

A large, faint, circular fingerprint graphic is centered in the background of the page. The ridges of the fingerprint are colored in a gradient from light purple at the top to light blue at the bottom.

DEFINING HEALTH CARE

ANNUAL REPORT 2015



IHH Healthcare Berhad

Defining Healthcare

IHH is optimising its healthcare services to provide better care for all. As a healthcare operator, we touch nearly every aspect of healthcare, uniquely positioning us to address the most critical medical needs of people around the world.

With close to 10,000 licensed beds in 49 hospitals across 9 countries, we help define healthcare by improving personal health and promoting healthier populations in local communities. We are also defining healthcare through the personal care and comfort we provide to all who come to us. We work around the clock to provide quality patient-centric care with a dedicated team of medical professionals who are committed to delivering the best outcomes possible.

We will continue to differentiate ourselves through our ongoing commitment to excellence and healthy shareholder value creation.

This year's theme **Defining Healthcare** is featured as a typographic design on the cover. The thumbprint defines our identity and is reflective of the personal attention given to every patient in our care.

The word CARE is a die-cut and opens to reveal the different centres of excellence and medical lexicon forming the shape of a heart, encapsulating the care and consideration that IHH offers its patients in all areas of healthcare.

Aesthetic
Integrated healthcare
Kidney Transplant
Minimally invasive surgery
Hospital
Personalised care
Healthcare
Top-notch specialists
Cosmetic & Reconstructive Surgery
Urology
World-class
Best-in-class
Wellness
Cutting edge
Quality
Ear, Nose & Throat Health
Robotic Surgery
Center
CT Scans
Dentistry & Oral Surgery
Rehabilitation services
Organ Transplant Center
Global network
Nursing
Hospital
Pharmacy
Health
Infertility Clinic
Cellular Therapy
Life
Top Talent
Superior Outcomes
Ophthalmology
Wellness
Gastroenterology
Renal Medicine
Prenatal diagnostics
Endocrinology
Clinical excellence
Health screening
Cardiology
MRI
Liver
Transplant
World-class
Intensive care
Superior outcomes
Health
X-Rays
Women & Children
Diagnostic Endocrinology
Respiratory
Family
Global network
Ophthalmology
Obstetrics & Gynaecology
Neurology & Neurosurgery
Superior outcomes
X-Rays
Clinics
Surgical
Infertility Clinic
Privacy and comfort
Laparoscopic surgery





CONTENTS

- 04 Facts at a Glance
- 06 About Us
- 08 Corporate Information
- 09 Corporate Structure
- 10 Corporate Milestones
- 12 Our Reach

KEY MESSAGES

- 16 Chairman's Letter to Shareholders
- 22 Managing Director's Statement
- 28 Business Review

ABOUT IHH

- 36 Our Integrated Healthcare Network
- 40 Event Highlights
- 42 Accreditations
- 43 Awards and Accolades
- 46 IHH in the News

LEADERSHIP

- 52 Board of Directors
- 54 Profiles of Directors
- 66 Group Management
- 67 Profiles of Group Management

STRATEGY AND PERFORMANCE

- 74 Operational Highlights
- 76 Financial Highlights
- 78 Investor Relations
- 81 Financial Calendar

KEY INITIATIVES

- 84 Corporate Responsibility

GOVERNANCE AND ACCOUNTABILITY

- 98 Statement on Corporate Governance
- 116 Statement on Risk Management and Internal Control
- 120 Audit and Risk Management Committee Report
- 128 Nomination and Remuneration Committee Report
- 136 Additional Compliance Information
- 139 Directors' Responsibility Statement

FINANCIAL STATEMENTS

- 141 Directors' Report
- 150 Statement by Directors
- 151 Statutory Declaration
- 152 Independent Auditors' Report
- 154 Statements of Financial Position
- 156 Statements of Profit or Loss and Other Comprehensive Income
- 158 Statements of Changes in Equity
- 164 Statements of Cash Flows
- 167 Notes to the Financial Statements

ADDITIONAL INFORMATION

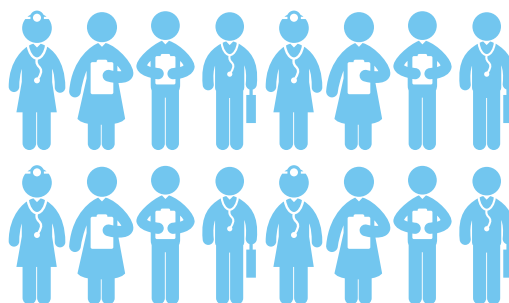
- 293 Analysis of Shareholdings
- 296 List of Top 30 Largest Shareholders
- 298 List of Top 10 Properties
- 300 Notice of Annual General Meeting
- 308 Administrative Details
 - Form of Proxy

FACTS AT A GLANCE

IHH HEALTHCARE DELIVERS SUPERIOR PATIENT CARE ACROSS THE PAN-ASIAN REGION THROUGH OUR KEY OPERATING UNITS – **PARKWAY PANTAI, ACIBADEM HEALTHCARE GROUP AND IMU HEALTH**. WE ARE COMMITTED TO FURTHER OUR ASPIRATION OF MAKING QUALITY HEALTHCARE MORE ACCESSIBLE TO ALL.



**WE EMPLOY
30,000+
PEOPLE WORLDWIDE**



**CLOSE TO
10,000
LICENSED BEDS IN
49 HOSPITALS
ACROSS 9
COUNTRIES**

**3,000+
NEW BEDS IN
THE PIPELINE**



**REVENUE GREW
15% YOY TO
RM8.5 BILLION**



**EBITDA GREW
11% TO
RM2.1 BILLION**

ABOUT US

HEALTHCARE AT ITS BEST

IHH Healthcare Berhad (“IHH” or “the Group”) is a leading international provider of premium healthcare services operating in the home markets of Malaysia, Singapore and Turkey, with a strong presence in India and China and an expanding network across Asia and Central & Eastern Europe, the Middle East and North Africa (“CEEMENA”).



The Group comprises leading healthcare brands – Mount Elizabeth, Gleneagles, Pantai, ParkwayHealth and Acibadem – which are among the most prestigious in the region.

Established with the acquisition of Singapore’s Parkway Group and Malaysia’s Pantai Group in 2010, IHH acquired the Acibadem Group in Turkey in 2012, following which we underwent a dual listing on both the main markets of Bursa Malaysia Securities Berhad (“Bursa Securities”) as well as Singapore Exchange Securities Trading Limited (“SGX-ST”). Following our IPO, we became the second largest healthcare operator globally by market capitalisation, and the largest in Asia-Pacific.

Today, our business units collectively operate close to 10,000 licensed beds in 49 hospitals as well as medical centres, clinics and ancillary healthcare businesses across nine countries. In addition, we have over 3,000 new beds in the pipeline to be delivered through new hospital developments and expansion of existing facilities.

IHH is committed to growth, guided by a clear strategy of operating in markets where demand for quality healthcare is increasing rapidly. We maintain an edge by investing in facilities distinguished by their ability to meet the changing needs and demographics of the communities they serve, while also tapping into the burgeoning medical travel sector. We have a network of over 20 patient assistance centres all over the world that feed into our network of hospitals.


CLOSE TO
10,000
LICENSED BEDS


49
HOSPITALS


3,000
NEW BEDS IN
THE PIPELINE


9
COUNTRIES

HEALTHCARE THAT CREATES VALUE

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

Leveraging on this network, we believe in creating value for the four main groups of stakeholders, namely our

Patients

Business partners

Doctors and employees

Shareholders

We are committed to treating each patient with the highest level of professionalism to ensure the best possible clinical outcomes. This has contributed to the Group's medical facilities acquiring a strong reputation within the market, and the respect of thousands of patients whose lives have been changed, or even saved, from the quality treatment received.

We offer our consultants a supportive environment to carry out their specialist functions to the best of their abilities. Our investments in the latest, cutting-edge medical technologies and equipment, as well as the Group's reputation, continue to attract the best healthcare practitioners in their respective fields.

We recognise the critical contributions of our employees and offer a stimulating work environment that promotes performance while rewarding excellence.

We work closely with our growing network of business partners and support their operations with knowledge and experience from the rest of the Group. The high level of strategic cooperation and collaboration in areas such as procurement, marketing, project development and management creates operational as well as financial efficiencies across the Group. With increasing scale and stronger market positions, we derive even greater opportunities to enhance our profitability as we focus on quality, cost and revenue synergies.

This, in turn, creates value for our shareholders.

Having successfully developed our business through organic growth and acquisitions, we believe we have found a winning formula for the Group to continue expanding within Asia and beyond. Along this pathway, there will be opportunities for further synergies and cooperation among our companies. There will also be growth opportunities for the more than 30,000 first-rate healthcare professionals and employees currently employed throughout our network.

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 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
- A strong track record, robust financial performance and an experienced management team backed by reputable shareholders

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 Zahrudin 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

Shirish Moreshwar Apte
Independent, Non-Executive

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

Takeshi Saito
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
: Shirish Moreshwar Apte

Nomination and Remuneration Committee

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

Steering Committee

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

REGISTERED ADDRESS & BUSINESS ADDRESS

Level 11 Block A
Pantai Hospital Kuala Lumpur
8 Jalan Bukit Pantai
59100 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel : +603 2298 9898
Fax : +603 2298 9899



COMPANY WEBSITE

www.ihhhealthcare.com

SHARE REGISTRARS

MALAYSIA

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603 7841 8000 (general)/
+603 7849 0777 (helpdesk)
Fax : +603 7841 8151/8152
Email : ssr.helpdesk@symphony.com.my

SINGAPORE

Boardroom Corporate & Advisory
Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Tel : +65 6536 5355
Fax : +65 6438 8710

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)

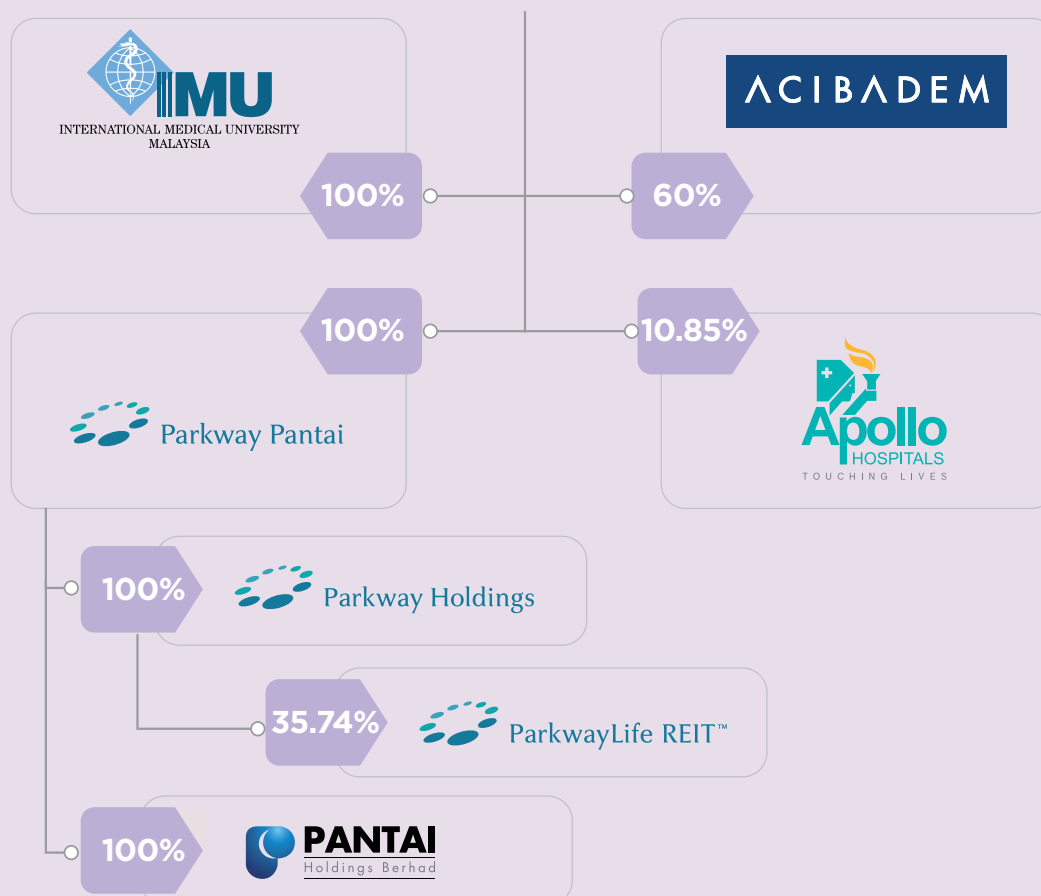


CORPORATE STRUCTURE

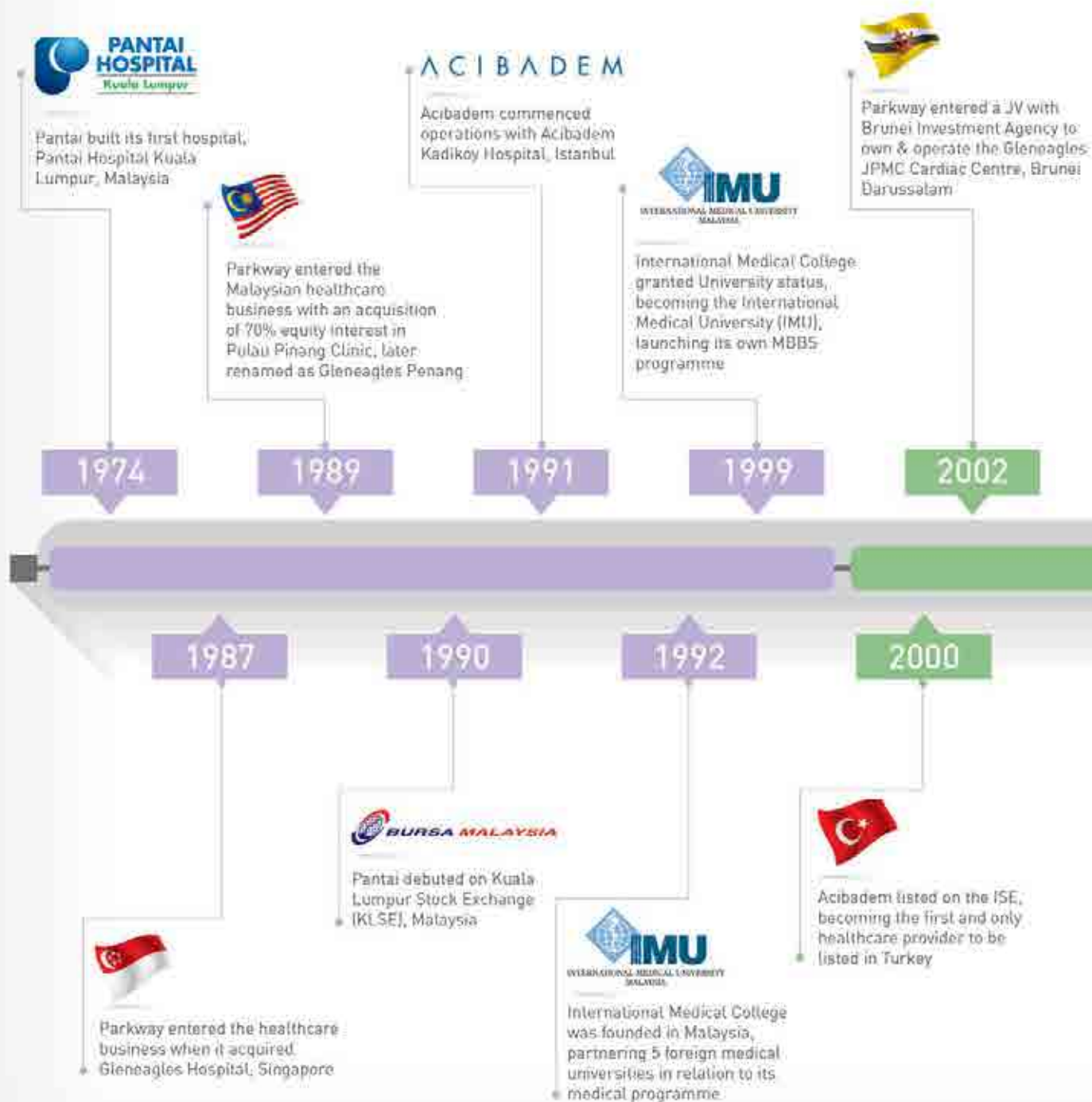
As at 31 March 2016



IHH Healthcare Berhad



CORPORATE MILESTONES





Parkway's 31% direct equity swap in Pantai formed a 40:60 Joint Venture Company (JV Co) with Khazanah called Pantai Irama Ventures

Pantai delisted from Bursa upon completion of Mandatory Offer (MO) by Pantai Irama Ventures



IHH Healthcare Berhad

IHH made voluntary General Offer (GO) for Parkway shares and delisted Parkway from SGX's Main Board, holding 100% equity interest in Parkway & Pantai Irama Ventures

IMU Health became a wholly-owned subsidiary

Khazanah transferred 60% equity interest in Pantai Irama Ventures & 23.8% interest in Parkway to IHH



Parkway's 3 hospitals entered lease & leaseback agreements under PLife REIT, listed on SGX-ST's Main Board since August 2007

[Today, Parkway Trust Management, manager of PLife REIT, is wholly-owned by IHH]



25 July

IHH debuted on Main Market, Bursa Malaysia & Main Board, SGX-ST, closing 10% up on both Exchanges



3 July

IHH launched global offering & first concurrent IPO in Malaysia & Singapore



24 January

IHH acquired indirect 60% majority stake in Acibadem Holding, which also includes Acibadem Proje and Aplus

October

IHH enters into lease to operate ParkwayHealth Chengdu Hospital, Western China



August

Acquisition of 73.4% stake on a fully diluted basis in Global Hospitals, India

March

Acquisition of 51% stake in Continental Hospitals, India

2004-2005

2007

2010

2012

2015

2003

2008

2011

2013

2016



Parkway's Apollo Gleneagles Hospital, Kolkata, India, became operational



Parkway successfully bid for land in Singapore to build its greenfield project, Mount Elizabeth Novena Hospital, which opened in July 2012



Acibadem completed 50.3% equity stake in Acibadem Sistina and 50% equity stake in Acibadem Sistina Medikal, Macedonia, entering its first foreign investment outside Turkey



March
GHK Hospital Ltd awarded the Wong Chuk Hang private hospital site in Hong Kong



January
Groundbreaking of Parkway Yangon, IHH's first hospital in Myanmar

OUR REACH

as at 31 March 2016

HOME MARKETS

MALAYSIA

- Gleneagles Kota Kinabalu
- Gleneagles Kuala Lumpur
- Gleneagles Medini
- Gleneagles Penang
- 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
- Pantai Integrated Rehab Services
- Pantai Premier Pathology
- Twin Towers Medical Centre
- International Medical College
- International Medical University

SINGAPORE

- Gleneagles Hospital
- Mount Elizabeth Hospital
- Mount Elizabeth Novena Hospital
- Parkway East Hospital
- Parkway Shenton Clinics (>50 clinics)
- ParkwayHealth Laboratory
- ParkwayHealth Radiology
- Parkway College

TURKEY

Istanbul:

- Acibadem Atakent Hospital
- Acibadem Bakirköy Hospital
- Acibadem Fulya Hospital
- Acibadem International Hospital
- Acibadem Kadiköy Hospital
- Acibadem Kozyatagi Hospital
- Acibadem Maslak Hospital
- Acibadem Taksim Hospital
- Aile Hospital Bahçelievler
- Acibadem Altunizade Hospital (under development)
- Acibadem Kartal Hospital (under development)
- Acibadem Atasehir Hospital (under development)

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



Other business:

Acibadem Laboratories
Acibadem Mobile Services
Acibadem Project Management
A Plus
Acibadem Sports Center
13 Acibadem Medical Centers

KEY MARKETS

CHINA

- Chao Wai Medical Centre (CMA)
- Gleneagles Medical and Surgical Centre
- Hong Qiao Medical Centre
- Jin Qiao Medical and Dental Centre
- Jing Shun Medical Centre (CMA)
- 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
- ParkwayHealth Chengdu Hospital (under development)

HONG KONG

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

INDIA

- Apollo Gleneagles Hospital, Kolkata (JV)
- Continental Hospitals, Hyderabad
- Global Health City, Chennai
- BGS Global Hospitals, Bangalore
- Global Hospitals Lakdi-ka-pul, Hyderabad
- Global Hospitals L.B.Nagar, Hyderabad
- Global Hospitals Mumbai
- Global Hospitals Ramnagar, Bangalore
- Global Hospitals Richmond Circle, Bangalore (under development)
- Global Hospitals Vijayanagar, Bangalore
- 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

- Acibadem Sistina Hospital

MYANMAR

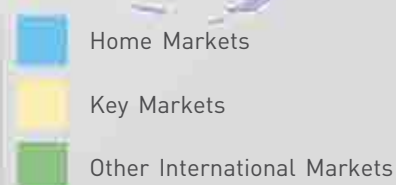
- Parkway Yangon Hospital (under development)

UNITED ARAB EMIRATES

- Danat Al Emarat Women and Children Hospital (HMA)

Notes:

CMA – Clinic Management Agreement
HMA – Hospital Management Agreement
JV – Joint Venture





PROVIDING QUALITY HEALTHCARE GLOBALLY



Our hospitals comprise premium brand healthcare assets that are among the most prestigious in the world. We have established a strong track record and garnered an impressive reputation for delivering quality healthcare through life-changing and life-saving patient care and experiences.



Healthcare

[Key Messages](#)

[About IHH](#)

[Leadership](#)

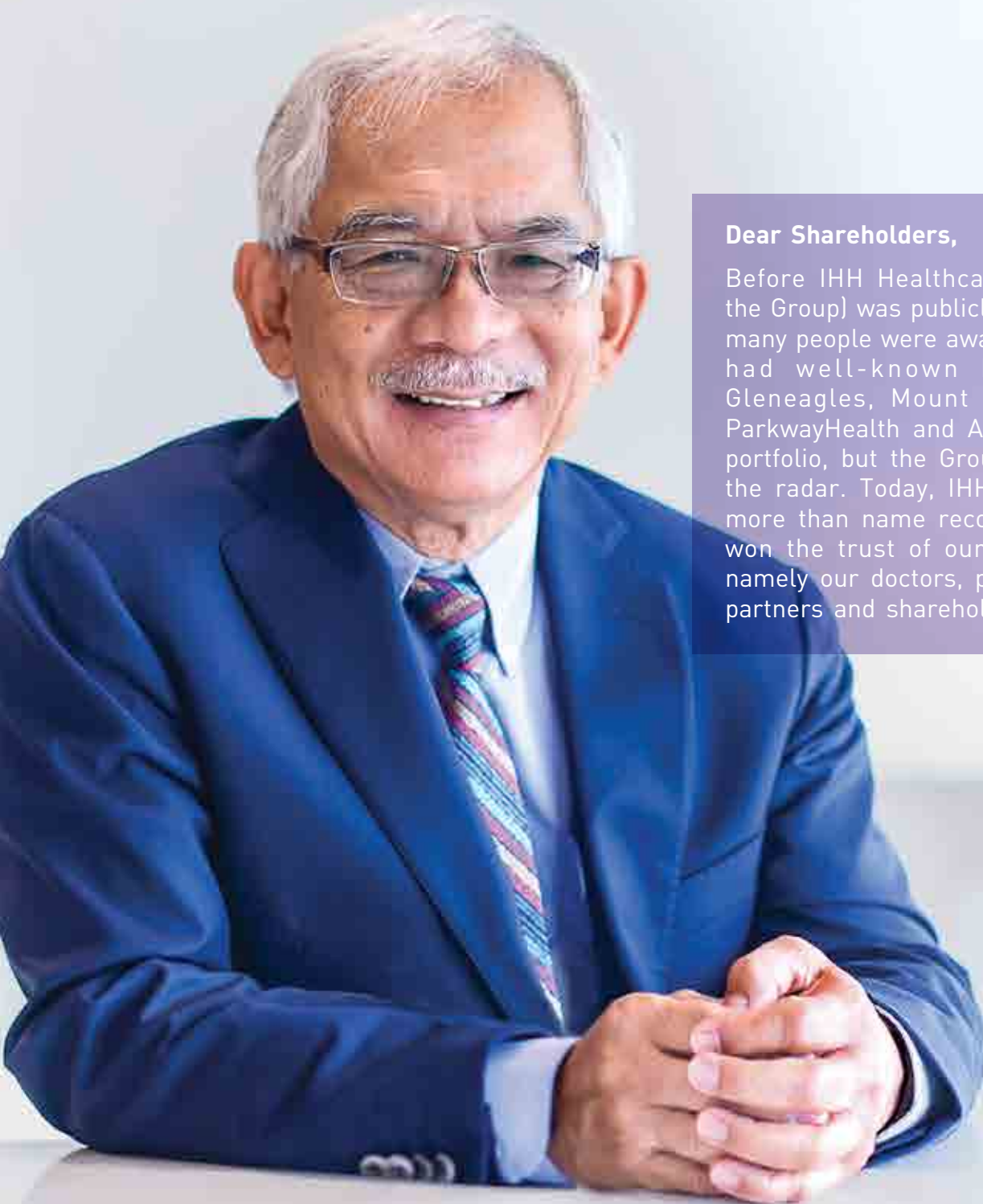
[Strategy and Performance](#)

[Key Initiatives](#)

[Governance and Accountability](#)

[Financial Statements](#)

[Additional Information](#)



Dear Shareholders,

Before IHH Healthcare Berhad (IHH or the Group) was publicly listed in 2012, not many people were aware of the name. We had well-known brands such as Gleneagles, Mount Elizabeth, Pantai, ParkwayHealth and Acibadem within our portfolio, but the Group itself was under the radar. Today, IHH has gained much more than name recognition, it has also won the trust of our key stakeholders, namely our doctors, patients, employees, partners and shareholders.

CHAIRMAN'S LETTER TO SHAREHOLDERS

We have delivered on our IPO promise – to turn IHH into a global brand – strengthening our operations in our home markets of Malaysia, Singapore and Turkey; and expanding into key markets in Asia and Central and Eastern Europe, Middle East and North Africa (CEEMENA). The speed with which we have executed our growth plans so far has been truly amazing. In just four years, we have grown from having over 4,900 licensed beds in 33 hospitals to becoming the largest private hospital group in the Pan-Asian region with close to 10,000 licensed beds in 49 hospitals. The 10,000-bed milestone was a target we had set for ourselves for 2017. That we have achieved that goal two years in advance speaks volumes of the Group's strategic management and commitment.

Most importantly, we have grown in the last few years without compromising on our inherent value. We have continued to show profits, increased our market capitalisation and maintained a healthy balance sheet as well as cash flow throughout. The year ending 31 December 2015 was no different. Despite a challenging global and regional operating environment, we expanded in two of our key markets – India and China – while further strengthening our fundamentals and ensuring healthy returns for our shareholders.

It gives me pleasure to share our financial and operational highlights with you.

The largest private
hospital group in the
Pan-Asian region

with close to

10,000 licensed beds in

49 hospitals.



Key Messages

About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

CHAIRMAN'S LETTER TO SHAREHOLDERS

FINANCIAL PERFORMANCE

Revenue
15% to
RM8.5 billion

EBITDA
11% to
RM2.1 billion

PATMI
(excluding exceptional items)
15% to
RM899.2 million

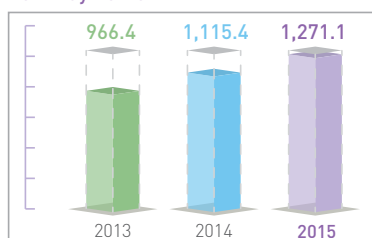
Although healthcare is relatively resilient to the vagaries of the economy, our financial performance is affected by factors such as increasing operating cost, which was one of the most pressing challenges the Group had to face in 2015. Higher salary packages, an inflationary operating environment, implementation of the 6% Goods and Services Tax (GST) in Malaysia, and depreciation of the Turkish Lira as well as the Malaysian Ringgit combined to escalate our operating expenses.

However, our Management was able to counter this with focused efforts to enhance productivity and extract operating synergies, which our Managing Director and Chief Executive Officer (CEO) Dr Tan See Leng will elaborate on in his statement. On a positive note, the strong Singapore Dollar served to buffer

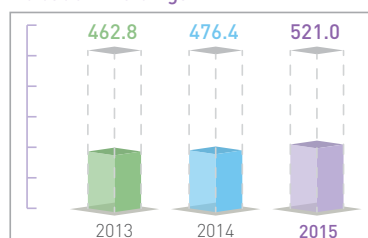
some of the unrealised accounting losses of our Turkish operations. It also helped that the number of patients opting for more specialised procedures and treatment in quaternary service offering such as oncology and vascular surgery continued to grow in all our markets, boosting our revenue and profit margins.

As a result, I'm pleased to share that the Group's revenue continued to increase, by 15% year on year to RM8.5 billion, lifting EBITDA by 11% to RM2.1 billion. Our PATMI (excluding exceptional items), meanwhile, grew by 15% to RM899.2 million. Of particular interest to our shareholders, IHH's earnings per share increased 23% from 9.24 sen in 2014 to 11.38 sen; and the Board of Directors is recommending a first and final single tier cash dividend of 3 sen per ordinary share for the financial year.

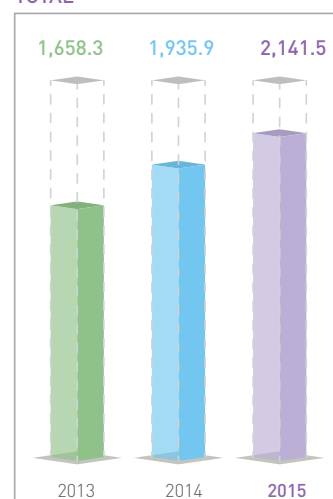
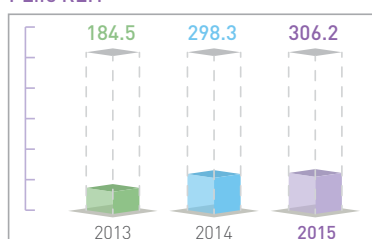
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) from 2013-2015¹ (RM million)

Parkway Pantai²

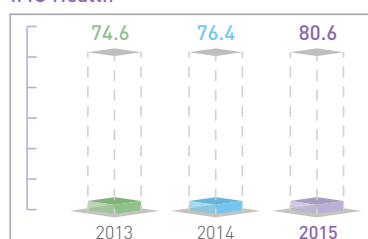
Acibadem Holdings



TOTAL

PLife REIT³

IMU Health



¹ Relates to the EBITDA performance of each SBUs, after elimination of dividend income from within the Group

² Includes rental expense incurred for lease of hospitals from PLife REIT

³ Includes rental income earned from lease of hospitals to Parkway Pantai

CREATING SHAREHOLDER VALUE

Our focus on expansion is built on a desire to serve more people, as well as to enhance our shareholder value. Increasing our presence geographically reduces our market risks, and increases our revenue potential; while growth in general provides us with economies of scale, and a stronger base to leverage in business negotiations. We also tap on the expertise and best practices of our different operations to elevate our level of professionalism Group-wide.

There are many areas in which our different units can learn from each other. As an example, Acibadem has developed a highly sophisticated IT system that complements the Group's ambition to create a Unique Customer Master Index (UCMI), linking up patients' records across our entire spectrum of care. This allows for a 360-degree view of information pertaining to them by doctors, nurses and care providers. We are also leveraging its commercial potential by setting up a subsidiary in Turkey, Acibadem Teknoloji A.S., to market it. This new subsidiary will develop more healthcare-related software, applications and solutions for national and international clientele.



At the same time, we are fully aware that expansion can be a double-edged sword, and has to be managed prudently. As a result of the Group's greater visibility on the global map, IHH is regularly approached by healthcare operators around the world to enter into joint ventures and strategic collaborations. We are extremely grateful to be in such a position and give each proposal due consideration. However, we are very cautious in terms of who we collaborate with, and where. We ensure that all our partners are able to complement our strengths and share our commitment to deliver excellent patient care and clinical outcomes. We also remain true to our strategy of focusing on emerging markets where the demand for quality healthcare treatment is strong and growing.



Additionally, the Group has over 40-years' track record of delivering excellent clinical outcomes to patients as a result of having a deep talent pool of doctors and allied health workers, best-in-class technology and medical equipment, and a critical mass of clinical talent to take on specialised treatments. IHH remains committed to maintaining this even as we grow.

We are very fortunate in that our existing cohort of consultants and surgeons are leaders in their fields, and act as magnets in attracting other top-ranking specialists into our fold. Similarly all our healthcare providers and management/administrative personnel are dedicated to our vision; and we invest continuously in grooming new recruits and talent to provide the quality of support that the Group requires as we advance into the future.



Key Messages

About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

CHAIRMAN'S LETTER TO SHAREHOLDERS

RESPONSIBLE HEALTHCARE

While as a public listed company we are driven to create long-term shareholder value, the Board and Management are equally committed to providing the best and most humane healthcare to as many patients as possible.

When our new Gleneagles Hospital opened in Kota Kinabalu in May 2015, the Group was very excited as it established a footprint for us in East Malaysia. More importantly, it elevated healthcare services in the state by being the only hospital in Sabah to offer interventional radiology and hepatobiliary surgery. In June 2015, when the earthquake struck Sabah, the hospital team expeditiously provided medical aid to some 20 victims transferred from Mount Kinabalu. That we were able to do this when the hospital was barely one month old reflects the resources and capabilities of the hospital. It also reflects what the Group is about - healthcare providers who aim to provide the best treatments for people.

We see ourselves as partners to public healthcare service, relieving some of the congestion that naturally results from patient overload, and allowing the public sector to obtain the best outcomes with its resources. Through our primary healthcare centres, we collaborate with the public sector on educational programmes to instil healthy behaviours and enforce the practice of good hygiene which go a long way towards disease prevention. We are of the firm belief that prevention is better than cure; but when cure is needed, we are there to provide it.

We have a well-established Corporate Social Responsibility (CSR) programme through the Khazanah IHH Healthcare Fund (KIHFFF) through which we partially or fully sponsor treatment of underprivileged patients in Malaysia, Singapore and Turkey. Since this fund was launched in 2012, we have disbursed RM30 million through initiatives carried out by our business divisions, touching the lives of more than 3,600 patients. The Fund is also used to support IMU Cares, run by our education arm, the International Medical University (IMU). Through this programme, IMU faculty and students organise educational programmes, counselling and health screenings in semi-urban and rural communities. This year, we opened our first IMU Community Centre in Spark, Plaza

Salak Park, Kuala Lumpur where affordable quality healthcare services will be made available for the local community.

I am particularly proud of the Organ Donation Campaign that Parkway Pantai's Malaysia Operations organised together with IMU Cares and the National Transplant Resource Centre. With each registered donor, up to eight lives can be saved through organ transplants and 50 to 100 more lives can be improved through tissue transplants. Yet, the number of donors in the country is very low, at about one per cent of the population. The year-long campaign has created more awareness of the importance of donation and saw the registration of 1,232 new donors.





AWARDS

While our robust financial performance speaks for itself, it is challenging to quantify the intangible aspects of our management's capabilities. In this regard, independent recognition of the Group is a good indication of where we are, especially in relation to other corporations and healthcare providers in particular. I am immensely proud to share that in 2015, we received numerous awards that reflect the highest levels of management, innovation and governance which truly are the result of a driven and committed team, led by very capable Management.

In July, IHH was one of only two Malaysian companies to make it to Forbes Asia's Fabulous 50 list for the year. Two months later, we were named by leading market analysts in the Euromoney Survey as the Overall Best Managed Company in Malaysia, the Overall Best Managed Company in Asia in the Pharmaceutical/Healthcare Sector, and among the top 10 Overall Best Managed Companies in Asia. In December, our Investor Relations team was named Best in the Healthcare Sector and Best IR by a Malaysian Company at the IR Magazine Awards & Conference – South East Asia 2015. We capped our winning streak with recognition from the Minority Shareholder Watchdog Group (MSWG) which placed the Group among the top 100 Malaysian public-listed companies for corporate governance, and the best in the healthcare sector.

Meanwhile, our Managing Director and Chief Executive Officer (CEO), Dr Tan See Leng, was named CEO of the Year at the 2015 National Award for Management Accounting (NAfMA); and Asia Innovator of the Year at the 14th CNBC Asia Business Leaders Award (ABLA). I would personally like to thank Dr Tan for his outstanding leadership, which has played a large role in the ongoing success of the Group.

ACKNOWLEDGEMENTS

It has been a challenging year for IHH, yet we have managed to stay the course and continue along the trajectory that we have set for ourselves. The Group's continuing story of success is the culmination of the support received from a number of key stakeholders, whom I would like to acknowledge.

First and foremost, I would like to thank our shareholders for their belief in the Group, and our ability to deliver sustainable value. Rest assured that you remain foremost in our minds and our forward journey has been planned with your interests at heart. I would also like to express my appreciation to our expanding group of business partners for sharing in our vision to provide exceptional healthcare to a growing number of people. To our consultants and surgeons, let me say that we truly value your skills and expertise, and the care with which you work towards obtaining the best possible patient outcomes.

Healthcare is still quite a regulated sector, and I would like to thank the various governments and regulators of the many markets in which IHH has a presence for providing a conducive operating environment for private healthcare providers.

Finally, I would like to express my heartfelt gratitude to the entire IHH family – from my fellow Board members to our Management and employees – for your passion and commitment without which we would not be where we are today – the biggest healthcare provider in Pan-Asia and second largest in the world by market capitalisation, as well as one of the most respected and trusted healthcare groups. Let us continue to define healthcare and create a healthier world for more people to enjoy.

Tan Sri Dato' Dr Abu Bakar bin Suleiman
Chairman

[Key Messages](#)

[About IHH](#)

[Leadership](#)

[Strategy and Performance](#)

[Key Initiatives](#)

[Governance and Accountability](#)

[Financial Statements](#)

[Additional Information](#)



Dear Shareholders,

The year 2015 was a watershed for IHH Healthcare Berhad (IHH or the Group). Despite economic frailties – in the form of market volatilities and a global equities meltdown – we proved that we have what it takes to maintain our growth trajectory. Not only did all our business units pull in good results, the year saw us acquire two major assets in India, strengthen our presence in China and make inroads into Indochina – adding momentum within IHH's core markets and boosting long-term growth, and hence our shareholder value.

MANAGING DIRECTOR'S STATEMENT

Both India and China have been earmarked as key markets that IHH would like to focus on. They fit the demographic profile that complements our business model – operating in emerging economies where there is a large, growing middle class and a rising demand for complex tertiary and quaternary treatment.

In India, Parkway Pantai invested in a 51% stake in Continental Hospital Ltd, which has a 750-bed facility in Hyderabad delivering tertiary and quaternary healthcare. This was followed in August by agreements to acquire a 73.4% stake on a fully diluted basis in Ravindranath GE Medical Associates Private Limited (Global Hospitals), a leading private hospital chain specialising in tertiary and quaternary care, with about 1,100 operational beds in Hyderabad, Bangalore, Chennai and Mumbai.



India

2,000 licensed beds
in Hyderabad, Bangalore,
Chennai and Mumbai



China

850 licensed beds
in Hong Kong and
Chengdu in the pipeline



Our acquisitions in India have allowed us to leapfrog the local competition, giving us over 2,000 licensed beds in the country, a figure we would like to double over the next 18 months. The plan is set to grow and offer a pan-India platform in terms of developing and delivering superior clinical outcomes in upper gastrointestinal diseases, organ transplants, gynaecology and urology.

In China, we entered into a lease agreement with Perennial Real Estate Holdings Limited to operate a 350-bed hospital in Chengdu, representing our first foray into tertiary healthcare in the western reaches of the country.

As China opens up its healthcare sector, we would like to participate more actively in this potentially very rewarding market. We currently operate 10 medical and dental centres in the country, but hope to move up the value chain with hospitals that offer cutting-edge tertiary and quaternary treatment, especially in Tier 1.5 cities that include Chengdu, Xi'an, Dalian, Nanjing, Shenyang and Wuhan. We're looking forward to the opening of the ParkwayHealth Chengdu Hospital as well as the 500-bed Gleneagles Hong Kong Hospital, both of which are slated for 2017.

Indochina, along with Greater Asia and Central and Eastern Europe, Middle East and North Africa (CEMEENA), also features as a growth region, and we are working towards expanding our presence here, through either greenfield or brownfield projects in ventures with suitable partners. In fact, we have made a start in this regard; early in 2016, we laid the groundwork for a 250-bed hospital in Yangon, marking our first entry into Myanmar.

In our home markets, we continue to entrench our leadership position by developing new hospitals as well as expanding existing ones. In 2015, we opened three new hospitals in Malaysia and Turkey, bringing the Group's total bed count close to 10,000 licensed beds in 49 hospitals. This growth has been achieved despite internal and external pressures. We overcame escalating costs due to increasing staff costs and pre-operational expenses incurred for our new hospitals. In addition, we faced global headwinds coupled with the economic slowdown in China which resulted in currency volatility, as well as a devaluation of the Turkish Lira.

Key Messages

About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

MANAGING DIRECTOR'S STATEMENT

There are, of course, a web of factors that contribute to our winning edge, but if I had to distil these I would say our successes in 2015 are the direct result of two underlying fundamentals: a very disciplined approach to cost management, and our sterling team of professionals. At the time of our IPO in 2012, the Management had crafted a five-year roadmap for the Group taking us to year 2017. We are on track to achieve these goals. This has been due to the outstanding performance of our team, who truly are our unsung heroes. It is they who have ensured healthy cost savings and exceptional patient care which together have contributed to our solid performance in 2015.

The Group remained in a strong fiscal position as at the end of December 2015, with RM2.0 billion in cash and cash equivalents

FINANCIAL HIGHLIGHTS

IHH's performance for the financial year ended 31 December 2015 was strong across all key metrics. Our revenue increased 15% year on year (YoY) to RM8.5 billion, on the back of robust growth across all our home markets driven by sustained organic growth at existing hospitals and a ramp up of newer hospitals, namely Acibadem Atakent Hospital and Acibadem Taksim Hospital in Turkey, as well as, Gleneagles Medini Hospital and Gleneagles Kota Kinabalu Hospital in Malaysia. Consolidation of the results of Continental and Global Hospitals in India also contributed RM74.0 million to the Group's full year revenue.

This strong revenue growth offset increasing costs pressures, most pertinently higher salaries and pre-operating and start-up losses on new hospitals, to lift our EBITDA by 11% to RM2.1 billion. As a result of robust EBITDA growth and the reversal of an over-provision of tax made in the previous year, PATMI (excluding exceptional items) improved by 15% to RM899.2 million.

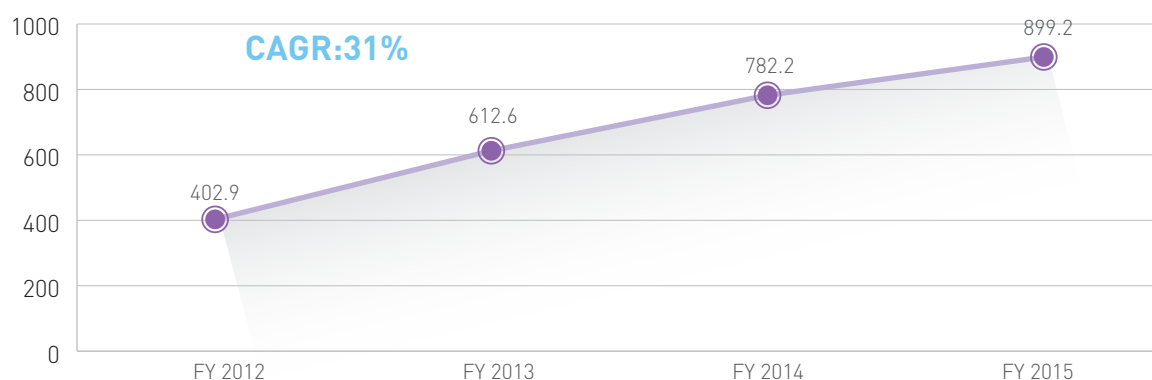
Our revenue increased

**15% YoY to
RM8.5 billion**

Both revenue and profit were boosted by a strong Singapore Dollar, which grew 9.4% against the Malaysian Ringgit during the year, helping to offset foreign exchange losses from a Turkish Lira that depreciated an average of 4.3% against the Ringgit compared to 2014.

The Group remained in a strong fiscal position as at the end of December 2015, with RM2.0 billion in cash and cash equivalents. Net gearing was maintained at a still-healthy and manageable 0.19 times, on planned capital expenditure and with the Group's acquisitions in India. Based on this performance, the Board of Directors is recommending a dividend of 3 sen per share for the financial year.

Profit After Tax and Minority Interest ("PATMI") (Excl EI)¹ (RM million)

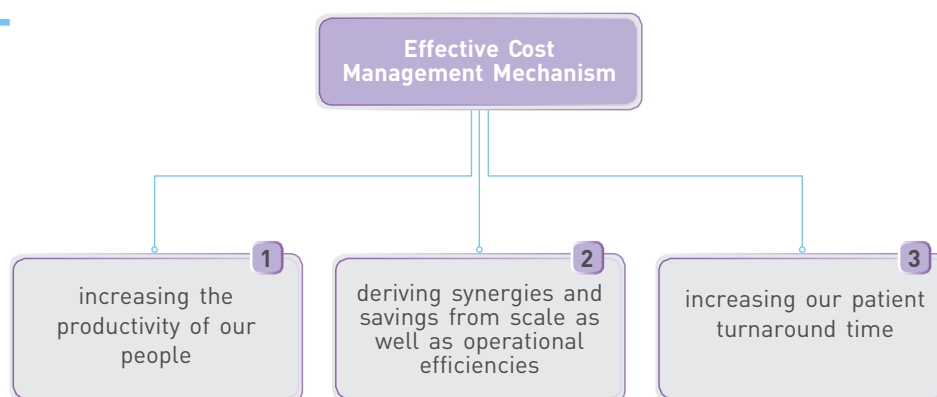


¹ Excluded the sale of Mount Elizabeth Novena medical suites in 2012 and 2013

RACE FOR THE BEST

At IHH, we are fully aware that, as we take our services far and wide, we need to keep a keen eye on costs. Expansion is necessarily expensive, and we need to strike the right balance between growth and profitability. Towards this end, we have fine-tuned an effective cost management mechanism, built on three key pillars: 1) increasing the productivity of our people; 2) deriving synergies and savings from scale as well as operational efficiencies; and 3) increasing our patient turnaround time.

To ensure our people are productive, we are guided by four principles that form the acronym **RACE**, which stands for **R**emuneration, **A**ccountability, **C**losure and **E**mpowerment. We are benchmarked against world-class organisations to attract the best talent who are more effective and efficient in carrying out their functions and in turn increasing our productivity. All staff are accountable for their clearly defined individual roles and responsibilities measured by key performance metrics. Accountability extends to ensuring that any project we embark on is completed, i.e. has closure. Finally, we empower our staff to enable them to take ownership of their job scope and to advance in their careers via continuous training and professional development.



We reduce costs from bulk procurement and by creating synergies from cross-sectoral back room functions, as well as by leveraging on IT. Increasing our turnaround time rests on ensuring that all patients who come in are seen by a specialist or specialists, have all the necessary tests and be diagnosed, as well as start treatment – inclusive of surgery where needed – within the shortest possible time. This reduces patient stress, enhances their experience of receiving treatment at IHH and shortens the time a patient needs to spend in the hospital.

Four principles that form the acronym **RACE**;

R	Remuneration
A	Accountability
C	Closure
E	Empowerment



Key Messages

About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

MANAGING DIRECTOR'S STATEMENT

GROWING OUR TALENT

The most pressing challenge facing the healthcare industry worldwide is talent management and retention. This is especially critical to a group such as IHH given our expansion plans. In this regard, however, we have an edge over many other players not only in being able to attract excellent personnel given our growing reputation, but also in being able to develop existing staff.

At IHH, we have invested in a custom-designed Management Associate Programme that provides on-the-job training and exposure to fresh graduates from business schools, medical schools and nursing schools.

This programme comprises parallel yet interchangeable clinical and non-clinical routes, enabling trainees to switch from one discipline to another. This is something they truly appreciate, as those who have trained in medicine or some other health-related discipline can try the non-clinical route to see if they have more of an affinity for entrepreneurship or business development. In this manner, we not only provide the opportunity for employees to fully realise their inherent talents and interests, but the Group itself benefits from a workforce that has a broad base of skills and knowledge. We've had, for example, Vice Presidents of Operations who are medical professionals, bringing to their jobs a keen insight into human wellbeing which helps them better manage relationships with our doctors, nurses, patients, caregivers and other key stakeholders.

Within the IHH stable, we also have colleges in Malaysia and Singapore that produce outstanding healthcare practitioners such as nurses, radiographers, ultrasonographers, lab technicians, operating theatre assistants, physiotherapists, occupational therapists and even optometrists. This helps in ensuring a steady pipeline of talent who are able to provide the skills we need across the entire spectrum of our healthcare chain, from primary medical centres to tertiary and quaternary hospitals.



TAPPING INTO MEDICAL TOURISM

Integral to growing our home markets is to leverage their inherent potential for medical tourism. While the sector is already well developed in Singapore, accounting for approximately 30% of our patient revenue here, there is much scope to enhance this revenue stream in our Malaysia and Turkey operations, where international patients contribute to less than 10% of our patient revenue.

With better flight connectivity in the region, and the availability of quality yet affordable healthcare, we expect medical tourism to take off in the next five to 10 years. Malaysia, for example, offers quality care at 50% the cost of treatment in the US, Europe, Australia and Hong Kong. Already an attractive market for patients from the Middle East, North Africa, India, South Asia and other Muslim countries, the government's efforts to grow medical tourism as part of the Economic Transformation Programme will further enhance medical tourism, and we aim to be part of this. Similarly, Turkey is strategically positioned between Europe and Asia, and will be able to attract

patients from both sides of the divide. In addition to marketing efforts of individual hospitals, we have some 20 patient assistance centres all over the world which serve as good referral centres into our network of hospitals.

Once we grow our operations in India and China, we will look at developing medical tourism there too. Again, our focus on emerging markets acts in our favour. As soon as these economies open up, they will attract patients from the surrounding hinterlands. We will complement this natural growth with conscious and targeted marketing efforts.



OUTLOOK

The year 2016 looks set to be as challenging on the economic front as 2015 was. There are no signs of oil prices or indeed any commodity prices increasing, while the US interest rate lift-off is likely to drain capital from emerging markets and contribute to continued currency volatilities, especially in the first half of the year.

Within this environment, we expect that demand for quality healthcare, will remain strong. While people may cut their expenditure on discretionary goods when the economy gets tough, they will not be prepared to compromise on their health, which is truly an essential asset for quality life.

We believe that there is an opportunity to grow further given our robust financial performance and experienced management. We will leverage this to achieve our vision of becoming a global healthcare player, bringing our hospitals to the world and the world to our hospitals. Today, IHH is in 10 countries (including Myanmar). Our goal is to expand throughout Southeast Asia as well as North and South Asia. Using Turkey as a base, we also intend to take our expertise into East and Central Europe in order to capitalise on opportunities in this emerging region.

As we grow, we will continue to place the highest priority on caring for the physiological and emotional needs of our patients. We exist primarily for them, and will never waver in this focus. To ensure the best patient service and outcomes, we are committed to running our operations efficiently with the latest technologies and supporting these with the best heart-ware by engaging talented staff who are dedicated and passionate about their work.

Much focus will be directed towards integrating our new acquisitions fully into the IHH fold, imbued with our culture and ethos. To further add to our capabilities, we are looking at some bolt-on acquisitions which would enable us to acquire cutting-edge competencies in areas that would further enhance our services.

In other words, it will be another busy year, and I look forward to reporting on all our progress in our next annual report.



IHH aims to strengthen and expand our leading market positions, continuously improve the quality of our healthcare services

ACKNOWLEDGEMENTS

IHH has made solid progress since our listing, and in the financial year under review. This has been the result of the contributions of various parties, whom I would like to acknowledge.

Firstly, I would like to thank two key groups of external stakeholders – our shareholders, for your faith in the Group, and supporting our expansion plans; and our growing number of partners in the different markets we are in, for working with us and sharing in our goals.

More importantly, I would like to thank everyone in the IHH family for your dedication to the Group. The list starts with our sterling Board of Directors, who have guided us with their wisdom and kept us moving in the right direction over these last few years. It also includes our consultants and medical specialists, all experts in their fields, who have imbued the Group with an impeccable professional pedigree. But, most of all, it encompasses the more than 30,000 members of our staff – both managerial and operational – for your hard work and commitment that has helped us build and maintain our reputation. I thank you from the bottom of my heart and hope that we can continue to work together to create a healthcare group that is able to provide the best care and achieve the most positive patient outcomes for many years to come.

Dr Tan See Leng

Managing Director and Chief Executive Officer

Key Messages

About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

BUSINESS REVIEW

IHH's business comprises four main segments, namely Parkway Pantai, which manages our integrated healthcare networks in Malaysia, Singapore, China, India and Indochina; Acibadem, the controlling entity of our Turkish operations; Parkway Life REIT, our healthcare real estate investment trust which is one of the largest in Asia; and IMU Health, our educational arm which manages a university and a college.

PARKWAY PANTAI

Parkway Pantai, the Group's largest operating subsidiary, encompasses the prestigious Mount Elizabeth, Gleneagles, Pantai and ParkwayHealth brands which have been growing across Asia. Parkway Pantai's operations comprises three main segments: Malaysia, Singapore and International.

During the year under review, Parkway Pantai's revenue grew 18% from RM4.4 billion in 2014 to RM5.2 billion, while its EBITDA increased 14% from RM1.1 billion to RM1.3 billion. Excluding the effects of the appreciation of the Singapore Dollar on translation of Parkway Pantai's results into Ringgit, its revenue and EBITDA increased 10% and 7% respectively YoY.

This strong showing came on the back of a generally good performance across all the healthcare businesses, with a greater number of more complex cases undertaken by the hospitals and price increases to compensate for cost-pushed inflation. Parkway Pantai's EBITDA grew on the back of higher revenue and operating leverage from an increase in patient numbers. However, this was partly offset by an increase in salaries and benefits for nurses as well as losses amounting to RM26.1 million from the start-up of new hospitals in Malaysia.

Parkway Pantai accounted for 61% of the Group's total revenue for the year with the Singapore operations contributing 38%, Malaysia 17% and our International operations 6%. In terms of PATMI, excluding exceptional items, this sector contributed a total of 82% with 51% coming from Singapore, 24% from Malaysia and 7% from our International business.

SINGAPORE OPERATIONS

Parkway Pantai has a network of four Joint Commission International (JCI)-accredited hospitals in Singapore, namely Mount Elizabeth Novena Hospital, Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital, making it the leading private healthcare provider in the island republic. With over 900 beds, it is also one of the largest providers of private inpatient care in the country.

Under the Parkway Shenton banner, the Group has over 50 medical centres and clinics throughout the island, making us one of only two private healthcare providers in Singapore to offer a broad range of integrated services across the primary, secondary, tertiary and quaternary healthcare sectors. Our healthcare value chain is complemented by ancillary healthcare services provided via ParkwayHealth Radiology and ParkwayHealth Laboratory.

Mount Elizabeth Novena hospital

recorded **34%**
increase in revenue to
RM471.0 million

61% growth in EBITDA to
RM140.1 million

Parkway Pantai's Singapore

hospitals saw a **4.9%**
increase in inpatient admissions to
67,917 in 2015



Although healthcare in Singapore is a relatively developed market, the rapidly ageing population, increasing health awareness (as well as that of treatments available) and greater affluence of the population create the potential for continued growth. To meet growing demand, we are progressively phasing in new wards in Mount Elizabeth Novena Hospital, which opened in mid-2012. Patient numbers at Mount Elizabeth Novena have been growing steadily, and in 2015 the hospital recorded a 34% increase in revenue to RM471.0 million, achieving 61% growth in EBITDA to RM140.1 million.

Overall, Parkway Pantai's Singapore hospitals saw a 4.9% increase in inpatient admissions to 67,917 in 2015. Although medical tourism in this sector is well-developed and contributed to approximately 30% of patient revenue, most of the revenue increase for the year was from local patients. With increasing complexity of cases, revenue per inpatient admission increased 2.7% to RM27,237.



Key Messages

About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

BUSINESS REVIEW

MALAYSIA OPERATIONS

Parkway Pantai has 14 hospitals and over 2,000 beds in Malaysia, making it the second largest private healthcare provider in the country. Gleneagles Kuala Lumpur and Pantai Hospital Kuala Lumpur are both JCI-accredited, while the others – except for Pantai Hospital Manjung, Gleneagles Kota Kinabalu and Gleneagles Medini, which opened recently – are accredited by the Malaysian Society for Quality in Health (MSQH).

Pantai Hospital Ayer Keroh, Pantai Hospital Klang and Pantai Hospital Kuala Lumpur are being upgraded to add another 360 beds to our operations in the country.

IHH also operates Pantai Premier Pathology, Pantai Integrated Rehab, an ambulatory care centre and a primary care centre in the country.

Malaysia is one of the Group's high-growth markets, attracting significant investment in hospital expansions and greenfield projects. In December, expansion works at Gleneagles Kuala Lumpur, which added 100 beds, was completed. Meanwhile, three other hospitals - Pantai Hospital Ayer Keroh, Pantai Hospital Klang and Pantai Hospital Kuala Lumpur – are being upgraded to add another 360 beds to our operations in the country. The project in Ayer Keroh, Malacca is expected to be completed in 2017 while the other two projects are still in the planning/design stage.



Two hospitals were opened during the year – Gleneagles Kota Kinabalu in Sabah in May; and Gleneagles Medini in Iskandar Puteri, Johor in November. The 250-bed hospital in Kota Kinabalu is IHH's first in East Malaysia. At Gleneagles Medini, we have completed phase 1a, which has a bed capacity of 150. Phase 1b comprising 160 medical clinic suites, is targeted for completion in late 2017.

Inpatient admissions at our hospitals in Malaysia decreased 0.9% during the year to 183,265 due to a general slowdown in the economy and weaker consumer sentiment following the depreciation of the Ringgit and implementation of the Goods and Services Tax (GST) in April 2015. Although patient volumes have marginally declined, the Group continued to make significant improvements in revenue intensity which increased 11.9% to RM5,491 in large part due to undertaking more complex procedures.





INTERNATIONAL OPERATIONS

Under Parkway Pantai's International Operations, we have investments in China, Hong Kong, India, Brunei and most recently in early 2016, broke ground for a hospital project in Yangon, Myanmar.

In China, we operate a primary care network with 9 clinics in Shanghai, Beijing and Suzhou. This is complemented by one clinic in Hong Kong. Adding to this, construction of the 500-bed Gleneagles Hong Kong is ongoing and the hospital is targeted to be commissioned in early 2017.

Through our indirect wholly-owned subsidiary, M & P Investments Pte Ltd and its local Chinese partner, Shanghai Broad Ocean Investments Co. Ltd, the Group entered into a lease agreement with Perennial Real Estate Holdings Limited to operate a 350-bed tertiary hospital in the Perennial International Health and Medical Hub in Chengdu, China. ParkwayHealth Chengdu Hospital, our first tertiary facility in Western China, is expected to open in the second half of 2017.

In India, IHH has a 10.85% stake in Apollo Hospitals Enterprise Limited; and in a 50-50 joint venture with the leading healthcare group, operating Apollo Gleneagles Hospital in Kolkata and Apollo Gleneagles PET-CT Centre in Hyderabad. In March 2015, we acquired a 51% stake in Hyderabad-based Continental Hospital Ltd. Continental operates a fully equipped and multi-specialty tertiary and quaternary hospital. This was followed by the acquisition of 73.4% equity on a fully diluted basis in Ravindranath GE Medical Associates Private Limited ("Global Hospitals"). The Group has eight hospitals with approximately 2,000 licensed beds in Hyderabad, Mumbai, Bangalore and Chennai.

The addition of Continental and Global Hospitals to our portfolio led to a total addition in post-acquisition revenue of RM74.0 million in FY2015.

In Brunei, we operate the Gleneagles JPMC Cardiac Centre; and in the UAE, the Group has a hospital management agreement ("HMA") to manage the 126-bed Danat Al Emarat Hospital.

On 24 January 2016, we held the groundbreaking ceremony for a 250-bed hospital in Yangon, marking our first entry into Myanmar. The hospital is being built under a venture with Myanmar-incorporated AMMK Medicare Co, Myanmar-based Global Star Company and Singapore-incorporated Macondray Holdings. It is expected to open in 2020.

OUTLOOK

While macro headwinds that caused ripples in the financial landscape of some of the markets where Parkway Pantai operates will continue in 2016, we believe there will still be ample opportunity for the brand to grow. Indeed, we expect to see a steady increase in revenue driven by growing demand in our home markets, the opening of new wards as well as contribution from new hospitals opened in 2015, namely Gleneagles Kota Kinabalu and Gleneagles Medini. Consolidation and ramp up of operations in Continental and Global Hospitals will further boost this revenue.

To address competition, Parkway Pantai will reinforce its positioning as a premier healthcare provider with unparalleled quality of service and patient outcomes. This will be supported by continued investment in the training and development of staff, efforts to further enhance its service delivery, and the adoption of increasingly more advanced medical technologies.

Several greenfield and brownfield hospitals that are currently under construction are progressing well. Meanwhile, we will continue to look for more opportunities to take our well-known brands to key target markets, namely India, China and Indochina, where demand for healthcare services promises to be robust.



Key Messages

About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

BUSINESS REVIEW

ACIBADEM

Acibadem is Turkey's leading private healthcare provider with a network of 18 hospitals (16 in Turkey, one in Macedonia and an HMA in Iraq) and 13 outpatient clinics. Three of its hospitals in Turkey are JCI-accredited, and the Group boasts some of the most advanced biomedical technology and equipment in the region. Via its affiliation with Acibadem University, Acibadem is able to enhance its healthcare offerings with quality medical training and education services.

In 2015, Acibadem contributed to 34% of IHH's total revenue and 24% of the group's EBITDA, as well as 6% of the group's PATMI excluding exceptional items.



THE YEAR'S HIGHLIGHTS

Acibadem is undergoing an active phase of growth to increase its inpatient capacity as well as the advanced healthcare facilities it can offer to patients.

During the year, Acibadem Taksim Hospital opened its doors in October, while expansion works at Acibadem Sistina Hospital were completed in December. The latter now has an additional 81 beds and a new Oncology Department.

Acibadem Maslak will embark on an expansion project in March 2016 to accommodate an extra 200 beds while three greenfield projects are in the pipeline to help ease pressure on the public healthcare system in Istanbul. Construction of the 325-bed Acibadem Altunizade started in 2015 and is expected to be completed by 2017. Acibadem Kartal is targeted for completion in 2018 with 120 beds. The project to build an 80-bed Acibadem Atasehir is being evaluated.

The year saw a 0.6% decrease in Acibadem's inpatient admissions to 130,429. However, its average inpatient revenue per admission increased by 15.3% to RM10,748, contributing to an 11% growth in revenue to RM2,952.9 million.



On a constant currency basis, Acibadem's revenue and EBITDA would have increased 16% and 14% respectively YoY.

Despite a pre-operating and start-up loss of RM11.3 million for the newly opened Acibadem Taksim Hospital, EBITDA increased 9% to RM521.0 million. This was supported by contributions from the two-year-old Acibadem Atakent Hospital, which achieved an EBITDA of RM17.9 million compared to a start-up EBITDA loss of RM10.3 million in 2014.

Excluding the effects of the depreciation of the Turkish Lira, Acibadem's revenue and EBITDA would have increased 16% and 14% respectively YoY.



Acibadem
Revenue
11%



Acibadem
EBITDA
9%

OUTLOOK

Acibadem expects to see a continued increase in patient volumes, and hence revenue, in line with growing affluence of the population and concomitant demand for quality private healthcare. Despite geopolitical uncertainties surrounding the region, we are confident that the strength of the Acibadem brand will continue to deliver high standards of quality healthcare and utilise new opportunities to grow with new projects both domestically and internationally. It will explore more non-traditional sources of medical travellers by opening new representation offices in neighbouring geographies.

To counter the increase in staff costs in tandem with higher minimum wages, which take effect from 1 January 2016, Acibadem aims to focus more intently on efforts to optimise its operational efficiencies and productivity. Concurrently, Acibadem will continue to hedge its cash flow by conserving hard currency and medical tourism receipts to service non-Lira obligations.

While maintaining the highest quality healthcare, Acibadem will continue to capitalise on new opportunities to grow both domestically and internationally.

Key Messages

About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

BUSINESS REVIEW

IMU HEALTH

IMU Health Sdn Bhd ("IMU Health"), a wholly-owned subsidiary of IHH, manages the International Medical University ("IMU") and International Medical College ("IMC") in Malaysia. IMU was set up as a college in 1992, providing five semesters of training to local students who then went abroad to complete their MBBS at partner universities. In 1999, it became accredited as a full-fledged university offering students the choice of completing their entire medical programme in Malaysia or choosing a transfer programme. The university today has 28 partner universities in Australia, Ireland, the United Kingdom and United States. It has produced approximately 5,000 qualified medical practitioners graduating both locally and internationally.

In 2010, IMU branched out into the provision of healthcare by opening four healthcare centres to treat outpatients – IMU Oral Health Centre, IMU Chiropractic Centre, IMU Medical Clinic and IMU Chinese Medicine Centre. In 2011, IMU Medical Clinic became the first private outpatient centre in Malaysia to be awarded the MSQH accreditation. This accreditation was renewed for another four years in November 2015.



IMC (formerly known as the Pantai College of Nursing & Health Science) was founded in 1993 and is well-known for its quality nursing education.

With competition for talent expected to intensify, IMU Health continues to be a strategic asset for IHH as it provides a steady stream of skilled healthcare professionals to meet the needs of our healthcare facilities and business units.

IMU Health's revenue and EBITDA grew 5% to RM229.3 million and RM80.6 million respectively in 2015. Both revenue and EBITDA were driven by higher student intake and tuition fees.



PARKWAY LIFE REIT

Parkway Life REIT ("PLife REIT") is IHH's real estate investing unit, managed by Parkway Trust Management Limited. As at 31 December 2015, it owned a portfolio of 47 properties making it one of Asia's largest listed healthcare REITs by asset size. PLife REIT owns Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital in Singapore, 43 assets (mainly nursing homes and care facilities) in Japan as well as some strata-titled units/lots at Gleneagles Intan Medical Centre Kuala Lumpur in Malaysia. Focusing on high-quality, yield-accretive healthcare and related assets, it has been growing steadily over the years, registering strong distribution per unit (DPU) growth of 86.6% since its IPO in 2007.

The year 2015 began well, with the acquisition of Ocean View Shonan Arasaki in January and five other properties in Japan in March. This followed the acquisition of Habitation Jyosui and the divestment of seven properties in December 2014. The divestment provided the capital for the new acquisitions and is part of plans to enhance the quality of its Japan portfolio. With its new nursing homes in Japan, PLife REIT has deepened its footprint in Hokkaido, Fukuoka and Kanagawa Prefectures, while expanding its network of partnerships with three new nursing home operators.



With a strengthened Japan portfolio, the REIT's year-on-year external revenue increased by 12% to RM105.6 million.

In 2015, PLife REIT also reinforced its capital structure by terming out all its maturing long-term debt facilities thereby achieving a well spread out debt maturity profile stretching up to 2021 with no immediate long-term refinancing needs till 2017. In light of its exposure in Japan, it put in place a net income hedge till 1Q 2020 and increased its interest rate hedge ratio from 78% to approximately 95%. As at 31 December 2015, PLife REIT's weighted average debt term to maturity stood at 3.5 years with a low effective all-in cost of debt of 1.6%. Gearing remained at a healthy level of 35.3%.

OUTLOOK

Underpinned by a robust portfolio and sound financial metrics, PLife REIT is confident of weathering market volatility that may unfold in 2016. The healthcare sector on which its growth hinges, moreover, will continue to expand along with ageing populations, rising affluence and increasing demand for better quality private healthcare services.



INTO 2016 AND BEYOND

The Group has grown rapidly in the last few years through the opening of new hospitals and acquisitions. Going forward, we will focus on consolidating and enhancing our service offerings in existing hospitals, ramping up hospitals that were opened in 2014 and 2015, and integrating our new acquisitions. In addition, the Group will focus on staff training to continue to enhance our level of professionalism, increase productivity and service delivery.

We are confident that our strong brands and network of hospitals, backed by a robust balance sheet and operating cash flows, will enable us to tide through the challenging operating environment in 2016 and beyond.

As IHH continues to grow, we are aware of the challenges ahead and are prepared to take them on.

Increased competition for healthcare personnel in our home markets, as well as the implementation of higher minimum wages in Turkey will increase our staff expenditure. At the same time, purchasing costs will escalate if the USD continues to strengthen against the currencies of our home markets. Added to these cost pressures, the pre-operating and start-up costs of new operations will also impact the Group's profitability.

While such cost pressures may reduce the Group's EBITDA and margins, we expect to mitigate these effects through higher revenue intensity procedures, cost optimisation and tight cost control. The Group will ramp up patient volumes while also phasing in the opening of wards in our new facilities to achieve optimal operating leverage.

Key Messages

[About IHH](#)[Leadership](#)[Strategy and Performance](#)[Key Initiatives](#)[Governance and Accountability](#)[Financial Statements](#)[Additional Information](#)

OUR INTEGRATED HEALTHCARE NETWORK



Our Integrated Healthcare Network

Our hospitals and other healthcare facilities in our home markets offer the full spectrum of services across the healthcare value chain from primary healthcare clinics, to secondary and tertiary hospitals and to quaternary care and postoperative rehabilitation centres, 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.

Positioned to complement each other, they provide the most effective value propositions toward our target patient segments. This comprehensive and integrated service offering provides a convenient one-stop continuum of care together with quality clinical outcomes, which attracts new patients, promotes patient loyalty and also enables us to realise synergies across our Group through, amongst others, cross referrals and leveraging best practices.

PRIMARY CARE

Basic healthcare services to meet day-to-day patient needs.

- Treatment of basic illnesses, routine check-ups, vaccination and dental services.
- Delivered on an out-patient basis by physicians, nurses or family doctors.



Singapore

- We are one of the leading private primary care groups, owning and operating over 50 medical centres and clinics including the network of **Parkway Shenton**.

Malaysia

- Our **Twin Towers Medical Centre** is an outpatient medical centre located in Kuala Lumpur that provides general practice and specialty consultations mainly to corporate clients and the residential community in the Kuala Lumpur city centre area.

Turkey

- We operate 13 outpatient clinics across Turkey offering primary healthcare and performing outpatient operations and day surgeries.

The PRC & Hong Kong

- Our medical centre network (9 in the PRC and 1 in Hong Kong) provides primary and specialist care to the premium self-pay or corporate-insured segment, notably the urban and expatriate communities.

SECONDARY & TERTIARY CARE

Secondary care includes specialist consultation, local surgeries, emergency care, laboratory services and diagnostics and acute treatment at our leading hospitals and laboratories across our markets.

Tertiary care includes specialist consultative care, advanced treatment or complex surgery and inpatient care.

Singapore

- In Singapore, Parkway Pantai is the largest private healthcare operator with four JCI-accredited, multi-specialty tertiary hospitals – Mount Elizabeth Hospital, Mount Elizabeth Novena Hospital, Gleneagles Hospital and Parkway East Hospital. More than 1,400 specialists are credentialed to admit patients into these four hospitals. Parkway Pantai also operates more than 20 patient assistance centres across the globe, providing patients with seamless patient care and a one-stop referral source to its hospitals and services.



Key Messages

[About IHH](#)[Leadership](#)[Strategy and Performance](#)[Key Initiatives](#)[Governance and Accountability](#)[Financial Statements](#)[Additional Information](#)

OUR INTEGRATED HEALTHCARE NETWORK

Malaysia

- As the number two private healthcare provider in Malaysia by private licensed beds, we own and operate ten Pantai Hospitals and four Gleneagles Hospitals. Our hospital network operates on a "hub and spoke" model, with hubs housing more specialists and wider range of specialties in large urban areas while spokes have more common specialties and are based in smaller urban centres or large towns.

Turkey

- Acibadem is the largest private healthcare provider in Turkey by registered beds, established since 1992. Acibadem's integrated healthcare network spans 16 hospitals in Turkey and one each in Macedonia and Iraq with more than 2,700 licensed and operational beds, a majority of which are in private, single-bed patient suites.

India

- IHH holds a 10.85% equity interest in Apollo Hospitals Enterprise Ltd as at 31 March 2016. It has a 50/50 joint venture with Apollo in Apollo Gleneagles Hospital in Kolkata.

- IHH acquired 51% stake in India's Continental Hospitals in March 2015.
- In December 2015, IHH completed the acquisition of 73.4% on a fully diluted basis in India's Global Hospitals.

Brunei

- The Gleneagles JPMC Cardiac Centre in Jerudong Park has 23 licensed beds, two major operating theatres and two cardiac catheterisation laboratories.

QUATERNARY CARE

Quaternary care involves high-intensity complex surgeries and organ transplant. Our quaternary hospitals are recognised for regularly performing highly complex clinical procedures requiring deeply experienced surgeons and best-in-class facilities, adopting global best practices and achieving outstanding patient outcomes.

Singapore/Malaysia/Turkey:

Centres of Excellence and Clinical Programmes

- Cancer Centre/Institute
- Cardiac Centre/Programme
- Hematology and Stem Cell Transplant Centre
- Eye Centre
- Women's and Children Centre
- Neuroscience Programme
- Orthopaedic Programme
- Transplant Programme



COMPLEMENTARY ANCILLARY SERVICES

We also provide a range of complementary ancillary services including laboratory and pathology services, physiotherapy and rehab, emergency help and transportation, home health services, hospital project management and design and refurbishment.



Singapore

- ParkwayHealth Radiology offers comprehensive diagnostic and therapeutic radiology services to all Parkway Pantai hospitals and third-party patients.
- ParkwayHealth Laboratory provides clinical laboratory, histopathology and cytogenetics.

Malaysia

- Pantai Premier Pathology offers high quality diagnostic and analytical laboratory testing for referring medical practitioners.
- Pantai Integrated Rehab covers professional services including physiotherapy, occupational therapy, specialised exercise instruction and integrated rehabilitation.

Turkey

- Acibadem Holding owns complementary stand-alone ancillary healthcare businesses such as Acibadem Project, Acibadem Mobil and APlus.
- Acibadem Mobile Services provides emergency assistance and transportation and home health services before and after their visits.
- APlus offers health sector-oriented food-catering, cleaning, laundry, facility management and human resources services.
- Acibadem Project Management provides planning, implementation, control and "turnkey" consultancy services for major investments.

MEDICAL EDUCATION

Our Group provides quality education in the health and medical sciences to help train and develop succeeding generations of nurses, doctors, allied healthcare professionals and other medical and healthcare sector professionals.

- Successful and growing medical education franchise in IMU, IMC and Parkway College.
- Provides ongoing training programmes for our personnel.
- Strong relationship with Acibadem University, which provides medical education and training in Turkey as well as academic opportunities for our doctors.

Singapore

- Parkway College, established in February 2008, comprises the School of Allied Health, School of Healthcare Management and School of Nursing; and was among the first six awarded Council for Private Education, Singapore's EduTrust certification.

Malaysia

- International Medical University (IMU), Malaysia's first private healthcare university, provides 17 undergraduate and graduate programmes both locally and in partnership with more than 30 institutions worldwide.
- International Medical College (IMC), formerly Pantai College of Nursing & Health Science, was founded in 1993 and leverages on IMU as a sister institution and a network of over 40 hospitals worldwide for training and potential employment opportunities.

Key Messages

[About IHH](#)

[Leadership](#)

[Strategy and Performance](#)

[Key Initiatives](#)

[Governance and Accountability](#)

[Financial Statements](#)

[Additional Information](#)

EVENT HIGHLIGHTS



JANUARY

- 1 Acibadem Gemlik Outpatient Center shifted to new 2,500m² base
- 2 Acibadem Labmed launched HLA typing for the Turkish National Donor Registry Program, Türkkök
- 3 Pantai Premier Pathology Sdn Bhd's Corporate Office's Journal Club Launch

FEBRUARY

- 4 Acibadem Atakent Hospital opened its IVF Center
- 5 'WARNA' – Sharing Platform and Chinese New Year Open House by Gleneagles Kuala Lumpur

MARCH

- 6 Pantai's First Nursing Seminar in the Southern Region at Pantai Hospital Ayer Keroh
- 7 Acquisition of 51% stake in Continental Hospitals by IHH for INR 282 crores
- 8 New radiation oncology centre opened at Mount Elizabeth Novena Hospital
- 9 Gleneagles Hospital Singapore 'Strength For Life' raised RM550,800 for elderly cataract surgery

APRIL

- 10 Acibadem Zekeriya Köy Outpatient Centre opened
- 11 Acibadem Atakent Hospital launched its kidney and liver transplant programs

MAY

- 12 Gleneagles Kota Kinabalu, Sabah's first 250-bed private tertiary hospital, opened

JUNE

- 13 Acibadem Eskişehir Hospital's radiotherapy center opened
- 14 IMU's first cohort of Chinese Medicine students graduated



JULY

- 15 'Karnival Kesihatan Setahun Bersamamu' by Pantai Hospital Manjung
- 16 Parkway Pantai gift establishes professorship in medicine and healthy ageing for the NUS Yong Loo Lin School of Medicine

AUGUST

- 17 IMU BPharm celebrates its 10th Anniversary with a Pharmaceutical Sciences Conference and a dinner
- 18 Acquisition of a 73.4% stake on a fully diluted basis in Global Hospitals by IHH for INR 12.84 billion

SEPTEMBER

- 19 The IMU Community Centre at Plaza Salak Park (SPARK) launched
- 20 IMU Chariofare 2015 raised over RM180,000 for charity
- 21 New Diabetic Care Centre in Pantai Hospital Ayer Keroh opened

OCTOBER

- 22 Acibadem Taksim, a 99-bed general purpose hospital opened
- 23 Pantai Hospital Cheras organised Pink Umbrella Walk 2015
- 24 Entered into lease agreement to operate ParkwayHealth Chengdu Hospital

NOVEMBER

- 25 Acibadem Bodrum Hospital opened Cancer Center
- 26 Inaugural IMU Chiropractic Seminar held
- 27 Gleneagles Medini, a 150-bed tertiary hospital, opened right in the heart of Nusajaya
- 28 Parkway Pantai held Parkway Quality Convention in Singapore

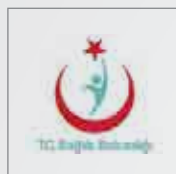
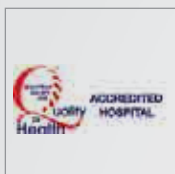
DECEMBER

- 29 Acibadem Sistina Hospital completed major expansion and renovation

Key Messages

[About IHH](#)[Leadership](#)[Strategy and Performance](#)[Key Initiatives](#)[Governance and Accountability](#)[Financial Statements](#)[Additional Information](#)

ACCREDITATIONS



JOINT COMMISSION INTERNATIONAL (JCI)

Singapore: 4 Hospitals

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

Malaysia: 2 Hospitals

- Gleneagles Kuala Lumpur
- Pantai Hospital Kuala Lumpur

Turkey: 3 Hospitals

- Acibadem Adana Hospital
- Acibadem Fulya Hospital
- Acibadem Maslak Hospital

India: 2 Hospitals

- Apollo Gleneagles Hospital, Kolkata
- Continental Hospitals, Hyderabad

TURKISH MINISTRY OF HEALTH QUALITY SCHEME

Turkey: 14 Hospitals

- Acibadem Adana Hospital
- Acibadem Ankara Hospital, June 2015
- Acibadem Bakırköy Hospital
- Acibadem Bodrum Hospital
- Acibadem Bursa Hospital
- Acibadem Maslak Hospital
- Acibadem Eskişehir Hospital
- Acibadem Fulya Hospital
- Acibadem International Hospital
- Acibadem Kadıköy Hospital
- Acibadem Kayseri Hospital
- Acibadem Kocaeli Hospital
- Acibadem Kozyatağı Hospital
- Aile Bahçelievler Hospital

ISO 9001

- Acibadem Mobile ambulance, home health and telemedicine services
- APlus kitchen, catering and laundry services

ISO 15189

- Acibadem Sistina clinical laboratories
- Acibadem Labmed

ISO 22000

- APlus kitchen and catering services

RAL-GZ 992

- APlus laundry services

MALAYSIAN SOCIETY FOR QUALITY IN HEALTH (MSQH)

Malaysia: 11 Hospitals

- Gleneagles Kuala Lumpur
- Gleneagles Penang
- 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 Penang
- Pantai Hospital Sungai Petani

NATIONAL ACCREDITATION BOARD FOR HOSPITALS (NABH)

India: 5 Hospitals

- Apollo Gleneagles Hospital, Kolkata
- Continental Hospitals, Hyderabad
- BGS Global Hospitals, Bangalore
- Global Health City, Chennai
- Global Hospitals L.B.Nagar, Hyderabad

AWARDS AND ACCOLADES

IHH

- **Forbes Asia**
 - Fabulous 50 Companies
- **Euromoney**
 - Overall Best Managed Company in Malaysia
 - Overall Best Managed Company in Asia, Pharmaceutical/Healthcare Sector
- **16th Securities Investors Association Singapore (SIAS) Investors' Choice Awards 2015**
 - Most Transparent Company, Service category (Runner-up)
- **The Asset Corporate Awards 2015**
 - Excellence in Governance, Social Responsibility & Investor Relations (Gold)
- **IR Magazine Awards South East Asia**
 - Best in Sector: Healthcare
 - Best Investor Relations by a Malaysian Company
- **Minority Shareholder Watchdog Group**
 - Top Corporate Governance Award for Industry Excellence Healthcare
- **Brand Finance**
 - 25th Most Valuable Malaysian Brand

GROUP CEO'S AWARDS

- **National Award for Management Accounting in Malaysia**
 - CEO of the Year Award
- **14th CNBC Asia Business Leaders Awards**
 - Asia Innovator of the Year Award



AWARDS AND ACCOLADES



MOUNT ELIZABETH HOSPITALS

- **Singapore Experience Awards 2015**
 - Best Healthcare Experience – (Exceptional Achievement award under the Special Recognition category for winning the above award for three consecutive years)
- **The Marketing Events Awards 2015**
 - Best Consumer event for Hospital Land
- **Singapore Media Awards 2015**
 - Most Improved Brand

GLENEAGLES HOSPITAL

- **2015 Singapore Service Excellence Medallion**
 - Commendation Award for Trusted Service

GLENEAGLES KUALA LUMPUR

- **IMTJ Medical Travel Awards**
 - Excellence in Customer Service
- **The Brand Laureate Special Edition World Awards 2015;**
 - Brand Excellence in Healthcare (Hospital)

GLENEAGLES PENANG

- **HRDF 2015 Certificate of Excellence** for its performance in human resource development throughout Year 2014

PANTAI HOSPITAL KUALA LUMPUR

- **Readers Digest Trusted Brand 2015**
 - Private Hospital Category – (winning the award for five consecutive years)

PANTAI HOSPITAL AYER KEROH

- **OSHA Gold Award 2015**
- **Malaysia Book of Records**
 - Largest Simultaneous Colouring Event

PARKWAY EAST HOSPITAL

- **Singapore Experience Awards 2015**
 - Best Healthcare Experience (Finalist)

PARKWAY SHENTON

- **Reader's Digest Trusted Brands 2015**
 - Health & Personal Care/Family Clinic (Gold)
- **HR Vendors of the Year 2015**
 - Best Corporate Healthcare Provider (Bronze) (HR Magazine)



ACIBADEM

- **Capital 500**
 - 100th Largest Turkish Company
 - 15th Largest Turkish Employer
 - Largest Company in Healthcare
- **Superbrands of Turkey**
- **Fortune 500**
 - 78th Largest Turkish Company
 - 15th Largest Turkish Employer
 - Largest Company in Healthcare
- **Brand Finance**
 - 38th Most Valuable Turkish Brand (AA Level)
- **Mehmet Ali Aydinlar** (Lifetime Achievement Award) – Bogazici University
- **Digitalization Index Workshop (Accenture + Vodafone)**
 - Leadership in Service Sector
 - Leadership in Digitalisation
- **Metalog Training Tools**
 - Philosopher's Stone Gold Prize
- **International E-Learning Association**
 - Hybrid Training Methodology Honor Prize
- **Human Capital Management Academy (HCMA) Excellence Awards Program**
 - Campus Program (Patient Services) (Gold Award)



- **Corporate University Best in Class (CUBIC) Talent Development Excellence Award**
 - Management Trainee Program
- **Secret CV**
 - The Company That Values Candidates Most Award
- **The Economist**
 - 23rd Strongest Human Resource Leader in Turkey
- **International Health Informatics Summit Special Jury Award**
 - Nursing
- **Ansell Cares H.E.R.O. Service Award (European Operating Room Nurses)**

GLOBAL HOSPITALS

Times of India All India Critical Care Hospital Ranking Survey 2016

- **Global Hospital Lakdi-ka-pul, Hyderabad**
 - Best Multi-Hospitals in Hyderabad (Top 3)
- **BGS Global**
 - Best Multi-Hospitals in Bengaluru (Top 3)
- **Global Health City, Chennai**
 - Best Multi-Hospitals in Chennai (Top 2)

CONTINENTAL HOSPITALS

- **Indian Development Foundation**
 - IDF Best Partner Award
- **Society for Emergency Medicine India**
 - Centre of Excellence in Emergency Medicine

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

IHH IN THE NEWS

LEADERSHIP AND CORPORATE FEATURES



05 September 2015
Media: The Star, MY



12 November 2015
Media: Mugla Sehir Newspaper, TR



15 December 2015
Media: The Business Year, SG

19 September 2015
Media: The Star, MY



15 December 2015
Media: CNBC, SG



16 June 2015
Media: Nanyang Siang Pau, MY

OPERATIONAL HIGHLIGHTS AND CORPORATE DEVELOPMENTS



Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

IHH IN THE NEWS

CORPORATE & SOCIAL RESPONSIBILITY

MERCY perlu RM10j bantu mangsa banjir

Kuala Lumpur: Persatuan Bantuan Perubatan Malaysia (MERCY Malaysia) memerlukan dana kira-kira RM10 juta untuk fasa kecemasan dan pemulihan mangsa banjir di Pantai Timur.

Presiden MERCY Malaysia, Datuk Dr Ahmad Faizal Mohd Perdaus, berkata dana itu akan diagihkan mengikut keutamaan daerah tertentu dalam bentuk bantuan perubatan, makanan, air bersih, keperluan domestik.

Katanya, ia berikutan bantuan pasca banjir sebagai aspek seperti memperbaiki pulih rumah dan pindah rumah sementara dan

11 January 2015

Media: Berita Harian, MY

Лани во „Алибадем Систина“ родени рекордни 1.023 новороденчња



08 January 2016

Media: Dnevnik, Macedonian Daily Newspaper, TR

IHH Healthcare taja rawatan RM20 juta

Kuala Lumpur: Persatuan Bantuan Perubatan Malaysia (MERCY Malaysia) memerlukan dana kira-kira RM10 juta untuk fasa kecemasan dan pemulihan mangsa banjir di Pantai Timur.

Presiden MERCY Malaysia, Datuk Dr Ahmad Faizal Mohd Perdaus, berkata dana itu akan diagihkan mengikut keutamaan daerah tertentu dalam bentuk bantuan perubatan, makanan, air bersih, keperluan domestik.

23 March 2015

Media: Berita Harian, MY

Ilhami menyedekahkan Khana IHH Healthcare Fund sebagai usaha tanggungjawab sosial IHH kepada umat.

Agah Hassan

sebagai berkesan

"Kami berkecenderungan untuk

menyumbangkan sebagai rakan

perjuangan kesihatan yang berkes-

ted dan akan terus memper-

luangkan dana itu secara

berkesinambungan bagi men-

gah bagi membantu lebih ra-

sa mereka yang kurang ber-

kecukupan," katanya.

Brinsford, m-

ring, ber-

nya, sem-

Yang I

IHH Healthcare

Rakut S

wai Eke-

yang, Per-

Lin, ber-

gawa Dr

Abd. Ah-

Sharif.

Daun

Healthcare

ia akan

Health awareness for community

Walaupun hujan telah berhenti, banjir masih menyengat kawasan-kawasan di Pantai Timur. IHH Healthcare berhad telah mengadakan program kesedaran kesihatan komuniti di kawasan-kawasan yang terjejas akibat banjir.

Program kesedaran kesihatan komuniti ini bertujuan untuk meningkatkan kesedaran kesihatan komuniti mengenai penyakit-penyakit yang berkaitan dengan banjir, seperti demam denggi, demam bersekut, dan penyakit-penyakit lain yang berkaitan dengan banjir.

Program kesedaran kesihatan komuniti ini juga bertujuan untuk meningkatkan kesedaran kesihatan komuniti mengenai penyakit-penyakit yang berkaitan dengan banjir, seperti demam denggi, demam bersekut, dan penyakit-penyakit lain yang berkaitan dengan banjir.

Program kesedaran kesihatan komuniti ini juga bertujuan untuk meningkatkan kesedaran kesihatan komuniti mengenai penyakit-penyakit yang berkaitan dengan banjir, seperti demam denggi, demam bersekut, dan penyakit-penyakit lain yang berkaitan dengan banjir.



Health awareness for community

26 January 2015

Media: The Malay Mail, MY



Dr Ahmad Faizal (tiga dari kanan) bergambar selepas majlis penyerahan sumbangan kepada Dr Ahmad Faizal (tiga dari kanan) dan Abdul Aziz (dua dari kanan) untuk mangsa banjir di pantai timur.

IHH serah RM2 juta kepada dua NGO

Kuala Lumpur: IHH Healthcare Berhad (IHH) menyumbangkan RM2 juta kepada dua badan bukan kerajaan bagi membantu mangsa yang terjejas teruk akibat banjir di negara ini.

Pengarah Urusan merangkap Ketua Pegawai Eksekutifnya Dr Tan See Leng berkata, dana berkenaan disalurkan bagi melaksanakan fasa bantuan segera serta proses pemulihan selepas bencana yang dilalui oleh Persatuan Ban-

Elsektutif (Divisyen Operasi Parkway) Parkway Pantai Dr Lim Suet Wun, Presiden Mercy Malaysia Datuk Dr Ahmad Faizal Mohd Perdaus dan wakil IMU Profesor Dr Abdul Aziz Baba.

Menurut Tan See Leng, selaku peneraju penyedia penjagaan kesihatan swasta, pihaknya akan membantu dalam memastikan pemantauan dan pemantauan kesihatan mangsa bencana.

11 January 2015

Media: Harian Metro, MY

49



DEVELOPING TALENTED MEDICAL PROFESSIONALS



We believe in developing and nurturing the best talent in our fields of specialisation. Our medical university and nursing college offer a range of top quality medical and healthcare programmes to help train and develop quality healthcare professionals. This helps ensure a steady source of highly qualified professionals for our hospitals and the healthcare sector.



Top Talent

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

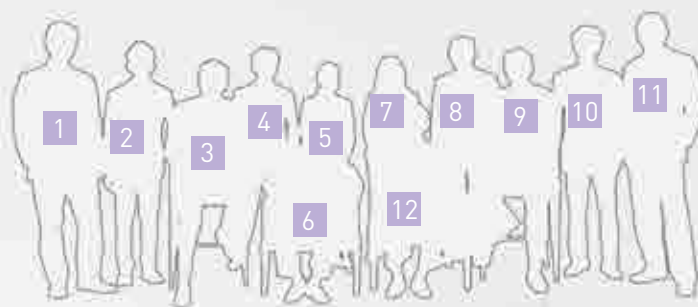
Governance and Accountability

Financial Statements

Additional Information

BOARD OF DIRECTORS





1. YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz **2.** Takeshi Saito **3.** Mehmet Ali Aydinlar **4.** Satoshi Tanaka **5.** Rossana Annizah binti Ahmad Rashid **6.** Dato' Mohammed Azlan bin Hashim **7.** Quek Pei Lynn **8.** Shirish Moreshwar Apte **9.** Dr Tan See Leng **10.** Chang See Hiang **11.** Kuok Khoon Ean **12.** Tan Sri Dato' Dr Abu Bakar bin Suleiman



Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

PROFILES OF DIRECTORS



TAN SRI DATO' DR ABU BAKAR BIN SULEIMAN

Chairman, Non-Independent, Executive

Nationality	Malaysian
-------------	-----------

Age	72
-----	----

Date of Appointment	30 March 2011
---------------------	---------------

Length of Service (as at 31 March 2016)	5 years
--	---------

Date of Last Re-election	20 June 2014
--------------------------	--------------

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), Monash University
- Master of Medicine (Internal Medicine), National University of Singapore
- Fellow, Royal Australasian College of Physicians
- Fellow, Academy of Medicine, Malaysia
- Fellow, Academy of Science, Malaysia

PRESENT DIRECTORSHIP(S) (IN MALAYSIA)

- CCM Duopharma Biotech Berhad
- Medical Defence Malaysia Berhad

WORKING 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 pages 98 to 115.

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	59
Date of Appointment	30 March 2011
Length of Service <i>(as at 31 March 2016)</i>	5 years
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)
(IN MALAYSIA)**

- Khazanah Nasional Berhad
- Scomi Group Berhad
- D&O Green Technologies Berhad
- Silk Holdings Berhad

WORKING 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.

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 pages 98 to 115.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

PROFILES OF DIRECTORS



DR TAN SEE LENG

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

Nationality	Singaporean
Age	51
Date of Appointment	5 April 2012
Length of Service (as at 31 March 2016)	4 years
Date of Last Re-election	20 June 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
- Fellow, Academy of Medicine, Singapore
- Fellow, College of Family Physicians, Singapore

PRESENT DIRECTORSHIP(S) (IN MALAYSIA)

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

WORKING EXPERIENCE

Dr Tan See Leng has over 25 years of experience in the healthcare industry.

As a young entrepreneur, he founded a private primary health group at 27 and subsequently developed it to the second largest primary healthcare group in Singapore before selling the stake to one of the leading global health-plan providers. In 2004, Dr Tan joined Parkway as Chief Operating Officer of Mount Elizabeth Hospital and rose rapidly through the ranks and became the CEO of Parkway Holdings Limited in April 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 ("IHH"). In 2012, Dr Tan was appointed Executive Director of IHH, before becoming its Managing Director and Chief Executive Officer in January 2014. He also serves on the Board of Parkway Trust Management Limited ("PTM"), the Manager of Parkway Life Real Estate Investment Trust. PTM is listed on the Singapore Exchange Securities Trading Limited.

An active member of various medical committees, Dr Tan has served on 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 the period until 2017, and serves on the Advisory Board of Lee Kong Chian School of Business at Singapore Management University.

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 pages 98 to 115.

MEHMET ALI AYDINLAR

Non-Independent, Executive
Member of Steering Committee

Nationality	Turkish
Age	59
Date of Appointment	24 January 2012
Length of Service (as at 31 March 2016)	4 years 2 months
Date of Last Re-election	20 June 2014



ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Business Administration Degree, Galatasaray Economy and Management College

PRESENT DIRECTORSHIP(S)

- Nil

WORKING EXPERIENCE

Mehmet Ali Aydinlar is the Chairman and Chief Executive Officer of Acibadem Sağlık Yatırımları Holding A.S. as well as the Chairman of the Board of Acibadem group of companies such as A Plus, 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 to be "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. In 2013, he was elected the "Businessman of the Year" by Bogazici University, one of the most prestigious higher education institutions in the country and in 2015, he received the "Lifetime Achievement Award" from the same university.

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 two years in a row, Mr Aydinlar was

recognised by Capital magazine for his philanthropic efforts, as one of the top business people with most charitable donations, ranking at number 5 in 2014.

As of 2015, Mr Aydinlar serves on the board of Foreign Economic Relations Board, the institution responsible for leading foreign economic relations of Turkish private sector in a myriad of sectors as well as increasing the export volume of Turkish business and coordinating similar business development activities.

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 pages 98 to 115.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

PROFILES OF DIRECTORS



YM TENGKU DATO' SRI AZMIL ZAHRUDDIN BIN RAJA ABDUL AZIZ

Non-Independent, Non-Executive
Member of Steering Committee

Nationality	Malaysian
Age	45
Date of Appointment	25 October 2012
Length of Service (as at 31 March 2016)	3 years 5 months
Date of Last Re-election	25 June 2013

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- BA in Economics (1st Class), 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) (IN MALAYSIA)

- Malaysian Global Innovation & Creativity Centre Berhad ("MaGIC")

WORKING EXPERIENCE

YM Tengku Dato' Sri Azmil Zahrudin 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.

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 pages 98 to 115.

SATOSHI TANAKA

Non-Independent, Non-Executive
Member of Steering Committee

Nationality	Japanese
Age	58
Date of Appointment	16 May 2011
Length of Service <i>(as at 31 March 2016)</i>	4 years 10 months
Date of Last Re-election	20 June 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) (IN MALAYSIA)

- Nil

WORKING 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. Mr Tanaka was the Executive Managing Officer and Chief Operating Officer of the Consumer Service Business Unit of Mitsui & Co., Ltd. prior to his promotion to the position of Senior Executive Managing Officer and Chief Operating Officer of Asia Pacific Business Unit on 1 April 2015.

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 pages 98 to 115.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

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	62
Date of Appointment	5 April 2012
Length of Service <i>(as at 31 March 2016)</i>	4 years
Date of Last Re-election	15 June 2015

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Laws (Hons), University of Singapore

PRESENT DIRECTORSHIP(S) (IN MALAYSIA)

- Nil

WORKING 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 Board of Jardine Cycle & Carriage Limited, a company listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). He previously sat on the boards of five 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 and a member of the Securities Industry Council, Singapore since 1 August 2012.

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 pages 98 to 115.

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	50
Date of Appointment	17 April 2012
Length of Service <i>(as at 31 March 2016)</i>	3 years 11 months
Date of Last Re-election	15 June 2015



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) (IN MALAYSIA)

- Nil

WORKING EXPERIENCE

Rossana Annizah binti Ahmad Rashid is an Independent Director of IHH Healthcare Berhad ("IHH") and Parkway Pantai Limited ("PPL"), an indirect wholly owned subsidiary of IHH. She is also a Non-Executive Director of Parkway Trust Management Limited, the Manager of Parkway Life Real Estate Investment Trust, which is listed on the Singapore Exchange Securities Trading Limited. She serves as the

Chairperson of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee for both IHH and PPL.

Ms Rossana is a member of the Investment Panel and the Investment Panel Risk Committee of the Malaysia Employees Provident Fund. In February 2016, she was appointed Country Chairman of the Jardine Matheson Group in Malaysia.

Ms Rossana is a career professional, started with Citibank NA, then RHB Bank; a total of 15 years in the banking sector. She then served as Maxis Berhad CFO for 8 years, followed by a 2-year stint as Deputy CEO of Time Dotcom Berhad.

The combined 28 years of experience in the banking, telecommunications and healthcare sector provides Ms Rossana with a broad experience of the

importance of business strategy, identifying sustainable monetization models, understanding the customers and competition and the need for reviewing monetization models focusing on both revenue management and cost management.

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 pages 98 to 115.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

PROFILES OF DIRECTORS



KUOK KHOON EAN

Independent, Non-Executive

Nationality	Singaporean
Age	60
Date of Appointment	17 April 2012
Length of Service (as at 31 March 2016)	3 years 11 months
Date of Last Re-election	15 June 2015

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Economics, Nottingham University, United Kingdom

PRESENT DIRECTORSHIP(S) (IN MALAYSIA)

- Nil

WORKING EXPERIENCE

Kuok Khoon Ean is the Chairman of Kuok (Singapore) Limited, a Director of Kerry Group Limited and Managing Director of Kerry Holdings Limited in Hong Kong. He is the Chairman and Non-Executive Director of PACC Offshore Services Holdings Ltd, a company listed on the Singapore Stock Exchange. He is an Independent Non-Executive Director of Wilmar International Limited and The Bank of East Asia Limited, which are listed on the Singapore Stock Exchange and the Hong Kong Stock Exchange.

Mr Kuok has served as the Chairman of Shangri-La Asia Limited from April 2008 to August 2013 and remained as a Non-Executive Director till June 2014. He was also Chairman and Executive Director of SCMP Group Limited from January 1998 to January 2013, both of which are listed companies in Hong Kong.

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 pages 98 to 115.

SHIRISH MORESHWAR APTE

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

Nationality	British
Age	63
Date of Appointment	3 September 2014
Length of Service <i>(as at 31 March 2016)</i>	1 year 7 months
Date of Last Re-election	15 June 2015



ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Commerce, Calcutta University
- Master of Business Administration – London Business School (Major in Finance)
- Institute of Chartered Accountants England – Student contract with Touche Ross (now known as Deloitte)

PRESENT DIRECTORSHIP(S) (IN MALAYSIA)

- Nil

WORKING EXPERIENCE

Shirish Moreshwar Apte has extensive experience in banking and finance. He began his career in banking with Citibank, India in 1981. He held numerous assignments with Citibank/Citigroup in London (1993-1997), Poland (1997-2003), London (2003-2009), Hong Kong (2009-2011) and Singapore (2011-2013). During his 32 year career with Citibank/Citigroup, Mr Apte worked in the Emerging Markets covering Central and Eastern Europe, Middle East, Africa ("CEEMEA") and Asia Pacific. He was head of Citi's Corporate and Investment bank in India, CEO for Citibank Poland, and regional CEO first for CEEMEA and then Asia Pacific. Mr Apte was a member of Citigroup's Executive and Operating committees from 2008-2012 and the Group's Business Practices committee. Mr Apte retired from Citigroup in 2014 as Chairman Asia Pacific banking. He is currently the Independent, Non-Executive, Chairman

of Pierfront Mezzanine Fund Pte Ltd. He also serves on several Boards of Directors including Citibank Japan Ltd, Commonwealth Bank of Australia, Institute of Banking and Finance Singapore, Crompton Greaves Ltd, India and the Supervisory Board of Bank Handlowy, Poland.

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 pages 98 to 115.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

PROFILES OF DIRECTORS



QUEK PEI LYNN

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

Nationality	Malaysian
Age	43
Date of Appointment	25 October 2012
Length of Service (as at 31 March 2016)	3 years 5 months
Date of Last Re-election	–

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Economics, Monash University, Australia

PRESENT DIRECTORSHIP(S) (IN MALAYSIA)

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

WORKING EXPERIENCE

Quek Pei Lynn began her career as an auditor with PriceWaterhouse Coopers from 1994 until 1997. She then moved on to AmlInvestment Bank Berhad from 1997 to 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:

- 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 pages 98 to 115.

TAKESHI SAITO

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

Nationality	Japanese
Age	44
Date of Appointment	19 June 2015
Length of Service <i>(as at 31 March 2016)</i>	9 months
Date of Last Re-election	-



ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Political Science, Keio University, Japan
- Master of Business Administration, Kellogg School of Management Northwestern University.

PRESENT DIRECTORSHIP(S) (IN MALAYSIA)

- Nil

WORKING EXPERIENCE

Takeshi Saito began his professional career at Mitsui in 1995 and has spent most of his time in the healthcare and life science business field. After spending 2 years in the Finance Division, he became the Director of Pharmaceutical Department, Life Science Division where he led the import/export business for key

Pharmaceutical Companies such as Takeda Pharmaceuticals. After completing his MBA in 2004, he was appointed as Director of Corporate Planning Department, Mitsui USA overseeing the Chemicals, Natural Resources, Consumer Service and IT Business.

In 2007, he was appointed as the Manager of Strategic Planning/Business Development Department of Life Science Division at Mitsui which was subsequently renamed as Medical Healthcare Division in 2008.

In 2009, he became the Director of Medical Healthcare Business Department, Mitsui & Co., Ltd. where he led the investment in IHH where he was subsequently seconded as VP Strategic Planning, Parkway Group Healthcare as at July 2011.

Presently, Mr Saito is the General Manager of Provider Management Department, Medical Healthcare Business Division I, Consumer Service Business Unit, Mitsui & Co. Ltd. He also sits on the Board of Parkway Pantai Limited, a wholly-owned subsidiary of IHH Healthcare Berhad, as an alternative director.

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 pages 98 to 115.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

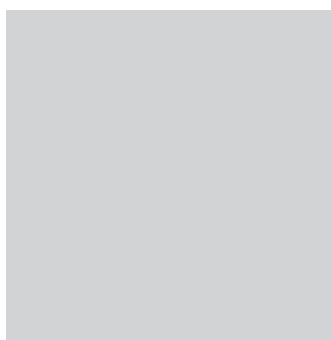
GROUP MANAGEMENT



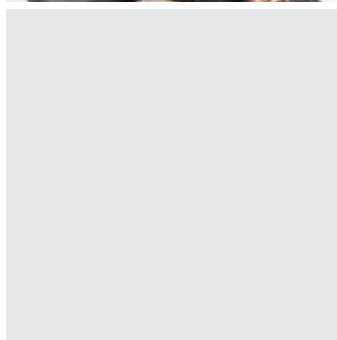
1



2



3



4



5



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

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

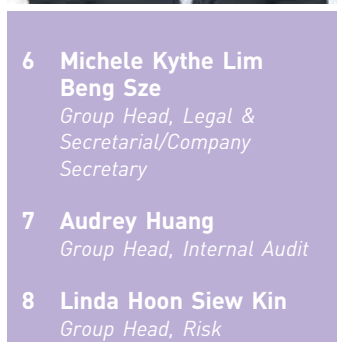
3 Mehmet Ali Aydinlar
Non-Independent, Executive

4 Low Soon Teck
Group Chief Financial Officer

5 Tan See Haw
Chief Financial Officer



6



7



10



8



9



6 Michele Kythe Lim Beng Sze
Group Head, Legal & Secretarial/Company Secretary

7 Audrey Huang
Group Head, Internal Audit

8 Linda Hoon Siew Kin
Group Head, Risk Governance

9 Tan Juan Jim
Group Head of Human Capital Management

10 Ahmad Shahizam bin Mohd Shariff
Head of Investor Relations and Corporate Communications

PROFILES OF GROUP MANAGEMENT



Tan Sri Dato' Dr Abu Bakar bin Suleiman

Chairman, Non-Independent, Executive
– Malaysian, aged 72

Academic/Professional Qualification(s)

- Bachelor of Medicine and Bachelor of Surgery (MBBS), Monash University
- Master of Medicine (Internal Medicine), National University of Singapore
- Fellow, Royal Australasian College of Physicians
- Fellow, Academy of Medicine, Malaysia
- Fellow, Academy of Science, Malaysia

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.



Dr Tan See Leng

Managing Director and Chief Executive Officer, Non-Independent, Executive
– Singaporean, aged 51

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
- Fellow, Academy of Medicine, Singapore
- Fellow, College of Family Physicians, Singapore

Work Experience

Dr Tan See Leng has over 25 years of experience in the healthcare industry. As a young entrepreneur, he founded a private primary health group at 27 and subsequently developed it to the second largest primary healthcare group in Singapore before selling the stake to one of the leading global health-plan providers. In 2004, Dr Tan joined Parkway as Chief Operating Officer of Mount Elizabeth Hospital and rose

rapidly through the ranks and became the CEO of Parkway Holdings Limited in April 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 ("IHH"). 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 has served on 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 the period until 2017, and serves on the Advisory Board of Lee Kong Chian School of Business at Singapore Management University.

PROFILES OF GROUP MANAGEMENT



Mehmet Ali Aydinlar

Non-Independent, Executive
– Turkish, aged 59

Academic/Professional Qualification(s)

- Business Administration Degree, Galatasaray Economy and Management College

Work Experience

Mehmet Ali Aydinlar is the Chairman and Chief Executive Officer of Acibadem Sağlık Yatırımları Holding A.S. as well as the Chairman of the Board of Acibadem group of companies such as A Plus, 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 to be “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. In 2013, he was elected the “Businessman of the Year” by Boğaziçi University, one of the most prestigious higher education institutions in the country and in 2015, he received the “Lifetime Achievement Award” from the same university.

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 two years in a row, Mr Aydinlar was recognised by Capital magazine for his philanthropic efforts, as one of the top business people with most charitable donations, ranking at number 5 in 2014.

As of 2015, Mr Aydinlar serves on the board of Foreign Economic Relations Board, the institution responsible for leading foreign economic relations of Turkish private sector in a myriad of sectors as well as increasing the export volume of Turkish business and coordinating similar business development activities.



Low Soon Teck

Group Chief Financial Officer
– Singaporean, aged 50

Academic/Professional Qualification(s)

- Bachelor of Laws (Hons)(2nd Upper), National University of Singapore
- Masters of Business Administration, University of Chicago Booth School of Business
- Advocate & Solicitor, Supreme Court of Singapore
- Member of Law Society of England and Wales

Work Experience

Low Soon Teck, practised as a solicitor in Singapore at a boutique firm from 1991 to 1993, focusing on corporate and banking laws. Mr Low then joined the Kuok/Kerry Group in 1994, based in Hong Kong holding various senior positions in different businesses within the Kuok/Kerry Group including as the Director of China Operations at SCMP Group, publisher of the South China Morning Post, where he was responsible for business development, newspaper

publishing and circulation operations, and managing a chain of retail convenience stores.

Mr Low relocated to Singapore in 2005, as the Group Financial Controller of Kuok Oils and Grain Pte Ltd, which was subsequently merged with Wilmar International Limited in 2006. At Wilmar International Limited, he held the position of Group Treasurer until 2009. He was then appointed Chief Financial Officer of PACC Offshore Services Holdings Group, the offshore marine arm of the Kuok/Kerry Group. In 2013, he joined RCMA Group, a commodities supply chain management company as Chief Financial Officer, a position that he held until 2015. He has over 20 years of experience in finance, legal and general management at leadership roles.

Mr Low assumed the position of Chief Financial Officer of IHH Healthcare Berhad on 10 January 2016.



Tan See Haw

Chief Financial Officer
– Singaporean, aged 59

Academic/Professional Qualification(s)

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

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 the position of Chief Financial Officer of IHH Healthcare Berhad on 10 January 2013 until his retirement on 9 January 2016.



Michele Kythe Lim Beng Sze

Group Head, Legal & Secretarial/
Company Secretary
– Malaysian, aged 48

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
- Licensed Company Secretary

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. She also completed the NAM Institute for the Empowerment of Women (NIEW) Women Directors’ Training Programme in 2014.

Michele joined IHH Healthcare Bhd in April 2013 and continues to oversee the legal and corporate secretarial and related compliance functions of the Group.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

PROFILES OF GROUP MANAGEMENT



Audrey Huang

Group Head, Internal Audit
– Singaporean, aged 60

Academic/Professional Qualification(s)

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

Work Experience

Prior to her appointment as Group Head of Internal Audit of IHH Healthcare Berhad on 1 March 2013, Audrey Huang had been the Head of Internal Audit of Parkway Holdings Limited since 21 February 2005. She was subsequently appointed the Head of Internal Audit of Parkway Pantai Limited upon its incorporation on 21 March 2011. She has more than 30 years of experience

in auditing, including external audit experience with one of the Big 4 accounting firms as well as internal audit experience with various financial institutions.

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.



Linda Hoon Siew Kin

Group Head, Risk Governance
– Singaporean, aged 53

Academic/Professional Qualification(s)

- Bachelor of Laws (Hons) (Second Upper), National University of Singapore
- Masters of Law, National University of Singapore
- Admitted to the Singapore Bar in 1987

Work Experience

Linda began her in-house legal career in the Singapore Technologies Industrial Group which eventually became the industrial engineering conglomerate SembCorp Industries, working her way up from a Legal Counsel to the Group General Counsel of the Group from 1989 to 2005.

In 2006, she joined the real estate, leisure and hospitality group of GuocoLeisure Limited (formerly Brierley Investment Limited) with oil & gas and property development interests. In her role, she covered legal, secretariat and compliance as well as corporate management. Linda joined

one of the largest financial institutions in Asia, DBS Group Holdings in 2008 as the Group Company Secretary, handling regulatory compliance and corporate governance matters.

She entered the healthcare sector in 2013 when she joined an academic medical centre, National University Health System Pte Ltd ("NUHS") as Group General Counsel and Board Secretary. In NUHS, she handled legal and risk advisory including overseeing PDPA compliance and actively assisted in the clinical risk management areas of medico-legal claims management. Linda assumed her present role in June 2015.

Throughout her 27-year career, Linda draws from a wealth of experience in general management, board and committee involvement, corporate governance, clinical risk management advisory, legal and compliance oversight, malpractice insurance and corporate management practices.



Tan Juan Jim

*Group Head of Human Capital Management
– Malaysian, aged 36*

Academic/Professional Qualification(s)

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

Work Experience

Dr Tan Juan Jim began his career as a research engineer in the UK and subsequently in Singapore at the Agency for Science Technology and Research (A*STAR), a government-based core research agency.

In 2006, he joined the Hay Group, a global management consulting firm, where he led practices on Building Effective Organisations and Executive Reward in Malaysia. He has advised in industries such as sovereign wealth

funds, government-linked corporations, regulators, non-profit and the federal government, and industries such as financial (investment), oil and gas, telecommunications, healthcare and public services.

He joined IHH Healthcare in 2014, as the Group Head of Human Capital Management of IHH Healthcare and Parkway Pantai Limited (PPL). He is responsible for managing the HR operations, talent management and development, people engagement, as well as the performance management and rewards of the Group and PPL.



Ahmad Shahizam bin Mohd Shariff

*Head of Investor Relations and Corporate Communications
– Malaysian, aged 45*

Academic/Professional Qualification(s)

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

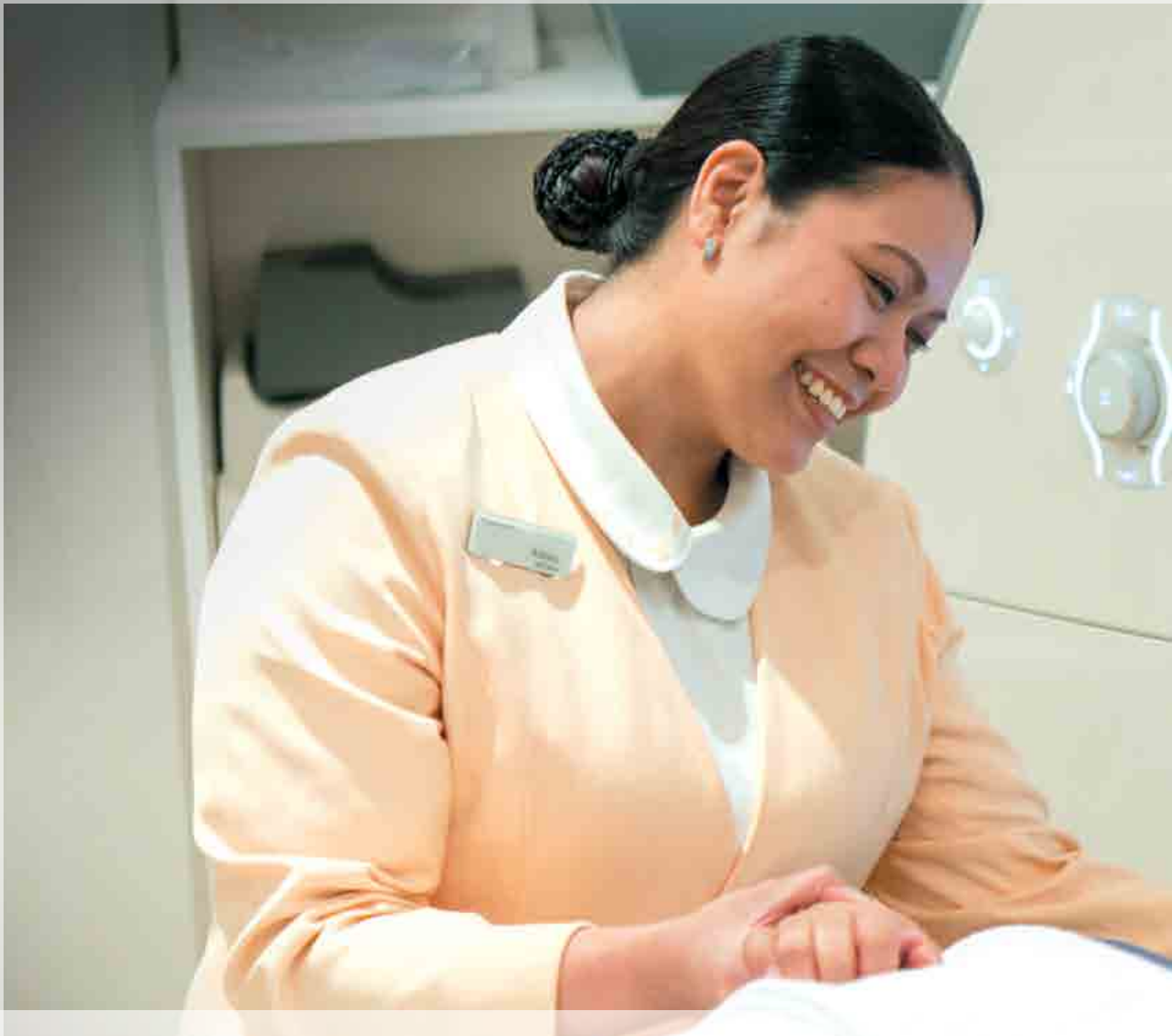
Work Experience

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.

From July 2014 to December 2015, Ahmad Shahizam served as the Chief Executive Officer of Pantai Operations Division, overseeing Pantai Group and Parkway Pantai's Malaysian operations, and Head of Investor Relations and Corporate Communications.

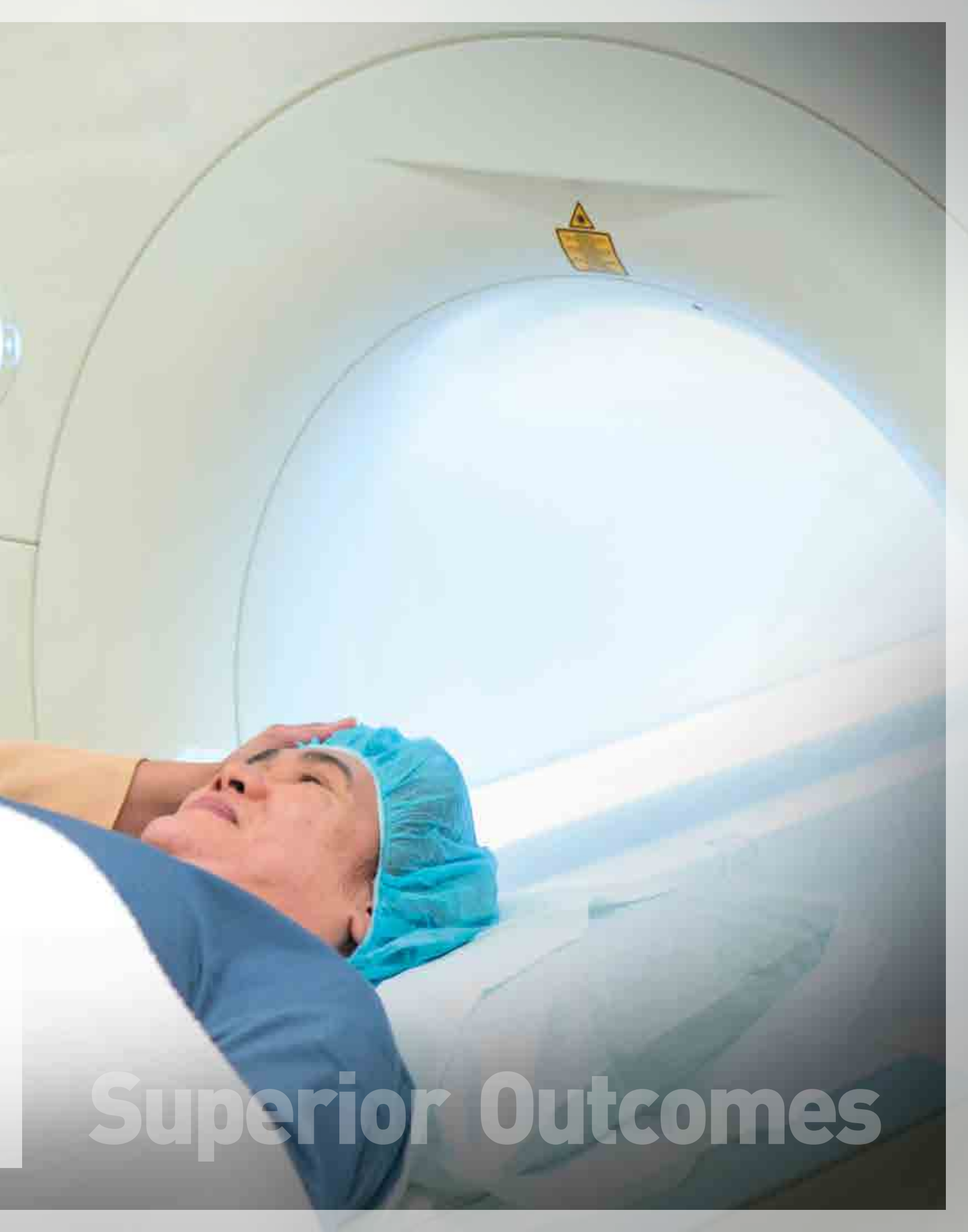
He assumed the role of Chief Executive Officer of Malaysia Operations Division from January 2016.



ENSURING SUPERIOR CLINICAL OUTCOMES



We've invested heavily in technology, equipment, facilities, our people, and their training in key healthcare issues. Our first-rate medical facilities as well as our integrated and comprehensive range of services underline our commitment to raising healthcare standards wherever we are.



Superior Outcomes

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

OPERATIONAL HIGHLIGHTS

	2011	2012	2013	2014	2015
PARKWAY PANTAI LIMITED – Singapore Operations Division					
No. of hospitals at end of year	3	4	4	4	4
No. of licensed beds ¹ at end of year	730	910	907	908	908
No. of operational beds ¹ at end of year	716	813	826	869	880
Inpatient admissions ²	51,036	55,251	59,258	64,723	67,917
Average length of stay ³ (days)	3.3	3.2	3.2	3.1	3.0
Occupancy rate ⁴	64%	63%	63%	66%	63%
Average revenue per inpatient admission (in SGD)	7,463	7,853	8,299	8,667	8,904
Average revenue per inpatient admission (in RM, SGD1=RM3.05904)	22,830	24,023	25,387	26,514	27,237
PARKWAY PANTAI LIMITED – Malaysia Operations Division					
No. of hospitals at end of year	11	11	11	12	14
No. of licensed beds ¹ at end of year	2,010	2,052	2,060	2,118	2,235
No. of operational beds ¹ at end of year	1,878	1,915	1,935	1,969	2,065
Inpatient admissions ²	153,284	158,990	170,684	185,000	183,265
Average length of stay ³ (days)	2.8	2.8	2.8	2.8	2.8
Occupancy rate ⁴	63%	63%	68%	73%	68%
Average revenue per inpatient admission (in RM)	4,141	4,220	4,493	4,906	5,491
PARKWAY PANTAI LIMITED - India Operations Division⁵					
No. of hospitals at end of year					8
No. of licensed beds ¹ at end of year					2,210
No. of operational beds ¹ at end of year					1,260
Inpatient admissions ²					59,884
Average length of stay ³ (days)					4.2
Occupancy rate ⁴					55%
Average revenue per inpatient admission (in INR)					109,270
Average revenue per inpatient admission (in RM, INR1=RM0.06516)					7,120
ACIBADEM HOLDINGS					
No. of hospitals at end of year	14	16 ⁹	16 ⁹	17 ⁹	18 ⁹
No. of licensed and operational beds ⁶ at end of year	1,751	1,911 ⁸	2,035 ⁸	2,526 ⁸	2,772 ⁸
No. of overnight beds ⁶ at end of year	1,081	1,423 ⁸	1,433 ⁸	1,683 ⁸	1,903 ⁸
Inpatient admissions ²	88,525 ⁷	112,394 ⁸	120,083	131,176	130,429
Average length of stay ³ (days)	3.5 ⁷	3.3	3.2	3.4	3.6
Occupancy rate ⁴	80% ⁷	74%	73%	73%	72%
Average revenue per inpatient admission (in TL)	5,600	5,840	6,063	6,321	7,290
Average revenue per inpatient admission (in RM, TL1=RM1.47446)	8,257	8,611	8,940	9,320	10,748

Notes:

Parkway Pantai Limited 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.

- 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.
- Represents the total number of overnight inpatients admitted to our hospitals.
- Represents the average number of days an overnight inpatient stays at our hospitals.
- 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.
- The Group acquired Continental and Global Hospitals during FY2015. Information disclosed is for full year FY2015.

- 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.

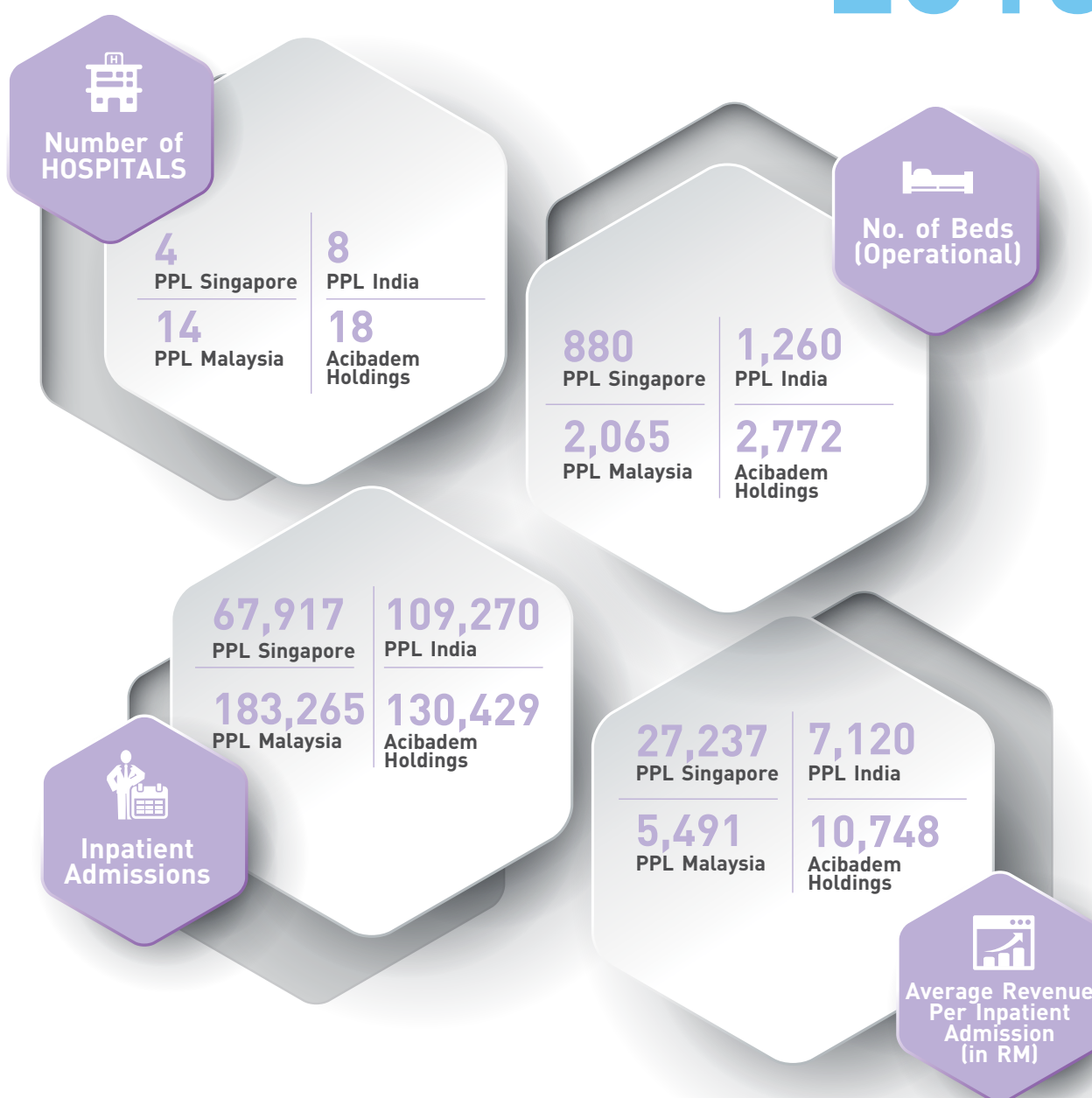
In addition to licensed beds, "operational beds" includes beds used for treatments of less than 24 hours such as chemotherapy, radiotherapy and sedation or other beds such as incubators, labour beds, beds for examination, small treatments and relaxation, from which Acibadem derives revenue and does not require licensing.

"Overnight beds" comprise beds used for observation and treatment of at least 24 hours.

- 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.
- 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 2012-2015 excludes Aile Hospital Goztepe.
Inpatient admissions includes Aile Hospital Goztepe for January to April 2012, before the hospital operations was suspended.
- Number of hospitals includes Aile Hospital Goztepe.

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

2015



FINANCIAL HIGHLIGHTS

A INCOME STATEMENT (RM million)

Revenue by Strategic Business Units

	FY2011	FY2012	FY2013	FY2014	FY2015
Parkway Pantai	3,167.1	4,636.0	3,887.8	4,374.8	5,159.8
Acibadem Holdings	–	2,058.5	2,585.6	2,652.3	2,952.9
IMU Health	158.8	174.8	197.6	217.9	229.3
Others	2.9	3.4	4.2	4.7	7.9

	3,328.8	6,872.7	6,675.3	7,249.7	8,349.8
PLife REIT total revenue	–	232.7	234.7	258.8	288.3
PLife REIT inter-segment revenue	–	(142.9)	(153.5)	(164.4)	(182.7)

Total	3,328.8	6,962.5	6,756.5	7,344.0	8,455.5
--------------	----------------	----------------	----------------	----------------	----------------

EBITDA¹ by Strategic Business Units

Parkway Pantai	619.3	1,001.1	966.4	1,115.4	1,271.1
Acibadem Holdings	–	330.4	462.8	476.4	521.0
IMU Health	61.5	63.8	74.6	76.4	80.6
Others	(22.6)	(15.9)	(30.0)	(30.7)	(37.4)

	658.2	1,379.4	1,473.8	1,637.6	1,835.3
PLife REIT	–	189.6	184.5	298.3	306.2

Total	658.2	1,569.0	1,658.3	1,935.9	2,141.5
--------------	--------------	----------------	----------------	----------------	----------------

Profit After Tax and Minority Interest ("PATMI")

Including Exceptional Items	373.5	750.8	631.2	754.3	933.9
Excluding Exceptional Items	439.7	619.1	610.6	782.2	899.2

B FINANCIAL POSITION (RM million)

Total Assets	17,284.0	25,648.3	27,261.3	28,640.3	35,497.9
Net Borrowings	3,727.5	2,213.4	2,316.5	1,801.5	4,718.5
Equity attributable to Owners of the Company	9,790.7	17,131.0	18,075.1	19,451.7	22,155.7

C FINANCIAL RATIOS

Basic Earnings per Share (sen)

Including Exceptional Items	8.22	10.76	7.78	9.24	11.38
Excluding Exceptional Items	9.67	8.88	7.53	9.58	10.95

Net Assets² per Share (RM)

	1.78	2.13	2.22	2.38	2.69
--	------	------	------	------	------

Net Tangible Assets³ per Share (RM)

	0.32	0.68	0.81	0.95	1.04
--	------	------	------	------	------

Return on Shareholders' Fund⁴ (%)

Including Exceptional Items	3.81%	4.38%	3.49%	3.88%	4.22%
Excluding Exceptional Items	4.49%	3.61%	3.38%	4.02%	4.06%

Return on Total Assets (%)

Including Exceptional Items	2.16%	2.93%	2.32%	2.63%	2.63%
Excluding Exceptional Items	2.54%	2.41%	2.24%	2.73%	2.53%

Net Debt Equity Ratio (times)	0.37	0.12	0.12	0.08	0.19
--------------------------------------	-------------	-------------	-------------	-------------	-------------

Notes:

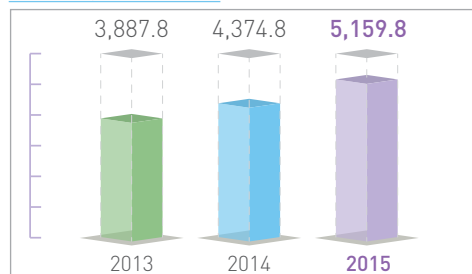
The above historical financial summary may not be comparable across the period presented due to the changes in the Group structure as well as the effects of the initial public offering in 2012.

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.

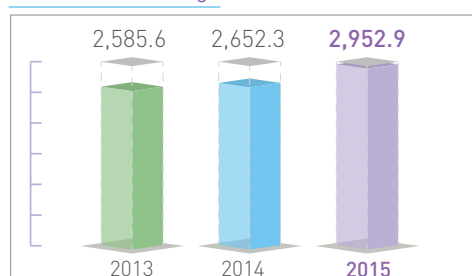
1. Being earnings before interest, tax, depreciation, amortisation, exchange differences, share of results of associates and joint ventures and other non-operational items.
2. Being net assets attributable to ordinary shareholders (excluding non-controlling interests).
3. Being net assets attributable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

Revenue by Strategic Business Units (RM million)

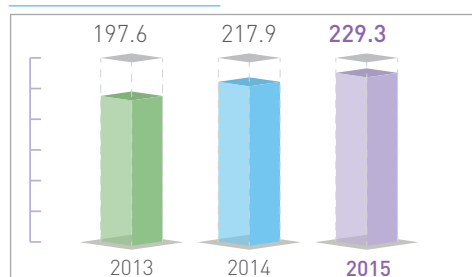
Parkway Pantai



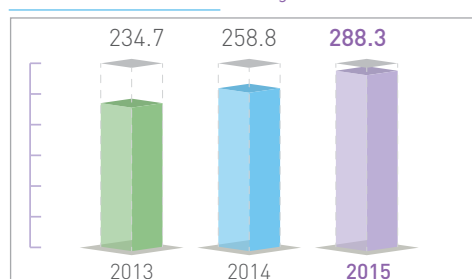
Acibadem Holdings



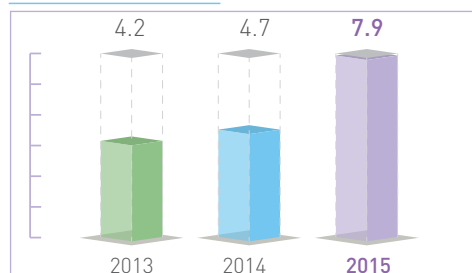
IMU Health



PLife REIT (includes inter-segment revenue)

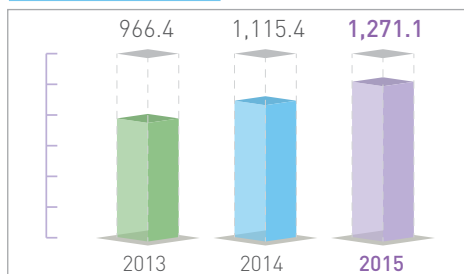


Others

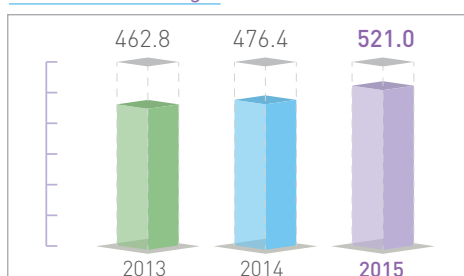


EBITDA¹ by Strategic Business Units (RM million)

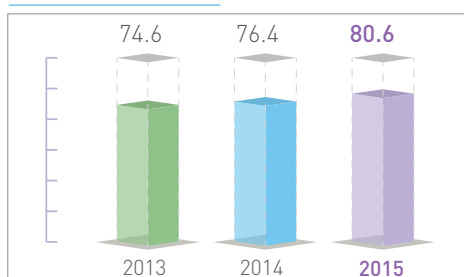
Parkway Pantai



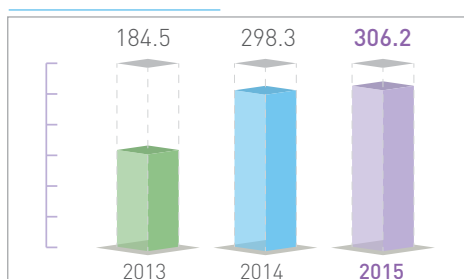
Acibadem Holdings



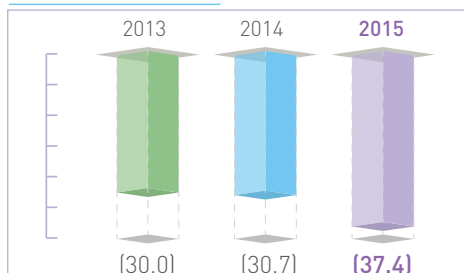
IMU Health



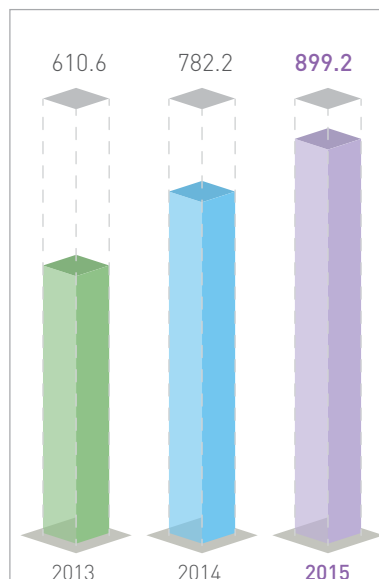
PLife REIT



Others

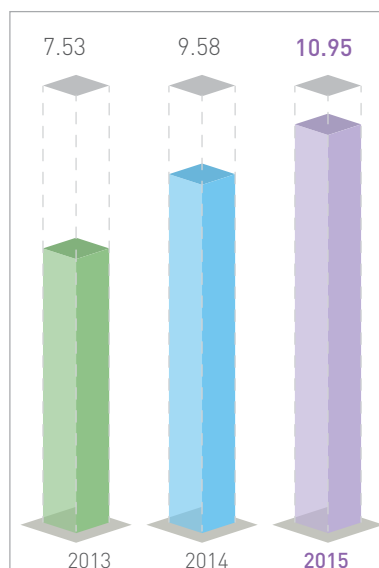


Profit After Tax and Minority Interest ("PATMI") Excluding Exceptional Items (RM million)



14.96% YoY

Basic Earnings per Share (sen) Excluding Exceptional Items



14.30% YoY

INVESTOR RELATIONS



COMMUNICATION WITH SHAREHOLDERS AND STAKEHOLDERS

WE RECOGNISE THE IMPORTANCE OF ENGAGING OUR INVESTORS AND BELIEVE THAT GOOD, CLEAR AND CREDIBLE COMMUNICATION WILL FOSTER CONFIDENCE AND BUILD UNDERSTANDING, THEREBY MAXIMISING SHAREHOLDER VALUE.

The Company has a dedicated Investor Relations and Corporate Communications Department which enables IHH to maintain its on-going engagement with the investing community and research analysts.

We achieve this through active dialogue and strategic communication platforms to provide comprehensive insights about the Group's business strategies, financial performance and current business initiatives.

IHH consistently engages with shareholders through its annual report, Annual General Meeting, continuing and timely disclosures and material announcements through Bursa Malaysia and SGX. The Group's Investor Relations function provides a direct channel to further build on relationships between the Group and its investors in Malaysia and internationally. Members of our Senior Management are directly involved in the Group's investor relations activities through periodic roadshows and investor briefings in the country and abroad with financial analysts, institutional shareholders and fund managers. With the active involvement of Senior Management members, the investing community is

assured of views and information that is relevant, accurate and timely pertaining to the Group. Separate media and analysts briefings are also conducted when the Group's quarterly results are released.

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 programme.

GROUP CORPORATE WEBSITE

The Group's corporate website at www.ihhhealthcare.com provides quick access to information about the Group. The information on the website includes the Group's corporate profile, Senior Management profiles, share information on both Bursa Securities and SGX, financial results, dividend policy, annual reports, Annual General Meeting information, corporate governance related policies, corporate news and IHH's global operations and major subsidiaries. The investor relations team continues to ensure that the investor relations section of the corporate website remains up-to-date with the latest Group disclosures.

Any queries or concerns regarding the Group can be directed to the Investor Relations Department at ir@ihhhealthcare.com.

ANALYST BRIEFINGS FOR QUARTERLY RESULTS ANNOUNCEMENT

IHH's Senior Management organised four analyst briefings and one media briefing in 2015 to further discuss and communicate the Group's quarterly financial results with stakeholders, on top of timely announcements to Bursa Malaysia and SGX. These conference calls were made available to the relevant participants and all material relating to the results announcements were uploaded to the Group's corporate website. The material include:

- A press release with key operational and financial highlights for the quarter
- A set of presentation slides with further operational and financial information
- A recording of the briefing for on-demand playback

TABLE OF KEY EVENTS

Key Events	2015	2014	2013
Quarterly Results Announcement: Teleconference & Webcast	4	4	4
Investor conferences & Non-deal roadshows	18	17	21
Number of analysts/fund managers met (in-house, conference calls & roadshows)	591	436	341

CONFERENCES AND ROADSHOWS

During the year, IHH participated in 18 conferences and roadshows where Senior Management & the Investor Relations team met with existing and potential investors and provided an update on the Group's strategy, latest quarterly operational and financial performance and business outlook for the Group.

Dates (2015)	Conference Names	Location	Organisers
5 January	DBS Vickers Pulse of Asia	Singapore	DBS Vickers Securities
13 – 14 January	JP Morgan 2014 Healthcare Conference	San Francisco	JPMorgan Securities (Malaysia) Sdn Bhd
3 – 4 March	Daiwa Investment Conference	Tokyo	Daiwa Securities
4 – 5 March	BAML ASEAN Star Conference	Singapore	Bank of America Merrill Lynch Global Research
9 – 10 March	DB UK (London) NDR	London	Deutsche Bank
10 March	RHB Luncheon Presentation	Kuala Lumpur	RHB Securities Institute Sdn Bhd
12 – 16 March	CIMB US NDR	Boston/ New York/ San Francisco/ Los Angeles	CIMB Securities Ltd

Key Messages

About IHH

Leadership

[Strategy and Performance](#)

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

INVESTOR RELATIONS

Dates (2015)	Conference Names	Location	Organisers
24 – 25 March	Credit Suisse Asia Investment Conference	Hong Kong	Credit Suisse
24 April	CIMB Invest Malaysia KL 2015	Kuala Lumpur	CIMB Securities Ltd
7 July	DBS Vickers Pulse of Asia	Singapore	DBS Vickers Securities
1 – 2 September	JP Morgan's Asia CEO-CFO Conference 2015	New York	JPMorgan Securities (Malaysia) Sdn Bhd
2 – 3 September	UBS ASEAN Conference	Singapore	UBS Securities Malaysia Sdn Bhd
3 – 4 September	UOBKayHian Toronto NDR	Toronto	UOB Kay Hian
8 – 9 September	CLSA Tokyo NDR	Tokyo	CLSA Singapore Pte Ltd
15 – 16 September	CLSA Forum HK	Hong Kong	CLSA Singapore Pte Ltd
21 – 25 September	UBS UK/EU NDR	London/Edinburg/Paris/ Frankfurt	UBS Securities Malaysia Sdn Bhd
8 – 9 October	CIMB Healthcare Conference	Hong Kong	CIMB Securities Ltd
13 October	Kenanga Healthcare Corporate Day	Malaysia	Kenanga Investment Bank Ltd

Equity Analyst Coverage

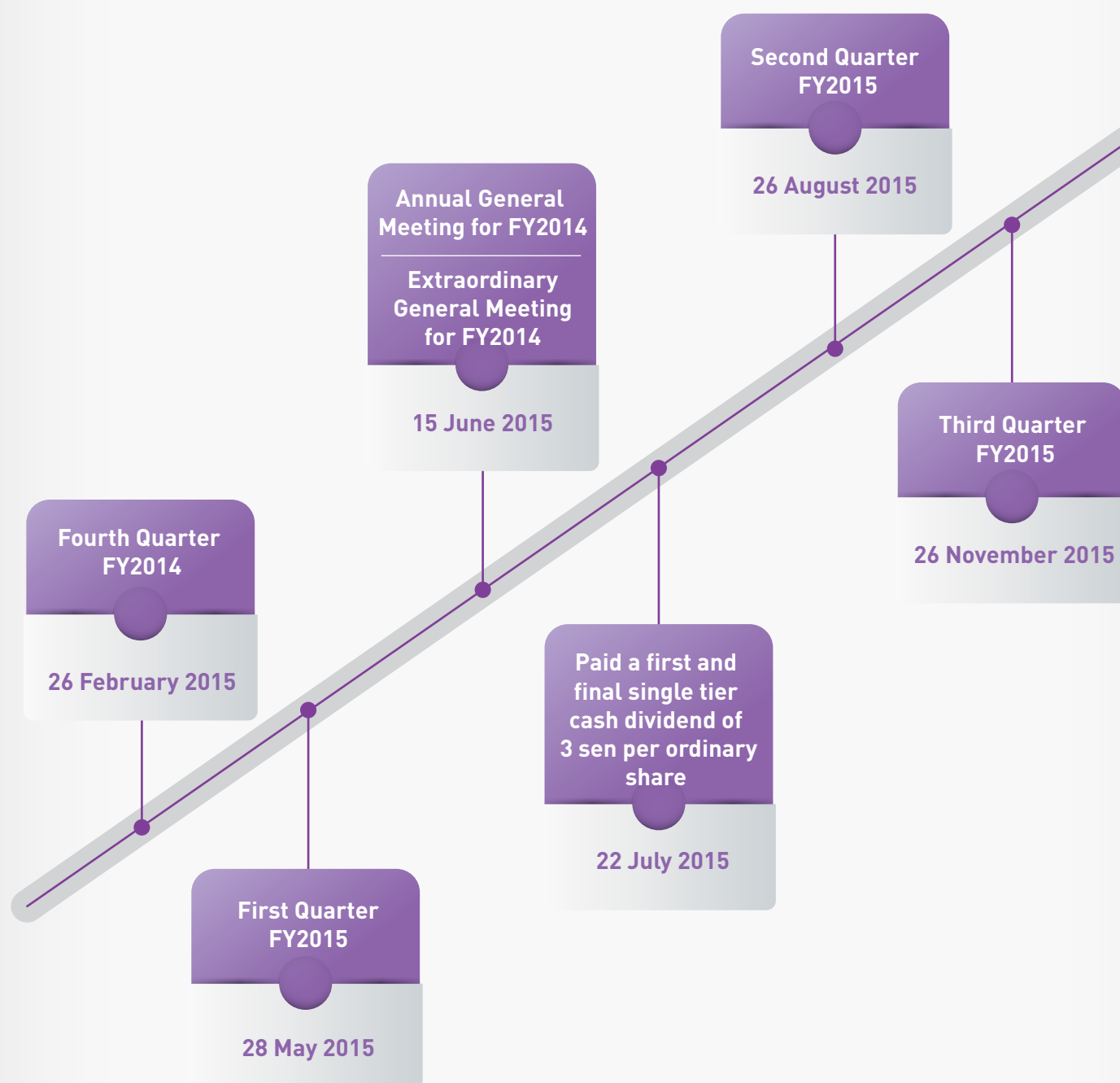
27 Sell Side Analysts Coverage - (As at December 2015)

ANALYST COVERAGE

Affin Securities
 Alliance Research Sdn Bhd
 AmResearch Sdn Bhd
 Bank of America Merrill Lynch Global Research
 Barclays Bank PLC
 BIMB Securities Sdn Bhd
 CIMB Securities Ltd
 CLSA Singapore Pte Ltd
 Citigroup Global Markets Asia
 Credit Suisse
 DBS Vickers Securities
 Deutsche Bank
 Goldman Sachs Investment Research
 Hong Leong Investment Bank Bhd
 JPMorgan Securities (Malaysia) Sdn Bhd
 KAF Seagroatt & Campbell

Macquarie Securities Ltd
 MIDF Research
 Nomura Securities
 Kenanga Investment Bank Bhd
 Maybank Kim Eng Securities
 Morgan Stanley Asia Limited
 Public Investment Bank Berhad
 RHB Research Institute Sdn Bhd
 Sanford C Bernstein
 TA Securities Holding Bhd
 UBS Securities Malaysia Sdn Bhd

FINANCIAL CALENDAR

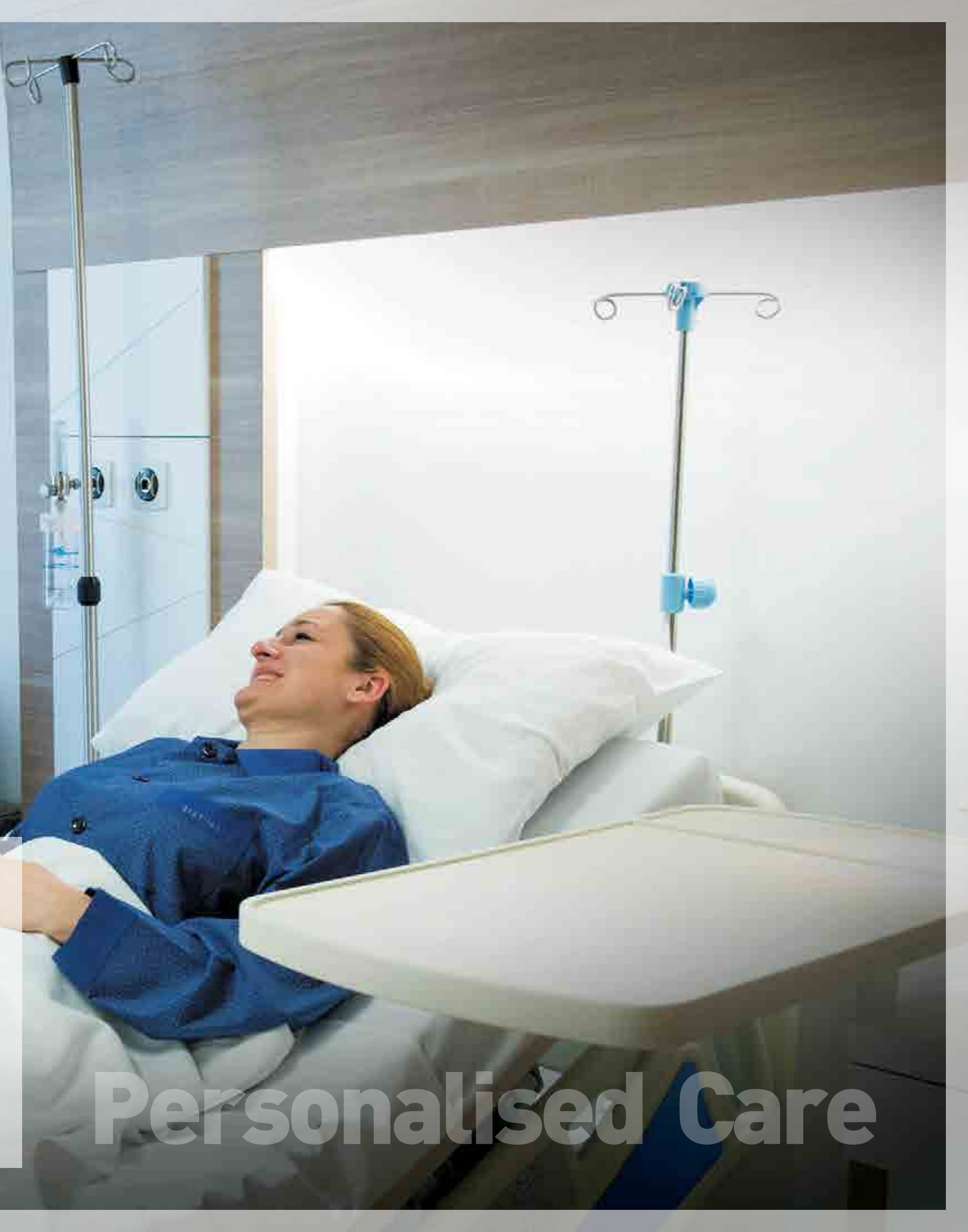




DELIVERING SUPERIOR PERSONALISED CARE



Patients are at the centre of all we do. We offer care in line with the very best practices. The dedication and compassion of our healthcare professionals and support staff set an exceptional standard for patient care. We are always striving to find better ways to ensure patients have the best possible care experience.



Personalised Care

CORPORATE RESPONSIBILITY



At IHH, nurturing a culture of caring is central to our corporate philosophy. This goes beyond our commitment to excellence in medical care – it is about leveraging our core strengths and capabilities as an integrated healthcare provider to transform lives in the communities where we operate.

These values reflect the way we care for our patients at each step of their journey, and how we embrace their families and support groups to improve patient recovery and community awareness. It is reflected in our training institutions that aim not only to produce exemplary professionals but also ensure that our graduates gain experience in serving the community. It is demonstrated by our commitment to provide a workplace that attracts and retains the best talent, while we push the frontiers of health care by pursuing knowledge and embracing innovation.

COMMUNITY

KHAZANAH IHH HEALTHCARE FUND



The cornerstone of our Corporate Responsibility efforts is the RM50 million Khazanah IHH Healthcare Fund. With this fund, IHH is able to partially or fully sponsor treatment for underprivileged patients in our home markets of Malaysia, Singapore and Turkey. Since its establishment in 2012, we have disbursed more than RM33 million through programmes run by our

business divisions and touched the lives of more than 3,600 patients. In the process of providing medical aid to needy patients, we have established strong partnerships with welfare organisations to identify priority patients and communities in need of assistance.

The fund is used to support Parkway Pantai's Life Renewed programme in Malaysia and Singapore as well as IMU Cares in Malaysia and Acibadem's Dreams Coming True project in Turkey.



Cardiology for
Paediatric & Adults



Ophthalmology



General Surgery



Oncology



Orthopedics



Others such as ENT
surgeon, Urology,
Neurology and etc

LIFE RENEWED

In 2015, the Life Renewed programme in Singapore supported 36 medical procedures which included 30 cataract surgeries and three total knee replacements. Meanwhile in Malaysia, the Fund focussed primarily on cardiology with 91 cases for adults and another 67 cases treating children from underprivileged backgrounds. Additionally, the Fund also enabled 77 cataract beneficiaries to receive treatments. To date, more than 990 patients in Malaysia and 165 in Singapore have benefitted from the programme.

Also under Life Renewed, International Medical University (IMU) has been collaborating with the National Transplant Resource Centre in Malaysia to promote organ donation since 2012. Last year, they roped in Parkway Pantai's hospitals in Malaysia to educate a wider demographic about the importance of gifting one's body parts for a good cause.

In July, a nationwide year-long campaign was launched with agencies such as the Malaysian Association of Private Colleges and Universities (MAPCU). The campaign slogan, *Part of You, All of Me*, captures the impact a person makes on the lives of others through organ and tissue donation. Through the support of well-known public figures, the campaign helps to overcome the stigma against organ donation and encourages pledgers to share their decision with their loved ones. A total of 22 organ donation drives were held over the year, resulting in 1,232 new pledges, a number that is expected to increase as the programme continues till July 2016.



CORPORATE RESPONSIBILITY



IMU CARES

Since 2002, IMU Cares has supported its faculty and students to provide remote communities in Malaysia with free health and medical services. In 2015, a total of 123 projects and activities were implemented with over 50 partner organisations, benefitting more than 17,500 participants in four main areas:

Healthcare

Staff and students promote health awareness through education, screenings and primary medical assistance to surrounding communities, especially for:

- Disease prevention screening
- Medical and nutritional counselling
- Dental and chiropractic screening

IMU Healthcare clinics identify urgent needs and facilitate timely treatment.

Education

Projects centre on training IMU's Community Partners, where 554 caregivers earned essential skills like:

- Basic Life Support
- Basic First Aid
- Care for the Aged and Disabled
- Wound Care

Enhancement

Focussing on improving the living environments of nine Community Partners, buildings were refurbished, security and safety features were installed, and energy efficiency was promoted through the use of solar panels.

Environment

IMU students organised the annual Chariofare, which attracted more than 3,500 participants and raised RM180,983 in 2015. This was channelled to several Community Partners and the IMU Cares Disaster Fund, which helps IMU Cares to continue healthcare programmes with local communities and extend disaster relief aid to Nepal, Laos, Myanmar and Malaysia.



DREAMS COMING TRUE

In Turkey, Acibadem in collaboration with the Turkish Ministry of Family and Social Policies has been sponsoring fertility treatments and procedures to help couples conceive through the Dreams Coming True project. To date, 2,500 families have received free treatment.



BEYOND KHAZANAH IHH HEALTHCARE FUND

Beyond the Khazanah IHH Healthcare Fund, hospitals within the Group regularly extend a helping hand to members of the surrounding local communities. Last year, for example, Parkway East Hospital in Singapore responded to a news report about a 12-year-old girl who has been wheelchair-bound since Primary 4. The hospital gifted her with a motorised wheelchair that lent her added mobility and a new sense of independence as she begins secondary school.

RAPID RESPONSE TO FLOODS IN MALAYSIA — PROVIDING RELIEF, ASSISTANCE TO REBUILD

Towards the end of 2014, the east coast of Peninsular Malaysia was hit by devastating floods which displaced thousands of residents. Even after the floodwaters receded, families struggled to obtain basic supplies and getting their lives back to normal. In response, IHH mobilised immediate relief through our network of hospitals in Malaysia. Teams collected and distributed essential items such as food, water, blankets, diapers and clothes to those affected. Our Board and Management made a further contribution of RM2 million to boost immediate relief and post-flood recovery efforts provided by MERCY Malaysia and IMU Cares. This covered the supply of respiratory-related equipment, vaccinations, medication and medical teams. In addition, Back-to-School packs, Family Essential packs, and medication packs were distributed. Some of these funds were also given to Parkway Pantai employees whose families were affected by the floods.



Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

CORPORATE RESPONSIBILITY

SUPPORT FOR BREAST CANCER AWARENESS

Although breast cancer is the most common cancer among women, it is also one of the most curable if detected early. Empowering women through education and turning awareness into action is the vision behind the Wear it Pink initiatives for Breast Cancer Awareness Month by Pantai Hospitals in Malaysia. Pantai Hospital Cheras held its annual Pink Umbrella Walk to drive home the message that women can shield themselves from breast cancer by simply making a commitment to regular screening. More than 300 participants formed a brightly-attired procession from the hospital to a nearby mall where specialists and nurses were on hand to provide counselling and instruction to the public on breast self-examination. In addition, complimentary mammogram screening vouchers

were given to women over 40. The event also raised RM10,000 for *Yayasan Sin Chew*, a foundation which supports breast cancer patients.

Pantai Hospital Kuala Lumpur (PHKL) succeeded in bringing 280 policymakers, medical practitioners, and civil representatives to participate in a discussion of policy innovations and healthcare coverage for breast cancer patients at the 3rd Women's Health Summit 2015. At the event, PHKL launched a new guide to breast cancer awareness and its Wear it Pink mobile app. RM40,000 was raised in support of the National Cancer Society of Malaysia, Breast Cancer Welfare Association Malaysia, NCD Alliance Malaysia and Hospis Malaysia.



Acibadem promotes the fight against breast cancer through their annual campaigns

RAISING AWARENESS TO PREVENT COLORECTAL CANCER

Both Gleneagles Kuala Lumpur and Pantai Hospital Kuala Lumpur held special Blue Star events in conjunction with International Colorectal Cancer Awareness Month in 2015. Colorectal cancer incidences are increasing in Malaysia, especially among adult males. However, with proper and timely screening, the risk of developing the cancer decreases substantially. The Blue Star campaign enables open discussion about a disease many are not comfortable talking about. The aim is to dispel fear, encourage proactive screenings, and promote healthy lifestyles.



Gleneagles Kuala Lumpur launched its Blue Star campaign in March 2015 with celebrity chef, Chef Wan presenting a healthy cooking demonstration. The hospital organised public health talks, a 3D learning gallery and a photo contest on Instagram to galvanise Malaysians for the Blue Star campaign and fight against colorectal cancer. Similarly, Pantai Hospital Kuala Lumpur, with Colorectal Cancer Survivorship Society Malaysia and the Malaysian Society of Colorectal Surgeons, launched 'Buds & Guts': A Colorectal Cancer Carnival for a Cure in March 2015, that attracted over 1,000 participants.

FEED THE PASSION PROGRAMME



In 2015, Mount Elizabeth Hospital, along with SportCares, the philanthropic arm of Sport Singapore, supported 'Be Heart Strong, Feed the Passion' programme which provides young athletes and their families with healthy dinners for a year. The young athletes were also given tips on how to make healthy, nutritious meals on a budget.

A 'Tingkat: Gift of Warmth' fundraising drive by staff of Mount Elizabeth Hospital and Mount Elizabeth Novena Hospital in Singapore raised more than RM171,000 for the Hope Centre, which serves the community in Kampung Glam, in January 2015. The funds provided 20 needy families with free meals for a year. They also helped equip the centre with essential medical equipment such as blood glucose monitoring kits and blood pressure monitors. At the same time, the hospitals provided free health checks to the elderly.

SPORTS SPONSORSHIP

Acibadem is Turkey's one and only Federation of International Football Associations' (FIFA) accredited centre of medical excellence, providing care to national and international sports clubs and individuals.



Arda Turan, Türkiye Futbol Federasyonu (TFF) Başkanı, 13 Eylül 2015

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

CORPORATE RESPONSIBILITY

MARKETPLACE

Within the marketplace, maintaining leadership as a responsible organisation means placing the highest priority on corporate governance and transparency with key stakeholders. We are committed to providing the best quality treatment and service to our patients, extending our presence to reach as many as possible. Meeting the needs of the marketplace involves investing in medical research and acquiring new knowledge to revolutionise patient care. In addition, the Group is committed to giving aspiring medical students from all walks of life the opportunity to excel. Through our scholarship and endowment programme, IHH contributes to developing a robust and dynamic healthcare industry.

CORPORATE GOVERNANCE

As a listed entity, we recognise our responsibility to be open and transparent in all our operations and dealings with business partners, suppliers and other stakeholders. We adhere to best practices in all the markets we have a presence in. For example, in Malaysia and Singapore, we abide by regulatory guidelines such as the Malaysian Code on Corporate Governance (MCCG) 2012, and Singapore Code of Corporate Governance 2012. We have in place a Code of Conduct and a Code of Ethics applicable to all employees, management and Board equally. We also have a Whistle Blowing Policy to provide a safe channel where divergence from the norm can be reported appropriately. Good governance is maintained by the Audit and Risk Management Committee, and Nomination and Remuneration Committee at the Group and individual operating unit levels.



ENGAGING WITH STAKEHOLDERS

We believe in maintaining a healthy and open communication platform with our shareholders, investors and members of the investing community as well as the media. Towards this end, we have a dedicated Investor Relations team and Corporate Communications department whose function is to engage with institutional investors and other stakeholders on a regular basis. These teams have reference to a clear and comprehensive Communication Policy that serves to ensure we maintain our reputation as a trustworthy healthcare and education provider.





IMPROVING PATIENT CARE THROUGH INNOVATIVE DESIGN

Our first greenfield hospital in Singapore – Mount Elizabeth Novena Hospital – takes patient care into the future. Aside from energy efficient features which lower environmental impact, this facility boasts intuitive elements that enhance operational efficiency and patient safety. The rooms are designed to provide patients with a comfortable and conducive healing environment. The wards are at the same level as the specialists centre to ensure efficiency and swifter response time for doctors. Equipped with single-handed canted rooms which share an identical layout, critical medical apparatus (like medical gases) are located in the same position in every room to facilitate more efficient workflow and enable doctors to monitor patients with ease.

GROWING OUR FOOTPRINT

Extending our network across Asia and Central and Eastern Europe, the Middle East and North Africa (CEEMENA), we go where a growing demand for quality private healthcare is. We believe that by expanding our presence, not only will the Group benefit from the economies of scale but also positively impact a larger cross section of lives. This firm belief leads to a pipeline of hospitals under development. During the year, we opened two hospitals in Malaysia: Gleneagles Medini and Gleneagles Kota Kinabalu; one hospital in Turkey: Acibadem Taksim Hospital; and made two significant acquisitions in India: Continental Ltd and Global Hospitals. We also made forays into Chengdu, Western China slated for completion in late 2017, as well as Yangon, Myanmar, slated for completion in 2020.

ADVANCING STUDY AND RESEARCH IN MEDICINE

IHH supports medical education in Singapore and Malaysia by providing financial aid to deserving scholars. In 2012, the RM6.1 million Mount Elizabeth-Gleneagles Scholarship Fund was set up for undergraduates pursuing medicine at the NUS Yong Loo Lin School of Medicine. A total of 16 scholarships are offered a year, worth about RM30,000 each and comes with a matching government grant.

Meanwhile, Parkway Pantai has channeled funds into a specific area of research at the same School since 2000, when RM4.6 million was dedicated to establish the Parkway Professorship in Geriatrics. In 2015, a fresh RM9.0 million endowment fund was set aside to establish the Parkway Pantai Professorship in Medicine and Healthy Ageing. The Professorship enables NUS to appoint an expert in functional ageing, and support extensive research into the causes, prevention and treatment of age-related disorders including dementia.

CORPORATE RESPONSIBILITY

WORKPLACE



IHH believes that people are our greatest asset. In order to attract and retain the best talent, we endeavour to develop the most conducive work environment to enable everyone – from our elite medical professionals to nurses and other healthcare professionals to our management staff – to operate at their highest level of efficiency. As we grow as a Group, we are constantly creating opportunities for employees to grow with us through continuous training and professional development. In addition, in all our facilities, we are embracing greater levels of consultation to better accommodate the input and feedback of staff. We also seek actively to improve work-life balance and enhance work satisfaction among our employees.

OPENING COMMUNICATION CHANNELS TO ENHANCE RESPONSIVENESS TO EMPLOYEE NEEDS

In order to improve our responsiveness to staff, IHH has instituted various programmes to obtain constructive input from our employees, including town halls and tea sessions conducted by top management in Malaysia and Singapore. Employee Satisfaction Surveys have also been implemented since 2013. These open consultations enable IHH to identify areas for improvement and adopt fresh approaches to improve performance while accommodating employee needs.

Among the Acibadem hospitals, there are weekly open-door days where staff are able to provide feedback to top management. Feedback may also be given online. An employee satisfaction survey was conducted between 4-14 December 2015.

EMPHASIS ON QUALITY

In a demonstration of efforts to institute a culture of excellence, Parkway Pantai's Singapore Operations held the Parkway Quality Convention in November 2015 which was attended by about 400 staff. The emphasis was on the important role all individuals in the organisation play in delivering quality service and experience to patients. At the convention, Parkway Quality Awards were given for two main categories: Clinical & Hospital-wide Projects as well as Service/Productivity Projects. The winning project for the former was able to reduce the discharge turnaround time by about 11 minutes; while the latter category was won by an initiative that is able to save about S\$80,000 a year on kitchen cleaning in hospitals. In addition, we also celebrated the efforts of teams and individuals who went beyond the call of duty to care for patients under the GCEO Service Excellence Awards and GCEO Patient Safety Awards.



At the convention, IHH's Managing Director and CEO shared that an International Clinical Governance Advisory Council is being set up to oversee clinical governance and ensure a consistent approach in managing risks across IHH.

PROVIDING REWARDING CAREERS FOR WOMEN, AND REWARDING EXCELLENCE IN NURSING



Nursing has traditionally been a profession that attracts women and this is reflected in the gender balance of employees across the Group. IHH employs a workforce of more than 30,000 across our home markets, with women making up over 67% of this number. Women hold 7.7% of managerial positions in Singapore and Malaysia, while almost half of all management positions are filled by women in Turkey.

IHH is proud to provide rewarding careers for women in healthcare and promote their continued professional growth. At Parkway Pantai Malaysia, nurses are fully-sponsored to obtain their Diploma in Nursing from

International Medical College (IMC) and given the opportunity to be employed by the hospital upon graduation. Continuous training is provided for staff to pursue specialised nurse training in the various post basic courses at IMC. Nurses with diploma who excel are given the opportunity to upgrade their qualification to a Degree in Nursing at IMU. There are clear career pathways for nursing staff and many go on to assume greater responsibility as Nurse Managers and Directors of Nursing.

**MORE THAN
30,000
EMPLOYEES**

**7 OUT OF 10
ARE WOMEN**

In Turkey, Acibadem has played a major role in helping to develop the profile of nursing as a respected profession. In their system, new nurses are able to hone their skills under the mentorship of specially trained clinical educators. Staff are able to take advantage of discounted fees if they want to continue

to develop their professional capacities through continuing education and degree programmes at Acibadem University. Acibadem also provides 50% scholarships for nursing and healthcare management graduate programmes and allows subsequent payments to be made in affordable instalments so that limited financial capacity does not become a barrier to professional growth.

Acibadem's Training and Development Department has received many prestigious awards for its innovative and highly effective programmes. To encourage excellence in nursing, Acibadem has instituted a Nurse of the Year programme which recognises and financially rewards top performers.



CORPORATE RESPONSIBILITY

STAFF-CENTRED PROGRAMMES AND BENEFITS

Programmes to help staff manage work-life balance, maintain healthy lifestyles and also support their families while pursuing their professional development are also important within IHH. Our hospitals in Malaysia and Singapore offer after-work recreation and special events such as sports days, family day and dinner and dance.

In November 2015, all Parkway Pantai hospitals in Malaysia sent teams to compete in the Group Sports Carnival which was so successful that it has become an annual event. The introduction of childcare centres within some Pantai facilities has been very positively received by employees with young children.

Acibadem also offers opportunities for self-improvement such as free language courses in collaboration with Acibadem University. Meanwhile, a Social Committee funds various social activities and recreational events. Other employee benefits include free meals, transportation and housing. Acibadem is also able to negotiate for discounts for its employees among major vendors and service providers. Employees in need of financial assistance are further able to access interest-free funds and a manageable programme for repayment.

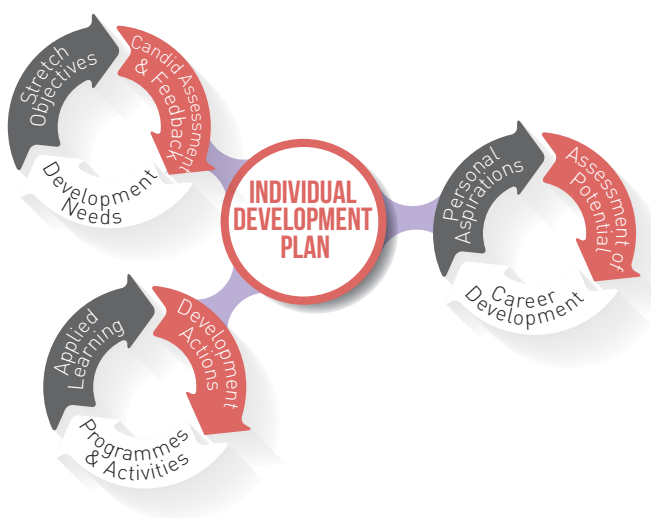


BUILDING AN INTERNATIONAL FRATERNITY OF HEALTHCARE PRACTITIONERS

In 2015, IHH introduced a talent exchange programme through which staff of Parkway Pantai and Acibadem are given the opportunity to learn from the operations of other countries within the Group. Two staff from Singapore and Malaysia gained new experiences and fresh perspectives from spending three months in Acibadem hospitals in Turkey, while one Acibadem staff spent time in facilities in both Malaysia and Singapore. Aside from fostering cross-cultural understanding and friendship among our international team, the learning points from the exchange experience brought back by each of the participants also serve to enrich operational systems in their own facilities.

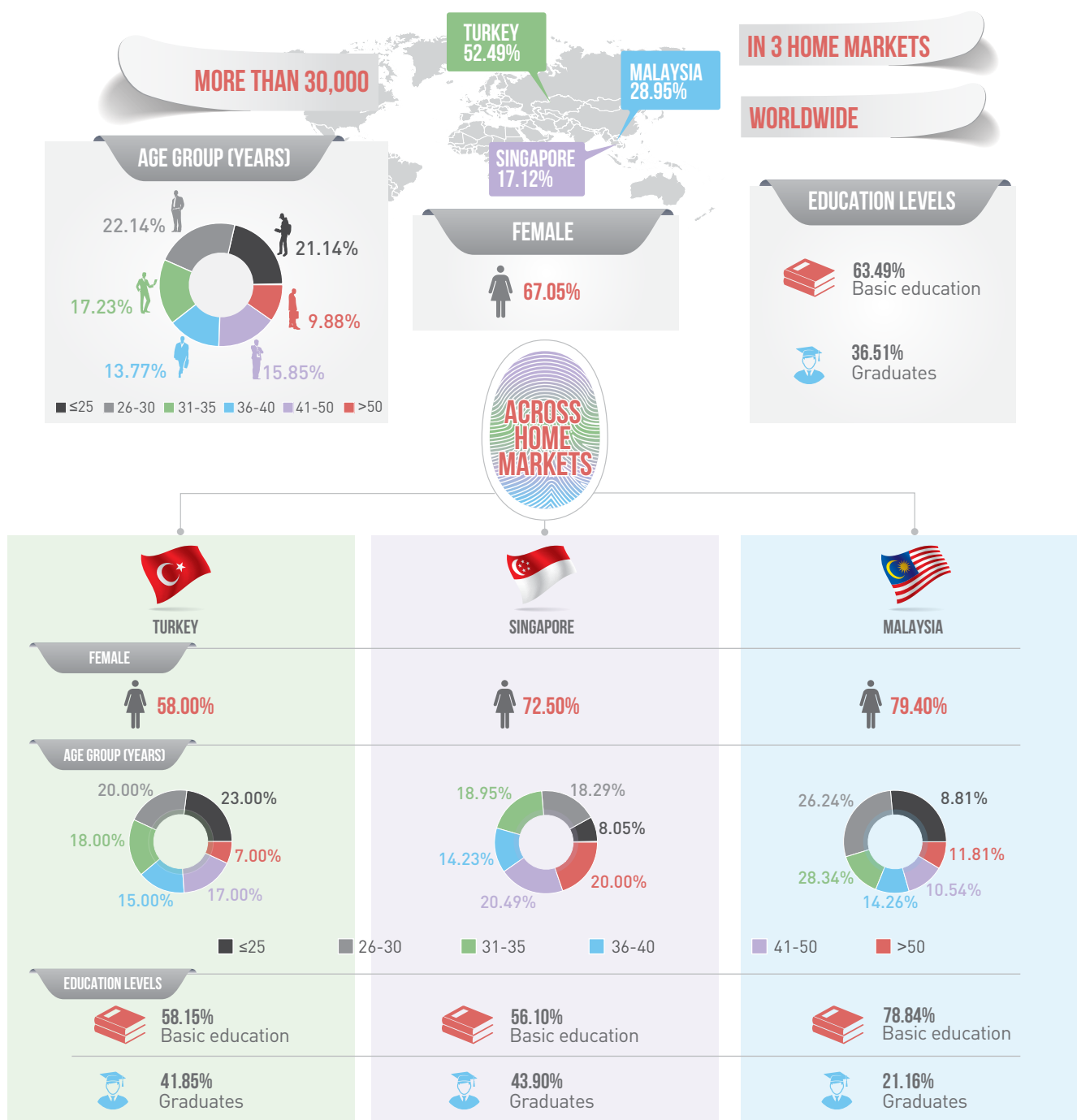
CELEBRATING OUR CONSULTANTS

To nurture a greater sense of community among the healthcare fraternity, IHH holds informal gatherings for our medical practitioners. One such event is the annual cocktail organised for specialists accredited with Parkway Pantai's hospitals in Singapore. The event held on 23 November was attended by more than 450 doctors and their spouses.



THE HUMAN TOUCH IN HEALTHCARE

At IHH HEALTHCARE the thing that makes us different is the human touch. The people that gives IHH its distinct identity are diverse in gender, age and educational backgrounds.



Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

CORPORATE RESPONSIBILITY

ENVIRONMENT



Think of the
environment.

**Don't bring flowers,
plant a tree!**

All of IHH's facilities in Malaysia, Singapore and Turkey have outlined a framework for ensuring the management of scheduled waste, reducing water wastage, promoting the reuse of grey water, reducing energy wastage, and reducing solid waste through the Group's commitment to recycling. Our hospitals actively undertake staff and visitor education programmes to ensure that concern for the environment becomes second nature to all.

Acıbadem's innovative collaboration with the Turkish Foundation for Combating Soil Erosion, Reforestation and Protection of Natural Habitats (TEMA) encourages people visiting patients to donate saplings through its website instead of buying flowers. The memorial forest comprising thousands of trees that has emerged as a result of this programme bestows so many benefits to society!

ARCHITECTURAL INNOVATION: SAVING ENERGY THROUGH SMART DESIGN

While all our facilities are being adapted to enhance energy efficiency, newer hospitals are easier to implement sustainable design concepts with maximum impact. Singapore's Mount Elizabeth Novena Hospital is a shining example of this. It received the prestigious BCA Green Mark Platinum Award for its environment friendly design, which is conducive for healing and patient care. Features such as double-glazed windows allow natural light in while shutting out solar heat, reducing the amount of energy required for cooling and artificial lighting.

In Turkey, the new Acibadem Altunizade Hospital is being built according to Leadership in Energy and Environmental Energy Design (LEED) specifications and expects to receive LEED Gold certification when construction is completed in 2017. All Acibadem buildings are equipped with energy automation systems which create closely regulated internal environments and minimise the waste of energy for lighting. Acibadem Bodrum Hospital, which enjoys a sunnier climate, has been outfitted with solar panels to harness energy for the hospital's needs.



Tree Planting at Raja Musa Forest Reserve

IMU

IMU staff and students also do their bit to help preserve the environment, through the University's Ecofriend's Club. In 2015, members of the club assisted the Selangor Forestry Department with tree planting to rehabilitate sections of the Raja Muda Forest Reserve. Trees were also planted at Masjid Negeri Shah Alam with the Shah Alam City Council. In addition, IMU Ecofriend's Club raised awareness of environmental issues among the student population through observing Earth Hour and the Go-Green Recycling Campaign.



THE MANAGEMENT IS CURRENTLY SEEKING GBI CERTIFICATION FOR THE NEW ANNEXE OF THE HOSPITAL.

The new annexe of Gleneagles Kuala Lumpur obtained Malaysia's Ministry of Health (MOH) licensing in December 2015 and is in the final stage for GBI certification. Features include:

- Energy efficient design harvests daylight through natural lighting and motion-sensor lighting while reducing cooling needs with an energy management system.
- Indoor environment quality is considered in choosing cleaning materials, indoor fittings and furnishings.
- Water efficiency is achieved by rainwater harvesting and condensation for landscaping uses, while matched with a water metering system to detect and fix leaks and faulty plumbing.
- Waste management systems optimise amounts sent for recycling and limit solid wastes headed to landfills.

EDUCATING STAKEHOLDERS

Engaging visitor curiosity on its green design, Gleneagles Kuala Lumpur has a Public Awareness exhibition displaying the building's energy efficient model. This triggers conversation on making lifestyle changes. The hospital community is also engaged with a Green Maintenance Team set up for facilities maintenance while staff are encouraged to adopt the green lifestyle by taking the staircase when going up or down less than two floors, recycling waste and carpooling.



3R – REDUCE, REUSE, RECYCLE

The thought behind recycling starts from self-sorting waste through the use of recycling bins. IMU uses three coloured bins, green for general waste, yellow for bottles and cans and blue for paper. The recycling bins are around the campus and collected by cleaners regularly.

Key Messages
About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

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 (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”); 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 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, 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 corporate governance principles and recommendations. It highlights the areas where the Group has made good progress in adhering to MCCG’s principles and recommendations, as well as the areas where more work needs to be undertaken.

ESTABLISH 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 and Chief Executive Officer ("MD & CEO") and relevant authority limit. This formal structure of delegation is further cascaded by the MD & CEO to the Senior Management team within the Group. However, the MD & CEO 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.

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.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

STATEMENT ON CORPORATE GOVERNANCE

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 at least five working days 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 a shorter period for the circulation of the proposal papers 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 & CEO provides a comprehensive explanation of significant issues relating to the Group's business while the Chief Financial Officer ("CFO") presents the results of the Group's financial performance. The Chairmen of the Board Committees would report to 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 answer queries raised by the Board as and when required. 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. Notices on the closed period for trading in the Company's securities are sent to the Directors and principal officers on a quarterly basis as a reminder on the prohibition in dealing in the Company's securities by identifying the timeframe of the closed period as prescribed in the MMLR as well as such period during which Directors and principal officers are in possession of price-sensitive information.

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 is available on the Company's website at www.ihhhealthcare.com.

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 its 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, danger to health, safety and environment, criminal activity, improper conduct or unethical behaviour and the attempts to conceal any of these, among other things. The Whistleblowing Policy is available on the Company's website at www.ihhhealthcare.com.

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@ihhhealthcare.com. Alternatively, employees may choose to write in confidence directly to the MD & CEO 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 has embarked and would continue on a holistic review of the Company's sustainable practices and focus on the four key pillars of Community, Marketplace, Workplace Development and Environmental Sustainability as the basis of our report. The Corporate Responsibility Report is laid out separately on pages 84 to 97 of this Annual Report.

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 Malaysia 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 Board Committee 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 reviewed and updated periodically to be in line with the latest changes in the corporate governance practices and guidelines issued by the relevant regulatory authorities.

The Board Charter is available on the Company's website at www.ihhhealthcare.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 ("ARMC"), Nomination and Remuneration Committee ("NRC") and Steering Committee ("SC").

AUDIT AND RISK MANAGEMENT COMMITTEE

The 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 120 to 127 of this Annual Report.

STEERING COMMITTEE

The 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 Zahrudin 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 NRC assists the Board to review and assess the nomination and selection process as well as the remuneration framework of the Board members and Senior Management, the performance of the Board, the training and development needs of the Board members as well as the succession planning for the Board and the Group as a whole.

The composition, TOR, a summary of activities of the NRC, selection and assessment of Directors and boardroom diversity are set out separately in the NRC Report as laid out on pages 128 to 135 of this Annual Report.

ANNUAL ASSESSMENT

The Board, through the NRC, had conducted the annual assessment covering the following in respect of the financial year under review:

- (a) Board as a whole;
- (b) Board Committees such as ARMC and NRC;
- (c) Individual Directors;
- (d) Independent Directors; and
- (e) CFO, external and internal auditors.

The Board as a whole was evaluated in the areas covering board mix and compensation, quality of information and decision making, boardroom activities and continuous development. The Board Committees were assessed based upon the composition and experience of the respective Board Committee members, effectiveness and efficiency of decision making process as well as the quality of information communicated to the Board.

The Directors had conducted self-evaluation centering on areas such as fit and proper, contribution and performance as well as calibre and personality. Each Director was also evaluated by their fellow Board members through the Board Skills Matrix evaluation form focussing on areas in terms of strategy and entrepreneurship, legal and regulatory requirements, corporate governance, risk management and internal controls, audit, accounting, financial reporting and taxation, human capital, sales and marketing as well as production and quality assurance.

Each Independent Director performed a self-evaluation to affirm their independence from management. The Independent Directors were also assessed by their other peers on their overall performance during the year under review in particular whether the Independent Directors had exercised independent and objective judgement when discharging their duties.

The duly completed evaluation forms were collated and a summary was tabled to the NRC for deliberation prior to recommending the appropriate action to the Board for consideration.

The Board, having reviewed the performance of the respective persons/parties from the evaluation findings, is satisfied that:

- (a) 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 in carrying out their duties and responsibilities to steer the Group;
- (b) the ARMC has consistently performed well during the financial year and discharged their duties and responsibilities satisfactorily in upholding the integrity of financial reporting and managing risks in accordance with its TOR. The ARMC members have sound judgement, objectivity, independent attitude, professionalism, integrity, knowledge of the industry and are financially literate;
- (c) the NRC has consistently performed well during the financial year and discharged their duties and responsibilities satisfactorily;
- (d) the four Independent Non-Executive Directors of the Company are independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement. The Independent Non-Executive Directors have continuously brought independent and objective judgement to the Board deliberations;

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

STATEMENT ON CORPORATE GOVERNANCE

- (e) each of the Directors including the MD & CEO and the CFO has the character, experience, integrity, competence and time to effectively discharge their respective role; and
- (f) the external auditors, Messrs KPMG, have discharged their duties independently as well as adopted an objective approach in their audit process. The Board has considered the performance of Messrs KPMG and was satisfied that Messrs KPMG is of calibre and hence, recommended that Messrs KPMG be re-appointed as the external auditors of the Company for the financial year ending 31 December 2016.

Based on the assessment of the individual Directors seeking re-election and re-appointment at the forthcoming Sixth Annual General Meeting ("AGM") of the Company and at the recommendation of the NRC, the Board has recommended for the shareholders' to vote in favour of the relevant resolutions with regard to the re-election and re-appointment of the Directors as stipulated in the Notice of Sixth AGM.

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.

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 for the financial year ended 31 December 2015 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	2,249	–	6,053	176	8,478
Non-Executive Directors ⁽¹⁾	–	2,186	–	–	2,186
Subsidiaries					
Executive Directors	2,661	2,183	13,139	74	18,057
Non-Executive Directors ⁽¹⁾	–	1,857	–	–	1,857

Remuneration Band ⁽²⁾	Executive	Non-Executive	Total
less than RM50,000	–	2	2
between RM150,001 and RM200,000	–	1	1
between RM200,001 and RM250,000	–	1	1
between RM300,001 and RM350,000	–	2	2
between RM400,001 and RM450,000	–	1	1
between RM650,001 and RM700,000	–	1	1
between RM750,001 and RM800,000	–	1	1
between RM1,000,001 and RM1,050,000	–	1	1
between RM2,000,001 and RM2,050,000	1	–	1
between RM7,450,001 and RM7,500,000	1	–	1
between RM17,000,001 and RM17,050,000	1	–	1
Total	3	10	13

⁽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.

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 judgement 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, four Independent Non-Executive Directors and two 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 08 and pages 54 to 65 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 Independent Directors are consistently providing impartial and constructive feedback at Board and Committee meetings. During the financial year, the Independent Directors have also challenged certain proposals and assumptions tabled during meetings and provided their independent viewpoints for the benefit of the Company. 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 judgement and decision-making. None of the Independent Directors has exceeded a cumulative term of nine years.

The Board acknowledges and takes cognisance of the recommendations contained in the MCCG. As at the date of this Statement, the Company has not adopted 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, to enhance the independence of the Board.

DIVISION OF ROLES AND RESPONSIBILITIES BETWEEN THE CHAIRMAN AND THE MD & CEO

IHH recognises the importance of separating the roles of the Chairman and the MD & CEO. 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 the MD & CEO, with a clear division of responsibilities, ensures 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 & CEO manages the business and operations of the Company and implements the Board's decisions. By virtue of the MD & CEO'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@ihhhealthcare.com.

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 currently endeavours to hold at least one of its quarterly meetings at one of the Group's operating entities, to accord the Board members with better understanding as well as first-hand experience of the Group's operational facilities. During the financial year under review, the Board and the ARMC had held their respective meetings at the Head Office of Parkway Pantai Limited, a wholly-owned subsidiary of the Company, in Singapore.

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 seven 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	7/7
Dato' Mohammed Azlan bin Hashim	Deputy Chairman, Non-Independent Non-Executive Director	7/7
Dr Tan See Leng	Managing Director and Chief Executive Officer, Non-Independent Executive Director	7/7
Mehmet Ali Aydinlar	Non-Independent Executive Director	6/7
Satoshi Tanaka	Non-Independent Non-Executive Director	7/7
YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz	Non-Independent Non-Executive Director	7/7
Chang See Hiang	Senior Independent Non-Executive Director	7/7
Rossana Annizah binti Ahmad Rashid	Independent Non-Executive Director	7/7
Kuok Khoo Ean	Independent Non-Executive Director	6/7
Shirish Moreshwar Apte	Independent Non-Executive Director	7/7
Kaichi Yokoyama (Alternate Director to Satoshi Tanaka) (Resigned on 19 June 2015)	Non-Independent Non-Executive Director	4/4
Takeshi Saito (Alternate Director to Satoshi Tanaka) (Appointed on 19 June 2015)	Non-Independent Non-Executive Director	3/3
Quek Pei Lynn (Alternate Director to YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz)	Non-Independent Non-Executive Director	7/7

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 such programmes and maintains details of the training attended by the Directors.

Takeshi Saito who was appointed as an alternate director of Satoshi Tanaka in the Company on 19 June 2015 had attended the Mandatory Accreditation Programme (MAP) on 7 and 8 October 2015.

During the year under review, the Company had organised a two-day Board Retreat ("IHH Board Retreat") which was attended by the Board members of IHH and Parkway Pantai Limited as well as the Senior Management of the Group. The objectives of the IHH Board Retreat were to generate greater alignment between the Management and the Board and to strategise the overall business direction of the Group. External parties were invited to update the Board on the latest technology and trends in the global healthcare industry.

The key take-aways from the IHH Board Retreat are tracked periodically and reported to the Board on a bi-annual basis to enable the Board to monitor the execution and implementation of the approved strategic plans for the Group.

The training programmes attended by the Directors during the financial year ended 31 December 2015 included areas of corporate governance, risk management, financial and taxation, sustainability, healthcare related, 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. Qualified Risk Director Program: White Belt
	ii. Qualified Risk Director Program: Yellow Belt
	iii. Tax Information for Directors & Asia Pacific Biologics Market Overview
	iv. Corporate Disclosure Policy under Listing Requirements and Related Party Transactions and Recurrent Related Party Transactions
	v. International Directors Summit 2015 - Inculcating Innovation, Catalysing Growth Through Public-Private Partnership
	vi. Training on "Sustainability"
	vii. Lead the Change: Getting Women on Boards
	viii. Corporate Governance: Balancing Rules and Practices
	ix. Fung Healthcare Leadership Summit 2015
	x. High Level Executive Policy Seminar on Malaysia's Health System Transformation

Director	List of Training, Conferences, Seminars, Workshops Attended
Tan Sri Dato' Dr Abu Bakar bin Suleiman <i>(continued)</i>	xi. IHH Board Retreat
	xii. Summit of Medical Education 2015
	xiii. National Seminar on Standardisation of Reimbursement of HD treatment fee
	xiv. Special Invitation: Sustainable Retirement & Aged Care Conference (SRACC)
	xv. 2nd International Conference: Bioethics and Professional Practice
	xvi. ASEAN discussion on Preparedness Against Chemical-Biological Threats: Assessment of Scientific, Prevention and Response Capabilities
Dato' Mohammed Azlan bin Hashim	i. Corporate Disclosure Policy under Listing Requirements and Related Party Transactions and Recurrent Related Party Transactions
	ii. GST - An Overview for Directors
	iii. Alternative Energy Outlook for Malaysia and the Region
	iv. KPMG Alumni Inaugural Launch Program - Outlook 2015: Opportunities and You
	v. Fung Healthcare Leadership Summit 2015
	vi. IHH Board Retreat
	vii. Khazanah Megatrend Forum 2015 - Harnessing Creative Disruption: Unlocking the power of inclusive innovation
	viii. Amendments to the Bursa Malaysia Securities Berhad Listing Rules
Dr Tan See Leng	i. DBS Vickers Securities: Pulse of Asia Conference
	ii. 33rd Annual JP Morgan Healthcare Conference
	iii. The World Economic Forum 2015
	iv. Ministerial Meeting on Universal Health Coverage (UHC): The Post - 2015 Challenge
	v. Corporate Disclosure Policy under Listing Requirements and Related Party Transactions and Recurrent Related Party Transactions
	vi. Daiwa Investment Conference 2015
	vii. 2015 China Healthcare Investment Conference
	viii. Stewardship Asia Forum 2015: Building on Asia's Strength
	ix. The Singapore Medical Society of Victoria: 1st Leadership Seminar 2015

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

STATEMENT ON CORPORATE GOVERNANCE

Director	List of Training, Conferences, Seminars, Workshops Attended
Dr Tan See Leng <i>(continued)</i>	x. Roundtable - Enhancing Primary Care: Visions, Experiences and Modelling Approaches
	xi. IHH Board Retreat
	xii. JP Morgan's Asia CEO-CFO Conference
	xiii. Business Leaders Dialogue with YAB Prime Minister of Malaysia
	xiv. Khazanah Megatrend Forum 2015 - Harnessing Creative Disruption: Unlocking the power of inclusive innovation
	xv. Mount Elizabeth Hospital's Annual Medical Seminar 2015 - Enhancing life with breakthrough medicine. It's possible.
Mehmet Ali Aydinlar	i. IHH Board Retreat
	ii. Cultivating Future Leaders
	iii. Enterprise Risk Management
Satoshi Tanaka	i. Corporate Disclosure Policy under Listing Requirements and Related Party Transactions and Recurrent Related Party Transactions
	ii. Training for Corporate Communication and Crisis Management
	iii. World Economic Forum on East Asia
	iv. IHH Board Retreat
YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz	i. 33rd Annual JP Morgan Healthcare Conference
	ii. Corporate Disclosure Policy under Listing Requirements and Related Party Transactions and Recurrent Related Party Transactions
	iii. Panel for Stanford Go2Market Program
	iv. General Atlantic Investor Summit (New York)
	v. Scaling the Efficiency Frontier: Institutions, Innovation and Inclusion
	vi. IHH Board Retreat
	vii. Heartsaver Course
Chang See Hiang	i. Corporate Disclosure Policy under Listing Requirements and Related Party Transactions and Recurrent Related Party Transactions
	ii. IHH Board Retreat
	iii. Heartsaver Course

Director	List of Training, Conferences, Seminars, Workshops Attended
Rossana Annizah binti Ahmad Rashid	i. Corporate Disclosure Policy under Listing Requirements and Related Party Transactions and Recurrent Related Party Transactions
	ii. Audit Committee Conference 2015 - Rising to New Challenges
	iii. IHH Board Retreat
	iv. Heartsaver Course
Kuok Khoon Ean	i. IHH Board Retreat
Shirish Moreshwar Apte	i. Corporate Disclosure Policy under Listing Requirements and Related Party Transactions and Recurrent Related Party Transactions
	ii. IHH Board Retreat
	iii. Heartsaver Course
Takeshi Saito <i>(Alternate Director to Satoshi Tanaka)</i>	i. Lecture on mission of doctors
	ii. IHH Board Retreat
	iii. Heartsaver Course
	iv. Mandatory Accreditation Programme
	v. Lecture on home medical care
	vi. CSR Seminar
Quek Pei Lynn <i>(Alternate Director to YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz)</i>	i. 33rd Annual JP Morgan Healthcare Conference
	ii. Corporate Disclosure Policy under Listing Requirements and Related Party Transactions and Recurrent Related Party Transactions
	iii. Fung Healthcare Leadership Summit 2015
	iv. IHH Board Retreat
	v. Heartsaver Course

The Board, through the NRC had also assessed the training needs of its Directors by referring to the list of trainings attended by each of the Directors during the financial year under review as well as the Board Skills Matrix evaluation conducted on each individual Director. The Board was satisfied that the training attended by the Directors in year 2015 was appropriate and aided the Directors in the discharge of their duties. The Directors were encouraged to attend relevant training programmes to enhance their ability in discharging their duties and responsibilities as Directors.

STATEMENT ON CORPORATE GOVERNANCE

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 and Singapore Exchange Securities Trading Limited ("SGX").

The Directors' Responsibility Statement for the audited financial statements of the Company and the Group is set out in page 139 of this Annual Report. The details of the Company and the Group financial statements for financial year ended 31 December 2015 are presented from pages 141 to 292 of this Annual Report.

INDEPENDENCE OF EXTERNAL AUDITORS

A major review of external auditors is carried out every three years. 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.

Management had performed a formal Request for Proposal ("RFP") to select and appoint the Group external auditors for the following three years from the previous financial year ended 31 December 2014. The evaluation criteria set out in the RFP was as follows:

- Industry experience and expertise
- Technical competency
- Group coordination
- Team composition
- Service level commitment
- Non-audit services and independence
- Other value added service
- Fees

Based on the ARMC's evaluation and recommendation, the Board approved the re-appointment of KPMG as external auditors of the Group for three years beginning from the financial year ended 31 December 2014, subject to satisfactory delivery of audit services and re-appointment on a yearly basis at each AGM.

On an annual basis, Management will review the service levels of the auditors, agree on amendments to their scope of work to address new developments in the business and recommend 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 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.

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 high level of risk awareness and compliance 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 structured risk-based and strategic-based approaches to develop its 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 116 to 119 of this Annual Report.

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 relevant 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 Mainboard Rules of SGX, where applicable. Being primarily listed on Bursa Securities, the Group will comply with its disclosure obligations expressed in the MMLR and secondary listing obligations as imposed by SGX.

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 effective and open two-way communication between the Group and all its stakeholders through various means, including the Group's corporate website, investor conferences and non-deal road shows, investor presentations, AGM and conference calls.

The Group will ensure that it reports IHH's financial results, operational performance and other material developments to the Stock Exchanges (Bursa Securities and SGX), 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.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

STATEMENT ON CORPORATE GOVERNANCE



GROUP CORPORATE WEBSITE

The Group's corporate website at www.ihhhealthcare.com provides comprehensive and quick access to latest information about the Group. The information on the website includes IHH's corporate profile, individual profiles of Senior Management, share information both in Bursa Securities and SGX, financial results, dividend policy, annual reports, corporate governance related policies, corporate news and IHH's global operations and major subsidiaries.

Visitors could also receive the latest IHH updates via email or RSS feed through the corporate website. In addition, stakeholders could obtain regulatory announcements made by IHH to Bursa Securities and SGX by clicking on the relevant link available in the corporate website.

In addition to the above, shareholders and investors can make inquiries about investor relations matters via a dedicated email address at ir@ihhhealthcare.com. The email address is made available on the Group's corporate website.

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 committed to providing a high standard of dissemination of relevant and material information on the development of the Group. The provision of timely and relevant 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.

ANNUAL GENERAL MEETING

The Company regards the AGM as the principal platform for direct two-way dialogue between private and institutional shareholders with the Board and Management of the Group. The Group aims to ensure that the AGM provides an important opportunity for effective communication with and obtain constructive feedback from the Company's shareholders. Before proceeding with the agenda of the AGM, the MD & CEO would present to the shareholders the operational and financial performance of the Group during the year under review to accord shareholders with better understanding on their investment.

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 & CEO will provide sufficient time for shareholders' questions on matters pertaining to the Group's performance and seek to explain concerns raised by the shareholders.

Additionally, the queries by the Minority Shareholder Watchdog Group (MSWG) on IHH's business or other pertinent governance issues raised prior to the meetings as well as IHH's feedback is shared with all shareholders during the AGM. The results of the voting of each resolution are also immediately announced to the shareholders in the AGM after the voting process.

The Notice and agenda of AGM together with the 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 or proxies 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.

POLL VOTING

The Company will always make available the necessary preparation for poll voting for all resolutions at its AGM. The Chairman, has also during the AGM highlighted to shareholders their right to demand for a poll vote.

At the Fifth AGM of the Company held on 15 June 2015, no substantive resolutions were put forth for shareholders' approval. As such, the resolutions put forth for shareholders' approval at the Fifth AGM were voted on by a show of hands.

The Company had at its Extraordinary General Meeting ("EGM") held on 15 June 2015 sought its shareholders' approval for the establishment of an Enterprise Option Scheme ("EOS") as well as the allocation of options under the EOS to the Executive Directors of the Company. The voting by the shareholders on the resolutions tabled at the EGM were conducted via e-polling using the SymAGM and SymVote Touchscreen Application by Symphony Share Registrars Sdn Bhd, which had been verified by Deloitte Enterprise Risk Services Sdn Bhd. The poll results were generated by Symphony Share Registrars Sdn Bhd and verified by Messrs KPMG, the scrutineer appointed for the poll voting process.

The poll results were announced to the shareholders during the EGM and was broadcast to Bursa Securities and SGX after the trading hours on the same day of the EGM.

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.

The Investor Relations program is conducted throughout the year to ensure that a series of planned activities are implemented to communicate IHH's strategy, operational performance, financial results and other material developments to the Stock Exchanges (Bursa Securities and SGX), analysts, investors, shareholders and other stakeholders in a timely, open and comprehensive manner.

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 committed to continuous strengthening of IHH's position and reputation as a key healthcare provider and to 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 28 March 2016.

Key Messages
About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

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 wrongdoing 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.

RISK MANAGEMENT

The Group recognises that the assumption of certain business and operational risks is an integral and unavoidable component of its business. The Group works on fostering a risk awareness and ownership culture across the operating companies. 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 an effective system of enterprise system of enterprise risk governance which provides for a sound and prudent management of the organisation in meeting the business goals and objectives within acceptable level of risk. The Group recognises that Enterprise Risk Management (ERM) is a proactive management tool for anticipating emerging risks and putting in place pre-emptive actions so that the effect of uncertainties on fulfilling such goals and objectives are minimised.

The Board ERM governance structure is in place in each major subsidiary. Each major subsidiary's ARMC, supported by the Risk function, receives updates on its ERM framework including material risks, emerging risks, key risk exposures and risk mitigation plans. These updates are consolidated and analysed for monitoring and reporting to Group's ARMC on a quarterly basis.

The ERM process is a structured process consisting of three steps – Evaluate, Respond and Monitor (the E-R-M processes) that enables management to identify and assess those risks, determine the appropriate response and then monitor the effectiveness of the risk response. Any changes to the Group enterprise risk profile are reported to Group's ARMC every quarter.

E-R-M process



For the year ended 31 December 2015, the major risk management activities undertaken during the year are as follows:

Developed a Risk Charter for the Group, outlining the key mandates of the Risk Office;

Reviewed the adequacy and effectiveness of the risk control processes and risk reporting systems;

Conducted an Annual Risk Review across the operating entities of the Group, through the utility of a web-based survey tool and consolidation of survey results to arrive at top and emerging risks facing the Group;

Facilitated a two-day workshop on mediation for medical malpractice case handling, approach to family conferences and de-escalation and conflict resolution techniques for relevant Clinical Safety & Risk Management and senior staff of hospitals;

Commenced a system of reporting of medical malpractice cases, those which are reported to insurer and/or litigated; to enhance oversight by the ARMC;

Reviewed the clinical governance structure of a major operating entity, thereby enhancing the scope of governance of the various clinical governance oversight committees through broader terms of reference; and

Carried out ad-hoc assignments requested by Senior Management.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

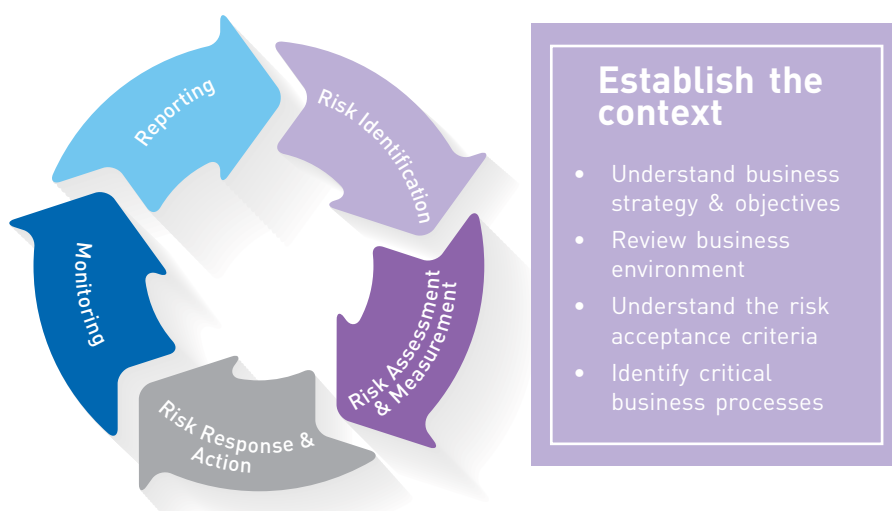
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ENTERPRISE RISK MANAGEMENT PROCESS OVERVIEW

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 2015, the major internal audit activities undertaken during the year are as follows:

- Developed a risk-based annual audit plan;
- Reviewed the adequacy and effectiveness of internal control processes and IT systems;
- Reviewed compliance with established policies and procedures and statutory requirements;
- Performed financial & operational audits on revenue cycle management (covering billing, cash and credit collections, credit control, accounts receivable), procurement and inventory, capital and operating expenditure, etc.
- Carried out ad-hoc assignments and investigations requested by Senior Management; and
- Followed-up on the implementation of Management Action Plan to ensure that necessary actions have been taken /are being taken to remedy any significant findings and weaknesses.

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 has been established through various board committees established at operating subsidiaries i.e. Audit & Risk Management Committee, Nomination & Remuneration Committee and other committees, each with clear Terms of References, and appropriate limits of authority.

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:

- 1 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;
- 2 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 CEOs;
- 3 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 services delivered within the hospitals, and compliance of government regulations;
- 4 Central Quality Improvement Forum/Quality Council chaired by Group CEO is the body to ensure the quality of services and the safety of patients;
- 5 On a quarterly/monthly basis, the operational divisions are to submit to the Group CEO updates pertaining to clinical/ medico-legal, IT & hospital development projects 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;

- 6 The development of any potential medico-legal cases are tracked and reported to Senior Management and the Board on a monthly basis and to the ARMC on a quarterly basis. Any significant risk exposures or trends in terms of incident type or case categorisation are highlighted to the Board/ARMC quarterly;
- 7 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;
- 8 Financial risk management systems are in place to address credit risk, liquidity risk, market risk, interest rate risk and foreign currency risk;
- 9 The external auditors and internal auditor are to independently audit and report findings on financial, operational, compliance controls to the ARMC or the Board;
- 10 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 RISK MANAGEMENT AND 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 system of risk management and internal control is operating adequately and effectively, in all material aspects, based on the risk management and 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 risk management and 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 risk management and internal control across the Group continues to be subject to enhancement, validation and regular review.

Key Messages
About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee ("ARMC") which was established on 18 April 2012 in line with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") is primarily 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. fulfils 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;

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 and LTIP units 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 supporting papers, shall be circulated at least five working days prior to each Committee meeting.
- 4.3 The quorum for the ARMC meeting 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.

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.

COMPOSITION AND MEETINGS

In the year under review, the ARMC met six times. Other than special meetings held to deliberate urgent ad-hoc matters, the ARMC meetings for the whole financial year 2015 were pre-scheduled in fourth quarter of 2014 and communicated to the members early to ensure their time commitment. The composition of the ARMC and the attendance record of its members are as follows:

**ROSSANA ANNIZAH BINTI
AHMAD RASHID** (Chairman)

Designation

Independent Non-Executive
Director

Total Meetings Attended

6/6

CHANG SEE HIANG (Member)

Designation

Senior Independent
Non-Executive Director

Total Meetings Attended

6/6

SHIRISH MORESHWAR APTE
(Member)

Designation

Independent Non-Executive
Director

Total Meetings Attended

6/6

The ARMC meetings were attended by the Managing Director & Chief Executive Officer ("MD & CEO"), Chief Financial Officer ("CFO"), Group Head, Internal Audit, Group Head, Risk Governance together with other members of the senior management and the external auditors, upon invitation, to brief the ARMC on pertinent issues.

Minutes of the ARMC meetings would be circulated to all members for comments and extracts of the decisions made by the ARMC would be escalated to relevant process owners for action. The Chairman of the ARMC would provide a report, highlighting significant points of the decisions and recommendations made by the ARMC to the Board and significant matters reserved for the Board's approval would be tabled at the Board meetings.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

The following activities were carried out by the ARMC during the financial year ended 31 December 2015:

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 present a true and fair view of the Company's financial positions and performance and are in compliance with the MMLR and applicable accounting standards in Malaysia;
- b) Reviewed the results, reported issues arising from the annual statutory audit, Management's responses to the audit findings for the financial year ended 31 December 2014;
- c) Received updates on the impact of the changes in accounting policies involving but not limited to the new financial reporting standards applicable to the Group, revised timeframe for issuance of the annual report that includes the annual audited financial statements as well as the imminent change to the Auditor Reporting standards which shall take effect for audits of financial statements for the periods ending on or after 15 December 2016;
- d) Reviewed and made recommendations to the Board for approval, the annual audited financial statements of the Company and the Group for the financial year ended 31 December 2014 to ensure that it presented a true and fair view of the Company's financial positions and performance for the year and compliance with regulatory requirements;
- e) Reviewed with the external auditors, their audit plan for the financial year ended 31 December 2015, outlining the audit scope, methodology and timetable, audit materiality, areas of focus, fraud risk assessment and proposed fees for the audit and non-audit services rendered by the external auditors for the financial year ended 31 December 2015;
- f) Reviewed the revaluation of investment properties of the Group which was undertaken by Management to ensure that the current market value of the investment properties was in compliance with MFRS140: Investment Property;
- g) Evaluated the performance of the external auditors for the financial year ended 31 December 2014 covering areas such as calibre of external audit firm, independence and objectivity, quality of the processes/performance, audit team, audit scope and planning, audit fees, audit communications and resources supported by the assessment conducted by relevant management members on the experience and opinions of the firm, independence and objectivity, quality of the processes/performance. The ARMC having been satisfied with the independence, suitability and performance of KPMG, had recommended to the Board for approval, the re-appointment of KPMG as external auditors for the financial year ended 31 December 2015;
- h) Met with the external auditors twice without the presence of Management during the year under review;

Internal audit

- i) Reviewed and approved the 2015 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 as well as there are adequate resources within the internal audit team to carry out the audit works;
- j) Reviewed the internal audit reports issued by the internal audit function of the major operating companies ("Major OpCos") during the year and presented at quarterly ARMC meetings;
- k) Monitored the implementation of management action plan on outstanding issues on a quarterly basis to ensure that all key risks and control weaknesses are being properly addressed;
- l) Reviewed the complaints or reports which were being escalated to ARMC and suggested the appropriate actions to Management and the Board for further action and deliberation (where appropriate);

- m) Met with the Group Head, Internal Audit twice without the presence of Management during the year under review to obtain feedback on the audit activities, audit findings, recommendations and management action plan;
- n) Reviewed the Key Performance Indicators, competency and resources of the internal audit function to ensure that, collectively, the internal audit function is suitable and has the required expertise, resources and professionalism to discharge its duties, etc.;

Enterprise risk management

- o) Reviewed the Enterprise Risk Management and Operational/Clinical Compliance 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 that arise with the developments in the external operating environment;
- p) Reviewed the report on cyber maturity risk assessment prepared by a third party on a facility within the Group and the progress report by Management on the action plan to deal with the gaps identified;
- q) Considered and recommended to the Board for approval, the establishment of International Clinical Governance Advisory Council ("ICGAC") to advise IHH ARMC and the Board on matters relating to clinical governance across the Group as well as approved the terms of reference and 2016 action plan of the ICGAC. The key duties of the ICGAC are to advise IHH ARMC on a clinical governance framework for IHH such advising on a robust governance approach on managing clinical risks across IHH, drive continuous culture of improvement and patient safety including setting common quality indicators across the group;

- r) Reviewed the findings of the annual risk assessment undertaken by Risk Office as required under the Enterprise Risk Management Governance Policy of IHH for the purpose of:

- Establishing a common risk assessment methodology across the Group so that IHH and its subsidiary companies are managing risk on a consistent basis
- Facilitating a Group-Wide Enterprise Risk Review using the common risk management approach
- Reporting on Enterprise Risks for IHH Group and its subsidiary companies using templates that are aligned with the common risk management approach

Related party transactions and recurrent related party transactions

- s) Reviewed and recommended to the Board for approval, the related party transaction proposals submitted by Management to ensure that these transactions are undertaken in the best interest of the Company, fair, reasonable and on normal commercial terms as well as not detrimental to the interest of the minority shareholders;
- t) Monitored the thresholds of the related party transactions and recurrent related party transactions to ensure compliance with the MMLR;

Verification of the allocation of Long Term Incentive Plan ("LTIP") units and Equity Participation Plan ("EPP") options

- u) Verified the allocation and movement of LTIP units and EPP options respectively for the year 2014 to ensure that it had been carried out according to the criteria and matrix stipulated in the LTIP and EPP Bye Laws;

Other activities

- v) Reviewed and recommended to the Board for approval, the ARMC Report and Statement on Risk Management and Internal Control for inclusion in the 2014 Annual Report;
- w) Reviewed the progress of the implementation of new information technology system throughout the Group to ensure its smooth and successful implementation;
- x) Reviewed the Group procurement process to ensure that fair and equitable processes had been followed and maximum synergies be extracted therefrom in terms of financial, administrative, etc.;

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

- y) Reviewed the funding plan (including the treasury and foreign exchange management) for IHH and its subsidiaries and made relevant recommendations to the Board to ensure that the business has sufficient liquidity to meet its obligations, whilst managing payments, receipts and financial risks effectively;
- z) Reviewed, approved and/or recommended to the Board for approval, amendments to the existing policies of the Company and Group within the purview of the ARMC to ensure that the policies adopted are in parallel with the development of the rules, regulations, guidelines, best practices issued and recommended by the relevant regulatory authorities and to ensure operations efficiency;
- aa) Reviewed the summary report of the financial assistance provided to the subsidiaries and associates of the Group to ensure that it is fair and reasonable to the Company and is not to the detriment of the Company and its shareholders;
- bb) Undertaken an annual assessment on the ARMC's composition, performance, quality, skills, competencies and effectiveness as well as their accountability and responsibilities;
- cc) Evaluated the performance of the CFO of the Company to ensure that the CFO has the character, experience, integrity, competence and time to effectively discharge his role as the CFO of the Company. The MD & CEO had also evaluated the CFO separately and the outcome of the evaluation was shared with ARMC for their reference.

Subsequent to the financial year ended 31 December 2015, the ARMC carried out the following duties:

- a) Reviewed the internal audit plan for the financial year ending 31 December 2016;
- 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 2015;
- c) Reviewed the Annual Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2015 and made recommendations to the Board for approval;
- d) Reviewed the areas of focus highlighted by the external auditors in relation to the statutory audit for the financial year ended 31 December 2015;
- e) Undertaken an assessment to evaluate the ARMC's overall effectiveness in discharging its duties and responsibilities in accordance with its TOR;
- f) Evaluated the CFO and internal auditors in connection with their performance for the financial year ended 31 December 2015;
- g) Considered the re-appointment of external auditors for the ensuing year upon reviewing the suitability and independence of the external auditors;
- h) Confirmed and verified the allocation and movement of LTIP units and EOS options respectively for the year 2015 to ensure that it had been carried out according to the criteria and matrix stipulated in the LTIP and EOS Bye Laws; and
- i) Reviewed the ARMC Report as well as Statement on Risk Management and Internal Control for inclusion in the 2015 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 faced by 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 2015, inclusive of all the Major OpCos, was

RM5,405,981

STATEMENT ON VERIFICATION OF SHARE OPTIONS OFFERED OR SHARE GRANTS AWARDED

Our Group has established the following employee share schemes:

- (i) LTIP of our Company for a duration of ten years from 25 March 2011 and expiring on 24 March 2021;
- (ii) LTIP of Parkway Holdings Limited for a duration of ten years from 21 April 2011 and expiring on 24 March 2021;
- (iii) LTIP of Pantai Holdings Berhad for a duration of ten years from 24 May 2011 and expiring on 24 March 2021;
- (iv) LTIP of IMU Health Sdn Bhd for a duration of ten years from 25 August 2011 and expiring on 24 March 2021;
- (v) EPP of our Company for a duration of five years from 25 March 2011, and expiring on 24 March 2016; and
- (vi) EOS of our Company for a duration of ten years from 22 June 2015 and expiring on 21 June 2025.

During the financial year ended 31 December 2015:

- (i) A total of 6,383,000 LTIP units were granted to 122 eligible employees. Out of the 6,383,000 LTIP units granted to the eligible employees, 70,000 units were granted under the cash option pursuant to the terms of the LTIP Bye Laws and a total of 160,000 LTIP units were cancelled due to the resignation of the employees and demise of an employee;
- (ii) There were no EPP options granted;
- (iii) A total of 8,822,000 EOS options were granted to 50 eligible employees. Out of the 8,822,000 EOS options granted to the eligible employees, a total of 80,000 EOS options were cancelled following the demise of an employee.

The ARMC is satisfied that the grant of 6,383,000 LTIP units and 8,822,000 EOS options to the eligible employees of the Group during the financial year ended 31 December 2015 was in compliance with the criteria and terms set out in the Bye Laws of the LTIP and EOS respectively.

Key Messages
About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee ("NRC") was established on 18 April 2012 in line with the Malaysian Code on Corporate Governance 2012 ("MCCG"). Bursa Malaysia Securities Berhad ("Bursa Securities") had subsequently amended the Main Market Listing Requirements ("MMLR") mandating the establishment of a nominating committee by all the listed issuers with effect from 1 June 2013. The NRC is primarily to assist the Board in fulfilling its fiduciary responsibilities relating to the review and assessment of the nomination and selection process of Board members and Senior Management, review of the remuneration framework of Board members and Senior Management, review of Board and Senior Management succession plans, assessment of Board performance as well as evaluation of the training and development needs of the Board members.

TERMS OF REFERENCE

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

1 Membership

- 1.1 The NRC shall be appointed by the Board from amongst its members and shall comprise at least three members, all of whom must be Non-Executive Directors and the majority of whom shall be Independent Directors.
- 1.2 The Chairman of the NRC shall be an Independent Director appointed by the Board.

2 Primary Purpose

- 2.1 The NRC is responsible for:
 - i. proposing candidates to the Board and Board Committees of the Company;
 - ii. assessing the effectiveness of the Board as a whole (including whether the Board possesses 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;

- iii. overseeing the succession planning for the Board;
- iv. proposing continuous training to ensure the Directors' competencies are in check;
- v. 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 Limits of Authority ("LOA")); and
- vi. 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.

3 Responsibilities

The duties of the NRC shall be to:

- 3.1 recommend to the Board, candidates for directorships at the Group. In making the recommendations, the NRC will also consider candidates proposed by the Board and, within the bounds of practicability, by any Director or shareholder. In making its recommendations, the NRC shall consider the candidate's:
- i. integrity and judgement;
 - ii. knowledge;
 - iii. diversity;
 - iv. commitment;
 - v. independent judgement;
 - vi. performance and contribution;
 - vii. experience and accomplishments;
 - viii. board interaction;
 - ix. any other criteria deemed fit; and
 - x. in the case of candidates for the position of Independent Directors, the NRC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Directors.

- 3.2 review the Board composition taking into consideration the appropriate skills, experience and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board on an annual basis;
- 3.3 assess annually the effectiveness of the Board as a whole, Board Committees and the contribution of each individual Director;
- 3.4 recommend to the Board, appropriate orientation and education programmes for new Directors on the Board and continuously search and propose relevant courses to enhance the Board members' competencies;
- 3.5 recommend to the Board, Directors to fill the seats on Board Committees and oversee the development of a succession planning framework for Board members;
- 3.6 consider the size of the Board and Board Committees with a view to determine the impact of the number upon the Board and Board Committees' effectiveness and recommend it to the Board;
- 3.7 recommend to the Board, the remuneration of Executive Directors, Non-Executive Directors (including Independent Directors) and Senior Management of the Group in all its form and to review the Group's remuneration framework. In doing so, the NRC shall take into consideration the following:
- i. the performance-related elements of remuneration should be designed to align the interests of Executive Directors with those of shareholders and link rewards to Group and individual performance. There should be appropriate and meaningful measures for the purpose of assessing Executive Directors' performance;
 - ii. the remuneration of Non-Executive Directors' should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised; and

NOMINATION AND REMUNERATION COMMITTEE REPORT

- iii. the Group should be aware of pay and employment conditions within the industry and in comparable companies but they should use such comparison with caution in view of the risk of an upward ratchet of remuneration levels with no corresponding improvements in performance.
- 3.8 recommend to the Board a formal and transparent procedure for determining the remuneration packages of Senior Management of the Group;
- 3.9 recommend to the Board a framework of remuneration for Senior Management of the Group. In recommending a framework of remuneration, the NRC should do so in consultation with the Chairman of the Board and submit for endorsement by the entire Board;
- 3.10 ensure that the recommended remuneration framework has the following characteristics:
 - i. performance-related elements of remuneration should form a significant portion of the total remuneration package of Senior Management of the Group;
 - ii. remuneration packages should be designed to align Senior Management's interests with those of shareholders;
 - iii. remuneration should be linked to corporate and individual performance; and
 - iv. appropriate and meaningful measures (a set of performance measures, both financial and non-financial indicators) for the purpose of assessing individual performance.
- 3.11 review the appropriateness of remuneration awarded to attract, retain and motivate Senior Management of the Group needed to run the company successfully;
- 3.12 review the pay and employment conditions within the industry and those from peer companies to ensure that Senior Management of the Group are adequately remunerated;

- 3.13 consider whether group employees should be eligible for benefits under long-term incentive schemes; and
- 3.14 cover all aspects of remuneration including but not limited to salaries, allowances, bonuses, options and benefits in kind.

4 Authority

The Board has authorised the NRC, within the scope of their duties and responsibilities set out under the TOR herein to:

- 4.1 Perform the activities required to discharge its responsibilities and make recommendations to the Board;
- 4.2 Select, engage and seek approval from the Board (within the LOA) for fees for professional advisers that the NRC may require to carry out its duties;
- 4.3 Have full and unrestricted access to information, records, properties and employees of the Group; and
- 4.4 Seek input from the concerned individuals on remuneration policies, but no individual should be directly involved in deciding their own remuneration.

5 Meetings

- 5.1 The NRC shall meet at least once a year. More meetings may be held as and when necessary. If a member is unable to be physically present, they may choose to participate via video or teleconferencing.
- 5.2 The Secretary, in consultation with the Chairman of the NRC, shall draw up the agenda of the meeting. The agenda, together with the relevant supporting papers, shall be circulated at least five working days prior to each NRC meeting.
- 5.3 The quorum for the NRC meeting shall be two, the majority of members present must be Independent Directors.

- 5.4 Each member of the NRC is entitled to one vote in deciding the matters deliberated in the meeting.
- 5.5 The decision that gained the majority votes shall be the decision of the NRC.
- 5.6 In the event of an equality of votes, the Chairman of the NRC shall be entitled to a second or casting vote.
- 5.7 The Chairman of the NRC, or the NRC members with the approval from the Chairman, may invite any person or persons to attend the NRC meetings, but not necessarily for the full duration of the meeting.

6 Communication to the Board and Reports

- 6.1 The NRC Chairman shall report on each meeting to the Board regarding all relevant matters and appropriate recommendations, in a written report for noting or approval by the Board. The determination of remuneration packages of Directors, including the Chairman should be a matter for the Board as a whole. The individuals concerned should abstain from discussion of their own remuneration.
- 6.2 The minutes of each NRC meeting shall be tabled to the Board for notation.
- 6.3 The NRC will receive and review the relevant reports submitted by Management for the conduct of its duties.

7 Circular Resolution

- 7.1 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 NRC.
- 7.2 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.

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

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

8 Secretariat

- 8.1 The Company Secretaries of the Company shall be the Secretary of the NRC.
- 8.2 The Company Secretary will ensure that all the appointment of Directors are properly made, that all necessary information is obtained from Directors as well as compliance to the applicable laws and regulations.
- 8.3 The Company Secretary shall be responsible for preparation of the agenda in consultation with the Chairman, and the distribution to all the members of the papers to be deliberated at the meeting.

9 Committee Ethics and Procedures

- 9.1 All members will safeguard all internal NRC communications concerning any candidates and treat them as strictly private and confidential, and for the use of NRC members only, without exception.
- 9.2 The NRC may be required to check references and consult selected third-party sources on a confidential basis before making its final selections. The NRC will work diligently amongst the members of the Board in performing its evaluations.

NOMINATION AND REMUNERATION COMMITTEE REPORT

COMPOSITION AND MEETINGS

The NRC is comprised 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 has met three times during the year under review. The composition of the NRC and the attendance record of its members for the year under review are as follows:

CHANG SEE HIANG (Chairman)

Designation

Senior Independent
Non-Executive Director

Total Meetings Attended

3/3

ROSSANA ANNIZAH BINTI AHMAD RASHID (Member)

Designation

Independent Non-Executive
Director

Total Meetings Attended

3/3

DATO' MOHAMMED AZLAN BIN HASHIM (Member)

Designation

Deputy Chairman,
Non-Independent
Non-Executive Director

Total Meetings Attended

3/3

SHIRISH MORESHWAR APTE (Member)

Designation

Independent Non-Executive
Director

Total Meetings Attended

3/3

The NRC meetings were attended by the Managing Director & Chief Executive Officer ("MD & CEO") and Group Head, Human Capital Management together with other professional experts engaged on particular subject matters, upon invitation, to brief the NRC on pertinent issues.

Minutes of the NRC meetings would be circulated to all members for comments and extracts of the decisions made by the NRC would be escalated to relevant process owners for action. The Chairman of the NRC would provide a report, highlighting significant points of the decisions and recommendations made by the NRC to the Board and significant matters reserved for the Board's approval would be tabled at the Board meetings. Matters which require NRC's urgent decision were circulated to its members via circular resolutions together with the proposals containing relevant information for their consideration.

SUMMARY OF ACTIVITIES

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

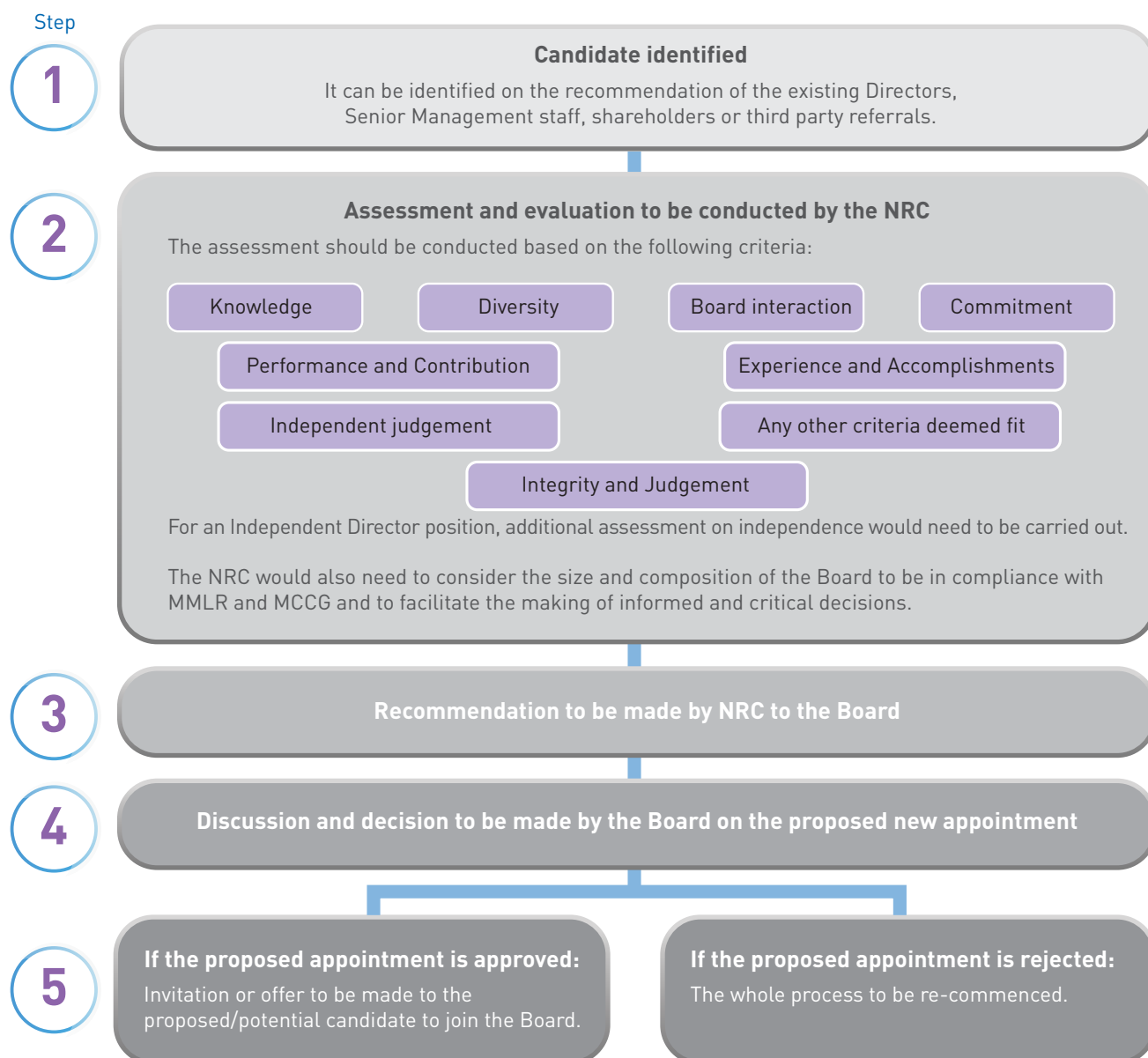
- a) Reviewed and recommended for approval of the Board, the nomination of directorship on the board of key subsidiaries, having considered the candidate's skills, knowledge, expertise and experience, professionalism and integrity;
- b) Reviewed and recommended for approval of the Board, the appointment of Senior Management upon reviewing the qualification, knowledge and experience as well as the performance based awards upon assessing the individual's integrity and competence;
- c) Reviewed the analysis/findings of the performance evaluation of the Board as a whole, Board Committees, individual Directors and Independent Directors in accordance with the performance evaluation criteria set out in the Corporate Governance Guide: Towards Boardroom Excellence by Bursa Securities for the year 2014;
- d) Assessed and evaluated the training needs of its Directors to ensure the Directors kept abreast of regulatory changes, other developments and broad business trends;
- e) Recommended the re-election of Directors at the Fifth Annual General Meeting ("AGM") to the Board for consideration after taking into account the composition of the board, the required mix of skills as well as the experience and contributions of the individual Directors based on the assessment conducted during the year under review;
- f) Reviewed and recommended to the Board for approval, director fees of Non-Executive Directors;
- g) Assessed the performance measurement and achievement of the key performance indicators of the Group for 2014 against the balance scorecard which had been approved by the Board in early 2014;
- h) Deliberated and recommended to the Board for approval, the balance scorecard framework for the year 2015;
- i) Deliberated and recommended to the Board for approval, the establishment of the Enterprise Option Scheme ("EOS") of up to 2% of the issued and paid-up share capital (excluding treasury shares) of the Company as part of the Group's total reward strategy in providing the right remuneration and benefits to its key management;
- j) Discussed and recommended to the Board for approval, bonus, salary increment and 2015 LTIP and EOS (where applicable) for Executive Directors, Management and employees upon assessing the performance of the Company and employees;
- k) Reviewed and recommended to the Board for approval, the revision to the employees' benefits of the Company bringing the same in parallel with the practices adopted by other companies as well as to improve employee contentment;
- l) Reviewed and recommended to the Board for approval, the enhancement to the implementation of the LTIP scheme;
- m) Reviewed and recommended to the Board for approval, conditional vesting of 2015 EPP based on the achievement of the performance targets set for the year 2014;
- n) Deliberated and recommended to the Board for approval, the compensation package and employment contract of Executive Directors and Senior Management upon reviewing their experience, professionalism and competence;
- o) Reviewed the progress updates by Management on the succession planning framework and development plan for the Company and the Group as a whole to ensure that the implementation of the same was aligned with the initial framework approved by the Board and achieved its objectives;
- p) Made appropriate recommendation to the Board regarding the resignation of Satoshi Tanaka as Audit and Risk Management Committee ("ARMC") Member upon considering the suitability of the composition of the ARMC post his resignation;
- q) Reviewed and deliberated on the Executive Compensation Benchmarking report prepared by the external professional expert engaged; and
- r) Assessed the NRC's composition, performance, quality, skills, competencies and effectiveness as well as their accountability and responsibilities during the year under review.

NOMINATION AND REMUNERATION COMMITTEE REPORT

SELECTION AND ASSESSMENT OF DIRECTORS

The Group has adopted the Policy on Nomination and Assessment Process of Board Members ("Policy") that sets out the process and requirements to be undertaken by the 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 MCGG. The Policy is administered by the NRC.

The process for the appointment of new director is summarised in the diagram below:



BOARDROOM DIVERSITY

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining competitive advantage. Thus, the Board will take the necessary measures to ensure that in every possible event, boardroom diversity will be taken into consideration in the board appointment as well as annual assessment.

Gender Diversity

The Company appreciates the benefits of having gender diversity in the boardroom as a mix-gendered board would offer different viewpoints, ideas and market insights which enables better problem solving to gain competitive advantage in serving an increasingly diverse customer base compared to a boardroom that is dominated by one gender.

The Company does not set any specific target for female Directors on the Board but will work towards having more female Directors on the Board.

Presently, the Company has two female representations on the Board comprising of Rossana Annizah binti Ahmad Rashid, an Independent Non-Executive Director, who is also the Chairman of the ARMC and a member of the NRC and Quek Pei Lynn, Alternate Director to YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz.

The Company shall provide a suitable working environment that is free from harassment and discrimination in order to attract and retain women participation on the Board.

Age Diversity

The Board acknowledges the benefits of having diversity in the boardroom in terms of age demographics, which would create professional environments that are rich with experience and maturity as well as youthful exuberance. The Board with a wide range of age has the advantage of creating a dynamic, multi-generational workforce with a diverse range of skill sets that are beneficial to the Company.

The Company does not set any specific target for boardroom age diversity but will work towards having appropriate age diversity in the Board.

The Company does not fix an age limit for its Directors given that such Directors are normally reputed and experienced in the corporate world and could continue to contribute to the Board in steering the Company.

The Board is composed of Directors from diversified age groups ranging from the age of forty to seventy which enables the Board to drive the Group in delivering operational excellence. The Board would be able to tap on information from Directors of different age groups in order to have better understanding of the needs and the sensitivities of the stakeholders in their age group.

Ethnic Diversity

The Board recognises that as today's world becomes increasingly global in its outlook and as the marketplace becomes increasingly global in nature, ethnic diversity in the boardroom would be encouraged as it provides advantages that can help a company prosper including but not limited to sharing of knowledge in different markets where the Group is operating to enhance the Group's global presence as well as sharing of viewpoints by Directors from different ethnic backgrounds as when a variety of viewpoints are thrown into the problem-solving mix, new and innovative solutions can be reached.

The Company does not set any specific target for ethnic diversity in the boardroom but will work towards having appropriate ethnic diversity in the Board.

The Board is composed of Directors from different ethnic groups and foreign countries where the Group has significant presence. The Company believes that the Board members from different cultures contribute to more holistic and quality discussions and more effective and feasible ideas compared to a Board with predominantly the same culture. Having Board members from different ethnic backgrounds widens the Board's perspectives especially when making a decision that touches on issues that are peculiar to a particular ethnic group or country.

The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board should remain a priority. Nonetheless, the Company will work towards achieving the appropriate boardroom diversity mix.

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

The Boardroom Diversity Policy is accessible for reference on the Company's website at www.ihhhealthcare.com.

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 ("Bursa Securities") as set out in Appendix 9C thereto.

1 Utilisation of Proceeds

There were no proceeds raised by the Company from corporate proposals during the financial year ended 31 December 2015.

2 Share Buy-Back

At the Fifth Annual General Meeting of the Company held on 15 June 2015, the shareholders had granted the authority for the Company to purchase its own shares of up to 10% of the prevailing issued and paid-up share capital of the Company on Bursa Securities.

The Company did not buy-back any shares, resell, retain or cancel any treasury shares during the financial year ended 31 December 2015.

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 years from 25 March 2011 and expiring on 24 March 2021;
- (ii) LTIP of Parkway Holdings Limited ("Parkway LTIP") for a duration of ten years from 21 April 2011 and expiring on 24 March 2021;

(iii) LTIP of Pantai Holdings Berhad ("Pantai LTIP") for a duration of ten 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 years from 25 August 2011 and expiring on 24 March 2021;

(v) Equity Participation Plan ("EPP") of our Company for a duration of five years from 25 March 2011 and expiring on 24 March 2016; and

(vi) Enterprise Option Scheme ("EOS") of our Company for a duration of ten years from 22 June 2015 and expiring on 21 June 2025.

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

For the FY 2015, the actual percentage of LTIP units and EOS options granted to Executive Directors and Senior Management of the Company was

43% and 64%

of the total number of LTIP units and EOS options granted in 2015 respectively

Brief details on the numbers of LTIP units/EPP options/EOS options granted, vested and outstanding since the commencement of the LTIPs, EPP and EOS until financial year 2015 ("FY 2015") are as follows:

	LTIPs	EPP	EOS
Total number of LTIP units/EPP options/EOS options granted	47,912,732	149,000,000	8,822,000
Total number of LTIP units/EPP options/EOS options surrendered/exercised	32,200,440	139,500,000	0
Total number of LTIP units/EPP options/EOS options lapsed/cancelled/opted out	6,085,187	9,250,000	80,000
Total number of LTIP units/EPP options/EOS options outstanding	9,627,105	250,000 ¹	8,742,000

Note: ¹ Including 250,000 EPP options which have been vested but yet to be exercised

Granted to Directors and Senior Management

	LTIPs	EPP	EOS
Aggregate number of LTIP units/EPP options/EOS options granted	14,928,000	52,000,000	5,665,000
Aggregate number of LTIP units/EPP options/EOS options surrendered/exercised	10,224,000	52,000,000	0
Aggregate number of LTIP units/EPP options/EOS options outstanding	4,704,000	0	5,665,000

In accordance with the Bye Laws for the LTIPs, EPP and EOS respectively, the total number of shares which may be issued under the LTIPs, EPP and EOS to the eligible participants, including Executive Directors and Senior Management of the Company, shall not exceed the aggregate of 2%, 5% and 2% respectively, of our Company's issued and paid up share capital. Additionally, the total number of shares which may be issued under LTIP units, EPP options and EOS 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, EPP and EOS 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 FY 2015, the actual percentage of LTIP units and EOS options granted to Executive Directors and Senior Management of the Company was 43% and 64% of the total

number of LTIP units and EOS options granted in 2015 respectively. There were no EPP options granted during the FY 2015.

Since the commencement of the LTIP, EPP and EOS, the actual percentage of LTIP units, EPP options and EOS options granted in aggregate to Executive Directors and Senior Management of the Company are 31%, 35% and 64% of the total number of LTIP units, EPP options and EOS options granted respectively.

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

Details of the LTIP units, EPP options and EOS options exercised during the financial year are disclosed in Note 21 of the financial statements.

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

ADDITIONAL COMPLIANCE INFORMATION

4 Depository Receipt programme

The Company did not sponsor any depository receipt programme during the financial year ended 31 December 2015.

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 2015.

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 2015 are as follows:

	Group RM'000	Company RM'000
Non-audit fees paid to		
– KPMG Malaysia	147	147
– Affiliates of KPMG Malaysia	1,100	–

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

7 Variation of Results

There was no deviation of 10% or more between the results of the financial year ended 31 December 2015 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 a 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 2015 or entered into since the end of the 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 Holding") and any company under the control of Acibadem Holding.

10 Recurrent Related Party Transactions

The recurrent related party transactions of revenue nature incurred by the Group for the financial year ended 31 December 2015 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.

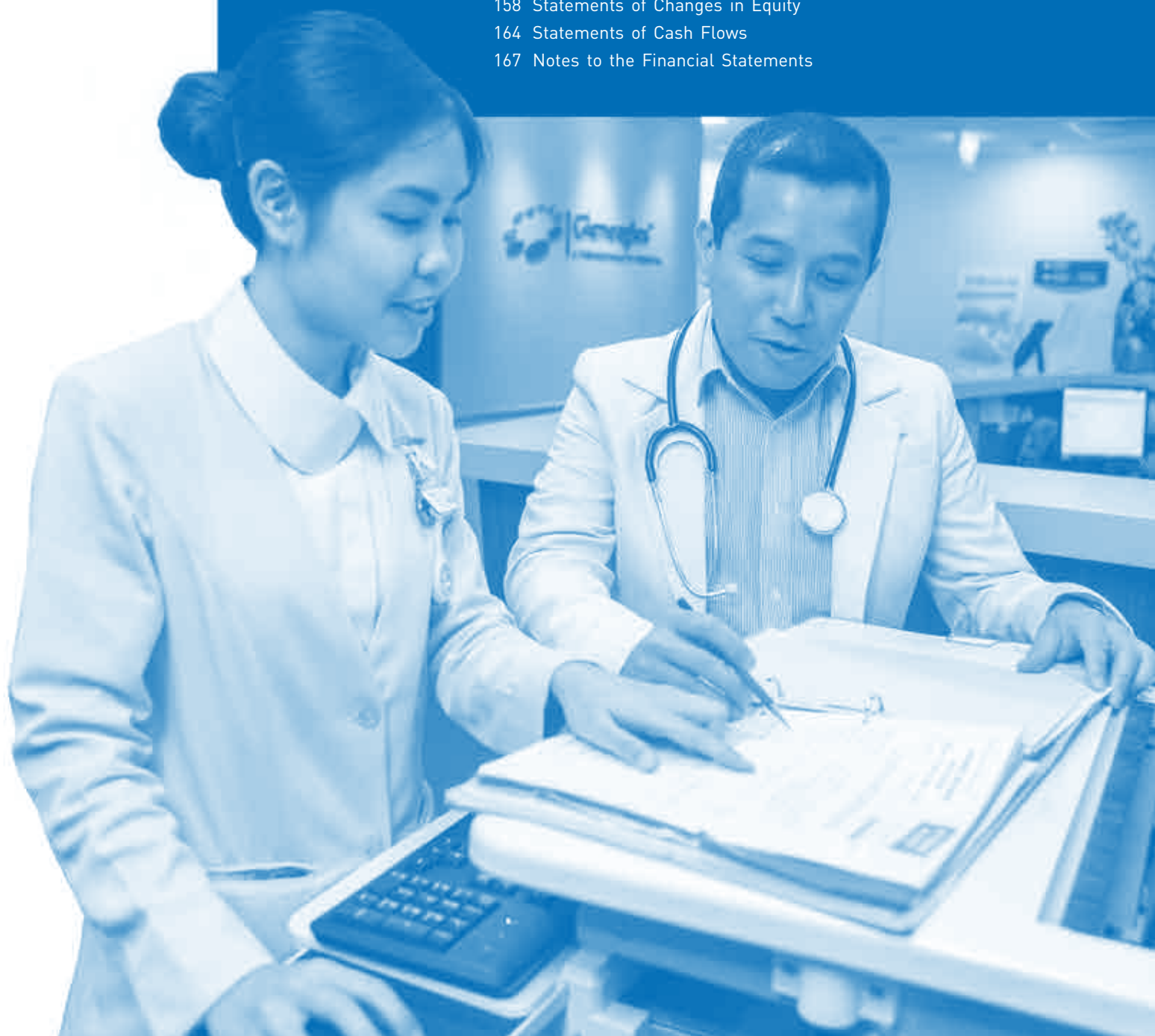
In preparing the financial statements, the Directors have adopted suitable accounting policies and applied them consistently. The Directors have also made judgement and estimates that are on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and 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.

FINANCIAL STATEMENTS

141	Directors' Report
150	Statement by Directors
151	Statutory Declaration
152	Independent Auditors' Report
154	Statements of Financial Position
156	Statements of Profit or Loss and Other Comprehensive Income
158	Statements of Changes in Equity
164	Statements of Cash Flows
167	Notes to the Financial Statements



DIRECTORS' REPORT

for the year ended 31 December 2015

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 2015.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 43 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	933,903	75,323
Non-controlling interests	118,192	–
	<u>1,052,095</u>	<u>75,323</u>

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, the Company paid a first and final single tier cash dividend of 3 sen per ordinary share amounting to RM246,645,000 for the financial year ended 31 December 2014 on 22 July 2015.

The Directors have proposed a first and final single tier cash dividend of 3 sen per ordinary share for the financial year ended 31 December 2015, which is subject to shareholders' approval at the forthcoming Annual General Meeting.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

DIRECTORS' REPORT

for the year ended 31 December 2015

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 Khoo Ean

YM Tengku Dato' Sri Azmil Zahrudin Bin Raja Abdul Aziz

Quek Pei Lynn (Alternate Director to YM Tengku Dato' Sri Azmil Zahrudin Bin Raja Abdul Aziz)

Shirish Moreshwar Apte

Takeshi Saito (Alternate Director to Satoshi Tanaka)

(Appointed on 19 June 2015)

Kaichi Yokoyama (Alternate Director to Satoshi Tanaka)

(Resigned on 19 June 2015)

DIRECTORS' INTERESTS

The interests and deemed interests 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 31 December 2015
	At 1 January 2015	Options exercised	Bought	Sold	
Interests in the Company					
Tan Sri Dato’ Dr. Abu Bakar Bin Suleiman					
– Direct	2,760,000	1,088,000	–	(1,000,000)	2,848,000
Dr. Tan See Leng					
– Direct	15,750,400	11,322,000	–	(8,954,600)	18,117,800
Mehmet Ali Aydinlar					
– Direct	128,741,000	687,000	45,000,000	–	174,428,000
– Deemed	133,910,861	–	2,210,000	(47,210,000)	88,910,861
Chang See Hiang					
– Direct	100,000	–	–	–	100,000
Kuok Khoo Ean					
– Direct	250,000	–	–	–	250,000

DIRECTORS' INTERESTS (CONTINUED)

	At 1 January 2015	Number of ordinary shares of TL1.00 each			At 31 December 2015
		Options exercised	Bought	Sold	
Interests in subsidiaries					
Acıbadem Sağlık Yatırımları Holding A.S. ("ASYH")					
Mehmet Ali Aydınlar					
– Direct	354,533,087	–	–	–	354,533,087
– Deemed	27,466,913	–	–	–	27,466,913
Acıbadem Sağlık Hizmetleri ve Ticaret A.S. ("ASH")					
Mehmet Ali Aydınlar					
– Direct	1	–	–	–	1
– Deemed	1	–	–	–	1
Acıbadem Poliklinikleri A.S.					
Mehmet Ali Aydınlar					
– Direct	1	–	–	–	1
– Deemed	3	–	–	–	3
Acıbadem Ortadoğu Sağlık Yatırımları A.S.					
Mehmet Ali Aydınlar					
– Direct	5	–	–	(5)	–
Acıbadem Mobil Sağlık Hizmetleri A.S.					
Mehmet Ali Aydınlar					
– Direct	13	–	–	(13)	–
– Deemed	26	–	–	(26)	–
Acıbadem Labmed Sağlık Hizmetleri A.S.					
Mehmet Ali Aydınlar					
– Direct	1	–	–	(1)	–
– Deemed	1	–	–	(1)	–
Bodrum Tedavi Hizmetleri A.S.					
Mehmet Ali Aydınlar					
– Direct	3	–	–	(3)	–
Acıbadem Proje Yönetimi A.S.					
Mehmet Ali Aydınlar					
– Direct	1	–	–	–	1
Aplus Hastane Otelcilik Hizmetleri A.S.					
Mehmet Ali Aydınlar					
– Direct	1	–	–	–	1
– Deemed	3	–	–	(1)	2

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

DIRECTORS' REPORT

for the year ended 31 December 2015

DIRECTORS' INTERESTS (CONTINUED)

	Number of ordinary shares of TL2.00 each			
	At 1 January 2015	Options exercised	Bought	Sold At 31 December 2015
Interests in a subsidiary				
International Hospital Istanbul A.S.				
Mehmet Ali Aydinlar				
- Direct	1	-	-	- 1
- Deemed	1	-	-	- 1

	Number of units			
	At 1 January 2015	Options exercised	Bought	Sold At 31 December 2015
Interests in a subsidiary				
Parkway Life Real Estate Investment Trust ("PLife REIT")				
Chang See Hiang				
- Direct	300,000	-	-	- 300,000
Shirish Moreshwar Apte				
- Direct	150,000	-	-	- 150,000

	Number of units convertible into ordinary shares of RM1.00 each			
	At 1 January 2015	Granted	Exercised	Lapsed/ cancelled At 31 December 2015
Interests in the Company				
Long Term Incentive Plan ("LTIP")				
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman	140,000	59,000	(88,000)	- 111,000
Dr. Tan See Leng	2,771,000	1,326,000	(1,947,000)	- 2,150,000
Mehmet Ali Aydinlar	1,195,000	629,000	(687,000)	- 1,137,000

DIRECTORS' INTERESTS (CONTINUED)

	Number of options over ordinary shares of RM1.00 each				
	At 1 January 2015	Granted	Exercised	Lapsed/ cancelled	At 31 December 2015
Interests in the Company					
Equity Participation Plan ("EPP")					
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman	1,000,000	–	(1,000,000)	–	–
Dr. Tan See Leng	9,375,000	–	(9,375,000)	–	–
Interests in the Company					
Enterprise Option Scheme ("EOS")					
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman	–	123,000	–	–	123,000
Dr. Tan See Leng	–	3,998,000	–	–	3,998,000

Except as disclosed above, none of the other Directors holding office at 31 December 2015 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' 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 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 and EOS as disclosed in Note 21.

DIRECTORS' REPORT

for the year ended 31 December 2015

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

- i) 33,250,002 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and
- ii) 11,526,143 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 2015 amounted to RM8,223,346,034.

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:

EOS

At an extraordinary general meeting held on 15 June 2015, the Company's shareholders approved the establishment of the EOS for granting of non-transferrable options to eligible employees of the Group any time during the existence of the scheme.

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

- i. Eligible employees are executive directors and selected senior management employed by the Group who has been selected by the Board at its discretion, if as at the offer date, the employee:
 - has attained the age of 18 years;
 - is in the full time employment and payroll of the Group including contract employees or in the case of a director, is on the board of directors of the Group; and
 - falls within such other categories and criteria that the Board may from time to time at its absolute discretion determine.
- ii. The aggregate number of shares to be issued under the EOS shall not exceed 2% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company.
- iii. The EOS shall be in force for a period of 10 years from 22 June 2015.
- iv. The EOS options granted in each year will vest in the participants over a three-year period, in equal proportion (or substantially equal proportion) each year.
- v. The exercise price for the EOS option granted shall be determined by the Board which shall be based on the higher of the following:
 - the 5 day weighted average market price of the underlying shares a day immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant regulatory from time to time (subject to the Board's discretion to grant the discount); or
 - the par value of the Shares.
- vi. Each EOS option gives a conditional right to the participant to receive 1 Share, upon exercise of the option and subject to the payment of the exercise price.

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

EOS (continued)

- vii. The EOS options are granted if objective performance targets or such other objective conditions of exercise that the Board may determine from time to time on a yearly basis and which are met.
- viii. The total number of EOS options which may be allocated 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 the Company shall not exceed in aggregate 10% of the total number of Shares to be issued under the EOS.
- ix. Options granted but not yet vested and any unexercised options shall lapse 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 or in the case of a director, cease or disqualified to be a Director of the Group or the participant becomes a bankrupt, unless the Board determines otherwise.

LTIP

The Board approved the LTIP scheme during a Board of Directors meeting held on 25 March 2011 for the granting of non-transferrable convertible units to eligible employees of the Group at any time during the existence of the scheme.

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% 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.
- 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 3 year period 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 or in the case of an executive director, cease or disqualified to be a Director or the participant becomes a bankrupt, unless the Board determines otherwise.

Since the commencement of the schemes, 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 100,000 options in financial year ended 31 December 2015.

DIRECTORS' REPORT

for the year ended 31 December 2015

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

The employees that were granted 100,000 and above LTIP units or EOS options 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 2015
LTIP units					
Dr. Tan See Leng	2 July 2015	1,326,000	(442,000)	–	884,000
Mehmet Ali Aydinlar	2 July 2015	629,000	(209,000)	–	420,000
Dr. Lim Cheok Peng	18 March 2015	466,000	(466,000)	–	–
Lim Suet Wun	29 April 2015	388,000	(129,000)	–	259,000
Tan See Haw	29 April 2015	298,000	(99,000)	–	199,000
Ahmad Shahizam Mohd Shariff	29 April 2015	258,000	(86,000)	–	172,000
Loh Chi-Keon Kelvin	29 April 2015	119,000	(39,000)	–	80,000
EOS options					
Dr. Tan See Leng	1 July 2015	3,998,000	–	–	3,998,000
Lim Suet Wun	1 July 2015	918,000	–	–	918,000
Tan See Haw	1 July 2015	712,000	–	–	712,000
Ahmad Shahizam Mohd Shariff	1 July 2015	712,000	–	–	712,000
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman	1 July 2015	123,000	–	–	123,000
Mei Ling Young	1 July 2015	109,000	–	–	109,000
Loh Chi-Keon Kelvin	1 July 2015	100,000	–	–	100,000
Ramesh Krishnan Gnanadurai	1 July 2015	100,000	–	–	100,000
Yow Lee Chan	1 July 2015	100,000	–	–	100,000
Amir Firdaus Bin Abdullah	1 July 2015	100,000	–	–	100,000
Koh Wah Heng	1 July 2015	100,000	–	–	100,000

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.

OTHER STATUTORY INFORMATION (CONTINUED)

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 2015 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.

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:

Tan Sri Dato' Dr. Abu Bakar Bin Suleiman

Dr. Tan See Leng

Date: 28 March 2016

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

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 154 to 291 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 as of 31 December 2015 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 46 on page 292 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: 28 March 2016

STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, Low Soon Teck, 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 154 to 292 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 28 March 2016.

Before me:

Commissioner for Oaths
Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT

to the members of IHH Healthcare Berhad (Company No. 901914-V)
(Incorporated in Malaysia)

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 2015 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 154 to 291.

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 judgement, 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 2015 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.

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 all the subsidiaries of which we have not acted as auditors, which are indicated in Note 43 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 46 on page 292 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

Firm Number: AF 0758
Chartered Accountants

Chong Dee Shiang

Approval Number: 2782/09/16 (J)
Chartered Accountant

Petaling Jaya, Malaysia
Date: 28 March 2016

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Property, plant and equipment	3	11,435,898	9,148,483	2,405	2,025
Prepaid lease payments	4	902,133	746,061	–	–
Investment properties	5	2,869,113	2,028,438	–	–
Goodwill on consolidation	6	11,009,274	9,154,565	–	–
Intangible assets	6	2,600,426	2,537,802	–	–
Investment in subsidiaries	7	–	–	16,401,113	16,141,113
Interests in associates	8	6,583	4,239	–	–
Interests in joint ventures	9	220,006	179,175	–	–
Other financial assets	10	1,449,318	956,035	–	69
Trade and other receivables	14	113,234	48,235	–	–
Derivative assets	25	8,097	28,213	–	–
Deferred tax assets	11	233,211	68,327	–	–
Total non-current assets		30,847,293	24,899,573	16,403,518	16,143,207
Development properties	12	7,144	–	–	–
Inventories	13	218,768	171,718	–	–
Trade and other receivables	14	1,234,323	1,027,535	3,068	2,374
Amounts due from subsidiaries	15	–	–	12,837	11,132
Tax recoverable		85,962	59,005	–	–
Other financial assets	10	1,119,305	13,581	481,234	–
Derivative assets	25	–	1,067	–	–
Cash and cash equivalents	16	1,977,939	2,467,827	22,259	797,076
		4,643,441	3,740,733	519,398	810,582
Assets classified as held for sale	17	7,156	–	–	–
Total current assets		4,650,597	3,740,733	519,398	810,582
Total assets		35,497,890	28,640,306	16,922,916	16,953,789

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Equity					
Share capital	18	8,223,346	8,178,570	8,223,346	8,178,570
Share premium	19	8,151,010	8,059,158	8,151,010	8,059,158
Other reserves	19	2,857,513	963,885	32,973	32,661
Retained earnings		2,923,869	2,250,132	502,372	673,694
Total equity attributable to owners of the Company		22,155,738	19,451,745	16,909,701	16,944,083
Non-controlling interests		2,080,968	1,861,651	–	–
Total equity		24,236,706	21,313,396	16,909,701	16,944,083
Liabilities					
Loans and borrowings	20	6,322,527	3,592,776	–	–
Employee benefits	21	32,067	23,312	116	181
Trade and other payables	24	556,098	408,501	–	–
Derivative liabilities	25	12,521	6,536	–	–
Deferred tax liabilities	11	1,101,491	938,045	–	–
Total non-current liabilities		8,024,704	4,969,170	116	181
Loans and borrowings	20	373,923	676,542	–	–
Employee benefits	21	59,981	43,492	767	469
Trade and other payables	24	2,555,494	1,390,641	8,378	6,854
Derivative liabilities	25	–	517	–	–
Amounts due to subsidiaries	15	–	–	1,597	1,526
Tax payable		247,082	246,548	2,357	676
Total current liabilities		3,236,480	2,357,740	13,099	9,525
Total liabilities		11,261,184	7,326,910	13,215	9,706
Total equity and liabilities		35,497,890	28,640,306	16,922,916	16,953,789

The notes on pages 167 to 291 are an integral part of these financial statements.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	26	8,455,468	7,344,019	109,617	38,123
Other operating income		329,333	266,669	1,626	209
Inventories and consumables		(1,422,812)	(1,224,245)	–	–
Purchases and contracted services		(760,424)	(669,097)	–	–
Staff costs	27	(3,255,551)	(2,822,131)	(28,630)	(21,057)
Depreciation and impairment of property, plant and equipment	3	(629,030)	(540,553)	(698)	(431)
Amortisation and impairment of intangible assets	6	(60,371)	(66,927)	–	–
Operating lease expenses		(223,670)	(198,895)	(1,980)	(1,542)
Other operating expenses		(903,690)	(753,332)	(14,669)	(13,656)
Finance income	28	92,773	65,623	16,646	23,738
Finance costs	28	(418,770)	(189,806)	(6)	(11)
Share of profits of associates (net of tax)		1,601	1,702	–	–
Share of profits of joint ventures (net of tax)		12,682	8,149	–	–
Profit before tax	29	1,217,539	1,221,176	81,906	25,373
Income tax expense	32	(165,444)	(277,892)	(6,583)	(5,826)
Profit for the year		1,052,095	943,284	75,323	19,547
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences from foreign operations		2,328,418	409,569	294	79
Hedge of net investments in foreign operations		(178,681)	103,036	–	–
Net change in fair value of available-for-sale financial instruments		283,747	132,546	537	–
Cash flow hedge		3,394	(2,541)	–	–
	30	2,436,878	642,610	831	79
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liabilities		(8,530)	(5,927)	–	–
Revaluation of property, plant and equipment upon reclassification to investment properties		–	35,666	–	–
	30	(8,530)	29,739	–	–
Total comprehensive income for the year		3,480,443	1,615,633	76,154	19,626

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit attributable to:					
Owners of the Company		933,903	754,291	75,323	19,547
Non-controlling interests		118,192	188,993	–	–
Profit for the year		1,052,095	943,284	75,323	19,547
Total comprehensive income attributable to:					
Owners of the Company		3,251,063	1,436,535	76,154	19,626
Non-controlling interests		229,380	179,098	–	–
Total comprehensive income for the year		3,480,443	1,615,633	76,154	19,626
Earnings per ordinary share (sen):					
Basic	33	11.38	9.24		
Diluted	33	11.36	9.21		

The notes on pages 167 to 291 are an integral part of these financial statements.

for the year ended 31 December 2015

158



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 reserve RM'000	Legal reserve RM'000	Foreign currency reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
<i>Contributions by and distributions to owners of the Company</i>														
- Share options exercised	18	34,000	48,574	-	-	-	-	-	-	-	-	82,574	-	82,574
- Cancellation of share options		-	13	(13)	-	-	-	-	-	-	-	-	-	-
- Share-based payment	21	-	-	27,700	-	-	-	-	-	-	-	27,700	-	27,700
Dividends to owners of the Company	34	-	-	-	-	-	-	-	-	-	(163,500)	(163,500)	-	(163,500)
Transfer to share capital and share premium on share options exercised	18	34,000	48,587	27,687	-	-	-	-	-	-	(163,500)	(53,226)	-	(53,226)
Changes in ownership interests in subsidiaries	42	-	-	-	-	-	1	(6,900)	-	190	-	(6,709)	(24,293)	(31,002)
Transfer per statutory requirements		-	-	-	-	-	-	-	19,246	-	(19,246)	-	-	-
Issue of shares by subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	400	400
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(141,356)	(141,356)
Total transactions with owners of the Company		43,596	66,859	(181)	-	-	1	(6,900)	19,246	190	(182,746)	(59,935)	(165,249)	(225,184)
At 31 December 2014		8,178,570	8,059,158	33,114	348,628	35,871	15,266	(309,306)	28,266	812,046	2,250,132	19,451,745	1,861,651	21,313,396

for the year ended 31 December 2015

160



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 reserve RM'000	Legal reserve RM'000	Foreign currency			Total RM'000	Non-controlling interests RM'000	Total equity RM'000
										translation reserve RM'000	Retained earnings RM'000				
Contributions by and distributions to owners of the Company															
- Share options exercised	18	33,250	55,195	-	-	-	-	-	-	-	-	88,445	-	-	88,445
- Share-based payment	21	-	-	47,664	-	-	-	-	-	-	-	47,664	-	-	47,664
- Dividends to owners of the Company	34	-	-	-	-	-	-	-	-	-	(246,645)	(246,645)	-	-	(246,645)
Transfer to share capital and share premium on share options exercised	18	33,250	55,195	47,664	-	-	-	-	-	-	(246,645)	(110,536)	-	-	(110,536)
Acquisition of subsidiaries	42	11,526	36,657	(48,183)	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	42	-	-	-	-	-	-	-	-	-	-	-	154,937	154,937	154,937
Liquidation of subsidiaries	42	-	-	-	-	-	1	(30,132)	-	(5)	-	(30,136)	(5,447)	(5,447)	(35,583)
Capital injection into subsidiary		-	-	-	-	-	-	-	-	(1,030)	-	(1,030)	144	144	(886)
Transfer per statutory requirements		-	-	-	-	-	-	(119)	-	-	-	(119)	13,792	13,792	13,673
Recognition of put options granted to non-controlling interests		-	-	-	-	-	-	-	8,403	-	(8,403)	-	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	(405,249)	-	-	-	(405,249)	-	-	(405,249)
		-	-	-	-	-	-	-	-	-	-	-	(173,489)	(173,489)	(173,489)

Total transactions with owners of the Company

44,776	91,852	(519)	-	-	1	(435,500)	8,403	(1,035)	(255,048)	(547,070)	(10,063)	(557,133)
8,223,346	8,151,010	32,595	634,257	35,871	16,418	(744,806)	36,669	2,846,509	2,923,869	22,155,738	2,080,968	24,236,706

At 31 December 2015

The notes on pages 167 to 291 are an integral part of these financial statements.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2015

		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	Fair value reserves RM'000	Retained earnings RM'000	Total equity RM'000
1 January 2014		8,134,974	7,992,299	33,295	(532)	–	817,647	16,977,683
Foreign currency translation differences from foreign operations		–	–	–	79	–	–	79
Total other comprehensive income for the year		–	–	–	79	–	–	79
Profit for the year		–	–	–	–	–	19,547	19,547
Total comprehensive income for the year		–	–	–	79	–	19,547	19,626
Contributions by and distributions to owners of the Company								
– Share options exercised	18	34,000	48,574	–	–	–	–	82,574
– Cancellation of share options		–	13	(13)	–	–	–	–
– Share-based payment		–	–	27,700	–	–	–	27,700
– Dividends to owners of the Company	34	–	–	–	–	–	(163,500)	(163,500)
		34,000	48,587	27,687	–	–	(163,500)	(53,226)
Transfer to share capital and share premium on share options exercised	18	9,596	18,272	(27,868)	–	–	–	–
Total transactions with owners of the Company		43,596	66,859	(181)	–	–	(163,500)	(53,226)
At 31 December 2014		8,178,570	8,059,158	33,114	(453)	–	673,694	16,944,083

		<div>←──</div>						
--	--	--	--	--	--	--	--	--

The notes on pages 167 to 291 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from operating activities					
Profit before tax		1,217,539	1,221,176	81,906	25,373
<i>Adjustment for:</i>					
Dividend income	26	(7,868)	(4,687)	(109,617)	(38,123)
Finance income		(92,773)	(65,623)	(16,646)	(23,738)
Finance costs		418,770	189,806	6	11
Depreciation and impairment of property, plant and equipment	3	629,030	540,553	698	431
Amortisation and impairment of intangible assets	6	60,371	66,927	–	–
Impairment loss made/(written back):					
– Investment in subsidiaries	29	–	–	–	1,000
– Trade and other receivables	29	44,593	18,275	–	–
– Amounts due from associates	29	(1,119)	(1,022)	–	–
– Investment in joint ventures	29	228	–	–	–
Write-off:					
– Property, plant and equipment	29	3,643	2,116	234	–
– Intangible assets	29	–	140	–	–
– Inventories	29	1,429	662	–	–
– Trade and other receivables	29	14,253	9,331	–	13
– Other financial assets		73	–	73	–
Gain/(Loss) on disposal of property, plant and equipment	29	(1,366)	(2,939)	4	–
Gain on disposal of subsidiaries	29	–	(336)	–	–
Gain on liquidation of subsidiaries	29	(4,095)	–	–	–
Gain on divestment of investment properties	29	–	(36,425)	–	–
Gain on disposal of unquoted available-for-sale financial instruments	29	(171)	–	(171)	–
Change in fair value of financial liabilities at fair value through profit or loss	29	(882)	–	–	–
Change in fair value of investment properties	5,29	(120,904)	(52,453)	–	–
Share of profits of associates (net of tax)		(1,601)	(1,702)	–	–
Share of profits of joint ventures (net of tax)		(12,682)	(8,149)	–	–
Equity-settled share-based payment	21	47,664	27,700	14,705	6,767
Net unrealised foreign exchange differences		(11,566)	(58,535)	(757)	(66)
Operating profit/(loss) before changes in working capital		2,182,566	1,844,815	(29,565)	(28,332)
Changes in working capital					
Development properties		(2,004)	–	–	–
Inventories		(14,282)	(26,097)	–	–
Trade and other receivables		(73,904)	(94,624)	518	370
Trade and other payables		207,946	109,367	1,356	(5,186)
Cash generated from/(used in) operations		2,300,322	1,833,461	(27,691)	(33,148)
Income tax paid		(314,580)	(202,861)	(5,238)	(6,980)
Net cash from/(used in) operating activities		1,985,742	1,630,600	(32,929)	(40,128)

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from investing activities					
Interest received		62,253	48,493	15,434	23,357
Acquisition of subsidiaries, net of cash and cash equivalents acquired	42	(705,094)	–	–	–
Subscription of redeemable preference shares in a subsidiary	7	–	–	(260,000)	–
Development and purchase of intangible assets	6	(11,440)	(11,167)	–	–
Purchase of property, plant and equipment		(1,361,390)	(908,842)	(1,160)	(1,481)
Purchase of investment properties		(317,905)	(212,485)	–	–
Purchase of unquoted available-for-sale financial instruments		(480,082)	–	(170,000)	–
Purchase of other financial assets		–	(1,050)	–	(69)
Placement of fixed deposits with tenure more than 3 months		(704,889)	–	(410,590)	–
Proceeds from disposal of property, plant and equipment		22,341	54,733	2	2
Proceeds from divestment of investment properties		–	236,156	–	–
Proceeds from disposal of intangible assets		206	1,015	–	–
Proceeds from disposal of unquoted available-for-sale financial instruments		100,064	–	100,064	–
Net repayment from associates		1,103	976	–	–
Net repayment from joint ventures		6,523	11,722	–	–
Dividends received from available-for-sale financial instruments	26	7,868	4,687	2,817	–
Dividends received from subsidiaries		–	–	106,800	38,123
Dividends received from joint ventures		2,387	2,197	–	–
Dividends received from associates		–	516	–	–
Capital distributions from associates		–	1,588	–	–
Refund of deposits paid to non-controlling interests of subsidiaries		–	25,591	–	–
Repayment from subsidiaries		–	–	32,699	22,369
Net cash (used in)/from investing activities		(3,378,055)	(745,870)	(583,934)	82,301
Cash flows from financing activities					
Interest paid		(194,280)	(128,567)	–	–
Proceeds from exercise of share options		88,445	82,574	88,445	82,574
Proceeds from loans and borrowings		4,900,139	1,006,815	–	–
Repayment of loans and borrowings		(3,707,485)	(1,185,924)	–	–
Loan from non-controlling interest of a subsidiary		158,890	35,618	–	–
Dividends paid to non-controlling interests		(173,489)	(141,356)	–	–
Dividends paid to owners of the Company		(246,645)	(163,500)	(246,645)	(163,500)
Acquisition of non-controlling interests		(39,008)	(32,080)	–	–
Capital injection into a subsidiary by non-controlling interests		13,673	–	–	–
Issue of shares by subsidiary to non-controlling interests		–	400	–	–
Changes in pledged deposits		1,764	1,519	–	–
Net cash from/(used in) financing activities		802,004	(524,501)	(158,200)	(80,926)

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net (decrease)/increase in cash and cash equivalents	(590,309)	360,229	(775,063)	(38,753)
Effect of exchange rate fluctuations on cash held	96,182	(35,710)	246	187
Cash and cash equivalents at 1 January	2,460,128	2,135,609	797,076	835,642
Cash and cash equivalents at 31 December	1,966,001	2,460,128	22,259	797,076

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	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	16	950,233	971,481	22,259	25,196
Fixed deposits placed with licensed banks	16	1,027,706	1,496,346	–	771,880
		1,977,939	2,467,827	22,259	797,076
Less:					
– Bank overdrafts	16	(6,003)	–	–	–
– Deposits pledged	16	(382)	(3,127)	–	–
– Cash collateral received	16	(5,553)	(4,572)	–	–
Cash and cash equivalents		1,966,001	2,460,128	22,259	797,076

The notes on pages 167 to 291 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:

Level 11, Block A
Pantai Hospital Kuala Lumpur
8 Jalan Bukit Pantai
59100 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 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 2015 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 43 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 28 March 2016.

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 requirements of the Companies Act, 1965 in Malaysia.

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the accounting standards, amendments or 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 except as mentioned below:

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue – Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MASB has also issued the following new and revised MFRSs, interpretations and amendments which are not yet effective, but for which is not relevant to the operations of the Group and of the Company and hence, no further disclosure is warranted.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*

(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.

1. BASIS OF PREPARATION (CONTINUED)

(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.

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 5 – measurement of the fair value of investment properties
- Note 6 – measurement of the recoverable amounts of cash-generating units
- Note 21 – measurement of share-based payment
- Note 22 & 23 – measurement of retirement benefits and employment termination benefits
- Note 24 – measurement of fair value of compulsory convertible preference shares liabilities ("CCPS") and put options liabilities
- Note 42 – business combination

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 from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of 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 net 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

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 controls an entity when it 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses and includes transaction costs.

(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 interest including any long-term investments 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iii) Associates (continued)

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 includes transaction costs.

(iv) Joint arrangements

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 account 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 or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statements of financial position at cost less any impairment losses and includes transaction costs.

(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) Changes in 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(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 instruments 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

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;
- qualifying cash flow hedges to the extent the hedge is effective; or
- put options granted to non-controlling interests.

(ii) Foreign operations

The assets and liabilities of operations denominated in functional currencies other than 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(i) Initial recognition and measurement (continued)

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), contingent consideration receivable in a business combination 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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(d) Available-for-sale financial instruments

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 and put options liabilities (refer below).

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), contingent consideration payable in a business combination 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.

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.

Put options in business combination

The Group granted put options to the non-controlling interests in existing subsidiaries over their equity interests in those subsidiaries which provide for settlement in cash by the Group. The Group recognises a liability for the present value of the exercise price of the options. Subsequent to initial recognition, the Group recognises the changes in the carrying amount of the financial liabilities in equity.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

Compulsory convertible preference shares ("CCPS")

CCPS are issued by a subsidiary, denominated in Indian Rupees and will be converted to share capital of the subsidiary at the option of the holder. Where the number of shares to be issued is not fixed, the CCPS is classified as a liability and initially recognised at its fair value and subsequent changes in fair value are recognised in profit or loss. Where the number of shares to be issued becomes fixed, the related CCPS tranche is reclassified to equity at its fair value on that date.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

Cash flow hedge (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 operating 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(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, renovations, furniture and 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Leased assets (continued)

(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.

Prepayment for leasehold land which in substance is an operating lease is classified as prepaid lease payments, and are amortised over the term of the lease.

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets (continued)

(i) Research and development (continued)

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.

(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 – 20 years |
| • Capitalised development costs | 5 – 10 years |
| • Brand use rights | remaining term of the right |
| • Favourable lease arrangements | remaining term of the lease |
| • Other intangibles | 3 – 10 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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) Development 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Due allowance is made for all damaged, expired and slow moving items.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) 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.

(l) 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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 instruments 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment (continued)

(ii) Other assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(ii) Defined benefits plans

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.

Net interest expense and other expenses relating to defined benefits 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits (continued)

(iii) 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 option pricing model for LTIP and EOS 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Revenue and other income (continued)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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

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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land RM'000	Leasehold land RM'000	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 2014		481,269	3,348,586	2,927,504	4,366,121	46,815	25,819	394,930	11,591,044
Additions		-	-	29,342	353,854	4,579	9,323	546,515	943,613
Disposals		-	-	-	(75,645)	-	(4,016)	(25,727)	(105,388)
Write off		-	-	-	(11,915)	(615)	-	-	(12,530)
Reclassification		-	-	7,677	314,429	981	-	(323,087)	-
Transfer to intangible assets	6	-	-	-	(112)	-	-	-	(112)
Transfer to investment properties									
- Offset of accumulated depreciation		-	(447)	(439)	(325)	-	-	-	(1,211)
- Revaluation of property transferred		-	35,666	-	-	-	-	-	35,666
- Transfer of carrying amount	5	-	(58,521)	(5,452)	(3,611)	-	-	-	(67,584)
Transfer from investment properties	5	-	6,982	1,588	354	-	-	-	8,924
Translation differences		(990)	112,735	37,944	22,328	-	(16)	9,595	181,596
At 31 December 2014/ 1 January 2015		480,279	3,445,001	2,998,164	4,965,478	51,760	31,110	602,226	12,574,018
Acquisitions through business combinations	42	86,463	-	370,556	347,812	-	5,726	8,302	818,859
Additions		567	-	6,177	582,171	4,658	5,421	922,680	1,521,674
Disposals		-	-	(1,188)	(254,510)	-	(3,936)	(1,688)	(261,322)
Write off		-	-	(202)	(21,480)	(1,108)	-	-	(22,790)
Reclassification		-	-	374,138	216,966	-	-	(591,104)	-
Transfer to development properties	12	-	-	-	-	-	-	(5,141)	(5,141)
Translation differences		16,955	402,996	194,399	291,058	-	1,560	92,096	999,064
At 31 December 2015		584,264	3,847,997	3,942,044	6,127,495	55,310	39,881	1,027,371	15,624,362

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Freehold land RM'000	Leasehold land RM'000	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 losses									
At 1 January 2014		-	168,505	432,702	2,291,130	20,167	15,869	-	2,928,373
Depreciation charge for the year		-	39,689	54,063	438,047	5,368	4,088	-	541,255
Impairment loss reversed		-	-	-	(702)	-	-	-	(702)
Disposals		-	-	-	(50,471)	-	(3,123)	-	(53,594)
Write off		-	-	-	(9,907)	(507)	-	-	(10,414)
Reclassification		-	-	-	(747)	747	-	-	-
Offset of accumulated depreciation on property transferred to investment properties		-	(447)	(439)	(325)	-	-	-	(1,211)
Translation differences		-	6,623	7,282	7,890	-	33	-	21,828
At 31 December 2014/ 1 January 2015		-	214,370	493,608	2,674,915	25,775	16,867	-	3,425,535
Acquisitions through business combinations	42	-	-	26,153	151,927	-	3,688	-	181,768
Depreciation charge for the year		-	41,824	64,556	512,344	5,722	4,683	-	629,129
Impairment loss reversed		-	-	-	(99)	-	-	-	(99)
Disposals		-	-	(277)	(236,838)	-	(3,232)	-	(240,347)
Write off		-	-	(37)	(18,115)	(995)	-	-	(19,147)
Translation differences		-	26,747	34,914	148,999	-	965	-	211,625
At 31 December 2015		-	282,941	618,917	3,233,133	30,502	22,971	-	4,188,464
Net carrying amount									
At 1 January 2014		481,269	3,180,081	2,494,802	2,074,991	26,648	9,950	394,930	8,662,671
At 31 December 2014/ 1 January 2015		480,279	3,230,631	2,504,556	2,290,563	25,985	14,243	602,226	9,148,483
At 31 December 2015		584,264	3,565,056	3,323,127	2,894,362	24,808	16,910	1,027,371	11,435,898

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Renovations, furniture and fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2014	455	650	1,105
Additions	19	1,462	1,481
Disposals	(2)	–	(2)
Translation differences	–	58	58
At 31 December 2014/1 January 2015	472	2,170	2,642
Additions	1,160	–	1,160
Disposals	(9)	–	(9)
Write off	(332)	–	(332)
Translation differences	–	213	213
At 31 December 2015	1,291	2,383	3,674
Accumulated depreciation			
At 1 January 2014	60	119	179
Depreciation charge for the year	106	325	431
Translation differences	–	7	7
At 31 December 2014/1 January 2015	166	451	617
Depreciation charge for the year	248	450	698
Disposals	(3)	–	(3)
Write off	(98)	–	(98)
Translation differences	–	55	55
At 31 December 2015	313	956	1,269
Net carrying amount			
At 1 January 2014	395	531	926
At 31 December 2014/1 January 2015	306	1,719	2,025
At 31 December 2015	978	1,427	2,405

Leasehold land

Included in the net carrying amount of leasehold land of the Group is RM3,565,056,000 (2014: RM3,230,631,000) pertaining to leasehold land with unexpired lease period of more than 50 years.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Securities

As at 31 December 2015, property, plant and equipment of the Group with carrying amounts of RM507,232,000 (2014: RM156,101,000) 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 of the Group are motor vehicles and equipment with net carrying amounts of RM154,079,000 (2014: RM92,175,000) that are held under finance lease arrangements.

Borrowing costs

Included in additions of the Group during the year are capitalised borrowing costs amounting to RM37,730,000 (2014: RM14,830,000).

Prepaid lease payments amortisation capitalised

Included in additions of the Group during the year are capitalised amortisation expenses of prepaid lease payments amounting to RM17,138,000 (2014: RM14,424,000).

4. PREPAID LEASE PAYMENTS

	Group	
	2015 RM'000	2014 RM'000
Cost		
At 1 January	774,458	714,965
Translation differences	181,867	59,493
At 31 December	956,325	774,458
Accumulated amortisation		
At 1 January	28,397	11,916
Amortisation charge for the year	17,138	14,424
Translation differences	8,657	2,057
At 31 December	54,192	28,397
Net carrying amount		
At 1 January	746,061	703,049
At 31 December	902,133	746,061

Prepaid lease payments relate to a leasehold land of an overseas subsidiary which was acquired in 2013 and is, in substance, an operating lease. The prepaid lease payments are amortised on a straight-line basis over the lease term of 50 years. The amortisation charge for the year ended 31 December 2015 of RM17,138,000 (2014: RM14,424,000) is capitalised in property, plant and equipment.

5. INVESTMENT PROPERTIES

		Group	
	Note	2015 RM'000	2014 RM'000
At 1 January		2,028,438	1,922,721
Additions		317,905	212,887
Transfer from property, plant and equipment	3	–	67,584
Transfer to property, plant and equipment	3	–	(8,924)
Disposals		–	(190,509)
Change in fair value recognised in profit or loss	29	120,904	52,453
Translation differences		401,866	(27,774)
At 31 December		2,869,113	2,028,438

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	
		2015 RM'000	2014 RM'000
Rental income		146,932	126,009
Direct operating expenses:			
– income generating investment properties		(17,780)	(15,369)
– non-income generating investment properties		(1,669)	(1,353)
		127,483	109,287

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

5. INVESTMENT PROPERTIES (CONTINUED)

Determination of fair value (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 fair value of the investment properties are categorised as follows:

	2015			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
Land	–	–	653,646	653,646
Buildings	–	–	2,215,467	2,215,467
	–	–	2,869,113	2,869,113
	2014			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
Land	–	–	405,262	405,262
Buildings	–	–	1,623,176	1,623,176
	–	–	2,028,438	2,028,438

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.

5. INVESTMENT PROPERTIES (CONTINUED)

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

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	<ul style="list-style-type: none"> Risk-adjusted discount rates range from 5.1% to 7.8% (2014: 5.3% to 8.0%) Capitalisation rates range from 4.5% to 7.4% (2014: 5.0% to 7.9%) 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> the risk-adjusted discount rates were lower/(higher); or the capitalisation rates were lower/(higher)
Sales comparison approach	<ul style="list-style-type: none"> Premium made for differences in type of development (including design, use and proximity to complementary businesses) range from 0% to 2% (2014: 8% to 10%) 	<p>The estimated fair value would increase/(decrease) if premium made for differences in type of development was higher/(lower)</p>

Significant unobservable inputs

Significant 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.
- Terminal yield rate is the estimated capitalisation rate at maturity of the holding period.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS

Group	Note	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	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 2014		1,989,966	284,581	366,438	175,242	2,816,227	8,883,733	11,699,960
Additions		–	–	–	11,167	11,167	–	11,167
Transfer from property, plant and equipment	3	–	–	–	112	112	–	112
Disposals		–	–	–	(1,524)	(1,524)	(2,501)	(4,025)
Translation differences		(21,348)	(8,336)	(6,591)	1,703	(34,572)	273,333	238,761
At 31 December 2014/ 1 January 2015		1,968,618	276,245	359,847	186,700	2,791,410	9,154,565	11,945,975
Acquisition through business combinations	42	–	–	14,003	95,600	109,603	708,036	817,639
Additions		–	–	–	11,440	11,440	–	11,440
Disposals		–	–	–	(344)	(344)	–	(344)
Reclassification		–	–	55,277	(55,277)	–	–	–
Translation differences		(4,057)	(1,583)	3,930	8,422	6,712	1,146,673	1,153,385
At 31 December 2015		1,964,561	274,662	433,057	246,541	2,918,821	11,009,274	13,928,095

* Other intangibles include capitalised development costs, brand use rights and favourable lease arrangements.

6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS (CONTINUED)

Group	Note	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	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 2014		–	–	126,429	61,672	188,101	2,499	190,600
Amortisation charge for the year		–	–	47,094	19,833	66,927	–	66,927
Disposals		–	–	–	(369)	(369)	(2,501)	(2,870)
Translation differences		–	–	(1,465)	414	(1,051)	2	(1,049)
At 31 December 2014/ 1 January 2015		–	–	172,058	81,550	253,608	–	253,608
Amortisation charge for the year		–	–	41,725	18,646	60,371	–	60,371
Disposals		–	–	–	(138)	(138)	–	(138)
Reclassification		–	–	20,568	(20,568)	–	–	–
Translation differences		–	–	2,347	2,207	4,554	–	4,554
At 31 December 2015		–	–	236,698	81,697	318,395	–	318,395
Net carrying amount								
At 1 January 2014		1,989,966	284,581	240,009	113,570	2,628,126	8,881,234	11,509,360
At 31 December 2014/ 1 January 2015		1,968,618	276,245	187,789	105,150	2,537,802	9,154,565	11,692,367
At 31 December 2015		1,964,561	274,662	196,359	164,844	2,600,426	11,009,274	13,609,700

* Other intangibles include capitalised development costs, brand use rights and favourable lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS (CONTINUED)

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 operating unit are as follows:

Group	Goodwill		Brand names		Hospital licences	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Singapore healthcare services	5,839,746	4,968,458	1,145,173	1,145,173	–	–
Malaysia healthcare services	2,024,439	1,813,134	116,000	116,000	–	–
China healthcare services	198,155	169,665	–	–	–	–
India healthcare services	730,095	–	–	–	–	–
Turkey healthcare services	1,838,811	1,847,801	703,388	707,445	274,662	276,245
PLife REIT	153,052	130,531	–	–	–	–
Education	224,976	224,976	–	–	–	–
	<u>11,009,274</u>	<u>9,154,565</u>	<u>1,964,561</u>	<u>1,968,618</u>	<u>274,662</u>	<u>276,245</u>

Impairment testing for cash-generating units containing goodwill, brand names and hospital licences

(a) Healthcare services and Education CGUs

Key assumptions used in determining the 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 2016 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:
 - Healthcare services CGUs: 2% – 91% [2014: 7% – 23%] per annum in the first 3 years with declining revenue trend in subsequent years from 2% – 32% [2014: 2% – 11%] per annum; and
 - Education CGU: 3% – 7% [2014: 3.0% – 11.5%] per annum for the first 3 years with 3% [2014: 3%] revenue growth for subsequent years

6. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS (CONTINUED)

Impairment testing for cash-generating units containing goodwill, brand names and hospital licences (continued)

(a) Healthcare services and Education CGUs (continued)

Key assumptions used in determining the recoverable amount (continued)

(ii) EBITDA margins assumptions:

- Healthcare services CGUs: 8% – 31% (2014: 19% – 30%); and
- Education CGU: 32% – 33% (2014: 33%)

The projections are in line with the proposed expansion plans for the respective investees.

(iii) Terminal value was estimated using the perpetuity growth model:

- Healthcare services CGUs: 2% - 7% (2014: 2% - 5%) per annum; and
- Education CGU: 2% (2014: 3%) per annum

The terminal values were applied to steady-state estimated earnings at the end of the projected period.

(iv) Discount rates of approximately 8% - 19% (2014: 7.5% - 13%) which were 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).

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.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 RM'000	2014 RM'000
At cost:		
Unquoted shares in Malaysia	15,912,137	15,652,137
Unquoted shares outside Malaysia	489,976	489,976
	16,402,113	16,142,113
Allowance for impairment loss	(1,000)	(1,000)
	16,401,113	16,141,113

The movement of cost of investment in subsidiaries are as follows:

	Company	
	2015 RM'000	2014 RM'000
At 1 January	16,142,113	16,142,113
Subscription of redeemable preference shares in a subsidiary	260,000	–
At 31 December	16,402,113	16,142,113

Acquisition of/additional interest in subsidiaries

In 2015, the Company increased its investments in a non-direct wholly-owned subsidiary, Pantai Medical Centre Sdn. Bhd., through a subscription of 260,000,000 redeemable preference shares for a total cash consideration of RM260,000,000.

Details of the investment in subsidiaries are as disclosed in Note 43.

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 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 43. 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.

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	← Material NCI →		Other individually immaterial subsidiaries	Total
	PLife REIT RM'000	ASYH RM'000	RM'000	RM'000
2015				
NCI percentage of ownership interest and voting interest	64.26%	40.00%		
Carrying amount of NCI	1,328,892	347,554	404,522	2,080,968
Profit/(Loss) allocated to NCI	136,766	(30,667)	12,093	118,192
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	4,267,923	4,757,393		
Current assets	79,601	1,436,874		
Non-current liabilities	(2,083,638)	(2,744,004)		
Current liabilities	(42,348)	(700,326)		
Net assets	2,221,538	2,749,937		
Year ended 31 December				
Revenue	288,311	2,952,859		
Profit/(Loss) for the year	215,177	(73,466)		
Total comprehensive income	211,470	(78,433)		
Cash flows from operating activities	231,675	491,430		
Cash flows used in investing activities	(296,610)	(808,673)		
Cash flows (used in)/from financing activities	(310,037)	517,041		
Net (decrease)/increase in cash and cash equivalents	(374,972)	199,798		
Dividends paid to NCI	140,799	10,227		

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiaries (continued)

	← Material NCI →		Other individually immaterial subsidiaries	Total
	PLife REIT RM'000	ASYH RM'000	RM'000	RM'000
2014				
NCI percentage of ownership interest and voting interest	64.24%	40.00%		
Carrying amount of NCI	1,234,073	400,919	226,659	1,861,651
Profit allocated to NCI	140,823	25,331	22,839	188,993
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	3,496,890	4,404,243		
Current assets	408,812	875,254		
Non-current liabilities	(1,588,127)	(1,481,004)		
Current liabilities	(265,510)	(917,732)		
Net assets	2,052,065	2,880,761		
Year ended 31 December				
Revenue	258,758	2,652,289		
Profit for the year	221,702	66,663		
Total comprehensive income	216,318	60,308		
Cash flows from operating activities	205,604	259,454		
Cash flows from/(used in) investing activities	11,970	(370,284)		
Cash flows from financing activities	100,715	8,699		
Net increase/(decrease) in cash and cash equivalents	318,289	(102,131)		
Dividends paid to NCI	114,759	7,304		

7. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Significant restrictions

Parkway Life Real Estate Investment Trust ("PLife REIT")

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 2015, the carrying amounts of PLife REIT's assets and liabilities are RM4,347,524,000 (2014: RM3,905,702,000) and RM2,125,986,000 (2014: RM1,853,637,000) respectively.

8. INTERESTS IN ASSOCIATES

	Group	
	2015 RM'000	2014 RM'000
At cost:		
Unquoted shares in Malaysia	3	3
Unquoted shares outside Malaysia	2,245	1,969
	2,248	1,972
Share of post-acquisition reserves	4,255	2,211
	6,503	4,183
Amounts due from associates	1,588	2,441
Allowance for impairment loss	(1,508)	(2,385)
	80	56
	6,583	4,239

Details of the associates are disclosed in Note 44.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

8. INTERESTS IN ASSOCIATES (CONTINUED)

Amounts due from 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 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.

	Individually immaterial associates	
	2015 RM'000	2014 RM'000
Summarised financial information		
As at 31 December		
Non-current assets	8,437	7,491
Current assets	24,705	19,482
Non-current liabilities	(4,699)	(7,599)
Current liabilities	(4,699)	(4,025)
Net assets	23,744	15,349
Year ended 31 December		
Revenue	23,593	18,456
Profit for the year, representing total comprehensive income for the year	5,765	6,143
The Group's share of profit or loss from continuing operations, representing share of total comprehensive income for the year	1,601	1,702

9. INTERESTS IN JOINT VENTURES

	Group	
	2015 RM'000	2014 RM'000
At cost:		
Unquoted shares outside Malaysia	277,702	246,042
Share of post-acquisition reserves	(68,693)	(75,387)
	209,009	170,655
Amounts due from joint ventures	32,400	26,963
Allowance for impairment loss	(20,761)	(17,990)
	11,639	8,973
Amounts due to joint ventures	(642)	(453)
	10,997	8,520
	220,006	179,175

Details of the joint ventures are disclosed in Note 45.

Amounts due from/(to) joint ventures

The amounts due from/(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 part of the Group's net investments in these joint ventures, they are stated at cost less accumulated impairment loss.

The Group does 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	
	2015 RM'000	2014 RM'000
Summarised financial information		
As at 31 December		
Non-current assets	538,532	384,022
Current assets	134,989	95,326
Non-current liabilities	(185,846)	(99,388)
Current liabilities	(129,327)	(95,712)
Net assets	358,348	284,248
Year ended 31 December		
Revenue	246,291	206,270
Profit for the year, representing total comprehensive income for the year	25,017	16,273
The Group's share of profit or loss from continuing operations, representing share of total comprehensive income for the year	12,682	8,149

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

10. OTHER FINANCIAL ASSETS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current				
<i>Available-for-sale financial instruments</i>				
At market value:				
Quoted shares outside Malaysia	1,446,623	938,167	–	–
At cost:				
Unquoted shares in Malaysia	80	80	–	–
	<u>1,446,703</u>	<u>938,247</u>	<u>–</u>	<u>–</u>
<i>Held-to-maturity investments</i>				
Singapore government debt securities, at amortised cost	–	16,984	–	–
<i>Others</i>				
Fixed deposits placed for more than 3 months tenure	1,935	–	–	–
Club membership and other investments	680	804	–	69
	<u>2,615</u>	<u>804</u>	<u>–</u>	<u>69</u>
	<u>1,449,318</u>	<u>956,035</u>	<u>–</u>	<u>69</u>
Current				
<i>Available-for-sale financial instruments</i>				
At market value:				
– Money market funds, unquoted in Malaysia	70,644	–	70,644	–
– Eurobonds, unquoted outside Malaysia	311,638	–	–	–
	<u>382,282</u>	<u>–</u>	<u>70,644</u>	<u>–</u>
<i>Held-to-maturity investments</i>				
Singapore government debt securities, at amortised cost	34,069	13,581	–	–
<i>Others</i>				
Fixed deposits placed for more than 3 months tenure	702,954	–	410,590	–
	<u>1,119,305</u>	<u>13,581</u>	<u>481,234</u>	<u>–</u>

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.

11. DEFERRED TAX ASSETS AND LIABILITIES

Group	At 1 January 2014 RM'000	Recognised in profit or loss (note 32) RM'000	Recognised in other comprehensive income (note 30) RM'000	Translation differences on consolidation RM'000	At 31 December 2014/ 1 January 2015 RM'000	Acquired in business combinations (note 42) RM'000	Recognised in profit or loss (note 32) RM'000	Recognised in other comprehensive income (note 30) RM'000	Translation differences on consolidation RM'000	At 31 December 2015 RM'000
Unutilised tax losses and unabsorbed capital allowance	34,785	(5,473)	-	(904)	28,408	-	(10,835)	-	(320)	17,253
Investment tax allowance	17,520	(4,094)	-	-	13,426	-	61,206	-	2	74,634
Receivables/provisions	24,604	4,436	1,482	(579)	29,943	-	(7,205)	2,133	(333)	24,538
Property, plant and equipment	(420,508)	(12,158)	-	(2,477)	(435,143)	13,497	5,503	-	(9,527)	(425,670)
Investment properties	(22,197)	(8,916)	-	(243)	(31,356)	-	(21,026)	-	(7,768)	(60,150)
Intangible assets	(494,587)	11,750	-	6,662	(476,175)	(33,832)	14,448	-	(4,503)	(500,062)
Others	2,847	(1,937)	-	269	1,179	-	(333)	-	331	1,177
	(857,536)	(16,392)	1,482	2,728	(869,718)	(20,335)	41,758	2,133	(22,118)	(868,280)

NOTES TO THE FINANCIAL STATEMENTS

11. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

The amounts determined after appropriate offsetting is included in the statements of financial position are as follows:

Group	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unutilised tax losses and unabsorbed capital allowance	17,253	28,408	–	–	17,253	28,408
Property, plant and equipment	98,264	–	(523,934)	(435,143)	(425,670)	(435,143)
Investment properties	–	–	(60,150)	(31,356)	(60,150)	(31,356)
Investment tax allowances	74,634	13,426	–	–	74,634	13,426
Intangible assets	5,314	96	(505,376)	(476,271)	(500,062)	(476,175)
Receivables/provisions	51,607	42,723	(27,069)	(12,780)	24,538	29,943
Others	5,094	4,991	(3,917)	(3,812)	1,177	1,179
	252,166	89,644	(1,120,446)	(959,362)	(868,280)	(869,718)
Set off	(18,955)	(21,317)	18,955	21,317	–	–
	233,211	68,327	(1,101,491)	(938,045)	(868,280)	(869,718)

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	
	2015 RM'000	2014 RM'000
Deductible temporary difference	1,019	–
Unutilised tax losses	39,049	49,326
Others	–	292
	40,068	49,618

The unutilised tax losses carried forward do not expire under current tax legislations, except for amount of RM36,359,000 (2014: RM48,001,000) which can be carried forward to offset against future taxable income for five years only. 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.

12. DEVELOPMENT PROPERTIES

		Group	
	Note	2015 RM'000	2014 RM'000
At 1 January		–	–
Additions		2,003	–
Transfer from property, plant and equipment	3	5,141	–
As at 31 December		7,144	–

13. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
Pharmaceuticals, surgical and medical supplies	218,768	171,718

As at 31 December 2015, inventories with carrying amount of RM10,150,000 (2014: Nil) are pledged to licensed financial institutions as securities for credit facilities granted to subsidiaries.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current				
Trade receivables	67,737	–	–	–
Other receivables	2,028	1,326	–	–
	69,765	1,326	–	–
Prepayments	23,626	17,852	–	–
Deposits	19,843	29,057	–	–
	113,234	48,235	–	–
Current				
Trade receivables	1,056,438	910,269	–	–
Other receivables	72,627	40,643	–	14
Interest receivables	5,027	2,962	2,211	999
	1,134,092	953,874	2,211	1,013
Prepayments	60,755	40,683	852	1,322
Deposits	39,476	32,978	5	39
	1,234,323	1,027,535	3,068	2,374

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

Offsetting of financial assets and financial liabilities

Financial assets and liabilities that have been set off for presentation purpose are as follows:

			Group	Net carrying amount in the statements of financial position RM'000
	Note	Gross amount RM'000	Balances that are set off RM'000	
2015				
Trade receivables		1,364,984	(37,277)	1,327,707
Trade payables	24	(848,841)	37,277	(811,564)
2014				
Trade receivables		1,067,399	(25,074)	1,042,325
Trade payables	24	(578,528)	25,074	(553,454)

Certain trade receivables and trade payables were set off for presentation purpose as the Group has enforceable rights to set off the amounts and intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

15. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are unsecured, interest free and are repayable on demand.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	950,233	971,481	22,259	25,196
Fixed deposits with financial institutions	1,027,706	1,496,346	–	771,880
	1,977,939	2,467,827	22,259	797,076
Bank overdrafts	(6,003)	–	–	–
Deposits pledged	(382)	(3,127)	–	–
Cash collateral received	(5,553)	(4,572)	–	–
Cash and cash equivalents in statements of cash flows	1,966,001	2,460,128	22,259	797,076

16. CASH AND CASH EQUIVALENTS (CONTINUED)

Fixed deposits with licenced banks included RM382,000 (2014: RM3,127,000) 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 JPY154,400,000 (RM5,553,000)).

To further support the Rental Income Guarantee, a cash deposit of JPY154,400,000 (2014: JPY154,400,000), approximately RM5,553,000 (2014: RM4,572,000), 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.

17. ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale as at 31 December 2015 pertain to a piece of freehold land in India that is committed for sale, pending the approval from the Foreign Investment Board of India for the transfer of the title deed.

18. SHARE CAPITAL

Group and Company	Amount 2015 RM'000	Number of shares 2015 '000	Amount 2014 RM'000	Number of shares 2014 '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	8,178,570	8,178,570	8,134,974	8,134,974
Issued during the year	44,776	44,776	43,596	43,596
At 31 December	8,223,346	8,223,346	8,178,570	8,178,570

NOTES TO THE FINANCIAL STATEMENTS

18. SHARE CAPITAL (CONTINUED)

Issue of shares

During the financial year, the Company issued:

- i) 33,250,002 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and
- ii) 11,526,143 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 2015 amounted to RM8,223,346,034.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

19. 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 mainly 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 21.

(c) Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial instruments 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.

19. OTHER RESERVES (CONTINUED)

(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) difference between consideration received and net assets disposed when the Group disposed its interest in subsidiaries without losing control of the subsidiaries;
- (iv) capital gain or loss arising from the payment of a non-controlling interest's subscription to the share capital of a subsidiary;
- (v) capital gain or loss arising from the Group's subscription to additional shares of non-wholly owned subsidiaries; and
- (vi) financial liabilities arising from initial issue of put options to non-controlling interests in relation to the Group's business combinations, and its subsequent remeasurement changes.

(g) Legal reserve

The legal reserve comprises:

- i) 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 2015, 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.
- ii) statutory reserve fund ("SRF") for the Group's subsidiaries in the People's Republic of China ("PRC") who are required by the Foreign Enterprise Law to allocate 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations to the SRF annually. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

(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.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

20. LOANS AND BORROWINGS

	Group	
	2015 RM'000	2014 RM'000
Non-current		
Secured		
Bank borrowings	303,915	1,102,616
Finance lease liabilities	135,913	110,648
Unsecured		
Bank borrowings	5,882,699	2,379,512
	<u>6,322,527</u>	<u>3,592,776</u>
Current		
Secured		
Bank overdrafts	5,935	–
Bank borrowings	239,424	167,734
Finance lease liabilities	75,808	53,196
Unsecured		
Bank overdrafts	68	–
Bank borrowings	52,688	455,612
	<u>373,923</u>	<u>676,542</u>
	<u>6,696,450</u>	<u>4,269,318</u>

20. LOANS AND BORROWINGS (CONTINUED)

The terms and conditions of the bank borrowings and overdrafts are as follows:

Group	Currency	Nominal interest rate %	Year of maturity	Carrying amount RM'000
2015				
Secured bank loans	EUR	6-mth Euribor ⁽¹⁾ +0.65%-0.7%	2016-2023	200,943
Secured bank loans	INR	Base rate+1.25%-5.0%	2016-2023	274,487
Secured bank loans	INR	BPLR ⁽²⁾ +1.00%	2016	5,136
Secured bank loans	MKD	4.5%	2017-2020	2,685
Secured bank loans	RM	5.04%	2016-2018	60,088
Unsecured bank loans	EUR	5% and Euribor+2.95%	2016-2020	1,570,558
Unsecured bank loans	HKD	HIBOR ⁽⁴⁾ +1.30%	2018	492,652
Unsecured bank loans	INR	7.5%	2016	23,457
Unsecured bank loans	JPY	LIBOR ⁽⁵⁾ +0.8%-1.10%	2017-2020	1,260,017
Unsecured bank loans	MKD	5.75%	2016	6,527
Unsecured bank loans	SGD	SOR ⁽⁶⁾ +0.73%-1.05%	2017-2021	2,022,754
Unsecured bank loans	SGD	COF ⁽³⁾	2016	3,058
Unsecured bank loans	TL	0%-16.2%	2016	17,263
Unsecured bank loans	USD	3-mth LIBOR+1.75%-2.95%	2016-2020	539,101
Secured bank overdrafts	INR	Base rate+1.25%-3.8%	2016	5,935
Unsecured bank overdrafts	SGD	0%	2016	68
				6,484,729
2014				
Secured bank loans	EUR	6-mth Euribor+0.7%	2015-2018	117,752
Secured bank loans	MKD	6.5%	2015	5,776
Secured bank loans	RM	COF+0.25%	2015-2018	75,087
Secured bank loans	USD	3-mth LIBOR+1.75%-6.35%	2015-2019	1,071,735
Unsecured bank loans	EUR	5.0%	2015	8,784
Unsecured bank loans	HKD	HIBOR+1.30%	2018	58,346
Unsecured bank loans	JPY	LIBOR+0.8%-1.10%	2017-2020	936,058
Unsecured bank loans	JPY	COF	2015	165,452
Unsecured bank loans	SGD	SOR+0.9%-1.05%	2017-2021	1,385,107
Unsecured bank loans	SGD	COF	2016	51,516
Unsecured bank loans	TL	0%-12.5%	2015	229,861
				4,105,474

⁽¹⁾ Euro Interbank Offer Rate

⁽²⁾ Benchmark Prime Lending Rate

⁽³⁾ Bank's cost of funds

⁽⁴⁾ Hong Kong Interbank Offered Rate

⁽⁵⁾ London Interbank Offered Rate

⁽⁶⁾ Singapore Swap Offer Rate

Key Messages
About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

NOTES TO THE FINANCIAL STATEMENTS

20. LOANS AND BORROWINGS (CONTINUED)

The secured Indian Rupee ("INR") denominated bank loans are secured over the assets and shares of certain subsidiaries in India, and by personal guarantees and assets of non-controlling interests.

After a financing restructuring in June 2015, the secured United States Dollar ("USD"), Euro Dollars ("Euro") and Macedonian Denar ("MKD") denominated bank borrowings are secured over assets of certain subsidiaries in Turkey. In the previous year, these loans were also secured over the shares of certain subsidiaries in Turkey.

The secured RM denominated bank loan is secured over the freehold land and building of a subsidiary in Malaysia.

Interest rate swaps and cross currency interest rate swaps

The Group entered into interest rate swaps and cross currency interest rate swaps with various counterparties to provide fixed rate funding for certain unsecured bank borrowings. Details of these interest rate swaps are set out in Note 25.

Breach of loan covenant

One of the subsidiaries breached the loan covenant in respect of a bank loan with a carrying amount of RM142,423,000. The covenant requires the loan to be secured with a pledge of 51% shares in Continental Hospitals Private Limited (formerly known as Continental Hospitals Limited) ("CHL") which was not in place as at 31 December 2015 and consequently, the bank loan became repayable on demand and was classified in full as a current liability. On 5 January 2016, the said subsidiary was granted an extension of time to comply with this requirement.

Finance lease liabilities

	Payments 2015 RM'000	Interest 2015 RM'000	Principal 2015 RM'000	Payments 2014 RM'000	Interest 2014 RM'000	Principal 2014 RM'000
Group						
Less than 1 year	84,479	(8,671)	75,808	60,739	(7,543)	53,196
Between 1 and 5 years	135,391	(12,380)	123,011	116,327	(8,670)	107,657
More than 5 years	13,346	(444)	12,902	3,058	(67)	2,991
	233,216	(21,495)	211,721	180,124	(16,280)	163,844

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.

21. EMPLOYEE BENEFITS

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current					
Cash-settled LTIP		116	181	116	181
Retirement benefits	22	20,688	13,818	–	–
Employment termination benefits	23	10,921	9,313	–	–
Provision for unconsumed leave		342	–	–	–
		<u>32,067</u>	<u>23,312</u>	<u>116</u>	<u>181</u>
Current					
Cash-settled LTIP		277	395	277	395
Retirement benefits	22	912	–	–	–
PTM long term incentive plan (cash-settled)		1,009	939	–	–
Defined contribution plan		28,793	23,540	53	22
Provision for unconsumed leave		28,990	18,618	437	52
		<u>59,981</u>	<u>43,492</u>	<u>767</u>	<u>469</u>

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, 70,000 (2014: 110,000) cash-settled LTIP units were granted to eligible staff.

PTM long term incentive scheme (cash-settled)

In 2009, 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 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 balances represent the cash value amount of the unconsumed leave balance entitled to the employees at the end of the financial year. Employees of certain subsidiaries can carry-forward a portion of the unconsumed leave and utilise it in future service periods or receive cash compensation on termination of employment. Since the unconsumed leave does not fall due wholly within twelve months after the end of the period in which the employees render the related service and are not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as non-current. The obligation is measured based on independent actuarial valuation using projected unit credit method as at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFITS (CONTINUED)

Share-based payment scheme

(a) LTIP

On 25 March 2011, the Group established the LTIP scheme to grant non-transferrable convertible units to eligible employees of the Group.

The LTIP units granted will vest in the participants within three years from the date of grant. All LTIP units that have been granted and vested must be surrendered to the Company for allotment of shares of the Company on the basis of one 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.

(b) EPP

On 25 March 2011, the Group established the EPP schemes to grant non-transferable share options to eligible employees of the Group.

The EPP options granted will vest in the participants over a 4-year period, with two-thirds of the options to be vested in equal proportion 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 vesting, 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.

(c) EOS

On 15 June 2015, at an extraordinary general meeting, the Company's shareholders approved the establishment of the EOS scheme to grant share options to eligible personnel.

The EOS options granted in each year will vest in the participants over a 3-year period. Each EOS option gives the participant a right to receive one share, upon exercise of the option and subject to the payment of the exercise price.

The exercise price for the EOS option granted shall be determined by the Board which shall be based on the higher of the following:

- the 5 day weighted average market price of the underlying shares a day immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant regulatory from time to time (subject to the Board's discretion to grant the discount); or
- the par value of the Shares.

The EOS shall be in force for a period of 10 years from 22 June 2015.

During the year, a total of 6,313,000 equity-settled LTIP units (2014: 7,765,000) and 8,822,000 EOS units were granted to eligible staff. The movement in the number of options outstanding under the respective schemes as at 31 December 2015 and the details of the schemes are as follows:

21. EMPLOYEE BENEFITS (CONTINUED)

LTIP

Date of grant	Number of units outstanding at 1.1.2014	Reclassification	Number of units granted	Number of units lapsed/ cancelled	Number of units exercised	Number of units outstanding at 31.12.2014	Number of holders at 31.12.2014
Key Management Personnel							
21 April 2011	1,915,000	(1,110,000)	–	–	(805,000)	–	–
1 September 2011	9,000	–	–	–	(9,000)	–	–
2 April 2012	3,288,000	(1,878,000)	–	–	(704,000)	706,000	2
2 July 2013	3,609,000	(1,681,000)	–	–	(642,000)	1,286,000	3
2 July 2014	–	–	2,114,000	–	–	2,114,000	3
	8,821,000	(4,669,000)	2,114,000	–	(2,160,000)	4,106,000	8
Other eligible employees							
21 April 2011	1,528,000	1,110,000	–	(12,000)	(2,626,000)	–	–
30 June 2011	48,362	–	–	–	(48,362)	–	–
1 August 2011	35,631	–	–	–	(35,631)	–	–
1 September 2011	25,378	–	–	–	(25,378)	–	–
2 April 2012	3,490,102	1,878,000	–	(164,000)	(2,711,353)	2,492,749	63
29 April 2013	3,997,893	–	–	(174,000)	(1,396,294)	2,427,599	71
2 July 2013	–	1,681,000	–	–	(560,000)	1,121,000	2
4 September 2013	101,000	–	–	–	(33,000)	68,000	3
29 April 2014	–	–	5,314,000	(403,000)	–	4,911,000	98
2 July 2014	–	–	337,000	–	–	337,000	1
	9,226,366	4,669,000	5,651,000	(753,000)	(7,436,018)	11,357,348	238
Total	18,047,366	–	7,765,000	(753,000)	(9,596,018)	15,463,348	246

As at 31 December 2014, no outstanding LTIP units are vested and exercisable.

NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFITS (CONTINUED)

LTIP (continued)

Date of grant	Number of units outstanding at 1.1.2015	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 31.12.2015	Number of holders at 31.12.2015
Key Management Personnel							
2 April 2012	706,000	-	-	-	(706,000)	-	-
2 July 2013	1,286,000	-	-	-	(642,000)	644,000	3
2 July 2014	2,114,000	-	-	-	(704,000)	1,410,000	3
2 July 2015	-	-	2,014,000	-	(670,000)	1,344,000	3
	4,106,000	-	2,014,000	-	(2,722,000)	3,398,000	9
Other eligible employees							
2 April 2012	2,492,749	13,000	-	(81,000)	(2,424,749)	-	-
29 April 2013	2,427,599	15,000	-	(165,000)	(1,166,294)	1,111,305	63
2 July 2013	1,121,000	-	-	-	(986,000)	135,000	1
4 September 2013	68,000	-	-	-	(33,000)	35,000	3
29 April 2014	4,911,000	19,000	-	(264,100)	(2,381,000)	2,284,900	83
2 July 2014	337,000	-	-	-	(112,000)	225,000	1
18 March 2015	-	-	466,000	-	(466,000)	-	-
29 April 2015	-	-	3,833,000	(160,000)	(1,235,100)	2,437,900	101
	11,357,348	47,000	4,299,000	(670,100)	(8,804,143)	6,229,105	252
Total	15,463,348	47,000	6,313,000	(670,100)	(11,526,143)	9,627,105	261

As at 31 December 2015, 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

21. EMPLOYEE BENEFITS (CONTINUED)

EPP

Date of grant	Number of options outstanding at 1.1.2014	Reclassification	Number of options granted	Number of options lapsed/ cancelled	Number of options exercised	Number of options outstanding at 31.12.2014	Number of holders at 31.12.2014
Key Management Personnel							
31 March 2011	37,500,000	(18,750,000)	–	–	(9,375,000)	9,375,000	1
1 June 2011	2,750,000	(2,750,000)	–	–	–	–	–
27 July 2011	2,000,000	–	–	–	(1,000,000)	1,000,000	1
	42,250,000	(21,500,000)	–	–	(10,375,000)	10,375,000	2
Other eligible employees							
31 March 2011	–	18,750,000	–	–	(9,375,000)	9,375,000	1
1 June 2011	20,250,000	2,750,000	–	–	(11,250,000)	11,750,000	10
27 July 2011	3,000,002	–	–	–	(1,500,000)	1,500,002	3
1 September 2011	2,500,000	–	–	(1,250,000)	(1,250,000)	–	–
1 December 2011	750,000	–	–	–	(250,000)	500,000	1
	26,500,002	21,500,000	–	(1,250,000)	(23,625,000)	23,125,002	15
Total	68,750,002	–	–	(1,250,000)	(34,000,000)	33,500,002	17

As at 31 December 2014, 750,000 EPP outstanding options are vested and exercisable.

Date of grant	Number of options outstanding at 1.1.2015	Reclassification	Number of options granted	Number of options lapsed/ cancelled	Number of options exercised	Number of options outstanding at 31.12.2015	Number of holders at 31.12.2015
Key Management Personnel							
31 March 2011	9,375,000	–	–	–	(9,375,000)	–	–
27 July 2011	1,000,000	–	–	–	(1,000,000)	–	–
	10,375,000	–	–	–	(10,375,000)	–	–
Other eligible employees							
31 March 2011	9,375,000	–	–	–	(9,375,000)	–	–
1 June 2011	11,750,000	–	–	–	(11,750,000)	–	–
27 July 2011	1,500,002	–	–	–	(1,500,002)	–	–
1 December 2011	500,000	–	–	–	(250,000)	250,000	1
	23,125,002	–	–	–	(22,875,002)	250,000	1
Total	33,500,002	–	–	–	(33,250,002)	250,000	1

As at 31 December 2015, 250,000 EPP outstanding options are vested and exercisable.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFITS (CONTINUED)

EOS

Date of grant	Exercise price	Number of options outstanding at 1.1.2015	Number of options granted	Number of options lapsed/ cancelled	Number of options exercised	Number of options outstanding at 31.12.2015	Number of holders at 31.12.2015
Key Management Personnel							
1 July 2015	RM5.67	–	4,121,000	–	–	4,121,000	2
Other eligible employees							
1 July 2015	RM5.67	–	4,701,000	(80,000)	–	4,621,000	47
Total		–	8,822,000	(80,000)	–	8,742,000	49

As at 31 December 2015, no EOS outstanding options are vested and exercisable.

21. 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 and EOS: Trinomial option 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 as follows:

Fair value of share options and assumptions

	LTIP granted in 2015	LTIP granted in 2014	LTIP granted in 2013	LTIP granted in 2012	LTIP granted in 2011	EPP granted in 2011	EOS granted in 2015
Fair value at grant date	RM5.83 – RM6.00	RM3.89 – RM4.39	RM3.69 – RM3.98	RM2.34	RM1.73 – RM1.75	RM0.0791 – RM0.1110	RM2.06
Enterprise value to EBITDA multiple							
- Singapore healthcare services	n/a	n/a	n/a	14.4x-15.2x	16.6x-17.4x	n/a	n/a
- Malaysia healthcare services	n/a	n/a	n/a	8.8x-9.6x	9.3x-10.1x	n/a	n/a
- Turkey healthcare services	n/a	n/a	n/a	17.0x-18.0x	n/a	n/a	n/a
- Education services	n/a	n/a	n/a	7.2x-8.0x	8.0x-8.8x	n/a	n/a
Weighted average cost of capital	n/a	n/a	n/a	7.0%-15.0%	10%-11%	n/a	n/a
Share price at grant date	RM5.89 – RM6.00	RM3.95 – RM4.39	RM3.75 – RM4.00	n/a	n/a	n/a	RM5.85
Expected volatility (average volatility)	16.6% – 16.7%	16.6%	17.3% – 18.7%	n/a	n/a	20.0% – 25.0%	16.5%
Option life (expected average life)	5.5 – 5.92 years	6.5 – 6.92 years	7.5 – 7.92 years	n/a	n/a	5 years	10 years
Expected dividends yield	0.50% – 0.51%	0.51%	0.50% – 0.53%	n/a	n/a	3.0%	0.51%
Risk free rate	3.57% – 4.45%	3.39% – 3.74%	3.19% – 3.58%	n/a	n/a	3.50% – 3.65%	3.96%
Exercise price	n/a	n/a	n/a	n/a	n/a	n/a	RM5.67

n/a - not applicable

NOTES TO THE FINANCIAL STATEMENTS

21. EMPLOYEE BENEFITS (CONTINUED)

Value of employee services received for issue of share options

		Group		Company	
	Note	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Share-based payment expenses included in staff costs	27	47,664	27,700	14,705	6,767

22. RETIREMENT BENEFITS

Certain Malaysia-based and India-based subsidiaries of the Group have defined benefits plans that provide pension benefits for employees upon retirement. The plans entitle a retired employee to receive one lump sum payment upon retirement. At the end of the financial year, the present values of the unfunded obligations are as follows:

	Group	
	2015 RM'000	2014 RM'000
Present value of unfunded obligations	21,600	13,818
Movements in the liability for defined benefits obligations		
At 1 January	13,818	12,400
Included in profit or loss		
Current service costs	2,534	1,159
Past service credit	1,616	–
Interest on obligation	234	673
	4,384	1,832
Others		
Acquisitions through business combinations	4,424	–
Benefits paid	(647)	(414)
Translation differences	(379)	–
At 31 December	21,600	13,818

Actuarial assumptions

Principal actuarial assumptions at the end of the financial year (expressed as weighted averages):

	Group	
	2015 %	2014 %
Discount rate	5.0 – 8.0	5.0 – 5.5
Future salary growth	5.0 – 6.0	5.0 – 6.0
Future mortality	0.0 – 25.0	0.0 – 0.7

22. 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 obligation at the end of the financial year would have increased/ (decreased) as a result of a change in the respective assumptions by 1%, holding other assumptions constant.

	Group	
	Increase RM'000	Decrease RM'000
2015		
Discount rate (1% movement)	(5,041)	6,834
Future salary growth (1% movement)	6,825	(5,121)
Future mortality (1% movement)	(3,717)	3,818
2014		
Discount rate (1% movement)	(1,587)	1,897
Future salary growth (1% movement)	2,286	(1,923)
Future mortality (1% movement)	–	–

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.

23. 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 2015, the ceiling amount has been limited to TL3,828 (2014: TL3,438), approximately RM5,644 (2014: RM5,098). The reserve 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.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

23. EMPLOYMENT TERMINATION BENEFITS (CONTINUED)

	Group	
	2015 RM'000	2014 RM'000
Present value of unfunded obligations	10,921	9,313
Movements in the liability for defined benefits obligations		
At 1 January	9,313	10,510
Included in profit or loss		
Current service costs	1,132	1,838
Interest on obligation	822	1,252
	1,954	3,090
Included in other comprehensive income		
Remeasurement loss		
– Actuarial loss arising from financial assumptions	10,663	7,409
Others		
Benefits paid	(11,002)	(11,393)
Translation differences	(7)	(303)
	(11,009)	(11,696)
At 31 December	10,921	9,313

Actuarial assumptions

Principal actuarial assumptions at the end of the financial year (expressed as weighted averages):

	Group	
	2015	2014
Annual inflation rate	6.0%	5.0%
Discount rate	11.0%	9.0%
Retirement pay ceiling amount	TL3,828	TL3,438

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.

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current				
Trade payables	1,058	2,503	–	–
Other payables	35,388	5,528	–	–
CCPS liabilities	58,433	–	–	–
Put options liabilities	405,249	–	–	–
Loans from a non-controlling interest	–	367,027	–	–
	500,128	375,058	–	–
Deposits	55,970	33,443	–	–
	556,098	408,501	–	–
Current				
Trade payables	810,506	550,951	–	–
Accrued operating expenses	615,658	456,535	8,063	6,680
Other payables	316,522	247,958	315	174
Interest payables	10,070	12,629	–	–
Dividends payable to a non-controlling interest	3,059	–	–	–
Loans from a non-controlling interest	640,036	–	–	–
	2,395,851	1,268,073	8,378	6,854
Deposits and advance billings	159,643	122,568	–	–
	2,555,494	1,390,641	8,378	6,854

Loans from a non-controlling interest

The loans from a non-controlling interest are unsecured and bear interests at 6-month Hong Kong Interbank Offer Rate+1.30% (2014: 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 ("GHK"), for the purchase of land and construction of a hospital in Hong Kong.

CCPS liabilities

Ravindranath GE Medical Associates Pte Ltd ("RGE"), a 76.25% owned subsidiary, issued CPPS to its shareholders. The CCPS are currently convertible at the option of the holder to ordinary shares of RGE and will be compulsory converted to ordinary shares at the end of 20 years from the date of issue. The conversion ratios of the different tranches of CCPS held by a non-controlling interest vary upon the occurrence of certain pre-determined events as agreed amongst RGE's shareholders. Accordingly, these CCPS are classified as financial liabilities at fair value through profit or loss. When the conversion ratios for each tranche of CCPS are fixed, the CCPS are reclassified to equity at its carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

24. TRADE AND OTHER PAYABLES (CONTINUED)

Put options liabilities

Pursuant to the acquisition of RGE, the Group granted put options to a non-controlling interest of RGE.

The put options comprise:

- An option for the non-controlling interest to sell its 7.13% interest in RGE, on a fully diluted basis, to the Group at a fixed consideration of INR1,463.0 million (equivalent to RM95.3 million) less price adjustment of not more than INR110.0 million, upon achievement of a certain financial target in 2017 pursuant to an option agreement entered with the non-controlling interest; and
- Another option for the non-controlling interest to sell its remaining interest in REE to the Group at the prevailing market price on the date the option is exercised. This put option can only be exercised from December 2020 onwards and does not have an expiry date.

Pursuant to the acquisition of CHL, the Group also granted a put option to the non-controlling interest to sell its existing interest in CHL to the Group at the prevailing market price on the date the option is exercised. The put option can only be exercised from March 2018 onwards and does not have an expiry date.

25. DERIVATIVE ASSETS AND LIABILITIES

	Group	
	2015 RM'000	2014 RM'000
Non-current assets		
Foreign exchange forward contracts	8,079	16,111
Cross currency interest rate swaps	18	12,102
	<u>8,097</u>	<u>28,213</u>
Current assets		
Foreign exchange forward contracts	–	1,067
	<u>–</u>	<u>1,067</u>
Non-current liabilities		
Call option right	(1,948)	–
Foreign exchange forward contracts	(1,260)	–
Interest rate swaps	(9,313)	(6,536)
	<u>(12,521)</u>	<u>(6,536)</u>
Current liabilities		
Interest rate swaps	–	(517)
	<u>–</u>	<u>(517)</u>

25. DERIVATIVE ASSETS AND LIABILITIES (CONTINUED)

	Nominal value		Fair value	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Derivatives held at FVTPL				
– Foreign exchange forward contracts	127,945	88,282	6,819	17,178
– Call option right	32,579	–	(1,948)	–
Derivatives used for hedging				
– Interest rate swaps	1,486,222	1,445,242	(9,313)	(7,053)
– Cross currency interest rate swaps	230,003	201,737	18	12,102
	<u>1,876,749</u>	<u>1,735,261</u>	<u>(4,424)</u>	<u>22,227</u>

The Group enters into interest rate swaps, cross currency interest rate swaps and foreign exchange forward contracts to manage interest rate fluctuations and exchange rate fluctuations.

Call option right relates to a call option granted by the Group to non-controlling interests of RGE to purchase the Group's 3% interest in RGE on a fully diluted basis, at a fixed price of INR500.0 million (equivalent to RM32.6 million) upon the non-achievement of a certain financial target in 2017. The call option is classified as a financial derivative liabilities.

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 in a normal course of business.

26. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Healthcare services income	7,993,929	6,936,791	–	–
Education services income	233,730	223,403	–	–
Rental income	206,063	165,696	–	–
Management fees	13,878	13,442	–	–
Dividend income	7,868	4,687	109,617	38,123
	<u>8,455,468</u>	<u>7,344,019</u>	<u>109,617</u>	<u>38,123</u>

Key Messages
About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

NOTES TO THE FINANCIAL STATEMENTS

27. STAFF COSTS

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Wages, salaries and others		3,080,660	2,688,964	13,516	13,872
Contribution to defined contribution plans		127,227	105,467	409	418
Equity-settled share-based payments	21	47,664	27,700	14,705	6,767
		<u>3,255,551</u>	<u>2,822,131</u>	<u>28,630</u>	<u>21,057</u>

28. FINANCE INCOME AND COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Finance income				
Interest income				
– Banks and financial institutions	64,071	48,833	16,646	23,738
– Others	457	650	–	–
Exchange gain on loans	28,245	13,853	–	–
Fair value gain on financial derivatives	–	2,287	–	–
	<u>92,773</u>	<u>65,623</u>	<u>16,646</u>	<u>23,738</u>
Finance costs				
Interest expense on loans and borrowings	(158,310)	(120,230)	–	–
Exchange loss on loans	(234,194)	(58,369)	–	–
Fair value loss on financial derivatives	(11,538)	–	–	–
Other finance costs	(14,728)	(11,207)	(6)	(11)
	<u>(418,770)</u>	<u>(189,806)</u>	<u>(6)</u>	<u>(11)</u>

29. PROFIT BEFORE TAX

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(a) Auditors' remuneration charged to profit or loss comprises:					
Audit fees					
Current year					
– KPMG Malaysia		(1,212)	(982)	(378)	(336)
– Affiliates of KPMG Malaysia		(3,867)	(2,820)	(403)	(306)
– Other auditors		(722)	(609)	–	–
(Under)/Over provision for prior years					
– KPMG Malaysia		12	(72)	–	–
– Affiliates of KPMG Malaysia		–	(1)	–	–
Non-audit fees paid to					
– KPMG Malaysia		(147)	(455)	(147)	(377)
– Affiliates of KPMG Malaysia		(1,100)	(1,274)	–	(288)
(b) Profit before tax is arrived at after crediting/(charging):					
Exchange gains/(loss)		22,934	6,996	854	(227)
Impairment losses (made)/written back on:					
– Investment in a subsidiary		–	–	–	(1,000)
– Trade and other receivables		(44,593)	(18,275)	–	–
– Amounts due from associates		1,119	1,022	–	–
– Amounts due from joint ventures		(228)	–	–	–
Write-off					
– Property, plant and equipment		(3,643)	(2,116)	(234)	–
– Intangible assets		–	(140)	–	–
– Inventories		(1,429)	(662)	–	–
– Trade and other receivables		(14,253)	(9,331)	–	(13)
– Other financial assets		(73)	–	(73)	–
Rental of premises		(201,948)	(174,379)	(1,951)	(1,511)
Rental of machinery and equipment		(21,722)	(24,516)	(28)	(31)
Gain/(Loss) on disposal of property, plant and equipment		1,366	2,939	(4)	–
Gain on divestment of investment properties		–	36,425	–	–
Gain on liquidation of subsidiaries		4,095	–	–	–
Gain on disposal of subsidiaries		–	336	–	–
Gain on disposal of unquoted available-for-sale financial instruments		171	–	171	–
Change in fair value of CCPS liabilities		882	–	–	–
Change in fair value of investment properties	5	120,904	52,453	–	–

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

30. OTHER COMPREHENSIVE INCOME

Group	Before tax RM'000	2015 Tax benefit RM'000 (Note 11)	Net of tax RM'000	Before tax RM'000	2014 Tax benefit RM'000 (Note 11)	Net of tax RM'000
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences from foreign operations	2,328,418	–	2,328,418	409,569	–	409,569
Hedge of net investments in foreign operations	(178,681)	–	(178,681)	103,036	–	103,036
Available-for-sale financial instruments:						
– Changes in fair value	283,918	–	283,918	132,546	–	132,546
– Reclassification adjustments for gain on disposal included in profit or loss	(171)	–	(171)	–	–	–
Cash flow hedge	3,394	–	3,394	(2,541)	–	(2,541)
	2,436,878	–	2,436,878	642,610	–	642,610
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liabilities	(10,663)	2,133	(8,530)	(7,409)	1,482	(5,927)
Revaluation of property, plant and equipment upon reclassification to investment properties (Note 3)	–	–	–	35,666	–	35,666
	(10,663)	2,133	(8,530)	28,257	1,482	29,739
Total	2,426,215	2,133	2,428,348	670,867	1,482	672,349

31. 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 Disclosures*.

The key management personnel compensation are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-executive Directors:				
– Fees	4,043	4,061	2,186	1,991
Executive Directors:				
– Fees	2,183	2,524	–	–
– Remuneration and other benefits	9,014	10,390	3,614	4,182
– Share-based payment	15,338	8,286	4,864	1,273
	26,535	21,200	8,478	5,455
Total short-term employee benefits	30,578	25,261	10,664	7,446

The estimated monetary value of Directors' benefit-in-kind is RM250,000 (2014: RM142,000).

32. INCOME TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax expense				
Current year	220,356	262,910	6,311	5,837
(Over)/Under provided in prior years	(13,154)	(1,410)	272	(11)
	207,202	261,500	6,583	5,826
Deferred tax (income)/expense				
Reversal and origination of temporary differences	(39,376)	11,844	–	–
(Over)/Under provided in prior years	(2,382)	4,548	–	–
	(41,758)	16,392	–	–
	165,444	277,892	6,583	5,826

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

32. INCOME TAX EXPENSE (CONTINUED)

Reconciliation of tax expense

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax	1,217,539	1,221,176	81,906	25,373
Less:				
Share of profits of associates (net of tax)	(1,601)	(1,702)	–	–
Share of profits of joint ventures (net of tax)	(12,682)	(8,149)	–	–
	1,203,256	1,211,325	81,906	25,373
Income tax calculated using Malaysian tax rate of 25% [2014: 25%]	300,814	302,831	20,477	6,343
Effect of tax rates in foreign jurisdictions	(54,036)	(31,548)	(132)	(55)
Tax exempt income	(60,097)	(40,601)	(27,534)	(9,538)
Tax incentive	(93,071)	–	–	–
Non-deductible expenses	85,552	45,091	13,500	9,087
Recognition of previously unrecognised deferred tax assets	(882)	(1,934)	–	–
Deferred tax assets not recognised	2,700	915	–	–
(Over)/Under provided in prior years	(15,536)	3,138	272	(11)
	165,444	277,892	6,583	5,826

33. EARNINGS PER SHARE

	Group	
	2015	2014
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders (RM'000)	933,903	754,291
Basic earnings per share		
Weighted average number of shares ('000)	8,210,002	8,164,530
Basic earnings per share (sen)	11.38	9.24

33. EARNINGS PER SHARE (CONTINUED)

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.

	Group	
	2015	2014
Weighted average number of ordinary shares used in calculation of basic earnings per share ('000)	8,210,002	8,164,530
Weighted average number of unissued ordinary shares from units under LTIP ('000)	8,067	10,092
Weighted average number of unissued ordinary shares from share options under EPP ('000)	5,433	18,435
Weighted average number of ordinary shares used in calculation of diluted earnings per share ('000)	<u>8,223,502</u>	<u>8,193,057</u>
Diluted earnings per share (sen)	<u>11.36</u>	<u>9.21</u>

At 31 December 2015, 8,742,000 outstanding EOS options (2014: nil) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

34. DIVIDENDS

Dividends recognised by the Company:

	Per ordinary share Sen	Total amount RM'000	Date of payment
2015			
First and final single tier cash dividend for financial year ended 31 December 2014	3.0	<u>246,645</u>	22 July 2015
2014			
First and final single tier cash dividend for financial year ended 31 December 2013	2.0	<u>163,500</u>	16 July 2014

NOTES TO THE FINANCIAL STATEMENTS

34. DIVIDENDS (CONTINUED)

The Directors have proposed the following dividend which is subject to shareholders' approval at the forthcoming Annual General Meeting:

	Per ordinary share Sen	Total amount RM'000
First and final single tier cash dividend for financial year ended 31 December 2015	3.0	246,700*

* Based on 8,223,346,034 shares as at 31 December 2015.

35. 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 Central Eastern Europe, Middle East and North Africa ("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.

35. SEGMENT REPORTING (CONTINUED)

2015	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	PLife REIT RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses							
Revenue from external customers	5,159,759	2,952,859	229,348	105,634	7,868	–	8,455,468
Inter-segment revenue	106,365	–	3,249	182,677	106,866	(399,157)	–
Total segment revenue	5,266,124	2,952,859	232,597	288,311	114,734	(399,157)	8,455,468
EBITDA	1,349,288	521,031	80,591	306,226	69,464	(185,094)	2,141,506
Depreciation and impairment of property, plant and equipment	(335,934)	(247,378)	(12,654)	(32,366)	(698)	–	(629,030)
Amortisation and impairment of intangible assets	(26,127)	(33,791)	(453)	–	–	–	(60,371)
Foreign exchange gains	8,682	2,821	1,843	8,735	853	–	22,934
Finance income	53,201	17,003	5,891	32	16,646	–	92,773
Finance costs	(29,566)	(352,341)	(281)	(36,567)	(15)	–	(418,770)
Share of profits of associates (net of tax)	1,601	–	–	–	–	–	1,601
Share of profits of joint ventures (net of tax)	12,682	–	–	–	–	–	12,682
Others	54,214	–	–	–	–	–	54,214
Profit before tax	1,088,041	(92,655)	74,937	246,060	86,250	(185,094)	1,217,539
Income tax expense	(114,921)	7,590	(20,647)	(30,883)	(6,583)	–	(165,444)
Profit for the year	973,120	(85,065)	54,290	215,177	79,667	(185,094)	1,052,095
Assets and liabilities							
Cash and bank balances	1,365,193	448,352	74,113	62,277	28,004	–	1,977,939
Other assets	20,831,562	6,042,898	441,162	4,285,247	1,944,602	(25,520)	33,519,951
Segment assets as at 31 December 2015	22,196,755	6,491,250	515,275	4,347,524	1,972,606	(25,520)	35,497,890
Loans and borrowings	1,682,166	3,217,467	584	1,796,233	–	–	6,696,450
Other liabilities	3,212,472	905,292	130,988	329,753	11,749	(25,520)	4,564,734
Segment liabilities as at 31 December 2015	4,894,638	4,122,759	131,572	2,125,986	11,749	(25,520)	11,261,184

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

35. SEGMENT REPORTING (CONTINUED)

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

35. SEGMENT REPORTING (CONTINUED)

Geographical segment

	Singapore RM'000	Malaysia RM'000	China and Hong Kong RM'000	India RM'000	Japan RM'000	CEEMENA RM'000	Other regions RM'000	Others ¹ RM'000	Eliminations RM'000	Total RM'000
2015										
Revenue from external customers	3,238,756	1,673,106	252,870	73,999	105,407	2,952,859	154,667	3,804	-	8,455,468
Inter-segment revenue	-	-	-	-	-	-	-	106,866	(106,866)	-
Total segment revenue	3,238,756	1,673,106	252,870	73,999	105,407	2,952,859	154,667	110,670	(106,866)	8,455,468
Non-current assets ²	14,484,707	4,292,168	1,838,243	1,498,670	1,806,306	4,872,779	20,068	3,903	-	28,816,844
2014										
Revenue from external customers	2,742,340	1,528,561	201,900	-	94,085	2,652,289	124,844	-	-	7,344,019
Inter-segment revenue	-	-	-	-	-	-	-	38,318	(38,318)	-
Total segment revenue	2,742,340	1,528,561	201,900	-	94,085	2,652,289	124,844	38,318	(38,318)	7,344,019
Non-current assets ²	12,855,489	3,834,361	1,151,502	-	1,177,047	4,581,233	12,637	3,080	-	23,615,349

¹ Others include balances relating to corporate offices, which is unallocated.

² Non-current assets consist of property, plant and equipment, prepaid lease payments, investment properties, goodwill and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS

(i) Categories of financial instruments

Financial instruments are categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Available-for-sale financial instruments ("AFS");
- (c) Held-to-maturity investments ("HTM");
- (d) Financial liabilities ("FL");
- (e) Fair value through profit or loss ("FVTPL"); and
- (f) Fair value of derivatives held as hedging instruments ("FVHI").

2015	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	2,568,623	705,569	1,828,985	34,069	–	–
Trade and other receivables ⁽¹⁾	1,203,857	1,203,857	–	–	–	–
Derivative assets	8,097	–	–	–	8,079	18
Cash and cash equivalents	1,977,939	1,977,939	–	–	–	–
	5,758,516	3,887,365	1,828,985	34,069	8,079	18
Company						
Other financial assets	481,234	410,590	70,644	–	–	–
Trade and other receivables ⁽¹⁾	2,211	2,211	–	–	–	–
Amounts due from subsidiaries	12,837	12,837	–	–	–	–
Cash and cash equivalents	22,259	22,259	–	–	–	–
	518,541	447,897	70,644	–	–	–
Financial liabilities						
Group						
Trade and other payables ⁽²⁾	(2,895,979)	(2,837,546)	–	–	(58,433)	–
Loans and borrowings	(6,696,450)	(6,696,450)	–	–	–	–
Derivative liabilities	(12,521)	–	–	–	(3,208)	(9,313)
	(9,604,950)	(9,533,996)	–	–	(61,641)	(9,313)
Company						
Trade and other payables ⁽²⁾	(8,378)	(8,378)	–	–	–	–
Amounts due to subsidiaries	(1,597)	(1,597)	–	–	–	–
	(9,975)	(9,975)	–	–	–	–

36. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Categories of financial instruments (continued)

2014	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	969,616	804	938,247	30,565	–	–
Trade and other receivables ⁽¹⁾	955,200	955,200	–	–	–	–
Derivative assets	29,280	–	–	–	17,178	12,102
Cash and cash equivalents	2,467,827	2,467,827	–	–	–	–
	4,421,923	3,423,831	938,247	30,565	17,178	12,102
Company						
Other financial assets	69	69	–	–	–	–
Trade and other receivables ⁽¹⁾	1,013	1,013	–	–	–	–
Amounts due from subsidiaries	11,132	11,132	–	–	–	–
Cash and cash equivalents	797,076	797,076	–	–	–	–
	809,290	809,290	–	–	–	–
Financial liabilities						
Group						
Trade and other payables ⁽²⁾	(1,643,131)	(1,643,131)	–	–	–	–
Loans and borrowings	(4,269,318)	(4,269,318)	–	–	–	–
Derivative liabilities	(7,053)	–	–	–	–	(7,053)
	(5,919,502)	(5,912,449)	–	–	–	(7,053)
Company						
Trade and other payables ⁽²⁾	(6,854)	(6,854)	–	–	–	–
Amounts due to subsidiaries	(1,526)	(1,526)	–	–	–	–
	(8,380)	(8,380)	–	–	–	–

⁽¹⁾ Excludes prepayments and deposits

⁽²⁾ Excludes deposits and advance billings

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONTINUED)

(i) Categories of financial instruments (continued)

Net gains/(losses) arising from financial instruments

	Group	
	2015 RM'000	2014 RM'000
AFS financial instruments		
– recognised in other comprehensive income	283,747	132,546
– dividend income	7,868	4,687
– gain on disposal	171	–
HTM investments	147	87
Loans and receivables		
– recognised in other comprehensive income	(159,865)	90,543
– recognised in profit or loss	5,535	21,790
Financial liabilities measured at amortised cost	(173,038)	(131,437)
Derivative liabilities		
– recognised in other comprehensive income	(15,422)	9,478
– recognised in profit or loss	(11,538)	2,287
	<u>(62,395)</u>	<u>129,981</u>

	Company	
	2015 RM'000	2014 RM'000
Loans and receivables	<u>16,646</u>	<u>23,725</u>

(ii) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

36. 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 primary exposure to credit risk, arises through its trade receivables. Concentration of the credit risk relating to these receivables are limited and the Group's historical experience of collection of these receivables falls within the allowances recognised. 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.

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 financial year, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statements of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade 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 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 financial year, the Group has outstanding trade receivables from two significant customers with a total balance amounting to RM176,330,000 (2014: three significant customers with a total balance of RM163,269,000), which is individually 5% or more of the Group's gross trade receivables. Allowance for impairment of RM25,312,000 (2014: RM9,699,000) has been recognised.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Credit risk (continued)

Receivables (continued)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis.

The exposure to credit risk for trade receivables at the date of reporting (by geographical distribution) are as follows:

Group	Note	Group	
		2015 RM'000	2014 RM'000
Malaysia		208,644	178,204
Singapore		236,758	202,797
North Asia		23,016	21,747
South Asia and Middle East		179,186	62,206
South East Asia		105,616	59,938
CEEMENA		570,092	512,104
Others		4,395	5,329
		1,327,707	1,042,325
Impairment losses		(203,532)	(132,056)
	14	1,124,175	910,269

Impairment losses

Trade receivables 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 below, the Group does not expect any counterparty to fail to meet their obligations.

36. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

The ageing of trade receivables at the reporting date are as follows:

Group	Gross 2015 RM'000	Individual and collective impairment 2015 RM'000	Net 2015 RM'000	Gross 2014 RM'000	Individual and collective impairment 2014 RM'000	Net 2014 RM'000
Not past due	723,821	(15,828)	707,993	610,740	(12,608)	598,132
Past due 0 – 30 days	144,857	(9,144)	135,713	119,632	(7,001)	112,631
Past due 31 – 180 days	248,973	(41,253)	207,720	169,418	(29,801)	139,617
Past due 181 days – 1 year	73,506	(27,281)	46,225	63,848	(19,499)	44,349
Past due more than 1 year	136,550	(110,026)	26,524	78,687	(63,147)	15,540
	1,327,707	(203,532)	1,124,175	1,042,325	(132,056)	910,269

The movements in impairment losses in respect of trade receivables during the year are as follows:

	Group	
	2015 RM'000	2014 RM'000
At 1 January	132,056	120,042
Acquisition through business combinations	13,285	–
Impairment loss recognised	44,593	18,251
Impairment loss written off	(2,905)	(9,702)
Translation differences	16,503	3,465
At 31 December	203,532	132,056

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.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

The gross amount of the trade receivables which are individually assessed for impairment, and specific impairment allowance are made on a case-by-case basis are as follows:

Group	Individually assessed balance RM'000	Specific allowances made RM'000	Net RM'000
2015			
Trade receivables	273,124	(125,359)	147,765
2014			
Trade receivables	151,016	(80,621)	70,395

The individually impaired receivables relate to debtors that were in financial difficulties and/or debts that are in dispute. The Group assessed that portion of the debt may be unrecoverable.

Amount due from subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, 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 financial year, there was no indication that the amounts due from subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the amount due from subsidiaries, but would assess for impairment periodically.

36. FINANCIAL INSTRUMENTS (CONTINUED)

(iii) Credit risk (continued)

Financial guarantee

Risk management objectives, policies and processes for managing the risk

The Company provides an unsecured financial guarantee to a bank in respect of a banking facility granted to a certain subsidiary. The Company monitors on an on-going basis the results of the subsidiary and repayments made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM680,476,000 (2014: RM596,855,000) representing the outstanding banking facility of the subsidiary as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

The financial guarantee has not been recognised since the fair value on initial recognition was not material.

(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.

Key Messages
About IHH
Leadership
Strategy and Performance
Key Initiatives
Governance and Accountability
Financial Statements
Additional Information

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONTINUED)

(iv) Liquidity risk (continued)

Maturity analysis

The maturity profile of the Group's and the Company's financial liabilities as at the end of the financial year based on undiscounted contractual payments are as follows:

	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
2015						
Group						
Non-derivative financial liabilities						
Loans and borrowings	6,696,450	0% – 16.5%	7,216,325	500,781	6,477,187	238,357
Trade and other payables*	2,837,546	0% – 2.0%	2,869,617	2,410,920	458,697	–
	<u>9,533,996</u>		<u>10,085,942</u>	<u>2,911,701</u>	<u>6,935,884</u>	<u>238,357</u>
Derivative financial instruments						
Foreign exchange forward contracts (gross settled)						
– Outflows	–		(127,945)	(40,456)	(87,489)	–
– Inflows	(6,819)		121,028	35,470	85,558	–
Cross currency interest rate swaps (gross settled)						
– Outflows	–		(9,483)	(2,004)	(7,479)	–
– Inflows	(18)		9,465	2,001	7,464	–
Interest rate swaps (net settled)	9,313		9,673	3,188	6,485	–
	<u>2,476</u>		<u>2,738</u>	<u>(1,801)</u>	<u>4,539</u>	<u>–</u>
	<u>9,536,472</u>		<u>10,088,680</u>	<u>2,909,900</u>	<u>6,940,423</u>	<u>238,357</u>
Company						
Non-derivative financial liabilities						
Amounts due to subsidiaries	1,597		1,597	1,597	–	–
Trade and other payables*	8,378		8,378	8,378	–	–
	<u>9,975</u>		<u>9,975</u>	<u>9,975</u>	<u>–</u>	<u>–</u>

* Excludes deposits, advance billings and CCPS liabilities

36. FINANCIAL INSTRUMENTS (CONTINUED)

(iv) Liquidity risk (continued)

Maturity analysis (continued)

2014	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						
Loans and borrowings	4,269,318	0% – 17.17%	4,556,803	760,333	3,431,551	364,919
Trade and other payables*	1,643,131	0% – 1.85%	1,653,362	1,268,073	385,289	–
	<u>5,912,449</u>		<u>6,210,165</u>	<u>2,028,406</u>	<u>3,816,840</u>	<u>364,919</u>
Derivative financial instruments						
Foreign exchange forward contracts (gross settled)						
– Outflows	–		(88,283)	(28,444)	(58,269)	(1,570)
– Inflows	(17,178)		70,442	21,513	47,550	1,379
Cross currency interest rate swaps (gross settled)						
– Outflows	–		(21,916)	(3,853)	(15,409)	(2,654)
– Inflows	(12,102)		9,372	1,647	6,590	1,135
Interest rate swaps (net settled)	7,053		7,309	2,034	5,251	24
	<u>(22,227)</u>		<u>(23,076)</u>	<u>(7,103)</u>	<u>(14,287)</u>	<u>(1,686)</u>
	<u>5,890,222</u>		<u>6,187,089</u>	<u>2,021,303</u>	<u>3,802,553</u>	<u>363,233</u>
Company						
Non-derivative financial liabilities						
Amounts due to subsidiaries	1,526		1,526	1,526	–	–
Trade and other payables*	6,854		6,854	6,854	–	–
	<u>8,380</u>		<u>8,380</u>	<u>8,380</u>	<u>–</u>	<u>–</u>

* Excludes deposits, advance billings and CCPS liabilities

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

36. 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 Singapore Dollar, United States Dollar, Euro, Japanese Yen and India Rupee.

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). The Group also enters in cross currency interest rate swaps to realign borrowings to the same currency of the Group's foreign investments to achieve a natural hedge.

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.

See Note 25 for the nominal value and fair value of the foreign exchange forward contracts and cross currency interest rate swaps as at 31 December 2015.

36. 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 financial year are as follows:

Group	Singapore Dollar RM'000	United States Dollar RM'000	Euro RM'000	Japanese Yen RM'000	India Rupee RM'000	Others* RM'000
2015						
Other financial assets	–	297,315	14,323	–	–	–
Trade and other receivables	17,641	8,948	1,753	729	75	(656)
Cash and cash equivalents	2,861	51,155	380,135	58,654	–	5,064
Loans and borrowings	(275,314)	(558,122)	(1,903,550)	–	–	(45,549)
Trade and other payables	(230,324)	(25,872)	(39,375)	(5,318)	(405,307)	(16,400)
Foreign exchange forward contracts	–	–	–	6,819	–	–
Call option right	–	–	–	–	(1,948)	–
	(485,136)	(226,576)	(1,546,714)	60,884	(407,180)	(57,541)
2014						
Trade and other receivables	10,719	11,292	3,509	–	60	24,393
Cash and cash equivalents	4,120	226,075	1,460	137,741	–	2,533
Loans and borrowings	(364,905)	(1,095,907)	(195,084)	–	–	(53,585)
Trade and other payables	(187,833)	3,076	(21,972)	–	–	(18,933)
Foreign exchange forward contracts	–	–	–	17,178	–	–
	(537,899)	(855,464)	(212,087)	154,919	60	(45,592)

* Others include mainly British Pound, Chinese Renminbi, Malaysia Ringgit, Swiss Franc, Turkish Lira, Australian Dollar, Indonesian Rupiah, Bangladeshi Taka and Hong Kong Dollar.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONTINUED)

(v) Market risk (continued)

(a) Foreign currency risk (continued)

Company	Singapore Dollar RM'000	Malaysia Ringgit RM'000	United States Dollar RM'000
2015			
Cash and cash equivalents	7	–	3,280
Amounts due from/(to) subsidiaries	10,819	(7,287)	–
	10,826	(7,287)	3,280
2014			
Cash and cash equivalents	1,918	–	3,915
Amounts due to subsidiaries	(5,025)	(4,992)	–
	(3,107)	(4,992)	3,915

Sensitivity analysis

A 10% strengthening of the following currencies against the respective functional currencies of the Group entities at the end of the financial year 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	2015		2014	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
Singapore Dollar	(6,886)	(41,627)	(6,040)	(47,750)
United States Dollar	(450)	(22,207)	–	(85,546)
Euro	(20)	(154,671)	–	(21,209)
Japanese Yen	–	(6,159)	–	6,917
India Rupee	(40,525)	(193)	–	7
Others*	–	(5,755)	–	(4,553)
	(47,881)	(230,612)	(6,040)	(152,134)

* Others include mainly British Pound, Chinese Renminbi, Malaysia Ringgit, Swiss Franc, Turkish Lira, Australian Dollar, Indonesian Rupiah, Bangladeshi Taka and Hong Kong Dollar.

36. FINANCIAL INSTRUMENTS (CONTINUED)

(v) Market risk (continued)

(a) Foreign currency risk (continued)

Sensitivity analysis

Company	2015		2014	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
Malaysia Ringgit	–	(729)	–	(499)
Singapore Dollar	–	1,083	–	(311)
United States Dollar	–	328	–	392
	–	682	–	(418)

On the outstanding forward foreign exchange contracts as at 31 December 2015, a 10% strengthening of Japanese Yen against Malaysia Ringgit would have a RM10,935,000 loss (2014: RM6,857,000 loss) charged to profit or loss. However, this would have no significant impact to the Group as the Group would have a corresponding gain in its net future income from Japan as a result of the weakening of Malaysia Ringgit.

A 10% weakening of the above currencies against the respective functional currencies of the Group entities at the end of the financial year 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.

(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 25 for the nominal value and fair value of the interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONTINUED)

(v) Market risk (continued)

(b) Interest rate risk (continued)

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 financial year are as follows:

	2015 RM'000	2014 RM'000
Group		
Fixed rate instruments		
Singapore government debt securities	34,069	30,565
Eurobonds	311,638	–
Fixed deposits placed with licensed banks	1,732,595	1,496,346
Bank borrowings	(119,800)	(305,733)
Finance lease liabilities	(211,721)	(163,844)
Variable rate instruments		
Bank borrowings and overdrafts	(6,364,929)	(3,799,741)
Loans from a non-controlling interest	(640,036)	(367,027)
Interest rate swaps	(9,313)	(7,053)
Cross currency interest rate swaps	18	12,102
Company		
Fixed rate instruments		
Fixed deposits with licensed banks	410,590	771,880

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 financial year would not affect profit or loss.

A change of 100 basis points in interest rate would have increase or decrease equity by RM10,138,000 (2014: Nil) arising from the AFS Eurobonds.

36. FINANCIAL INSTRUMENTS (CONTINUED)

(v) Market risk (continued)

(b) Interest rate risk (continued)

Sensitivity analysis (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date 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.

Group	Assets*		Equity		Profit or loss	
	100bp increase RM'000	100bp decrease RM'000	100bp increase RM'000	100bp decrease RM'000	100bp increase RM'000	100bp decrease RM'000
2015						
Interest rate swaps	–	–	31,520	(47,966)	12,612	(12,612)
Cross currency interest rate swaps	–	–	11,199	(11,848)	2,300	(2,300)
Other variable rate instruments	14,916	(14,916)	–	–	(48,248)	48,248
	14,916	(14,916)	42,719	(59,814)	(33,336)	33,336
2014						
Interest rate swaps	–	–	28,060	(34,615)	8,726	(8,726)
Cross currency interest rate swaps	–	–	11,041	(11,790)	2,018	(2,018)
Other variable rate instruments	7,695	(7,695)	–	–	(34,016)	34,016
	7,695	(7,695)	39,101	(46,405)	(23,272)	23,272

* Relates to interest capitalised in construction-in-progress

(c) Equity price risk

Equity price risk mainly arises from the Group's investment in quoted equity securities classified as available-for-sale financial instruments.

The equity investments are held for long term strategic purposes. Their performance is assessed periodically together with assessment if their relevance to the Group's long term strategic plans.

As at 31 December 2015, 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 RM144,662,000 (2014: RM93,817,000).

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONTINUED)

(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 2015, the Group had interest rate swaps and cross currency interest rate swaps with nominal value of RM1,486,222,000 and RM230,003,000 respectively (2014: RM1,445,242,000 and RM201,737,000). Details of the cash flow of the interest rate swaps are shown in Note 36(iv).

As at 31 December 2015, where the interest rate swaps and cross currency interest rate swaps were designated as hedging instruments in qualifying cash flow hedges, the effective portion of the changes in fair value of the swaps amounting to RM3,394,000 gain (2014: RM2,541,000 loss) was recognised in other comprehensive income.

During the year, the changes in fair value of interest rate swaps where hedge accounting was discontinued, not practised or ineffective, amounting to RM240,000 gain (2014: RM230,000 loss) was charged to profit or loss.

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 financial year was RM1,260,017,000 (2014: RM1,101,510,000). The Group also entered in cross currency interest rate swaps to realign certain SGD borrowings to Japanese Yen to act as a hedge for its foreign investment in Japan. A total effective hedge of foreign exchange loss of RM178,681,000 (2014: RM103,036,000 gain) was recognised in other comprehensive income.

(vii) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables reasonably, approximate their fair values due to the relatively short term of nature of these financial instruments.

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.

36. FINANCIAL INSTRUMENTS (CONTINUED)

(vii) Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair value and carrying amounts shown in the statement of financial position.

2015 Group	Note	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000		
Financial assets									
Trade and other receivables ⁽¹⁾	14	-	-	-	-	-	-	60,046	69,765
Other financial assets ⁽²⁾									
- AFS quoted equity shares	10	1,446,623	-	-	1,446,623	-	-	-	1,446,623
- AFS Eurobonds and money market fund	10	-	382,282	-	382,282	-	-	-	382,282
- HTM government debt securities	10	-	-	-	-	34,002	-	34,002	34,069
- Fixed deposits placed for more than 3 months tenure	10	-	-	-	-	-	704,889	704,889	704,889
Financial derivatives									
- Foreign exchange forward contracts	25	-	8,079	-	8,079	-	-	-	8,079
- Cross currency interest rate swaps	25	-	18	-	18	-	-	-	18
		1,446,623	390,379	-	1,837,002	34,002	-	764,935	2,635,939
								798,937	2,645,725
Financial liabilities									
Trade and other payables ⁽³⁾	24	-	-	-	-	-	-	(35,114)	(36,446)
CCPS liabilities		-	-	(58,433)	(58,433)	-	-	-	(58,433)
Put options liabilities		-	-	(405,249)	(405,249)	-	-	-	(405,249)
Loans and borrowings	20	-	-	-	-	-	(6,694,018)	(6,694,018)	(6,696,450)
Financial derivatives									
- Interest rate swaps	25	-	(9,313)	-	(9,313)	-	-	-	(9,313)
- Foreign exchange forward contracts	25	-	(1,260)	-	(1,260)	-	-	-	(1,260)
- Call option right	25	-	-	(1,948)	(1,948)	-	-	-	(1,948)
		-	(10,573)	(465,630)	(476,203)	-	-	(6,729,132)	(7,205,335)
								(6,729,132)	(7,209,099)

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONTINUED)

(vii) Fair value information (continued)

2014 Group	Note	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000		
Financial assets									
Trade and other receivables ⁽¹⁾	14	-	-	-	-	-	-	1,326	1,326
Other financial assets ⁽²⁾									
- AFS quoted equity shares	10	938,167	-	-	938,167	-	-	-	938,167
- HTM government debt securities	10	-	-	-	-	30,496	-	30,496	30,565
Financial derivatives									
- Foreign exchange forward contracts	25	-	17,178	-	17,178	-	-	-	17,178
- Cross currency interest rate swaps	25	-	12,102	-	12,102	-	-	-	12,102
		938,167	29,280	-	967,447	30,496	-	1,326	999,269
								31,822	999,338
Financial liabilities									
Trade and other payables ⁽⁴⁾	24	-	-	-	-	-	-	(375,058)	(375,058)
Loans and borrowings	20	-	-	-	-	-	-	(4,269,971)	(4,269,318)
Financial derivatives									
- Interest rate swaps	25	-	(7,053)	-	(7,053)	-	-	-	(7,053)
		-	(7,053)	-	(7,053)	-	-	(4,645,029)	(4,652,082)
									(4,651,429)

⁽¹⁾ Exclude prepayments and deposits⁽²⁾ Exclude available-for-sale unquoted equity shares, club membership and other investments⁽³⁾ Exclude deposits, advance billings, CCPS liabilities and put option liabilities⁽⁴⁾ Exclude deposits, and advance billings

36. FINANCIAL INSTRUMENTS (CONTINUED)

(vii) Fair value information (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 instruments is determined by reference to their quoted closing bid prices at the end of the financial year.

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 financial year.

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, cross currency interest rate swaps and interest rate swaps are 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.

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 (2014: no transfer in either direction).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Derivatives

Call option right is stated at fair value and valued using the Black Scholes model. The key assumptions used include risk-adjusted discount rate, dividend yield and volatility.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

36. FINANCIAL INSTRUMENTS (CONTINUED)

(vii) Fair value information (continued)

Non-derivative financial assets and liabilities

CCPS liabilities are stated at fair value based on the subsidiary's equity value computed mainly using the latest transaction price.

Put options granted to non-controlling interests are stated at fair value based on the subsidiary's equity value described above and the discounted cash flow method based on present value of expected payment discounted using a risk-adjusted discount rate.

Fair value of other non-derivative financial assets and liabilities, 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 financial year. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

The following table shows a reconciliation for call option right, CCPS liabilities and put options granted to non-controlling interests from the beginning balances to the ending balances for Level 3 fair value measurements:

	Call option right RM'000	CCPS liabilities RM'000	Put options granted to non-controlling interests RM'000
2015			
At 1 January	–	–	–
Arising from business combination	1,907	60,468	400,124
Reclassification to equity	–	(2,508)	–
Change in fair value	–	(882)	–
Translation differences	41	1,355	5,125
At 31 December	1,948	58,433	405,249

36. FINANCIAL INSTRUMENTS (CONTINUED)

(vii) Fair value information (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	Type	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Black Scholes model	• Call option right	<ul style="list-style-type: none"> • Risk-adjusted discount rate at 7% (2014: Nil%) • Dividend yield at 0% (2014: Nil%) • Volatility at 42% (2014: Nil%) 	<p>The estimated fair value would increase/(decrease) if the risk-adjusted discount rates were lower/(higher).</p> <p>The estimated fair value would increase/(decrease) if the dividend yield were lower/(higher).</p> <p>The estimated fair value would increase/(decrease) if volatility were lower/(higher).</p>
Discounted cash flow approach	• Put options liabilities	Risk-adjusted discount rates at 17% (2014: Nil%)	The estimated fair value would increase/(decrease) if the risk-adjusted discount rates were lower/(higher).

Key unobservable inputs

Key unobservable inputs correspond to:

- 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;
- Dividend yield, based on historical return from investment in the equity markets; and
- Volatility, based on historical volatility of comparable companies of a similar term.

37. 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.

NOTES TO THE FINANCIAL STATEMENTS

37. CAPITAL MANAGEMENT (CONTINUED)

		Group	
	Note	2015 RM'000	2014 RM'000
Loans and borrowings	20	6,696,450	4,269,318
Less: Cash and cash equivalents	16	(1,977,939)	(2,467,827)
Net debt		4,718,511	1,801,491
Total equity		24,236,706	21,313,396
Debt-to-equity ratio		0.19	0.08

There were no changes in the Group's approach to capital management during the financial year.

Except as disclosed in Note 20, the Group is in compliance with all externally imposed capital requirements for the financial years ended 2015 and 2014.

38. OPERATING LEASES

(i) Leases as lessee

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-cancellable operating lease payable:				
– Within 1 year	234,103	187,426	–	41
– After 1 year but within 5 years	665,251	511,642	–	–
– After 5 years	2,003,212	1,618,857	–	–
	2,902,566	2,317,925	–	41

Land lease premium

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) that the lease premium from 1 January 1999 to 31 December 2013 was RM2,800,000 and the Group had accordingly made payments.

The Group has accrued an annual lease premium of RM350,000 for 2014 and 2015 respectively, based on 2013 lease premium.

The Group is unable to ascertain the amount of the lease premium from 2016 to 2028 as the lease amount payable is yet to be determined as at date of these financial statements.

38. OPERATING LEASES (CONTINUED)

(ii) Leases as lessor

The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2015 RM'000	2014 RM'000
Non-cancellable operating lease receivable:		
– Within 1 year	177,281	136,692
– After 1 year but within 5 years	508,755	372,737
– After 5 years	880,223	705,624
	<u>1,566,259</u>	<u>1,215,053</u>

39. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(a) Capital expenditure commitments				
<i>Property, plant and equipment and investment properties</i>				
– Authorised and contracted for	2,159,183	2,478,972	–	–
– Authorised but not contracted for	1,407,287	1,246,703	–	6,660
	<u>3,566,470</u>	<u>3,725,675</u>	<u>–</u>	<u>6,660</u>
(b) Joint venture				
Share of capital commitment of joint venture	150,404	124,419	–	–
(c) Banker guarantees				
Amount of banker guarantees obtained	27,914	22,605	–	–

NOTES TO THE FINANCIAL STATEMENTS

40. CONTINGENCIES (UNSECURED)

In November 2014, ASH received notification from the tax authorities in Turkey that ASH had under-withheld the value added tax ("VAT") amounting to approximately TL25,210,000 (equivalent to RM37,171,000) between 2008 to 2014 for services rendered by doctors who are partners or employees of another company. This is the result of a difference in interpretation between the Turkish private healthcare industry and the tax authorities of the VAT rates applicable to such services. The related penalty and interest amounts approximately to TL38,021,000 (equivalent to RM56,060,000) and TL12,100,000 (equivalent to RM17,841,000) respectively.

ASH had initiated discussions with the tax authorities to resolve the matter. Based on consultation with its tax advisors, the Group is of the opinion that no provision is required to be made in these financial statements.

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 31.

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	
	2015 RM'000	2014 RM'000
<u><i>With substantial shareholders and their related parties</i></u>		
Sales and provision of services	257,547	221,169
Purchases and consumption of services	(45,880)	(43,487)
<u><i>With key management personnel and their related parties</i></u>		
Sales and provision of services	27,250	47,233
Purchases and consumption of services	(63,382)	(42,404)
<u><i>With associates</i></u>		
Rental income	282	235
<u><i>With director of a subsidiary</i></u>		
Consultancy fees paid	(254)	(230)

41. RELATED PARTIES (CONTINUED)

Related party transactions (continued)

	Company	
	2015 RM'000	2014 RM'000
<i>With subsidiaries</i>		
Dividend income	106,800	38,123
Share-based payment transactions	(32,959)	(20,933)

Significant related party balances related to the above transactions are as follows:

	Group	
	2015 RM'000	2014 RM'000
Trade and other receivables		
Key management personnel and their related parties	5,958	17,706
Substantial shareholders and their related parties	36,606	38,713
	<u>42,564</u>	<u>56,419</u>
Trade and other payables		
Key management personnel and their related parties	(6,696)	(3,108)
Substantial shareholders and their related parties	(3,599)	(2,859)
	<u>(10,295)</u>	<u>(5,967)</u>

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 parties, may receive services and purchase goods from the Group. These services and purchases are on negotiated basis.

NOTES TO THE FINANCIAL STATEMENTS

42. ACQUISITIONS AND DISPOSALS

Acquisitions of subsidiaries in 2015

(a) Acquisition of indirect subsidiary – Continental Hospitals Private Limited (formerly known as Continental Hospitals Limited) (“CHL”)

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

Pursuant to the acquisition of CHL, the Group granted a put option to a non-controlling interest to sell its existing interest in CHL to the Group at the prevailing market price on the date the option is exercised. The put option can only be exercised from March 2018 onwards and does not have an expiry date. The put option has been accounted for as a put option liability under trade and other payables (Note 24).

(b) Acquisition of Pantai Wellness Sdn. Bhd. (formerly known as Summit Sensation Sdn. Bhd.) (“PWSB”)

In May 2015, Pantai Group Resources Sdn. Bhd., an indirectly wholly-owned subsidiary of the Company acquired the entire issued and paid-up share capital comprising of 2 ordinary shares of RM1.00 each in PWSB for a total consideration of RM2.00.

The intended principal activity of PWSB is the provision of health and wellness services. In the seven months to 31 December 2015, PWSB contributed nil revenue and net loss of RM1,955,115.

As PWSB is a dormant company at the time of acquisition, the purchase consideration, the net assets contributed and the effect on net profit are not material in relation to the consolidated net profit and net assets of the Group for the year.

(c) Acquisition of indirect subsidiary – Ravindranath GE Medical Associates Pte Ltd (“RGE”)

In December 2015, GDPL acquired and subscribed to 48,379,123 ordinary shares and 4,071,424 CCPS representing 77.78% equity interest of RGE for a total consideration of INR12,619,192,000 (equivalent to RM803,195,000). The principal activities of RGE and its subsidiaries are private hospital ownership and management and provision of clinical research services.

Pursuant to the acquisition of RGE, the Group granted put options and a call option to a non-controlling interest of RGE.

The put options comprise:

- An option for the non-controlling interest to sell its 7.13% interest in RGE, on a fully diluted basis, to the Group at a fixed consideration of INR1,463.0 million (equivalent to RM95.3 million) less price adjustment of not more than INR110.0 million, upon the achievement of a certain financial target in 2017 pursuant to an option agreement entered with the non-controlling interest; and
- Another option for the non-controlling interest to sell its remaining interest in RGE to the Group at the prevailing market price on the date the option is exercised. This put option can only be exercised from December 2020 onwards and does not have an expiry date.

The put options have been accounted for as put option liabilities under trade and other payables (Note 24).

The option agreement mentioned above also includes a call option granted to the non-controlling interest of RGE to purchase the Group’s 3% interest in RGE, on a fully diluted basis, at a fixed price of INR500.0 million (equivalent to RM32.6 million), upon the non-achievement of a certain financial target in 2017. The call option is classified as a financial derivative liability (Note 25).

42. ACQUISITIONS AND DISPOSALS (CONTINUED)

Acquisitions of subsidiaries in 2015 (continued)

Fair value of consideration transferred

The following summarises the acquisition date fair value of each major class of consideration transferred or payable:

	Note	CHL RM'000	RGE* RM'000	Total RM'000
Cash and cash equivalents		166,731	801,288	968,019
Call option right		–	1,907	1,907
		<u>166,731</u>	<u>803,195</u>	<u>969,926</u>

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	CHL RM'000	RGE* RM'000	Total RM'000
Property, plant and equipment	3	324,272	312,819	637,091
Intangible assets	6	–	109,603	109,603
Deferred tax assets	11	17,336	61,739	79,075
Other financial assets		735	4,236	4,971
Assets classified as held for sale	17	–	6,990	6,990
Inventories		2,178	7,980	10,158
Trade and other receivables		5,192	66,083	71,275
Cash and cash equivalents		111,878	163,158	275,036
Trade and other payables		(54,908)	(236,835)	(291,743)
Employee benefits		(875)	(4,280)	(5,155)
Bank overdrafts		(8,329)	(7,856)	(16,185)
Loans and borrowings		(166,493)	(198,386)	(364,879)
Deferred tax liabilities	11	(37,098)	(62,312)	(99,410)
Fair value of net identifiable assets acquired		<u>193,888</u>	<u>222,939</u>	<u>416,827</u>

Net cash outflow arising from acquisition of subsidiaries

	CHL RM'000	RGE* RM'000	Total RM'000
Purchase consideration to be settled in cash and cash equivalents	166,731	801,288	968,019
Less: deferred purchase consideration	–	(4,074)	(4,074)
Less: cash and cash equivalents (net of bank overdrafts) acquired	(103,549)	(155,302)	(258,851)
	<u>63,182</u>	<u>641,912</u>	<u>705,094</u>

NOTES TO THE FINANCIAL STATEMENTS

42. ACQUISITIONS AND DISPOSALS (CONTINUED)

Acquisitions of subsidiaries in 2015 (continued)

Goodwill

	Note	CHL RM'000	RGE* RM'000	Total RM'000
Fair value of consideration transferred		166,731	803,195	969,926
Fair value of net identified assets acquired		(193,888)	(222,939)	(416,827)
Non-controlling interests, based on their proportionate interest in the net identifiable assets acquired		95,004	59,933	154,937
Goodwill	6	67,847	640,189	708,036

* The fair value of RGE's identifiable assets acquired, liabilities assumed, non-controlling interest in the acquisition and the resulting goodwill is provisional, pending the completion of the purchase price allocation exercise. As permitted under MFRS3: Business Combinations, provisional fair values can be used for a period of 12 months from the acquisition date to reflect the initial accounting for business combinations.

Post acquisition contributions to the Group

	Note	CHL RM'000	RGE* RM'000	Total RM'000
Revenue		45,642	28,321	73,963
Net loss		(21,929)	(12,479)	(34,408)

If the above acquisition had occurred in 1 January 2015, management estimates that consolidated Group revenue would have been RM8,870,458,000 and consolidated Group profit for the financial year would have been RM968,368,000.

Acquisition-related costs

The Group incurred acquisition-related costs of approximately RM6,787,000 related to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in other operating expenses in the Group's consolidated statement of profit or loss and other comprehensive income.

Changes in ownership interests in subsidiaries in 2015

- (a) On 10 April 2015, PTM transferred 145,000 PLife REIT units that it owned to its eligible employees in accordance to PTM's Long Term Incentive Plan. Consequential thereto, the Group's effective interest in PLife REIT was diluted from 35.76% to 35.74%.

The transaction resulted in an increase in capital reserve, non-controlling interests and hedge reserve of RM584,000, RM337,000 and RM1,000 respectively, and a decrease in foreign currency translation reserve of RM5,000.

42. ACQUISITIONS AND DISPOSALS (CONTINUED)

Changes in ownership interests in subsidiaries in 2015 (continued)

- (b) On 1 December 2015, Pantai Hospitals Sdn. Bhd. acquired 2,778,750 ordinary shares of RM1.00 each, representing approximately 11.58% of the total issued and paid-up share capital of Syarikat Tunas Pantai Sdn. Bhd. ("STPSB") from Geh Sim Wah Sdn. Bhd. for a total consideration of RM38,787,000. Consequential thereto, the Group's effective interest in STPSB has increased from 80.70% to 92.28%.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM29,379,000 and RM9,629,000 respectively.

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

The transaction resulted a decrease in the capital reserve of RM1,337,000 and an increase in the non-controlling interests of RM3,845,000.

Changes in ownership interests in subsidiaries in 2014

- (a) 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, the Group's effective interest in PLife REIT was diluted from 35.78% to 35.76%.

The transaction resulted in an increase in capital reserve, non-controlling interests and hedge reserve of RM680,000, RM207,000 and RM1,000 respectively, and a decrease in foreign currency translation reserve of RM4,000.

- (b) On 29 May 2014, Shanghai Mai Kang Hospital Investment Management Co., Ltd ("Shanghai Mai Kang") acquired the remaining 15% equity interest in Shanghai Rui Hong Clinic Co. Ltd ("Shanghai Rui Hong") for a purchase consideration of RMB4,050,000 (equivalent to RM2,085,000). Upon completion of the acquisition, Shanghai Rui Hong became an indirect wholly-owned subsidiary of the Company with 70% equity interest held through Medical Resources International Pte Ltd ("MRI") and the remaining 30% held through Shanghai Mai Kang.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM213,000 and RM1,872,000 respectively.

- (c) On 30 May 2014, Shanghai Mai Kang acquired the remaining 15% equity interest in Shanghai Xin Rui Healthcare Co. Ltd ("Shanghai Xin Rui") for a purchase consideration of RMB41,210,000 (equivalent to RM21,215,000). Upon completion of the acquisition, Shanghai Xin Rui became an indirect wholly-owned subsidiary of the Company with 70% equity interest held through MRI and the remaining 30% held through Shanghai Mai Kang.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM2,602,000 and RM18,613,000 respectively.

- (d) 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 Takeover Offer ("MTO") and Voluntary Takeover 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 2014, ASYH's equity interest in ASH is 99.38%, following the tender of shares.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM2,163,000 and RM2,840,000 respectively.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

43. SUBSIDIARIES

Details of subsidiaries are as follows:

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Direct subsidiaries				
IMU Health Sdn. Bhd.	Malaysia	Investment holding and provision of management services	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 Turkey Yatirimlari Limited	Federal Territory of Labuan Malaysia	Investment holding	100	100
Integrated Healthcare Capital Sdn. Bhd.	Malaysia	Investment holding	100	100
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	Investment holding	100	100
IMC Education Sdn. Bhd.	Malaysia	Provision of educational programs and training courses for healthcare related fields and other centres of learning	100	100
Held through Integrated Healthcare Holdings Limited:				
Parkway Pantai Limited [#]	Singapore	Investment holding	100	100

43. SUBSIDIARIES (CONTINUED)

			Effective equity interest held	
Name of subsidiary	Place of incorporation and business	Principal activities	2015 %	2014 %
Held through Integrated Healthcare Holdings (Bharat) Limited:				
Integrated (Mauritius) Healthcare Holdings Limited [#]	Mauritius	Investment holding	100	100
Held through IMU Healthcare Sdn. Bhd.:				
IMU Dialysis Sdn. Bhd.	Malaysia	Establishing, operating and managing dialysis centre(s) for the provision of haemodialysis and its related services	60	60
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	Liquidated in 2015	–	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	100
Pantai Holdings Berhad	Malaysia	Investment holding	100	100
Parkway Group Healthcare Pte Ltd ^{(7)#}	Singapore	Investment holding and provision of management and consultancy services	100	100
Gleneagles Development Pte Ltd ^{(5)#}	Singapore	Developing and managing turnkey hospital projects and investment holding	100 ⁽¹³⁾	–
Parkway Healthcare Indo-China Pte Ltd (formerly known as Parkway Education Pte. Ltd.) [#]	Singapore	Investment holding	100 ⁽¹³⁾	–

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

43. SUBSIDIARIES (CONTINUED)

			Effective equity interest held	
Name of subsidiary	Place of incorporation and business	Principal activities	2015 %	2014 %
Held through Integrated Healthcare Hastaneler Turkey Sdn. Bhd.:				
Acıbadem Sağlık Yatırımları Holding A.S.#	Turkey	Investment holding	60	60
Held through Acıbadem Sağlık Yatırımları Holding A.S.:				
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 Sağlık Hizmetleri ve Ticaret A.S.#	Turkey	Provision of medical, surgical and hospital services	59.6	59.6
Held through Acıbadem Sağlık Hizmetleri ve Ticaret A.S.:				
Acıbadem Poliklinikleri A.S.#	Turkey	Provision of outpatient and surgical (in certain clinics only) services	59.6	59.6
Acıbadem Labmed Sağlık Hizmetleri A.S.#	Turkey	Provision of laboratory services	59.6	59.6
International Hospital Istanbul A.S.#	Turkey	Provision of medical, surgical and hospital services	53.6	53.6
Acıbadem Mobil Sağlık Hizmetleri A.S.#	Turkey	Provision of emergency, home and ambulatory care services	59.6	59.6
Clinical Hospital Acıbadem Sistina Skopje#	Macedonia	Provision of medical, surgical and hospital services	30.0	30.0
Acıbadem Sistina Medikal Kompani Doo Skopje#	Macedonia	Provision of medical equipment and import and wholesale of drug and medical materials	29.8	29.8

43. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Held through Acıbadem Sağlık Hizmetleri ve Ticaret A.S.: (continued)				
Acıbadem Ortadoğu Sağlık Yatırımları 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	59.6
Acıbadem International Medical Center B.V.	Netherlands	Provision of outpatient services	59.6	–
Acıbadem Teknoloji A.S.	Turkey	Conduct research, develop and commercially market healthcare related software, operating and information systems, web-based applications and other technology solutions	59.6	–
Held through Acıbadem Poliklinikleri A.S.:				
Bodrum Tedavi Hizmetleri A.S. [#]	Turkey	Liquidated in 2015	–	35.7
Gemtip Özel Sağlık Hizmetleri Sanayi ve Ticaret Ltd. Sti. [#]	Turkey	Provision of outpatient services	40.5	40.5
Medlife Clinic Ambulance ve Özel Sağlık Hizmetleri İthalat ve İhracat A.S. [#]	Turkey	Provision of outpatient services	35.7	— ^[13]
Bodrum Medikal Özel Sağlık Hizmetleri Turizm Gıda İnşaat Pazarlama İthalat İhracat Sanayi ve Ticaret A.S. [#]	Turkey	Provision of outpatient services	35.7	— ^[13]
Özel Turgutreis Reis Poliklinik Hizmetleri Ticaret A.S. [#]	Turkey	Provision of outpatient services	35.7	— ^[13]
Sesu Özel Sağlık Hizmetleri Tıbbi Malzemeler ve Ticaret A.S. [#]	Turkey	Provision of outpatient services	35.7	— ^[13]

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

43. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Held through Bodrum Tedavi Hizmetleri A.S.:				
Medlife Clinic Ambulance ve Özel Sağlık Hizmetleri İthalat ve İhracat A.S.#	Turkey	Provision of outpatient services	— ⁽¹³⁾	35.7
Bodrum Medikal Özel Sağlık Hizmetleri Turizm Gıda İnşaat Pazarlama İthalat İhracat Sanayi ve Ticaret A.S.#	Turkey	Provision of outpatient services	— ⁽¹³⁾	35.7
Özel Turgutreis Reis Poliklinik Hizmetleri Ticaret A.S.#	Turkey	Provision of outpatient services	— ⁽¹³⁾	35.7
Sesu Özel Sağlık Hizmetleri Tıbbi Malzemeler ve Ticaret A.S.#	Turkey	Provision of outpatient services	— ⁽¹³⁾	35.7
Held through Clinical Hospital Acıbadem Sistina Skopje:				
Clinical Hospital Sistina Kosovo#	Kosovo	Liquidated in 2015	—	30.0
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
Gleneagles (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100

43. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Held through Pantai Group Resources Sdn. Bhd.:				
Credit Enterprise Sdn. Bhd.	Malaysia	Struck off in 2015	–	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	In the process of striking off	100	100
Twin Towers Healthcare Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	100
Pantai Wellness Sdn. Bhd. (formerly known as Summit Sensation Sdn. Bhd.)	Malaysia	Provision of health and wellness services	100	–
Held through Twin Towers Healthcare Sdn. Bhd.:				
Twin Towers Medical Centre KLCC Sdn. Bhd.	Malaysia	Operation of an outpatient and day care medical centre	100	100
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

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

43. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Held through Pantai Hospitals Sdn. Bhd.: (continued)				
Syarikat Tunas Pantai Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	92.3	80.7
Paloh Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	95.6	95.6
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 holding and provision of medical surgical and hospital services	100	100
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	In the process of liquidation	100	100
Magnetom Imaging Sdn. Bhd.	Malaysia	In the process of liquidation	100	100

43. SUBSIDIARIES (CONTINUED)

			Effective equity interest held	
Name of subsidiary	Place of incorporation and business	Principal activities	2015 %	2014 %
Held through Pantai Medical Centre Sdn. Bhd.: (continued)				
PMC Radio-Surgery Sdn. Bhd.	Malaysia	In the process of liquidation	100	100
Pantai-ARC Dialysis Services Sdn. Bhd.	Malaysia	Provision of haemodialysis services	51	51
HPAK Lithotripsy Services Sdn. Bhd.	Malaysia	Provision of lithotripter services	100	— ⁽¹³⁾
HPAK Cancer Centre Sdn. Bhd.	Malaysia	Provision of medical services for cancer diseases	100	— ⁽¹³⁾
Oncology Centre (KL) Sdn. Bhd.	Malaysia	Provision of comprehensive professional oncological services, inclusive of diagnostic, radiotherapy and chemotherapy treatment	100	— ⁽¹³⁾
Held through Hospital Pantai Ayer Keroh Sdn. Bhd.:				
HPAK Lithotripsy Services Sdn. Bhd.	Malaysia	Provision of lithotripter services	— ⁽¹³⁾	100
HPAK Cancer Centre Sdn. Bhd.	Malaysia	Provision of medical services for cancer diseases	— ⁽¹³⁾	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	— ⁽¹³⁾	100
Held through Pantai Premier Pathology Sdn. Bhd.:				
Orifolio Options Sdn. Bhd.	Malaysia	Letting of property	100	100

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

43. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Held through Gleneagles (Malaysia) Sdn. Bhd.:				
Pulau Pinang Clinic Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	70.05	70.05
GEH Management Services (M) Sdn. Bhd.	Malaysia	Provision of advisory, administrative, management and consultancy services to healthcare facilities	100	100
Held through Parkway HK Holdings Limited:				
Parkway Healthcare (Hong Kong) Limited [#]	Hong Kong	Provision of medical and healthcare outpatient services	85	85
GHK Hospital Limited [#]	Hong Kong	Private hospital ownership, development and management	60	60
Held through Parkway Holdings Limited:				
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 Investments Pte. Ltd. [#]	Singapore	Investment holding	100	100
Parkway Novena Pte. Ltd. [#]	Singapore	Development, ownership and management of private hospital premises	100	100
Parkway Irrawaddy Pte. Ltd. [#]	Singapore	Development, ownership and management of a medical centre	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

43. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Held through Parkway Holdings Limited: (continued)				
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 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
Gleneagles International Pte. Ltd.#	Singapore	Investment holding	100	100

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

43. SUBSIDIARIES (CONTINUED)

			Effective equity interest held	
Name of subsidiary	Place of incorporation and business	Principal activities	2015 %	2014 %
Held through Parkway Group Healthcare Pte Ltd: (continued)				
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 Healthcare Indo-China Pte Ltd (formerly known as Parkway Education Pte. Ltd.) [#]	Singapore	Dormant	— ⁽¹³⁾	100
Parkway China Holding Co. Pte. Ltd. [#]	Singapore	Investment holding	100	100
Held through Parkway China Holding Co. Pte. Ltd.:				
Medical Resources International Pte Ltd ^{(11)#}	Singapore	Investment holding	100	100
M & P Investments Pte Ltd [#]	Singapore	Investment holding	100	100
Shanghai Gleneagles Hospital Management Co., Ltd. [#]	People’s Republic of China	Provision of management and consultancy services to healthcare facilities	100	— ⁽¹³⁾
Held through M & P Investments Pte Ltd:				
ParkwayHealth Shanghai International Hospital Company Limited [#]	People’s Republic of China	Provision of medical and health related facilities and services	70	—
Held through Medi-Rad Associates Ltd:				
Radiology Consultants Pte Ltd [#]	Singapore	Radiology consultancy and interpretative services	100	100

43. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Held through Gleneagles International Pte. Ltd.:				
Gleneagles Development Pte Ltd ^{(5)#}	Singapore	Developing and managing turnkey hospital projects and investment holding	— ⁽¹³⁾	100
Gleneagles Hospital (UK) Limited ^{##}	United Kingdom	Liquidated in 2015	—	65
Held through Gleneagles Hospital (UK) Limited:				
The Heart Hospital Limited ^{##}	United Kingdom	Liquidated in 2015	—	65
Held through Gleneagles Development Pte Ltd:				
Continental Hospitals Private Limited (formerly known as Continental Hospitals Limited) [#]	India	Private hospital ownership and management	51	—
Ravindranath GE Medical Associates Private Limited ^{(14)#}	India	Private hospital ownership and management, specialty tertiary care including multi organ transplant healthcare facility	76.25	—
Parkway Healthcare India Private Limited [#]	India	Provision of management and consultancy services	100	—
Held through Continental Hospitals Private Limited (formerly known as Continental Hospitals Limited):				
C3 Health Community Corporation Private Limited ^{##}	India	Operation of clinics	49.98	—
Continental Community Clinics Private Limited ^{##}	India	Dormant	49.98	—
Held through Ravindranath GE Medical Associates Private Limited:				
Centre for Digestive and Kidney Diseases (India) Private Limited [#]	India	Private hospital ownership and management, specialty tertiary care including multi organ transplant healthcare facility	49.6	—

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

43. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Held through Ravindranath GE Medical Associates Private Limited: (continued)				
Global Clinical Research Services Private Limited [#]	India	Provision of clinical research services	76.11	–
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
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	100	100
Shanghai Xin Rui Healthcare Co., Ltd. ^{[9]#}	People's Republic of China	Provision of medical and healthcare outpatient services	100	100
Shanghai Gleneagles Hospital Management Co., Ltd. [#]	People's Republic of China	Provision of management and consultancy services to healthcare facilities	— ^[13]	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

43. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Held through Parkway (Shanghai) Hospital Management Ltd.: (continued)				
Suzhou Industrial Park Yuan Hui Clinic Co., Ltd. [#]	People's Republic of China	Provision of medical and healthcare outpatient services	100	100
Suzhou Xin Hui Clinic Co., Ltd.	People's Republic of China	Provision of medical and healthcare outpatient services	100	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
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	35.74	35.76

NOTES TO THE FINANCIAL STATEMENTS

43. SUBSIDIARIES (CONTINUED)

			Effective equity interest held	
Name of subsidiary	Place of incorporation and business	Principal activities	2015 %	2014 %
Held through Parkway Life Real Estate Investment Trust:				
Matsudo Investment Pte. Ltd. [#]	Singapore	Investment holding	35.74	35.76
Godo Kaisha Phoebe ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Parkway Life Japan2 Pte. Ltd. [#]	Singapore	Investment holding	35.74	35.76
Godo Kaisha Urbino ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Del Monte ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Tenshi 1 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Tenshi 2 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Parkway Life MTN Pte. Ltd. [#]	Singapore	Provision of financial and treasury services	35.74	35.76
Parkway Life Japan3 Pte. Ltd. [#]	Singapore	Investment holding	35.74	35.76
Godo Kaisha Healthcare 1 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Healthcare 2 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Healthcare 3 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Healthcare 4 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76

43. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Held through Parkway Life Real Estate Investment Trust: (continued)				
Godo Kaisha Healthcare 5 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Parkway Life Japan ⁴ Pte. Ltd. [#]	Singapore	Investment holding	35.74	35.76
Godo Kaisha Samurai ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Samurai 2 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Samurai 3 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Samurai 4 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Samurai 5 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Samurai 6 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Samurai 7 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Samurai 8 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Samurai 9 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	35.76
Godo Kaisha Samurai 10 ⁽¹²⁾	Japan	Special purpose entity – Investment in real estate	35.74	–

NOTES TO THE FINANCIAL STATEMENTS

43. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Held through Parkway Life Real Estate Investment Trust: (continued)				
Parkway Life Malaysia Pte. Ltd. [#]	Singapore	Investment holding	35.74	35.76
Parkway Life Malaysia Sdn. Bhd. ^{##}	Malaysia	Special purpose entity – Investment in real estate	35.74	35.76

¹ Parkway Pantai Limited holds 99.99% shares in Parkway HK Holdings Limited. The other 0.01% shares are held by PHL.

² Parkway Investment Pte. Ltd., PTM and Integrated Healthcare Holdings Limited hold 35.25% (2014: 35.25%), 0.45% (2014: 0.47%) and 0.04% (2014: 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. ("PHSB").

⁴ PHSB holds 70% shares in Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.. The other 30% is held by Gleneagles (Malaysia) Sdn. Bhd..

⁵ Parkway Pantai Limited holds 98% (2014: 0%) share in Gleneagles Development Pte Ltd. The remaining 2% (2014: 100%) are held by Gleneagles International Pte Ltd.

⁶ Acıbadem Ortadogu Saglik Yatirimlari A.S.'s shares are owned by ASH (75.0%), Acıbadem Mobil (5%), Acıbadem Poliklinikleri (10%), APlus Hastane ve Otelcilik Hizmetleri A.S.(4.998%) and Acıbadem Proje Yonetimi A.S. (5%).

⁷ Parkway Pantai Limited holds 70% shares in Parkway Group Healthcare Pte Ltd. The other 30% shares are held by PHL.

⁸ Medical Resources International Pte Ltd ("MRI") holds 70% shares in Shanghai Rui Xin Healthcare Co., Ltd.. The other 30% is held by Shanghai Mai Kang Hospital Investment Management Co., Ltd. ("Shanghai Mai Kang").

⁹ MRI holds 70% shares in Shanghai Xin Rui Healthcare Co. Ltd.. The other 30% (2014: 15%) is held by Shanghai Mai Kang.

¹⁰ MRI holds 70% shares in Shanghai Rui Hong Clinic Co. Ltd.. The other 30% (2014: 15%) is held by Shanghai Mai Kang.

¹¹ At 31 December 2014, Parkway China Holdings Pte. Ltd holds 99% shares in MRI, while the remaining 1% shares are held by PGH. Pursuant to an internal restructuring in 2015, MRI became a wholly-owned subsidiary of Parkway China Holdings Pte. Ltd.

¹² 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.

¹³ Shares were transferred within the Group pursuant to an internal restructuring during the year.

¹⁴ As at 31 December 2015, the Group consolidated 76.25% of Ravindranath GE Medical Associates Pte Ltd ("RGE") on the basis of shareholding interests that give rise to present access to the rights and rewards of ownership in RGE. The Group's equity interest in RGE is 72.26% on a fully diluted basis.

[#] Audited by other member firms of KPMG International.

^{##} Audited by firms other than member firms of KPMG International.

⁺ Audit is not required.

44. ASSOCIATES

Details of associates are as follows:

Name of associate	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Indirect associates				
Held through Parkway Holdings Ltd:				
Kyami Pty Ltd+	Australia	Liquidated in 2015	–	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 dialysis services and medical consultancy services	20	20
Asia Renal Care (Katong) Pte Ltd##	Singapore	Provision of dialysis services and medical consultancy 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

45. JOINT VENTURES

Details of joint ventures are as follows:

Name of joint venture	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
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

45. JOINT VENTURES (CONTINUED)

Name of joint venture	Place of incorporation and business	Principal activities	Effective equity interest held	
			2015 %	2014 %
Held through Shenton Family Medical Clinics Pte. Ltd.: (continued)				
Shenton Family Medical Clinic (Yishun)+	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Towner)+	Singapore	Operation of medical clinic	50	50
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 and management	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 holding	60	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	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.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTES TO THE FINANCIAL STATEMENTS

46. 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	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries				
– realised	3,049,893	2,496,263	390,132	562,211
– unrealised	474,610	248,207	112,240	111,483
	3,524,503	2,744,470	502,372	673,694
Total share of retained earnings of associates				
– realised	(316)	(1,893)	–	–
– unrealised	–	(24)	–	–
	(316)	(1,917)	–	–
Total share of retained earnings of joint ventures				
– realised	49,165	38,870	–	–
– unrealised	–	–	–	–
	49,165	38,870	–	–
Consolidation adjustments	(649,483)	(531,291)	–	–
Total retained earnings	2,923,869	2,250,132	502,372	673,694

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.

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2016

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 : RM8,224,187,034.00 divided into 8,224,187,034 ordinary shares of RM1.00 each
 Voting right : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Holdings	%
Less than 100	115	1.49	1,423	0.00
100 – 1,000	2,099	27.18	1,764,796	0.02
1,001 – 10,000	3,838	49.71	17,103,197	0.21
10,001 – 100,000	1,042	13.50	32,348,432	0.39
100,001 – 411,209,350*	623	8.07	1,907,873,262	23.20
411,209,351 and above**	4	0.05	6,265,095,924	76.18
Total	7,721	100.00	8,224,187,034	100.00

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
Individual	6,102	79.03	34,985,896	0.42
Banks/Finance Companies	73	0.95	420,805,500	5.12
Investments Trusts/Foundations/Charities	1	0.01	100,000	0.00
Other Types of Companies	83	1.07	5,222,273,400	63.50
Government Agencies/Institutions	0	0.00	0	0.00
Nominees	1,462	18.94	2,546,022,238	30.96
Others	0	0.00	0	0.00
Total	7,721	100.00	8,224,187,034	100.00

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2016

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

No.	Name	Direct Interest		Indirect Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Pulau Memutik Ventures Sdn Bhd	3,570,062,098	43.41	–	–
2.	Khazanah Nasional Berhad	–	–	3,570,062,098 ⁱ	43.41
3.	MBK Healthcare Partners Limited	1,650,000,000	20.06	–	–
4.	Mitsui & Co., Ltd	–	–	1,650,000,000 ⁱⁱⁱ	20.06
5.	Employees Provident Fund	729,588,300	8.87 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)

Interest in the Company	Number of ordinary shares of RM1.00 each			
	Direct Interest		Indirect Interest	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1. Tan Sri Dato' Dr Abu Bakar bin Suleiman	2,848,000	0.03	–	–
2. Dr Tan See Leng	14,117,800	0.17	–	–
3. Mehmet Ali Aydinlar	174,428,000	2.12	88,910,861 ⁱ	1.08
4. Kuok Khoo Ean	250,000	0.00	–	–
5. Chang See Hiang	100,000	0.00	–	–

Notes:

ⁱ Deemed interest by virtue of his wife, Hatice Seher Aydinlar's shareholding in the Company and SZA Gayrimenkul Yatirim 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.

Mehmet Ali Aydinlar's direct and/or indirect interest in the subsidiaries are as follows:

Interest in subsidiaries	Number of ordinary shares of TL1.00 each	
	Direct Interest	Indirect Interest
	No. of Shares Held	No. of Shares Held
Acibadem Saglik Yatirimlari Holding A.S.	354,533,087	27,466,913
Acibadem Saglik Hizmetleri ve Ticaret A.S.	1	1
Acibadem Poliklinikleri A.S.	1	3
Acibadem Proje Yonetimi A.S.	1	–
Aplus Hastane Otelcilik Hizmetleri A.S.	1	2

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

(As per Register of Directors' Shareholdings) (continued)

	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

Chang See Hiang's direct interest in the subsidiary is as follows:

Interest in subsidiary	Number of units	
	Direct Interest	Indirect Interest
	No. of Units Held	No. of Units Held
Parkway Life Real Estate Investment Trust	300,000	–

Shirish Moreshwar Apte's direct interest in the subsidiary is as follows:

Interest in subsidiary	Number of units	
	Direct Interest	Indirect Interest
	No. of Units Held	No. of Units Held
Parkway Life Real Estate Investment Trust	150,000	–

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 Units Held	
1. Tan Sri Dato' Dr Abu Bakar bin Suleiman	111,000	
2. Dr Tan See Leng	2,150,000	
3. Mehmet Ali Aydinlar	1,137,000	

Enterprise Option Scheme

Interest in the Company Enterprise Option Scheme	Number of options convertible into ordinary shares of RM1.00 each	
	Direct Interest	
	No. of Options Held	
1. Tan Sri Dato' Dr Abu Bakar bin Suleiman	123,000	
2. Dr Tan See Leng	3,998,000	

Save as disclosed above, none of the Directors of the Company has any interest direct or indirect in the Company and its related corporations.

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

LIST OF TOP 30 LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	% of Issued Shares
1.	Pulau Memutik Ventures Sdn Bhd	3,570,062,098	43.41
2.	MBK Healthcare Partners Limited	1,650,000,000	20.06
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	611,674,300	7.44
4.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for The Central Depository (Pte) Limited	433,359,526	5.27
5.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Government of Singapore (C)	117,845,700	1.43
6.	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Kuwait Investment Authority	116,683,550	1.42
7.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	88,794,142	1.08
8.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	86,350,200	1.05
9.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	62,205,558	0.76
10.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	57,046,500	0.69
11.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt AN for Eastspring Investments Berhad	47,697,800	0.58
12.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Matthews Pacific Tiger Fund	47,676,300	0.58
13.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	44,681,276	0.54
14.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for UBS AG Singapore (Foreign)	42,203,299	0.51
15.	Amanahraya Trustees Berhad Public Islamic Dividend Fund	38,819,900	0.47
16.	Cartaban Nominees (Asing) Sdn Bhd GIC Private Limited for Monetary Authority of Singapore (H)	31,834,800	0.39
17.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Saudi Arabia)	31,163,733	0.38
18.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	30,000,000	0.36

No.	Name	No. of Shares Held	% of Issued Shares
19.	Amsec Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	26,508,900	0.32
20.	Citigroup Nominees (Asing) Sdn Bhd CBNY for International Finance Corporation	25,000,000	0.30
21.	Amanahraya Trustees Berhad Public Islamic Select Enterprises Fund	21,862,500	0.26
22.	Permodalan Nasional Berhad	21,490,700	0.26
23.	Amanahraya Trustees Berhad Public Islamic Equity Fund	20,124,100	0.24
24.	Amanahraya Trustees Berhad Amanah Saham Didik	20,088,900	0.24
25.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Bank of New York Mellon (Mellon ACCT)	19,595,468	0.23
26.	Affin Hwang Nominees (Asing) Sdn Bhd RSS/SBL for Deutsche Bank Aktiengesellschaft (London Branch)	15,687,300	0.19
27.	Amanahraya Trustees Berhad Public Islamic Sector Select Fund	15,036,100	0.18
28.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	15,008,100	0.18
29.	Amanah Trustees Berhad Public Savings Fund	14,011,200	0.17
30.	Amanahraya Trustees Berhad Amanah Saham Malaysia	13,925,500	0.16
Total		7,336,437,450	89.18

LIST OF TOP 10 PROPERTIES

for the Financial Year Ended 31 December 2015

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	N/A	Strata area: 56,361	Hospital and medical office building	2 years	4,038,122 ^a
2	Mount Elizabeth Hospital and Medical Centre Units 3 Mount Elizabeth Singapore 228510	Leasehold land and building	2075	N/A	Strata area: 58,290	Hospital building and medical centre	36 years	1,475,746 ^{a,b}
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	25 years	708,665 ^{a,b}
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	33 years	134,478 ^{a,b}
MALAYSIA								
5	Pantai Hospital Kuala Lumpur 8 Jalan Bukit Pantai 59100 Kuala Lumpur	Leasehold land and building	2111	22,533	Built-up area: 132,710	Hospital building	12 years for original block; 2 years and 1 year for extension blocks	328,554 ^b
6	Gleneagles Medini Hospital Plot A25 under HSD478967, PT 170682, Medini Iskandar Malaysia, Johor	Leasehold land and building	2107	59,997	Built-up area: 55,313	Hospital building	1 year	246,757
7	Gleneagles Medical Centre Penang 1 Jalan Pangkor 10050 Penang	Freehold land and building	–	12,411	Built-up area: 71,743	Hospital building	18 years and 3 years for extension block	164,893 ^b
8	Gleneagles Kuala Lumpur 286 Jalan Ampang 50450 Kuala Lumpur	Freehold land and building	–	13,552	Built-up area: 29,947	Hospital building	17 years	154,828 ^b

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
INDIA								
9	Continental Hospitals Plot No.3, Road No.2, IT & Financial District, Nanakramguda, Gachibowli, Hyderabad, 500 032, India	Freehold land and building	-	11,938	Built-up area: 120,242	Hospital building and medical centre	3 years	280,996 ^c
JAPAN								
10	Habitation Hakata I, II and III 23-10 Kanenokuma 3-chome Hakata-ku, Fukuoka City, Fukuoka Prefecture, Japan	Freehold land and building	-	15,336	Built-up Nursing home area: 21,415	32 years for original block; 13 years and 21 years for extension blocks		135,623 ^d

Notes:

- ^a Carrying value includes fair value of investment properties, which were revalued in 2015 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 2015 pursuant to a purchase price allocation performed upon acquisition of Continental Hospitals
- ^d Property is classified as investment property and was revalued in 2015 in accordance with the Group's accounting policies

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of **IHH HEALTHCARE BERHAD** ("IHH" or "the Company") will be held at Nexus 2 Ballroom, Level 3A, Connexion@Nexus, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Friday, 27 May 2016 at 10.00 a.m. for the following purposes:

AGENDA

- To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon.
- To approve the payment of a first and final single tier cash dividend of 3 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2015.
- To re-elect the following Directors who retire pursuant to Article 113(1) of the Articles of Association of the Company:
 - Dato' Mohammed Azlan bin Hashim
 - Satoshi Tanaka
 - YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz
- To re-appoint Tan Sri Dato' Dr Abu Bakar bin Suleiman in accordance with Section 129(6) of the Companies Act, 1965.
- To approve the payment of Directors' fees to the Non-Executive Directors with effect from 28 May 2016 until 31 May 2017 as per the table below:

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

- To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

Ordinary Resolution 6

Ordinary Resolution 7

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

- AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

"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

Ordinary Resolution 8

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 percent (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."

8. 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 TAN SRI DATO' DR ABU BAKAR BIN SULEIMAN

"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 207,000 ("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."

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 IN IHH ("IHH SHARES") TO DR TAN SEE LENG

"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 2,416,136 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

Ordinary Resolution 9

Ordinary Resolution 10

Key Messages

About IHH

Leadership

Strategy and Performance

Key Initiatives

Governance and Accountability

Financial Statements

Additional Information

NOTICE OF ANNUAL GENERAL MEETING

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."

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 MEHMET ALI AYDINLAR

"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 963,242 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 RENEWAL OF AUTHORITY FOR IHH TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE PREVAILING ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

"THAT subject to the Companies Act, 1965 (the "Act"), rules, regulations and orders made pursuant to the Act, the provisions of the Company's Memorandum and Articles of Association and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approvals of all relevant governmental and/or relevant authorities, the Company be and is hereby authorised, to the extent permitted by law, to purchase and/or hold such amount of ordinary shares of RM1.00 each

Ordinary Resolution 11

Ordinary Resolution 12

in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that:

- (i) the aggregate number of shares which may be purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten percent (10%) of the prevailing issued and paid-up share capital of the Company at the point of purchase;
- (ii) the maximum funds to be allocated for the Company to purchase its own shares pursuant to the Proposed Renewal of Share Buy-Back Authority shall not exceed the aggregate of the retained profits and/or share premium account of the Company;
- (iii) upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares in the following manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force:
 - (a) cancel all or part of the Purchased Shares; and/or
 - (b) retain all or part of the Purchased Shares as treasury shares (as defined in Section 67A of the Act); and/or
 - (c) resell the treasury shares on Bursa Securities in accordance with the relevant rules of Bursa Securities; and/or
 - (d) distribute the treasury shares as share dividends to the shareholders of the Company,

or in any other manner as may be prescribed by the Act, the applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the Purchased Shares shall continue to be valid until all the Purchased Shares have been dealt with by the Directors.

THAT the authority conferred by this ordinary resolution shall be effective immediately upon passing of this ordinary resolution and shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall lapse unless by ordinary resolution passed at that AGM, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities.

AND THAT the Directors of the Company be and are hereby empowered to do all acts and things (including the opening and maintaining of a central depositories account(s) under the Securities Industry (Central Depositories) Act, 1991) and to take all such steps and to enter

NOTICE OF ANNUAL GENERAL MEETING

into and execute all declarations, commitments, transactions, deeds, agreements, arrangements, undertakings, indemnities, transfers, assignments and/or guarantees as they may deem fit, necessary, expedient and/or appropriate in the best interest of the Company in order to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations (if any) as may be imposed by the relevant authorities.”

12. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

“THAT the proposed amendments to the Articles of Association of the Company in the following form and manner, be approved and adopted:

Article No.	Existing Article	Proposed Amended Article
174 Presentation of accounts	The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the section. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors’ and auditors’ reports shall not exceed four (4) months. A copy of each such documents shall not less than twenty one (21) days (or such other shorter period as may be agreed by all members entitled to attend and vote at the meeting) before the date of the meeting, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange shall at the same time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.	The Directors shall from time to time in accordance with Section 169 of the Act, cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the section. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors’ and auditors’ reports shall not exceed four (4) months. A copy of each such documents shall not less than twenty one (21) days (or such other shorter period as may be agreed by all members entitled to attend and vote at the meeting) before the date of the meeting, be sent to every member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange shall at the same time be likewise sent to the Exchange provided that This Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.

(“Proposed Amendment”).

Special Resolution 1

AND THAT, in order to implement, complete and give full effect to the Proposed Amendment, approval be and is hereby given to the Board of Directors of the Company to do or procure to be done all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect to and complete the Proposed Amendment with full powers to assent to any conditions, modifications, variations and/or amendments thereto as the Board of Directors of the Company may deem fit and/or as may be imposed by any relevant authorities in connection with the Proposed Amendment."

13. To transact any other business of which due notice shall have been given.

NOTICE ON DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a first and final single tier cash dividend of 3 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2015 ("Dividend"), if approved by the shareholders at the forthcoming Sixth Annual General Meeting, will be paid on 18 July 2016 to depositors whose names appear in the Record of Depositors on 30 June 2016.

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 2016 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 April 2016

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

PROXY AND/OR AUTHORISED REPRESENTATIVES

1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy or proxies 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, 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 forty-eight (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 20 May 2016 shall be entitled to attend, speak and vote at this Sixth Annual General Meeting of the Company or appoint a proxy(ies) on his/her behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Resolution pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 8 is a renewal of the general mandate for issuance of shares by the Company under Section 132D of the Companies Act, 1965 ("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 percent (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 annual general meeting of the Company.

The Company had, during its Fifth Annual General Meeting held on 15 June 2015, 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. Resolutions pursuant to the proposed allocation of units under the Long Term Incentive Plan ("LTIP") of the IHH Group and issuance of new ordinary shares of RM1.00 each in IHH ("IHH Shares") to the Executive Directors of the Company i.e. Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Tan See Leng and Mehmet Ali Aydinlar ("Proposed Allocation")

The proposed Ordinary Resolutions 9-11 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 and Mehmet Ali Aydinlar under the LTIP as established by our Company, Pantai Holdings Berhad, Parkway Holdings Limited and/or IMU Health Sdn Bhd ("IMU Health").

Rationale of the Proposed Allocation

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.

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 2015, 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 LTIP shall not exceed two percent (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 LTIP to a participant who either singly or collectively with persons connected with him owns twenty percent (20%) or more of the issued and paid-up capital of the Company shall not exceed in aggregate ten percent (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 (1) 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 (10) 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 Proposed Allocation 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 Proposed Allocation 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 and Mehmet Ali Aydinlar 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 and Mehmet Ali Aydinlar 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 and/or its subsidiary. In addition, each of Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Tan See Leng and Mehmet Ali Aydinlar 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.

3. Proposed renewal of authority for IHH to purchase its own shares of up to ten percent (10%) of the prevailing issued and paid-up share capital of the Company

The proposed Ordinary Resolution 12, if passed, will enable the Company to purchase its own shares through Bursa Securities of up to ten percent (10%) of the prevailing issued and paid-up share capital of the Company. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company.

Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Statement to shareholders dated 29 April 2016, which is despatched together with the Company's Annual Report 2015.

4. Proposed amendments to the Articles of Association of IHH

The Proposed Amendment under Special Resolution 1, if passed by a majority of not less than three-fourths (3/4) of such members as being entitled so to do, voting in person or by proxy/proxies, shall be effective on the date the shareholders' approval is obtained. The purpose of the Proposed Amendment is to bring the Articles of Association of the Company in line with the amendments made to the Listing Requirements of Bursa Securities in relation to the issuance of audited financial statements.

ADMINISTRATIVE DETAILS

IHH Healthcare Berhad ("Company")

Sixth Annual General Meeting ("6th AGM" or "Meeting")

Date : Friday, 27 May 2016
Time : 10.00 a.m.
Meeting venue : Nexus 2 Ballroom, Level 3A, Connexion@Nexus
No. 7, Jalan Kerinchi, Bangsar South City
59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia

A. REGISTRATION

- Registration will start at 8.00 a.m. at Nexus 1 Ballroom, Level 3A, Connexion@Nexus and will close upon the conclusion of the 6th AGM.
- Please read the signage to ascertain where you should register yourself for the Meeting and join the queue accordingly.
- Please produce your original National Registration Identification Card (MyKad) or valid Passport ("Identification") at the registration counter for verification purposes. Kindly note that driver's license, old National Registration Identification Card, expired Passport and photocopy of MyKad or Passport would not be accepted for verification. No person will be allowed to register on behalf of another person even with the original Identification of that other person. You will be given the following upon registration:
 - one (1) identification wristband; and
 - one (1) breakfast voucher *(please note the redemption time stated under Section F)*.
- You must wear the identification wristband throughout the Meeting, as no person will be allowed to enter the meeting venue without the identification wristband. There will be no replacement in the event that the identification wristband and/or breakfast voucher are lost, stolen or misplaced.

B. GENERAL MEETING RECORD OF DEPOSITORS

Only shareholders whose names appear in the General Meeting Record of Depositors on 20 May 2016 shall be entitled to attend, speak and vote at the Meeting of the Company or appoint a proxy(ies) on his/her behalf.

C. PROXY

- A shareholder entitled to attend and vote at the Meeting is entitled to appoint proxy(ies) to attend and vote in his/her stead. Please submit your Form of Proxy in accordance with the notes and instructions printed in the Form of Proxy.
- If you wish to attend the Meeting yourself, please do not submit any Form of Proxy for the Meeting. **You will not be allowed to attend the Meeting together with a proxy appointed by you.**
- If you have submitted your Form of Proxy prior to the Meeting and subsequently decide to attend the Meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy(ies). Your proxy(ies) on revocation would not be allowed to attend the Meeting. In such event, you should advise your proxy(ies) accordingly to ensure orderly registration at the Meeting.

D. HELP DESK

- Please proceed to the Help Desk for any clarification or queries. The Help Desk is located at Nexus 1 Ballroom, Level 3A, Connexion@Nexus.
- The Help Desk will also handle revocation of proxy's/proxies appointment.

E. DOOR GIFTS

1. No door gifts will be given.

F. FOOD AND BEVERAGE

1. Packed breakfast will be distributed at Nexus 1 Ballroom, Level 3A, Connexion@Nexus from 8.00 a.m. until 9.45 a.m. You are advised to redeem the packed breakfast STRICTLY within the redemption time as stipulated herein, failing which, the redemption counter will be closed at 9.45 a.m.
2. Breakfast voucher would need to be presented for the redemption of the packed breakfast.
3. Each individual present as shareholder OR proxy OR corporate representative; or representing more than one (1) shareholder is entitled to one (1) breakfast voucher only.

G. PARKING

1. Parking at the Connexion@Nexus Carpark will be free of charge after validation.
2. Validation is:
 - provided one (1) time only for registered individual with identification wristband.
 - from 8.00 a.m. to 1.00 p.m. at the Parking Validation Counter located at Nexus 1 Ballroom, Level 3A, Connexion@Nexus.
3. In the event you wish to leave the premise and return thereafter, kindly be advised that parking at the Connexion@Nexus Carpark would be RM5 nett per entry.

H. ANNUAL REPORT 2015 AND STATEMENT TO SHAREHOLDERS

1. On the day of the Meeting, the printed copy of the Annual Report 2015 and Statement to Shareholders dated 29 April 2016 would be made available at the Registration Counter located at Nexus 1 Ballroom, Level 3A, Connexion@Nexus.
2. The Annual Report 2015 and Statement to Shareholders are also available on the Company's website at <http://www.ihhhealthcare.com/investor-relations.php>.
3. If you wish to request for a printed copy of the Annual Report 2015, please forward your request by completing the Request Form provided by the Company. We will send to you by ordinary post within four (4) market days from the date of receipt of your request.

I. ENQUIRY

If you have any enquiry prior to the meeting, please contact the following persons during office hours:

Help Desk

Symphony Share Registrars Sdn Bhd
Tel : +603 7849 0777 (helpdesk)
Fax : +603 7841 8151/8152
Email : ssr.helpdesk@symphony.com.my

This page has been intentionally left blank.

FORM OF PROXY

Sixth 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 Sixth Annual General Meeting of the Company to be held at Nexus 2 Ballroom, Level 3A, Connexion@Nexus, No. 7, Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Friday, 27 May 2016 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
Ordinary Resolutions			
1	Payment of a first and final single tier cash dividend of 3 sen per ordinary share of RM1.00 each		
2	Re-election of Dato' Mohammed Azlan bin Hashim		
3	Re-election of Satoshi Tanaka		
4	Re-election of YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz		
5	Re-appointment of Tan Sri Dato' Dr Abu Bakar bin Suleiman		
6	Approval of payment of Directors' fees to the Non-Executive Directors with effect from 28 May 2016 until 31 May 2017		
7	Re-appointment of Messrs KPMG as Auditors of the Company and authority to the Directors to fix their remuneration		
8	Authority to allot shares pursuant to Section 132D of the Companies Act, 1965		
9	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		
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 Dr Tan See Leng		
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 Mehmet Ali Aydinlar		
12	Proposed renewal of authority for IHH to purchase its own shares of up to ten percent (10%) of the prevailing issued and paid-up share capital of IHH		
Special Resolution			
1	Proposed amendments to the Articles of Association of the Company		

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 _____ 2016.

Total no. of Shares held	
Securities Account No.	

Signature of member/Common Seal of member

3rd fold here

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 or proxies 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, 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 forty-eight (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 20 May 2016 shall be entitled to attend, speak and vote at this Sixth Annual General Meeting of the Company or appoint a proxy(ies) on his/her behalf.

2nd fold here

Affix stamp
here

IHH HEALTHCARE BERHAD (901914-V)
c/o Symphony Share Registrars Sdn Bhd
Level 6 Symphony House,
Pusat Dagangan Dana 1,
Jalan PJU 1A/46,
47301 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia

1st fold here

IHH Healthcare Berhad (901914-V)
Level 11, Block A, Pantai Hospital Kuala Lumpur,
8 Jalan Bukit Pantai, 59100 Kuala Lumpur, Malaysia.

Tel: 603-2298-9898
www.ihhhealthcare.com



IHH Healthcare Berhad
(Company No. 901914-V)

ERRATA STATEMENT ANNUAL REPORT 2015

29 April 2016

To: The Shareholders of IHH Healthcare Berhad

Dear Sir/Madam,

Please be informed that there is an Errata in Pages 66, 68 and 69 with respect to the profiles of Low Soon Teck and Tan See Haw.

Mr Tan See Haw's designation should be *Group* Chief Financial Officer.

Work Experience of Low Soon Teck (Page 68)

The last paragraph should read as follows:

"Mr Low *succeeded Mr Tan and* assumed the position of Group Chief Financial Officer of IHH Healthcare Berhad on 10 January 2016."

Work Experience of Tan See Haw (Page 69)

The last paragraph should read as follows:

"Mr Tan assumed the position of *Group* Chief Financial Officer of IHH Healthcare Berhad on 10 January 2013 until his retirement on 9 January 2016."