in 2013 combined IMU's health initiatives with fun-filled days for the benefit of several charities. 2013's 'Chariofare', combining the 'IMU Charity Run' and 'IMU Carnival', was an opportunity for the IMU Cares team to take health screening, education and assessments to a wide community of 3,000 carnival participants on the day. The Charity Run attracted over 1,550 participants, including a vision-impaired runner and his coach from Jordan.

Another event, Project Aid, supported typhoon victims in the Philippines. 'Jom Kayuh II: Demi Harapan', educated the community about cancer and supported the National Cancer Society of Malaysia. IMU contributed over RM170,000 to five charities from these activities in 2013.

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Community Health Education and Screening

In 2013, IMU took its healthcare education and screening campaigns to a wide community on and off the campus. IMU faculties worked with health-related NGOs, primarily to create public awareness about the causes they champion. IMU also conducted health awareness campaigns and fundraising activities for specific causes and charities. The campaigns covered topics such as healthy food, stroke, autism, oral health, diabetes, smoking, dengue fever, breast cancer, adolescent health, organ donation, and organ transplantation. IMU has recently created a website to provide information to the public about various aspects of cancer. The website contains articles written by students and edited by IMU staff.

In its most successful public awareness campaign held in 2013, IMU supported the National Transplant Resource Centre to spread correct information and increase awareness about organ donation and transplantation in Malaysia. IMU collected more than 2,000 pledges to donate organs. This campaign was coordinated by IMU Cares and supported by ten other private colleges and universities.

Caring for Communities

At the centre of IMU Care's activities, are community-based experiences where students apply their knowledge, conduct research and give service. The activities promote teamwork among staff and students, as they work together with shared responsibilities and enjoy caring for the community. In 2013, IMU Cares partnered with industry, NGOs, community and government agencies in focused communities and localities. IMU provided free health assessments, medical consultations and dental checks for the residents of homes for physically challenged children, adopted children's homes, homes for the elderly and for health-related NGOs. Needs assessments to establish health objectives in these institutions were done by the team engaging caregivers and management.

Other objectives included improving the residents' quality of life by promoting healthy and balanced food through education. IMU offers follow-up health screening visits, continuous health education, after dental care and health treatments at the IMU Healthcare clinic. Children are taught personal and oral hygiene and appropriate physical activities, and plans are in place to enhance their education and future career opportunities.

In a focused community project, the IMU project leader first engages with the rural or urban community leaders to discuss the objectives of the project and identify what the community wants to get out of it. Once the objectives are agreed, students and staff from various faculties visit the locality. They provide free health screening and basic outpatient healthcare. These visits raise awareness of health problems through education and counselling. The team offers health screening, which might include taking blood pressure, body mass and blood glucose measurements, checking oral health, chiropractic screening and other health-related activities.

IMU doctors follow up any problems with medical check-ups. Specific treatment is carried out at IMU clinics on the campus and patients may be referred to a government clinic or hospital for follow-up and further treatment if necessary. After these visits, the community database becomes the template for planning future health screening, which will focus on the community's specific health issues. Follow-up visits provide feedback that is taken into account when planning the subsequent visit.

Some NGOs and communities that have benefitted from IMU's focus on health are Ti-Ratana and Hope Worldwide Free Clinic, residents of Sri Petaling and Seremban and schools in Negeri Sembilan. As a CSR partner, IMU has received financial support

from the Khazanah IHH Healthcare Fund. In addition, a van and medical equipment have been purchased to give project teams better access to localities that are not accessible by bus or foot. Having easy access to adopted and focused communities helps IMU to establish good ties, and enables IMU to broaden its medical screening activities to further assist the needy in remote areas.

Empowering Lives

IMU Cares initiatives continue to touch lives through long-term projects with at least a five-year plan. These initiatives support specific community groups, so each project team is required to engage with the community leader to identify and prioritise their needs. Together, they formulate action plans and expected benefits and outcomes that can be measured.

IMU also has some mid-term (1–3 years) and ad hoc projects. Ad hoc projects include raising funds for victims of natural disasters such as tsunami, typhoons and earthquakes. Project leaders are constantly creating avenues for industry partnership and research activities as an integral part of IMU Cares projects.

IMU Cares projects are planned to be sustainable, and to empower communities in all localities with the responsibility for improving their own health. IMU Cares is committed to serving the community and most importantly to making a difference to the lives of its people. In addition, projects provide students and staff with opportunities to practise their professions, to learn from the communities and to function as effective members of multi-disciplinary health care teams.

Environmental issues of global importance have an important place in IMU's social responsibility efforts. In 2013, the IMU EcoFriends' Club took part in Earth Hour; the annual tree planting initiative at the Raja Musa Forest Reserve where 41 staff and students planted over 100 seedlings; and the Forest Rendezvous, where 32 staff and students cleared forest trails at the Kota Damansara Community Forest in Kuala Lumpur. These activities keep the minds of our staff and students on the well-being of future generations.

Recognised for Our Efforts

In 2013, IMU received two international awards for its CSR efforts. IMU's community project, 'Kampung Angkat Project' ("KAP") or 'Village Adoption Project' at Kampung Tekir, Malaysia, won first place in the MacJannet Prize for Global Citizenship 2013, ahead of 65 universities from around the world. In this project, students practised their knowledge and skills in a rural setting. At the same time, the villagers benefitted from education, free health checks and spectacles, and referrals for their health problems. In addition, students and villagers benefitted from the relationships established during the project.

This prize recognises exceptional student initiatives in community engagement among Talloires Network member universities. The prize contributes financially to IMU's ongoing community service. And thanks to the MacJannet Prize, IMU was invited by Asia Engage to share its expertise, resources and ideas on the success story at the 2nd AUN USR&S @ AsiaEngage Capacity Building on University-Community-Industry Engagement, held on 12 June 2013.

The IMU School of Medicine received the Association for Medical Education in Europe (AMEE) ASPIRE for Excellence Award in the area of 'Student Engagement'. The new ASPIRE initiative recognises international excellence in medical education. The programme was established to go beyond the traditional accreditation process and to recognise that the education programme in a medical school can be subject to peer review against an agreed set of standards or benchmarks that identify world-class excellence in education.

TRULY CREATING VALUE

Moving forward, as the IHH Group focuses its efforts on delivering sustainable growth, we will ensure that we balance out our robust financial performance with equally robust and responsible social practices. To this end, IHH's operating entities will set their sights on improving the well-being of communities through ensuring the delivery of impactful and tangible CSR outcomes that elevate lives, enrich communities, and raise healthcare standards. Only then can we truly hope to create sustainable value and build enduring ties with the communities that we serve, while standing out as a model for responsible corporate behaviour.

STATEMENT ON CORPORATE GOVERNANCE

OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

IHH Healthcare Berhad ("IHH" or "the Company") together with its subsidiaries ("the Group"), are committed to achieving and maintaining the highest standards of corporate governance. The Board of Directors ("Board") strongly believes that sound corporate governance practices are essential for delivering sustainable value, enhancing business integrity, maintaining investors' confidence and achieving the Group's corporate objectives and vision. To this end, the Board, Management and staff of the Group affirm their commitment to enhancing shareholder value by way of upholding high standards of corporate governance.

To date, the Group's corporate governance model adopts the following requirements and guidelines on corporate governance best practices:

- Malaysian Code on Corporate Governance 2012 ("MCCG");
- Main Market Listing Requirements of Bursa Securities ("MMLR"); and
- Corporate Governance Guide: Towards Boardroom Excellence by Bursa Securities ("CG Guide").

The Board also subscribes to internal guidelines on corporate disclosure policies and procedures based on the best practices recommended by Bursa Malaysia Securities Berhad ("Bursa Securities"). These provide the Group with the appropriate guidance to discharge its disclosure obligations and ensure the Group moves beyond the minimum mandatory disclosure requirements. As the Group maintains a significant presence in the countries it operates in, it also abides by the guidelines of the respective regulators and authorities in these countries.

Pursuant to Paragraph 15.25 of the MMLR of Bursa Securities, the Board is pleased to present this Statement on Corporate Governance ("Statement") which outlines the manner in which the principles and best practices of the aforementioned guidelines have been applied throughout the Group. This Statement also endeavours to portray how IHH's existing corporate governance measures align with the MCCG's eight corporate governance principles. It highlights the areas where the Group has made good progress in adhering to MCCG's eight principles, as well as the areas where more work needs to be undertaken.

ESTABLISHED CLEAR ROLES AND RESPONSIBILITIES

Roles and Responsibilities of the Board

The Board is primarily responsible for oversight and the overall governance of the Group. It carries out its mandate by providing strategic guidance, implementing succession planning, effectively monitoring management goals and ensuring overall accountability for the Group's growth. On top of this, the Board is responsible for ensuring that the Group's internal controls, risk management processes and reporting procedures are firmly in place.

The Board is guided by the Board Charter, documented Terms of Reference ("TOR") and Limits of Authority ("LOA"), which clearly define the matters that are specifically reserved for the Board, Board Committees and outline the manner in which the day-to-day management of the Company is to be delegated to the Managing Director ("MD"). This formal structure of delegation is further cascaded by the MD to the Senior Management team within the Group. However, the MD and the Senior Management team remain accountable to the Board for the authority that is delegated, as well as for the performance of the Company and the Group even as the Board continues to monitor the same.

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Under the Board Charter, the Board, among others, assumes the following roles and responsibilities, which are to be discharged in the best interests of the Company in pursuance of regulatory and commercial objectives:

- reviewing and adopting the strategic direction of the Group;
- overseeing and evaluating the conduct of the Group's businesses;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- establishing succession plans;
- establishing and implementing a good investor relations programme and shareholders' communication policy; and
- reviewing the adequacy and the integrity of the Group's internal control systems and management information systems.

The Board is committed to acting in the best interests of the Group and its shareholders by exercising due diligence and care in discharging its duties and responsibilities to ensure that high ethical standards are applied at all times. We undertake this through compliance with the relevant rules, regulations, directives and guidelines, in addition to adopting the best practices in the MCCG and CG Guide.

Board Meetings

To facilitate productive and meaningful Board meetings, the proceedings are conducted in accordance with a structured agenda. The structured agenda together with comprehensive management reports and proposal papers are furnished to the Directors in advance of each Board meeting. This is to accord sufficient time for the Directors to review the materials and, where necessary, conduct independent analysis or request additional material. However, genuine urgent matters and exceptional circumstances could fall outside these timing requirements and shorter notice would be allowed with the Chairman's consent and approval.

Directors are allowed to participate in Board meetings via tele-conference. All deliberations at Board meetings, including dissenting views, are duly minuted as records of their proceedings. Decisions made, policies approved and follow-up actions at Board meetings will be communicated to Management after the Board meetings.

At the Board meetings, the MD provides a comprehensive explanation of significant issues relating to the Group's business while the Chief Financial Officer presents the results of the Group's financial performance. The Chairmen of the Board Committees would inform the Directors at Board meetings, of any significant issues noted and/or deliberated by the relevant Board Committees and which require the Board's attention and approval for implementation. Management is also invited to present proposals and answers queries raised by the Board on a needs basis. Management takes immediate action on all matters arising from the Board meeting and updates the Board on the status of these matters at the next Board meeting or if deemed urgent via circulation of memorandum.

The Group's quarterly results are one of the regular scheduled matters that are tabled to the Board for their approval at the quarterly Board meetings. The notices on the closed period for trading in the Company's securities are also prepared and circulated to Directors and Key Senior Management who have access or are privy to the price-sensitive information of the Company in advance of whenever the closed period is applicable based on the targeted date of announcement of quarterly results of the Group.

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Ethical Standards

We are committed to upholding the highest standards of integrity and behaviour in all activities we undertake especially in relation to our interactions with customers, suppliers, shareholders, business partners and the communities in which we operate. To this end, the Group has implemented a Code of Conduct ("the Code") which dictates the ethics and standard of good conduct expected of every Executive Director and employee.

The Code calls upon all Executive Directors and employees to exhibit the highest levels of professionalism in all aspects of their work even beyond normal working hours and in compliance with all applicable laws, regulations and policies within the Group. It provides a common behavioural framework for all employees of the Group irrespective of their specific job or location, as well as affords professional, ethical and legal guidance to all Directors and employees in the conduct of their business and that of the Group. Failure to comply with the Code may result in the commencement of disciplinary proceedings that may lead to termination of employment and/or appointment.

The Code covers areas such as compliance with the law, professional integrity, accurate and complete accounting, bribes, gifts and entertainment, conflicts of interest, the act of diverting, confidentiality and protection of company assets, political and charitable contributions, as well as occupational health, safety and environmental activities. Employees are to direct any questions they have about the Code and its application to their managers or the respective Human Resource departments.

In addition, IHH and certain major operating subsidiaries have implemented a Whistleblowing Policy that seeks to engender an environment where integrity and ethical behaviour are fostered and any malpractice or impropriety within the Group is exposed. This Whistleblowing Policy enables employees to raise concerns internally and at a high level and to disclose information on activities, which they believe reflect instances of malpractice or impropriety. These concerns could include financial malpractice, impropriety or fraud, failure to comply with a legal obligation or statutes, bribery, abuse of power, conflicts of interest, theft or embezzlement, misuse of company property, non-compliance with procedure, dangers to health, safety or the environment, criminal activity, improper conduct or unethical behaviour and the attempts to conceal any of these, among other things.

IHH is committed to treating all such disclosures in a confidential and sensitive manner. The identity of the individual making the allegation will be kept confidential so long as it does not hinder or frustrate any investigation. Any concern about unethical behaviour or serious misconduct should first be raised with the immediate superior or respective Human Resource department where possible, or via email to governance@ihh-healthcare.com. Alternatively, employees may choose to write in confidence directly to the MD of IHH. Where reporting to Management is a concern, then the report should be made in confidence to the Chairman of IHH.

Promoting Sustainability

The Board is cognisant of the need to adopt sustainable practices. In view of the Group's geographically expansive operations, the Board is embarking on a holistic review of the Company's sustainable practices and formulating a strategic methodology for the production of a comprehensive sustainability report going forward.

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Access to Information and Advice

The Directors have access to all information within the Group. Through the regular Board meetings, the Board receives updates on the development and business operations of the Group, as well as comprehensive papers, which include the regular business progress reports and discussion documents regarding specific matters. Minutes of the respective Board Committees' meetings are presented to the Board at the meeting.

The Board may seek, at the Group's expense, external and independent professional advice and assistance from experts in furtherance of their duties.

Company Secretaries

The Company Secretaries of the Group are experienced, competent and knowledgeable, play an important role in advising the Board on issues relating to corporate compliance with the relevant laws, rules, procedures and regulations affecting the Board and the Group, as well as best practices of governance. The Directors have ready and unrestricted access to the advice and services of the Company Secretaries. The Board is regularly kept up to date on and apprised of any regulations and guidelines, as well as any amendments thereto issued by Bursa Securities, Securities Commission, Companies Commission of Malaysia and other relevant regulatory authorities including recommendations on corporate law reform in respect of Malaysian as well as relevant foreign jurisdictions, particularly the effects of such new or amended regulations and guidelines on the directors specifically and the Group generally.

The Company Secretaries are responsible for advising the Directors of their obligations and duties to disclose their interest in securities, disclosure of any conflict of interest in a transaction involving the Group, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information.

The Company Secretaries are also responsible for the operation of the secretariat function, including lodgements with relevant statutory and regulatory bodies, the administration of Board and Board Committee meetings (including preparation of the minutes, matters arising and Chairman's reports).

Board Charter

The Board Charter aims to ensure that all Directors acting on behalf of the Company are aware of their fiduciary duties and responsibilities as Board members. It also aims to ensure that all Directors understand the various legislations and regulations affecting their conduct and that they apply principles and practices of good corporate governance in all their dealings in respect of and on behalf of the Company.

The Board Charter is available on the Company's website at www.ihh-healthcare.com.

STATEMENT ON CORPORATE GOVERNANCE

STRENGTHEN COMPOSITION

Board Committees

The Board delegates specific responsibilities to the respective Committees of the Board, which operate within clearly defined TOR. From time to time, the Board reviews the functions and TOR of Board Committees to ensure that they are relevant and updated in line with the MCCG and other related policies or regulatory requirements.

While the Board Committees have the authority to examine particular issues, they will report to the Board with their decisions and/or recommendations and the ultimate responsibility on all matters lies with the Board. The Board also reviews the minutes of the Board Committee meetings presented at Board meetings.

During Board meetings, the Chairmen of the various Committees provide summary reports of the decisions and recommendations made at the Committee meetings as well as highlight to the Board any further deliberation that is required at Board level. On Board reserved matters, the Board Committees shall deliberate and thereafter state their recommendations to the Board for its approval. The relevant decisions of the Board Committees are incorporated into the minutes of the meetings of the Board.

The Board has to date established three principal Board Committees namely, the Audit and Risk Management Committee, Nomination and Remuneration Committee and Steering Committee.

Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") assists the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting, internal control and risk management processes as well as the management and financial reporting practices of the Group.

The composition, TOR and a summary of activities of the ARMC are set out separately in the ARMC Report as laid out on pages 95 to 101.

Steering Committee

The Steering Committee ("SC") established by the Board consists of the following members:

Chairman:	Dato' Mohammed Azlan bin Hashim
Members:	Dr Tan See Leng
	Mehmet Ali Aydinlar
	Satoshi Tanaka
	YM Tengku Dato' Sri Azmil Zahruddin bin Raja Abdul Aziz

The SC meets at least once a year and as and when necessary. Physical meetings may be held upon request by any of its members or through the secretary of the SC.

The SC's functions include the following:

- to review and make recommendations to the Board on, inter alia, major transactions by any entity within the Group including:
    - i. the acquisition or disposal of assets/business where any one of the percentage ratios is 5% or more of the Group;
    - ii. material borrowing which is more than 5% of the latest published audited net assets of the Group;
    - iii. incorporation, winding up or liquidation of IHH's subsidiaries or material assets;
    - iv. listing of the securities of any of IHH's subsidiaries on any stock exchange; and
    - v. other transactions including any investment project that any of the Group entities may escalate to the SC for direction.
- to provide recommendations on behalf of the Company to its nominee directors sitting on the boards of subsidiaries on the courses of action to be taken in respect of matters escalated to the SC.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") established by the Board consists of the following members:

Chairman : Chang See Hiang
Members : Rossana Annizah binti Ahmad Rashid
Dato' Mohammed Azlan bin Hashim

The NRC comprises exclusively of non-executive directors, a majority of whom are independent with Mr Chang See Hiang, the Senior Independent Non-Executive Director as the Chairman.

The NRC shall meet at least once a year. More meetings may be held as and when necessary. The NRC has met three times in the year under review.

Under its TOR, the NRC is responsible for:-

a) proposing candidates to the Board and Board Committees of the Company;

b) assessing the effectiveness of the Board as a whole (including whether the Board possess the required mix of skills, size and composition, experience, core competencies and other qualities), the Board Committees and contribution of each individual Director (including Independent Directors) on an annual basis;

c) overseeing the succession planning for the Board;

d) proposing continuous training to ensure the Directors' competencies;

e) proposing to the Board, appointment and remuneration of Executive Directors, Non-Executive Directors (including Independent Directors) and Senior Management of the Group (as prescribed in the Group's LOA); and

f) recommending to the Board, the Group's executive remuneration policy, remuneration framework and performance measures criteria, including the Group's Long Term Incentive Plan (LTIP) and Equity Participation Plan (EPP) and any other incentive or retention schemes.

STATEMENT ON CORPORATE GOVERNANCE

Summary of Activities

During the financial year, the NRC had carried out the following key activities:-

a) Reviewed and recommended to the Board for approval, new policies within the purview of the NRC to ensure that the policies adopted are in parallel with the developments of the rules, regulations, guidelines, best practices issued and recommended by the relevant regulatory authorities;

b) Reviewed and recommended for approval of the Board, the nomination of directorship on the board of key subsidiaries, having considered the candidate's skills, knowledge, expertise and experience, professionalism and integrity.

c) Discussed and reviewed the nomination of additional independent director, after considering the independence criteria from MMLR perspective as well as the candidate's skill, knowledge, expertise and experience;

d) Reviewed and recommended for approval of the Board, the appointment of senior management upon reviewing their qualification, knowledge and experience as well as the performance based awards upon assessing the individual's integrity and competence;

e) Reviewed the analysis/findings of the Board and the Board Committees performance evaluation for the year 2012;

f) Recommended the re-election of directors at the third Annual General Meeting to the Board for consideration after taking into account the composition of the board, the required mix of skills, experience and contributions of the individual directors;

g) Discussed and recommended to the Board for approval, bonus, salary increment and 2013 LTIP for executive directors, management and employees upon assessing the performance of the Company and employees;

h) Reviewed and recommended to the Board for approval, conditional vesting of 2013 EPP based on the achievement of the performance targets set for the year 2012;

i) Deliberated and recommended to the Board for approval, 2013 performance target for EPP based on the target percentage growth to be achieved for the year 2013; and

j) Deliberated and recommended to the Board for approval, the compensation package and employment contract of Executive Directors upon reviewing their experience, professionalism and competence.

Post the financial year, the NRC has evaluated the annual assessment of the Board and board committees as well as the individual directors. The NRC was satisfied that the Board and board committees are effective as a whole, considering the required mix of skills, size and composition, experience, core competencies and other qualities.

STATEMENT ON CORPORATE GOVERNANCE

Selection and Assessment of Directors

The Group has adopted the Policy on Nomination and Assessment Process of Board Members that set out the process to be undertaken by NRC and Board in discharging their responsibilities in terms of the nomination, assessment and re-election of Board members in compliance with the MMLR and MCCG. The Policy is administered by the NRC.

Amongst others, the Policy sets down the following criteria that NRC shall take into account when determining the qualification of any candidate for Director:-

- Integrity and judgment
- Knowledge
- Diversity
- Commitment
- Independent judgment
- Performance and contribution
- Experience and accomplishments
- Board interaction
- Any other criteria deemed fit

Gender Diversity

The Board is supportive of the gender diversity recommendations made in the MCCG. While it is important to promote gender diversity, the Board is of the view that the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. Thus the Company does not set any specific target for female directors in the Gender Diversity Policy adopted by the Board and will actively work towards having more female directors on the Board.

The NRC is responsible in ensuring that gender diversity objectives are adopted in board recruitment, board performance evaluation and succession planning processes.

In April 2012, the Company appointed Rossana Annizah binti Ahmad Rashid as an Independent Non-Executive Director of the Company. She is also the Chairman of the ARMC and a member of the NRC.

Directors' Remuneration

The Group's policy on Directors' remuneration serves to attract, retain and motivate directors of the calibre that the Group needs to manage the Group successfully. To maximise the effectiveness of the remuneration policy, the remuneration package has been carefully aligned with industry practices while upholding shareholders' interests. The aim is to target an appropriate level of remuneration for managing the business in line with the strategy. The component parts of remuneration for the Executive Directors are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The NRC is responsible for reviewing and recommending to the Board, the policy and framework of the Directors' remuneration and the remuneration package for the Executive Directors. In recommending the Group's remuneration policy, the NRC may receive advice from external consultants. It is the ultimate responsibility of the Board to approve the remuneration of these Directors.

STATEMENT ON CORPORATE GOVERNANCE

The determination of the remuneration packages of Non-Executive Directors (whether in addition to or in lieu of their fees as Directors), is a matter for the Board as a whole. Individual Directors do not participate in decisions regarding their own remuneration packages.

The details of aggregate remuneration of Directors (including those Directors who have resigned during the year) for the financial year ended 31 December 2013 are as follows:

	Salaries RM'000	Fees RM'000	Bonus, Incentives & Others RM'000	Benefits-in-kind RM'000	Total RM'000
Company					
Executive Directors	4,079	-	7,381	127	11,587
Non-Executive Directors[1]	-	1,880	-	-	1,880
Subsidiaries					
Executive Directors	4,002	2,453	10,976	112	17,543
Non-Executive Directors[1]	-	1,735	-	-	1,735

Remuneration Band[2]	Executive	Non-Executive	Total[3]
between RM50,001 and RM100,000	-	1	1
between RM200,001 and RM250,000	-	1	1
between RM450,001 and RM500,000	-	1	1
between RM600,001 and RM650,000	-	1	1
between RM650,001 and RM700,000	-	2	2
between RM850,001 and RM900,000	-	1	1
between RM1,850,001 and RM1,900,000	1	-	1
between RM3,400,001 and RM3,450,000	1	-	1
between RM4,800,001 and RM4,850,000	1	-	1
between RM9,150,001 and RM9,200,000	1	-	1
between RM9,800,001 and RM9,850,000	1	-	1
Total	5	7	12

(1) Fees for representatives of Pulau Memutik Ventures Sdn Bhd and MBK Healthcare Partners Limited on the Board are directly paid to Khazanah Nasional Berhad and Mitsui & Co., Ltd, respectively.

(2) Remuneration paid to the Directors of the Company includes salaries, fees, other emoluments including bonuses, EPF contributions, share-based payments and benefits-in-kind.

(3) Excluding one (1) Director who did not receive any remuneration during the financial year under review.

The Board is of the view that the transparency and accountability aspects of the MCCG as applicable to Directors' Remuneration are appropriately served by the "band disclosure" in accordance with the MMLR.

STATEMENT ON CORPORATE GOVERNANCE

REINFORCE INDEPENDENCE

Board Composition and Balance

The Board members with their diverse academic qualifications, backgrounds and experiences enable the Board to provide clear and effective leadership to the Group and bring information and independent judgment to many aspects of the Group's strategy and performance, so as to ensure diversity and completeness in its deliberations.

The Board, as at the date of this Statement, consists of twelve members, comprising three Non-Independent Executive Directors including the Chairman, three Non-Independent Non-Executive Directors, three Independent Non-Executive Directors and three Alternate Directors. The present composition of the Board and the profile of each Director are set out in the Corporate Information and Profiles of Directors on page 13 and pages 28 to 39 respectively of this Annual Report.

The number of Independent Directors complies with the MMLR, which states that at least two members or one-third of the Board shall be Independent Directors. The Board has carried out annual assessment of the three independent directors and is of the view that the independent directors fulfil the criteria of independence as defined in the MMLR and are able to continue to bring independent and objective judgment to the Board deliberations. Their presence provides a check and balance in the discharge of the Board function. Independent Directors' views carry significant weight in all Board deliberations and decision-making. All Independent Directors act independently of Management and are not personally involved in any business dealings of the Company. Neither are they involved in any other relationship with the Group that may impair their independent judgment and decision-making. None of the independent director has exceeded a cumulative term of nine years.

The Board acknowledges and takes cognizance of the recommendations contained in the MCCG. As at the date of this Statement, the Company has yet to adopt the recommendation of the MCCG to appoint an Independent Non-Executive Chairman, or to have a Board with a majority of Independent Directors where the Chairman is not an Independent Director. The Board believes that its current Board composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to govern the Group effectively. It also represents the ownership structure of the Company fairly, with appropriate representations of minority interests through the Independent Directors. Notwithstanding that, the Board will continuously identify suitable candidates to be appointed as independent directors of the Company as and when required.

Division of Roles and Responsibilities between the Chairman and the MD

IHH recognises the importance of separating the roles of the Chairman and the MD. This is reflected in the division of their responsibilities which are clearly set out in the Board Charter. The distinct and separate roles of the Chairman and MD, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Chairman leads the Board with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective TOR to ensure its own effectiveness, while the MD manages the business and operations of the Company and implements the Board's decisions. By virtue of the MD's position as a Board member, he also acts as the intermediary between the Board and Senior Management.

Senior Independent Non-Executive Director

The Chairman of the NRC is also the Senior Independent Non-Executive Director, to whom concerns from the other Directors, public or investors may be conveyed. Inquiries or complaints about decisions or actions taken by the Group should be addressed to the Senior Independent Non-Executive Director via email to sid@ihh-healthcare.com.

STATEMENT ON CORPORATE GOVERNANCE

FOSTER COMMITMENT

Directors' Time Commitment

The Board meetings for each financial year are scheduled before the end of the preceding financial year. This enables the Directors to plan ahead and fit the year's meetings into their own schedules.

The Board meets on a scheduled basis every quarter of the year. When the need arises, additional or Special Board meetings will be convened when warranted by situations such as to deliberate urgent corporate proposals or matters that require the expeditious direction of the Board. In the intervals between Board meetings, for exceptional matters requiring urgent Board decision, Board's approvals are sought via circular resolutions, which are supported with sufficient information required to make an informed decision.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of IHH. During the financial year under review, the Board met eight times. The details of the attendance of the Board members are as follows:

Director	Designation	Total Meetings Attended
Tan Sri Dato' Dr Abu Bakar bin Suleiman	Chairman, Non-Independent Executive Director	8/8
Dato' Mohammed Azlan bin Hashim	Deputy Chairman, Non-Independent Non-Executive Director	7/8*
Dr Tan See Leng	Executive Director, Non-Independent Executive Director	8/8
Mehmet Ali Aydinlar	Non-Independent Executive Director	5/8#
Satoshi Tanaka	Non-Independent Non-Executive Director	8/8
YM Tengku Dato' Sri Azmil Zahruddin bin Raja Abdul Aziz	Non-Independent Non-Executive Director	7/8*
Rossana Annizah binti Ahmad Rashid	Independent Non-Executive Director	8/8
Chang See Hiang	Senior Independent Non-Executive Director	8/8
Kuok Khoon Ean	Independent Non-Executive Director	6/8
Ahmad Shahizam bin Mohd Shariff *(Alternate Director to Dr Tan See Leng)*	Non-Independent Executive Director	8/8
Kaichi Yokoyama *(Alternate Director to Satoshi Tanaka)*	Non-Independent Non-Executive Director	8/8
Quek Pei Lynn *(Alternate Director to YM Tengku Dato' Sri Azmil Zahruddin bin Raja Abdul Aziz)*	Non-Independent Non-Executive Director	7/8*
Dr Lim Cheok Peng *(Resigned on 31 December 2013)*	Managing Director, Non-Independent Executive Director	8/8

* Directors did not participate at one meeting held during the financial year due to conflict of interest

\# Mr Mehmet Ali Aydinlar did not participate at two meetings held during the financial year due to conflict of interest

The directorships of Directors of IHH in other public listed companies do not exceed the prescribed limits under the MMLR. This ensures that their commitment, resources and time are more focused and enables them to discharge their duties effectively. They should notify the Board within fourteen market days upon accepting any new directorship.

STATEMENT ON CORPORATE GOVERNANCE

Directors' Training

The Board is constantly encouraged to attend programmes and seminars to keep abreast with the latest developments in the industry and marketplace.

During the financial year under review, the Directors participated in various programmes and forums, which they had individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

The Company Secretary facilitates the organisation of internal and external programmes and Directors' attendance at programmes conducted by external parties and maintains details of the training received and attended by the Directors.

The training programmes attended by the Directors during the financial year ended 31 December 2013 included areas of corporate governance, risk management, leadership and business transformation management, economics as well as regulatory compliance, the details of which are as follows:

Director	List of Training, Conferences, Seminars, Workshops Attended
Tan Sri Dato' Dr Abu Bakar bin Suleiman	i) The Malaysian Code on Corporate Governance & Statement on Risk Management: Guidelines for Directors of Listed Issuers - A "major surgery" or "facelift" for corporate Malaysia ii) CCM Group Directors and Senior Management's training 2013: Halal - Management's responsibilities & informed choice iii) Bursa Malaysia - Advocacy sessions on corporate disclosure for Directors iv) Related Party Transaction from Governance Challenges to Impactful Results v) Bursa Malaysia - Breakfast with Board Chairmen vi) Nominating Committee Programme vii) KPMG Briefing - Accounting - MFRS 10 Consolidated Financial Statements & MFRS 11 Joint Arrangement - Corporate Governance - Assessment on Board, Board Committee & Individual Directors
Dato' Mohammed Azlan bin Hashim	i) 9th Private Banking Asia 2013 ii) Related Party Transaction - from Governance Challenges to Impactful Results iii) Price Action Analysis, Trading Psychology and Position Sizing iv) Global Asset Management Landscape: New & Future Trends (Where are the opportunities?) v) Indonesia Wealth Management Forum 2013 vi) Delivered Welcome Keynote Address at The Asean Wealth Management Summit vii) Financial Governance - How Companies Could Improve to Manage Expectations of Stakeholders by Mr Devanesan - Governor, Institute of Internal Auditors Malaysia viii) Leadership in the Rapidly Changing World by Isaam Rafee of Excel Minds Consultancy Sdn Bhd

STATEMENT ON CORPORATE GOVERNANCE

Director	List of Training, Conferences, Seminars, Workshops Attended
Dr Tan See Leng	i) World Health Summit Regional Meeting (invited as speaker) (Topic: Medical Tourism - An Asian Perspective and History) ii) KPMG Briefing - Accounting - MFRS 10 Consolidated Financial Statements & MFRS 11 Joint Arrangement - Corporate Governance - Assessment on Board, Board Committee & Individual Directors
Mehmet Ali Aydinlar	i) KPMG Briefing - Accounting - MFRS 10 Consolidated Financial Statements & MFRS 11 Joint Arrangement - Corporate Governance - Assessment on Board, Board Committee & Individual Directors ii) KPMG : International Financial Reporting Standards
Satoshi Tanaka	i) Global Management Academy ii) KPMG Briefing - Accounting - MFRS 10 Consolidated Financial Statements & MFRS 11 Joint Arrangement - Corporate Governance - Assessment on Board, Board Committee & Individual Directors iii) Corporate Strategy Program 2013 - Executive Leadership Panel Discussion Leadership Theories - Business Leadership and Strategies - Organisational Leadership and Communication iv) Global Financial Business Seminar - Discussion on Current Status and Future Prospect of Global Finance v) CSR Seminar by Takeda Pharmaceutical - Theory and Practice of CSR - International CSR Standards - CSR within Healthcare Business - CSR in Developing Countries
YM Tengku Dato' Sri Azmil Zahruddin bin Raja Abdul Aziz	i) Cultivating on Innovation Ecosystem ii) Impact Investing in a Low Growth Environment iii) Executing at Khazanah: What Gets in the Way? iv) GE Global Customer Summit (GCS) v) Khazanah Megatrends vi) TED Conference and BCG Leadership Forum: The Shape of Change vii) RDL Legal Forum 2013 - The Personal Data Protection Act 2010 viii) KPMG Briefing - Accounting - MFRS 10 Consolidated Financial Statements & MFRS 11 Joint Arrangement - Corporate Governance - Assessment on Board, Board Committee & Individual Directors ix) MIA Conference - Managing Value Acceleration Growth

STATEMENT ON CORPORATE GOVERNANCE

Director	List of Training, Conferences, Seminars, Workshops Attended
Rossana Annizah binti Ahmad Rashid	i) Invest Malaysia ii) Essential Elements of an Effective Audit Committee iii) Parkway Pantai Limited: Briefing on Directors' Duties iv) KPMG Briefing - Accounting - MFRS 10 Consolidated Financial Statements & MFRS 11 Joint Arrangement - Corporate Governance - Assessment on Board, Board Committee & Individual Directors
Chang See Hiang	i) Nominating Committee Programme ii) KPMG Briefing - Accounting - MFRS 10 Consolidated Financial Statements & MFRS 11 Joint Arrangement - Corporate Governance - Assessment on Board, Board Committee & Individual Directors
Kuok Khoon Ean	i) KPMG Briefing - Accounting - MFRS 10 Consolidated Financial Statements & MFRS 11 Joint Arrangement - Corporate Governance - Assessment on Board, Board Committee & Individual Directors ii) KPMG Briefing - Current / Upcoming HK Regulatory Issues - D-SIFI Regime - Recovery & Resolution Planning - Liquidity - Treat Customers Fairly Initiative - Leverage Ratio - Restrictions on Use of Models - Macro-Prudential Supervisory requirements - Anti-Money Laundering iii) The Hong Kong Institute of Directors' Training - Directors' Duties - Corporate Governance and - A brief Coverage on Market Misconduct
Ahmad Shahizam bin Mohd Shariff *(Alternate Director to Dr Tan See Leng)*	i) Bursa Malaysia - Dialogue Session on Revised Shariah Screening Methodology ii) Invest Malaysia 2013 (IR Briefing) iii) Parkway Pantai Limited: Briefing on Directors' Duties iv) KPMG Briefing - Accounting - MFRS 10 Consolidated Financial Statements & MFRS 11 Joint Arrangement - Corporate Governance - Assessment on Board, Board Committee & Individual Directors v) Corporate Directors Training Programme (CDTP) Fundamental vi) Understanding Company Law and its impending changes and implications in Malaysia

STATEMENT ON CORPORATE GOVERNANCE

Director	List of Training, Conferences, Seminars, Workshops Attended
Kaichi Yokoyama *(Alternate Director to Satoshi Tanaka)*	i) Parkway Pantai Limited: Briefing on Directors' Duties ii) KPMG Briefing - Accounting - MFRS 10 Consolidated Financial Statements & MFRS 11 Joint Arrangement - Corporate Governance - Assessment on Board, Board Committee & Individual Directors iii) Mitsui & Co LTD BLI Seminar - Legal - Guideline to Prevent Bribery of Foreign Public Officials
Quek Pei Lynn *(Alternate Director to YM Tengku Dato' Sri Azmil Zahruddin bin Raja Abdul Aziz)*	i) 31st Annual JP Morgan Healthcare Conference, California, USA ii) A Guide on Investing in Myanmar iii) Healthcare in Asia 2013 - Adding Value in Care iv) Advanced 3D Negotiations v) Parkway Pantai Limited: Briefing on Directors' Duties vi) KPMG Briefing - Accounting - MFRS 10 Consolidated Financial Statements & MFRS 11 Joint Arrangement - Corporate Governance - Assessment on Board, Board Committee & Individual Directors

The Board has assessed and was satisfied that the training attended by the Directors in year 2013 was appropriate and aids the Directors in the discharge of their duties. The Board had also proposed the training needs for the directors at the recommendation of the NRC, upon evaluating the annual assessment of the Board and individual directors post the financial year.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Compliance with Applicable Financial Reporting Standards

The Directors continually strive to present a clear, balanced and understandable assessment of the Group's financial position, performance and prospects primarily through the audited financial statements, annual report and quarterly announcement of results to shareholders.

The Directors are responsible for ensuring that the financial statements prepared are drawn up in accordance with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates.

The Board assisted by the ARMC, oversees the financial reporting processes and the quality of the financial reporting by the Group. The quarterly financial results and audited financial statements were reviewed by the ARMC and approved by the Board before being released to Bursa Securities.

The Directors' Responsibility Statement for the audited financial statements of the Company and the Group is set out in page 105 of this Annual Report. The details of the Company and the Group financial statements for financial year ended 31 December 2013 are presented from pages 108 to 268 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

Independence of External Auditors

A major review of auditors is carried out every three years through a formal Request for Proposal. The experience, capabilities, audit approach and independence of the audit firms are assessed by Management and recommended to the ARMC for appointment or re-appointment. On an annual basis, Management will review the service levels of the auditors, agree on amendments to the scope of work to address new developments in the business and recommends their re-appointment to the ARMC. All major non-audit services proposed by the auditors are presented to the ARMC to determine if auditors' independence will be compromised.

The Board and the ARMC maintain a formal and professional relationship with the external auditors. For the financial year under review, the ARMC had two meetings with the external auditors without the presence of Management, which has encouraged a greater exchange of independent and frank views and opinions as well as dialogue between both parties. The external auditors were also invited to attend the meetings of the ARMC.

Further information on the role of ARMC in relation to both, internal auditors and external auditors are stated in the ARMC Report on pages 95 to 101 of this Annual Report.

RECOGNISE AND MANAGE RISKS

Risk Management

IHH recognises that risk is an integral and unavoidable component of its business. As such, IHH will continuously foster a risk-aware corporate culture across the Group.

The ARMC evaluates the risk management policies formulated by Management as well as the effectiveness of the mechanisms set in place to identify and mitigate risk. It then makes the necessary risk-related recommendations to the Board for approval. The ARMC is also responsible for ensuring the appropriate systems are in place to identify and highlight areas of potential business risk to the Group.

Internal Audit

The Group has an independent internal audit function, reporting directly to the ARMC. The Group Internal Audit is guided by international standards and professional best practices of Internal Audit to enhance internal audit activities. The Group Internal Audit uses a risk-based approach to develop strategic audit plan which is reviewed and approved by the ARMC annually.

The Statement on Risk Management and Internal Control which provides an overview of the risk management framework and state of internal controls within the Company and the Group is set out on pages 92 to 94 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Corporate Disclosure Policies and Procedure

As a publicly listed company, IHH's Management has the responsibility to disclose in a timely manner any and all information that may have an impact on the Group's share price so that investors can make informed investment decisions. All communications should take into account the recommendations contained in the MCCG and Singapore Code of Corporate Governance 2012, as well as disclosure obligations contained in the MMLR and Singapore Stock Exchange. Being primarily listed on Bursa Securities, the Group will comply with its disclosure obligations expressed in the MMLR.

Management will make every effort to provide information that accurately and fairly represents the Group, its management, operations, and financial situation, as well as its future prospects to its shareholders, stakeholders and the general public. This commitment is underpinned by a proactive and interactive Investor Relations Programme that centres on open and active dialogue between the Group and all its stakeholders through various means, including our website, road shows and investor presentations, AGMs and conference calls.

The Group will ensure that it reports its financial results and material developments to the Stock Exchanges, its shareholders and other stakeholders in a timely, open and comprehensive manner.

All communications will be:

Transparent - information will be released in a balanced and fair manner;	**Accurate** - information should be complete and accurate when released; and	**Consistent and Timely** - all stakeholders will receive the same information through broad public dissemination, which is made as and when possible.

Group Corporate Website

The Group's corporate website at www.ihh-healthcare.com provides quick access to information about the Group. The information on the website includes corporate profile, senior management profiles, share information both in Bursa Securities and SGX, financial results, dividend policy, annual reports, corporate governance related policies, corporate news and IHH's operations and major subsidiaries.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Transparency and accountability to all stakeholders are the key elements of good corporate governance. The fundamental objectives of transparency and accountability are clear communication, as well as relevant and comprehensive information that is timely and accessible by all stakeholders. In this respect, the Company is fully committed to maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The provision of timely information is principally important to the shareholders and investors for informed decision making particularly in periods of financial turbulence and extreme volatility in the market place.

STATEMENT ON CORPORATE GOVERNANCE

Annual General Meeting

The Company regards the AGM as the principal forum for dialogue with private and institutional shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from the Company's shareholders.

Shareholders are encouraged to participate in the proceedings and ask questions on the operations of the Group and on any resolutions being proposed. The Chairman as well as the MD will provide sufficient time for shareholders' questions on matters pertaining to the Group's performance and seek to explain concerns raised by the shareholders.

The Notice and agenda of AGM together with Form of Proxy are given to shareholders at least twenty-one days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint a proxy to attend and vote on their behalf. Each item of special business included in the Notice of AGM is accompanied by an explanatory statement for the proposed resolution to facilitate the full understanding and evaluation of issues involved.

Encouraged Poll Voting

The Company will always make available the necessary preparation for poll voting for all resolutions at its AGM. At the third (3rd) AGM of the Company held on 25 June 2013, no substantive resolutions were put forth for shareholders' approval. As such, the resolutions put forth for shareholders' approval at the third (3rd) AGM were voted on by a show of hands.

Communication with Shareholders and Stakeholders

The Company has a dedicated Investor Relations and Corporate Communications Department which meets key institutional investors and analysts on a regular basis, as well as answers queries from shareholders. The Board has endorsed the Investor Relations policy which aims to enforce IHH's commitment to maintain effective communications to the shareholders and stakeholders by updating them of material developments and providing a guideline of processes and procedures upon which IHH can successfully implement its Investor Relations program. Separate media and analysts briefings are also conducted during the release of the Group's quarterly results.

COMPLIANCE STATEMENT

While sound corporate governance practices and strong internal controls are already in place within IHH, we believe there is always room for improvement and are continuously exploring new measures and opportunities to enhance our system of governance and meet stakeholder expectations. By ensuring we understand and fulfil the evolving needs of our stakeholders, we are strengthening IHH's position and reputation as a key healthcare provider and bolstering the Group's efforts to compete effectively in the global arena.

The Board has reviewed, deliberated upon, and approved this Statement on Corporate Governance in line with the principles and recommendations of the MCCG. This Statement is made in accordance with the resolution of the Board dated 15 April 2014.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of IHH Healthcare Berhad ("IHH or the Company"), together with that of its subsidiary companies ("the Group"), is committed to maintaining a sound system of risk management and internal control. In accordance with Paragraph 15.26(b) of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia), the Board is pleased to provide the following Statement on Risk Management and Internal Control prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

BOARD RESPONSIBILITY

The Board in discharging its responsibilities is fully committed to maintaining a sound system of risk management and internal control as well as for reviewing its adequacy, integrity and effectiveness to safeguard shareholders' investment and the Group's assets.

The system of risk management and internal control by its nature is designed to manage key risks that may hinder the achievement of the Group's business objectives within an acceptable risk profile. In view of the limitations inherent in any system of risk management and internal control, these systems put in place can only manage risks within tolerable and knowledgeable levels, rather than eliminate the risk of failure to achieve business objectives completely.

CONTROL STRUCTURE

The Board is assisted by the Audit and Risk Management Committee ("ARMC"), which consists of three non-executive members of the Board, with its chairperson being an Independent Non-Executive Director. The Board, through the ARMC, maintains risk oversight within the Group to ensure that the implementation of the approved policies and procedures on risks and controls are as intended. The approved policies and appropriate key internal controls have been put in place to mitigate the key risk areas which have been identified and assessed by the respective departments in charge for the year under review and up to the date of approval of this statement for inclusion in the annual report.

Each major operating subsidiary has its own ARMC, functioning in the equivalent manner, which directly reports to the Group's ARMC or the Board.

CONTROL ENVIRONMENT

The operating structure includes defined delegation of responsibilities to the management of operating subsidiaries. The limit of authority is clearly defined and set out in the Group's policies. These policies and procedures are meant to be reviewed regularly and updated when necessary.

The Group places an emphasis on the quality and calibre of its employees and as such, a variety of training and development opportunities are actively encouraged. This is implemented through various schemes and programmes that align with the needs and cultures of the operating subsidiaries and encompasses a widely extended geography.

A Whistleblowing Policy is in place within the Group's major operating subsidiaries. This policy encourages employees to report any wrong doing by any person in the Group to the proper authorities so that the appropriate action can be taken immediately.

The system of risk management and internal control covers not only financial controls but operational, risk and compliance controls as well. These systems are designed to manage, rather than eliminate, the risk of failure arising from non-achievement of the Group's policies, goals and objectives. Such systems provide reasonable, rather than absolute, assurance against material misstatement or loss.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT

The Group recognises that risk is an integral and unavoidable component of its business and is characterised by threats and opportunities. The Group works on fostering a risk-aware corporate culture across the geographic group. Through skilled application of high quality, integrated risk analysis and management, the Group continues to work on enhancing opportunities, reducing threats and sustaining its competitive advantage. The Group is committed to managing the risks in a proactive and effective manner. This requires high quality risk analysis to support management decisions at all levels as well as the Board.

The Group faces variety of global and domestic business risks, which are ever changing. These risks either originated internally or externally might have influence over the Group's goal and strategic objectives. Acknowledging these factors, the Group has completed the implementation of Enterprise Risk Management (ERM) framework at certain major subsidiaries and expects the ERM exercise at the other major subsidiary to be completed soon. The Group continues its efforts to formulate a Group-wide comprehensive ERM framework by consolidating and integrating the ERM frameworks at the major subsidiaries.

GROUP INTERNAL AUDIT

The Group has an independent internal audit function, which is an integral part of the Group's assurance framework, with the function reporting directly to the ARMC. The Group Internal Audit ("Group IA") primary mission is to provide an independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes. The internal audit function within the Group is structured such that the internal audit function of the major operating subsidiaries has a dotted reporting line to the Group IA and reporting line to their respective Board Audit Committee. Audits are performed on all major units or areas in the audit population to provide an independent and objective report on operational and management activities in the Group. Group IA will also perform ad-hoc audits and investigations requested by the ARMC and/or by Senior Management and will follow-up on the implementation of audit recommendations by Management to ensure that all key risks are addressed.

The Annual Internal Audit plans of the Group as developed are reviewed and approved by the ARMC annually. Group IA highlights significant issues, recommendations for improvements and management action plan to the ARMC through audit reports and during its quarterly ARMC meetings. Group IA also followed up on the management action plan to address the improvements on a quarterly basis and results of the status are presented at the quarterly ARMC meetings.

For the year ended 31 December 2013, the Internal Audit function of the major operating subsidiaries in the Group conducted internal audits and ad-hoc reviews across corporate function, hospitals/clinics, education and other business units. The review of the adequacy and effectiveness of the internal control process has been undertaken by the internal audit function and necessary actions have been/are being taken to remedy any significant failing or weakness for the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

In the course of performing its duties, Group IA has unrestricted access to all functions, records, documents, personnel, or any other resources or information, at all levels throughout the Group.

OTHER RISK AND CONTROL PROCESSES

The overall governance structure and formally defined policy and procedures play a major part in establishing the control and risk environment of the Group. Although the Group is a networked organisation, a documented and auditable trail of accountability have been established through various board committees established at operating subsidiaries i.e. Audit & Risk Management Committees, Nomination & Remuneration Committee and other committees, each with clear Terms of References, and appropriate limits of authority.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Each major operating subsidiary of the Group is tasked with undertaking these corporate governance and risk management practices as well as implementing a mostly common reporting structure:

i A governance and management structure is established within each hospital for functional accountability with operational/functional heads reporting financial, operational (clinical and non-clinical), compliance with statutory and regulatory requirements and reputational risks to the Hospital Chief Executive Officer ("CEO")/Director;

ii Hospital CEOs/Directors, Business Heads, Country Heads and Corporate Heads report on business operations issues to the Group CEO & MD at the fortnightly/monthly Operations Meeting. Matters such as nursing issues, clinical/medical incidents with lapses, adverse outcomes, potential legal issues and media exposure, are to be reported and addressed at the hospital quality meetings chaired by the Hospital CEO;

iii The Medical Affairs department/Medical Execution Committee oversees the accreditation as well as the qualifications and experience of our medical practitioners, and will not hesitate to remove their privileges if found unethical or negligent. They also ensure patient safety and quality of service delivered within the hospitals, and also ensure compliance of government regulations;

iv Central Quality Forum/Quality Council chaired by Group CEO is the body to ensure the quality of services and the safety of patients;

v On a quarterly/monthly basis, the operational divisions are to submit to the Group CEO updates pertaining to clinical/medico-legal project and business matters, HR matters, financial performance and analysis, group target savings as well as the outlook for the business and strategic projects. This information will form the body of the Executive Report by the Group CEO to the Board of each major operating subsidiary and ultimately surfacing at the Board of the Group;

vi The development of these potential medico-legal cases are to be tracked and reported to Senior Management and the Board on a monthly basis and to the ARMC on a quarterly basis. Any significant risk exposure is to be highlighted to the Board/ARMC as the risk materialises;

vii Country-specific insurance policies relating to workforce compensation, property damage and equipment breakdown, third party liability, professional indemnity and medical malpractice liability, are to be procured to meet the local regulatory requirements and business requirements of the operational divisions;

viii Financial risk management systems are in place to address credit risk, liquidity risk, market risk, interest rate risk and foreign currency risk;

ix The external auditors and internal auditor are to independently audit and report findings and irregularities on financial, operational, compliance controls and risk management practices to the ARMC or the Board; and

x Employees must abide by the Code of Conduct and avoid any dealings or conduct that could be or could appear to be in conflict with the Group's interests unless such business relationships are consented to by the Board.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S INTERNAL CONTROL SYSTEMS

Management is accountable to the Board for the implementation of the processes in identifying, evaluating and managing risk and internal control. In the financial year under review and up to the date of approval of this Statement, the Board has received assurances from the Managing Director and Chief Financial Officer that the Group's internal control system is operating adequately and effectively, in all material aspects, based on the internal control system of the Group. Taking into consideration the information and assurances given, the Board is satisfied with the adequacy, integrity and effectiveness of the Group's system of internal control. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report. The measures to protect and enhance shareholder value and business sustainability continue to be a focal point of the Group, and therefore, the system of internal control across the Group continues to be subject to enhancement, validation and regular review.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("ARMC") was established on 18 April 2012 in line with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The ARMC's primary objective is to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, the system of internal controls and risk management processes as well as the management and financial reporting practices of the Group.

TERMS OF REFERENCE

The Terms of Reference ("TOR") of the ARMC are as follows:

1. Membership

1.1 The ARMC shall be appointed by the Board amongst its Directors and shall comprise at least three members who must be Non-Executive Directors and financially literate, the majority of whom shall be Independent Directors.

1.2 At least one member of the ARMC:

i. must be a member of the Malaysian Institute of Accountants ("MIA"); or

ii. if he/she is not a member of the MIA, he/she must have at least three years' working experience; and

- he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
- he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

iii. must fulfil such other requirements as prescribed by Bursa Securities or approved by the Securities Commission.

1.3 The Chairman of the ARMC shall be an Independent Director appointed by the Board.

1.4 No Alternate Director shall be appointed as a member of the ARMC.

2. Responsibilities

The responsibilities of the ARMC, among others, are to evaluate and review the following and report the same to the Board:

2.1 The Group's quarterly results and year-end financial statements;

2.2 The appointment or reappointment of the external auditor;

2.3 Any letter of resignation from the external auditor of the Company;

2.4 The audit plan, audit report and the evaluation of the system of internal controls with the external auditors;

2.5 The adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

2.6 The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken, and whether or not appropriate action has been taken on the recommendations of the internal audit functions;

2.7 Any related party transaction and conflict of interest situation that may arise within the Company or its group of companies including any transaction, procedure or course of conduct that raises questions of management integrity;

2.8 The manner in which Management is reviewing the principal business risks and assessing the appropriateness of the mechanisms in place to identify and minimise business risks;

2.9 The appropriateness of the system established to identify and report on areas of potential business risk;

2.10 Whether the allocation of options at the end of each financial year complies with the criteria which is disclosed to employees;

2.11 The effectiveness of the system for monitoring compliance with laws, regulations and the results of Management's investigations and follow-up on fraudulent or non-compliant acts; and

2.12 The findings, queries or investigation by regulatory agencies.

3. Authority

Empowered by the Board to carry out its duties, the ARMC shall have the authority to undertake the following:

3.1 Approve any appointment or termination of senior staff members of the internal audit function;

3.2 Convene meetings with the external auditors, the internal auditors or both, without other directors and employees of the Group being present, whenever deemed necessary. Such meetings with the external auditors shall be held at least twice a year;

3.3 Obtain external professional advice or other advice and invite persons with relevant experience to attend its meetings, if necessary;

3.4 Investigate any matter within its TOR with the resources which it needs to do so, including full and unrestricted access to information pertaining to the Group. Management and all employees of the Group are required to comply with requests made by the ARMC;

3.5 Engage in direct communication with the external auditors and internal auditors, as well as with Senior Management such as the Chairman, the Managing Director and the Chief Financial Officer of the Group and its operating subsidiaries on a continuous basis, in order to be kept informed of matters affecting the Group;

3.6 Appoint an independent party to conduct or to assist in conducting any investigation, upon the terms of appointment to be approved by the ARMC; and

3.7 Authorise the ARMC Chairman for the time being to carry out the ARMC's responsibilities as required under the Whistleblowing Policy for the Group.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

4. Notice and Meetings

4.1 The ARMC shall meet four times each year and at such other times, as it deems necessary to fulfil its responsibilities. If members are unable to be physically present, they may choose to participate via video or tele-conferencing.

4.2 The Secretary, in consultation of the Chairman of the ARMC, shall draw up the agenda of the meeting. The agenda, together with the relevant support papers, shall be circulated at least five working days prior to each Committee meeting.

4.3 The quorum for the ARMC shall be two, the majority of members present must be Independent Directors.

4.4 Each member of the ARMC is entitled to one vote when deciding upon the matters deliberated in meetings.

4.5 The decision that gains the majority number of votes shall form the final decision of the ARMC.

4.6 In the event of an equal number of votes for and against a decision, the Chairman of the ARMC shall be entitled to a second or casting vote.

5. Communication to the Board

5.1 The ARMC shall prepare a report each year concerning its activities in compliance with these TOR to be tabled to the Board and for inclusion in the Group's Annual Report.

5.2 The minutes of each ARMC meeting shall be tabled to the Board for notation.

5.3 The ARMC may from time to time submit to the Board its recommendations on matters within its purview, for the Board's decision.

5.4 Where the ARMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the ARMC must promptly report such matter to the Securities Commission.

6. Circular Resolution

6.1 A resolution in writing signed by a majority of all members shall be valid and effectual as if it had been passed at a meeting of the ARMC.

6.2 All such resolutions shall be described as "Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book.

6.3 Any such resolution may consist of several documents in like form, each signed by one or more members.

6.4 The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, email or other forms of electronic communications.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

7. Secretariat

7.1 The Company Secretaries of the Company shall be the Secretary of the ARMC.

7.2 The Company Secretary shall be responsible for preparing the agenda in consultation with the Chairman, and distributing the papers to be deliberated at the meeting to all the members.

8. Appointment Process

The annual review and re-appointment of the ARMC members by the Board of Directors is subject to the Board of Directors' review of the terms of office and performance of the ARMC and each of its members at least once every three years to determine whether the members of the ARMC have carried out their duties in accordance with their TOR.

In the year under review, the ARMC met six times. The composition of the ARMC and the attendance record of its members are as follows:

Director	Designation	Total Meetings Attended
Rossana Annizah binti Ahmad Rashid (Chairman)	Independent Non-Executive Director	6/6
Chang See Hiang (Member)	Senior Independent Non-Executive Director	6/6
Satoshi Tanaka (Member)	Non-Independent Non-Executive Director	6/6

SUMMARY OF ACTIVITIES

The following activities were carried out by the ARMC during the financial year ended 31 December 2013:

Financial reporting and re-appointment of external auditors

a) Reviewed the quarterly financial results of the Group including the draft announcements pertaining thereto, and made recommendations to the Board for approval. The reviews, served to ensure that IHH's financial reporting and disclosures are in compliance with the MMLR and applicable accounting standards in Malaysia;

b) Reviewed the results as well as reported issues arising from the annual statutory audit and Management's responses to the audit findings for the financial year ended 31 December 2012;

c) Reviewed the Annual Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2012 and made recommendations to the Board for approval;

d) Reviewed with the external auditors, their audit plan for the financial year ended 31 December 2013, outlining the scope of work and proposed fees for the statutory audit;

e) Reviewed and recommended to the Board for approval, the re-appointment of external auditors and the fees for the audit and non-audit services rendered by the external auditors for the financial year ended 31 December 2013;

f) Met with the external auditors twice without the presence of Management during the period under review;

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Internal audit

g) Reviewed the 2013 internal audit plan to ensure that adequate scope and comprehensive coverage over the activities of IHH Group and all high risk areas are audited annually;

h) Reviewed the internal audit reports issued by the internal audit function of the major operating companies ("Major OpCos") on the adequacy, effectiveness and efficiency of operational and compliance issues concerning the Major OpCos;

i) Took cognisance of the adequacy, effectiveness and timeliness of actions taken by Management of the Major OpCos to resolve internal issues documented in their internal audit reports therein;

Enterprise risk management

j) Reviewed the Enterprise Risk Management reports to ensure that the Group's business activities and risk management capabilities are re-aligned and enhanced on an on-going basis so as to proactively manage the key risk areas to cope with the developments in the external operating environment;

Related party transactions and recurrent related party transactions

k) Monitored the thresholds of the related party transactions and recurrent related party transactions to ensure compliance with the MMLR;

Verification of the allocation of LTIP units and EPP options

l) Verified the allocation of LTIP units and EPP options for 2011 and 2012 grants respectively to ensure that it had been carried out according to the criteria and matrix stipulated in the LTIP and EPP bye-laws;

Other activities

m) Reviewed and recommended to the Board for approval, the ARMC Report and Statement on Risk Management and Internal Control for inclusion in the 2012 Annual Report;

n) Reviewed the progress of the implementation of new information technology system throughout the Group to ensure its smooth and successful implementation;

o) Reviewed the funding plan for IHH and its subsidiaries and made relevant recommendations to the Board; and

p) Reviewed, approved and/or recommended to the Board for approval, new policies or amendments to the existing policies of the Company within the purview of the ARMC to ensure that the policies adopted are in parallel with the developments of the rules, regulations, guidelines, best practices issued and recommended by the relevant regulatory authorities and to ensure operations efficiency.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Subsequent to the financial year ended 31 December 2013, the ARMC carried out the following duties:

a) Reviewed the internal audit plan for the financial year ending 31 December 2014;

b) Reviewed the results as well as reported issues arising from the annual statutory audit and Management's responses to the audit findings for the financial year ended 31 December 2013;

c) Reviewed the Annual Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2013 and made recommendations to the Board for approval;

d) Considered the re-appointment of external auditors for the ensuing year;

e) Confirmed and verified the allocation and movement of LTIP units and EPP options respectively to ensure that it had been carried out according to the criteria and matrix stipulated in the LTIP and EPP bye-laws; and

f) Reviewed the ARMC Report as well as Statement on Risk Management and Internal Control for inclusion in the 2013 Annual Report.

GROUP INTERNAL AUDIT FUNCTION

The internal audit function is under the purview of the Group Internal Audit ("Group IA") department. Group IA is independent and reports directly to the ARMC. The internal audit reporting structure within the Group has been organised in such a way where the internal audit function of the Major OpCos report to the Board Audit Committees of the respective Major OpCos with a dotted reporting line to Group IA. The Group IA has direct control and supervision for internal audit activities in those subsidiaries that do not have an internal audit function.

Group IA provides independent, objective assurance on areas of operations reviewed, and makes recommendations based on the best practices that will improve and add value to the Group. Group IA identifies, coordinates, monitors and oversees the internal audits that are to be carried out throughout the Group and also provides standards, policies and guidelines and advice to the subsidiaries' internal audit functions to standardise the internal audit activities within the Group.

Group IA adopts a systematic and disciplined approach to evaluate adequacy and effectiveness of the financial, operational and compliance processes. Structured risk-based and strategic-based approaches are adopted in identifying the internal audit activities that are aligned with the Group's strategic plans to ensure those risks facing the Group are adequately reviewed. In addition, international standards and best practices are adopted to enhance the relevancy and effectiveness of the internal audit activities.

The internal audit reports were issued to Management for their comments and for them to agree on action plans with deadlines to complete the necessary preventive and corrective actions. The reports and summary of key findings were tabled to each Audit Committee of the Major OpCos for deliberation to ensure that Management undertakes to carry out the agreed remedial actions.

The total costs incurred by Group IA in 2013, inclusive of all the Major OpCos was RM3,830,847.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

STATEMENT ON VERIFICATION OF SHARE OPTIONS OFFERED OR SHARE GRANTS AWARDED

Our Group has established the following employee share schemes:

(i) Long Term Incentive Plans ("LTIP") for a duration of ten (10) years from 25 March 2011 and expiring on 24 March 2021;
(ii) LTIP of Parkway Holdings Limited for a duration of ten (10) years from 21 April 2011 and expiring on 24 March 2021;
(iii) LTIP of Pantai Holdings Berhad for a duration of ten (10) years from 24 May 2011 and expiring on 24 March 2021;
(iv) LTIP of IMU Health Sdn Bhd for a duration of ten (10) years from 25 August 2011 and expiring on 24 March 2021; and
(v) Equity Participation Plan ("EPP") of our Company for a duration of five (5) years from 25 March 2011 and expiring on 24 March 2016.

During the financial year ended 31 December 2013, a total of 8,236,610 LTIP units were granted to 105 eligible employees. Out of 8,236,610 LTIP units granted to the eligible employees, 154,000 units were granted under the cash option pursuant to the terms of the LTIP Bye-Laws.

There were no EPP options granted during the financial year ended 31 December 2013.

The ARMC is satisfied that the grant of 8,236,610 LTIP units granted to the eligible employees of the Group during the financial year ended 31 December 2013 was in compliance with the criteria and terms set out in the bye laws of the LTIP.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad as set out in Appendix 9C thereto.

1. Utilisation of Proceeds

The proceeds raised from the initial public offerings in 2012 had been fully utilised in 2013.

There were no proceeds raised by the Company from corporate proposals during the financial year ended 31 December 2013.

2. Share Buy-Back

During the financial year under review, the Company did not have a scheme to buy back its own shares.

3. Options, Warrants or Convertible Securities

Our Group had established the following employee share schemes:

(i) Long Term Incentive Plans ("LTIP") of our Company ("IHH LTIP") for a duration of ten (10) years from 25 March 2011 and expiring on 24 March 2021;
(ii) LTIP of Parkway Holdings Limited ("Parkway LTIP") for a duration of ten (10) years from 21 April 2011 and expiring on 24 March 2021;
(iii) LTIP of Pantai Holdings Berhad ("Pantai LTIP") for a duration of ten (10) years from 24 May 2011 and expiring on 24 March 2021;
(iv) LTIP of IMU Health Sdn Bhd ("IMU LTIP") for a duration of ten (10) years from 25 August 2011 and expiring on 24 March 2021; and
(v) Equity Participation Plan ("EPP") of our Company for a duration of five (5) years from 25 March 2011 and expiring on 24 March 2016.

(IHH LTIP, Pantai LTIP, Parkway LTIP and IMU LTIP are collectively referred to as "LTIPs")

Brief details on the numbers of LTIP units / EPP options granted, vested and outstanding since the commencement of the LTIPs and EPP until financial year 2013 ("FY2013") are as follows:

	LTIPs	EPP
Total number of LTIP units / EPP options granted	33,859,416	149,000,000
Total number of LTIP units / EPP options surrendered / exercised	11,078,279	72,249,998
Total number of LTIP units / EPP options lapsed / cancelled / opted out	4,733,771	8,000,000
Total number of LTIP units / EPP options outstanding	18,047,366	68,750,002[1]

Note :
1 Including 750,000 EPP options which have been vested but yet to be exercised.

Granted to Directors and Chief Executive

	LTIPs*	EPP*
Aggregate number of LTIP units / EPP options granted	8,050,000	47,000,000
Aggregate number of LTIP units / EPP options surrendered / exercised	2,928,000	23,500,000
Aggregate number of LTIP units / EPP options outstanding	5,122,000	23,500,000

* Excluding the LTIP units and EPP options granted to Dr. Lim Cheok Peng who was reclassified under the Senior Management category following his resignation as Managing Director of the Company on 31 December 2013 and re-designation as Non-Executive Senior Advisor with effect from 1 January 2014.

ADDITIONAL COMPLIANCE INFORMATION

In accordance with the bye-laws for the LTIPs and EPP respectively, the total number of shares which may be issued under the LTIPs and EPP to the eligible participants, including Executive Directors and Senior Management of the Company, shall not exceed the aggregate of 2% and 5% respectively, of our Company's issued and paid up share capital. Additionally, the total number of shares which may be issued under LTIP units and EPP options granted to a participant, who either singly or collectively with persons connected with him owns 20% or more of the issued and paid up capital of our Company, shall not exceed in aggregate 10% of the total number of shares to be issued under the LTIPs and EPP respectively. None of our Directors and Senior Management, either singly or collectively with persons connected with them, owns 20% or more of the issued and paid up capital of our Company.

For the FY2013, the actual percentage of LTIP granted to Executive Directors and Senior Management of the Company was 49% of the total number of LTIP granted in 2013. There was no EPP options granted during the FY2013.

Since the commencement of the LTIP scheme and EPP scheme, the actual percentage of LTIP units and EPP options granted in aggregate to Executive Directors and Senior Management of the Company are 45% and 60% of the total number of LTIP and EPP granted respectively.

There were no LTIP units and EPP options granted to the Non-Executive Directors since the commencement dates of LTIPs and EPP.

Details of the LTIP units and EPP options exercised during the financial year are disclosed in Note 22 of the financial statements.

The Company did not issue any warrants or convertible securities during the financial year under review.

4. Depository Receipt programme

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2013.

5. Sanctions and/or Penalties

There were no public sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2013.

6. Non-Audit Fees

The amount of non-audit fees paid to external auditors by the Group and the Company respectively for the financial year ended 31 December 2013 are as follows:-

	Group RM	Company RM
Non-audit fees paid to		
- KPMG Malaysia	283,000	103,000
- Affiliates of KPMG Malaysia	997,000	170,000

Services rendered by KPMG are not prohibited by regulatory and other professional requirements, and are based on globally practiced guidelines on auditors' independence.

ADDITIONAL COMPLIANCE INFORMATION

7. Variation of Results

There was no deviation of 10% or more between the results of the financial year ended 31 December 2013 as per the audited financial statements and the unaudited results previously announced.

8. Profit Guarantee

The Company did not make any arrangement during the financial year which requires profit guarantee.

9. Material Contracts Involving Directors' and Major Shareholders' Interests

Save as disclosed below and in the financial statements, there were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and Major Shareholders' interests subsisting as at 31 December 2013 or entered into since the end of previous financial year:

(i) A shareholders' agreement dated 23 December 2011 was entered into among the Company, Integrated Healthcare Hastaneler Turkey Sdn Bhd, Bagan Lalang Ventures Sdn Bhd, Hatice Seher Aydinlar and Mehmet Ali Aydinlar, whereby the parties have agreed on the rights and obligations of the parties regarding the governance of Acibadem Saglik Yatirimlari Holding A.S. ("Acibadem Holdings") and any company under the control of Acibadem Holdings.

10. Recurrent Related Party Transactions

The recurrent related party transaction of revenue nature incurred by the Group for the financial year ended 31 December 2013 did not exceed the threshold prescribed under Paragraph 10.09(1) of the MMLR.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 1965 to prepare financial statements for each financial year. These are to be made out in accordance with the applicable approved accounting standards and to give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year as well as of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have adopted suitable accounting policies and applied them consistently. The Directors have also made judgment and estimates that are on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have resources to continue in operational existence for the foreseeable future.

The Directors have overall responsibility for taking such steps necessary to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out in the financial statements.

11.03
10.68
7.80
7.85
10.55
10.97
5.80
13.50
11.35
*0.27
*0.47
*0.26
*0.12
-0.02
-0.01
-0.08
-0.28
-0.27

FINANCIAL STATEMENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 46 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	631,159	689,605
Non-controlling interests	102,700	-
	733,859	689,605

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, no dividend was paid.

The Directors have proposed a first and final single tier cash dividend of 2 sen per ordinary share for the financial year ended 31 December 2013, which is subject to shareholders approval at the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Tan Sri Dato' Dr. Abu Bakar Bin Suleiman
Dato' Mohammed Azlan Bin Hashim
Dr. Tan See Leng
Mehmet Ali Aydinlar
Satoshi Tanaka
Chang See Hiang
Rossana Annizah Binti Ahmad Rashid
Kuok Khoon Ean
YM Tengku Dato' Sri Azmil Zahruddin Bin Raja Abdul Aziz
Ahmad Shahizam Bin Mohd Shariff (Alternate Director to Dr. Tan See Leng)
Kaichi Yokoyama (Alternate Director to Satoshi Tanaka)
Quek Pei Lynn (Alternate Director to YM Tengku Dato' Sri Azmil Zahruddin Bin Raja Abdul Aziz)
Dr. Lim Cheok Peng (Resigned on 31 December 2013)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS' INTERESTS

The interest and deemed interest in the ordinary shares, options over ordinary shares, units convertible into ordinary shares and other units of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00 each				
	At 1 January 2013	**Options exercised**	**Bought**	**Sold**	**At 31 December 2013**
Interests in the Company					
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman					
- Direct	1,374,000	2,033,000	-	(300,000)	3,107,000
Dato' Mohammed Azlan Bin Hashim					
- Direct	250,000	-	-	(250,000)	-
Dr. Tan See Leng					
- Direct	5,504,000	20,234,000	-	(10,818,000)	14,920,000
Mehmet Ali Aydinlar					
- Direct	103,500,000	-	-	-	103,500,000
- Deemed	160,790,861	-	-	-	160,790,861
Chang See Hiang					
- Direct	100,000	-	-	-	100,000
Rossana Annizah Binti Ahmad Rashid					
- Direct	3,148,300	-	-	(3,148,300)	-
Kuok Khoon Ean					
- Direct	250,000	-	-	-	250,000
Ahmad Shahizam Bin Mohd Shariff					
- Direct	1,160,000	3,138,000	-	(2,450,000)	1,848,000

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS' INTERESTS (CONTINUED)

	Number of ordinary shares of TL1.00 each				
	At 1 January 2013	Options exercised	Bought	Sold	At 31 December 2013
Interests in subsidiaries					
Acıbadem Saglik Yatirimlari Holding A.S.					
Mehmet Ali Aydinlar					
- Direct	354,533,087	-	-	-	354,533,087
- Deemed	27,466,913	-	-	-	27,466,913
Acıbadem Saglik Hizmetleri ve Ticaret A.S.					
Mehmet Ali Aydinlar					
- Direct	30,001	-	-	-	30,001
- Deemed	1	-	-	-	1
Acıbadem Poliklinikleri A.S.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
- Deemed	3	-	-	-	3
Acıbadem Ortadogu Saglık Yatirimlari A.S.					
Mehmet Ali Aydinlar					
- Direct	5	-	-	-	5
Acıbadem Mobil Saglık Hizmetleri A.S.					
Mehmet Ali Aydinlar					
- Direct	13	-	-	-	13
- Deemed	26	-	-	-	26
Acıbadem Labmed Saglık Hizmetleri A.S.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
- Deemed	1	-	-	-	1
Yeni Saglık Hizmetleri ve Ticaret A.S.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	(1)	-
- Deemed	2	-	-	(2)	-
Bodrum Tedavi Hizmetleri A.S.					
Mehmet Ali Aydinlar					
- Deemed	3	-	-	-	3

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS' INTERESTS (CONTINUED)

	Number of ordinary shares of TL1.00 each				
	At 1 January 2013	**Options exercised**	**Bought**	**Sold**	**At 31 December 2013**
Interests in subsidiaries (continued)					
Acıbadem Proje Yönetimi A.S.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
Aplus Hastane Otelcilik Hizmetleri A.S.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
- Deemed	3	-	-	-	3

	Number of ordinary shares of TL250.00 each				
	At 1 January 2013	**Options exercised**	**Bought**	**Sold**	**At 31 December 2013**
Interests in a subsidiary					
Konur Saglık Hizmetleri A.S.					
Mehmet Ali Aydinlar					
- Deemed	1	-	-	-	1

	Number of ordinary shares of TL2.00 each				
	At 1 January 2013	**Options exercised**	**Bought**	**Sold**	**At 31 December 2013**
Interests in a subsidiary					
International Hospital Istanbul A.S.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
- Deemed	1	-	-	-	1

	Number of units				
	At 1 January 2013	**Options exercised**	**Bought**	**Sold**	**At 31 December 2013**
Interests in a subsidiary					
Parkway Life Real Estate Investment Trust					
Chang See Hiang					
- Direct	300,000	-	-	-	300,000

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS' INTERESTS (CONTINUED)

	Number of options over ordinary shares of RM1.00 each				
	At 1 January 2013	Granted	Exercised	Lapsed/ cancelled	At 31 December 2013
Interests in the Company					
Equity Participation Plan ("EPP")					
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman	4,000,000	-	(2,000,000)	-	2,000,000
Dr. Tan See Leng	37,500,000	-	(18,750,000)	-	18,750,000
Ahmad Shahizam Bin Mohd Shariff	5,500,000	-	(2,750,000)	-	2,750,000

	Number of units convertible into ordinary shares of RM1.00 each				
	At 1 January 2013	Granted	Exercised	Lapsed/ cancelled	At 31 December 2013
Interests in the Company					
Long Term Incentive Plan ("LTIP")					
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman	90,000	60,000	(33,000)	-	117,000
Dr. Tan See Leng	3,651,000	1,144,000	(1,484,000)	-	3,311,000
Ahmad Shahizam Bin Mohd Shariff	955,000	403,000	(388,000)	-	970,000
Mehmet Ali Aydinlar	-	724,000	-	-	724,000

By virtue of their interests in the ordinary shares of the Company, Tan Sri Dato' Dr. Abu Bakar Bin Suleiman, Dr. Tan See Leng, Mehmet Ali Aydinlar, Kuok Khoon Ean, Chang See Hiang and Ahmad Shahizam Bin Mohd Shariff are also deemed interested in the shares of the subsidiaries during the financial year to the extent that IHH Healthcare Berhad has an interest.

Except as disclosed above, none of the other Directors holding office at 31 December 2013 had any interest in the ordinary shares, options over ordinary shares, units convertible into ordinary shares and other units of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business in which a Director is a member as disclosed in Note 41 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate apart from the issue of the LTIP as disclosed in Note 22.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

i) 72,249,998 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and
ii) 7,278,705 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIP units.

Upon completion of the above, the issued and fully paid ordinary shares of the Company as at 31 December 2013 amounted to RM8,134,973,871.

There were no other changes in the authorised, issued and paid-up capital of the Company and no debenture was issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of share options pursuant to the following scheme:

LTIP

At a Board of Directors meeting held on 25 March 2011, the Board approved the LTIP for the granting of not more than 2% of the issued share capital of the Company, non-transferrable convertible units to eligible employees of the Group.

The salient features and the other terms of the LTIP are, *inter alia*, as follows:

i. Eligible employees are employees that are in the full time employment and in the payroll of the Group including contract employees for at least 6 months or persons that fall within other categories or criteria that the Board may determine from time to time, at its absolute discretion.

ii. The aggregate number of shares to be issued under the LTIP shall not exceed 2 percent of the issued and paid-up ordinary share capital of the Company.

iii. The LTIP shall be in force for a period of 10 years from 25 March 2011.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

LTIP (CONTINUED)

iv. The LTIP units granted in each year will vest in the participants over a three-year period, in equal proportions each year.

v. Each unit of LTIP is entitled to be converted to 1 ordinary share of the Company after listing of the Company.

vi. Eligible employees who are offered LTIP units but have elected to opt out of the scheme will receive cash LTIP units instead which will be redeemed by the Company over a period of 3 years, in equal proportions each year.

vii. Options granted but not yet vested will be cancelled with immediate effect and cease to be exercisable if the participant is no longer in employment with the Group, by way of termination, disqualification or resignation.

Since the commencement of the scheme, until the end of the current financial year, no options had been granted to substantial shareholders or its associates and no options that entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of other corporations had been granted.

According to Section 169(11) of the Companies Act, 1965, the Company is required to disclose the name of persons to whom any options has been granted during the financial year. Pursuant to Section 169A of the Companies Act, 1965, the Company has applied and has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted less than 122,000 options in financial year ended 31 December 2013.

The employees that were granted 122,000 and above LTIP units during the financial year are as follows:

Name of person to whom the option has been granted	Grant Date	Number of options that has been granted	Number of options that has been exercised	Number of options that has been cancelled	Balance as at 31 December 2013
Dr. Lim Suet Wun	29 April 2013	445,000	-	-	445,000
Tan See Haw	29 April 2013	420,000	-	-	420,000
Fong Choon Khin	29 April 2013	154,000	-	-	154,000
Alvin Lee Swee Hee	29 April 2013	150,000	-	-	150,000
Loh Chi-Keon Kelvin	29 April 2013	130,000	-	-	130,000
Jamaluddin Bin Bakri	29 April 2013	128,000	-	(128,000)	-
Tan Kang Fun	29 April 2013	122,000	-	-	122,000
Dr. Tan See Leng	2 July 2013	1,144,000	-	-	1,144,000
Dr. Lim Cheok Peng	2 July 2013	1,278,000	-	-	1,278,000
Mehmet Ali Aydinlar	2 July 2013	724,000	-	-	724,000
Ahmad Shahizam Bin Mohd Shariff	2 July 2013	403,000	-	-	403,000

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts, or the amount of provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for those disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as disclosed in Note 43 to the financial statements.

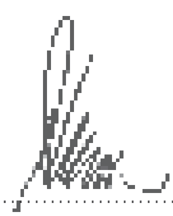
EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The events subsequent to the end of the reporting period are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



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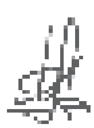
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman



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Dr. Tan See Leng

Date: 15 April 2014

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 121 to 267 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company at 31 December 2013 and of their financial performances and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 49 on page 268 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Tan Sri Dato' Dr. Abu Bakar Bin Suleiman

....

Dr. Tan See Leng

Date: 15 April 2014

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Tan See Haw, the officer primarily responsible for the financial management of IHH Healthcare Berhad, do solemnly and sincerely declare that the financial statements set out on pages 121 to 268 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 15 April 2014.

………………………………………………..

Before me:

Commissioner for Oaths
Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IHH HEALTHCARE BERHAD

Report on the Financial Statements

We have audited the financial statements of IHH Healthcare Berhad which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 121 to 267.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IHH HEALTHCARE BERHAD

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 46 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 49 on page 268 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG
Firm Number: AF 0758
Chartered Accountants

Lee Yee Keng
Approval Number: 2880/04/15(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 15 April 2014

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	Group			Company	
		31.12.2013 RM'000	31.12.2012 RM'000 (Restated)	1.1.2012 RM'000 (Restated)	31.12.2013 RM'000	31.12.2012 RM'000
Assets						
Property, plant and equipment	3	9,365,720	8,503,359	6,523,548	926	26
Investment properties	4	1,922,721	1,775,054	1,339,817	-	-
Goodwill on consolidation	5	8,881,234	8,853,527	6,546,453	-	-
Intangible assets	5	2,628,126	2,837,717	1,435,745	-	-
Investment in subsidiaries	6	-	-	-	16,142,113	15,408,549
Interests in associates	7	4,497	6,116	7,727	-	-
Interests in joint ventures	8	170,069	153,373	151,921	-	-
Other financial assets	9	758,037	682,748	529,881	-	-
Other receivables	14	36,312	31,420	2,447	-	-
Derivative assets	26	15,949	5,587	-	-	-
Deferred tax assets	10	77,567	61,160	24,279	-	-
Total non-current assets		23,860,232	22,910,061	16,561,818	16,143,039	15,408,575
Development properties	12	-	-	1,121,195	-	-
Inventories	13	152,991	136,928	78,784	-	-
Trade and other receivables	14	1,002,152	880,921	511,205	2,376	3,482
Amounts due from subsidiaries	17	-	-	-	12,560	23,186
Tax recoverable		62,368	39,060	20,422	-	-
Other financial assets	9	38,476	58,296	27,066	-	-
Derivative assets	26	233	264	-	-	-
Cash and cash equivalents	18	2,144,827	1,622,645	1,341,218	835,642	682,087
		3,401,047	2,738,114	3,099,890	850,578	708,755
Assets classified as held for sale	11	-	166	1,463	-	-
Total current assets		3,401,047	2,738,280	3,101,353	850,578	708,755
Total assets		27,261,279	25,648,341	19,663,171	16,993,617	16,117,330

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	Group 31.12.2013 RM'000	Group 31.12.2012 RM'000 (Restated)	Group 1.1.2012 RM'000 (Restated)	Company 31.12.2013 RM'000	Company 31.12.2012 RM'000
Equity						
Share capital	19	8,134,974	8,055,445	5,500,000	8,134,974	8,055,445
Share premium	20	7,992,299	7,890,224	3,885,803	7,992,299	7,890,224
Other reserves	20	265,729	123,001	28,093	32,763	32,700
Retained earnings		1,682,143	1,062,330	316,492	817,647	127,992
Total equity attributable to owners of the Company		18,075,145	17,131,000	9,730,388	16,977,683	16,106,361
Non-controlling interests		1,847,802	2,044,763	1,294,903	-	-
Total equity		19,922,947	19,175,763	11,025,291	16,977,683	16,106,361
Liabilities						
Loans and borrowings	21	4,170,246	3,501,330	6,183,057	-	-
Employee benefits	22	23,144	21,205	15,544	234	446
Trade and other payables	25	363,119	76,372	40,805	-	-
Deferred tax liabilities	10	935,103	967,919	579,305	-	-
Derivative liabilities	26	3,566	4,710	9,125	-	-
Total non-current liabilities		5,495,178	4,571,536	6,827,836	234	446
Loans and borrowings	21	291,035	334,714	61,215	-	-
Trade and other payables	25	1,331,175	1,343,485	1,593,135	11,930	9,745
Derivative liabilities	26	3,121	11,951	1,252	-	-
Amounts due to subsidiaries	17	-	-	-	1,518	61
Employee benefits	22	38,928	35,941	41,935	515	582
Tax payable		178,895	174,951	112,507	1,737	135
Total current liabilities		1,843,154	1,901,042	1,810,044	15,700	10,523
Total liabilities		7,338,332	6,472,578	8,637,880	15,934	10,969
Total equity and liabilities		27,261,279	25,648,341	19,663,171	16,993,617	16,117,330

The notes on pages 134 to 268 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000 (Restated)	Company 2013 RM'000	Company 2012 RM'000
Revenue	27	6,756,451	6,962,466	710,732	6,024
Other operating income		230,948	359,097	2,658	24,546
Inventories and consumables		(1,126,187)	(1,083,852)	-	-
Purchases and contracted services		(723,180)	(528,478)	-	-
Development cost of properties sold	12	(2,409)	(944,547)	-	-
Staff costs	28	(2,541,143)	(2,196,565)	(21,031)	(12,843)
Depreciation and impairment losses of property, plant and equipment	3	(531,512)	(442,449)	(176)	(3)
Amortisation and impairment losses of intangible assets	5	(69,346)	(66,601)	-	-
Operating lease expenses		(173,795)	(145,292)	(1,067)	(439)
Other operating expenses		(670,848)	(729,982)	(15,371)	(62,099)
Finance income	29	59,118	82,265	19,369	8,777
Finance costs	29	(328,713)	(222,209)	(6)	(5)
Share of (losses)/profits of associates (net of tax)		(1,793)	771	-	-
Share of profits of joint ventures (net of tax)		3,971	13,335	-	-
Profit/(loss) before tax	30	881,562	1,057,959	695,108	(36,042)
Income tax expense	33	(147,703)	(198,333)	(5,503)	(1,821)
Profit/(loss) for the year		733,859	859,626	689,605	(37,863)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences from foreign operations		(154,425)	(14,191)	(422)	(110)
Hedge of net investments in foreign operations		165,822	170,744	-	-
Net change in fair value of available-for-sale financial assets		38,223	155,218	-	-
Cash flow hedge		788	(190)	-	-
	31	50,408	311,581	(422)	(110)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		(5,963)	-	-	-
Revaluation of property, plant and equipment upon reclassification to investment properties		205	-	-	-
	31	(5,758)	-	-	-
Total comprehensive income for the year		778,509	1,171,207	689,183	(37,973)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000 (Restated)	Company 2013 RM'000	Company 2012 RM'000
Profit/(loss) attributable to:					
Owners of the Company		631,159	750,798	689,605	(37,863)
Non-controlling interests		102,700	108,828	-	-
Profit/(loss) for the year		733,859	859,626	689,605	(37,863)
Total comprehensive income attributable to:					
Owners of the Company		817,054	1,016,563	689,183	(37,973)
Non-controlling interests		(38,545)	154,644	-	-
Total comprehensive income for the year		778,509	1,171,207	689,183	(37,973)
Earnings per ordinary share (sen):					
Basic	34	7.78	10.76		
Diluted	34	7.74	10.69		

The notes on pages 134 to 268 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

		Attributable to owners of the Company										
		Non-distributable							Distributable			
Group	Note	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Hedge reserve RM'000	Capital and legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2012, previously reported		5,500,000	3,885,803	16,554	22,641	15,931	14,009	35,621	300,174	9,790,733	246,618	10,037,351
Effect of adopting MFRS 10		-	-	-	-	-	78	(3,162)	(57,261)	(60,345)	1,048,285	987,940
Reclassification		-	-	-	-	-	(73,579)	-	73,579	-	-	-
At 1 January 2012, as restated		5,500,000	3,885,803	16,554	22,641	15,931	(59,492)	32,459	316,492	9,730,388	1,294,903	11,025,291
Foreign currency translation differences from foreign operations (restated)		-	-	-	-	-	-	49,472	-	49,472	(63,663)	(14,191)
Hedge of net investments in foreign operations (restated)		-	-	-	-	-	-	61,143	-	61,143	109,601	170,744
Net change in fair value of available-for-sale financial assets		-	-	-	155,218	-	-	-	-	155,218	-	155,218
Cash flow hedge (restated)		-	-	-	-	(68)	-	-	-	(68)	(122)	(190)
Total other comprehensive income for the year (restated)	31	-	-	-	155,218	(68)	-	110,615	-	265,765	45,816	311,581
Profit for the year (restated)		-	-	-	-	-	-	-	750,798	750,798	108,828	859,626
Total comprehensive income for the year (restated)		-	-	-	155,218	(68)	-	110,615	750,798	1,016,563	154,644	1,171,207

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

		← Attributable to owners of the Company								→		
		← Non-distributable						→	Distributable			
Group (continued)	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Share option reserve RM'000**	**Fair value reserve RM'000**	**Hedge reserve RM'000**	**Capital and legal reserve RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Contributions by and distributions to owners of the Company												
- Issue of ordinary shares pursuant to the Company's IPO		1,800,000	3,240,000	-	-	-	-	-	-	5,040,000	-	5,040,000
- Listing expenses		-	(132,327)	-	-	-	-	-	-	(132,327)	-	(132,327)
- Cancellation of share options		-	-	(30)	-	-	-	-	30	-	-	-
- Share-based payment	22	-	-	22,864	-	-	-	-	-	22,864	-	22,864
- Additional capital contribution into a subsidiary		-	-	-	-	-	14,949	-	-	14,949	(14,949)	-
		1,800,000	3,107,673	22,834	-	-	14,949	-	30	4,945,486	(14,949)	4,930,537
Transfer to share capital and share premium on share options exercised		3,800	2,778	(6,578)	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	42	695,442	792,804*	-	-	-	-	-	-	1,488,246	366,548	1,854,794
Disposal of a subsidiary	42	-	-	-	-	-	-	15	-	15	(396)	(381)
Changes in ownership interests in subsidiaries (restated)	42	56,203	101,166	-	-	4	(203,284)	(14)	-	(45,925)	(148,179)	(194,104)
Effects of internal restructuring	42	-	-	-	-	-	412	-	(4,185)	(3,773)	(2,080)	(5,853)
Transfer per statutory requirements		-	-	-	-	-	805	-	(805)	-	-	-
Issue of shares to non-controlling interests of subsidiaries	42	-	-	-	-	-	-	-	-	-	497,487	497,487
Dividends paid to non-controlling interests (restated)		-	-	-	-	-	-	-	-	-	(103,215)	(103,215)
Total transactions with owners of the Company		2,555,445	4,004,421	16,256	-	4	(187,118)	1	(4,960)	6,384,049	595,216	6,979,265
At 31 December 2012, as restated		8,055,445	7,890,224	32,810	177,859	15,867	(246,610)	143,075	1,062,330	17,131,000	2,044,763	19,175,763

* : included in this amount is fair value adjustment of RM250,545,000 set off against RM1,043,349,000 gross share premium arising from shares issued to acquire a subsidiary.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

		Attributable to owners of the Company											
		Non-distributable								Distributable			
Group	Note	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 and legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2013, previously reported		8,055,445	7,890,224	32,810	177,859	-	15,863	17,957	152,299	902,557	17,245,014	975,487	18,220,501
Effect of adopting MFRS 10	45	-	-	-	-	-	4	557	(9,224)	(105,351)	(114,014)	1,069,276	955,262
Reclassification	45	-	-	-	-	-	-	(265,124)	-	265,124	-	-	-
At 1 January 2013, as restated		8,055,445	7,890,224	32,810	177,859	-	15,867	(246,610)	143,075	1,062,330	17,131,000	2,044,763	19,175,763
Foreign currency translation differences from foreign operations		-	-	-	-	-	-	-	91,100	-	91,100	(245,525)	(154,425)
Hedge of net investments in foreign operations		-	-	-	-	-	-	-	59,314	-	59,314	106,508	165,822
Net change in fair value of available-for-sale financial assets		-	-	-	38,223	-	-	-	-	-	38,223	-	38,223
Cash flow hedge		-	-	-	-	-	282	-	-	-	282	506	788
Remeasurement of defined benefit liability		-	-	-	-	-	-	-	-	(3,229)	(3,229)	(2,734)	(5,963)
Revaluation of property, plant and equipment upon reclassification to investment properties	3	-	-	-	-	205	-	-	-	-	205	-	205
Total other comprehensive income for the year	31	-	-	-	38,223	205	282	-	150,414	(3,229)	185,895	(141,245)	44,650
Profit for the year		-	-	-	-	-	-	-	-	631,159	631,159	102,700	733,859
Total comprehensive income for the year		-	-	-	38,223	205	282	-	150,414	627,930	817,054	(38,545)	778,509

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

		Attributable to owners of the Company											
		Non-distributable							Distributable				
Group	**Note**	**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 and legal reserve RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Contributions by and distributions to owners of the Company													
- Share options exercised	19	72,250	86,700	-	-	-	-	-	-	-	158,950	-	158,950
- Cancellation of share options		-	-	(50)	-	-	-	-	-	50	-	-	-
- Share-based payment	22	-	-	23,189	-	-	-	-	-	-	23,189	-	23,189
		72,250	86,700	23,139	-	-	-	-	-	50	182,139	-	182,139
Transfer to share capital and share premium on share options exercised	19	7,279	15,375	(22,654)	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	42	-	-	-	-	-	-	170	(111)	-	59	(8,094)	(8,035)
Changes in ownership interests in subsidiaries	42	-	-	-	-	-	1	(55,113)	5	-	(55,107)	(33,501)	(88,608)
Transfer per statutory requirements		-	-	-	-	-	-	8,167	-	(8,167)	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(116,821)	(116,821)
Total transactions with owners of the Company		79,529	102,075	485	-	-	1	(46,776)	(106)	(8,117)	127,091	(158,416)	(31,325)
At 31 December 2013		8,134,974	7,992,299	33,295	216,082	205	16,150	(293,386)	293,383	1,682,143	18,075,145	1,847,802	19,922,947

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

		Attributable to owners of the Company					
		Non-distributable				Distributable	
Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Share option reserve RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
1 January 2012		5,500,000	3,885,803	16,554	-	165,825	9,568,182
Foreign currency translation differences from foreign operations		-	-	-	(110)	-	(110)
Total other comprehensive income for the year		-	-	-	(110)	-	(110)
Loss for the year		-	-	-	-	(37,863)	(37,863)
Total comprehensive income for the year		-	-	-	(110)	(37,863)	(37,973)
Contributions by and distributions to owners of the Company							
- Issue of ordinary shares pursuant to the Company's IPO		1,800,000	3,240,000	-	-	-	5,040,000
- Listing expenses		-	(132,327)	-	-	-	(132,327)
- Cancellation of share options		-	-	(30)	-	30	-
- Share-based payment		-	-	22,864	-	-	22,864
		1,800,000	3,107,673	22,834	-	30	4,930,537
Transfer to share capital and share premium on share options exercised		3,800	2,778	(6,578)	-	-	-
Acquisition of subsidiaries	42	695,442	792,804*	-	-	-	1,488,246
Acquisition of additional interest in subsidiaries	42	56,203	101,166	-	-	-	157,369
Total transactions with owners of the Company		2,555,445	4,004,421	16,256	-	30	6,576,152
At 31 December 2012		8,055,445	7,890,224	32,810	(110)	127,992	16,106,361

* : included in this amount is fair value adjustment of RM250,545,000 set off against RM1,043,349,000 gross share premium arising from shares issued to acquire a subsidiary.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

		Attributable to owners of the Company					
		Non-distributable				Distributable	
Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Share option reserve RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
1 January 2013		8,055,445	7,890,224	32,810	(110)	127,992	16,106,361
Foreign currency translation differences from foreign operations		-	-	-	(422)	-	(422)
Total other comprehensive income for the year		-	-	-	(422)	-	(422)
Profit for the year		-	-	-	-	689,605	689,605
Total comprehensive income for the year		-	-	-	(422)	689,605	689,183
Contributions by and distributions to owners of the Company							
- Share options exercised	19	72,250	86,700	-	-	-	158,950
- Cancellation of share options		-	-	(50)	-	50	-
- Share-based payment		-	-	23,189	-	-	23,189
		72,250	86,700	23,139	-	50	182,139
Transfer to share capital and share premium on share options exercised	19	7,279	15,375	(22,654)	-	-	-
Total transactions with owners of the Company		79,529	102,075	485	-	50	182,139
At 31 December 2013		8,134,974	7,992,299	33,295	(532)	817,647	16,977,683

The notes on pages 134 to 268 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000 (Restated)	Company 2013 RM'000	Company 2012 RM'000
Cash flows from operating activities					
Profit/(loss) before tax		881,562	1,057,959	695,108	(36,042)
Adjustment for:					
Dividend income	27	(4,190)	(3,363)	(710,732)	(6,024)
Finance income		(59,118)	(82,265)	(19,369)	(8,777)
Finance costs		328,713	222,209	6	5
Amortisation and impairment losses of intangible assets	5	69,346	66,601	-	-
Depreciation and impairment losses of property, plant and equipment	3	531,512	442,449	176	3
Write-off:					
- Property, plant and equipment	30	904	1,217	3	-
- Intangible assets	30	534	-	-	-
- Inventories	30	515	200	-	-
- Trade and other receivables	30	5,469	8,936	50	-
(Gain)/Loss on disposal of property, plant and equipment	30	(3,698)	17,497	-	-
Gain on disposal of subsidiaries	30	(4,376)	(1,064)	-	-
Gain on disposal of assets held for sale	30	(67)	(280)	-	-
Impairment loss made/(written back):					
- Trade and other receivables	30	21,967	15,291	-	-
- Amounts due from associates	30	(1,247)	-	-	-
- Amounts due from joint ventures	30	-	550	-	-
- Investment in joint venture	30	2,545	-	-	-
- Other financial assets	30	(25,311)	(41,664)	-	-
Change in fair value of the contingent consideration payable	30	(3,946)	26,284	-	-
Change in fair value of investment properties	4,30	(42,840)	(165,878)	-	-
Share of losses/(profits) of associates (net of tax)		1,793	(771)	-	-
Share of profits of joint ventures (net of tax)		(3,971)	(13,335)	-	-
Equity-settled share-based payment	22	23,189	22,864	5,425	5,286
Net unrealised foreign exchange differences		(21,589)	(27,888)	(2,584)	(24,615)
Operating profit/(loss) before changes in working capital		1,697,696	1,545,549	(31,917)	(70,164)
Changes in working capital					
Trade and other receivables		(149,708)	(25,643)	1,299	(1,954)
Inventories		(12,971)	(11,900)	-	-
Development properties		-	896,344	-	-
Trade and other payables		(14,542)	(909,866)	2,179	(28,530)
Cash generated from/(used in) operations		1,520,475	1,494,484	(28,439)	(100,648)
Income tax paid		(182,583)	(149,066)	(3,929)	(1,964)
Net cash from/(used in) operating activities		1,337,892	1,345,418	(32,368)	(102,612)

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Group 2013 RM'000	Group 2012 RM'000 (Restated)	Company 2013 RM'000	Company 2012 RM'000
Cash flows from investing activities					
Interest received		38,983	30,019	19,126	8,402
Capital injection into subsidiaries	6	-	-	(36,199)	(4,718,448)
Capital injection into joint ventures		(10,875)	-	-	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	42	-	(835,860)	-	-
Disposal of subsidiary, net of cash and cash equivalents disposed	42	2,058	458	-	-
Development and purchase of intangible assets	5	(13,921)	(19,138)	-	-
Purchase of property, plant and equipment		(1,426,502)	(873,051)	(1,079)	(29)
Purchase of investment properties		(217,048)	(126,586)	-	-
Proceeds from disposal of property, plant and equipment		10,994	4,694	-	-
Proceeds from sale of assets classified as held for sale		233	1,578	-	-
Proceeds from disposal of intangible assets		290	29	-	-
Net advances to associates		(338)	(513)	-	-
Net advances to joint ventures		(186)	(2,875)	-	-
Dividends received from available for sale financial assets	27	4,190	3,363	-	-
Dividends received from subsidiaries		-	-	30,520	6,024
Dividends received from associates		1,166	2,216	-	-
Dividends received from joint ventures		2,088	2,343	-	-
Net purchase of other financial assets		-	(644)	-	-
Refund of deposits paid to non-controlling interest of subsidiaries		43,032	-	-	-
Repayment from/(advances given to) subsidiaries		-	-	12,021	(3,687)
Net cash (used in)/from investing activities		(1,565,836)	(1,813,967)	24,389	(4,707,738)
Cash flows from financing activities					
Interest paid		(142,853)	(213,560)	-	-
Proceeds from issue of shares		-	5,040,000	-	5,040,000
Share issue expenses		-	(132,327)	-	(132,327)
Proceeds from exercise of share options		158,950	-	158,950	-
Loan from non-controlling interest of a subsidiary		292,196	-	-	-
Repayment to substantial shareholder and its related companies		-	(24,536)	-	(9,095)
Repayment of loans and borrowings		(1,852,353)	(6,706,904)	-	-
Buy back floating rate notes		(35,271)	(87,569)	-	-
Proceeds from loans and borrowings		2,517,808	2,644,425	-	-
Dividends paid to non-controlling interests		(116,821)	(103,215)	-	-
Acquisition of non-controlling interests		(89,541)	(347,347)	-	-
Proceeds from dilution of interest in a subsidiary to non-controlling shareholder		933	109,358	-	-
Issue of shares by subsidiaries to non-controlling interests		-	528,038	-	-
Changes in pledged deposits		59,598	(19,197)	-	-
Net cash from financing activities		792,646	687,166	158,950	4,898,578

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Net increase in cash and cash equivalents	564,702	218,617	150,971	88,228
Effect of exchange rate fluctuations on cash held	18,053	43,223	2,584	24,505
Cash and cash equivalents at 1 January	1,552,854	1,291,014	682,087	569,354
Cash and cash equivalents at 31 December	2,135,609	1,552,854	835,642	682,087

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
Cash and bank balances	18	600,515	535,722	43,761	11,944
Fixed deposits placed with licensed banks	18	1,544,312	1,086,923	791,881	670,143
		2,144,827	1,622,645	835,642	682,087
Less:					
- Bank overdrafts	21	-	(974)	-	-
- Deposits pledged	18	(4,420)	(63,304)	-	-
- Cash collateral received	18	(4,798)	(5,513)	-	-
Cash and cash equivalent		2,135,609	1,552,854	835,642	682,087

The notes on pages 134 to 268 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

IHH Healthcare Berhad is a company incorporated and domiciled in Malaysia. It is listed on Bursa Malaysia Securities Berhad and Singapore Exchange Securities Trading Limited. The address of the Company's principal place of business and registered office is as follows:

28th Floor, Mercu UEM
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470, Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2013 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 46 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 15 April 2014.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Amendments and interpretations effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, Amendments and interpretations effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Amendments and interpretations effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - measurement of residual value of property, plant and equipment
- Note 4 - measurement of the fair value of investment properties
- Note 5 - measurement of the recoverable amounts of cash-generating units
- Note 22 - measurement of share-based payments
- Note 42 - business combination

(e) Changes in accounting policies

(i) Offsetting financial assets and financial liabilities

On 1 January 2013, the Group adopted amendments to MFRS 7, *Financial Instruments - Offsetting of Financial Assets and Financial Liabilities*. As a result, the Group has expanded its disclosure on the offsetting of financial assets and liabilities as set out in Note 14.

(ii) Accounting for consolidated financial statements

On 1 January 2013, the Group adopted MFRS 10, *Consolidated Financial Statements*. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- Investees are consolidated when there is control on the basis of *de facto* circumstances. The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy were made retrospectively and in accordance with the transitional provision of MFRS 10. Except for Parkway Life Real Estate Investment Trust ("PLife REIT") and Khubchandani Hospitals Private Limited ("Khubchandani"), the Group reviewed all investees that may be impacted by MFRS 10 and concluded that there are no changes to the existing consolidation treatment. The effects of the adoption of MFRS 10 on the accounting for the Group's 35.8% interest in PLife REIT and 50% interest in Khubchandani are disclosed in Note 45.

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(e) Changes in accounting policies (continued)

(iii) Accounting for joint arrangements

On 1 January 2013, the Group adopted MFRS 11, *Joint Arrangements*. The Group has reassessed and classified its joint arrangements as joint ventures based on its rights and obligations arising from these arrangements.

There is no impact to the financial statements as the Group already accounts for its interest in joint ventures using the equity method.

(iv) Disclosures of interests in other entities

On 1 January 2013, the Group adopted MFRS 112, *Disclosures of Interests in Other Entities*, which requires the disclosure of information about the nature, risks and financial effects of an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. There is no impact on the results and financial position of the Group. The additional disclosures necessary as a result of this adoption of this standard has been included in Notes 6, 7, 8, 46, 47, and 48.

(v) Fair value measurement

MFRS 13, *Fair Value Measurement*, establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other MFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other MFRSs, including MFRS 7, *Financial Instruments: Disclosures.*

From 1 January 2013, in accordance with the transitional provisions of MFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard have been included in Notes 4 and 37.

(vi) Employee benefits

On 1 January 2013, the Group adopted MFRS 119 (2011), *Employee Benefits.* As a result, the Group changed its accounting policy in respect of the basis for determining the income or expense relating to its non-funded defined benefit plan and employee termination benefits, primary in the treatment on actuarial gains and losses. Under MFRS 119 (2011), the actuarial gains and losses are presented under other comprehensive income in the statements of profit or loss and other comprehensive income. In prior years, the actuarial gains and losses are presented as part of profit or loss in the same statement.

The change in accounting policy were made retrospectively. The adoption of MFRS 119 (2011) does not have any significant impact to the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance to MFRS 3, *Business Combinations*, as at the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10 in the current financial year and the resulting changes are mentioned in Notes 1(e)(ii) and 45.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses and includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iii) Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that investment including any long-term interests is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment include transaction costs.

(iv) Joint arrangement

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary. Any difference between the Group's share of net assets in relation to the acquisition and the fair value of consideration paid is recognised directly in the Group's reserves.

(vii) Acquisitions from entities under common control

The assets and liabilities acquired under business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group, are recognised at the carrying amounts recognised previously in the Group controlling shareholders' consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

(viii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(ix) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity instruments (except for impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of operations denominated in functional currencies other than Ringgit Malaysia ("RM"), including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liabilities simultaneously.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group categorises financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(c) Loans and receivables

Loans and receivables category comprises debt instruments and financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(m)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Other financial liabilities comprise loans and borrowings, and trade and other payables, excluding deferred income.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

Hedge of a net investment

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other cost directly attributable to bringing the asset to working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing cost is capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement costs when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property and measured at fair value.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction (construction-in-progress) are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	remaining term of the lease
• Buildings	5 - 50 years
• Hospital and medical equipment, renovation and furniture, fittings and equipment	3 - 25 years
• Laboratory and teaching equipment	2 - 10 years
• Motor vehicles	4 - 7 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Goodwill on consolidation

Goodwill is measured at cost less any accumulated impairment losses. In respect of equity accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates and joint ventures.

(g) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to prepare the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) Other intangible assets

Customer relationships that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Brand names and hospital licenses that have indefinite lives and other intangible assets that are not yet available for use are stated at cost less impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets (continued)

(iv) Amortisation

Amortisation is calculated based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

• Customer relationships	5 - 10 years
• Capitalised development costs & other intangibles	3 - 20 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(h) Investment properties

(i) Recognition and measurement

Investment properties are properties which are held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

The fair value is determined based on internal valuation or independent professional valuation. Independent professional valuation is obtained annually for material investment properties.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the investment property is recognised in profit or loss in the period in which the item is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investment properties (continued)

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(i) Assets classified as held for sale

Assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale or distribution.

(j) Development property

Development property is stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less cost to be incurred in selling the property.

The cost of property under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure that can be allocated on a reasonable basis to the property under development. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Inventories

Inventories are measured at the lower of cost or net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make sale.

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(m) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries, associates and joint ventures) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, development properties and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time and whenever there is an indication that they may be impaired.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its values in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment (continued)

(ii) Other assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(n) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Distributions of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to defined contribution plans are charged to the profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits (continued)

(ii) Defined benefits plan

The Group has non-funded defined benefits plans given to employees of certain subsidiaries within the Group.

The Group's net obligation in respect of defined benefits retirement plan and termination plan are calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest), if any, and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Previously, the Group determined interest income on plan assets, if any, based on their long-term rate of expected return.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Employment termination benefits

In accordance with the existing labour law in Turkey, the group entities operating in Turkey are required to make lump sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. The Group accounts for the non-funded employment termination benefits in the same manner as set out in Note 2(o)(ii).

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits (continued)

(iv) Share-based payments transactions

The grant date fair value of share-based payments granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of the employee share options is measured using binomial lattice model, and market value approach on a minority, non-marketable basis for EPP and LTIP granted before 25 July 2012, and trinomial opinion pricing model for LTIP granted after 25 July 2012. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average cost of capital, earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items (“EBITDA”) multiples, expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(p) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(q) Revenue and other income

(i) Services rendered

Revenue from provision of medicine and medical services, including healthcare support services rendered is recognised in profit or loss net of service tax and discount as and when the services are performed.

(ii) Goods sold

Revenue from the sale of pharmaceutical products is measured at fair value of the consideration received or receivable, net of returns and allowances and trade discounts.

Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue and other income (continued)

(iii) Rental income

Rental income receivable under operating lease is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rentals are recognised as income in the reporting period in which they are earned.

(iv) Dividend income

Dividend income from investments is recognised in profit or loss on the date that the right to receive payment is established.

(v) Sale of development property

The Group recognises income on property development projects when the significant risks and rewards of ownership have been transferred to the purchasers. Revenue and associated expenses will be recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers i.e. upon the completion of the construction and when the rest of the purchase price is paid.

Revenue excludes goods and services or other sale taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of unit sold.

(vi) Finance income

Finance income comprises interest income from bank deposits and debt securities, net gain of financial derivatives that are recognised in profit or loss, and net exchange gain from foreign currency denominated bank borrowings.

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is capitalised.

(r) Finance costs

Finance costs comprises interest expense on borrowings, finance lease liabilities and bonds, amortisation of borrowing transaction costs and discount on bonds, bank charges, net losses on financial derivatives that are recognised in profit or loss, and net exchange losses from foreign currency denominated bank borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Finance costs (continued)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time rather than through sale. In other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own share held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(v) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(w) Fair value measurements

From 1 January 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Land and buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
Cost							
At 1 January 2012, previously reported		3,436,908	1,461,712	35,113	14,533	915,084	5,863,350
Effect of adoption of MFRS 10		1,991,200	115,960	-	32	(49,973)	2,057,219
At 1 January 2012, as restated		5,428,108	1,577,672	35,113	14,565	865,111	7,920,569
Additions (restated)		48,630	364,460	7,735	4,045	533,940	958,810
Disposals/write off		(22,436)	(111,053)	(796)	(3,333)	(279)	(137,897)
Reclassification (restated)		660,075	714,765	-	331	(1,375,171)	-
Acquisition of subsidiaries	42	496,678	1,615,052	-	10,749	53,719	2,176,198
Disposal of subsidiaries	42	-	(2,044)	-	(124)	-	(2,168)
Transfer to intangible assets	5	-	(39)	-	-	-	(39)
Transfer from development properties	12	41,685	-	-	-	-	41,685
Transfer to investment properties	4	(57,772)	-	-	-	(23,497)	(81,269)
Translation differences (restated)		116,113	49,548	1	249	12,921	178,832
At 31 December 2012, as restated		6,711,081	4,208,361	42,053	26,482	66,744	11,054,721
At 1 January 2013, previously reported		4,712,223	4,044,332	42,053	26,527	153,906	8,979,041
Effect of adoption of MFRS 10		1,998,858	164,029	-	(45)	(87,162)	2,075,680
At 1 January 2013, as restated		6,711,081	4,208,361	42,053	26,482	66,744	11,054,721
Additions		37,248	316,725	5,061	3,588	1,096,844	1,459,466
Disposals/write off		(235)	(59,286)	(298)	(3,253)	(2,453)	(65,525)
Reclassification		2,466	59,244	-	-	(61,710)	-
Transfer to investment properties							
- Offset of accumulated depreciation		(54)	-	-	-	-	(54)
- Revaluation of property transferred		205	-	-	-	-	205
- Transfer of carrying amount	4	(1,350)	-	-	-	-	(1,350)
Disposal of subsidiaries	42	-	(2,713)	-	-	-	(2,713)
Cost adjustments*		(39,368)	-	-	-	-	(39,368)
Translation differences		47,366	(156,210)	(1)	(998)	(1,446)	(111,289)
At 31 December 2013		6,757,359	4,366,121	46,815	25,819	1,097,979	12,294,093

* : Relates to adjustments made upon the finalisation of construction costs for property, plant and equipment during the year.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Land and buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
Accumulated depreciation and impairment loss							
At 1 January 2012, previously reported		165,439	951,380	10,248	9,530	-	1,136,597
Effect of adoption of MFRS 10		225,179	35,243	-	2	-	260,424
At 1 January 2012, as restated		390,618	986,623	10,248	9,532	-	1,397,021
Depreciation charge for the year (restated)		73,826	359,759	5,531	3,333	-	442,449
Disposals/write off		(5,672)	(105,457)	(698)	(2,662)	-	(114,489)
Acquisition of subsidiaries	42	43,169	748,399	-	4,783	-	796,351
Disposal of subsidiaries	42	-	(1,251)	-	(124)	-	(1,375)
Translation differences (restated)		8,040	23,201	-	164	-	31,405
At 31 December 2012, as restated		509,981	2,011,274	15,081	15,026	-	2,551,362
At 1 January 2013, previously reported		265,296	1,958,439	15,081	15,066	-	2,253,882
Effect of adoption of MFRS 10		244,685	52,835	-	(40)	-	297,480
At 1 January 2013, as restated		509,981	2,011,274	15,081	15,026	-	2,551,362
Depreciation charge for the year		92,499	430,109	5,375	3,867	-	531,850
Impairment loss reversed		(338)	-	-	-	-	(338)
Disposals/write off		(90)	(54,379)	(289)	(2,567)	-	(57,325)
Disposal of subsidiaries	42	-	(2,537)	-	-	-	(2,537)
Offset of accumulated depreciation on property transferred to investment properties		(54)	-	-	-	-	(54)
Translation differences		(791)	(93,337)	-	(457)	-	(94,585)
At 31 December 2013		601,207	2,291,130	20,167	15,869	-	2,928,373

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Land and buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
Net carrying amount						
At 1 January 2012, as restated	5,037,490	591,049	24,865	5,033	865,111	6,523,548
At 31 December 2012/1 January 2013, as restated	6,201,100	2,197,087	26,972	11,456	66,744	8,503,359
At 31 December 2013	6,156,152	2,074,991	26,648	9,950	1,097,979	9,365,720

Company	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2012	-	-	-
Additions	29	-	29
At 31 December 2012/1 January 2013	29	-	29
Additions	429	650	1,079
Disposals/write off	(3)	-	(3)
At 31 December 2013	455	650	1,105
Accumulated depreciation			
At 1 January 2012	-	-	-
Depreciation charge for the year	3	-	3
At 31 December 2012/1 January 2013	3	-	3
Depreciation charge for the year	57	119	176
At 31 December 2013	60	119	179
Net carrying amount			
At 31 December 2012/1 January 2013	26	-	26
At 31 December 2013	395	531	926

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and buildings of the Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January 2012, previously reported	240,863	2,459,407	736,638	3,436,908
Effect of adoption of MFRS 10	90,293	773,605	1,127,302	1,991,200
At 1 January 2012, as restated	331,156	3,233,012	1,863,940	5,428,108
Additions (restated)	-	1,940	46,690	48,630
Disposals/write off	-	-	(22,436)	(22,436)
Reclassification	-	-	660,075	660,075
Acquisition of subsidiaries	163,480	-	333,198	496,678
Transfer from development properties	-	17,092	24,593	41,685
Transfer to investment properties	-	(57,772)	-	(57,772)
Translation differences (restated)	3,800	76,997	35,316	116,113
At 31 December 2012, as restated	498,436	3,271,269	2,941,376	6,711,081
At 1 January 2013, previously reported	406,171	2,493,805	1,812,247	4,712,223
Effect of adoption of MFRS 10	92,265	777,464	1,129,129	1,998,858
At 1 January 2013, as restated	498,436	3,271,269	2,941,376	6,711,081
Additions	-	652	36,596	37,248
Disposals/write off	-	-	(235)	(235)
Reclassification	-	-	2,466	2,466
Transfer to investment properties				
- Offset of accumulated depreciation	-	-	(54)	(54)
- Revaluation of property transferred	205	-	-	205
- Transfer of carrying amount	(1,239)	-	(111)	(1,350)
Cost adjustments*	-	-	(39,368)	(39,368)
Translation differences	(16,133)	76,665	(13,166)	47,366
At 31 December 2013	481,269	3,348,586	2,927,504	6,757,359

* : Relates to adjustments made upon the finalisation of construction costs for property, plant and equipment during the year.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and buildings of the Group (continued)	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
Accumulated depreciation and impairment loss				
At 1 January 2012, previously reported	339	8,154	156,946	165,439
Effect of adoption of MFRS 10	56	89,650	135,473	225,179
At 1 January 2012, as restated	395	97,804	292,419	390,618
Depreciation charge for the year (restated)	-	26,070	47,756	73,826
Disposals/write off	-	-	(5,672)	(5,672)
Acquisition of subsidiaries	-	-	43,169	43,169
Translation differences (restated)	(59)	2,538	5,561	8,040
At 31 December 2012, as restated	336	126,412	383,233	509,981
At 1 January 2013, previously reported	336	22,806	242,154	265,296
Effect of adoption of MFRS 10	-	103,606	141,079	244,685
At 1 January 2013, as restated	336	126,412	383,233	509,981
Depreciation charge for the year	-	38,570	53,929	92,499
Impairment loss reversed	(338)	-	-	(338)
Disposals/write off	-	-	(90)	(90)
Offset of accumulated depreciation on property transferred to investment properties	-	-	(54)	(54)
Translation differences	2	3,523	(4,316)	(791)
At 31 December 2013	-	168,505	432,702	601,207
Net carrying amount				
At 1 January 2012, as restated	330,761	3,135,208	1,571,521	5,037,490
At 31 December 2012/1 January 2013, as restated	498,100	3,144,857	2,558,143	6,201,100
At 31 December 2013	481,269	3,180,081	2,494,802	6,156,152

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Leasehold land

Included in the net carrying amount of leasehold land is RM3,180,081,000 (2012: RM3,144,857,000) pertaining to leasehold land with unexpired lease period of more than 50 years.

Securities

As at 31 December 2013, property, plant and equipment with carrying amounts of RM201,591,000 (2012: RM567,524,000) are charged to licensed financial institutions for credit facilities and term loans granted to the Group.

Assets under finance lease arrangements

Included in the net carrying amount of property, plant and equipment are motor vehicles and equipment with net carrying amounts of RM141,595,000 (2012: RM202,519,000) that are held under finance lease arrangements.

Borrowing costs

Included in additions during the year are capitalised borrowing costs amounting to RM5,443,000 (2012: RM8,228,000).

4. INVESTMENT PROPERTIES

		Group	
	Note	2013 RM'000	2012 RM'000 (Restated)
At 1 January, previously reported		435,673	-
Effect of adoption of MFRS 10		1,339,381	1,339,817
At 1 January, as restated		1,775,054	1,339,817
Additions		219,520	126,586
Transfer from property, plant and equipment	3	1,350	81,269
Transfer from development properties	12	-	184,814
Cost adjustments*		(597)	-
Change in fair value recognised in profit or loss	30	42,840	165,878
Translation differences		(115,446)	(123,310)
At 31 December		1,922,721	1,775,054

* Relates to adjustments made upon the finalisation of construction costs for investment properties during the year.

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4. INVESTMENT PROPERTIES (CONTINUED)

Included in the above are:

	Group	
	2013 **RM'000**	**2012** **RM'000** **(Restated)**
At fair value		
Freehold land	407,786	382,167
Leasehold land with unexpired lease period of less than 50 years	8,541	8,030
Buildings	1,506,394	1,384,857
	1,922,721	1,775,054

Investment properties includes retail units and medical suites within hospitals, nursing homes with care services and a pharmaceutical product distributing and manufacturing facility leased or intended to be leased to external parties.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2013 **RM'000**	**2012** **RM'000** **(Restated)**
Rental income	107,902	109,481
Direct operating expenses:		
- income generating investment properties	(12,605)	(13,547)
- non-income generating investment properties	(1,597)	(2,325)
	93,700	93,609

Determination of fair value

Investment properties are stated at fair value based on independent professional valuations. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market corroborated capitalised yield, terminal yield, discount rate and average growth rate.

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT PROPERTIES (CONTINUED)

The valuers have considered valuation techniques including the direct comparison method, the capitalisation approach, the discounted cash flow approach and the cost approach in arriving at the open market value as at the balance sheet date. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow approach involves the estimation and the projection of an income stream over a period and discounting the income stream with an approximate rate of return. The cost approach involves the estimation of the replacement cost of improvements and the market value of the land.

Fair value hierarchy

The different levels of fair value are defined as follows:

- Level 1: Derived from quoted prices (unadjusted) in active markets for identical investment properties that the Group can access at the measurement date.
- Level 2: Estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.
- Level 3: Estimated using unobservable inputs for the investment property.

The fair value of the investment properties are categories as follows:

	2013			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Group				
Land	-	-	416,327	416,327
Buildings	-	-	1,506,394	1,506,394
	-	-	1,922,721	1,922,721

Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT PROPERTIES (CONTINUED)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow and capitalisation approach	• Risk-adjusted discount rates range from 5.5% to 8% • Capitalisation rates range from 4.5% to 8%	The estimated fair value would increase / (decrease) if: • the risk-adjusted discount rates were lower / (higher); or • the capitalisation rates were lower / (higher).
Sales comparison approach	• Premium made for differences in type of development (including design, use and proximity to complementary businesses) range from 8% to 10%	The estimated fair value would increase / (decrease) if: • premium made for differences in type of development was higher / (lower).

Key unobservable inputs

Key unobservable inputs correspond to:

- Capitalisation rate, based on the rate of return on investment properties on the expected income that the properties will generate.
- Discount rates, based on the risk-free rate for bonds issued by government in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

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5. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS

Group	Note	Land use rights RM'000	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Development cost and other intangibles RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
Cost									
At 1 January 2012, previously reported		159,826	1,261,173	-	141,400	108,198	1,670,597	6,418,337	8,088,934
Effect of adoption of MFRS 10		(159,826)	-	-	-	(25,895)	(185,721)	130,477	(55,244)
At 1 January 2012, as restated		-	1,261,173	-	141,400	82,303	1,484,876	6,548,814	8,033,690
Additions		-	-	12,893	-	6,245	19,138	-	19,138
Disposals		-	-	-	-	(37)	(37)	-	(37)
Acquisition of subsidiaries	42	-	810,888	299,772	250,388	83,113	1,444,161	2,083,234	3,527,395
Transfer from property, plant and equipment	3	-	-	-	-	39	39	-	39
Translation differences (restated)		-	9,064	3,216	2,799	2	15,081	223,908	238,989
At 31 December 2012, as restated		-	2,081,125	315,881	394,587	171,665	2,963,258	8,855,956	11,819,214
At 1 January 2013, previously reported		151,227	2,081,125	315,881	394,587	197,482	3,140,302	8,725,479	11,865,781
Effect of adoption of MFRS 10		(151,227)	-	-	-	(25,817)	(177,044)	130,477	(46,567)
At 1 January 2013, as restated		-	2,081,125	315,881	394,587	171,665	2,963,258	8,855,956	11,819,214
Additions		-	-	4,125	-	9,796	13,921	-	13,921
Disposals/write off		-	-	-	-	(1,159)	(1,159)	-	(1,159)
Translation differences		-	(91,159)	(35,425)	(28,149)	(5,060)	(159,793)	27,777	(132,016)
At 31 December 2013		-	1,989,966	284,581	366,438	175,242	2,816,227	8,883,733	11,699,960

NOTES TO THE FINANCIAL STATEMENTS

5. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS (CONTINUED)

Group	Note	Land use rights RM'000	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Development cost and other intangibles RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
Accumulated amortisation and impairment losses									
At 1 January 2012, previously reported		-	-	-	33,185	18,814	51,999	2,361	54,360
Effect of adoption of MFRS 10		-	-	-	-	(2,868)	(2,868)	-	(2,868)
At 1 January 2012, as restated		-	-	-	33,185	15,946	49,131	2,361	51,492
Amortisation charge for the year (restated)		-	-	-	48,280	18,321	66,601	-	66,601
Disposals		-	-	-	-	(7)	(7)	-	(7)
Acquisition of subsidiaries	42	-	-	-	-	9,886	9,886	-	9,886
Translation differences (restated)		-	-	-	(2)	(68)	(70)	68	(2)
At 31 December 2012, as restated		-	-	-	81,463	44,078	125,541	2,429	127,970
At 1 January 2013, previously reported		-	-	-	81,463	49,097	130,560	2,429	132,989
Effect of adoption of MFRS 10		-	-	-	-	(5,019)	(5,019)	-	(5,019)
At 1 January 2013, as restated		-	-	-	81,463	44,078	125,541	2,429	127,970
Amortisation charge for the year		-	-	-	49,379	19,967	69,346	-	69,346
Disposals/write off		-	-	-	-	(335)	(335)	-	(335)
Translation differences		-	-	-	(4,413)	(2,038)	(6,451)	70	(6,381)
At 31 December 2013		-	-	-	126,429	61,672	188,101	2,499	190,600

NOTES TO THE FINANCIAL STATEMENTS

5. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS (CONTINUED)

	Note	Land use rights RM'000	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Development cost and other intangibles RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
At 1 January 2012, as restated		-	1,261,173	-	108,215	66,357	1,435,745	6,546,453	7,982,198
At 31 December 2012, as restated		-	2,081,125	315,881	313,124	127,587	2,837,717	8,853,527	11,691,244
At 31 December 2013		-	1,989,966	284,581	240,009	113,570	2,628,126	8,881,234	11,509,360

Goodwill, brand names and hospital licences are allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill, brand names and hospital licences are monitored for internal management purposes.

The aggregate carrying amounts of goodwill, brand names and hospital licences allocated to each unit are as follows:

	Goodwill		Brand names		Hospital licences	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Group						
Singapore-based hospital and healthcare services	4,882,892	4,705,207	1,145,173	1,145,173	-	-
Malaysia-based hospital and healthcare services	1,754,034	1,714,073	116,000	116,000	-	-
Turkey-based hospital and healthcare services	1,895,100	2,100,220	728,793	819,952	284,581	315,881
PLife REIT	124,232	109,051	-	-	-	-
Education	224,976	224,976	-	-	-	-
	8,881,234	8,853,527	1,989,966	2,081,125	284,581	315,881

NOTES TO THE FINANCIAL STATEMENTS

5. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS (CONTINUED)

Impairment testing for cash generating units containing goodwill, brand names and hospital licences

(a) Hospital and healthcare services, and Education CGUs

Key assumptions used in recoverable amount

For the purpose of impairment testing, the carrying amounts are allocated to the Group's operating divisions which are the cash-generating units ("CGU"). Recoverable amount of each CGU is estimated based on its value-in-use. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on past experience, actual operating results, approved financial budgets for 2014 and 5 to 10 year business plan.

The key assumptions for the computation of value-in-use of goodwill, brand names and hospital licences include the following:

(i) Revenue growth assumptions in the 10-year cash flow projections:

- Hospital and healthcare services CGUs: 9% - 28% (2012: 9% - 28%) per annum in the first 3 years with declining revenue trend in subsequent years from 2% - 12% (2012: 2% - 10%) per annum; and

- Education CGU: 7% - 12% (2012: 7% - 17%) per annum for the first 3 years with 3% - 9% (2012: 3% - 8%) revenue growth for subsequent years

(ii) EBITDA margins assumptions:

- Hospital and healthcare services CGUs: 21% - 32% (2012: 20% - 28%); and

- Education CGU: 31% - 32% (2012: 33% - 34%)

The projections are in line with the proposed expansion plans for the respective investees.

(iii) Terminal value was estimated using the perpetuity growth model:

- Hospital and healthcare services CGUs: 2% - 7.5% (2012: 2% - 5%) per annum; and

- Education CGU: 3% (2012: 3%) for per annum

The terminal values were applied to steady-state estimate earnings at the end of the projected period.

(iv) Discount rates of approximately 7.5% - 14.2% (2012: 7.5% - 12.0%) which are based on the pre-tax cost of capital plus an appropriate risk premium at the date of assessment of the respective CGUs.

(v) There will be no other significant changes in the government policies and regulations which will directly affect the investees' businesses. The inflation for the operating expenses is in line with the estimated gross domestic product growth rate for the country based on the past trends.

The values assigned to the key assumptions represent the Group's assessment of future trends in the healthcare and education market and are based on both external sources and internal sources (historical data).

NOTES TO THE FINANCIAL STATEMENTS

5. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS (CONTINUED)

Impairment testing for cash generating units containing goodwill, brand names and hospital licences (continued)

(a) Hospital and healthcare services, and education CGUs (continued)

The Group believes that no reasonably foreseeable changes in the above key assumptions that would cause the carrying values of these CGUs to materially exceed their recoverable amounts other than changes in the prevailing operating environment of which the impact is not ascertainable.

(b) PLife REIT CGU

Recoverable amount of PLife REIT is based on fair value less cost to sell, using the open market price of this CGU as at reporting date.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2013	**2012**
	RM'000	**RM'000**
At cost:		
Unquoted shares in Malaysia	15,652,137	14,918,573
Unquoted shares outside Malaysia	489,976	489,976
	16,142,113	15,408,549

The movement of cost of investment in subsidiaries are as follows:

	Company	
	2013	**2012**
	RM'000	**RM'000**
At 1 January	15,408,549	9,044,486
Share subscription in subsidiaries	53,352	6,364,063
Redeemable shares subscription in a subsidiary	680,212	-
At 31 December	16,142,113	15,408,549

Details of the investment in subsidiaries are as disclosed in Note 46.

Acquisition of / additional interest in subsidiaries

In 2013, the Company:

- Increased its investment in its wholly-owned subsidiary, Integrated Healthcare Turkey Yatirimlari Limited ("IHTYL"), through subscription of 14,512,501 shares for a total cash consideration of approximately RM36,199,000;

- Increased its investment in its wholly-owned subsidiary, Integrated Healthcare Capital Sdn. Bhd. ("IHCSB"), through subscription of 1,517,348 shares by way of capitalisation of approximately RM1,517,000 debts owed by IHCSB to the Company; and

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of / additional interest in subsidiaries (continued)

- Increased its investment in its wholly-owned subsidiary, Integrated Healthcare Holdings Limited ("IHHL"), through subscription of 211,102,424 redeemable preference shares, and 5,302,900 ordinary shares of IHHL by way of capitalisation of RM695,848,000 debts owed by IHHL to the Company.

In 2012, the Company:

- Increased its investment in IHHL through subscription of 1,209,209,713 shares for a total cash consideration of approximately RM3,790,713,000; and
- Increased its investment in IHTYL through subscription of 1,141,979,073 shares for a total consideration of approximately RM2,573,350,000, of which approximately RM927,735,000 was settled in cash, while the remaining amount was settled through issue of new Company shares.

Although the Group owns less than half of the ownership interest in, and less than half of the voting power of PLife REIT, the Group has determined that it controls PLife REIT. The Group has *de facto* control over PLife REIT, on the basis that the remaining voting rights in the PLife REIT are widely dispersed and that there is no indication that all other shareholders exercise their votes collectively.

The Group via PLife REIT, does not hold any ownership interest in the special purpose entities ("SPEs") listed in Note 46. The SPEs were established under terms that impose strict limitations on the decision-making powers of the SPEs' management, resulting in the Group receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets. Consequently, the SPEs are regarded as subsidiaries of the Group.

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	2013			
	← Material NCI →		Other individually immaterial subsidiaries	
	PLife REIT RM'000	ASYH* RM'000	RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	64.22%	40.00%		
Carrying amount of NCI	1,183,481	419,776	244,545	1,847,802
Profit allocated to NCI	86,400	(12,222)	28,522	102,700
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	3,438,396	4,426,579		
Current assets	85,289	906,595		
Non-current liabilities	(1,512,855)	(1,602,376)		
Current liabilities	(43,396)	(798,958)		
Net assets	1,967,434	2,931,840		

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries (continued)

	2013			
	← Material NCI →		Other individually immaterial	
	PLife REIT	ASYH*	subsidiaries	Total
	RM'000	RM'000	RM'000	RM'000
Year ended 31 December				
Revenue	234,697	2,585,623		
Profit for the year	134,516	(27,721)		
Total comprehensive income	135,027	(32,720)		
Cash flows from operating activities	192,541	358,820		
Cash flows from investing activities	(226,818)	(464,772)		
Cash flows from financing activities	38,363	444,425		
Net increase in cash and cash equivalent	4,086	338,473		
Dividends paid to NCI	103,930	7,265		

	2012			
	← Material NCI →		Other individually immaterial	
	PLife REIT	ASYH*	subsidiaries	Total
	RM'000	RM'000	RM'000	RM'000
NCI percentage of ownership interest and voting interest	64.19%	40.00%		
Carrying amount of NCI	1,182,858	598,000	263,905	2,044,763
Profit allocated to NCI	88,804	1,398	18,626	108,828
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	3,324,975	4,748,307		
Current assets	88,546	529,968		
Non-current liabilities	(1,399,989)	(1,082,864)		
Current liabilities	(61,866)	(797,801)		
Net assets	1,951,666	3,397,610		

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries (continued)

	2012			
	← Material NCI →		Other individually immaterial subsidiaries	
	PLife REIT RM'000	**ASYH* RM'000**	**subsidiaries RM'000**	**Total RM'000**
Year ended 31 December				
Revenue	232,693	2,249,944		
Profit for the year	138,265	68,992		
Total comprehensive income	139,326	68,874		
Cash flows from operating activities	182,826	366,778		
Cash flows from investing activities	(150,069)	(447,861)		
Cash flows from financing activities	(34,116)	86,311		
Net (decrease)/increase in cash and cash equivalent	(1,359)	5,228		
Dividends paid to NCI	97,078	-		

* : Acibadem Saglik Yatirimlari Holding A.S. ("ASYH")

Significant restrictions

Parkway Life Real Estate Investment Trust

The Group does not have significant restrictions on its ability to access or use the assets and settle the liabilities of PLife REIT other than those resulting from the regulatory framework within which the subsidiary operates. PLife REIT is regulated by the Monetary Authority of Singapore ("MAS") and is supervised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with PLife REIT are either subject to review by PLife REIT's Trustee or must be approved by a majority of votes by the remaining holders of Units in PLife REIT ("Unitholders") at a meeting of Unitholders.

The assets of PLife REIT are held in trust by a Trustee for the Unitholders. As at 31 December 2013, the carrying amounts of PLife REIT's assets and liabilities are RM3,523,685,000 and RM1,566,251,000 respectively (2012: RM3,413,521,000 and RM1,461,855,000 respectively).

Shenton Insurance Pte Ltd

Shenton Insurance Pte Ltd., being an insurer registered with the Monetary Authority of Singapore, is required to satisfy with the fund solvency and capital adequacy requirements prescribed by the authority. This poses a restriction on the use of the cash and cash equivalents of the subsidiary amounting to RM45,630,000 (2012: RM42,868,000) at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

7. INTERESTS IN ASSOCIATES

	Group 2013 RM'000	Group 2012 RM'000 (Restated)
At cost:		
Unquoted shares in Malaysia	1,302	1,300
Unquoted shares outside Malaysia	2,060	2,003
	3,362	3,303
Share of post-acquisition reserves	1,112	14,427
	4,474	17,730
Amounts due from associates	3,323	4,460
Allowance for impairment loss	(3,297)	(4,447)
	26	13
Amounts due to associates	(3)	(11,627)
	23	(11,614)
	4,497	6,116

Details of the associates are disclosed in Note 47.

Amounts due from/(to) associates

The amounts due from associates are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Group's net investments in the associates, they are stated at cost less accumulated impairment loss.

The amounts due to associates include are unsecured and interest-free.

The Group does not have any material associates. The following table summarises the information of the Group's associates, adjusted for any differences in accounting policies.

NOTES TO THE FINANCIAL STATEMENTS

7. INTERESTS IN ASSOCIATES (CONTINUED)

Amounts due from/(to) associates (continued)

	Individually immaterial associates	
	2013	**2012**
	RM'000	**RM'000**
Summarised financial information		
As at 31 December		
Non-current assets	7,786	43,783
Current assets	28,623	45,691
Non-current liabilities	(10,784)	(14,829)
Current liabilities	(6,267)	(7,468)
Net assets	19,358	67,177
Year ended 31 December		
Revenue	22,243	20,417
Profit for the year, representing total comprehensive income for the year	(5,910)	4,266
The Group's share of profit or loss from continuing operations, representing share of total comprehensive income for the year	(1,793)	771

8. INTERESTS IN JOINT VENTURES

	Group	
	2013	**2012**
	RM'000	**RM'000**
		(Restated)
At cost:		
Unquoted shares outside Malaysia	234,455	210,210
Share of post-acquisition reserves	(77,513)	(60,220)
	156,942	149,990
Amounts due from joint ventures	30,678	20,607
Allowance for impairment loss	(17,285)	(16,846)
	13,393	3,761
Amounts due to joint ventures	(266)	(378)
	13,127	3,383
	170,069	153,373

Details of the joint ventures are disclosed in Note 48.

NOTES TO THE FINANCIAL STATEMENTS

8. INTERESTS IN JOINT VENTURES (CONTINUED)

Amounts due from/(to) joint ventures

The amounts due from joint ventures are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Group's net investments in these joint ventures, they are stated at cost less accumulated impairment loss.

The amounts due to joint ventures are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a return of equity by the joint ventures to the Group, they are stated at cost.

The Group do not have any material joint ventures. The following table summarises the information of the Group's joint ventures, adjusted for any differences in accounting policies.

	Individually immaterial joint ventures	
	2013	**2012**
	RM'000	**RM'000**
Summarised financial information		
As at 31 December		
Non-current assets	317,481	304,728
Current assets	123,096	76,660
Non-current liabilities	(101,361)	(61,090)
Current liabilities	(81,658)	(62,074)
Net assets	257,558	258,224
Year ended 31 December		
Revenue	178,474	166,283
Profit for the year, representing total comprehensive income for the year	7,955	26,668
The Group's share of profit or loss from continuing operations, representing share of total comprehensive income for the year	3,971	13,335

NOTES TO THE FINANCIAL STATEMENTS

9. OTHER FINANCIAL ASSETS

	Group 2013 RM'000	Group 2012 RM'000
Non-current		
Available-for-sale financial assets		
At market value:		
Quoted shares outside Malaysia	743,887	666,579
At cost:		
Unquoted shares in Malaysia	80	80
	743,967	666,659
Held-to-maturity investments		
Singapore government debt securities, at amortised cost	13,364	15,364
Others		
Club membership and other investments	706	725
	758,037	682,748
Current		
Held-to-maturity investments		
Singapore government debt securities, at amortised cost	15,613	12,661
Others		
Deposit for option to purchase interest in an investment	-	3,447
Deposit paid to non-controlling shareholders of subsidiaries	22,863	64,234
	22,863	67,681
Accumulated impairment loss	-	(22,046)
	22,863	45,635
	38,476	58,296

Non-current investments in available-for-sale unquoted equity securities are stated at cost as their fair values cannot be reliably measured in view that they do not have a quoted market price in an active market, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reliably assessed.

The option to purchase interest in an investment was exercised in 2012. The purchase was completed in 2013 and the investment was recognised as interest in joint ventures.

The deposits paid to non-controlling shareholders of subsidiaries relates to an option agreement entered by Parkway Holdings Limited and its subsidiaries ("PHL Group") in 2008, whereby the non-controlling shareholders granted PHL Group call options to acquire the remaining 30% equity interest each in certain subsidiaries for an aggregate consideration of USD21,000,000 upon the terms and conditions set out thereon. The deposits will either be refunded or applied towards the purchase consideration for the additional equity interest in these subsidiaries in accordance with the terms set out in the option agreement.

In 2012, the Group increased its equity interest in these subsidiaries and the deposit of USD13,900,000 was refunded in January 2013, with the remaining deposit of USD7,100,000 refunded in January 2014. As a result, the Group reversed the allowance for impairment loss of USD7,100,000 and USD13,900,000 in 2013 and 2012, respectively, for the impairment loss previously recognised in relation to the USD21,000,000.

NOTES TO THE FINANCIAL STATEMENTS

10. DEFERRED TAX ASSETS AND LIABILITIES

Group	Note	Unutilised tax losses and unabsorbed capital allowances RM'000	Unutilised investment allowance RM'000	Intangible assets RM'000	Receivables/ Provisions RM'000	Others RM'000	Total RM'000
Deferred tax assets							
At 1 January 2012, previously reported		912	-	-	6,268	1,997	9,177
Effects of adoption of MFRS 10		-	-	-	15,059	-	15,059
At 1 January 2012, as restated		912	-	-	21,327	1,997	24,236
Acquisition of subsidiaries	42	6,881	-	2,191	14,288	5,573	28,933
Recognised in the profit or loss	33	13,364	-	457	2,141	(7,831)	8,131
Translation differences (restated)		(8)	-	25	895	261	1,173
At 31 December 2012, as restated		21,149	-	2,673	38,651	-	62,473
At 1 January 2013, previously reported		21,149	-	2,673	23,156	-	46,978
Effects of adoption of MFRS 10		-	-	-	15,495	-	15,495
At 1 January 2013, as restated		21,149	-	2,673	38,651	-	62,473
Recognised in the profit or loss	33	16,454	17,520	(2,466)	3,691	4,491	39,690
Recognised in the other comprehensive income	31	-	-	-	1,456	-	1,456
Translation differences		(2,818)	-	(115)	(3,367)	780	(5,520)
At 31 December 2013		34,785	17,520	92	40,431	5,271	98,099

NOTES TO THE FINANCIAL STATEMENTS

10. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Group	Note	Property, plant and equipment RM'000	Investment properties RM'000	Intangible assets RM'000	Interests in associates RM'000	Receivables/ Provisions RM'000	Others RM'000	Total RM'000
Deferred tax liabilities								
At 1 January 2012, previously reported		(130,063)	-	(285,535)	(16,824)	-	1,397	(431,025)
Effects of adoption of MFRS 10		(175,171)	(15,300)	25,410	16,824	-	-	(148,237)
At 1 January 2012, as restated		(305,234)	(15,300)	(260,125)	-	-	1,397	(579,262)
Acquisition of subsidiaries	42	(90,189)	-	(284,345)	-	(3,680)	(2,789)	(381,003)
Recognised in the profit or loss (restated)	33	(10,678)	(5,065)	13,935	-	(2,059)	(1,335)	(5,202)
Translation differences (restated)		(1,948)	2,234	(2,951)	-	(318)	(782)	(3,765)
At 31 December 2012, as restated		(408,049)	(18,131)	(533,486)	-	(6,057)	(3,509)	(969,232)
At 1 January 2013, previously reported		(235,697)	-	(558,530)	(16,388)	(6,057)	(3,509)	(820,181)
Effects of adoption of MFRS 10		(172,352)	(18,131)	25,044	16,388	-	-	(149,051)
At 1 January 2013, as restated		(408,049)	(18,131)	(533,486)	-	(6,057)	(3,509)	(969,232)
Recognised in the profit or loss	33	(19,289)	(6,596)	8,598	-	(11,226)	893	(27,620)
Translation differences		6,830	2,530	30,209	-	1,456	192	41,217
At 31 December 2013		(420,508)	(22,197)	(494,679)	-	(15,827)	(2,424)	(955,635)

NOTES TO THE FINANCIAL STATEMENTS

10. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The amounts determined after appropriate offsetting is included in the statements of financial position are as follows:

	Group	
	2013 RM'000	2012 RM'000 (Restated)
Deferred tax assets		
Unutilised tax losses and unabsorbed capital allowances	34,785	21,149
Unutilised investment allowance	17,520	-
Intangible assets	92	2,673
Receivables/Provisions	40,431	38,651
Others	5,271	-
	98,099	62,473
Set-off	(20,532)	(1,313)
Net deferred tax assets	77,567	61,160
Deferred tax liabilities		
Property, plant and equipment	(420,508)	(408,049)
Investment properties	(22,197)	(18,131)
Intangible assets	(494,679)	(533,486)
Receivables/Provisions	(15,827)	(6,057)
Others	(2,424)	(3,509)
	(955,635)	(969,232)
Set-off	20,532	1,313
Net deferred tax liabilities	(935,103)	(967,919)

Deferred tax assets and liabilities are offset above where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2013 RM'000	2012 RM'000
Deductible temporary differences	-	92
Unutilised tax losses	51,794	52,083
Others	299	266
	52,093	52,441

The unutilised tax losses carried forward do not expire under current tax legislations, except for amount of RM50.2 million (2012: RM51.7 million), equivalent of TL32.9 million (2012: TL30.1 million), representing tax losses that can be carried forward to offset against future taxable income for five years. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the respective subsidiaries can utilise the benefits there from.

NOTES TO THE FINANCIAL STATEMENTS

11. ASSETS CLASSIFIED AS HELD FOR SALE

The RM166,000 assets classified as held for sale as at 31 December 2012 pertains to land and building for which the Group had sold off during the year with net profit of RM67,000 recognised in profit or loss.

12. DEVELOPMENT PROPERTIES

		Group	
		2013	2012
	Note	RM'000	RM'000
At 1 January		-	1,121,195
Additions		-	49,951
Disposals		-	(944,547)
Transfer to property, plant and equipment	3	-	(41,685)
Transfer to investment properties	4	-	(184,814)
Translation differences		-	(100)
At 31 December		-	-

Included in 2012 additions was capitalised borrowing costs amounting to RM1,648,000.

13. INVENTORIES

	Group	
	2013	2012
	RM'000	RM'000
Pharmaceuticals, surgical and medical supplies	152,991	136,928

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000 (Restated)	RM'000	RM'000
Non-current					
Non-trade					
Other receivables	16	1,056	786	-	-
Prepayments		20,451	22,663	-	-
Deposits		14,805	7,971	-	-
		36,312	31,420	-	-
Current					
Trade					
Trade receivables		882,904	811,949	-	-
Amounts due from related parties		113,326	62,494	-	-
	15	996,230	874,443	-	-
Allowance for impairment losses		(120,042)	(101,063)	-	-
		876,188	773,380	-	-
Non-trade					
Other receivables		43,054	44,695	369	730
Amount due from related parties		486	2,504	-	-
		43,540	47,199	369	730
Allowance for impairment losses		(603)	(949)	-	-
	16	42,937	46,250	369	730
Interest receivables		1,972	1,086	618	375
Prepayments		44,111	39,325	1,351	2,372
Deposits		36,944	20,880	38	5
		125,964	107,541	2,376	3,482
		1,002,152	880,921	2,376	3,482

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

	Note	Gross amount RM'000	Balances that are set off RM'000	Net carrying amount in the statement of financial position RM'000
Group				
2013				
Trade receivables		894,426	(18,238)	876,188
Trade payables	25	(581,856)	18,238	(563,618)
2012				
Trade receivables		784,881	(11,501)	773,380
Trade payables	25	(492,298)	11,501	(480,797)

Certain trade receivables and trade payables were set off for presentation purpose as the Group has enforceable rights to set off the amount and they intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

15. TRADE RECEIVABLES AND TRADE AMOUNTS DUE FROM RELATED PARTIES

The Group's primary exposure to credit risk, arises through its trade receivables and trade amounts due from related parties. Concentration of the credit risk relating to trade receivables and trade amounts due from related parties are limited and the Group's historical experience of collection of accounts receivables falls within the record allowances. Due to these factors, the Group believes that no additional credit risks beyond amounts provided for collection losses is inherent in the Group's trade receivables and trade amounts due from related parties.

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE RECEIVABLES AND TRADE AMOUNTS DUE FROM RELATED PARTIES (CONTINUED)

Credit risk

The exposure to credit risk for trade receivables and trade amounts due from related parties at the date of reporting (by geographical distribution) is:

		Group	
		2013	2012
	Note	RM'000	RM'000
Malaysia		161,276	158,085
Singapore		272,232	242,621
North Asia		23,171	22,786
South Asia and Middle East		23,963	16,680
South East Asia		68,707	72,659
Central Eastern Europe, Middle East and North Africa ("CEEMENA")		443,511	354,209
Others		3,370	7,403
	14	996,230	874,443
Allowance for impairment losses		(120,042)	(101,063)
		876,188	773,380

Impairment losses

The ageing of trade receivables and trade amounts due from related parties at the reporting date is:

Group	Gross 2013 RM'000	Individual and collective impairment 2013 RM'000	Net 2013 RM'000	Gross 2012 RM'000	Individual and collective impairment 2012 RM'000	Net 2012 RM'000
Not past due	566,829	(5,466)	561,363	502,783	(7,942)	494,841
Past due 0 – 30 days	93,846	(1,694)	92,152	84,638	(648)	83,990
Past due 31 – 180 days	211,369	(19,840)	191,529	183,376	(19,461)	163,915
Past due 181 days – 1 year	44,989	(18,156)	26,833	35,493	(12,930)	22,563
Past due more than 1 year	79,197	(74,886)	4,311	68,153	(60,082)	8,071
	996,230	(120,042)	876,188	874,443	(101,063)	773,380

NOTES TO THE FINANCIAL STATEMENTS

15. TRADE RECEIVABLES AND TRADE AMOUNTS DUE FROM RELATED PARTIES (CONTINUED)

Impairment losses (continued)

The movement in allowance for impairment loss in respect of trade receivables and trade amounts due from related parties during the year is:

Group	Note	2013 RM'000	2012 RM'000
At 1 January		101,063	73,633
Impairment loss recognised	30	21,967	15,573
Impairment loss written off		(2,599)	(3,118)
Acquisition of subsidiaries		-	13,329
Disposal of subsidiaries		(779)	-
Translation differences		390	1,646
At 31 December	14	120,042	101,063

The Group provides for impairment allowance in respect of trade receivables and trade amounts due from related parties based on the historical default rates. Specific impairment allowance is provided on a case-by-case basis depending on the circumstances.

16. OTHER RECEIVABLES

	Note	Group 2013 RM'000	Group 2012 RM'000 (Restated)
Non-current			
Other receivables	14	1,056	786
Current			
Other receivables	14	43,054	44,695
Amounts due from related parties	14	486	2,504
		43,540	47,199
Allowance for impairment losses	14	(603)	(949)
		42,937	46,250
		43,993	47,036

Other receivables are unsecured and interest-free.

NOTES TO THE FINANCIAL STATEMENTS

16. OTHER RECEIVABLES (CONTINUED)

Credit risk

There are no significant concentration of credit risk that may arise from the Group's other receivables. The exposure to credit risk for other receivables at the reporting date (by geographical distribution) is:

	Group	
	2013 RM'000	2012 RM'000 (Restated)
Malaysia	9,608	8,676
Singapore	10,241	8,596
North Asia	3,813	6,071
South Asia and Middle East	-	10
South East Asia	1,075	573
CEEMENA	19,859	23,983
Others	-	76
	44,596	47,985
Allowance for impairment losses	(603)	(949)
	43,993	47,036

	Company	
	2013 RM'000	2012 RM'000
Malaysia	369	730

Impairment losses

The ageing of other receivables at the reporting date is:

Group	Gross 2013 RM'000	Individual and collective impairment 2013 RM'000	Net 2013 RM'000	Gross 2012 RM'000 (Restated)	Individual and collective impairment 2012 RM'000 (Restated)	Net 2012 RM'000 (Restated)
Not past due	38,834	-	38,834	35,214	(13)	35,201
Past due 0 – 30 days	4,831	-	4,831	3,438	-	3,438
Past due 31 – 180 days	28	-	28	8,084	-	8,084
Past due 181 days – 1 year	58	-	58	52	(2)	50
Past due more than 1 year	845	(603)	242	1,197	(934)	263
	44,596	(603)	43,993	47,985	(949)	47,036

NOTES TO THE FINANCIAL STATEMENTS

16. OTHER RECEIVABLES (CONTINUED)

Impairment losses (continued)

The movements in allowance for impairment loss in respect of other receivables during the year are as follows:

	Note	Group 2013 RM'000	Group 2012 RM'000
At 1 January		949	1,221
Disposal of subsidiaries		(2)	-
Impairment loss reversed	30	-	(282)
Impairment loss written off		(349)	(111)
Translation differences		5	121
	14	603	949

The Group provides for impairment allowance in respect of other receivables based on the historical default rates. Specific impairment allowance is provided on a case-by-case basis depending on the circumstances.

17. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amount due from/(to) subsidiaries are unsecured, interest free and are repayable on demand.

18. CASH AND CASH EQUIVALENTS

	Group 2013 RM'000	Group 2012 RM'000 (Restated)	Company 2013 RM'000	Company 2012 RM'000
Cash and bank balances	600,515	535,722	43,761	11,944
Fixed deposits with financial institutions	1,544,312	1,086,923	791,881	670,143
	2,144,827	1,622,645	835,642	682,087
Bank overdrafts (secured) (Note 21)	-	(974)	-	-
Deposits pledged	(4,420)	(63,304)	-	-
Cash collateral received	(4,798)	(5,513)	-	-
Cash and cash equivalents in statement of cash flows	2,135,609	1,552,854	835,642	682,087

Fixed deposits with licenced banks included RM4,420,000 (2012: RM63,304,000) pledged to banks and finance companies for credit facilities granted to certain subsidiaries.

In respect of the Japan properties acquired by PLife REIT, in July 2010, the vendor has provided a rental income guarantee ("the Rental Income Guarantee"), in which it agrees to indemnify PLife REIT in the event that the actual revenue in respect of any of the properties in any month is less than the initial revenue at acquisition, for a maximum duration of seven years and subject to a maximum aggregate claim of 5% of the purchase price (which is equivalent to approximately JPY154.4 million (RM4.8 million)).

NOTES TO THE FINANCIAL STATEMENTS

18. CASH AND CASH EQUIVALENTS (CONTINUED)

To further support the Rental Income Guarantee, a cash deposit of JPY154.4 million, approximately RM4.8 million, (2012: JPY154.4 million, approximately RM5.5 million) was placed with PLife REIT, for withdrawal in respect of valid claims under the Rental Income Guarantee. Any balance left in the account upon termination of the Rental Income Guarantee will be returned to the vendor.

19. SHARE CAPITAL

Group and Company	**Amount 2013 RM'000**	**Number of shares 2013 '000**	**Amount 2012 RM'000**	**Number of shares 2012 '000**
Authorised:				
Ordinary shares of RM1.00 each				
At 1 January and 31 December	18,000,000	18,000,000	18,000,000	18,000,000
Issued and fully paid:				
Ordinary shares of RM1.00 each				
At 1 January	8,055,445	8,055,445	5,500,000	5,500,000
Issued during the year	79,529	79,529	2,555,445	2,555,445
At 31 December	8,134,974	8,134,974	8,055,445	8,055,445

Issue of shares

In 2013, the Company issued:

i) 72,249,998 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and
ii) 7,278,705 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIP units.

Upon completion of the above, the issued and fully paid ordinary shares of the Company as at 31 December 2013 amounted to RM8,134,973,871.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

20. OTHER RESERVES

The movements in each category of the other reserves are disclosed in the consolidated statements of changes in equity.

The nature and purpose of each category of reserves are as follows:

(a) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares net of share listing expenses and fair value adjustments for the purpose of accounting for share consideration issued in connection with acquisition of a subsidiary.

(b) Share option reserve

Share option reserve comprises the cumulative value of employee services received for the issue of share options and conditional award of performance shares. When the options are exercised, the amount from the share option reserves is transferred to share capital and the excess value above the par value of the ordinary shares issued is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Details of the share options are disclosed in Note 22.

(c) Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

(d) Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification as investment property.

(e) Hedge reserve

Hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges relating to hedged transactions that have not yet occurred.

(f) Capital reserve

The capital reserve comprises:

(i) non-cash contribution from, or distribution to, holding companies within the Group for the common control transfer of subsidiaries;
(ii) difference between the consideration paid and net assets acquired in acquisition of non-controlling interests;
(iii) capital gain or loss arising from the payment of a non-controlling interest's subscription to the share capital of a subsidiary;
(iv) capital gain or loss arising from the Group's subscription to additional shares of non-wholly owned subsidiaries; and
(v) difference between consideration received and net assets disposed when the Group disposed its interest in subsidiaries without losing control of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

20. OTHER RESERVES (CONTINUED)

(g) Legal reserve

Legal reserves consist of first and second legal reserves in accordance to the Turkish Commercial Code ("TCC"). The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Group's Turkish-based subsidiaries' statutory accounts until it reaches 20 percent of the issued and paid-up share capital of these subsidiaries. If the dividend distribution is made in accordance with Turkish Capital Market Board ("CMB") regulation, a further 1/11 of dividend distribution, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserve. Under the TCC applicable as at 31 December 2013, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital.

(h) Foreign currency translation reserve

The foreign currency translation reserve of the Group comprises:

(i) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company;

(ii) the exchange differences on monetary items which form part of the Group's net investment in the foreign operations, provided certain conditions are met; and

(iii) the effective portion of any foreign currency differences arising from hedges of the Group's net investment in a foreign operation.

21. LOANS AND BORROWINGS

	Group	
	2013 RM'000	**2012 RM'000 (Restated)**
Non-current		
Secured		
Bank borrowings	1,134,517	550,110
Finance lease liabilities	160,809	191,269
Unsecured		
Bank borrowings	2,874,920	2,759,951
	4,170,246	3,501,330
Current		
Secured		
Bank borrowings	158,480	239,598
Finance lease liabilities	59,152	57,599
Bank overdrafts	-	974
Unsecured		
Bank borrowings	73,403	821
Floating rate notes	-	35,722
	291,035	334,714
	4,461,281	3,836,044

NOTES TO THE FINANCIAL STATEMENTS

21. LOANS AND BORROWINGS (CONTINUED)

Bank borrowings and bank overdraft

Included in the loans and borrowings:

(a) Unsecured SGD denominated loan of RM12.4 million (2012: RM1,030.5 million) representing a 5-year term loan obtained in 2010 with repayments due by 2015, and bears interest rates of Singapore Swap Offer Rate ("SOR")+1.05% per annum.

(b) Unsecured SGD denominated bank borrowings of RM1,007.9 million, representing a 5-year term loan obtained in 2013, with repayments due in 2018, and bear interests at rate of SOR+1.05% per annum.

(c) Unsecured SGD denominated loan of RM573.5 million (2012: RM557.7 million) representing a 5-year term loan obtained in December 2012 with repayments due by 2017, and bears an interest rate of SOR+1.05% per annum.

(d) Following bank borrowings and interest rate associated with the subsidiaries of the Group in Turkey:

i) Secured USD denominated loans of RM1,132.5 million (2012: RM584.8 million), bear interests at the rate of 3-month London Interbank Offer Rate ("LIBOR")+1.75% to 6.5% (2012: 3-month LIBOR+1.75% to 6.35%) and have repayment periods ranging from 2014 – 2019 (2012: 2013 – 2019).

ii) Secured Macedonian Denar ("MKD") denominated loans of RM8.9 million (2012: RM29.1 million), bears interests at 6.5% (2012: 5.5% - 6.0%) with repayments due by 2014 (2012: repayment period ranging from 2013 – 2016).

iii) Secured Euro denominated loans of RM68.2 million (2012: Nil), bear interests at the rate of Euro Interbank Offer Rate ("Euribor")+0.7% (2012: Nil), and is due for repayment in 2018 (2012: Nil).

iv) Unsecured Turkish Lira ("TL") denominated bank borrowings of RM61.9 million (2012: RM104.7 million, consisting of RM103.9 million secured loan and unsecured loans of RM0.8 million), bear interests at rate of 0% - 10.3% (2012: 0% - 9%), and have repayment periods ranging from 2014 – 2015 (2012: 2013 – 2018).

The above secured bank borrowings are secured by first degree mortgages over certain land and buildings of the subsidiaries, and shares investment in certain subsidiaries and charge over trade receivables of the subsidiaries. Besides the above mentioned, in 2012, these secured bank borrowings were also secured by charges over certain deposits placed with licensed banks.

(e) Unsecured JPY denominated loans of RM1,076.2 million (2012: RM1,026.5 million), bear interest at rate of 3-month LIBOR+0.80% to 1.20% (2012: LIBOR+0.88 to 1.20%), and have repayment periods ranging from 2014 – 2019 (2012: 2014 – 2017).

(f) The remaining secured bank borrowings, representing term loans, revolving credit and bank overdraft facilities granted to the subsidiaries, are secured by:

(i) first fixed charge over certain freehold and leasehold land of certain subsidiaries;
(ii) fixed and floating charge over assets and receivables of certain subsidiaries;
(iii) charge over certain fixed deposits of certain subsidiaries; and
(iv) corporate guarantees by certain subsidiaries and Company.

NOTES TO THE FINANCIAL STATEMENTS

21. LOANS AND BORROWINGS (CONTINUED)

Unsecured floating rate notes

On 18 August 2008, PLife REIT, through its wholly-owned subsidiary, Parkway Life MTN Pte Ltd (the "Issuer"), established a SGD500 million Multi-currency Medium Term Note Programme (the "MTN Programme"). Under the MTN Programme, the Issuer may, subject to the compliance with all relevant laws, regulations and directives, from time to time issue notes in series or tranches in Singapore dollars, United States dollars or any other currency (the "Notes").

Each series or tranche of notes may be issued in varying amounts and tenors, and may bear fixed, floating or variable rates of interest. Hybrid notes or zero coupon notes may also be issued under the MTN Programme.

The Notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by laws) of the Issuer. All sums payable in respect of the Notes will be unconditionally and irrevocably guaranteed by PLife REIT.

On 23 March 2010, the Issuer issued a SGD50 million 3-year Floating Rate Notes ("FRN") under the MTN Programme, bearing a floating interest rate per annum equal to the sum of 1.05 per cent and the six-month Singapore dollar swap offer rate payable semi-annually in arrears, which matured on 23 March 2013. The Issuer has on-lent the proceeds from the issuance of the above FRN to the PLife REIT, who in turn, has used such proceeds to refinance short term borrowings, as well as for general working capital purposes.

In June 2012, the Group has successfully completed the buy-back and cancellation of the SGD35.75 million FRN which was funded via a 4-year unsecured SGD80 million revolving credit facility. In March 2013, the outstanding principal amount of SGD14.25 million FRN had matured and was fully redeemed.

As at 31 December 2013, these were no outstanding notes issued under the MTN Programme.

Interest rate swaps

The Group entered into interest rate swaps with various counterparties to provide fixed rate funding for certain unsecured bank borrowings. Details of these interest swaps are set out in Note 26.

Finance lease liabilities

Group	Payments 2013 RM'000	Interest 2013 RM'000	Principal 2013 RM'000	Payments 2012 RM'000	Interest 2012 RM'000	Principal 2012 RM'000
Less than 1 year	69,667	(10,515)	59,152	69,242	(11,643)	57,599
Between 1 and 5 years	167,344	(15,055)	152,289	199,775	(21,063)	178,712
More than 5 years	8,872	(352)	8,520	13,542	(985)	12,557
	245,883	(25,922)	219,961	282,559	(33,691)	248,868

The Group has finance lease and hire purchase contracts for various items of property, plant and equipment. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

NOTES TO THE FINANCIAL STATEMENTS

22. EMPLOYEE BENEFITS

	Note	Group 2013 RM'000	Group 2012 RM'000
Non-current			
Cash-settled LTIP		234	446
Retirement benefits	23	12,400	12,444
Employment termination benefits	24	10,510	8,315
		23,144	21,205
Current			
Performance incentive scheme		-	5,770
Cash-settled LTIP		495	582
PTM long term incentive plan (cash-settled)		887	915
Defined contribution plan		21,812	15,736
Provision for unconsumed leave		15,734	12,938
		38,928	35,941

	Company 2013 RM'000	Company 2012 RM'000
Non-current		
Cash-settled LTIP	234	446
Current		
Provision for unconsumed leave	20	-
Cash-settled LTIP	495	582
	515	582

Performance incentive scheme

In 2010, the Group's subsidiary, Parkway Holdings Limited ("PHL"), has a Performance Share Plan in which eligible employees of PHL and its subsidiaries will be awarded with fully paid-up ordinary shares of PHL upon the expiry of the vesting period when certain prescribed performance targets are met. Following the privatisation of PHL in November 2010, the terms of the Performance Share Plan were modified whereby eligible employees will be awarded with cash and this apply to the remaining tranches of performance shares granted in 2008, 2009 and 2010 that were not vested as at November 2010. Liabilities for the scheme have been fully paid during the year.

NOTES TO THE FINANCIAL STATEMENTS

22. EMPLOYEE BENEFITS (CONTINUED)

Cash-settled LTIP

The LTIP of the Company was approved and adopted by its Board on 25 March 2011 with the aim to make total employee remuneration sufficiently competitive to recruit, reward, retain and motivate outstanding employees.

Cash-settled LTIP balances refers to the amount that the Group has to pay out in the next few years to eligible personnel who are offered LTIP units but have elected to opt out of the scheme and receive cash instead of share options.

During the year, 154,000 (2012: 386,000) cash-settled LTIP units were granted to eligible staff.

PTM long term incentive scheme (cash-settled)

In 2007, the long term incentive ("LTI") plan of a subsidiary, Parkway Trust Management Limited ("PTM") was approved to award eligible employees with units in PLife REIT currently held by PTM when certain prescribed performance targets are met. The LTI plan is administered by the remuneration committee of PTM.

Provision for unconsumed leave

The amount represent the cash value amount of the unconsumed leave balance entitlement payable to the employees at the end of the reporting period.

Share based payment scheme

On 25 March 2011, the Group established the LTIP and EPP schemes to grant share options to eligible personnel.

The LTIP units granted will vest in the participants over a 3-year period, in equal proportions each year. All LTIP units that have been granted and vested must be surrendered to the Company for allotment of new shares of the Company on the basis of one new share for each LTIP unit. The LTIP units have no exercise price and shall be in force for a period of 10 years from 25 March 2011.

The EPP options granted in each year will vest in the participants over a 4-year period, with two-thirds of the options to be vested in equal proportions on a yearly basis on each anniversary of the date of grant over such 4-year period and the remaining one-third to be vested in equal proportions on the same basis upon the Group meeting the performance target for each grant, as determined by the Board at its own discretion on a yearly basis. The exercise price as at the initial grant of the EPP option shall be RM2.00 only, which shall be increased by 10% over each subsequent 12 months period based on compound annual growth rate. The EPP shall be in force for a period of 5 years from 25 March 2011.

NOTES TO THE FINANCIAL STATEMENTS

22. EMPLOYEE BENEFITS (CONTINUED)

Share based payment scheme (continued)

During the year, a total of 8,082,610 equity settled LTIP units (2012: 11,589,229) were granted to eligible staff. The movement in the number of options outstanding under the respective schemes as at 31 December 2013 and the details of the schemes are as follows:

LTIP

Date of grant	Number of units outstanding at 1.1.2012	Reclassification	Number of units granted	Number of units lapsed/ cancelled	Number of units exercised	Number of units outstanding at 31.12.2012	Number of holders at 31.12.2012
Key Management Personnel							
21 April 2011	2,697,000	3,044,000	-	-	(1,913,000)	3,828,000	3
1 September 2011	27,000	-	-	-	(9,000)	18,000	1
2 April 2012	-	-	4,930,000	-	-	4,930,000	4
	2,724,000	3,044,000	4,930,000	-	(1,922,000)	8,776,000	8
Other eligible employees							
21 April 2011	8,554,000	(3,044,000)	-	(625,000)	(1,680,000)	3,205,000	48
30 June 2011	439,376	-	-	(28,385)	(137,614)	273,377	19
1 August 2011	104,795	-	-	-	(34,582)	70,213	1
1 September 2011	76,134	-	-	-	(25,378)	50,756	5
2 April 2012	-	-	6,659,229	(494,000)	-	6,165,229	92
	9,174,305	(3,044,000)	6,659,229	(1,147,385)	(1,877,574)	9,764,575	165
Total for the year							
21 April 2011	11,251,000	-	-	(625,000)	(3,593,000)	7,033,000	51
30 June 2011	439,376	-	-	(28,385)	(137,614)	273,377	19
1 August 2011	104,795	-	-	-	(34,582)	70,213	1
1 September 2011	103,134	-	-	-	(34,378)	68,756	6
2 April 2012	-	-	11,589,229	(494,000)	-	11,095,229	96
	11,898,305	-	11,589,229	(1,147,385)	(3,799,574)	18,540,575	173

As at 31 December 2012, no outstanding LTIP units are vested and exercisable.

NOTES TO THE FINANCIAL STATEMENTS

22. EMPLOYEE BENEFITS (CONTINUED)

LTIP (continued)

Date of grant	Number of units outstanding at 1.1.2013	Conversion from cash-settled LTIP to equity settled LTIP *	Number of units granted	Number of units lapsed/ cancelled	Number of units exercised	Number of units outstanding at 31.12.2013	Number of holders at 31.12.2013
Key Management Personnel							
21 April 2011	3,828,000	-	-	-	(1,913,000)	1,915,000	3
1 September 2011	18,000	-	-	-	(9,000)	9,000	1
2 April 2012	4,930,000	-	-	-	(1,642,000)	3,288,000	4
2 July 2013	-	-	3,609,000	-	-	3,609,000	5
	8,776,000	-	3,609,000	-	(3,564,000)	8,821,000	13
Other eligible employees							
21 April 2011	3,205,000	80,000	-	(194,000)	(1,563,000)	1,528,000	42
30 June 2011	273,377	-	-	(105,623)	(119,392)	48,362	8
1 August 2011	70,213	-	-	-	(34,582)	35,631	1
1 September 2011	50,756	-	-	-	(25,378)	25,378	5
2 April 2012	6,165,229	102,000	-	(804,774)	(1,972,353)	3,490,102	71
29 April 2013	-	-	4,372,610	(374,717)	-	3,997,893	80
4 September 2013	-	-	101,000	-	-	101,000	3
	9,764,575	182,000	4,473,610	(1,479,114)	(3,714,705)	9,226,366	210
Total for the year							
21 April 2011	7,033,000	80,000	-	(194,000)	(3,476,000)	3,443,000	45
30 June 2011	273,377	-	-	(105,623)	(119,392)	48,362	8
1 August 2011	70,213	-	-	-	(34,582)	35,631	1
1 September 2011	68,756	-	-	-	(34,378)	34,378	6
2 April 2012	11,095,229	102,000	-	(804,774)	(3,614,353)	6,778,102	75
29 April 2013	-	-	4,372,610	(374,717)	-	3,997,893	80
2 July 2013	-	-	3,609,000	-	-	3,609,000	5
4 September 2013	-	-	101,000	-	-	101,000	3
	18,540,575	182,000	8,082,610	(1,479,114)	(7,278,705)	18,047,366	223

As at 31 December 2013, no outstanding LTIP units are vested and exercisable.

* : Per the bye-laws of the LTIP Scheme, all unvested cash-settled LTIPs of employees who are promoted to Vice President will be converted into unvested equity-settled LTIPs.

NOTES TO THE FINANCIAL STATEMENTS

22. EMPLOYEE BENEFITS (CONTINUED)

EPP

Date of grant	Number of options outstanding at 1.1.2012	Reclassification	Number of options granted	Number of options lapsed/ cancelled	Number of options exercised	Number of options outstanding at 31.12.2012	Number of holders at 31.12.2012
Key Management Personnel							
31 March 2011	37,500,000	37,500,000	-	-	-	75,000,000	2
1 June 2011	-	5,500,000	-	-	-	5,500,000	1
27 July 2011	4,000,000	-	-	-	-	4,000,000	1
	41,500,000	43,000,000	-	-	-	84,500,000	4
Other eligible employees							
31 March 2011	37,500,000	(37,500,000)	-	-	-	-	-
1 June 2011	55,500,000	(5,500,000)	-	(3,000,000)	-	47,000,000	12
27 July 2011	6,000,000	-	-	-	-	6,000,000	3
1 September 2011	7,500,000	-	-	-	-	7,500,000	2
1 December 2011	1,000,000	-	-	-	-	1,000,000	1
	107,500,000	(43,000,000)	-	(3,000,000)	-	61,500,000	18
Total for the year							
31 March 2011	75,000,000	-	-	-	-	75,000,000	2
1 June 2011	55,500,000	-	-	(3,000,000)	-	52,500,000	13
27 July 2011	10,000,000	-	-	-	-	10,000,000	4
1 September 2011	7,500,000	-	-	-	-	7,500,000	2
1 December 2011	1,000,000	-	-	-	-	1,000,000	1
	149,000,000	-	-	(3,000,000)	-	146,000,000	22

As at 31 December 2012, no outstanding EPP options are exercisable.

NOTES TO THE FINANCIAL STATEMENTS

22. EMPLOYEE BENEFITS (CONTINUED)

EPP (continued)

Date of grant	Number of options outstanding at 1.1.2013	Number of options granted	Number of options lapsed/ cancelled	Number of options exercised	Number of options outstanding at 31.12.2013	Number of holders at 31.12.2013
Key Management Personnel						
31 March 2011	75,000,000	-	-	(37,500,000)	37,500,000	2
1 June 2011	5,500,000	-	-	(2,750,000)	2,750,000	1
27 July 2011	4,000,000	-	-	(2,000,000)	2,000,000	1
	84,500,000	-	-	(42,250,000)	42,250,000	4
Other eligible employees						
1 June 2011	47,000,000	-	(3,750,000)	(23,000,000)	20,250,000	9
27 July 2011	6,000,000	-	-	(2,999,998)	3,000,002	3
1 September 2011	7,500,000	-	(1,250,000)	(3,750,000)	2,500,000	1
1 December 2011	1,000,000	-	-	(250,000)	750,000	1
	61,500,000	-	(5,000,000)	(29,999,998)	26,500,002	14
Total for the year						
31 March 2011	75,000,000	-	-	(37,500,000)	37,500,000	2
1 June 2011	52,500,000	-	(3,750,000)	(25,750,000)	23,000,000	10
27 July 2011	10,000,000	-	-	(4,999,998)	5,000,002	4
1 September 2011	7,500,000	-	(1,250,000)	(3,750,000)	2,500,000	1
1 December 2011	1,000,000	-	-	(250,000)	750,000	1
	146,000,000	-	(5,000,000)	(72,249,998)	68,750,002	18

As at 31 December 2013, 750,000 EPP outstanding options are vested and exercisable.

NOTES TO THE FINANCIAL STATEMENTS

22. EMPLOYEE BENEFITS (CONTINUED)

The fair value of services received in return for the share options granted is determined based on:

i) Granted before 25 July 2012
- LTIP: Market value approach on a minority, non-marketable basis, and
- EPP: Binomial lattice model.

ii) Granted after 25 July 2012
- LTIP: Trinomial opinion pricing model.

taking into account the terms and conditions under which the units/options were granted. The inputs to the models used for the units/options granted are shown below:

Fair value of share options and assumptions

	LTIP granted in 2013	LTIP granted in 2012	LTIP granted in 2011	EPP granted in 2011
Fair value at grant date	RM3.69 - RM3.98	RM2.34	RM1.73 - RM1.75	RM0.0791 - RM0.1110
Enterprise value to EBITDA multiple				
- Singapore-based hospital and healthcare services	n/a	14.4x–15.2x	16.6x–17.4x	n/a
- Malaysia-based hospital and healthcare services	n/a	8.8x–9.6x	9.3x–10.1x	n/a
- Turkey-based hospital and healthcare services	n/a	17.0x–18.0x	n/a	n/a
- Education services	n/a	7.2x–8.0x	8.0x–8.8x	n/a
Weighted average cost of capital	n/a	7.0%–15.0%	10%–11%	n/a
Share price at grant date	RM3.75 - RM4.00	n/a	n/a	n/a
Expected volatility (average volatility)	17.33% - 18.65%	n/a	n/a	20.0% - 25.0%
Option life (expected average life)	7.5 - 7.92 years	n/a	n/a	5 years
Expected dividends yield	0.50% - 0.53%	n/a	n/a	3.0%
Risk free rate	3.19% - 3.58%	n/a	n/a	3.50% - 3.65%

n/a – not applicable

Value of employee services received for issue of share options

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Share based payment expenses included in staff costs (Note 28)	23,189	22,864	5,425	5,286

NOTES TO THE FINANCIAL STATEMENTS

23. RETIREMENT BENEFITS

Certain Malaysia-based subsidiaries of the Group have defined benefits plans that provide pension benefits for employee upon retirement. The plans entitle a retired employee to receive one lump sum payment upon retirement. At the end of the reporting period, the present values of the unfunded obligations are:

	Group	
	2013 RM'000	2012 RM'000
Present value of unfunded obligations	12,400	12,444
Movements in the liability for defined benefits obligations		
At 1 January	12,444	11,572
Included in profit or loss		
Current service costs	751	1,073
Interest on obligation	697	663
Transition amount	-	(30)
	1,448	1,706
Included in other comprehensive income		
Remeasurement gain		
- Actuarial loss/(gain) arising from financial assumptions		
- Changes in demographic assumptions	26	-
- Changes in financial assumptions	(926)	-
- Experience adjustments	(222)	-
	(1,122)	-
Other		
Benefits paid	(370)	(834)
At 31 December	12,400	12,444

Actuarial assumptions

Principal actuarial assumptions at the end of reporting period (expressed as weighted averages):

	Group	
	2013	2012
Discount rate	6.3% – 6.8%	6.2% – 6.8%
Future salary increases	5.0% – 6.0%	5.0% – 6.0%

NOTES TO THE FINANCIAL STATEMENTS

23. RETIREMENT BENEFITS (CONTINUED)

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the retirement benefits obligations at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by 1%, holding other assumptions constant.

	Retirement benefits	
	1% increase	**1% decrease**
	RM'000	**RM'000**
Discount rate	(1,441)	1,719
Future salary growth	1,929	(1,636)
Future mortality	(3)	4

Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

24. EMPLOYMENT TERMINATION BENEFITS

Certain Turkish-based subsidiaries of the Group are required by local laws to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military services, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 years for women and 60 years for men).

The termination benefits is calculated as one month gross salary for every employment year and as at 31 December 2013, the ceiling amount has been limited to TL3,254 (2012: TL3,034), approximately RM4,971 (2012: RM5,215). The reserves has been calculated by estimating the present value of future probable obligations of these subsidiaries arising from retirement. The calculation was based upon the retirement pay ceiling announced by the local government.

	Group	
	2013	**2012**
	RM'000	**RM'000**
Present value of unfunded obligations	10,510	8,315
Movements in the liability for defined benefits obligations		
At 1 January	8,315	-
Acquisition of subsidiaries (Note 42)	-	6,467
Included in profit or loss		
Current service costs	4,146	1,710
Interest on obligation	633	423
Actuarial gains	-	9,786
	4,779	11,919
Included in other comprehensive income		
Remeasurement loss		
- Actuarial loss arising from financial assumptions	8,541	-

NOTES TO THE FINANCIAL STATEMENTS

24. EMPLOYMENT TERMINATION BENEFITS (CONTINUED)

	Group 2013 RM'000	Group 2012 RM'000
Other		
Benefits paid	(9,952)	(10,143)
Effect of movements in exchange rate	(1,173)	72
	(11,125)	(10,071)
At 31 December	10,510	8,315

Actuarial assumptions

Principal actuarial assumptions at the end of reporting period (expressed as weighted averages):

	Group 2013	Group 2012
Annual inflation rate	6.0%	5.1%
Discount rate	10.0%	8.0%
Retirement pay ceiling amount	TL3,254	TL3,034

Sensitivity analysis

No sensitivity analysis is presented as any reasonably possible changes in the above key assumptions are not expected to materially affect the employment termination benefits obligation.

NOTES TO THE FINANCIAL STATEMENTS

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Non-current				
Trade payables	21,478	11,998	-	-
Other payables	7,383	29,973	-	-
Loans from a non-controlling interest	297,851	-	-	-
	326,712	41,971	-	-
Deposits	36,407	34,401	-	-
	363,119	76,372	-	-
Current				
Trade payables	542,140	468,799	-	-
Accrued operating expenses	379,791	402,182	11,538	5,961
Other payables	236,755	254,048	202	3,784
Interest payables	12,180	15,104	-	-
Amounts due to related parties (trade)	52,767	24,647	-	-
Amounts due to related parties (non-trade)	2,410	6,934	190	-
Financial liability at fair value through profit or loss				
- Contingent consideration payable	-	82,463	-	-
	1,226,043	1,254,177	11,930	9,745
Deposits and advance billings	105,132	89,308	-	-
	1,331,175	1,343,485	11,930	9,745

The amounts due to related parties are subject to normal trade terms, and are unsecured, interest free and repayable on demand.

The loans from a non-controlling interest are unsecured and bear interests at 6-month Hong Kong Interbank Offer Rate+1.30% per annum. The loans are in relation to the non-controlling interest's share of the financing to a subsidiary, GHK Hospital Limited, for the purchase of land and construction of a hospital in Hong Kong.

NOTES TO THE FINANCIAL STATEMENTS

26. DERIVATIVE ASSETS AND LIABILITIES

	Group	
	2013 RM'000	2012 RM'000 (Restated)
Non-current assets		
Foreign exchange forward contracts held at fair value through profit or loss ("FVTPL")	15,949	6,768
Interest rate swaps used for hedging	-	(1,181)
	15,949	5,587
Current assets		
Foreign exchange forward contracts held at FVTPL	233	264
Non-current liabilities		
Interest rate swaps		
- held at FVTPL	-	(1,481)
- used for hedging	(3,566)	(3,871)
Foreign exchange forward contracts held at FVTPL	-	642
	(3,566)	(4,710)
Current liabilities		
Interest rate swaps		
- held at FVTPL	(2,239)	(4,406)
- used for hedging	(882)	(57)
Foreign exchange forward contracts held at FVTPL	-	(7,488)
	(3,121)	(11,951)
Net derivative assets and liabilities	9,495	(10,810)

	Nominal value		Fair value	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000 (Restated)
Derivatives held at FVTPL				
- Foreign exchange forward contracts	84,677	209,980	16,182	186
- Interest rate swaps	184,876	212,330	(2,239)	(5,887)
Derivatives used for hedging				
- Interest rate swaps	1,386,325	1,067,009	(4,448)	(5,109)
	1,655,878	1,489,319	9,495	(10,810)

The Group enters into interest rate swaps and foreign exchange forward contracts to manage interest rate fluctuations and exchange rate fluctuations respectively.

NOTES TO THE FINANCIAL STATEMENTS

26. DERIVATIVE ASSETS AND LIABILITIES (CONTINUED)

Offsetting financial assets and financial liabilities

The Group's derivative transactions are entered into under International Swaps and Derivatives Association Master Agreements ("ISDA Master Agreements") or long-form confirmation with various bank counterparties. The derivative financial instruments presented above are not offset in the statements of financial position as the right of set-off of recognised amounts is not enforceable as set out in such ISDA Master Agreements or confirmation. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

27. REVENUE

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000 (Restated)**	**RM'000**	**RM'000**
Hospital and healthcare services income	6,383,391	5,414,173	-	-
Education services income	203,223	183,091	-	-
Rental income	149,640	147,240	-	-
Management and acquisition fees	16,007	4,999	-	-
Dividend income	4,190	3,363	710,732	6,024
Sale of development properties	-	1,209,600	-	-
	6,756,451	6,962,466	710,732	6,024

28. STAFF COSTS

		Group		Company	
		2013	**2012**	**2013**	**2012**
	Note	**RM'000**	**RM'000 (Restated)**	**RM'000**	**RM'000**
Wages, salaries and others		2,422,513	2,084,232	15,272	7,430
Contribution to defined contribution plans		95,441	89,469	334	127
Equity-settled share-based payments	22	23,189	22,864	5,425	5,286
		2,541,143	2,196,565	21,031	12,843

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCE INCOME AND COSTS

	Group 2013 RM'000	Group 2012 RM'000 (Restated)	Company 2013 RM'000	Company 2012 RM'000
Finance income				
Interest income				
- Banks and financial institutions	39,484	28,513	19,369	8,777
- Others	385	207	-	-
Exchange gain on loans	-	40,333	-	-
Fair value gain on financial derivatives	19,249	13,212	-	-
	59,118	82,265	19,369	8,777
Finance costs				
Interest expense on loans and borrowing	(117,045)	(180,266)	-	-
Exchange losses on loans	(189,807)	-	-	-
Fair value loss on financial derivatives	-	(10,979)	-	-
Other finance cost	(21,861)	(30,964)	(6)	(5)
	(328,713)	(222,209)	(6)	(5)

30. PROFIT/(LOSS) BEFORE TAX

(a) Auditors' remuneration charged to the profit or loss comprises:

	Group 2013 RM'000	Group 2012 RM'000 (Restated)	Company 2013 RM'000	Company 2012 RM'000
Audit fees				
Current year				
- KPMG Malaysia	(879)	(863)	(320)	(304)
- Affiliates of KPMG Malaysia	(2,964)	(2,694)	(81)	(77)
- Other auditors	(718)	(737)	-	-
Over/(under) provision for prior years				
- KPMG Malaysia	31	(289)	-	(190)
- Affiliates of KPMG Malaysia	(79)	(344)	-	-
Non-audit fees paid to				
- KPMG Malaysia	(283)	(282)	(103)	(260)
- Affiliates of KPMG Malaysia	(997)	(2,290)	(170)	-
Reporting Accountants' fees for IPO				
- KPMG Malaysia	-	(4,634)	-	(4,634)
- Affiliates of KPMG Malaysia	-	(5,509)	-	(5,509)

NOTES TO THE FINANCIAL STATEMENTS

30. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

(b) Profit/(loss) before tax is arrived at after crediting/(charging):

	Note	Group 2013 RM'000	Group 2012 RM'000 (Restated)	Company 2013 RM'000	Company 2012 RM'000
Exchange gains		15,517	18,734	2,588	24,505
Impairment loss (made)/written back on:					
- Trade and other receivables	15,16	(21,967)	(15,291)	-	-
- Amounts due from associates		1,247	-	-	-
- Amounts due from joint ventures		-	(550)	-	-
- Investment in joint ventures		(2,545)	-	-	-
- Other financial assets		25,311	41,664	-	-
Write off					
- Property, plant and equipment		(904)	(1,217)	(3)	-
- Intangible assets		(534)	-	-	-
- Inventories		(515)	(200)	-	-
- Trade and other receivables		(5,469)	(8,936)	(50)	-
Rental of premises		(149,261)	(134,740)	(1,049)	(435)
Rental of machinery and equipment		(24,534)	(10,552)	(18)	(4)
Gain/(loss) on disposal of property, plant and equipment		3,698	(17,497)	-	-
Professional and consultancy fee for:					
- Acquisitions[(1)]		(4,695)	(5,758)	(3,706)	(915)
- Listing expenses[(2)]		-	(50,227)	-	(50,227)
- Internal restructuring[(3)]		-	(5,319)	-	(5,315)
Change in fair value of contingent consideration payable		3,946	(26,284)	-	-
Change in fair value of investment properties	4	42,840	165,878	-	-
Write back of I.T. project expenses		-	4,180	-	-
Gain on disposal of assets held for sale		67	280	-	-
Gain on disposal of subsidiaries	42	4,376	1,064	-	-

(1) Acquisition expenses of the Group in 2012 includes non-audit fees of RM171,000 paid to affiliates of KPMG Malaysia, which has been included in Note 30(a) disclosure.

(2) Listing expenses of the Group and Company in 2012 includes Reporting Accountants' fees of RM4,634,000 and RM5,509,000 paid to KPMG Malaysia and affiliates of KPMG Malaysia respectively, as disclosed in Note 30(a).

(3) Internal restructuring expenses of the Group and Company in 2012 includes non-audit fees of RM544,000 paid to affiliates of KPMG Malaysia, which has been included in Note 30(a) disclosure.

NOTES TO THE FINANCIAL STATEMENTS

31. OTHER COMPREHENSIVE INCOME

	2013			2012		
	Before tax RM'000	Tax benefit RM'000 (Note 10)	Net of tax RM'000	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences from foreign operations	(154,425)	-	(154,425)	(14,191)	-	(14,191)
Hedge of net investments in foreign operations	165,822	-	165,822	170,744	-	170,744
Net change in fair value of available-for-sale financial assets	38,223	-	38,223	155,218	-	155,218
Cash flow hedge	788	-	788	(190)	-	(190)
	50,408	-	50,408	311,581	-	311,581
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	(7,419)	1,456	(5,963)	-	-	-
Revaluation of property, plant and equipment upon reclassification to investment properties (Note 3)	205	-	205	-	-	-
	(7,214)	1,456	(5,758)	-	-	-
Total	43,194	1,456	44,650	311,581	-	311,581

32. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers the directors of the Company to be key management personnel in accordance with MFRS 124, *Related Party Disclosure*.

The key management personnel compensation is as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors:				
- Fees	6,068	6,102	1,880	1,894
- Remuneration and other benefits	15,538	12,993	6,518	5,620
- Share-based payment	11,139	11,512	5,069	5,286
Total short term employee benefits	32,745	30,607	13,467	12,800

The estimated monetary value of Directors' benefit-in-kind is RM239,000 (2012: RM229,000).

NOTES TO THE FINANCIAL STATEMENTS

33. INCOME TAX EXPENSE

	Group 2013 RM'000	Group 2012 RM'000 (Restated)	Company 2013 RM'000	Company 2012 RM'000
Current tax expense				
Current year	194,616	200,232	5,943	1,821
(Over)/under provided in prior years	(34,843)	1,030	(440)	-
	159,773	201,262	5,503	1,821
Deferred tax expense				
Origination and reversal of temporary differences	(1,097)	4,765	-	-
Over provided in prior years	(10,973)	(7,694)	-	-
	(12,070)	(2,929)	-	-
	147,703	198,333	5,503	1,821
Reconciliation of effective tax rate				
Profit/(loss) before tax	881,562	1,057,959	695,108	(36,042)
Less:				
Share of losses/(profits) of associates (net of tax)	1,793	(771)	-	-
Share of profits of joint ventures (net of tax)	(3,971)	(13,335)	-	-
	879,384	1,043,853	695,108	(36,042)
Tax at Malaysia tax rate of 25%	219,846	260,964	173,777	(9,011)
Effect of different tax rates in foreign jurisdictions	(29,902)	(55,332)	(123)	74
Income not subject tax	(63,044)	(102,213)	(178,331)	(7,630)
Expenses not deductible for tax purposes	66,768	95,378	10,620	18,388
Utilisation of previously unrecognised deferred tax assets	(2,552)	(420)	-	-
Deferred tax assets not recognised	2,403	6,620	-	-
Over provided in prior years	(45,816)	(6,664)	(440)	-
	147,703	198,333	5,503	1,821

NOTES TO THE FINANCIAL STATEMENTS

34. EARNINGS PER SHARE

	Group	
	2013	**2012 (Restated)**
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders (RM'000)	631,159	750,798
Basic earnings per share		
Weighted average number of shares ('000)	8,113,717	6,975,015
Basic earnings per share (sen)	7.78	10.76

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.

	2013	2012 (Restated)
Weighted average number of ordinary shares used in calculation of basic earnings per share ('000)	8,113,717	6,975,015
Weighted average number of unissued ordinary shares from units under LTIP ('000)	11,311	12,647
Weighted average number of unissued ordinary shares from share options under EPP ('000)	26,439	34,839
Weighted average number of ordinary shares used in calculation of diluted earnings per share ('000)	8,151,467	7,022,501
Diluted earnings per share (sen)	7.74	10.69

35. DIVIDENDS

No dividend was paid during the financial year ended 31 December 2013 and 31 December 2012.

The Directors have proposed a first and final single tier cash dividend of 2 sen per ordinary share for the financial year ended 31 December 2013, which is subject to shareholders approval at the forthcoming Annual General Meeting.

Based on 8,134,973,871 ordinary shares as at 31 December 2013, the proposed dividend amounts to RM162.7 million.

NOTES TO THE FINANCIAL STATEMENTS

36. SEGMENT REPORTING

Operating segments

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services in different locations, and are managed separately. For each of the strategic business units, the Group's Board of Directors reviews internal management reports on at least a quarterly basis.

The Group's reportable segments comprise:

- *Parkway Pantai* : Hospital operator and healthcare service provider in Asia
- *Acibadem Holdings* : Hospital operator and healthcare service provider in CEEMENA and investment holding companies owning ASYH
- *IMU Health* : Education service provider in Malaysia
- *PLife REIT* : Real estate investment trust
- Others : Includes the corporate office

Management monitors the operating results of each of its business units for the purpose of making decisions on resource allocation and performance assessment. Performance is measured based on segment EBITDA.

Inter-segment pricing is determined on negotiated basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segment capital expenditure is the total costs incurred during the year to acquire property, plant and equipment, investment properties, and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS

36. SEGMENT REPORTING (CONTINUED)

2013	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
Revenue and expenses							
Revenue from external customers	3,887,847	2,585,623	197,641	81,150	4,190	-	6,756,451
Inter-segment revenue	78,987	-	2,738	153,547	704,160	(939,432)	-
Total segment revenue	3,966,834	2,585,623	200,379	234,697	708,350	(939,432)	6,756,451
EBITDA	1,024,295	462,807	74,570	184,540	674,149	(762,029)	1,658,332
Depreciation and impairment loss of property, plant and equipment	(267,434)	(220,990)	(12,713)	(30,199)	(176)	-	(531,512)
Amortisation and impairment loss of intangible assets	(32,386)	(36,658)	(302)	-	-	-	(69,346)
Foreign exchange gains	2,078	1,109	767	5,456	6,107	-	15,517
Finance income	9,711	19,126	2,756	8,156	19,369	-	59,118
Finance costs	(33,956)	(273,726)	(378)	(20,642)	(11)	-	(328,713)
Share of losses of associates (net of tax)	(1,793)	-	-	-	-	-	(1,793)
Share of profits of joint ventures (net of tax)	3,971	-	-	-	-	-	3,971
Others	52,084	5,800	(953)	-	19,057	-	75,988
Profit before tax	756,570	(42,532)	63,747	147,311	718,495	(762,029)	881,562
Income tax (expense)/credit	(119,509)	6,958	(16,854)	(12,795)	(5,503)	-	(147,703)
Profit for the year	637,061	(35,574)	46,893	134,516	712,992	(762,029)	733,859
Assets and liabilities							
Cash and bank balances	746,279	350,613	140,759	70,829	836,347	-	2,144,827
Other assets	15,250,490	5,274,622	389,194	3,452,856	762,509	(13,219)	25,116,452
Segment assets as at 31 December 2013	15,996,769	5,625,235	529,953	3,523,685	1,598,856	(13,219)	27,261,279
Loans and borrowings	1,109,981	2,057,184	1,433	1,292,683	-	-	4,461,281
Other liabilities	1,575,402	917,256	115,287	263,568	18,757	(13,219)	2,877,051
Segment liabilities as at 31 December 2013	2,685,383	2,974,440	116,720	1,556,251	18,757	(13,219)	7,338,332

NOTES TO THE FINANCIAL STATEMENTS

36. SEGMENT REPORTING (CONTINUED)

2012 (Restated)	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
Revenue and expenses							
Revenue from external customers	4,636,040	2,058,531	174,753	89,790	3,352	-	6,962,466
Inter-segment revenue	75,868	-	-	142,903	6,059	(224,830)	-
Total segment revenue	4,711,908	2,058,531	174,753	232,693	9,411	(224,830)	6,962,466
EBITDA	1,055,132	330,437	63,847	189,586	(9,922)	(60,091)	1,568,989
Depreciation and impairment loss of property, plant and equipment	(211,504)	(189,793)	(12,293)	(28,856)	(3)	-	(442,449)
Amortisation and impairment loss of intangible assets	(31,937)	(34,499)	(165)	-	-	-	(66,601)
Foreign exchange (losses)/gains	(3,135)	(1,754)	(255)	(639)	24,517	-	18,734
Finance income	9,610	50,009	1,885	11,984	8,777	-	82,265
Finance costs	(57,231)	(143,180)	(377)	(21,411)	(10)	-	(222,209)
Share of profits of associates (net of tax)	771	-	-	-	-	-	771
Share of profits of joint ventures (net of tax)	13,335	-	-	-	-	-	13,335
Others	167,017	(46,456)	121	-	(15,558)	-	105,124
Profit before tax	942,058	(35,236)	52,763	150,664	7,801	(60,091)	1,057,959
Income tax (expense)/credit	(166,148)	(5,374)	(12,643)	(12,399)	(1,769)	-	(198,333)
Profit for the year	775,910	(40,610)	40,120	138,265	6,032	(60,091)	859,626
Assets and liabilities							
Cash and bank balances	660,508	120,113	79,523	76,706	685,795	-	1,622,645
Other assets	14,124,315	5,481,595	412,636	3,336,815	694,977	(24,642)	24,025,696
Segment assets as at 31 December 2012	14,784,823	5,601,708	492,159	3,413,521	1,380,772	(24,642)	25,648,341
Loans and borrowings	1,124,172	1,502,241	2,131	1,207,500	-	-	3,836,044
Other liabilities	1,273,865	1,003,877	99,733	254,355	29,346	(24,642)	2,636,534
Segment liabilities as at 31 December 2012	2,398,037	2,506,118	101,864	1,461,855	29,346	(24,642)	6,472,578

NOTES TO THE FINANCIAL STATEMENTS

36. SEGMENT REPORTING (CONTINUED)

Geographical segment

	Singapore RM'000	Malaysia RM'000	China RM'000	Japan RM'000	CEEMENA RM'000	Other regions RM'000	Others# RM'000	Eliminations RM'000	Total RM'000
2013									
Revenue from external customers	2,445,128	1,362,088	178,130	80,931	2,585,623	104,079	472	-	6,756,451
Revenue from inter-segment	-	-	-	-	-	-	710,672	(710,672)	-
Total segment revenue	2,445,128	1,362,088	178,130	80,931	2,585,623	104,079	711,144	(710,672)	6,756,451
Non-current assets^	12,421,543	3,584,618	971,773	1,170,028	4,610,291	36,646	2,902	-	22,797,801
Capital expenditure*	111,007	188,647	731,912	219,513	437,005	2,146	2,677	-	1,692,907
2012 (Restated)									
Revenue from external customers	3,355,214	1,218,563	162,284	89,672	2,058,530	78,203	-	-	6,962,466
Revenue from inter-segment	-	-	-	-	-	-	6,059	(6,059)	-
Total segment revenue	3,355,214	1,218,563	162,284	89,672	2,058,530	78,203	6,059	(6,059)	6,962,466
Non-current assets^	12,190,831	3,456,346	216,677	1,100,133	4,964,132	39,786	1,752	-	21,969,657
Capital expenditure*	483,226	210,837	9,430	126,586	271,968	2,458	29	-	1,104,534

Others include balances relating to corporate offices, which is unallocated.

^ Non-current assets consist of property, plant and equipment, investment properties, intangible assets and goodwill.

* Capital expenditure consist of additions to property, plant and equipment, investment properties and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS

(i) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Loans and receivables ("L&R");
(b) Available-for-sale financial assets ("AFS");
(c) Held-to-maturity investments ("HTM");
(d) Financial liabilities measured at amortised cost ("FL");
(e) Fair value through profit or loss ("FVTPL"); and
(f) Fair value of derivatives held as hedging instruments ("FVHI").

2013	Carrying amount RM'000	L&R/FL RM'000	AFS RM'000	HTM RM'000	FVTPL RM'000	FVHI RM'000
Financial assets						
Group						
Other financial assets	796,513	23,569	743,967	28,977	-	-
Trade and other receivables[1]	922,153	922,153	-	-	-	-
Derivative assets	16,182	-	-	-	16,182	-
Cash and cash equivalents	2,144,827	2,144,827	-	-	-	-
	3,879,675	3,090,549	743,967	28,977	16,182	-
Company						
Trade and other receivables[1]	987	987	-	-	-	-
Amounts due from subsidiaries	12,560	12,560	-	-	-	-
Cash and cash equivalents	835,642	835,642	-	-	-	-
	849,189	849,189	-	-	-	-
Financial liabilities						
Group						
Trade and other payables[2]	(1,552,755)	(1,552,755)	-	-	-	-
Loans and borrowings	(4,461,281)	(4,461,281)	-	-	-	-
Derivative liabilities	(6,687)	-	-	-	(2,239)	(4,448)
	(6,020,723)	(6,014,036)	-	-	(2,239)	(4,448)
Company						
Trade and other payables[2]	(11,930)	(11,930)	-	-	-	-
Amounts due to subsidiaries	(1,518)	(1,518)	-	-	-	-
	(13,448)	(13,448)	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/FL RM'000	AFS RM'000	HTM RM'000	FVTPL RM'000	FVHI RM'000
2012 (Restated)						
Financial assets						
Group						
Other financial assets	741,044	46,360	666,659	28,025	-	-
Trade and other receivables[1]	821,502	821,502	-	-	-	-
Derivative assets	5,851	-	-	-	7,032	(1,181)
Cash and cash equivalents	1,622,645	1,622,645	-	-	-	-
	3,191,042	2,490,507	666,659	28,025	7,032	(1,181)
Company						
Trade and other receivables[1]	1,105	1,105	-	-	-	-
Amounts due from subsidiaries	23,186	23,186	-	-	-	-
Cash and cash equivalents	682,087	682,087	-	-	-	-
	706,378	706,378	-	-	-	-
Financial liabilities						
Group						
Trade and other payables[2]	(1,296,148)	(1,213,685)	-	-	(82,463)	-
Loans and borrowings	(3,836,044)	(3,836,044)	-	-	-	-
Derivative liabilities	(16,661)	-	-	-	(12,733)	(3,928)
	(5,148,853)	(5,049,729)	-	-	(95,196)	(3,928)
Company						
Trade and other payables[2]	(9,745)	(9,745)	-	-	-	-
Amounts due to subsidiaries	(61)	(61)	-	-	-	-
	(9,806)	(9,806)	-	-	-	-

[1] Excludes prepayments and deposits
[2] Excludes deposits and advance billings

NOTES TO THE FINANCIAL STATEMENTS

37 FINANCIAL INSTRUMENTS (CONTINUED)

(i) Categories of financial instruments (continued)

Net gains/(losses) arising from financial instruments

	Group	
	2013 RM'000	2012 RM'000 (Restated)
Available-for-sale financial assets		
- recognised in other comprehensive income	38,223	155,218
- dividend income	4,190	3,363
HTM investments	62	83
Loans and receivables	37,682	46,074
Financial liability measured at FVTPL	3,946	(26,284)
Financial liabilities measured at amortised cost	(138,906)	(211,230)
Derivative liabilities		
- recognised in other comprehensive income	788	(190)
- recognised in profit or loss	19,249	2,233
	(34,766)	(30,733)

	Company	
	2013 RM'000	2012 RM'000
Loans and receivables	19,319	8,777

(ii) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

NOTES TO THE FINANCIAL STATEMENTS

37 FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables and amounts due from related parties.

The Company does not have any significant exposure to credit risk.

Receivables

Risk management objectives, policies and processes for managing the risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on major customers requiring credit over a certain amount. For the hospital operations, the Group does not grant credit to non-corporate customers. Instead, a non-corporate customer is requested to place an initial deposit at the time of admission to the hospital. Additional deposit is requested from the customer when the hospital charges exceed a certain level.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statement of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the end of the reporting period, there is 1 customer with balances amounting to RM47,494,000 (2012: 1 customer amounting to RM48,967,000), which is 5% or more than 5% of the Group's gross trade receivables. Allowance for impairment of RM1,915,000 (2012: RM730,000) has been recognised.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables and amounts due from related parties by country are disclosed in Notes 15 and 16 respectively.

NOTES TO THE FINANCIAL STATEMENTS

37 FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Credit risk (continued)

Impairment losses

Trade and other receivables and amounts due from related parties that are neither past due nor impaired are creditworthy with good payment record with the Group. Cash and fixed deposits are placed with reputable financial institutions which are regulated.

Similarly, the Group only enters into investments and transactions involving financial instruments with counterparties who have sound credit ratings. As such, except for the impairment loss recognised as disclosed in Notes 15 and 16 of the financial statements, the Group does not expect any counterparty to fail to meet their obligations.

Information regarding the ageing and allowance of impairment of trade receivables and other receivables and amounts due from related parties are disclosed in Notes 15 and 16 respectively.

The Group provides for impairment allowance in respect of trade receivables based on historical default rates. Specific impairment allowance is provided on a case-by-case basis depending on the circumstances.

The following shows the gross amount of the trade and other receivables which are individually assessed for impairment, and specific impairment allowance are made on a case by case basis.

	Individually assessed balance RM'000	Specific allowances made RM'000	Net RM'000
2013			
Trade receivables	150,087	(72,366)	77,721
Other receivables	603	(603)	-
2012			
Trade receivables	188,145	(72,070)	116,075
Other receivables	898	(898)	-

The individually impaired receivables relate to debtors that were in financial difficulties and the Group assessed that portion of the debt may be unrecoverable.

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company provide unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

NOTES TO THE FINANCIAL STATEMENTS

37 FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Credit risk (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the amounts due from related companies and subsidiaries are not recoverable. The Group and the Company do not specifically monitor the ageing of the amount due from related companies and subsidiaries, but would assess for impairment periodically.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its payables and loans and borrowings.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash and available undrawn credit facilities to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTES TO THE FINANCIAL STATEMENTS

37 FINANCIAL INSTRUMENTS (CONTINUED)

(iv) Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2013	Carrying amount RM'000	Interest rate	Contractual cash flows RM'000	Within 1 year RM'000	After 1 year but within 5 years RM'000	After 5 years RM'000
Group						
Non-derivative financial liabilities						
Secured bank borrowings	1,292,997	1.75% - 7.50%	1,446,183	201,535	1,243,098	1,550
Unsecured bank borrowings	2,948,323	0% - 10.25%	3,151,748	107,345	2,890,704	153,699
Finance lease liabilities	219,961	0% - 17.17%	245,884	69,668	167,344	8,872
Loans from a non-controlling interest	297,851	1.84% - 1.87%	312,724	-	312,724	-
Trade and other payables[(1)]	1,254,904		1,254,904	1,226,043	28,861	-
	6,014,036		6,411,443	1,604,591	4,642,731	164,121
Derivative financial liabilities						
Foreign exchange forward contracts	(16,182)		(16,948)	(6,154)	(10,663)	(131)
Interest rate swaps	6,687		6,883	3,715	3,024	144
	(9,495)		(10,065)	(2,439)	(7,639)	13
Company						
Non-derivative financial liabilities						
Amounts due to subsidiaries	1,518		1,518	1,518	-	-
Trade and other payables[(1)]	11,930		11,930	11,930	-	-
	13,448		13,448	13,448	-	-

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)

(iv) Liquidity risk (continued)

Maturity analysis (continued)

2012 (Restated)	Carrying amount RM'000	Interest rate	Contractual cash flows RM'000	Within 1 year RM'000	After 1 year but within 5 years RM'000	After 5 years RM'000
Group						
Non-derivative financial liabilities						
Secured bank borrowings	789,708	2.47%-15.25%	856,985	316,480	514,550	25,955
Unsecured bank borrowings	2,760,772	1.23%-2.55%	2,909,632	35,948	2,873,684	-
Unsecured floating notes	35,722	1.659%	35,859	35,859	-	-
Finance lease liabilities	248,868	0%-19.09%	282,559	69,242	199,775	13,542
Bank overdrafts	974	7.60%	974	974	-	-
Trade and other payables[1]	1,296,148		1,296,148	1,254,177	41,971	-
	5,132,192		5,382,157	1,712,680	3,629,980	39,497
Derivative financial liabilities						
Foreign exchange forward contracts	(186)		(699)	5,603	(6,302)	-
Interest rate swaps	10,996		11,219	6,968	4,251	-
	10,810		10,520	12,571	(2,051)	-
Company						
Non-derivative financial liabilities						
Amounts due to subsidiaries	61		61	61	-	-
Trade and other payables[1]	9,745		9,745	9,745	-	-
	9,806		9,806	9,806	-	-

(1) Excludes deposits, advance billings and loans from a non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk on sales, purchases, cash and cash equivalents, receivables and payables, and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the British Pound, Chinese Renminbi, Malaysia Ringgit, Singapore Dollar, United States Dollar, Swiss Franc, Euro, and Japanese Yen.

Risk management objectives, policies and processes for managing the risk

The Group uses foreign exchange forward contracts to manage its exposure to foreign currency movements on its net income denominated in Japanese Yen from its investment in Japan. Where necessary, the foreign exchange forward contracts are rolled over at maturity.

The Group actively monitors its foreign currency risk and minimises such risk by borrowing in the functional currency of the borrowing entity or by borrowing in the same currency as the foreign investment (i.e. natural hedge of net investments).

In respect of other monetary assets and liabilities held in currencies other than the functional currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rate where necessary to address short term imbalances.

As at the end of the financial year, foreign exchange forward contracts of the Group is as follows:

	2013		2012	
	Nominal value RM'000	Fair value/ book value RM'000	Nominal value RM'000 (Restated)	Fair value/ book value RM'000 (Restated)
Group				
Foreign exchange forward contract	84,677	16,182	209,980	186

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)

(v) Market risk (continued)

(a) Foreign currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	British Pound RM'000	Chinese Renminbi RM'000	Malaysia Ringgit RM'000	Singapore Dollar RM'000	United States Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Japanese Yen RM'000	Others* RM'000
2013									
Other financial assets	-	-	-	-	22,869	-	-	-	-
Trade and other receivables	8,042	180	532,669	12,352	17,520	-	6,836	4,558	9,406
Cash and cash equivalents	235	-	24,341	109,758	344,959	-	531	67,033	1,360
Loans and borrowings	-	-	-	(350,606)	(1,159,080)	(73,384)	(168,949)	-	-
Trade and other payables	(10)	(165)	(36,006)	(205,731)	(58,486)	(3,131)	(33,162)	(46,784)	(214)
Derivative liabilities	-	-	-	-	(2,240)	-	-	-	-
	8,267	15	521,004	(434,227)	(834,458)	(76,515)	(194,744)	24,807	10,552
2012 (Restated)									
Other financial assets	-	-	-	-	63,583	-	-	-	-
Trade and other receivables	6,726	6,104	551,806	26,747	6,385	-	65	5,084	9,046
Cash and cash equivalents	234	-	1,107	153,416	40,068	-	-	69,945	171
Loans and borrowings	-	-	-	-	(604,759)	-	(117,009)	-	-
Trade and other payables	(16)	(267)	(31,384)	(146,396)	(230,272)	(5,217)	(3,502)	(52,241)	(11,669)
Derivative liabilities	-	-	-	-	(13,334)	-	-	-	-
	6,944	5,837	521,529	33,767	(738,329)	(5,217)	(120,446)	22,788	(2,452)

* Others include mainly Turkish Lira, Australia Dollars, Philippine Peso, Hong Kong Dollar, Indian Rupee and Thai Baht.

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)

(v) Market risk (continued)

(a) Foreign currency risk (continued)

	2013			2012	
Company	**Singapore Dollar RM'000**	**Malaysia Ringgit RM'000**	**United States Dollar RM'000**	**Singapore Dollar RM'000**	**United States Dollar RM'000**
Trade and other receivables	146	-	-	-	-
Amounts due from subsidiaries	-	-	-	20,701	304
Cash and cash equivalents	106,644	-	7,140	152,925	654
Trade and other payables	-	-	-	(1,932)	(91)
Amounts due to subsidiaries	(18,674)	(3,800)	-	(60)	-
	88,116	(3,800)	7,140	171,634	867

Sensitivity analysis

A 10% strengthening of the following currencies against the respective functional currencies of the Group entities at the end of the reporting period would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Group		Company	
	2013 RM'000	**2012 RM'000 (Restated)**	**2013 RM'000**	**2012 RM'000**
British Pound	827	694	-	-
Chinese Renminbi	2	584	-	-
Malaysian Ringgit	52,100	52,153	(380)	-
Singapore Dollar	(43,423)	3,377	8,812	17,163
United States Dollar	(83,446)	(73,833)	714	87
Swiss Franc	(7,652)	(522)	-	-
Euro	(19,474)	(12,045)	-	-
Japanese Yen	2,481	2,279	-	-
Others*	1,055	(245)	-	-
	(97,530)	(27,558)	9,146	17,250

* Others include mainly Turkish Lira, Australia Dollar, Philippine Peso, Hong Kong Dollar, Indian Rupee and Thai Baht.

A 10% weakening of the above currencies against the respective functional currencies of the Group entities at the end of the reporting period would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)

(v) Market risk (continued)

(b) Interest rate risk

This relates to changes in interest rates which affect mainly the Group's fixed deposits and its debt obligations with banks and financial institutions. The Group's fixed-rate financial assets and borrowings are exposed to a risk of change in their fair value while the variable-rate financial assets and borrowings are exposed to a risk of change in cash flows. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group has no significant concentration of interest rate risk that may arise from exposure to Group's fixed deposits and its obligations with banks and financial institutions.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts as well as by rolling over its fixed deposits and variable rate borrowings on a short-term basis. In respect of long-term borrowings, the Group may enter into interest rate derivatives to manage its exposure to adverse movements in interest rates.

Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy. See Note 26 for the nominal value and fair value of the interest rate swap.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	2013 RM'000	2012 RM'000 (Restated)
Group		
Fixed rate instruments		
Government debt securities held to maturity	28,977	28,025
Fixed deposits placed with licensed banks	1,544,312	1,086,923
Bank borrowings	(141,259)	(219,314)
Finance lease liabilities	(219,961)	(248,868)
Variable rate instruments		
Bank borrowings and overdrafts	(4,100,061)	(3,332,140)
Floating rate notes	-	(35,722)
Interest rate swaps	(6,687)	(10,996)
Company		
Fixed rate instruments		
Fixed deposits with licensed banks	791,881	670,143

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)

(v) Market risk (continued)

(b) Interest rate risk (continued)

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting period would increase/(decrease) amounts charged or credited to assets, profit or loss or equity as shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Assets*		Equity		Profit before tax	
Group	**100bp increase RM'000**	**100bp decrease RM'000**	**100bp increase RM'000**	**100bp decrease RM'000**	**100bp increase RM'000**	**100bp decrease RM'000**
2013						
Bank borrowings and overdrafts	6,453	(6,453)	-	-	(33,484)	33,484
Interest rate swaps	-	-	23,931	(26,966)	11,429	(11,429)
	6,453	(6,453)	23,931	(26,966)	(22,055)	22,055
2012 (Restated)						
Bank borrowings, overdrafts and floating rate notes	-	-	-	-	(33,679)	33,679
Interest rate swaps	-	-	18,824	(20,539)	13,913	(12,852)
	-	-	18,824	(20,539)	(19,766)	20,827

* Relates to interest capitalised in construction-in-progress.

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)

(v) Market risk (continued)

(c) Equity price risk

Equity price risk mainly arises from the Group's investment in quoted equity securities classified as available-for-sale financial assets.

The equity investments are held for long term strategic purposes. Their performance is assessed periodically together with assessment of their relevance to the Group's long term strategic plans.

As at 31 December 2013, it is estimated that an increase/(decrease) of 10% in the market price of the quoted securities, with all other variables held constant, would have increased/(decreased) the Group's equity by RM74,389,000 (2012: RM66,658,000).

(vi) Hedging activities

Cash flow hedge

The Group has entered into interest rate swaps to hedge the cash flow risk in relation to the floating interest rate of some bank loans. As at 31 December 2013, the Group had interest rate swaps with nominal value of RM1,386.3 million (2012: RM1,067.0 million).

Details of the cash flow of the interest rate swaps are shown in Note 37(iv).

As at 31 December 2013, where the interest rate swaps were designated as hedging instruments in qualifying cash flow hedges, the effective portion of the changes in fair value of the interest rate swaps amounting to RM788,000 gain (2012: RM190,000 loss) was recognised in other comprehensive income.

Hedge of net investments in a foreign operation

The Group's Japanese Yen denominated unsecured bank loans has been designated as a hedge of the Group's net investments in Japan. The carrying amount of the loan as at end of the reporting period was RM1,076.2 million (2012: RM1,026.5 million). An effective foreign exchange gain of RM165,822,000 (2012: gain of RM170,744,000) was recognised in other comprehensive income.

(vii) Fair value information

The notional amounts of financial assets and liabilities with a maturity of less than one year including trade and other receivables, cash and cash equivalents, trade and other payables approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

It is not practicable to reliably estimate the fair value of unquoted equity shares, club membership and other investments due to the lack of quoted market prices in an active market, significant range of reasonable fair value estimates, and the inability to reasonably assess the probabilities of the various estimates.

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)

(viii) Fair value of financial instruments

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Note	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2013		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group											
Financial assets											
Non-current receivables[1]	14	-	-	-	-	-	-	1,056	1,056	1,056	1,056
Other financial assets[2]											
- AFS - quoted equity shares	9	743,887	-	-	743,887	-	-	-	-	743,887	743,887
- HTM - government debt securities	9	-	-	-	-	28,961	-	-	28,961	28,961	28,977
Foreign exchange forward contracts held at FVTPL	26	-	16,182	-	16,182	-	-	-	-	16,182	16,182
		743,887	16,182	-	760,069	28,961	-	1,056	30,017	790,086	790,102
Financial liabilities											
Non-current trade and other payables[3]	25	-	-	-	-	-	-	(326,712)	(326,712)	(326,712)	(326,712)
Bank loans and overdrafts	21	-	-	-	-	-	-	(4,241,581)	(4,241,581)	(4,241,581)	(4,241,320)
Financial lease liabilities	21	-	-	-	-	-	-	(219,961)	(219,961)	(219,961)	(219,961)
Interest rate swaps used for hedging	26	-	(4,448)	-	(4,448)	-	-	-	-	(4,448)	(4,448)
Interest rate swaps held at FVTPL	26	-	(2,239)	-	(2,239)	-	-	-	-	(2,239)	(2,239)
		-	(6,687)	-	(6,687)	-	-	(4,788,254)	(4,788,254)	(4,794,941)	(4,794,680)

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)

(viii) Fair value of financial instruments (continued)

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value*		
	Note	Level 1	Level 2	Level 3	Total	Total	Total fair value	Carrying amount
2012 (Restated)		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group								
Financial assets								
Non-current receivables[1]	14	-	-	-	-	786	786	786
Other financial assets[2]								
-AFS - quoted equity shares	9	666,579	-	-	666,579	-	666,579	666,579
-HTM - government debt securities	9	-	-	-	-	27,989	27,989	28,025
Foreign exchange forward contracts held at FVTPL	26	-	7,032	-	7,032	-	7,032	7,032
Interest rate swaps used for hedging	26	-	(1,181)	-	(1,181)	-	(1,181)	(1,181)
		666,579	5,851	-	672,430	28,775	701,205	701,241
Financial liabilities								
Non-current trade and other payables[3]	25	-	-	-	-	(41,971)	(41,971)	(41,971)
Bank loans, overdrafts and floating notes	21	-	-	-	-	(3,587,525)	(3,587,525)	(3,587,176)
Financial lease liabilities	21	-	-	-	-	(248,409)	(248,409)	(248,868)
Contingent consideration payable	25	-	(82,463)	-	(82,463)	-	(82,463)	(82,463)
Foreign exchange forward contracts held at FVTPL	26	-	(6,846)	-	(6,846)	-	(6,846)	(6,846)
Interest rate swaps used for hedging	26	-	(3,928)	-	(3,928)	-	(3,928)	(3,928)
Interest rate swaps held at FVTPL	26	-	(5,887)	-	(5,887)	-	(5,887)	(5,887)
		-	(99,124)	-	(99,124)	(3,877,905)	(3,977,029)	(3,977,139)

(1) Exclude prepayments and deposits

(2) Exclude available for sale unquoted equity shares, club membership and other investments

(3) Exclude deposits and advance billings

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)

(viii) Fair value of financial instruments (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Quoted investments

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted closing bid prices at the end of the reporting period.

Government debt securities

The fair values of government debt securities are determined by reference to their quoted closing bid price at the end of the reporting period.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities either directly or indirectly.

Derivatives

The fair value of foreign exchange forward contracts and interest rate swaps is based on banker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (CONTINUED)

(viii) Fair value of financial instruments (continued)

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2012: no transfer in either direction).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Non-derivative financial assets and liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2013	**2012**
Bank borrowings	1.75% - 10.25%	1.23% - 15.25%
Finance leases	0% - 17.17%	0% - 19.09%

38. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

		Group	
	Note	**2013 RM'000**	**2012 RM'000 (Restated)**
Loans and borrowings	21	4,461,281	3,836,044
Less: Cash and cash equivalents	18	(2,144,827)	(1,622,645)
Net debt		2,316,454	2,213,399
Total equity		19,922,947	19,175,763
Debt-to-equity ratio		0.12	0.12

There were no changes in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

38. CAPITAL MANAGEMENT (CONTINUED)

As at 31 December 2013, the Group's subsidiaries:

a) PHL has two Murabaha facilities, which includes a Murabaha term facility of SGD500 million due for repayment in 2015, under which the group net debt to group tangible net worth ratio of PHL and its subsidiaries, cannot exceed 1.5:1.
b) PPL and Parkway HK Holdings Limited ("Parkway HK") have a joint term and revolving facility, comprising a term facility of SGD500 million due for repayment in 2018, under which the group net debt to group tangible net worth ratio of PPL and its subsidiaries, cannot exceed 1.5:1.
c) PLife REIT is subjected to the Aggregate Leverage limit as defined in the Property Fund Appendix of the Singapore Collective Investment Scheme Code ("CIS Code"). The CIS Code stipulates that the total borrowings (the "Aggregate Leverage") of a property fund should not exceed 35.0% of the fund's Deposited Property. The Aggregate Leverage of a property fund may exceed 35.0% of the fund's Deposited Property (up to a maximum of 60.0%) only if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 2013 and 2012.

39. OPERATING LEASES

Leases as lessee

	Group	
	2013	**2012**
	RM'000	**RM'000**
		(Restated)
Non-cancellable operating lease payable:		
- Within 1 year	267,425	121,407
- After 1 year but within 5 years	913,759	387,946
- After 5 years	1,398,364	700,435
	2,579,548	1,209,788
Lease land premium		
- Less than 1 year	-	350

Based on the agreement between the Federal Government and the Group in 1994 for the use of Ministry of Health facilities, the agreement allows the Group to construct buildings in connection with the use of facilities for the training of students. The land was leased to the Group for a period of 30 years, commencing 1 January 1999.

In July 2012, the Group was informed by Pesuruhjaya Tanah Persekutuan (Federal Land Commission) on the lease premium payable for the period from 1 January 1999 to 31 December 2013, of which RM350,000 is in relation to the lease premium payable for the year ended 31 December 2013.

The Group is unable to ascertain the amount of the lease premium from 2014 to 2029 as the lease amount payable is yet to be determined as at date of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

39. OPERATING LEASES (CONTINUED)

Leases as lessor

The future minimum lease receivable under non-cancelable leases are as follows:

	Group	
	2013	**2012**
	RM'000	**RM'000**
		(Restated)
Non-cancellable operating lease receivable:		
- Within 1 year	139,997	129,796
- After 1 year but within 5 years	384,695	385,793
- After 5 years	821,877	789,952
	1,346,569	1,305,541

40. CAPITAL AND OTHER COMMITMENTS

	Group	
	2013	**2012**
	RM'000	**RM'000**
		(Restated)
(a) Capital expenditure commitments		
Property, plant and equipment and investment properties		
- Authorised and contracted for	425,493	245,773
- Authorised but not contracted for	1,157,038	972,023
	1,582,531	1,217,796
(b) Joint venture		
Share of capital commitment of joint venture	118,260	90,193
(c) Banker guarantees		
Amount of banker guarantees obtained	21,810	915

41. RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subjected to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

41. RELATED PARTIES (CONTINUED)

Related party transactions

Other than disclosed elsewhere in the financial statements, transactions carried out on terms agreed with the related parties are as follows:

	Group 2013 RM'000	Group 2012 RM'000 (Restated)
With key management personnel and their associates		
Sales and provision of services	322,285	205,937
Purchases and consumption of services	(61,254)	(59,825)
With associates		
Rental income	174	223
With substantial shareholders and their subsidiaries		
Sales and provision of services	41,269	41,724
Purchases and consumption of services	(3,135)	(56,677)
With non-controlling interest of a subsidiary		
Interest expenses paid or payable	(3,884)	-
Purchases and consumption of services	-	(211)

	Company 2013 RM'000	Company 2012 RM'000
With subsidiaries		
Dividend income	710,732	6,024
Share based payment transactions	(17,764)	(17,578)

Significant related party balances related to the above transactions are disclosed in Notes 7, 8, 14 and 25. As at 31 December 2013, trade receivables due from key management personnel and their associates amounted to RM88.6 million (2012: RM47.8 million).

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

From time to time, directors and key management personnel of the Group, or their related entities, may receive services and purchase goods from the Group. These services and purchases are on an arm's length basis.

NOTES TO THE FINANCIAL STATEMENTS

42. ACQUISITIONS AND DISPOSALS

The external legal fees and due diligence costs related to acquisition activities are included in other operating expenses in the Group's consolidated statement of profit or loss and other comprehensive income and are disclosed in Note 30.

Disposal of subsidiaries in 2013

On 23 July 2013, PHL entered into a Share Purchase Agreement ("SPA") with Mitsui & Co., Ltd and EPS Corporation to dispose its entire shareholding in Gleneagles CRC Pte Ltd ("GCRC"), comprising of 510,000 ordinary shares, which represent 51% of the issued and paid-up share capital of GCRC, to EPS Corporation (the "GCRC Disposal") for SGD$5.1 million ("Price Consideration"). The GCRC Disposal comprises of GCRC and its 4 wholly-owned subsidiaries namely, Gleneagles CRC (China) Pte. Ltd., Gleneagles CRC (Thailand) Company Limited, Gleneagles Clinical Research International Pte. Ltd. and Gleneagles CRC (Australia) Pty Ltd, and was completed on 30 July 2013. The consideration is subjected to adjustment in accordance to with the terms in the SPA and is yet to be finalised as at 31 December 2013.

The effects of the disposal are as follows:

	Note	RM'000
Property, plant and equipment	3	176
Trade and other receivables		7,904
Cash and cash equivalents		10,802
Trade and other payables		(1,505)
Tax payable		(858)
Other reserves		59
Non-controlling interest		(8,094)
Net assets disposed		8,484
Gain on disposal		4,376
Cash consideration received		12,860
Disposal proceeds discharged by cash		12,860
Cash and cash equivalents of subsidiaries disposed		(10,802)
Net cash inflows		2,058

NOTES TO THE FINANCIAL STATEMENTS

42. ACQUISITIONS AND DISPOSALS (CONTINUED)

Changes in ownership interests in subsidiaries in 2013

(a) On 15 January 2013, Acibadem Saglik Hizmetleri Ve Ticaret A.S. ("ASH") acquired the remaining 50.00% equity interest in Acibadem Labmed Saglik Hizmetleri A.S. ("Acibadem Labmed") for a total consideration of EUR3,250,000. The said acquisition increased ASH's shareholdings in Acibadem Labmed from 50.00% to 100.00%.

The transaction resulted in a decrease in capital reserve and non-controlling interest of RM6,023,000 and RM7,955,000 respectively.

(b) On 28 February 2013 and 18 November 2013, Parkway HK disposed a total of 10.00% equity interest in Parkway Healthcare (Hong Kong) Limited ("Parkway Healthcare") to its minority shareholder pursuant to the terms stipulated in the shareholder agreement, for a total consideration of HKD2.00. Consequential thereto, Parkway HK's shareholding in Parkway Healthcare was diluted from 95.00% to 85.00%.

The transaction resulted in a decrease in capital reserve of RM205,000, an increase in foreign currency translation reserves of RM9,000 and an increase in non-controlling interest of RM196,000 respectively.

(c) On 5 March 2013, ASH disposed 30.00% equity interest in BLAB Laboratuvar Hizmetleri A.S. ("BLAB Laboratuvar") for a total consideration of TL420,000. Consequential thereto, ASH's shareholdings in BLAB Laboratuvar has diluted from 100.00% to 70.00%.

On 23 December 2013, ASH acquired 30% equity interest in BLAB Laboratuvar for a total consideration of TL420,000. Consequential thereto, BLAB Laboratuvar became a wholly-owned subsidiary of the Group.

The above 2 transactions had no effects on the Group's reserves.

(d) On 1 April 2013, Pantai Group Resources Sdn. Bhd. ("PGRSB") acquired another 15.00% equity interest in Twin Towers Healthcare Sdn. Bhd. ("TTHSB") pursuant to the Share Sale Agreement dated 31 January 2012, for a total consideration of RM2,990,000. The said acquisition increased PGRSB's shareholdings in TTHSB from 70.00% to 85.00%.

The transaction resulted in a decrease in capital reserve and non-controlling interest of RM2,282,000 and RM708,000 respectively.

(e) On 19 April 2013 and 22 July 2013, Gleneagles (Malaysia) Sdn. Bhd. ("GMSB") acquired a total of 0.05% equity interest in Pulau Pinang Clinic Sdn. Bhd. ("PPCSB") for a total consideration of RM93,000. The said acquisition increased GMSB's shareholdings in PPCSB from 70.00% to 70.05%.

The transaction resulted in a decrease in capital reserve and non-controlling interest of RM29,000 and RM65,000 respectively.

(f) On 30 September 2013, Pantai Hospitals Sdn. Bhd. ("PHSB") acquired 17.81% equity interest in Paloh Medical Centre Sdn. Bhd. ("Paloh") pursuant to the Sale of Shares Agreement dated 26 September 2013, for a total consideration of RM48,000,000. The said acquisition increased PHSB's shareholdings in Paloh from 77.79% to 95.60%.

The transaction resulted in a decrease in capital reserve and non-controlling interest of RM32,810,000 and RM15,190,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

42. ACQUISITIONS AND DISPOSALS (CONTINUED)

Changes in ownership interests in subsidiaries in 2013 (continued)

(g) 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 tender offer ("MTO") and voluntary tender offer ("VTO") 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 2013, ASYH's equity interest in ASH is 99.28%, following the tender of shares.

The transaction resulted in a decrease in capital reserve and non-controlling interest of RM14,474,000 and RM10,005,000 respectively.

(h) During the year, PTM transferred 162,000 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 35.81% to 35.78%.

The transaction resulted in an increase in capital reserve, non-controlling interest and hedge reserve of RM710,000, RM226,000 and RM1,000 respectively, and a decrease in foreign currency translation reserve of RM4,000.

Acquisitions of subsidiaries in 2012

(a) On 24 January 2012, Integrated Healthcare Hastaneler Turkey Sdn. Bhd ("IHHTSB"), an indirect subsidiary of the Company, acquired 60% equity interest in ASYH and its subsidiaries for a total fair value consideration of approximately USD826,315,000. The purchase consideration is partially satisfied by net cash payment of USD262,949,000, and issuance of the Company's shares of a total value of approximately USD550,477,000.

The outstanding USD12,889,000 contingent consideration payable is subjected to further adjustments if the TL appreciated in value against the USD on 31 December 2012, as compared to the exchange rate used in the Sales and Purchase Agreement dated 23 December 2011, subjected to a cap of TL1.65/USD1. An amount of RM66,684,000 contingent consideration payable had been recognised in other payables at the end of the reporting period.

As a result of the acquisition, for the 11-month to 31 December 2012, ASYH and its subsidiaries contributed revenue of RM2,058,530,000 and net profit after tax and non-controlling interests of RM2,097,000.

Pursuant to the Shareholder's Agreement dated 23 December 2011 between the Company, IHHTSB and two other non-controlling shareholders of ASYH, the non-controlling shareholders each have the option to convert up to 15% equity interest in ASYH into ordinary shares of the Company, within 10 years from 24 January 2012. The options are exercisable after the IPO of the Company. The relative prices in which ASYH shares are converted to shares of the Company are based on the fair market values of the respective shares at the time the options are exercised.

(b) On 31 January 2012, PGRSB entered into share sale agreement to acquire 100% equity interest in Twin Towers Healthcare Sdn. Bhd. ("TTHSB") in three phases: 70% equity interest of TTHSB in Phase 1 and 15% equity interest of TTHSB each in Phase 2 and Phase 3. The total cash consideration for the 70% equity interest in TTHSB in Phase 1 was RM14,344,000. Phase 2 and 3 are not completed as at the end of the reporting period.

(c) On 14 May 2012, ASYH through its subsidiaries acquired 99.99% equity interest of Acıbadem Ortadogu Saglik Yatirimlari A.S. (formerly known as Acıbadem Dis Saglıgı Hizmetleri A.S.) for a total consideration of TL535,000. Acıbadem Ortadogu Saglik Yatirimlari A.S.'s principal activity is the provision of design, construction and management of hospitals and medical centres.

NOTES TO THE FINANCIAL STATEMENTS

42. ACQUISITIONS AND DISPOSALS (CONTINUED)

Acquisitions of subsidiaries in 2012 (continued)

(d) On 7 August 2012, Bodrum Tedavi Hizmetleri A.S. ("Bodrum Tedavi") acquired equity interest in the following subsidiaries in Turkey:

Name of subsidiary acquired	Equity interest	Purchase consideration	Principal activity
Medlife Clinic Ambulance ve Özel Saglık Hizmetleri Ithalat ve Ihracat A.S.	99.99%	TL8,270,000	Provision of outpatient services
Bodrum Medikal Özel Saglık Hizmetleri Turizm Gida Ins. Paz. Ith. Ihr. San ve Ticaret A.S.	99.99%	TL6,832,000	Provision of outpatient services
Özel Turgutreis Poliklinik Hizmetleri Ticaret A.S.	99.99%	TL100,000	Provision of outpatient services
Sesu Özel Saglık Hizmetleri Tıbbi Malzemeler Ticaret Sanayi ve Ticaret A.S.	99.71%	TL2,717,000	Provision of outpatient services

Beside the above cash consideration, new shares of Bodrum Tedavi were issued for no consideration as part of the acquisition deal. The fair value of these Bodrum Tedavi shares issued was TL7.2 million.

(e) On 5 November 2012, ASH acquired 100% equity interest of Turuncu Grup Saglık Hizmetleri Danısmanlık Insaat Ticaret A.S. ("Turuncu Grup") for a total cash consideration TL5.0 million. Turuncu Grup's principal activity is the provision of healthcare services.

(f) On 1 December 2012, Acibadem Poliklinikleri A.S. ("Acibadem Poliklinikleri") acquired 100% equity interest in Tolga Saglik Hizmetleri A.S. ("Tolga Saglik") for a total consideration of USD1,500,000. Tolga Saglik's principal activity is the provision of healthcare services.

(g) On 14 December 2012, ASH acquired 100% equity interest in BLAB Laboratuvar Hizmetleri A.S. ("BLAB Laboratuvar") for a total consideration of TL50,000. BLAB Laboratuvar's principal activity is the provision of laboratory services.

The effect on net profit and net assets contributed by the subsidiaries acquired in (b) to (g) are not material in relation to the consolidated net profit and net assets of the Group for the year.

The fair value of the purchase considerations relating to the above acquisitions are:

	RM'000
Cash payments	867,213
Contingent consideration payable	56,179
Issue of shares	1,500,675
	2,424,067

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42. ACQUISITIONS AND DISPOSALS (CONTINUED)

Acquisitions of subsidiaries in 2012 (continued)

The effects of the above acquisitions are as follows:

	Note	Recognised values RM'000
Property, plant and equipment	3	1,379,847
Intangible assets	5	1,434,275
Deferred tax assets	10	28,933
Inventories		41,124
Trade and other receivables		365,063
Tax recoverable		9,991
Derivative assets		4,194
Cash and cash equivalents		31,353
Employee benefits	24	(6,467)
Deferred tax liabilities	10	(381,003)
Bank borrowings		(1,740,233)
Trade and other payables		(449,851)
Tax payable		(3,247)
Derivative liabilities		(6,598)
Fair value of net assets acquired		707,381
Non-controlling interests, based on their proportionate interest in the recognised values of the net assets		(366,548)
Goodwill on acquisition	5	2,083,234
Total purchase consideration		2,424,067
Purchase consideration settled through		
- issue of Company shares		(1,488,246)
- issue of a subsidiary's shares		(12,429)
Less: Contingent consideration payable		(56,179)
Less: Cash and cash equivalents acquired		(31,353)
Net cash outflow		(835,860)

NOTES TO THE FINANCIAL STATEMENTS

42. ACQUISITIONS AND DISPOSALS (CONTINUED)

Disposals of subsidiaries in 2012

On 20 June 2012, Pantai Diagnostics Indonesia Sdn. Bhd. ("PDISB") disposed off its entire 65% equity interest in PT Pantai Bethany Care International ("PTPBCI") for a consideration of USD200,000.

The effects of the disposal are as follows:

	Note	RM'000
Property, plant and equipment	3	793
Inventories		23
Trade and other receivables		223
Cash and cash equivalents		171
Trade and other payables		(1,211)
Tax payable		(53)
Other reserves		15
Non-controlling interests		(396)
Net assets disposed		(435)
Gain on disposal		1,064
Cash consideration received		629
Disposal proceeds discharged by cash		629
Cash and cash equivalents disposed		(171)
Net cash inflows		458

Internal restructure in 2012

(a) On 27 August 2012, Shanghai Shu Kang Hospital Investment Management Co., Ltd ("Shanghai Shu Kang") had entered into the following transactions:

(i) Shanghai Property Right Exchange Contract with Shanghai International Trust Co., Ltd ("SIT") to acquire the remaining 70% equity interest in Shanghai Rui Pu Clinic Co., Ltd. ("Shanghai Rui Pu") for a total cash consideration of RMB37,769,000;

(ii) Shanghai Property Right Exchange Contract with SIT to acquire 98% equity interest in Shanghai Rui Xiang Clinic Co., Ltd. ("Shanghai Rui Xiang") for a total cash consideration of RMB27,772,000; and

(iii) Shanghai Property Right Exchange Contract with Shanghai International Group Assets Management Co., Ltd to acquire the remaining 2% equity interest in Shanghai Rui Xiang for a total cash consideration of RMB567,000.

(The acquisitions are collectively referred to as the "Proposed Internal Reorganisation")

On 11 September 2012, Shanghai Industrial and Commercial Bureau ("SICB") issued a revised business licence to Shanghai Rui Pu for the shareholder alteration of Shanghai Rui Pu. The validity period of the licence is from 11 September 2012 to 26 July 2025.

NOTES TO THE FINANCIAL STATEMENTS

42. ACQUISITIONS AND DISPOSALS (CONTINUED)

Effects of internal restructure in 2012 (continued)

On 12 September 2012, SICB issued a revised business licence to Shanghai Rui Xiang for the shareholder alteration of Shanghai Rui Xiang. The validity period of the licence is from 12 September 2012 to 15 August 2020.

Upon the completion of the Proposed Internal Reorganisation, Shanghai Rui Pu and Shanghai Rui Xiang became wholly-owned subsidiaries of Shanghai Shu Kang.

(b) On 25 September 2012, Shanghai Shu Kang received the business licence from SICB for the establishment of a 100% owned special purpose vehicle named Shanghai Mai Kang Hospital Investment Management Co., Ltd ("Shanghai Mai Kang") in the People's Republic of China with an initial registered capital of RMB41,319,000. The intended principal activity of Shanghai Mai Kang is investment holding. The validity period of the licence is from 24 September 2012 to 23 September 2020.

(c) On 6 November 2012, Shanghai Shu Kang received the approval from SICB for the transfer of Shanghai Rui Pu and Shanghai Rui Xiang to Shanghai Mai Kang for RMB53,955,000 and RMB28,339,000 respectively.

Thereafter, Shanghai Rui Pu and Shanghai Rui Xiang on 6 November 2012 became wholly-owned subsidiaries of Shanghai Mai Kang.

(d) On 29 November 2012, Shanghai Shu Kang received the approval from Chengdu High Tech Zone Administration Bureau of Industry and Commerce for the transfer of 100% equity interest in Chengdu Rui Rong Clinic Co. Ltd to Shanghai Mai Kang for a total consideration of RMB810,000.

The above internal restructuring resulted in an increase in capital and legal reserve of RM412,000, a decrease in retained earnings of RM4,185,000 and a decrease in non-controlling interests of RM2,080,000.

Changes in ownership interests in subsidiaries in 2012

(a) In February 2012, the Group disposed off its 4.64% equity interest in a wholly-owned subsidiary, IHHTSB, to Symphony Healthcare Holdings Limited ("Symphony") for a cash consideration of RM109.4 million.

IHHTSB also issued new shares to Symphony for a cash consideration of RM43.0 million. As a result, the Group's effective equity interest in IHHTSB was diluted from 95.36% to 93.65%.

The above transactions resulted in an increase in non-controlling interests and capital and legal reserve of RM152,317,000 and RM56,000 respectively.

(b) In February 2012, TTHSB acquired additional 2.5% of Twin Towers Medical Centre KLCC Sdn. Bhd. ("TTMC"), a subsidiary of TTHSB for a cash consideration of RM257,000, increasing TTHSB's equity interest in TTMC from 97.5% to 100%.

The transactions resulted in a decrease in non-controlling interests and retained earnings of RM77,000 and RM176,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

42. ACQUISITIONS AND DISPOSALS (CONTINUED)

Changes in ownership interests in subsidiaries in 2012 (continued)

(c) On 9 April 2012, Almond Holding A.S. ("Almond") completed the MTO for the balance of the publicly traded shares of ASH. Upon the completion of the MTO, Almond holds 97.3% equity interest in ASH.

On 16 August 2012, Almond completed the VTO for the balance of 2.7% of the shares of ASH. Upon the completion of the VTO, Almond increased its equity interest in ASH from 97.3% to 98.4%.

Subsequently, the Istanbul Stock Exchange ("ISE") has approved the delisting of ASH and ASH shares have ceased to be traded on the 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 MTO and VTO 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 2012, Almond's equity interest in ASH is 98.65%, following the tender of additional shares subsequent to ASH's delisting.

The MTO and VTO exercises resulted in a decrease in non-controlling interests and retained earnings of RM137,909,000 and RM165,835,000 respectively.

(d) On 1 June 2012, IHHTSB issued 75,113,933 new shares to IHTYL for a cash consideration of RM75,114,000, resulting in Symphony's equity interest in IHHTSB to decrease from 6.35% to 6.16%.

On 23 July 2012, 56,203,299 new ordinary shares of the Company were issued to Symphony as consideration for the acquisition of Symphony's 6.16% equity interest in IHHTSB, pursuant to the shareholders agreement between the Company, IHTYL, IHHTSB and Symphony dated 8 February 2012.

After the acquisition, IHHTSB became a wholly-owned subsidiary of the Group.

The transactions resulted in an increase of share capital and share premium of RM56,203,000 and RM101,166,000 respectively and a decrease in retained earnings and non-controlling interests of RM25,296,000 and RM132,073,000 respectively.

(e) On 16 October 2012, ASYH acquired the remaining 0.01% equity interest in Almond for a total consideration of TL4. The said acquisition increased ASYH's shareholdings in Almond from 99.99% to 100.00%.

The effect of the transaction is not material in relation to the consolidated net profit and net assets of the Group.

(f) On 1 December 2012, Konur Saglik Hizmetleri A.S. ("Konur Saglik") acquired 10.00% equity interest in Gemtip Ozel Saglik Hizmetleri Sanayi ve Ticaret Ltd. Sti. ("Gemtip Ozel") for a total consideration of TL30,000. The said acquisition increased Konur Saglık's shareholdings in Gemtıp Özel from 58% to 68%.

The transactions resulted in a decrease in non-controlling interests of RM37,000 and an increase in retained earnings of RM23,000

NOTES TO THE FINANCIAL STATEMENTS

42. ACQUISITIONS AND DISPOSALS (CONTINUED)

Changes in ownership interests in subsidiaries in 2012 (continued)

(g) During the year, Acibadem Poliklinikleri acquired 7.45% equity interest in Konur Saglik for a total consideration of approximately TL429,000. The said acquisition increased Acibadem Poliklinikleri's shareholdings in Konur Saglik from 92.50% to 99.95%.

The transaction resulted in a decrease in non-controlling interests and retained earnings of RM477,000 and RM261,000 respectively.

(h) On 17 December 2012, Shanghai Mai Kang has acquired the following entities in the People's Republic of China:

Name of Entity	Purchase consideration	Equity interest	The Group's effective equity interest in the Entity
Shanghai Rui Xin Healthcare Co., Ltd	RMB41,780,000	30%	100%#
Shanghai Xin Rui Healthcare Co., Ltd.	RMB38,500,000	15%	85%#
Shanghai Rui Hong Clinic Co., Ltd	RMB6,760,000	15%	85%#

The balance of the equity interests are held by Medical Resources International Pte Ltd, an indirect wholly-owned subsidiary of the Company.

The transactions resulted in a decrease in capital and legal reserve and non-controlling interests of RM12,274,000 and RM30,324,000 respectively.

(i) In 2012, PTM transferred 197,000 PLife REIT units that it owned to its eligible employees in accordance to PTM's long term incentive plan, and received 31,972 newly issued PLife REIT units from PLife REIT as settlement of the acquisition fee due to PTM. Consequential thereto, the Group's effective interest in PLife REIT was diluted from 35.84% to 35.81%.

The transactions resulted in an increase in capital reserve, non-controlling interest and hedge reserve of RM479,000, RM401,000 and RM4,000 respectively, and a decrease in foreign currency translation reserve of RM14,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

In addition to the events mentioned in Note 42, other significant events during the year are as follows:

a) Reference is made to the Company's Prospectus dated 2 July 2012 wherein it was disclosed that ASH, an indirect subsidiary of the Company, has signed a share purchase agreement to acquire a 65% equity interest in Jinemed Saglik Hizmetleri A.S. ("Jinemed") which operates Jinemed Hospital and Jinemed Medical Centre in Istanbul Turkey ("Proposed Acquisition").

On 10 January 2013, the Proposed Acquisition was terminated in view of non-fulfilment of certain conditions precedent as stipulated in the share purchase agreement dated 1 February 2012 executed between ASH and the shareholders of Jinemed.

There will not be any material effect on the earnings or net assets of the Group for the financial year ended 31 December 2013 following the termination of the Proposed Acquisition.

b) On 6 March 2013, Mount Elizabeth Ophthalmic Investments Pte Ltd was officially and legally dissolved pursuant to Section 308(5) of the Singapore Companies Act, Cap. 50.

c) On 7 March 2013, the merger of ASYH and its wholly-owned subsidiary, Almond, was completed. All assets and liabilities of Almond were transferred to ASYH, and Almond was subsequently dissolved.

d) On 13 March 2013, GHK Hospital Limited ("GHK"), a 60%-owned indirect subsidiary of the Company, signed a definitive Memorandum of Agreement and Conditions of Sale (Land Grant) and a Service Deed with the Government of Hong Kong Special Administrative Region, to purchase a parcel of land and for the construction, development and operation of a private hospital at Wong Chuk Hang, Hong Kong. The estimated capital investment for the hospital development project is approximately HKD5.0 billion (equivalent to RM1,993.0 million) which is inclusive of land cost of HKD1.7 billion (equivalent to RM673.0 million). The construction is expected to be completed in late 2016.

e) On 23 April 2013, Specialist Ordination in Occupational Medicine Sistina Skopje ("Specialist Ordination") was dissolved. The dissolution of Specialist Ordination is part of the Group's streamlining exercise.

f) On 26 April 2013, Acıbadem Poliklinikleri merged with its direct wholly-owned subsidiary, Tolga Saglik Hizmetleri A.S. ("Tolga Saglik"). All assets and liabilities of Tolga Saglık were transferred to Acıbadem Poliklinikleri and Tolga Saglık was subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem group structure and management.

g) On 29 May 2013, Parkway (Shanghai) Hospital Management Ltd formed a wholly-owned subsidiary, Suzhou Industrial Park Yuan Hui Co., Ltd ("Yuan Hui Clinic") in the People's Republic of China. Yuan Hui Clinic has an initial paid-up capital of RMB3,000,000 and its principal activity is provision of medical and healthcare outpatient services.

h) On 28 June 2013, Integrated Healthcare Holdings (Cayman Islands) Limited was struck off from the Register of Companies of Cayman Islands.

i) On 15 August 2013, Parkway Healthtech Investments Pte Ltd, Goldlink Investments Pte. Ltd. and Drayson Investments Pte. Ltd. were struck off from the Register of Companies of Singapore.

j) On 24 December 2013, ASH merged with its direct wholly-owned subsidiaries, Yeni Saglik Hizmetleri ve Ticaret A.S. ("Yeni Saglik") and Turuncu Grup. All the assets and liabilities of Yeni Saglik and Turuncu were transferred to ASH, and Yeni Saglik and Turuncu Grup were subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem group structure and management.

NOTES TO THE FINANCIAL STATEMENTS

44. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

a) On 7 January 2014, East Shore Medical Holdings Pte. Ltd., Mount Elizabeth Healthcare Holdings Limited and Parkway Novena Pte. Ltd. were struck off from the Register of Companies of Singapore.

b) On 13 March 2014, the Group through its subsidiary, Parkway Life Japan2 Pte. Ltd., executed two agreements to participate as an investor in relation to the acquisition of 2 nursing home properties and 1 extended-stay lodging facility for the elderly, Maison des Centenaire Hannan, Maison des Centenaire Ohhama and Sunhill Miyako, located in Osaka, Japan for a total cash consideration of JPY3.0 billion (approximately RM95.7 million). The acquisition of these properties was made through special purpose vehicles, Goda Kaisha Tenshi1 and Goda Kaisha Tenshi 2, in which Parkway Life Japan2 Pte. Ltd. had made a *Tokumei Kumiai investment*. The investment was fully funded by a 6 year committed and unsecured JPY denominated revolving credit facility of up to JPY3.5 billion (approximately RM111.6 million).

c) On 17 March 2014, Swiss Zone Sdn. Bhd. ("Swiss Zone"), an indirect wholly-owned subsidiary of IHH, was dissolved pursuant to members' voluntary winding up. The dissolution of Swiss Zone is part of the Group's streamlining exercise.

d) On 18 March 2014, IMU Healthcare Sdn. Bhd. ("IMU Healthcare"), an indirect wholly-owned subsidiary of IHH, formed a 60%-owned company, IMU Dialysis Sdn Bhd, pursuant to the Joint Venture Agreement dated 4 March 2014 entered into between IMU Healthcare and Advance Renal Care (Asia) Pte. Ltd. ("ARCA"). The remaining 40% equity stake in IMU Dialysis Sdn Bhd is owned by ARCA. The principal activities of IMU Dialysis Sdn Bhd are establishing, operating and managing dialysis centre(s) for the provision of haemodialysis and its related services.

e) On 26 March 2014, PGRSB acquired another 15.00% equity interest in TTHSB pursuant to the Share Sale Agreement dated 31 January 2012, for a total consideration of RM3,777,000. The said acquisition increased PGRSB's shareholdings in TTHSB from 85.00% to 100.00%.

f) On 9 April 2014, Acibadem Labmed formed a wholly-owned subsidiary, Histogenetics Acibadem Laboratuvar Hizmetleri A.S. ("Histogenetics"), in Turkey. Histogenetics has an initial paid-up capital of TL50,000 and its principal activity is provision of laboratory services.

g) On 9 April 2014, PTM transferred 146,000 PLife REIT units that it owned to its eligible employees in accordance to PTM's long term incentive plan. Consequential thereto, IHH Group's effective interest in PLife REIT was diluted from 35.78% to 35.76%.

h) As at 15 April 2014, ASYH's equity interest in ASH is 99.37%, following the tender of shares.

i) Between 1 January to 15 April 2014, the Company issued:
   i) 19,000,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and
   ii) 3,332,353 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIP units.

45. PRIOR YEARS' ADJUSTMENTS

The comparative figures in the statement of financial position and statement of profit or loss and other comprehensive income have been restated to reflect the effect of adoption of MFRS10, *Consolidated Financial Statements*, and to conform with the current year classification and presentation.

NOTES TO THE FINANCIAL STATEMENTS

45. PRIOR YEARS' ADJUSTMENT (CONTINUED)

The financial impact arising from the adjustments are as follows:

Consolidated statement of financial position as at 31 December 2012

	31 December 2012 RM'000 (Previously reported)	Reclass to conform with current year disclosure RM'000	Effect of adoption of MFRS 10 RM'000	31 December 2012 RM'000 (Restated)
Assets				
Property, plant and equipment	6,725,159	-	1,778,200	8,503,359
Investment properties	435,673	-	1,339,381	1,775,054
Goodwill on consolidation	8,723,050	-	130,477	8,853,527
Intangible assets	3,009,742	-	(172,025)	2,837,717
Interests in associates	919,929	-	(913,813)	6,116
Interests in joint ventures	37,403	-	115,970	153,373
Other financial assets	682,748	-	-	682,748
Other receivables	29,277	-	2,143	31,420
Derivative assets	-	-	5,587	5,587
Deferred tax assets	61,160	-	-	61,160
Total non-current assets	20,624,141	-	2,285,920	22,910,061
Inventories	136,928	-	-	136,928
Trade and other receivables	879,981	-	940	880,921
Tax recoverable	39,060	-	-	39,060
Other financial assets	58,296	-	-	58,296
Derivative assets	-	-	264	264
Cash and bank balances	1,554,273	-	68,372	1,622,645
	2,668,538	-	69,576	2,738,114
Assets classified as held for sale	166	-	-	166
Total current assets	2,668,704	-	69,576	2,738,280
Total assets	23,292,845	-	2,355,496	25,648,341
Equity				
Share capital	8,055,445	-	-	8,055,445
Share premium	7,890,224	-	-	7,890,224
Other reserves	396,788	(265,124)	(8,663)	123,001
Retained earnings	902,557	265,124	(105,351)	1,062,330
Total equity attributable to owners of the Company	17,245,014	-	(114,014)	17,131,000
Non-controlling interests	975,487	-	1,069,276	2,044,763
Total equity	18,220,501	-	955,262	19,175,763

NOTES TO THE FINANCIAL STATEMENTS

45. PRIOR YEARS' ADJUSTMENTS (CONTINUED)

	31 December 2012 RM'000 (Previously reported)	Reclass to conform with current year disclosure RM'000	Effect of adoption of MFRS 10 RM'000	31 December 2012 RM'000 (Restated)
Liabilities				
Loans and borrowings	2,329,553	-	1,171,777	3,501,330
Employee benefits	21,205	-	-	21,205
Trade and other payables	41,971	-	34,401	76,372
Derivative liabilities	1,481	-	3,229	4,710
Deferred tax liabilities	834,363	-	133,556	967,919
Total non-current liabilities	3,228,573	-	1,342,963	4,571,536
Loans and borrowings	298,992	-	35,722	334,714
Trade and other payables	1,324,510	-	18,975	1,343,485
Derivative liabilities	11,854	-	97	11,951
Employee benefits	35,941	-	-	35,941
Tax payable	172,474	-	2,477	174,951
Total current liabilities	1,843,771	-	57,271	1,901,042
Total liabilities	5,072,344	-	1,400,234	6,472,578
Total equity and liabilities	23,292,845	-	2,355,496	25,648,341

NOTES TO THE FINANCIAL STATEMENTS

45. PRIOR YEARS' ADJUSTMENTS (CONTINUED)

Consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2012

	31 December 2012 RM'000 (Previously reported)	Reclass to conform with current year disclosure RM'000	Effect of adoption of MFRS 10 RM'000	31 December 2012 RM'000 (Restated)
Revenue	6,981,942	(87,465)	67,989	6,962,466
Other operating income	328,065	26,465	4,567	359,097
Inventories and consumables	(1,128,119)	44,267	-	(1,083,852)
Purchases and contracted services	(545,211)	16,733	-	(528,478)
Development cost of properties sold	(944,547)	-	-	(944,547)
Staff costs	(2,207,699)	9,405	1,729	(2,196,565)
Depreciation and impairment losses of property, plant and equipment	(413,717)	-	(28,732)	(442,449)
Amortisation and impairment losses of intangible assets	(68,752)	-	2,151	(66,601)
Operating lease expenses	(286,857)	(206)	141,771	(145,292)
Other operating expenses	(696,754)	(9,199)	(24,029)	(729,982)
Finance income	72,752	-	9,513	82,265
Finance costs	(200,632)	-	(21,577)	(222,209)
Share of profits of associates (net of tax)	92,683	-	(91,912)	771
Share of profits of joint ventures (net of tax)	14,201	-	(866)	13,335
Profit before tax	997,355	-	60,604	1,057,959
Income tax expense	(179,307)	-	(19,026)	(198,333)
Profit for the year	818,048	-	41,578	859,626
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences from foreign operations	133,947	-	(148,138)	(14,191)
Hedge of net investments in foreign operations	-	-	170,744	170,744
Net change in fair value of available-for-sale financial assets	155,218	-	-	155,218
Cash flow hedge	-	-	(190)	(190)
Share of other comprehensive income of associates	(68)	-	68	-
	289,097	-	22,484	311,581
Total comprehensive income for the year	1,107,145	-	64,062	1,171,207
Profit attributable to:				
Owners of the Company	798,888	-	(48,090)	750,798
Non-controlling interests	19,160	-	89,668	108,828
Profit for the year	818,048	-	41,578	859,626
Total comprehensive income attributable to:				
Owners of the Company	1,070,701	-	(54,138)	1,016,563
Non-controlling interests	36,444	-	118,200	154,644
Total comprehensive income for the year	1,107,145	-	64,062	1,171,207

NOTES TO THE FINANCIAL STATEMENTS

45. PRIOR YEARS' ADJUSTMENTS (CONTINUED)

Consolidated statement of financial position as at 1 January 2012

	1 January 2012 RM'000 (Previously reported)	Reclass to conform with current year disclosure RM'000	Effect of adoption of MFRS 10 RM'000	1 January 2012 RM'000 (Restated)
Assets				
Property, plant and equipment	4,726,753	-	1,796,795	6,523,548
Investment properties	-	-	1,339,817	1,339,817
Goodwill on consolidation	6,415,976	-	130,477	6,546,453
Intangible assets	1,618,598	-	(182,853)	1,435,745
Interests in associates	862,273	-	(854,546)	7,727
Interests in joint ventures	28,009	-	123,912	151,921
Other financial assets	529,881	-	-	529,881
Other receivables	-	-	2,447	2,447
Deferred tax assets	24,279	-	-	24,279
Total non-current assets	14,205,769	-	2,356,049	16,561,818
Development properties	1,121,195	-	-	1,121,195
Inventories	78,784	-	-	78,784
Trade and other receivables	518,496	-	(7,291)	511,205
Tax recoverable	20,422	-	-	20,422
Other financial assets	27,066	-	-	27,066
Cash and bank balances	1,310,803	-	30,415	1,341,218
	3,076,766	-	23,124	3,099,890
Assets classified as held for sale	1,463	-	-	1,463
Total current assets	3,078,229	-	23,124	3,101,353
Total assets	17,283,998	-	2,379,173	19,663,171
Equity				
Share capital	5,500,000	-	-	5,500,000
Share premium	3,885,803	-	-	3,885,803
Other reserves	104,756	(73,579)	(3,084)	28,093
Retained earnings	300,174	73,579	(57,261)	316,492
Total equity attributable to owners of the Company	9,790,733	-	(60,345)	9,730,388
Non-controlling interests	246,618	-	1,048,285	1,294,903
Total equity	10,037,351	-	987,940	11,025,291
Liabilities				
Loans and borrowings	4,991,264	-	1,191,793	6,183,057
Employee benefits	15,544	-	-	15,544
Trade and other payables	8,580	-	32,225	40,805
Deferred tax liabilities	446,127	-	133,178	579,305
Derivative liabilities	-	-	9,125	9,125
Total non-current liabilities	5,461,515	-	1,366,321	6,827,836

NOTES TO THE FINANCIAL STATEMENTS

45. PRIOR YEARS' ADJUSTMENTS (CONTINUED)

	1 January 2012 RM'000 (Previously reported)	Reclass to conform with current year disclosure RM'000	Effect of adoption of MFRS 10 RM'000	1 January 2012 RM'000 (Restated)
Loans and borrowings	47,084	-	14,131	61,215
Trade and other payables	1,576,158	-	16,977	1,593,135
Derivative liabilities	1,252	-	-	1,252
Employee benefits	41,935	-	-	41,935
Tax payable	118,703	-	(6,196)	112,507
Total current liabilities	1,785,132	-	24,912	1,810,044
Total liabilities	7,246,647	-	1,391,233	8,637,880
Total equity and liabilities	17,283,998	-	2,379,173	19,663,171

46. SUBSIDIARIES

Details of subsidiaries are as follows:

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	2012 %
Direct subsidiaries				
IMU Health Sdn. Bhd.	Malaysia	Investment holding	100	100
Integrated Healthcare Holdings Limited[#]	Federal Territory of Labuan Malaysia	Investment holding	100	100
Integrated Healthcare Holdings (Bharat) Limited[#]	Mauritius	Investment holding	100	100
Integrated Healthcare Holdings (Cayman Islands) Limited	Cayman Islands	Struck off in 2013	-	100
Integrated Healthcare Turkey Yatirimlari Limited	Federal Territory of Labuan Malaysia	Investment holding	100	100
Integrated Healthcare Capital Sdn. Bhd.	Malaysia	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

46. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	Effective equity interest held 2012 %
Indirect subsidiaries				
Held through IMU Health Sdn. Bhd.:				
IMU Education Sdn. Bhd.	Malaysia	Management of educational institutions and other centres of learning	100	100
IMU Healthcare Sdn. Bhd.	Malaysia	Dormant	100	100
IMC Education Sdn. Bhd. (formerly known as Pantai Education Sdn. Bhd.)	Malaysia	Provision of educational programs and training courses for healthcare and related fields	100	100
Held through Integrated Healthcare Holdings Limited:				
Parkway Pantai Limited#	Singapore	Investment holding	100	100
Held through Integrated Healthcare Holdings (Bharat) Limited:				
Integrated (Mauritius) Healthcare Holdings Limited#	Mauritius	Investment holding	100	100
Held through Integrated Healthcare Turkey Yatirimlari Limited:				
Integrated Healthcare Hastaneler Turkey Sdn. Bhd.	Malaysia	Investment holding	100	100
Held through Parkway Pantai Limited:				
Pantai Irama Ventures Sdn. Bhd.	Malaysia	Investment holding	100	100
Parkway HK Holdings Limited(1)#	Hong Kong	Investment holding	100	100
Parkway Holdings Limited#	Singapore	Investment holding	100	100
Pantai Diagnostics Indonesia Sdn. Bhd.	Malaysia	Investment holding	100^^	–
Held through Integrated Healthcare Hastaneler Turkey Sdn. Bhd.:				
Acıbadem Saglık Yatırımları Holding A.S.#	Turkey	Investment holding	60	60
Held through Acibadem Saglik Yatirimlari Holding A.S.:				
Almond Holding A.S.#	Turkey	Struck off in 2013	-	60
APlus Hastane Otelcilik Hizmetleri A.S.#	Turkey	Provision of catering, laundry and cleaning services for hospitals	60	60
Acıbadem Proje Yönetimi A.S.#	Turkey	Supervise and manage the construction of healthcare facilities	60	60
Acıbadem Saglık Hizmetleri ve Ticaret A.S.#	Turkey	Provision of medical, surgical and hospital services	59.6^^	-

NOTES TO THE FINANCIAL STATEMENTS

46. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	Effective equity interest held 2012 %
Indirect subsidiaries (continued)				
Held through Almond Holding A.S.:				
Acıbadem Saglık Hizmetleri ve Ticaret A.S.#	Turkey	Provision of medical, surgical and hospital services	-^^	59.2
Held through Acıbadem Saglık Hizmetleri ve Ticaret A.S.:				
Acıbadem Poliklinikleri A.S.#	Turkey	Provision of outpatient and surgical (in certain clinics only) services	59.6	59.2
Acıbadem Labmed Saglık Hizmetleri A.S.#	Turkey	Provision of laboratory services	59.6	29.6
International Hospital Istanbul A.S.#	Turkey	Provision of medical, surgical and hospital services	53.6	53.3
Acıbadem Mobil Saglık Hizmetleri A.S.(5)#	Turkey	Provision of emergency, home and ambulatory care services	59.6	59.2
Yeni Saglık Hizmetleri ve Ticaret A.S.#	Turkey	Struck off	-	59.2
PZU Clinical Hospital Acıbadem Sistina Skopje#	Macedonia	Provision of medical, surgical and hospital services	30.0	29.8
Acıbadem Sistina Medikal Kompani Doo Skopje#	Macedonia	Provision of medical equipment and import and wholesale of drug and medical materials	29.8	29.6
Acıbadem Ortadogu Saglik Yatirimlari A.S.(6)#	Turkey	Construction and planning of healthcare facilities, provision of operation and management services to healthcare institutions and secondary logistic services such as catering cleaning, laundry services	59.6	59.2
Turuncu Grup Saglık Hizmetleri Danısmanlık Insaat Ticaret A.S.#	Turkey	Struck off	-	59.2
BLAB Laboratuvar Hizmetleri A.S.#	Turkey	Provision of laboratory services	59.6	59.2
Held through Acıbadem Poliklinikleri A.S.:				
Konur Saglık Hizmetleri A.S.#	Turkey	Provision of outpatient and surgical services	59.6	59.2
Bodrum Tedavi Hizmetleri A.S.#	Turkey	Provision of medical, surgical and hospital services	35.7	35.5
Tolga Saglik Hizmetleri A.S.#	Turkey	Struck off in 2013	-	59.2

NOTES TO THE FINANCIAL STATEMENTS

46. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	Effective equity interest held 2012 %
Indirect subsidiaries (continued)				
Held through Konur Saglık Hizmetleri A.S.:				
Gemtip Özel Saglık Hizmetleri Sanayi ve Ticaret Ltd. Sti.#	Turkey	Provision of outpatient services	40.5	40.2
Held through Bodrum Tedavi Hizmetleri A.S.:				
Medlife Clinic Ambulance ve Özel Saglık Hizmetleri Ithalat ve Ihracat A.S.#	Turkey	Provision of outpatient services	35.7	35.5
Bodrum Medikal Özel Saglık Hizmetleri Turizm Gıda Insaat Pazarlama Ithalat Ihracat Sanayi ve Ticaret A.S.#	Turkey	Provision of outpatient services	35.7	35.5
Özel Turgutreis Reis Poliklinik Hizmetleri Ticaret A.S.#	Turkey	Provision of outpatient services	35.7	35.5
Sesu Özel Saglık Hizmetleri Tıbbi Malzemeler ve Ticaret A.S.#	Turkey	Provision of outpatient services	35.6	35.4
Held through PZU Clinical Hospital Acıbadem Sistina Skopje:				
Specialist Ordination in Occupational Medicine Sistina Skopje#	Macedonia	Struck off in 2013	-	29.8
Clinical Hospital Acıbadem Sistina Skopje#	Kosovo	Provision of patient administrative assistance	30.0	29.8
Held through Pantai Irama Ventures Sdn. Bhd.:				
Pantai Holdings Berhad	Malaysia	Investment holding	100	100
Held through Pantai Holdings Berhad:				
Pantai Group Resources Sdn. Bhd.	Malaysia	Investment holding	100	100
Pantai Hospitals Sdn. Bhd.	Malaysia	Investment holding and provision of management and consultation services to hospitals and medical centres	100	100
Pantai Management Resources Sdn. Bhd.	Malaysia	Provision of administration support, training, research and development services	100	100
Pantai Diagnostics Indonesia Sdn. Bhd.	Malaysia	Investment holding	-^^	100
Gleneagles (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

46. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	2012 %
Indirect subsidiaries (continued)				
Held through Pantai Group Resources Sdn. Bhd.:				
Credit Enterprise Sdn. Bhd.	Malaysia	Dormant	100	100
P.T. Pantai Healthcare Consulting[(3)#]	Indonesia	Provision of healthcare consulting services in Indonesia	100	100
Pantai Premier Pathology Sdn. Bhd.	Malaysia	Provision of medical laboratory services	100	100
Pantai Integrated Rehab Services Sdn. Bhd.	Malaysia	Provision of rehabilitation services	85	85
Mount Elizabeth Health Care Services Sdn. Bhd.	Malaysia	Provision of laboratory services	100	100
Twin Towers Healthcare Sdn. Bhd.	Malaysia	Investment holding and provision of management services	85	70
Held through Twin Towers Healthcare Sdn. Bhd.:				
Twin Towers Medical Centre KLCC Sdn. Bhd.	Malaysia	Operation of an outpatient and day care medical centre	85	70
Held through Pantai Hospitals Sdn. Bhd.:				
Pantai Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Cheras Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Pantai Klang Specialist Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Syarikat Tunas Pantai Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	80.7	80.7
Paloh Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	95.6	77.8
Hospital Pantai Ayer Keroh Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Hospital Pantai Indah Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Pantai Hospital Sungai Petani Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Pantai Screening Services Sdn. Bhd.	Malaysia	Provision of management and administration of health screening services	100	100
Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.[(4)]	Malaysia	Investment and provision of medical surgical and hospital services	100	100

NOTES TO THE FINANCIAL STATEMENTS

46. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	Effective equity interest held 2012 %
Indirect subsidiaries (continued)				
Pantai Hospital Manjung Sdn. Bhd.	Malaysia	Dormant	100	100
Pantai Hospital Johor Sdn. Bhd.	Malaysia	Dormant	100	100
Kuala Lumpur Medical Centre (Asia Pacific) Sdn. Bhd.	Malaysia	Dormant	51	51
Held through Pantai Medical Centre Sdn. Bhd.:				
Angiography Sdn. Bhd.	Malaysia	Provision of cardiac catherisation services	100	100
Magnetom Imaging Sdn. Bhd.	Malaysia	Provision of medical diagnostic services and other related ventures	100	100
PMC Radio-Surgery Sdn. Bhd.	Malaysia	Provision of radiotherapy facilities	100	100
Pantai-ARC Dialysis Services Sdn. Bhd.	Malaysia	Provision of haemodialysis services	51	51
Held through Hospital Pantai Ayer Keroh Sdn. Bhd.:				
HPAK Lithotripsy Services Sdn. Bhd.	Malaysia	Provision of lithotripter services	100	100
HPAK Cancer Centre Sdn. Bhd.	Malaysia	Provision of medical services for cancer diseases	100	100
Held through Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.:				
Oncology Centre (KL) Sdn. Bhd.	Malaysia	Provision of comprehensive professional oncological services, inclusive of diagnostic, radiotherapy and chemotherapy treatment	100	100
Held through Mount Elizabeth Health Care Services Sdn. Bhd.:				
Orifolio Options Sdn. Bhd.	Malaysia	Letting of property	100	100
Held through Gleneagles (Malaysia) Sdn. Bhd.:				
Pulau Pinang Clinic Sdn. Bhd.	Malaysia	Rendering of hospital services	70.05	70
GEH Management Services (M) Sdn. Bhd.	Malaysia	Provision of advisory, administrative, management and consultancy services to healthcare facilities	100	100

NOTES TO THE FINANCIAL STATEMENTS

46. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	2012 %
Indirect subsidiaries (continued)				
Held through Parkway HK Holdings Limited:				
Parkway Healthcare (Hong Kong) Limited#	Hong Kong	Provision of medical and healthcare outpatient services	85	95
GHK Hospital Limited#	Hong Kong	Private hospital ownership, development and management	60	60
Held through Parkway Holdings Limited:				
M & P Investments Pte Ltd#	Singapore	Investment holding	100	100
Parkway Hospitals Singapore Pte. Ltd.#	Singapore	Private hospitals ownership and management	100	100
Parkway Trust Management Limited#	Singapore	Provision of management services to PLife REIT	100	100
Parkway Group Healthcare Pte Ltd#	Singapore	Investment holding and provision of management and consultancy services	100	100
Parkway Investments Pte. Ltd.#	Singapore	Investment holding	100	100
Parkway Novena Holdings Pte. Ltd.#	Singapore	In the process of striking off	100	100
Parkway Novena Pte. Ltd.#	Singapore	Hospital construction and development	100	100
Parkway Irrawaddy Pte. Ltd.#	Singapore	Medical centre construction and development	100	100
Parkway Shenton Pte Ltd#	Singapore	Investment holding and operation of a network of clinics and provision of comprehensive medical and surgical advisory services	100	100
Medi-Rad Associates Ltd#	Singapore	Operation of radiology clinics	100	100
Parkway Laboratory Services Ltd.#	Singapore	Provision of comprehensive diagnostic laboratory services	100	100
Gleneagles Medical Holdings Limited#	Singapore	Investment holding	100	100
Parkway College of Nursing and Allied Health Pte. Ltd.#	Singapore	Provision of courses in nursing and allied health	100	100
iXchange Pte. Ltd.#	Singapore	Agent and administrator for managed care and related services	100	100
Shenton Insurance Pte. Ltd.#	Singapore	Underwrite accident and healthcare insurance policies	100	100
Gleneagles CRC Pte Ltd(7)#	Singapore	Operation of a clinical research centre	-	51

NOTES TO THE FINANCIAL STATEMENTS

46 SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	2012 %
Indirect subsidiaries (continued)				
Gleneagles JPMC Sdn Bhd	Brunei Darussalam	Management and operation of a cardiac and cardiothoracic care centre	75	75
Gleneagles Management Services Pte Ltd#	Singapore	Provision of advisory, administrative, management and consultancy services to healthcare facilities	100	100
Held through Parkway Hospitals Singapore Pte. Ltd.:				
Parkway Promotions Pte Ltd#	Singapore	Promoters and organisers of healthcare events	100	100
MENA Services Pte Ltd#	Singapore	Nursing agency	100	100
Held through Parkway Group Healthcare Pte Ltd:				
Parkway-Healthcare (Mauritius) Ltd##	Mauritius	Investment holding	100	100
Mount Elizabeth Healthcare Holdings Ltd#	Singapore	In the process of striking off	100	100
Parkway Healthtech Investments Pte Ltd#	Singapore	Struck off in 2013	-	100
Gleneagles International Pte. Ltd.#	Singapore	Investment holding	100	100
Medical Resources International Pte Ltd#	Singapore	Investment holding	100	100
Swiss Zone Sdn. Bhd.	Malaysia	In liquidation	100	100
Shanghai Gleneagles International Medical and Surgical Center#	People's Republic of China	Provision of medical and healthcare services	70	70
Parkway (Shanghai) Hospital Management Ltd.#	People's Republic of China	Provision of management and consultancy services to healthcare facilities	100	100
Parkway Education Pte. Ltd.#	Singapore	Dormant	100	100
Held through Mount Elizabeth Medical Holdings Ltd.:				
East Shore Medical Holdings Pte. Ltd.#	Singapore	In process of striking off	100	100
Mount Elizabeth Ophthalmic Investments Pte Ltd#	Singapore	Liquidated in 2013	-	66.48
Held through Parkway Healthtech Investments Pte Ltd:				
Goldlink Investments Pte. Ltd.#	Singapore	Struck off in 2013	-	100
Drayson Investments Pte. Ltd.#	Singapore	Struck off in 2013	-	100

NOTES TO THE FINANCIAL STATEMENTS

46. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	2012 %
Indirect subsidiaries (continued)				
Held through Medi-Rad Associates Ltd:				
Radiology Consultants Pte Ltd[#]	Singapore	Radiology consultancy and interpretative services	100	100
Held through Gleneagles CRC Pte Ltd:				
Gleneagles CRC (Thailand) Company Limited[(7)##]	Thailand	To conduct global and local clinical trials	-	51
Gleneagles CRC (China) Pte. Ltd.[(7)##]	People's Republic of China	To conduct global and local clinical trials	-	51
Gleneagles Clinical Research International Pte. Ltd.[(7)#]	Singapore	Operation of a clinical research centre	-	51
Gleneagles CRC Pty Ltd.[(7)##]	Australia	To conduct global and local clinical trials	-	51
Held through Gleneagles International Pte. Ltd.:				
Gleneagles Development Pte Ltd[#]	Singapore	Developing and managing turnkey hospital projects and investment holding	100	100
Gleneagles Hospital (UK) Limited[##]	United Kingdom	In liquidation	65	65
Held through Gleneagles Hospital (UK) Limited:				
The Heart Hospital Limited[##]	United Kingdom	In liquidation	65	65
Held through Parkway Shenton Pte Ltd:				
Nippon Medical Care Pte Ltd[#]	Singapore	Operation of clinics	70	70
Parkway Shenton International Holdings Pte. Ltd.[#]	Singapore	Investment holding	100	100
Shenton Family Medical Clinics Pte Ltd[#]	Singapore	To provide, establish and carry on the business of clinics	100	100
Held through Parkway Shenton International Holdings Pte. Ltd.:				
Parkway Shenton Vietnam Limited[+]	Vietnam	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

46. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	2012 %
Indirect subsidiaries (continued)				
Held through Medical Resources International Pte Ltd:				
Shanghai Rui Xin Healthcare Co., Ltd.[(8)#]	People's Republic of China	Provision of medical and healthcare outpatient services	100	100
Shanghai Rui Hong Clinic Co., Ltd.[(10)#]	People's Republic of China	Provision of medical and healthcare outpatient services	85	85
Shanghai Xin Rui Healthcare Co., Ltd.[(9)#]	People's Republic of China	Provision of medical and healthcare outpatient services	85	85
Shanghai Gleneagles Hospital Management Co., Ltd.[#]	People's Republic of China	Provision of management and consultancy services to healthcare facilities	100	100
Held through Parkway (Shanghai) Hospital Management Ltd.:				
Shanghai Shu Kang Hospital Investment Management Co., Ltd.[#]	People's Republic of China	Investment holding	100	100
Suzhou Industrial Park Yuan Hui Clinic Co., Ltd.[#]	People's Republic of China	Provision of medical and healthcare outpatient services	100	–
Held through Shanghai Shu Kang Hospital Investment Management Co., Ltd.:				
Shanghai Mai Kang Hospital Investment Management Co., Ltd.[#]	People's Republic of China	Investment holding	100	100
Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd.:				
Chengdu Rui Rong Clinic Co., Ltd.[#]	People's Republic of China	Provision of medical and healthcare outpatient services	100	100
Shanghai Rui Pu Clinic Co., Ltd.[#]	People's Republic of China	Provision of medical and healthcare outpatient services	100	100
Shanghai Rui Xiang Clinic Co., Ltd.[#]	People's Republic of China	Provision of medical and healthcare outpatient services	100	100

NOTES TO THE FINANCIAL STATEMENTS

46. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	Effective equity interest held 2012 %
Indirect subsidiaries (continued)				
Held through Parkway Investments Pte. Ltd.:				
Gleneagles Technologies Services Pte Ltd#	Singapore	Dormant	100	100
Gleneagles Medical Centre Ltd.#	Singapore	Dormant	100	100
Gleneagles Pharmacy Pte Ltd#	Singapore	Dormant	100	100
Mount Elizabeth Medical Holdings Ltd.#	Singapore	Investment holding	100	100
Parkway Life Real Estate Investment Trust(2)#	Singapore	Real estate investment trust	35.78	35.81
Held through Parkway Life Real Estate Investment Trust:				
Matsudo Investment Pte. Ltd.#	Singapore	Investment holding	35.78	35.81
Godo Kaisha Phoebe (11)	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Parkway Life Japan2 Pte. Ltd.#	Singapore	Investment holding	35.78	35.81
Godo Kaisha Urbino(11)	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Del Monte(11)	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Parkway Life MTN Pte. Ltd.	Singapore	Provision of financial and treasury services	35.78	35.81
Parkway Life Japan3 Pte. Ltd.	Singapore	Investment holding	35.78	35.81
Godo Kaisha Healthcare 1(11) #	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Healthcare 2(11)	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Healthcare 3(11)	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Healthcare 4(11)#	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Healthcare 5(11)#	Japan	Special purpose entity - Investment in real estate	35.78	-
Parkway Life Japan4 Pte. Ltd.#	Singapore	Investment holding	35.78	35.81
Godo Kaisha Samurai(11)	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Samurai 2(11)#	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Samurai 3(11)	Japan	Special purpose entity - Investment in real estate	35.78	35.81

NOTES TO THE FINANCIAL STATEMENTS

46. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	Effective equity interest held 2012 %
Indirect subsidiaries (continued)				
Godo Kaisha Samurai 4[(11)]	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Samurai 5[(11)#]	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Samurai 6[(11)]	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Samurai 7[(11)#]	Japan	Special purpose entity - Investment in real estate	35.78	-
Godo Kaisha Samurai 8[(11)]	Japan	Special purpose entity - Investment in real estate	35.78	-
Parkway Life Malaysia Pte. Ltd.[#]	Singapore	Investment holding	35.78	35.81
Parkway Life Malaysia Sdn. Bhd.[##]	Malaysia	Special purpose entity - Investment in real estate	35.78	35.81

1 Parkway Pantai Limited holds 99.99% (2012: 50%) shares in Parkway HK Holdings Limited. The other 0.01% (2012: 50%) shares is held by Parkway Holdings Limited.

2 Parkway Investment Pte Ltd, Parkway Trust Management Limited and Integrated Healthcare Holdings Limited hold 35.25% (2012: 35.25%), 0.49% (2012: 0.52%) and 0.04% (2012: 0.04%) of the units in PLife REIT respectively.

3 Pantai Group Resources Sdn. Bhd. holds 50% shares in P.T. Pantai Healthcare Consulting. The other 50% is held by Pantai Hospitals Sdn. Bhd.

4 Pantai Hospitals Sdn. Bhd. holds 70% shares in Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. The other 30% is held by Gleneagles (Malaysia) Sdn. Bhd.

5 ASH and Acıbadem Poliklinikleri holds 17.78% and 82.22% equity interest in Acıbadem Mobil Saglık Hizmetleri A.S. respectively.

6 Acıbadem Ortadogu Saglik Yatirimlari A.S.'s shares are owned by ASH (75.0%), Acıbadem Mobil Saglık Hizmetleri A.S. (5%), Acibadem Poliklinikleri (10%), APlus Hastane ve Otelcilik Hizmetleri A.S.(4.998%) and Acıbadem Proje Yonetimi A.S. (5%).

7 Equity interest in the companies were disposed off during the year.

8 Medical Resources International Pte Ltd holds 70% shares in Shanghai Rui Xin Healthcare Co., Ltd. The other 30% is held by Shanghai Mai Kang Hospital Investment Management Co., Ltd.

9 Medical Resources International Pte Ltd holds 70% shares in Shanghai Xin Rui Healthcare Co., Ltd. The other 15% is held by Shanghai Mai Kang Hospital Investment Management Co., Ltd.

10 Medical Resources International Pte Ltd holds 70% shares in Shanghai Rui Hong Clinic Co., Ltd. The other 15% is held by Shanghai Mai Kang Hospital Investment Management Co., Ltd.

11 Not required to be audited under the laws of country of incorporation. These special purpose entities have been consolidated in the financial statements in accordance with MFRS 10, as the Group primarily bears the risks and enjoys the benefits of the investments held by these special purpose entities.

^^ Shares were transferred within the Group pursuant to an internal restructuring during the year.

Audited by other member firms of KPMG International.

Audited by firms other than member firms of KPMG International.

+ Audit is not required.

NOTES TO THE FINANCIAL STATEMENTS

47. ASSOCIATES

Details of associates are as follows:

Name of associate	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	2012 %
Indirect associates				
Held through Parkway Holdings Ltd:				
Kyami Pty Ltd+	Australia	In liquidation	30	30
Held through Kyami Pty Ltd:				
Royalmist Properties Pty Ltd+	Australia	Struck off in 2013	-	30
Held through Gleneagles (Malaysia) Sdn. Bhd.:				
Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd.##	Malaysia	In liquidation	30	30
Held through Gleneagles Medical Holdings Limited:				
PT Tritunggal Sentra Utama Surabaya##	Indonesia	Provision of medical diagnostic services	30	30
Asia Renal Care Mount Elizabeth Pte Ltd##	Singapore	Provision of medical services	20	20
Asia Renal Care (Katong) Pte Ltd##	Singapore	Provision of medical services	20	20
Held through Medi-Rad Associates Ltd:				
Positron Tracers Pte. Ltd.#	Singapore	Ownership and operation of a cyclotron	33	33

\# Audited by other member firms of KPMG International.
\## Audited by firms other than member firms of KPMG International.
\+ Audit is not required.

NOTES TO THE FINANCIAL STATEMENTS

48. JOINT VENTURES

Details of joint ventures are as follows:

Name of joint venture	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	Effective equity interest held 2012 %
Indirect joint ventures				
Held through Gleneagles Development Pte. Ltd.:				
Apollo Gleneagles Hospital Ltd##	India	Private hospital ownership and management	50	50
Held through Parkway-Healthcare (Mauritius) Ltd:				
Apollo Gleneagles PET-CT Limited##	India	Operation of PET-CT radio imaging centre	50	50
Held through Shenton Family Medical Clinics Pte Ltd:				
Shenton Family Medical Clinic (Ang Mo Kio)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Bedok Reservoir)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Bukit Gombak)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Clementi)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Duxton)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Jurong East)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Serangoon)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Tampines)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Yishun)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Towner)+	Singapore	Operation of medical clinic	50	50

NOTES TO THE FINANCIAL STATEMENTS

48. JOINT VENTURES (CONTINUED)

Name of joint venture	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	2012 %
Indirect joint ventures (continued)				
Held through Parkway Shenton Pte Ltd:				
Hale Medical Clinic (Concourse) Pte Ltd##	Singapore	Operation of medical clinic	50	50
Held through Parkway Group Healthcare Pte Ltd:				
Khubchandani Hospitals Private Limited##	India	Private hospital ownership	50	50
Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd.:				
Shanghai Hui Xing Hospital Investment Management Co., Ltd.(1)#	People's Republic of China	Investment in healthcare industry, hospital management and hospital management consulting	60	-
Held through Shanghai Hui Xing Hospital Investment Management Co., Ltd.:				
Shanghai Hui Xing Jinpu Clinic Co., Ltd.(1)#	People's Republic of China	Provision of medical and healthcare outpatient services	60	-

1 Notwithstanding that the equity interest is more than 50%, the Group had accounted for the Shanghai Hui Xing Hospital Management Co., Ltd, and its subsidiary, Shanghai Hui Xing Jinpu Clinic Co., Ltd. as a joint venture in accordance to MFRS 10 on the basis that the Group does not have control over the entity's operating activities.

\# Audited by other member firms of KPMG International.

\#\# Audited by firms other than member firms of KPMG International.

\+ Audit is not required.

NOTES TO THE FINANCIAL STATEMENTS

49. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS AND LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	1,811,234	983,775	705,871	18,800
- unrealised	183,393	287,263	111,776	109,192
	1,994,627	1,271,038	817,647	127,992
Total share of retained earnings of associates				
- realised	(3,079)	(120)	-	-
- unrealised	(24)	(25)	-	-
	(3,103)	(145)	-	-
Total share of retained earnings of joint ventures				
- realised	32,918	31,035	-	-
- unrealised	-	-	-	-
	32,918	31,035	-	-
Consolidation adjustments	(342,299)	(239,598)	-	-
Total retained earnings	1,682,143	1,062,330	817,647	127,992

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

LIST OF PROPERTIES

List of Top 10 Properties for the Financial Year Ended 31 December 2013

No.	Address	Freehold/ Leasehold Land and/or Buildings	Year of Expiry of Lease	Land Area Sq m	Built-up /Strata Area Sq m	Existing Use	Approximate Age of Buildings	Net Book Value RM'000
	Singapore							
1	**Mount Elizabeth Novena Hospital and Medical Centre Units** 38 Irrawaddy Road Singapore 329563	Leasehold land and building	2108	17,226	Built up area: 56,330	Hospital and medical office building	1 year	3,391,396[a]
2	**Mount Elizabeth Hospital and Medical Centre Units** 3 Mount Elizabeth Singapore 22851	Leasehold land and building	2075	N/A	Strata area: 58,139	Hospital building and medical centre	34 years	1,333,070[a]
3	**Gleneagles Hospital and Medical Centre Units** 6 Napier Road, Singapore 258499; 6A Napier Road, Singapore 258500	Freehold land and building	-	N/A	Strata area: 49,003	Hospital building and medical centre	23 years	664,020[a]
4	**Parkway East Hospital** 319 Joo Chiat Place, Singapore 427989; 321 Joo Chiat Place, Singapore 427990	Freehold land and building	-	6,203	Gross floor property area: 10,994	Hospital building and medical centre	31 years	42,917[a]
	Malaysia							
5	**Pantai Hospital Kuala Lumpur** 8 Jalan Bukit Pantai 59100 Kuala Lumpur	Leasehold land and building	2111	22,533	Built up area: 130,784	Hospital building	10 years	183,738[b]
6	**Gleneagles Medical Centre Penang** 1 Jalan Pangkor 10050 Penang	Freehold land and building	-	12,411	Built up area: 71,743	Hospital building	16 years and 1 year for new extension block	166,021[b]
7	**Gleneagles Kuala Lumpur** 286 Jalan Ampang 50450 Kuala Lumpur	Freehold land and building	-	13,552	Built up area: 29,947	Hospital building	15 years	157,696[b]
8	**IMU** No 126, Jalan Jalil Perkasa 19 Bukit Jalil 57000 Kuala Lumpur	Freehold land and building	-	13,000	Built up area: 51,418	University	7 years	103,232

LIST OF PROPERTIES

List of Top 10 Properties for the Financial Year Ended 31 December 2013 (continued)

No.	Address	Freehold/ Leasehold Land and/or Buildings	Year of Expiry of Lease	Land Area Sq m	Built-up /Strata Area Sq m	Existing Use	Approximate Age of Buildings	Net Book Value RM'000
	Turkey							
9	**International Hospital** Istanbul Cad. No:82 34149 Yesilköy, Istanbul	Freehold land and building	-	3,918	Built up area: 19,000	Hospital building	21 years	103,650[c]
10	**Acıbadem Bursa Hospital** Fatih Sultan Mehmet Bulvarı Sümer Sok. No:1 16110 Nilufer, Bursa	Freehold land and building	-	6,523	Built up area: 29,281	Hospital building	8 years	102,950[c]

Notes:

a : Carrying value includes fair value of investment properties, which were revalued in 2013 in accordance with the Group's accounting policies

b : Properties were revalued in 2010 pursuant to a purchase price allocation performed upon acquisition of Parkway Group

c : Properties were revalued in 2012 pursuant to a purchase price allocation performed upon acquisition of Acibadem Holdings Group

ANALYSIS OF SHAREHOLDINGS
AS AT 18 APRIL 2014

Class of securities	: Ordinary shares of RM1.00 each
Authorised share capital	: RM18,000,000,000.00 divided into 18,000,000,000 ordinary shares of RM1.00 each
Issued and paid-up share capital	: RM8,157,306,224.00 divided into 8,157,306,224 ordinary shares of RM1.00 each
Voting right	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

	Shareholders				Shares			
	Malaysian		Foreign		Malaysian		Foreign	
Size of Shareholdings	No.	%	No.	%	No.	%	No.	%
Less than 100	63	0.63	0	0.00	699	0.00	0	0.00
100 - 1,000	2,576	25.62	32	0.32	2,265,347	0.03	27,128	0.00
1,001 - 10,000	5,575	55.46	104	1.03	24,993,768	0.31	520,936	0.01
10,001 - 100,000	1,174	11.68	127	1.26	30,377,774	0.37	5,495,234	0.07
100,001 - 407,865,310*	118	1.17	280	2.79	487,699,080	5.98	1,317,755,363	16.15
407,865,311 and above**	2	0.02	2	0.02	4,180,904,534	51.25	2,107,266,361	25.83
Total	9,508	94.58	545	5.42	4,726,241,202	57.94	3,431,065,022	42.06

Notes:
* Less than 5% of issued and paid-up share capital
** 5% and above of issued and paid-up share capital

CATEGORY OF SHAREHOLDERS

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Shares
Individuals	8,438	83.94	51,069,039	0.63
Banks/Finance Companies	53	0.53	390,305,900	4.78
Investments Trusts/Foundations/Charities	1	0.01	100,000	0.00
Other Types of Companies	113	1.12	5,235,333,234	64.18
Government Agencies/Institutions	2	0.02	6,188,500	0.08
Nominees	1,446	14.38	2,474,309,551	30.33
Others	0	0.00	0	0.00
Total	10,053	100.00	8,157,306,224	100.00

ANALYSIS OF SHAREHOLDINGS
AS AT 18 APRIL 2014

SUBSTANTIAL SHAREHOLDERS
(As per Register of Substantial Shareholders)

		Direct Interest		Indirect Interest	
No.	Name	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Pulau Memutik Ventures Sdn Bhd	3,580,570,634	43.89	-	-
2.	Khazanah Nasional Berhad	-	-	3,580,570,634[i]	43.89
3.	MBK Healthcare Partners Limited	1,650,000,000	20.23	-	-
4.	Mitsui & Co., Ltd	-	-	1,650,000,000[ii]	20.23
5.	Employees Provident Fund	712,804,300	8.74[iii]	-	-

Notes:

i Deemed interest by virtue of its shareholding in Pulau Memutik Ventures Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

ii Deemed interest by virtue of its shareholding in MBK Healthcare Partners Limited pursuant to Section 6A of the Companies Act, 1965.

iii The shares are held through various nominees companies.

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS
(As per Register of Directors' Shareholdings)

		Number of ordinary shares of RM1.00 each			
		Direct Interest		Indirect Interest	
	Interest in the Company	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Tan Sri Dato' Dr Abu Bakar Bin Suleiman	2,931,000	0.04	-	-
2.	Dr Tan See Leng	18,655,000	0.23	-	-
3.	Mehmet Ali Aydinlar	103,500,000	1.27	160,790,861[i]	1.97
4.	Kuok Khoon Ean	250,000	0.00	-	-
5.	Chang See Hiang	100,000	0.00	-	-
6.	Ahmad Shahizam Bin Mohd Shariff (Alternate Director to Dr Tan See Leng)	2,026,000	0.02	-	-

Notes:

i Deemed interest by virtue of his wife, Hatice Seher Aydinlar's shareholding in the Company and SZA Gayrimenkul Yatırım Insaat ve Ticaret A.S.'s shareholding in the Company, a company wholly-owned by Mehmet Ali Aydinlar and his wife, pursuant to Section 6A of the Companies Act, 1965.

ANALYSIS OF SHAREHOLDINGS
AS AT 18 APRIL 2014

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS (CONTINUED)
(As per Register of Directors' Shareholdings)

Mr. Mehmet Ali Aydinlar's direct and/or indirect interest in the subsidiaries are as follows:-

	Number of ordinary shares of TL1.00 each	
	Direct Interest	Indirect Interest
Interest in subsidiaries	**No. of Shares Held**	**No. of Shares Held**
Acıbadem Saglık Yatırımları Holding A.S.	354,533,087	27,466,913
Acıbadem Saglık Hizmetleri ve Ticaret A.S.	1	1
Acıbadem Proje Yönetimi A.S.	1	-
Aplus Hastane Otelcilik Hizmetleri A.S.	1	3
Acıbadem Poliklinikleri A.S.	1	3
Acıbadem Labmed Saglık Hizmetleri A.S.	1	1
Acıbadem Mobil Saglık Hizmetleri A.S.	13	26
Acıbadem Ortadogu Saglık Yatırımları A.S.	5	-
Bodrum Tedavi Hizmetleri A.S.	-	3

	Number of ordinary shares of TL2.00 each	
	Direct Interest	Indirect Interest
	No. of Shares Held	**No. of Shares Held**
International Hospital Istanbul A.S.	1	1

	Number of ordinary shares of TL250.00 each	
	Direct Interest	Indirect Interest
	No. of Shares Held	**No. of Shares Held**
Konur Saglık Hizmetleri A.S.	-	1

Mr. Chang See Hiang's direct interest in the subsidiary is as follows:-

	Number of units	
	Direct Interest	Indirect Interest
Interest in subsidiary	**No. of Units Held**	**No. of Units Held**
Parkway Life Real Estate Investment Trust	300,000	-

ANALYSIS OF SHAREHOLDINGS
AS AT 18 APRIL 2014

EQUITY PARTICIPATION PLAN

	Interest in the Company Equity Participation Plan	Number of options over ordinary shares of RM1.00 each Direct Interest No. of Shares Held
1.	Tan Sri Dato' Dr Abu Bakar Bin Suleiman	2,000,000
2.	Dr Tan See Leng	9,375,000
3.	Ahmad Shahizam Bin Mohd Shariff (Alternate Director to Dr Tan See Leng)	2,750,000

LONG TERM INCENTIVE PLAN

	Interest in the Company Long Term Incentive Plan	Number of units convertible into ordinary shares of RM1.00 each Direct Interest No. of Shares Held
1.	Tan Sri Dato' Dr Abu Bakar Bin Suleiman	93,000
2.	Dr Tan See Leng	2,631,000
3.	Ahmad Shahizam Bin Mohd Shariff (Alternate Director to Dr Tan See Leng)	792,000
4.	Mehmet Ali Aydinlar	724,000

Save as disclosed above, none of the Directors of the Company has any interest direct or indirect in the Company and its related corporations.

LIST OF TOP THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	% of Issued Shares
1.	Pulau Memutik Ventures Sdn Bhd	3,580,570,634	43.89
2.	MBK Healthcare Partners Limited	1,650,000,000	20.23
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	600,333,900	7.36
4.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for The Central Depository (Pte) Limited	457,266,361	5.60
5.	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	172,001,800	2.11
6.	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Kuwait Investment Authority	151,640,700	1.86
7.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	97,839,200	1.20
8.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	90,261,842	1.11
9.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Saudi Arabia)	89,039,733	1.09

ANALYSIS OF SHAREHOLDINGS
AS AT 18 APRIL 2014

LIST OF TOP THIRTY LARGEST SHAREHOLDERS (CONTINUED)

No.	Name	No. of Shares Held	% of Issued Shares
10.	HDM Nominees (Asing) Sdn Bhd RSS/SBL for Deutsche Bank Aktiengesellschaft (London Branch)	69,467,500	0.85
11.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	59,019,989	0.72
12.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Blackrock Global Allocation Fund, Inc.	58,437,200	0.72
13.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for UBS AG Singapore (Foreign)	56,203,299	0.69
14.	Citigroup Nominees (Asing) Sdn Bhd CBNY for International Finance Corporation	49,875,400	0.61
15.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	48,721,276	0.60
16.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	36,113,800	0.44
17.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Matthews Pacific Tiger Fund	34,346,700	0.42
18.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Monetary Authority of Singapore (H)	28,977,600	0.35
19.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	26,670,300	0.33
20.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	25,971,400	0.32
21.	Permodalan Nasional Berhad	25,746,100	0.32
22.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Bank of New York Mellon (BNYM AS E&A)	24,936,949	0.31
23.	HSBC Nominees (Asing) Sdn Bhd TNTC for Saudi Arabian Monetary Agency	21,940,400	0.27
24.	Amanahraya Trustees Berhad Amanah Saham Malaysia	21,707,600	0.27
25.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	20,590,000	0.25
26.	HSBC Nominees (Asing) Sdn Bhd BNY Lux for Global Allocation Fund (Blackrock GBL F)	19,822,400	0.24
27.	Amanahraya Trustees Berhad AS 1Malaysia	18,460,600	0.23
28.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank Luxembourg S.A.	18,213,100	0.22
29.	Amanahraya Trustees Berhad Public Islamic Select Enterprises Fund	15,700,000	0.19
30.	Cimsec Nominees (Asing) Sdn Bhd Exempt AN for CIMB Securities (Singapore) Pte Ltd (Retail Clients)	13,755,000	0.17
	Total	7,583,630,783	92.97

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of IHH HEALTHCARE BERHAD ("IHH" or "the Company") will be held at Mahkota 2 Ballroom, Hotel Istana, Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Friday, 20 June 2014 at 10.00 a.m. for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of a first and final single tier cash dividend of 2 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2013. — Ordinary Resolution 1

3. To re-elect the following Directors who retire pursuant to Article 113(1) of the Articles of Association of the Company:

   (i) Satoshi Tanaka — Ordinary Resolution 2

   (ii) Mehmet Ali Aydinlar — Ordinary Resolution 3

   (iii) Dr Tan See Leng — Ordinary Resolution 4

4. To re-appoint Tan Sri Dato' Dr Abu Bakar bin Suleiman in accordance with Section 129(6) of the Companies Act, 1965. — Ordinary Resolution 5

5. To approve the payment of Directors' fees to the Non-Executive Directors for the financial year ended 31 December 2013 as per the table below: — Ordinary Resolution 6

Structure	Chairman (RM per annum)	Member (RM per annum)
Board of Directors	-	220,000
Audit & Risk Management Committee	120,000	80,000
Nomination & Remuneration Committee	60,000	40,000
Steering Committee	60,000	40,000

NOTICE OF ANNUAL GENERAL MEETING

6. To approve the payment of Directors' fees to the Non-Executive Directors with effect from 1 January 2014 until the next Annual General Meeting of the Company as per the table below: Ordinary Resolution 7

Structure	Chairman (RM per annum)	Member (RM per annum)
Board of Directors	-	220,000
Audit & Risk Management Committee	120,000	80,000
Nomination & Remuneration Committee	60,000	40,000
Steering Committee	60,000	40,000

7. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 8

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

8. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 Ordinary Resolution 9

"THAT subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution in any one financial year does not exceed ten per centum (10%) of the nominal value of the issued and paid up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

9. PROPOSED ALLOCATION OF UNITS UNDER THE LONG TERM INCENTIVE PLAN OF THE IHH GROUP AND ISSUANCE OF NEW ORDINARY SHARES OF RM1.00 EACH ("IHH SHARES") IN IHH TO TAN SRI DATO' DR ABU BAKAR BIN SULEIMAN Ordinary Resolution 10

"THAT approval be and is hereby given for the Directors of the Company at any time and from time to time, commencing from the date of the shareholders' approval ("Approval Date") and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held, to allocate, grant and subsequently vest such number of units as the same may be allocated, granted and vested to Tan Sri Dato' Dr Abu Bakar bin Suleiman, the Executive Chairman of the Company, under any of the Long Term Incentive Plans of the IHH Group, and to allot and issue a corresponding number of new shares in the Company ("IHH Shares") upon the surrender of such units to the Company, as part of the compensation package for his services to the Company and/or its group of companies, PROVIDED THAT the total allocation will be based on the aggregate value of Ringgit Malaysia 331,200 ("Base Allocation"), equivalent to the total number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued within that Base Allocation ("Base Number") at the issue price per unit/IHH Share to be determined based on the five (5)-day weighted average market price of IHH Shares as traded on Bursa Malaysia Securities Berhad prior to the issue date ("Issue Price"), PROVIDED FURTHER THAT if the Base Number contains a fractional part

NOTICE OF ANNUAL GENERAL MEETING

of a thousand, the actual number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued ("Actual Number") will be rounded-up to the nearest thousand notwithstanding that the total value of the Actual Number may exceed the Base Allocation based on the Issue Price, AND PROVIDED ALWAYS THAT the Proposed Allocation shall be subject to the terms and conditions and/or adjustments which may be made in accordance with the provisions of the respective Bye Laws for the Long Term Incentive Plan."

10. PROPOSED ALLOCATION OF UNITS UNDER THE LONG TERM INCENTIVE PLAN OF THE IHH GROUP AND ISSUANCE OF NEW ORDINARY SHARES OF RM1.00 EACH IN IHH ("IHH SHARES") TO DR TAN SEE LENG Ordinary Resolution 11

"THAT approval be and is hereby given for the Directors of the Company at any time and from time to time, commencing from the date of the shareholders' approval ("Approval Date") and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held, to allocate, grant and subsequently vest such number of units as the same may be allocated, granted and vested to Dr Tan See Leng, the Managing Director and Chief Executive Officer of the Company, under any of the Long Term Incentive Plans of the IHH Group, and to allot and issue a corresponding number of new IHH Shares to him upon the surrender of such units to the Company, as part of the compensation package for his services to the Company and/or its group of companies, PROVIDED THAT the total allocation will be based on the aggregate value of Singapore Dollar 2,247,568 or its equivalent amount in Ringgit Malaysia as converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date ("Base Allocation"), equivalent to the total number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued within that Base Allocation ("Base Number") at the issue price per unit/ IHH Share to be determined based on the five (5)-day weighted average market price of IHH Shares as traded on Bursa Malaysia Securities Berhad prior to the issue date ("Issue Price"), PROVIDED FURTHER THAT if the Base Number contains a fractional part of a thousand, the actual number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued ("Actual Number") will be rounded-up to the nearest thousand notwithstanding that the total value of the Actual Number may exceed the Base Allocation based on the Issue Price, AND PROVIDED ALWAYS THAT the Proposed Allocation shall be subject to the terms and conditions and/or adjustments which may be made in accordance with the provisions of the respective Bye Laws for the Long Term Incentive Plan."

11. PROPOSED ALLOCATION OF UNITS UNDER THE LONG TERM INCENTIVE PLAN OF THE IHH GROUP AND ISSUANCE OF NEW ORDINARY SHARES OF RM1.00 EACH IN IHH ("IHH SHARES") TO MEHMET ALI AYDINLAR Ordinary Resolution 12

"THAT approval be and is hereby given for the Directors of the Company at any time and from time to time, commencing from the date of the shareholders' approval ("Approval Date") and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held, to allocate, grant and subsequently vest such number of units as the same may be allocated, granted and vested to Mehmet Ali Aydinlar, an Executive Director of the Company, under any of the Long Term Incentive Plans of the IHH Group, and to allot and issue a corresponding number of new IHH Shares to him upon the surrender of such units to the Company, as part of the compensation package for his services to the Company and/or its group of companies, PROVIDED THAT the total allocation will be based on the aggregate value of United States Dollar 967,000 or its equivalent amount in Ringgit Malaysia as converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date ("Base Allocation"), equivalent to the total number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued within that Base Allocation ("Base Number") at the issue price per unit/IHH Share to be determined based on

NOTICE OF ANNUAL GENERAL MEETING

the five (5)-day weighted average market price of IHH Shares as traded on Bursa Malaysia Securities Berhad prior to the issue date ("Issue Price"), PROVIDED FURTHER THAT if the Base Number contains a fractional part of a thousand, the actual number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued ("Actual Number") will be rounded-up to the nearest thousand notwithstanding that the total value of the Actual Number may exceed the Base Allocation based on the Issue Price, AND PROVIDED ALWAYS THAT the Proposed Allocation shall be subject to the terms and conditions and/or adjustments which may be made in accordance with the provisions of the respective Bye Laws for the Long Term Incentive Plan."

12. PROPOSED ALLOCATION OF UNITS UNDER THE LONG TERM INCENTIVE PLAN OF THE IHH GROUP AND ISSUANCE OF NEW ORDINARY SHARES OF RM1.00 EACH IN IHH ("IHH SHARES") TO AHMAD SHAHIZAM BIN MOHD SHARIFF Ordinary Resolution 13

"THAT approval be and is hereby given for the Directors of the Company at any time and from time to time, commencing from the date of the shareholders' approval ("Approval Date") and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held, to allocate, grant and subsequently vest such number of units as the same may be allocated, granted and vested to Ahmad Shahizam bin Mohd Shariff, an Executive Director of the Company, under any of the Long Term Incentive Plans of the IHH Group, and to allot and issue a corresponding number of new IHH Shares to him upon the surrender of such units to the Company, as part of the compensation package for his services to the Company and/or its group of companies, PROVIDED THAT the total allocation will be based on the aggregate value of Singapore Dollar 570,000 or its equivalent amount in Ringgit Malaysia as converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date ("Base Allocation"), equivalent to the total number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued within that Base Allocation ("Base Number") at the issue price per unit/ IHH Share to be determined based on the five (5)-day weighted average market price of IHH Shares as traded on Bursa Malaysia Securities Berhad prior to the issue date ("Issue Price"), PROVIDED FURTHER THAT if the Base Number contains a fractional part of a thousand, the actual number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued ("Actual Number") will be rounded-up to the nearest thousand notwithstanding that the total value of the Actual Number may exceed the Base Allocation based on the Issue Price, AND PROVIDED ALWAYS THAT the Proposed Allocation shall be subject to the terms and conditions and/or adjustments which may be made in accordance with the provisions of the respective Bye Laws for the Long Term Incentive Plan."

NOTICE OF ANNUAL GENERAL MEETING

NOTICE ON DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final single tier cash dividend of 2 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2013 ("Dividend"), if approved by the shareholders at the forthcoming Fourth Annual General Meeting, will be paid on 16 July 2014 to depositors whose names appear in the Record of Depositors on 30 June 2014.

A depositor shall qualify for entitlement to the Dividend only in respect of:

(a) shares transferred into the Depositor's securities account before 4.00 p.m. on 30 June 2014 in respect of transfers; and

(b) shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

MICHELE KYTHE LIM BENG SZE (LS 0009763)
SEOW CHING VOON (MAICSA 7045152)
Company Secretaries

Kuala Lumpur
29 May 2014

NOTES:

PROXY AND/OR AUTHORISED REPRESENTATIVES

1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 ("Act") shall not apply to the Company.

2. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Notwithstanding the foregoing, any member other than an exempt authorised nominee who is also a substantial shareholder (within the meaning of the Act) shall be entitled to appoint up to (but not more than) five (5) proxies. Where such member appoints more than one (1) proxy, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.

4. The instrument appointing a proxy shall:-

   (i) in the case of an individual, be signed by the appointer or by his/her attorney.
   (ii) in the case of corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

NOTICE OF ANNUAL GENERAL MEETING

A copy of the Authorisation Document or the duly registered Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and exercised, should be enclosed with the proxy form.

5. A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 101 of the Company's Articles of Association.

6. The instrument appointing the proxy together with the Authorisation Document or the duly registered Power of Attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or at any adjournment thereof.

MEMBERS ENTITLED TO ATTEND

7. Only Members whose names appear in the General Meeting Record of Depositors on 13 June 2014 shall be entitled to attend, speak and vote at this Fourth Annual General Meeting of the Company or appoint a proxy(ies) on his/her behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. <u>Resolution pursuant to Section 132D of the Companies Act 1965</u>

   The proposed Ordinary Resolution 9 is a renewal of the general mandate for issuance of shares by the Company under Section 132D ("General Mandate"). The General Mandate, if passed, will empower the Directors to issue shares in the Company up to an amount of not exceeding in total ten per centum (10%) of the nominal value of the issued and paid-up share capital of the Company for any possible fund raising activities, funding investment project(s), working capital and/or acquisitions involving equity deals or part equity or such purposes as the Directors consider would be in the interest of the Company. The approval is sought to avoid any delay and cost in convening separate general meetings for such issuance of shares. This authority, unless revoked or varied at a general meeting will expire at the next AGM of the Company.

   The Company had, during its Third AGM held on 25 June 2013, obtained its shareholders' approval for the General Mandate. No share was issued pursuant to the General Mandate as at the date of this Notice.

2. <u>Resolutions pursuant to the proposed allocation of units under the Long Term Incentive Plan ("LTIP") of the IHH Group and new ordinary shares of RM1.00 each in the Company ("IHH Shares") to the Executive Directors of the Company i.e. Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Tan See Leng, Mehmet Ali Aydinlar and Ahmad Shahizam bin Mohd Shariff ("Proposed Allocation")</u>

   The proposed Ordinary Resolutions 10-13 are for the purpose of approving the allocation of LTIP units and the corresponding number of new IHH Shares to the Executive Directors of the Company i.e. Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Tan See Leng, Mehmet Ali Aydinlar and Ahmad Shahizam bin Mohd Shariff under the LTIP as established by our Company, Pantai Holdings Berhad, Parkway Holdings Limited and/or IMU Health Sdn Bhd ("IMU Health").

   <u>Rationale of the Proposed Allocation</u>

   The purpose of the LTIP is to promote ownership of IHH Shares by eligible employees of our Group including the Executive Directors, thereby motivating eligible employees including the Executive Directors to work towards achieving our business goals and objectives and to enable us to attract, retain and reward eligible employees of our Group by permitting them to participate in our Company's growth. The LTIP units are granted to eligible employees including Executive Directors in lieu of a cash bonus as part of the annual compensation package and upon the meeting of performance targets based on the annual financial results of our Group. The Proposed Allocation is part of the compensation package to the Executive Directors.

NOTICE OF ANNUAL GENERAL MEETING

Maximum Number and Basis of Allocation

The actual number of LTIP units to be granted to the Executive Directors of the Company will be determined at the sole and absolute discretion of the Board after taking into account their performance in the Company or its group of companies or such other matters which the Board may in their sole discretion deem fit. In respect of the Proposed Allocation, upon considering the actual performance of Parkway Pantai Limited, IMU Health and Acibadem Saglik Yatirimlari Holding A.S. and their respective group of companies for the financial year ended 2013, the Board recommends the total allocation to the Executive Directors based on the aggregate value in the currency applicable in the jurisdiction each Executive Director is based in to be converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date ("Base Allocation") which will be equivalent to the total number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued within that Base Allocation ("Base Number") based on issue price per unit/IHH Share to be determined based on the five (5)-day weighted average market price of IHH Shares as traded on Bursa Malaysia Securities Berhad prior to the issue date ("Issue Price"), provided that if the Base Number contains a fractional part of a thousand, the actual number of units that may be granted and vested or the corresponding number of IHH Shares that may be allotted and issued ("Actual Number") will be rounded-up to the nearest thousand notwithstanding that the total value of the Actual Number may exceed the Base Allocation based on the Issue Price.

The total number of IHH Shares which may be issued under this Plan shall not exceed two per cent (2%) of the issued and paid-up share capital of our Company at any time during the existence of the LTIP. Also, the total number of IHH Shares which may be issued under LTIP Units granted under this Plan to a Participant who either singly or collectively with persons connected with him owns twenty per cent (20%) or more of the issued and paid up capital of the Company shall not exceed in aggregate ten per cent (10%) of the total number of IHH Shares to be issued under the LTIP.

All LTIP units that have been vested must be surrendered to the Company and the Company shall allot and issue to the eligible employee such number of IHH Shares on the basis of one Share for each LTIP unit. There is no price payable by the eligible employees or Executive Directors for the allotment and issuance of new IHH Shares to them upon surrender of the LTIP units. No Shares will be allotted and issued upon the surrender of LTIP units if such allotment and issuance would violate any provision of applicable laws, nor shall any LTIP units be exercisable more than ten years from the date on which the LTIP becomes effective. No LTIP unit shall be granted pursuant to the LTIP on or after the tenth anniversary of the date on which the LTIP becomes effective.

Unit Price, Ranking and Listing

The IHH Shares to be issued to the Executive Directors upon the surrender of all granted and vested LTIP units shall be based on the five (5)-day weighted average market price of IHH Shares at the time the LTIP unit is issued. The new IHH Shares to be issued pursuant to the Proposals shall, upon allotment and issue, rank equally in all respects with the existing IHH Shares save that they shall not be entitled to any rights, allotments, entitlements, dividends and/or distributions, the entitlement date of which is prior to the date of allotment of such new IHH Shares to be issued. The new IHH Shares to be issued pursuant to the Proposals shall be primarily listed on the Main Market of Bursa Malaysia Securities Berhad and secondarily listed on the Main Board of Singapore Exchange Securities Trading Limited, subject to obtaining the necessary approvals.

Directors' and Major Shareholders' Interests

Each of Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Tan See Leng, Mehmet Ali Aydinlar and Ahmad Shahizam bin Mohd Shariff is deemed interested in the Proposed Allocation to him individually.

Accordingly, each of Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Tan See Leng, Mehmet Ali Aydinlar and Ahmad Shahizam bin Mohd Shariff has abstained and will continue to abstain from all deliberations and voting on the Proposed Allocation to him individually at the relevant Board meetings of IHH. In addition, each of Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Tan See Leng, Mehmet Ali Aydinlar and Ahmad Shahizam bin Mohd Shariff will abstain and has undertaken to ensure that persons connected to him will abstain from voting in respect of their respective direct and/or indirect shareholding in IHH, if any, on the resolutions pertaining to the Proposed Allocation to him individually at the AGM to be convened.

Save as disclosed above, none of the directors, major shareholders and persons connected to the directors and major shareholders of IHH are interested in the Proposed Allocation.

FORM OF PROXY

Fourth Annual General Meeting

IHH Healthcare Berhad

*I/*We ____
(Full name and NRIC/Passport/Company no. in capital letters)

of ____
(Full address in capital letters and telephone no.)

being a member/members of IHH HEALTHCARE BERHAD ("Company"), hereby appoint:

Full Name	Full Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

*and/*or

Full Name	Full Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

*and/*or (only in the case of a substantial shareholder)

Full Name	Full Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

*and/*or (only in the case of a substantial shareholder)

Full Name	Full Address	NRIC/ Passport No.	Proportion of Shareholding	
			No of Shares	%

*and/*or (only in the case of a substantial shareholder)

Full Name	Full Address	NRIC/ Passport No.	Proportion of Shareholding	
			No. of Shares	%

or failing *him/*her/*them, the CHAIRMAN OF THE MEETING as *my/*our *proxy/*proxies to vote for *me/*us on *my/*our behalf at the Fourth Annual General Meeting of the Company to be held at Mahkota 2 Ballroom, Hotel Istana, Kuala Lumpur City Centre, 73 Jalan Raja Chulan, 50200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Friday, 20 June 2014 at 10.00 a.m. and at any adjournment thereof. *I/*We indicate with an "√" or "×" in the spaces below how *I/*we wish *my/*our vote to be cast:-

No.	Resolutions	For	Against
1	Payment of a first and final single tier cash dividend of 2 sen per ordinary share of RM1.00 each		
2	Re-election of Satoshi Tanaka		
3	Re-election of Mehmet Ali Aydinlar		
4	Re-election of Dr Tan See Leng		
5	Re-appointment of Tan Sri Dato' Dr Abu Bakar bin Suleiman		
6	Approval of payment of Directors' fees to the Non-Executive Directors for the financial year ended 31 December 2013		
7	Approval of payment of Directors' fees to the Non-Executive Directors with effect from 1 January 2014 until the next Annual General Meeting		
8	Re-appointment of Messrs KPMG as Auditors of the Company and authority to the Directors to fix their remuneration		
9	Authority to allot shares pursuant to Section 132D of the Companies Act, 1965		
10	Allocation of units under the Long Term Incentive Plan of the IHH Group and issuance of new ordinary shares of RM1.00 each in IHH to Tan Sri Dato' Dr Abu Bakar bin Suleiman		
11	Allocation of units under the Long Term Incentive Plan of the IHH Group and issuance of new ordinary shares of RM1.00 each in IHH to Dr Tan See Leng		
12	Allocation of units under the Long Term Incentive Plan of the IHH Group and issuance of new ordinary shares of RM1.00 each in IHH to Mehmet Ali Aydinlar		
13	Allocation of units under the Long Term Incentive Plan of the IHH Group and issuance of new ordinary shares of RM1.00 each in IHH to Ahmad Shahizam bin Mohd Shariff		

Subject to the abovestated voting instructions, *my/*our *proxy/*proxies may vote or abstain from voting on any resolutions as *he/*she/*they may think fit.

Dated this_____ day of _________________2014.

Total no. of Shares held	
Securities Account No.	

____

Signature of member/Common Seal of member

IMPORTANT: PLEASE READ THE NOTES BELOW

Notes:

* Delete whichever is not applicable.

1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 ("Act") shall not apply to the Company.
2. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Notwithstanding the foregoing, any member other than an exempt authorised nominee who is also a substantial shareholder (within the meaning of the Act) shall be entitled to appoint up to (but not more than) five (5) proxies. Where such member appoints more than one (1) proxy, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.
4. The instrument appointing a proxy shall:-
   (i) in the case of an individual, be signed by the appointer or by his/her attorney.
   (ii) in the case of corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

   A copy of the Authorisation Document or the duly registered Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and exercised, should be enclosed with the proxy form.
5. A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 101 of the Company's Articles of Association.
6. The instrument appointing the proxy together with the Authorisation Document or the duly registered Power of Attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or at any adjournment thereof.
7. Only Members whose names appear in the General Meeting Record of Depositors on 13 June 2014 shall be entitled to attend, speak and vote at this Fourth Annual General Meeting of the Company or appoint a proxy(ies) on his/her behalf.

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IHH HEALTHCARE BERHAD (901914-V)
c/o Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House,
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Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia.

fold here

www.ihh-healthcare.com

IHH HEALTHCARE BERHAD (901914-V)
Level 28, Mercu UEM, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Wilayah Persekutuan, Malaysia.