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# **CARING** **for the many** **communities we** **operate in**

As a responsible corporate citizen, we are committed to balancing out our economic ambitions with responsible corporate practices. Being a people-centric healthcare organisation that distinguishes itself by the excellent quality of patient-centred services that we provide, we believe that we can truly effect change in the markets we operate in by implementing healthcare-related initiatives that elevate lives, enrich communities, and raise healthcare standards. As such, we will continue to implement responsible practices that contribute to societal development and the wellbeing of communities in a tangible manner.









As a responsible corporate citizen and a leading integrated healthcare provider, IHH Healthcare Berhad ("IHH" or the "Group") is committed to balancing out its economic ambitions with responsible corporate practices. As we set our sights on creating value for our stakeholders and delivering quality healthcare services to the many markets that we operate in, we are mindful that we need to bring into play responsible practices that will make a positive impact on society.

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

Our maiden Corporate Social Responsibility ("CSR") Report outlines the many effective CSR initiatives our key operating subsidiaries are undertaking in our home markets of Malaysia, Singapore and Turkey. These underscore how IHH is contributing to societal development and the wellbeing of communities in a positive and tangible manner.

THE CORNERSTONE OF OUR CSR EFFORTS

THE KHAZANAH-FUNDED HEALTHCARE FUND

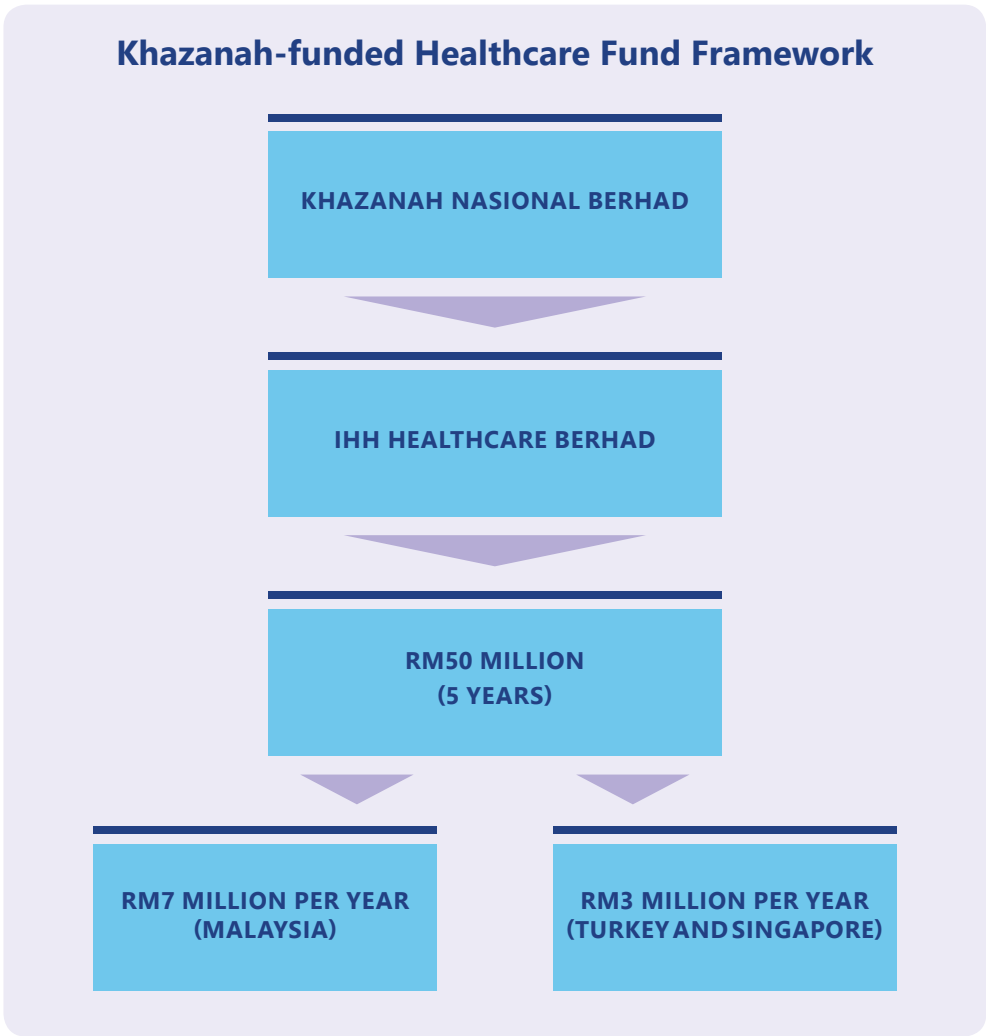
The cornerstone of IHH’s CSR framework is the RM50 million Khazanah Nasional Berhad (“Khazanah”) Healthcare Fund (“the Fund”) that facilitates the provision of partial and fully sponsored medical treatment to needy patients in our home markets of Malaysia, Singapore and Turkey. The Fund assists patients who require financial assistance to access and reap the benefits of IHH’s network of world-class doctors and other healthcare professionals as well as its medical facilities. It represents the Group’s collective commitment to fulfil a fundamental responsibility to the many communities that we serve through a unified platform.

The Fund was announced by the Prime Minister of Malaysia, YAB Dato’ Sri Mohd Najib bin Tun Abdul Razak, at the launch of IHH’s initial public offering on 3 July 2012. This initiative involves Khazanah setting aside RM50 million from the realised and targeted gain from its investment in IHH and working with the Group to identify and assist needy patients in our home markets.



The plan calls for RM10 million a year to be disbursed to IHH subsidiaries over a five-year span (from 2013 to 2017) to assist them in providing medical care for the financially needy. Malaysia will receive 70% of this funding, whilst 30% will be split equally between Singapore and Turkey.

The fund, which involves various non-governmental organisations (“NGOs”) as referral partners, will enable access to medical treatment at our facilities for many deserving patients who would normally not be able to get treatment at a private healthcare facility due to financial constraints.









## WIDENING ACCESS TO MEDICAL EDUCATION

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

## CSR EFFORTS THROUGHOUT THE GROUP

Even as we focus on the wellbeing of the communities that we operate in, we are committed not only to providing treatment for the various ailments that plague these communities, but we are also committed to promoting preventive measures and healthy living among them. The many CSR activities that our subsidiaries are implementing in their home markets today speak volumes about our commitment to adopting a holistic approach to healthcare among the communities that we serve.



## PARKWAY PANTAI

In 2012, the hospitals under Parkway Pantai Limited ("Parkway Pantai") in Malaysia and Singapore continued to roll out a host of successful programmes as well as implemented several new initiatives.

### Promoting Breast Cancer Awareness

Parkway Pantai's series of breast cancer awareness campaigns in Malaysia serve to raise awareness on breast cancer through clinics which offer health education, prevention, early stage diagnosis and effective treatment. Not only have these campaigns reinforced Parkway Pantai's role as a leader in early preventive measures relating to breast cancer, it has endeared us to the many communities that we reach out to. In 2012, Parkway Pantai's hospitals in Malaysia undertook the following campaigns:

- Pantai Hospital Kuala Lumpur's Wear It Pink ("WIP") Campaign consisted of several initiatives including two months of subsidised mammograms, a radio contest on Capital FM, public talks and the "Spanish Sensations" charity musical.
- Pantai Hospital Ayer Keroh's M.A.D. Pink (Make a Difference for Pink) 2012 carnival included a special one-day-only mammogram offer, professional advice on breast self-examinations, consultations with a dietician, and free basic health screenings.
- Pantai Hospital Klang's Pink Charity Run 2012 event saw 1,600 pink-clad runners raising RM20,000 for the Breast Cancer Welfare Association ("BCWA") and successfully spreading awareness of breast cancer.
- At its annual pink-themed charity fundraising dinner, Pink Jazzy Affair, Gleneagles Kuala Lumpur raised RM150,000 and launched Malaysia's first Pink Ambulance. A portion of service fees from this Klang Valley-based ambulance service will be donated to various breast cancer associations.

Through the various fund-raising activities that were held throughout 2012, Parkway Pantai's hospitals raised a total of RM240,000 for breast cancer awareness organisations.





### In Support of Those in Need

With the goal of helping the people in its community live healthy lifestyles, Pantai Hospital Penang launched The Free Cataract Surgery Project. This one-year joint venture project saw the CIMB Foundation as well as the Lions Club of George Town Mutiara and Pantai Hospital Penang (via the Lions Club of George Town Mutiara-Pantai Hospital Penang or LGTM-PP Medical Fund) collaborating to provide financial aid for underprivileged patients who were in need of cataract surgery. The project was financed by the CIMB Foundation which donated RM49,500 to the LGTM-PP Medical Fund. Forty-three applicants received full sponsorships for cataract surgery.

Despite the project ending after just one-year, Lions GTM and PHP will continue their endeavours to strengthen the community via the Medical Fund project which provides financial aid to people in need of medical treatment. This on-going project is being funded by public donations and fundraising activities.

### Hope in Sight

The Hope in Sight project is a collaboration between CIMB Islamic and CIMB Bank (Jalan Tun Sambanthan, Ipoh), Pantai Hospital Ipoh, and the Lions Club of Ipoh Evergreen. This year-long project sought to provide financial assistance to underprivileged people. Involving a series of public health education campaigns and free cataract treatments for those in need, the project was jointly funded by CIMB and Pantai Hospital Ipoh with CIMB donating RM63,000 to the project whilst the hospital financed all other expenses.

The many CSR activities that our subsidiaries are implementing in their home markets today speak volumes about our commitment to adopting a holistic approach to healthcare among the communities that we serve.



A Heart for A Heart

The year 2012 saw the successful rollout of the A Heart for A Heart programme for the sixteenth consecutive year. *The New Straits Times* and Gleneagles Kuala Lumpur’s collaborative charity programme continues to offer financial aid to children who suffer from congenital defects and who come from families with limited resources. The project caters to children who cannot afford corrective surgery and who require urgent corrective operations due to their critical condition. Since its launch in 1966, the project has lent assistance to 648 such cases. Over the years, the project has also received support from other media such as *Sin Chew Jit Poh*, *Berita Harian* and *Nanyang Siang Pau*, organisations such as Buddhist Tzu Chi, Pusat Zakat and the MCA, as well as several corporations.

Gift of Sight

In 2012, Gleneagles Hospital in Singapore and its team of three doctors helped a disadvantaged Indonesian patient, who suffers from a rare genetic condition known as neurofibromatosis, regain his sight in the afflicted eye. The hospital and the doctors also waived the patient’s surgery and hospital charges.

Music for the Soul

The same year saw Gleneagles Hospital sponsoring the production of a CD album by its resident band D’Nightingales and Frenz to the tune of S\$10,000. One thousand copies of the album titled *Will You Remember* were sold at Parkway Pantai’s four hospitals in Singapore, with the proceeds channelled to Mercy Relief, an independent non-governmental humanitarian charity.

Project Silver Care

About 400 seniors in Singapore benefitted from three days of free health screening under Project Silver Care, courtesy of Parkway Shenton. Four of the hospital’s doctors also provided free medical consultation and advice to the elderly in this collaborative effort with the nursing students of the National University of Singapore.

Spreading Christmas Cheer

In the spirit of Christmas, Parkway Pantai’s hospitals in Singapore raised charity funds through their respective donation drives, with the funds going to non-profit organisations including TransFamily Services Centre, Singapore Children’s Society and Healthserve.

By the end of 2012, approximately S\$2.09 million had been invested in various CSR projects in Singapore to improve the standard of healthcare in communities.





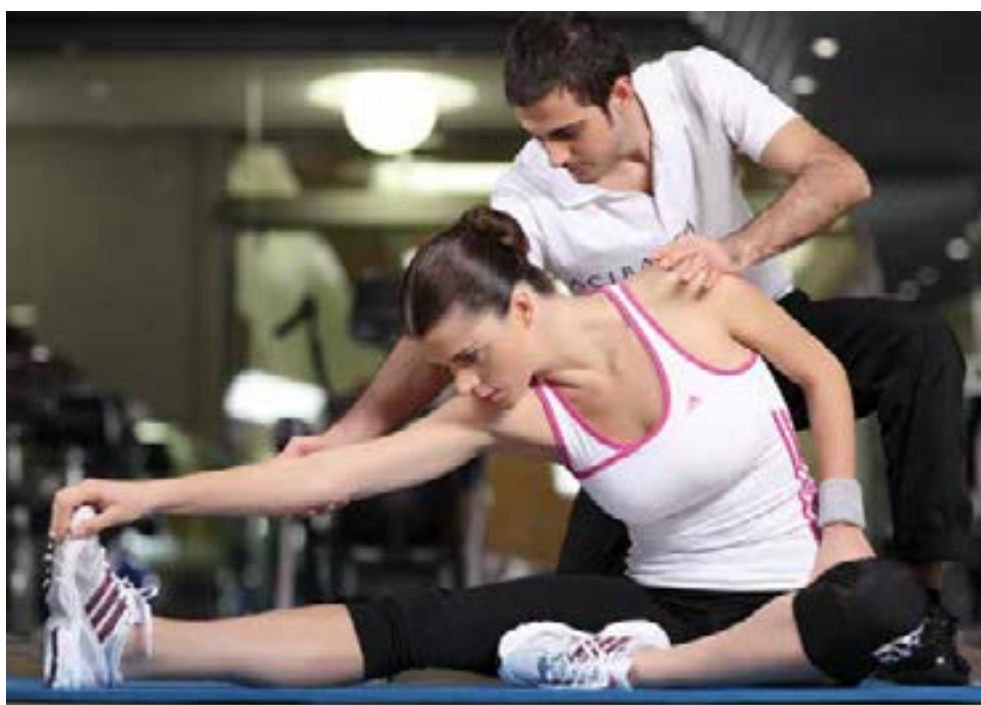
**ACIBADEM**

Our CSR activities in Turkey centre on Acibadem Holding's ("Acibadem") sports sponsorship programme, Acibadem University and a government initiative to grow Turkey's population. Holding true to the maxim that "knowledge and experience are everything", Acibadem's CSR initiatives serve to empower communities in Turkey by nurturing champions, developing leaders and elevating communities.

**Sports Sponsorship Programme**

Acibadem aims to enrich Turkey's offering of athletes and sportsmen by ensuring that they are in the best of health. Its sports sponsorship programme leverages on the expertise of experienced doctors, physiotherapists and sports educators to treat injuries that athletes suffer during games or training sessions. At the same time, preventive medicine is emphasised. As Turkey's one and only FIFA accredited centre of medical excellence, Acibadem prides itself on the quality of treatment that it offers athletes, both amateur and professional.

Via its sports sponsorship programme, Acibadem is serving the healthcare needs of the Turkish Football Federation, Turkish Volleyball Federation, Turkish Basketball Federation, Turkish Tennis Federation, Turkish Handball Federation, and Turkish Bicycle Federation, among others. It is also looking after the healthcare requirements of national and foreign sports clubs as well as the needs of individual athletes. Through its programme, Acibadem is making tangible inroads in strengthening Turkey's talented sportsmen and sportswomen as well as those from around the region.



Nurturing A Nation

Acibadem University is the first university in Turkey to have been established by a healthcare group. It serves as an effective platform for the Acibadem Group to channel its wealth of knowledge and experience in the healthcare industry into an academic setting. Acibadem’s vision is to raise the level of education in Turkey by establishing and managing universities, private community colleges, hospitals and institutions of health, as well as private vocational institutes. Through its university, Acibadem is producing a pipeline of highly qualified healthcare workers, elevating the levels of education, and undertaking research that adds value to the healthcare industry.

Acibadem’s scholarship programme boasts the highest rate of scholarships awarded to students in Turkey. Through its scholarship programme, it is achieving its goal of developing leaders of the highest calibre who excel in academics, ethics, cultural and social initiatives as well as have a passion for communities.

Promoting Population Growth

Acibadem is extending its CSR boundaries even as it prepares to take on sponsorship of a government-initiated population growth programme. In tandem with the government’s initiative to increase the young Turkish population, Acibadem will sponsor fertility treatments and provide financial aid to about 2,500 low-income families. In line with Prime Minister Recep Tayyip Erdogan’s mission to encourage families to have at least three children, Acibadem is supporting a fund that will see it financing all medical treatments associated with the project.

Be it through its sports sponsorship programme, the Acibadem University, or its population growth programme, Acibadem will continue to focus its efforts on strengthening healthcare in Turkey from a holistic perspective.

Through its university, Acibadem is raising the level of education in Turkey. It is also producing a pipeline of highly qualified healthcare workers, elevating the levels of education, and undertaking research that adds value to the healthcare industry.





**IMU HEALTH**

International Medical University or IMU has had a long history of undertaking CSR activities under the umbrella of its IMU Cares initiative. IMU Cares provides IMU's students a practical outlet for learning through community outreach efforts. In return, the community is rewarded in the present and as well as the future when these community efforts produce skilled, knowledgeable, caring and ethical health professionals who are passionate about serving the community at large. IMU Cares also encompasses health screening treatment and public health education for the community. In 2012, IMU continued to implement many of its proven, long-running programmes. In addition, it broadened its CSR boundaries with the rollout of new programmes.

**Fund Raising Activities**

IMU has always been supportive of the work of charity organisations and fund raising activities are an integral part of its culture. Whenever such an activity is held, IMU staff and students come out in force to lend their support. These activities have also done much to promote unity and strengthen ties between the staff and the student populations. For the past decade, the very successful IMU Charity Run events have received tremendous public support. In 2012, the IMU Charity Run was organised in conjunction with the IMU Carnival and Charity Fair which were held on the same day. The joint event attracted over 1,500 participants with fundraising activities exceeding the RM130,000 target. This entire amount was divided equally and donated to six charities.

**Health Education and Screening**

IMU's community healthcare education and public awareness activities take the form of lectures, talks, panel discussions and seminars. Presented by internal and external specialists, these activities usually take place at IMU's various campuses or among numerous communities, and are sometimes carried out in collaboration with NGOs and industrial partners. These campaigns cover topics such as adolescent health, breast cancer, breast feeding, eye care, mental health, spine health, autism, oral health, smoking cessation and diabetes prevention, among other subjects.



IMU Cares provides IMU's students a practical outlet for learning through community outreach efforts. In return, the community is rewarded in the present and as well as the future when these community efforts produce skilled, knowledgeable, caring and ethical health professionals who are passionate about serving the community at large.



IMU's health awareness campaigns also extend to regular health screening activities which aim to encourage the public to develop healthy lifestyles. Screening activities may take place at IMU campuses, community halls, shopping malls or in specific rural settings. The campaigns, which include screening for both adults and children, involve tests for blood cholesterol, blood glucose and blood pressure levels as well as urine screening, oral health check-ups, physical examinations, PAP smears and nutritional status tests.

**Adopting Communities**

All of IMU's CSR activities incorporate the aspect of providing students a community-based learning experience in order for them to achieve academic excellence in research as well as develop a passion for community service. To this end, IMU in collaboration with local health authorities and the relevant local district authorities, has adopted a number of rural and urban communities in the Klang Valley, Negeri Sembilan and Johor. Under IMU's *Kampung Angkat* or Adopt a Village programme, communities such as Kampung Orang Asli, Serendah; Damansara Constituency, Kuala Lumpur; Kampong Kala, Gombak, Selangor; and Kampung Tekir, Labu, Negeri Sembilan have been adopted. Several communities have also been adopted in the Batu Pahat, Johor region.

These healthcare screenings entail the establishment of demographic data for each family. This is followed through with measurement, collation and analysis of health parameters within an extensive database and the establishment of clinics at selected locations. At these screening sessions, individuals with specific health problems are referred to the local government health authorities and IMU clinics for treatment and follow-up, while those with eye problems are treated in collaboration with the Tun Hussein Onn Eye Hospital. General health and oral health screenings, as well as health education are also carried out regularly.





Activities that call for positive physical improvements to be made to the surrounding environment are also implemented. These activities include the relevant renovation work for shared facilities within a village; community clean up or *gotong royong* activities; and the provision of public utilities, among other things. Funds for these activities are provided via sponsorship programmes by corporate bodies or community service clubs as well as through a budget provided by IMU.

#### Continuing to Touch Lives

Charity organisations, health-related NGOs as well as outreach projects in other countries, all feature strongly in IMU's community outreach agenda. Some community projects go back as far as two decades. The projects include the blood and organ donation drives carried out every semester by the Buddhist Society; fund raising projects by the Muslim Society for orphanages and natural disasters abroad; fund raising by the Helen Keller Society for the blind; community projects carried out in villages in Laos by the IMU Community Service Club; and fund raising for MERCY which has gone towards the tsunami and the earthquake disasters in Iran and Haiti, to name a few.

In addition to its own student societies, IMU regularly organises charity runs and carnivals to raise sizeable funds to be given to specific NGOs nominated by students and staff. With joint-funding between the University and the corporate sector to provide a working budget for the organisation of such activities, the proceeds from these major events range from RM40,000 to well in excess of RM100,000. Additionally, specific student societies may choose to support individual NGOs with small fund raising activities.

The recent additional financial support from the Khazanah Healthcare Fund will provide greater depth, breadth as well as impact to the many IMU Cares initiatives currently underway among communities.

## CONTINUING WITH OUR CSR EFFORTS

As the Group sets its sights on delivering sustainable growth, we will ensure that we balance out our robust financial performance with equally robust and responsible social practices. Going forward, our operating entities will continue to focus their efforts on improving the wellbeing of communities through ensuring the delivery of impactful and tangible CSR outcomes that elevate lives, enrich communities, and raise healthcare standards. Only then can we truly hope to create sustainable value and build enduring ties with the communities that we serve.

Going forward, our operating entities will continue to focus their efforts on improving the wellbeing of communities through ensuring the delivery of impactful and tangible CSR outcomes that elevate lives, enrich communities, and raise healthcare standards.

# STATEMENT ON CORPORATE GOVERNANCE

## OUR COMMITMENT TO GOOD CORPORATE GOVERNANCE

As a newly listed company on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and Main Board of Singapore Exchange Securities Trading Limited since 25 July 2012, IHH Healthcare Berhad ("IHH" or "the Company") together with its subsidiaries and associated companies ("the Group"), are committed to achieving and maintaining the highest standards of corporate governance. The Board of Directors ("Board") strongly believes that sound corporate governance practices are essential for delivering sustainable value, enhancing business integrity, maintaining investors' confidence and achieving the Group's corporate objectives and vision. To this end, the Board, Management and staff of the Group affirm their commitment to enhancing shareholder value by way of upholding high standards of corporate governance.

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

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

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

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

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



## Board Charter

The Board Charter, which was adopted by the Board in February 2013, aims to ensure that all Directors acting on behalf of the Company are aware of their duties and responsibilities as Board members. It also aims to ensure that all Directors understand the various legislations and regulations affecting their conduct and that they apply principles and practices of good corporate governance in all their dealings in respect of and on behalf of the Company. The Board Charter is available on the Company's website at [www.ihh-healthcare.com](http://www.ihh-healthcare.com).

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 that risks are properly managed;
- establishing succession plans;
- establishing and implementing a good investor relations programme and shareholders' communication policy; and
- reviewing the adequacy of the internal control policy.

## Terms of Reference and Limits of Authority

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

## Board Meetings

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

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

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

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

## **Access to Information and Advice**

IHH's 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 Directors have ready and unrestricted access to the advice and services of the Company Secretary. The Board is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. The Board may seek, at the Group's expense, external and independent professional advice and assistance from experts in furtherance of their duties.

## **Formalised Ethical Standards**

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

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

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



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

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

## Promoting Sustainability

The Board will continuously revisit the Company's strategies to ensure that the issue of sustainability is being addressed appropriately to keep abreast with the changing environment.

## STRENGTHEN COMPOSITION

### Board Committees

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

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

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

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

### Audit and Risk Management Committee

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

The composition, TOR and a summary of activities of the ARMC are set out separately in the ARMC Report as laid out on pages 124 to 128.

## Nomination and Remuneration Committee

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

Chairman : Chang See Hiang

Members : Rossana Annizah binti Ahmad Rashid

Dato' Mohammed Azlan bin Hashim

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

The responsibilities of the NRC with regard to its nomination roles are as follows:

- 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;
- Review the required mix of skills, experience and other qualities of the Board, including core competencies which Non-Executive Directors should bring to the Board on an annual basis;
- Assess annually the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director;
- Recommend to the Board, appropriate orientation and education programmes for new Directors on the Board and continuously search and propose relevant courses to enhance Board members' competencies;
- Recommend to the Board, Directors to fill the seats on Board Committees and oversee the development of a succession planning framework for Board members; and
- 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 make recommendations to the Board.

The responsibilities of the NRC with regard to its remuneration roles are as follows:

- Recommend to the Board, the remuneration for Executive Directors, Non-Executive Directors (including Independent Directors) and Senior Management of the Group in all its forms and to review the Group's remuneration framework;
- Recommend to the Board a formal and transparent procedure for determining the remuneration packages of Senior Management of the Group;
- 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 this for endorsement by the entire Board;



- 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) should be designed for the purpose of assessing individual performance.
- Review the relevance of the remuneration awarded to attract, retain and motivate Senior Management of the Group to run the Group successfully;
- 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;
- Consider whether Group employees should be eligible for benefits under long-term incentive schemes; and
- Cover all aspects of remuneration including but not limited to salaries, allowances, bonuses, options and benefits in kind.

## Steering Committee

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

Chairman : Dato' Mohammed Azlan bin Hashim

Members : Dr Lim Cheok Peng

Dr Tan See Leng

Mehmet Ali Aydinlar

Satoshi Tanaka

Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz

The SC meets at least four times 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. such 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.

## Appointments to the Board

The NRC is responsible for identifying and nominating suitable candidates for appointments to the Board for approval, either to fill casual vacancies or as additions to meet the changing needs of the Group.

## Re-appointment and Re-election of Directors

In accordance with the Company's Articles of Association, newly appointed Directors shall hold office only until the next Annual General Meeting ("AGM"), and shall then be eligible for re-election. Additionally, one-third of the remaining existing Directors shall retire from office at each AGM and be eligible to offer themselves for re-election provided always all Directors shall retire from office at least once in every three years. Proposals for re-appointment and re-election of Directors are recommended by the NRC to the Board prior to the shareholders' approval at the AGM.

Pursuant to Section 129(2) of the Companies Act, 1965, the office of a director of or over the age of seventy years becomes vacant at every AGM. This holds true, unless he is re-appointed by a resolution passed at such an AGM, of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three-fourths of all members present and voting at such AGM.

## Boardroom Gender Diversity

With regard to boardroom diversity, the Board is supportive of the gender diversity recommendations made in the MCCG. In April 2012, the Company appointed Rossana Annizah binti Ahmad Rashid as an Independent Non-Executive Director of the Company. She is also the Chairman of the ARMC and a member of the NRC.

## Directors' Remuneration

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

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

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

The details of aggregate remuneration of Directors (including those Directors who have resigned during the year) for the financial year ended 31 December 2012 are as follows:

	Salaries RM'000	Fees RM'000	Bonus, Incentives & Others RM'000	Benefits in-kind RM'000	Total RM'000
Executive Directors	7,226	2,677	17,050	229	27,182
Non-Executive Directors <sup>(1)</sup>	-	3,425	-	-	3,425

Remuneration Band <sup>(2)</sup>	Executive	Non-Executive	Total <sup>(3)</sup>
less than RM50,000	-	1	1
between RM50,001 and RM100,000	-	2	2
between RM150,001 and RM200,000	-	1	1
between RM250,001 and RM300,000	-	1	1
between RM300,001 and RM350,000	-	2	2
between RM350,001 and RM400,000	-	1	1
between RM400,001 and RM450,000	-	1	1
between RM500,001 and RM550,000	-	1	1
between RM750,001 and RM800,000	-	1	1
between RM1,500,001 and RM1,550,000	1	-	1
between RM2,350,001 and RM2,400,000	1	-	1
between RM2,800,001 and RM2,850,000	1	-	1
between RM9,550,001 and RM9,600,000	1	-	1
between RM10,900,001 and RM10,950,000	1	-	1
Total	5	11	16

<sup>(1)</sup> 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.

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

<sup>(3)</sup> Excluding two Directors who did not receive any remuneration during the financial year under review.

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



## REINFORCE INDEPENDENCE

### Board Composition and Balance

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

The Board, as at the date of this Statement, consists of thirteen members, comprising four Non-Independent Executive Directors including the Chairman, three Non-Independent Non-Executive Directors, three Independent Non-Executive Directors and three Alternate Directors. The present composition of the Board and the profile of each Director are set out in the Corporate Information and Directors' Profile on page 15 and pages 34 to 46 respectively of this Annual Report.

The number of Independent Directors complies with the MMLR, which states that at least three members or one-third of the Board shall be Independent Directors. They also fulfil the criteria of independence as defined in the MMLR. 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 do not participate in any business dealings. Neither are they involved in any other relationship with the Group that may impair their independent judgement and decision-making. In the coming years, the Board will embark on performing yearly assessments of its Independent Directors.

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

### Division of Roles and Responsibilities between the Chairman and the MD

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

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

### Senior Independent Non-Executive Director

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

## FOSTER COMMITMENT

**Director's Time Commitment**

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

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

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

Director	Designation	Total Meetings Attended
Tan Sri Dato' Dr Abu Bakar bin Suleiman	Chairman, Non-Independent Executive Director	8/8
Dato' Mohammed Azlan bin Hashim	Deputy Chairman, Non-Independent Non-Executive Director	8/8
Dr Lim Cheok Peng	Managing Director, Non-Independent Executive Director	7/8*
Dr Tan See Leng (Appointed on 5 April 2012)	Executive Director, Non-Independent Executive Director	5/5^
Mehmet Ali Aydinlar (Appointed on 24 January 2012)	Non-Independent Executive Director	5/7^
Satoshi Tanaka	Non-Independent Non-Executive Director	7/8
YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz (Appointed on 25 October 2012)	Non-Independent Non-Executive Director	1/1^
Rossana Annizah binti Ahmad Rashid (Appointed on 17 April 2012)	Independent Non-Executive Director	5/5^
Chang See Hiang (Appointed on 5 April 2012)	Senior Independent Non-Executive Director	5/5^
Kuok Khoon Ean (Appointed on 17 April 2012)	Independent Non-Executive Director	2/5^@

Director	Designation	Total Meetings Attended
Ahmad Shahizam bin Mohd Shariff (Alternate Director to Dr Tan See Leng) (Appointed on 5 April 2012)	Non-Independent Executive Director	5/5 <sup>^</sup>
Kaichi Yokoyama (Resigned as Alternate Director to Toshio Yamamura on 13 April 2012 and reappointed as Alternate Director to Satoshi Tanaka from 16 April 2012)	Non-Independent Non-Executive Director	7/8
Quek Pei Lynn (Alternate Director to YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz) (Appointed on 25 October 2012)	Non-Independent Non-Executive Director	1/1 <sup>^</sup>
Toshio Yamamura (Resigned on 13 April 2012)	Non-Independent Non-Executive Director	3/3 <sup>#</sup>
Ganendran Sarvananthan (Resigned on 19 April 2012)	Non-Independent Non-Executive Director	4/4 <sup>#</sup>
Michael Jude Fernandes (Resigned on 19 April 2012 and reappointed as Alternate Director to Dato' Mohammed Azlan bin Hashim from 19 April 2012 until his resignation on 25 October 2012)	Non-Independent Non-Executive Director	7/7 <sup>#</sup>
Omar Khan Lodhi (Appointed on 24 January 2012 and resigned on 31 May 2012)	Non-Independent Non-Executive Director	4/4 <sup>+</sup>
Akito Umeda (Alternate Director to Satoshi Tanaka) (Resigned on 13 April 2012)	Non-Independent Non-Executive Director	2/3 <sup>#</sup>

<sup>^</sup> Reflects the number of Board meetings attended during the financial year after the Director was appointed.

<sup>#</sup> Reflects the number of Board meetings attended during the financial year up to the date of resignation.

<sup>+</sup> Reflects the number of Board meetings attended during the financial year after the Director was appointed up to the date of resignation.

<sup>\*</sup> Dr Lim Cheok Peng did not participate at one Board meeting held during the financial year which was scheduled specifically to deliberate on his compensation package.

<sup>@</sup> Kuok Khoon Ean attended all Board meetings after the revision to Article 123 of the Articles of Association of IHH was adopted.

Pursuant to Article 123 of the revised Articles of Association of IHH which was adopted by the shareholders on 14 June 2012, the Directors must not be absent for more than 50% of the total Board meetings held during the financial year, failing which the office of the said Director will become vacant. All Directors have met the minimum meeting attendance requirement as set out in Article 123 of the revised Articles of Association of IHH.



The directorships of Directors of IHH in other public listed companies and private 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.

### Directors' Training

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

All members of the Board have attended the Mandatory Accreditation Programme as required by Bursa Securities.

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. Prior to the listing of the Company on the Main Board of Bursa Securities, the Directors were briefed on the relevant corporate laws and the requirements of the MMLR governing the disclosure requirements applicable to listed companies, as well as on the conduct and responsibilities of listed companies and their director and officers.

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

The training programmes attended by the Directors during the financial year ended 31 December 2012 included areas of corporate governance, risk management, leadership and business transformation management, economics as well as regulatory compliance, the details of which are as follows:

Director	List of Training, Conferences, Seminars, Workshops Attended
Tan Sri Dato' Dr Abu Bakar bin Suleiman	<ul style="list-style-type: none"> <li>Lean Six Sigma Awareness by Ashok Ramaswamy</li> <li>Governance, Risk Management and Compliance: "What Directors Should Know"</li> <li>New Listing Dialogue with Securities Commission Malaysia and Bursa Malaysia</li> <li>MSQH &amp; Ministry of Health, Malaysia Conference &amp; Exhibition 2012               <ul style="list-style-type: none"> <li>Plenary II – "Patient Safety – Translating it to Clinical Practice"</li> </ul> </li> <li>MSQH &amp; Ministry of Health, Malaysia Conference &amp; Exhibition 2012               <ul style="list-style-type: none"> <li>Concurrent session 3 – "Investment in Patient Safety, Is there a return"</li> </ul> </li> <li>KPJ Healthcare Conference &amp; Exhibition 2012               <ul style="list-style-type: none"> <li>"Transforming Healthcare – Private Public Collaboration"</li> <li>Clinical Governance : Approach to excellence in healthcare services</li> </ul> </li> </ul>

Director	List of Training, Conferences, Seminars, Workshops Attended
Dato' Mohammed Azlan bin Hashim	<ul style="list-style-type: none"> <li>• International Directors Summit 2012 – “Awakening the Corporate Entrepreneurship for high income economy”</li> <li>• New Listing Dialogue with Securities Commission Malaysia and Bursa Malaysia</li> <li>• Understanding upstream oil &amp; gas economics evaluation</li> <li>• Khazanah Megatrends Forum 2012 – “The Big Shift: Traversing the Complexities of a New World”</li> <li>• Labuan IBFC: Asia Pacific's Preferred IFC: A road show in Hong Kong and Shanghai October 2012</li> <li>• Keynote Speech “Labuan IBFC: Malaysia's engine of foreign investment”</li> <li>• Techventure 2012 – The New Age of Asian Innovation</li> <li>• Market Rigging &amp; Insider Trading Movement Through Moving Average (Indicators for Trader's &amp; Investors Psyche)</li> <li>• In-house directors' training programme for D&amp;O Green Technologies Berhad on Stress Management: Transforming business pressure into productive energy</li> </ul>
Dr Lim Cheok Peng	<ul style="list-style-type: none"> <li>• New Listing Dialogue with Securities Commission Malaysia and Bursa Malaysia</li> </ul>
Dr Tan See Leng	<ul style="list-style-type: none"> <li>• New Listing Dialogue with Securities Commission Malaysia and Bursa Malaysia</li> <li>• Mandatory Accreditation Programme for Directors of Public Listed Companies</li> </ul>
Mehmet Ali Aydinlar	<ul style="list-style-type: none"> <li>• New Listing Dialogue with Securities Commission Malaysia and Bursa Malaysia</li> <li>• Mandatory Accreditation Programme for Directors of Public Listed Companies</li> </ul>
Satoshi Tanaka	<ul style="list-style-type: none"> <li>• 6<sup>th</sup> China Business Forum</li> <li>• New Listing Dialogue with Securities Commission Malaysia and Bursa Malaysia</li> <li>• Mandatory Accreditation Programme for Directors of Public Listed Companies</li> </ul>
YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz	<ul style="list-style-type: none"> <li>• MIA Conference 2012</li> </ul>
Rossana Annizah binti Ahmad Rashid	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme for Directors of Public Listed Companies</li> </ul>

Director	List of Training, Conferences, Seminars, Workshops Attended
Chang See Hiang	<ul style="list-style-type: none"> <li>New Listing Dialogue with Securities Commission Malaysia and Bursa Malaysia</li> <li>Mandatory Accreditation Programme for Directors of Public Listed Companies</li> </ul>
Kuok Khoon Ean	<ul style="list-style-type: none"> <li>Listing Rules and CG Code Update</li> <li>Mandatory Accreditation Programme for Directors of Public Listed Companies</li> </ul>
Ahmad Shahizam bin Mohd Shariff (Alternate Director to Dr Tan See Leng)	<ul style="list-style-type: none"> <li>New Listing Dialogue with Securities Commission Malaysia and Bursa Malaysia</li> <li>Mandatory Accreditation Programme for Directors of Public Listed Companies</li> </ul>
Kaichi Yokoyama (Alternate Director to Satoshi Tanaka)	<ul style="list-style-type: none"> <li>New Listing Dialogue with Securities Commission Malaysia and Bursa Malaysia</li> <li>Mandatory Accreditation Programme for Directors of Public Listed Companies</li> <li>Legal Seminar : Understanding the Mechanism, Detection and Prevention of unfair practices</li> </ul>
Quek Pei Lynn (Alternate Director to YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz)	<ul style="list-style-type: none"> <li>Mandatory Accreditation Programme for Directors of Public Listed Companies</li> </ul>

## UPHOLD INTEGRITY IN FINANCIAL REPORTING

### Compliance with Applicable Financial Reporting Standards

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

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

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

The Directors' Responsibility Statement for the audited financial statements of the Company and the Group is set out in page 132 of this Annual Report. The details of the Company and the Group financial statements for financial year ended 31 December 2012 are presented from pages 134 to 292 of this Annual Report.



## Relationship with Auditors

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

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

Further information on the role of ARMC in relation to both, internal auditors and external auditors are stated in the ARMC Report on pages 124 to 128 of this Annual Report.

## RECOGNISE AND MANAGE RISKS

### Risk Management Function

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.

As mentioned, the composition, TOR and a summary of activities of the ARMC are set out separately in the ARMC Report out on pages 124 to 128.

### Internal Control

The Board has overall responsibility for maintaining sound internal control systems that provide reasonable assurance for effective and efficient operations, compliance with laws and regulations, as well as adherence to internal procedures and guidelines. The system of internal controls is designed to provide reasonable and not absolute assurance for achieving certain internal control standards and helps the Group manage the risk of failure to achieve business objectives, rather than to eliminate it.

The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Company and the Group is set out on pages 121 to 123 of this Annual Report.

## ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

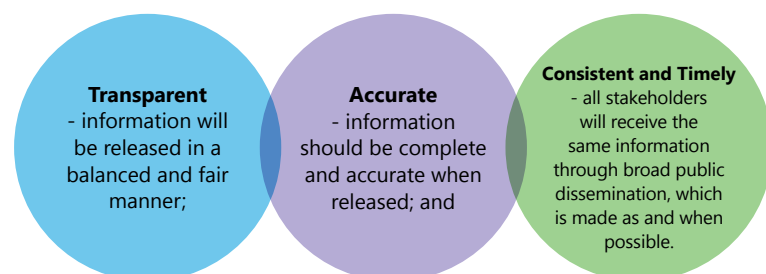
### Investor Relations Policy

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

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

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

All communications will be:



## STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

### Dialogue between the Company and Stakeholders

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

The Company has a dedicated Investor Relations and Corporate Communication Department which meets key institutional investors and analysts on a regular basis, as well as answers queries from shareholders. Separate media and analysts briefings are also conducted during the release of the Group's quarterly results.

The Company communicates with its shareholders and stakeholders on regular basis through timely release of financial results on a quarterly basis, press releases and announcements to Bursa Securities which provide an overview of the Group's performance and operations for investment decision making, through accessible channels.

The Company's website at [www.ihh-healthcare.com](http://www.ihh-healthcare.com) contains vital information concerning the Group. The Company's website also provides easy access to corporate information pertaining to the Company and its activities and all the announcements made to Bursa Securities.

### **Annual General Meeting**

The Company regards the AGM as the principal forum for dialogue with private and institutional shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from the Company's shareholders. The forthcoming AGM will be the Company's first AGM as a listed entity and this will provide an opportunity for shareholders to raise questions pertaining to issues in the Annual Report, audited financial statements, corporate developments in the Group, the resolutions being proposed and/or on the businesses of the Group.

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

### **Compliance Statement**

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

The Board has reviewed, deliberated upon, and approved this Statement on Corporate Governance in line with the principles and recommendations of the MCCG. This Statement is made in accordance with the resolution of the Board dated 16 April 2013.



# 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 to reviewing its adequacy, integrity and effectiveness to safeguard shareholders' investments 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 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.

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

The Group faces a variety of global and domestic business risks, which are ever changing. These risks originating either internally or externally might have influence over the Group's goal and strategic objectives. Acknowledging these factors, the Board is presently embarking on a Group-wide comprehensive Enterprise Risk Management ("ERM") framework leveraging upon the best practices of existing frameworks within the Group's major operating subsidiaries.

## GROUP INTERNAL AUDIT

The Group has an independent internal audit function, which is an integral part of the Group's assurance framework, with the function reporting directly to the ARMC. Group Internal Audit's ("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 Group IA and a reporting line to the respective Board Audit Committees. Audits are performed on all 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 and the Internal Audit Findings and Management Action plan pertaining to the audit recommendations of the Group are presented to the ARMC during its quarterly meetings. For the year ended 31 December 2012, the Internal Audit function of the major operating subsidiaries in the Group conducted internal audits and ad-hoc reviews across corporate functions, hospitals/clinics, education and training functions as well as other business units. Observations arising from the internal audit are presented, together with Management's response and proposed action plans, to the Audit Risk and Management Committee or the Board for its review and approval.

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 formed at operating subsidiaries i.e. Audit and Risk Management Committee, Nomination and Remuneration Committee and other committees, each with clear terms of reference, 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:

- i. A governance and management structure is established within each hospital for functional accountability with operational/functional heads reporting financial, operational (clinical and non-clinical) and reputational risks as well as compliance with statutory and regulatory requirements to the Hospital Chief Executive Officer ("CEO")/Director;
- ii. Hospital CEOs/Directors, Business Heads, Country Heads and Corporate Heads report on business operations issues to the group CEO and Managing Director ("MD") of the respective operating subsidiary at the weekly/monthly Operations Meeting. Matters such as nursing issues, clinical/medical incidents with lapses, adverse outcomes, potential legal issues and media exposure, are to be reported and addressed at the hospital quality meetings chaired by the Hospital CEO;
- iii. The Medical Affairs department/Medical Execution Committee oversees the accreditation as well as the qualifications and experience of our medical practitioners and will not hesitate to remove their privileges if found unethical or negligent. They also ensure patient safety and quality of services delivered within the hospitals and also ensure compliance of government regulations;
- iv. Group Quality or Central Quality Forum/Quality Council chaired by the group CEO;
- v. On a quarterly/monthly basis, the operational divisions are to submit to the group CEO, updates pertaining to clinical/medico-legal project and business matters, HR matters, financial performance and analysis, group target savings as well as the outlook for the business and strategic projects. This information will form the body of the Executive Report by the group CEO to the Board of each major operating subsidiary and will ultimately surface at the holding company;
- vi. The development of these potential medico-legal cases are to be tracked and reported to Senior Management and the Board on a monthly basis and to the ARMC on a quarterly basis. Any significant risk exposure is to be highlighted to the Board/ARMC as the risk materialises;
- vii. Country-specific insurance policies relating to workforce compensation, property damage and equipment breakdown, third party liability, professional indemnity and medical malpractice liability, are to be procured to meet the local regulatory requirements and business requirements of the operational divisions;
- viii. Financial risk management systems are to be in place to address credit risk, liquidity risk, market risk, interest rate risk and foreign currency risk;
- ix. The external auditors and internal auditor are to independently audit and report findings and irregularities on financial, operational, compliance controls and risk management practices to the ARMC or the Board; and
- x. Employees must abide by the Code of Conduct and avoid any dealings or conduct that could be or could appear to be in conflict with the Group's interests unless such business relationships are consented to by the Board.

## ADEQUACY AND EFFECTIVENESS OF THE GROUP'S INTERNAL CONTROL SYSTEMS

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

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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

## TERMS OF REFERENCE

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

### 1. Membership

- 1.1 The ARMC shall be appointed by the Board amongst its Directors and shall comprise at least three members who must be Non-Executive Directors and financially literate, the majority of whom shall be Independent Directors.
- 1.2 At least one member of the ARMC:
  - i. must be a member of the Malaysian Institute of Accountants ("MIA"); or
  - ii. if he/she is not a member of the MIA, he/she must have at least three years' working experience; and
    - he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
  - iii. must fulfil such other requirements as prescribed by Bursa Securities or approved by the Securities Commission.
- 1.3 The Chairman of the ARMC shall be an Independent Director appointed by the Board.
- 1.4 No Alternate Director shall be appointed as a member of the ARMC.

### 2. Responsibilities

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

- 2.1 The Group's quarterly results and year-end financial statements;
- 2.2 The appointment or reappointment of the external auditor;
- 2.3 Any letter of resignation from the external auditor of the Company;
- 2.4 The audit plan, audit report and the evaluation of the system of internal controls with the external auditors;
- 2.5 The adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- 2.6 The internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken, and whether or not appropriate action has been taken on the recommendations of the internal audit functions;



- 2.7 Any related party transaction and conflict of interest situation that may arise within the Company or its group of companies including any transaction, procedure or course of conduct that raises questions of management integrity;
- 2.8 The manner in which Management is reviewing the principal business risks and assessing the appropriateness of the mechanisms in place to identify and minimise business risks;
- 2.9 The appropriateness of the system established to identify and report on areas of potential business risk;
- 2.10 Whether the allocation of options at the end of each financial year complies with the criteria which is disclosed to employees;
- 2.11 The effectiveness of the system for monitoring compliance with laws, regulations and the results of Management's investigations and follow-up of 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.

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

- 4.3 The quorum for the ARMC shall be two, the majority of members present must be Independent Directors.
- 4.4 Each member of the ARMC is entitled to one vote when deciding upon the matters deliberated in meetings.
- 4.5 The decision that gains the majority number of votes shall form the final decision of the ARMC.
- 4.6 In the event of an equal number of votes for and against a decision, the Chairman of the ARMC shall be entitled to a second or casting vote.

## 5. Communication to the Board

- 5.1 The ARMC shall prepare a report each year concerning its activities in compliance with these TOR to be tabled to the Board and for inclusion in the Group's Annual Report.
- 5.2 The minutes of each ARMC meeting shall be tabled to the Board for notation.
- 5.3 The ARMC may from time to time submit to the Board its recommendations on matters within its purview, for the Board's decision.
- 5.4 Where the ARMC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the ARMC must promptly report such matter to the Securities Commission.

## 6. Circular Resolution

- 6.1 A resolution in writing signed by a majority of all members shall be valid and effectual as if it had been passed at a meeting of the ARMC.
- 6.2 All such resolutions shall be described as "Members' Circular Resolutions" and shall be forwarded or otherwise delivered to the Company Secretary without delay and shall be recorded by the Company Secretary in the minutes book.
- 6.3 Any such resolution may consist of several documents in like form, each signed by one or more members.
- 6.4 The expressions "in writing" or "signed" include approval by legible confirmed transmission by facsimile, email or other forms of electronic communications.

## 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 on at the meeting to all the members.

## 8. Appointment Process

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

In the year under review, the ARMC met three times during the period 18 April 2012 to 31 December 2012. The composition of the ARMC and the attendance record of its members are as follows:

Director	Designation	Total Meetings Attended
Rossana Annizah binti Ahmad Rashid (Chairman)	Independent Non-Executive Director	3/3
Chang See Hiang (Member)	Senior Independent Non-Executive Director	3/3
Satoshi Tanaka (Member)	Non-Independent Non-Executive Director	3/3

## SUMMARY OF ACTIVITIES

The following activities were carried out by the ARMC during the period 18 April 2012 to 31 December 2012:

- Reviewed the TOR of the ARMC;
- Reviewed the quarterly financial results of the Group including the draft announcements pertaining thereto, and made recommendations to the Board for approval. The reviews, served to ensure that IHH's financial reporting and disclosures are in compliance the MMLR and applicable accounting standards in Malaysia;
- Reviewed related party transactions to ensure compliance with the MMLR, as well as to ensure that they were not favourable to any related parties other than those generally available to the public, nor were they detrimental to minority shareholders;
- Reviewed the internal audit reports issued by the internal audit function of the major operating companies ("Major OpCos") on the adequacy, effectiveness and efficiency of operational and compliance issues concerning the Major OpCos;
- Took cognisance of the adequacy, effectiveness and timeliness of actions taken by Management of the Major OpCos to resolve internal issues documented in their internal audit reports therein;
- Reviewed and recommended for Board approval, the fees for the audit and non-audit services rendered by the external auditors for the financial year ended 31 December 2012;
- Reviewed with the external auditors, their Audit Planning Memorandum for the financial year ended 31 December 2012, outlining the scope of work and proposed fees for the statutory audit; and
- Met with the external auditors twice without the presence of Management during the period under review.

Subsequent to the financial year ended 31 December 2012, the ARMC carried out the following duties:

- Reviewed the internal audit plan for the financial year ending 31 December 2013;
- Reviewed with the external auditors, the results of the external audit, as well as reported issues arising from the annual financial statements and Management's responses to the audit findings for the financial year ended 31 December 2012;
- Reviewed with the external auditors, the draft Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2012;

- d) Considered the re-appointment of external auditors for the ensuing year;
- e) Verified the allocation of long-term incentive units pursuant to the Long-Term Incentive Plans for 2012 grant; and
- f) Reviewed the ARMC Report as well as Statement on Risk Management and Internal Control for inclusion in the 2012 Annual Report.

## GROUP INTERNAL AUDIT FUNCTION

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

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

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

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

The total costs incurred by Group IA in 2012, inclusive of all the Major OpCos was RM3,171,883.

## STATEMENT ON VERIFICATION OF SHARE OPTIONS OFFERED OR SHARE GRANTS AWARDED

Our Group has established the following employee share schemes:

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

During the financial year ended 31 December 2012, a total of 11,975,229 LTIP units comprising equity settled and cash settled LTIP, were granted to 113 eligible employees. There were no EPP options granted during the financial year ended 31 December 2012.

The ARMC is satisfied that the grant of 11,975,229 LTIP units granted to the eligible employees of the Group during the financial year ended 31 December 2012 was in compliance with the criteria and terms set out in the bye laws of the LTIP.



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

## 1. Utilisation of Proceeds from Initial Public Offering ("IPO")

On 25 July 2012, the entire enlarged issued and paid-up share capital of the Company comprising 8,055,410,790 ordinary shares of RM1.00 each was listed on the Main Board of Bursa Malaysia Securities Berhad.

In conjunction with and as an integral part of the listing, the Company undertook a Public Issue of 1,800,000,000 new ordinary shares of RM1.00 each at price of RM2.80 per ordinary share pursuant to the Global Offering. Relevant details of the IPO exercise are set out in the Prospectus issued by the Company on 2 July 2012.

The gross proceeds of RM5,040,000,000 raised from the Public Issue and its status of utilisation as at 30 April 2013 are as follows:

	Proposed utilisation amount (RM'000)	Actual utilisation amount (RM'000)	Deviation (RM'000)	Explanation
Repayment of bank borrowings	4,663,000	4,649,018	13,982	a
Estimated listing expenses	188,000	182,522	5,478	b
Working capital and general corporate purpose	189,000	208,460	(19,460)	c
	5,040,000	5,040,000	-	

### Note

- Actual utilisation of IPO Proceeds for the repayment of certain bank borrowings as set out in the Prospectus was less than the proposed amount due to lower outstanding amounts as at repayment date. The balance unutilised balance of RM13,982,000 was used for working capital and general corporate purpose.
- Actual utilisation of IPO Proceeds for listing expenses incurred was less than the proposed amount of RM188,000,000 estimated in the Prospectus. The balance unutilised proceeds of RM5,478,000 was used for working capital and general corporate purpose.
- The amount set aside for working capital and general corporate purpose differs from the amount set out in the Prospectus of RM279,000,000. The difference of RM90,000,000 arose from the difference in the actual IPO price of RM2.80 per share and the indicative retail price of RM2.85, times the 1.8 billion shares issued pursuant to the IPO.

This amount was mainly utilised to settle the consideration payable relating to the acquisition of Acibadem Saglik Yatirimlari Holding A.S. ("Acibadem Holding") and to recapitalise Acibadem Holding prior to the new loan facility being made available.

## 2. Share Buy-Back

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

## 3. Options, Warrants or Convertible Securities

Our Group had established the following employee share schemes:

- Long Term Incentive Plans of our Company ("IHH LTIP") for a duration of ten (10) years from 25 March 2011 and expiring on 24 March 2021;

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

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

Brief details on the numbers of LTIP units/ EPP options granted, vested and outstanding since the commencement of the LTIPs and EPP until FY 2012 are set out in the table below:

<b>LTIPs</b>	<b>Total</b>	<b>Executive Directors / MD</b>	<b>Senior Management</b>	<b>Other Eligible Employees</b>
Number of units granted during the financial period	25,622,806	10,698,000	7,377,853	7,546,953
Number of units vested during the financial period	(3,799,574)	(1,922,000)	(1,053,957)	(823,617)
Number of units lapsed/cancelled/opted out during the financial period	(3,282,657)	-	(619,684)	(2,662,973)
Number of LTIP units outstanding at 31 December 2012	<b>18,540,575</b>			

<b>EPP</b>	<b>Total</b>	<b>Executive Directors / MD</b>	<b>Senior Management</b>	<b>Other Eligible Employees</b>
Number of options granted during the financial period	149,000,000	84,500,000	61,000,000	3,500,000
Number of options vested during the financial period	-	-	-	-
Number of options lapsed/cancelled/opted out during the financial period	(3,000,000)	-	(3,000,000)	-
Number of options outstanding at 31 December 2012	<b>146,000,000</b>			

In accordance with the by laws for the LTIPs and EPP respectively, the total number of shares which may be issued under the LTIPs and EPP shall not exceed the aggregate of 2% and 5% respectively, of our Company's issued and paid up share capital. Additionally, the total number of shares which may be issued under LTIP units and EPP options granted to a participant, who either singly or collectively with persons connected with him owns 20% or more of the issued and paid up capital of our Company, shall not exceed in aggregate 10% of the total number of shares to be issued under the LTIPs and EPP respectively. None of our Directors and Senior Management, either singly or collectively with persons connected with them, owns 20% or more of the issued and paid up capital of our Company. Since the commencement of the LTIPs and EPP, the actual percentage of LTIP units and EPP options granted in aggregate to the LTIP and EPP participants who are our Directors and Senior Management is 70.5% and 97.6% respectively.

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

Pursuant to the shareholders' agreement dated 8 February 2012 among Integrated Healthcare Turkey Yatirimlari Limited, Symphony Healthcare Holdings Limited ("Symphony"), our Company and Integrated Healthcare Hastaneler Turkey Sdn Bhd ("IHH Turkey"), and in conjunction with the IPO of our Company, Symphony exercised its options to convert its entire equity interest comprising 152,500,000 shares in IHH Turkey to 56,203,299 new ordinary shares of RM1.00 each in our Company.

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

#### 4. American Depositary Receipt ("ADR") or Global Depositary Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2012.

#### 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 2012.

#### 6. Non-Audit Fees

The amount of non-audit fees incurred for the services rendered to the Company and the Group by the external auditors, KPMG Malaysia and KPMG Malaysia's affiliated companies for the financial year ended 31 December 2012 were RM10,403,000 and RM12,420,000, respectively.

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 2012 as per the audited financial statements and the unaudited results previously announced.

#### 8. Profit Guarantee

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

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

Save as disclosed below and in the financial statements, there were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and Major Shareholders' interests subsisting as at 31 December 2012 or entered into since the end of previous financial year:

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

#### 10. Recurrent Related Party Transactions

The recurrent related party transaction of revenue nature incurred by the Group for the period 25 July 2012 (listing date) to 31 December 2012 did not exceed the threshold prescribed under Paragraph 10.09(1) of the MMLR.

# DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

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

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

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

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



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# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

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 2012.

## CHANGE OF NAME

On 20 April 2012, the Company changed its name from Integrated Healthcare Holdings Berhad to IHH Healthcare Berhad.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 42 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/(loss) for the year attributable to:		
Owners of the Company	798,888	(37,863)
Non-controlling interests	19,160	-
	818,048	(37,863)

## RESERVES AND PROVISIONS

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

## DIVIDENDS

Since the end of the previous financial year, no dividend was paid and the Directors do not recommend any dividend to be paid for the financial year under review.

## 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. Lim Cheok Peng
- Satoshi Tanaka
- Mehmet Ali Aydinlar
- Dr. Tan See Leng
- Chang See Hiang
- Ahmad Shahizam Bin Mohd Shariff (Alternate Director to Dr. Tan See Leng)

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

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## DIRECTORS OF THE COMPANY (CONTINUED)

Kaichi Yokoyama (Alternate Director to Satoshi Tanaka)	(Appointed on 16 April 2012)*
Kuok Khoon Ean	(Appointed on 17 April 2012)
Rossana Annizah Binti Ahmad Rashid	(Appointed on 17 April 2012)
YM Tengku Dato' Sri Azmil Zahrudin Bin Raja Abdul Aziz	(Appointed on 25 October 2012)
Quek Pei Lynn (Alternate Director to YM Tengku Dato' Sri Azmil Zahrudin Bin Raja Abdul Aziz)	(Appointed on 25 October 2012)
Toshio Yamamura	(Resigned on 13 April 2012)
Akito Umeda (Alternate Director to Satoshi Tanaka)	(Resigned on 13 April 2012)
Ganendran Sarvananthan	(Resigned on 19 April 2012)
Michael Jude Fernandes	(Resigned on 19 April 2012)
Omar Khan Lodhi	(Resigned on 31 May 2012)
Michael Jude Fernandes (Alternate Director to Dato' Mohammed Azlan Bin Hashim)	(Appointed on 19 April 2012 and resigned on 25 October 2012)

\* Kaichi Yokoyama ceased to be alternate director to Toshio Yamamura on 13 April 2012 and was appointed as alternate director to Satoshi Tanaka on 16 April 2012.

## DIRECTORS' INTERESTS

The interest and deemed interest in the ordinary shares, options over ordinary shares and units convertible into ordinary shares 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:

	At 1 January 2012/date of appointment	Number of ordinary shares of RM1.00 each			At 31 December 2012
		Options exercised	Bought	Sold	
<b>Interests in the Company</b>					
Tan Sri Dato’ Dr. Abu Bakar Bin Suleiman					
- Direct	-	9,000	1,365,000	-	1,374,000
Dato' Mohammed Azlan Bin Hashim					
- Direct	-	-	250,000	-	250,000
Dr. Lim Cheok Peng					
- Direct	-	899,000	5,000,000	-	5,899,000
- Deemed	-	-	7,000	-	7,000

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

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## DIRECTORS' INTERESTS (CONTINUED)

	At 1 January 2012/date of appointment	Number of ordinary shares of RM1.00 each			At 31 December 2012
		Options exercised	Bought	Sold	
Interests in the Company (continued)					
Dr. Tan See Leng					
- Direct	-	804,000	4,700,000	-	5,504,000
Mehmet Ali Aydinlar					
- Direct	-	-	103,500,000	-	103,500,000
- Deemed	-	-	160,790,861	-	160,790,861
Rossana Annizah Binti Ahmad Rashid					
- Direct	-	-	3,148,300	-	3,148,300
Kuok Khoon Ean					
- Direct	-	-	250,000	-	250,000
Chang See Hiang					
- Direct	-	-	100,000	-	100,000
Ahmad Shahizam Bin Mohd Shariff					
- Direct	-	210,000	950,000	-	1,160,000

	At 1 January 2012/date of acquisition*	Number of ordinary shares of TL1.00 each			At 31 December 2012
		Options exercised	Bought	Sold	
Interests in subsidiaries					
Acıbadem Sağlık Yatırımları Holding A.Ş					
Mehmet Ali Aydinlar					
- Direct	163,378,986	-	191,154,101	-	354,533,087
- Deemed	12,642,456	-	14,824,457	-	27,466,913
Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş					
Mehmet Ali Aydinlar					
- Direct	395,826	-	-	(365,825)	30,001
- Deemed	1	-	-	-	1



# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

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## DIRECTORS' INTERESTS (CONTINUED)

		Number of ordinary shares of TL1.00 each			
	At 1 January 2012/date of acquisition*	Options exercised	Bought	Sold	At 31 December 2012
Interests in subsidiaries (continued)					
Acıbadem Polikliniklikleri A.Ş					
Mehmet Ali Aydınlar					
- Direct	1	-	-	-	1
- Deemed	3	-	-	-	3
Acıbadem Ortadoğu Sağlık Yatırımları A.Ş					
Mehmet Ali Aydınlar					
- Direct	5	-	-	-	5
- Deemed	3	-	-	(3)	-
Acıbadem Mobil Sağlık Hizmetleri A.Ş					
Mehmet Ali Aydınlar					
- Direct	13	-	-	-	13
- Deemed	26	-	-	-	26
Acıbadem Labmed Sağlık Hizmetleri A.Ş					
Mehmet Ali Aydınlar					
- Direct	1	-	-	-	1
- Deemed	1	-	-	-	1
Yeni Sağlık Hizmetleri A.Ş					
Mehmet Ali Aydınlar					
- Direct	1	-	-	-	1
- Deemed	2	-	-	-	2
Bodrum Tedavi Hizmetleri A.Ş					
Mehmet Ali Aydınlar					
- Deemed	-	-	3	-	3

\* Acıbadem Sağlık Yatırımları Holding A.Ş and its subsidiaries were acquired on 24 January 2012.

# DIRECTORS' REPORT

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## DIRECTORS' INTERESTS (CONTINUED)

	At 1 January 2012/date of acquisition*	Number of ordinary shares of TL250.00 each			At 31 December 2012
		Options exercised	Bought	Sold	
<b>Interests in a subsidiary</b>					
<b>Konur Sağlık Hizmetleri A.Ş</b>					
Mehmet Ali Aydınlar					
- Deemed	1	-	-	-	1

	At 1 January 2012/date of acquisition*	Number of ordinary shares of TL2.00 each			At 31 December 2012
		Options exercised	Bought	Sold	
<b>Interests in a subsidiary</b>					
<b>International Hospital A.Ş</b>					
Mehmet Ali Aydınlar					
- Direct	1	-	-	-	1
- Deemed	1	-	-	-	1

\* Acıbadem Sağlık Yatırımları Holding A.Ş and its subsidiaries were acquired on 24 January 2012

	At 1 January 2012	Number of options over ordinary shares of RM1.00 each			At 31 December 2012
		Granted	Exercised	Lapsed/ cancelled	
<b>Interests in the Company</b>					
<b>Equity Participation Plan ("EPP")</b>					
- Tan Sri Dato' Dr. Abu Bakar Bin Suleiman	4,000,000	-	-	-	4,000,000
- Dr. Lim Cheok Peng	37,500,000	-	-	-	37,500,000
- Dr. Tan See Leng	37,500,000	-	-	-	37,500,000
- Ahmad Shahizam Bin Mohd Shariff	5,500,000	-	-	-	5,500,000

# DIRECTORS' REPORT

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## DIRECTORS' INTERESTS (CONTINUED)

	Number of units convertible into ordinary shares of RM1.00 each				
	At 1 January 2012	Granted	Exercised	Lapsed/ cancelled	At 31 December 2012
Interests in the Company (continued)					
Long Term Incentive Plan ("LTIP")					
- Tan Sri Dato' Dr. Abu Bakar Bin Suleiman	27,000	72,000	(9,000)	-	90,000
- Dr. Lim Cheok Peng	2,697,000	2,282,000	(899,000)	-	4,080,000
- Dr. Tan See Leng	2,413,000	2,042,000	(804,000)	-	3,651,000
- Ahmad Shahizam Bin Mohd Shariff	631,000	534,000	(210,000)	-	955,000

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

None of the other Directors holding office at 31 December 2012 had any interest in the ordinary shares, options over ordinary shares and units convertible into ordinary shares 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 in which a Director is a member as disclosed in Note 38 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 or debentures of the Company or any other body corporate apart from the issue of the LTIP as disclosed in this report and EPP as disclosed in note 21 to the financial statements.

## ISSUE OF SHARES

During the financial year, the Company issued:

- 695,442,295 shares of RM1.00 each for the acquisition of subsidiaries at RM2.50 per ordinary share, prior to the listing of and quotation for the shares of the Company on Bursa Malaysia Securities Berhad and Singapore Exchange Securities Trading Limited ("IPO"). For the purpose of accounting for the shares consideration, the fair value of RM2.14 per share at the date of exchange was recorded instead of the issue price of RM2.50;
- 1,800,000,000 new ordinary shares of RM1.00 each pursuant to its IPO on 25 July 2012 at RM2.80 per share for cash;

## ISSUE OF SHARES (CONTINUED)

- c) 56,203,299 new ordinary shares of RM1.00 each as consideration for the transfer of 152,500,000 ordinary shares of RM1.00 each in Integrated Healthcare Hastaneler Turkey Sdn. Bhd. ("IHHTSB"), a subsidiary incorporated in Malaysia, to the Company pursuant to the shareholders agreement between the Company, IHHTSB and Symphony Healthcare Holdings Limited dated 8 February 2012; and
- d) 3,799,574 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 2012 amounted to RM8,055,445,000.

There were no other changes in the authorised, issued and paid-up capital of the Company 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 year apart from the issue of share options pursuant to the following scheme:

### LTIP

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

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

- i. Eligible employees are employees that are in the full time employment and in the payroll of the Group including contract employees for at least 6 months or persons that fall within other categories or criteria that the Board may determine from time to time, at its absolute discretion.
- ii. The aggregate number of shares to be issued under the LTIP shall not exceed 2 percent of the issued and paid-up ordinary share capital of the Company.
- iii. The LTIP shall be in force for a period of 10 years from 25 March 2011.
- iv. The LTIP units granted in each year will vest in the participants over a three-year period, in equal proportions each year.
- v. Each unit of LTIP is entitled to be converted to 1 ordinary share of the Company after listing of the Company.
- vi. Eligible employees who are offered LTIP units but have elected to opt out of the scheme will receive cash LTIP units instead which will be redeemed by the Company over a period of 3 years, in equal proportions each year.
- vii. Options granted but not yet vested will be cancelled with immediate effect and cease to be exercisable if the participant is no longer in employment with the Group, by way of termination, disqualification or resignation.

Since the commencement of the scheme, until the end of the 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.



# DIRECTORS' REPORT

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## OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

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 150,000 options in financial year ended 31 December 2012.

The employees that were granted 150,000 and above LTIP units during the financial year are as follows:

Name of person to whom the option has been granted	Grant Date	Number of options that has been granted	Number of options that has been exercised	Number of options that has been cancelled	Balance as at 31 December 2012
Dr. Lim Cheok Peng	2 April 2012	2,282,000	-	-	2,282,000
Dr. Tan See Leng	2 April 2012	2,042,000	-	-	2,042,000
Ahmad Shahizam Bin Mohd Shariff	2 April 2012	534,000	-	-	534,000
Dr. Lim Suet Wun	2 April 2012	721,000	-	-	721,000
Fong Choon Khin	2 April 2012	198,000	-	-	198,000
Tan See Haw	2 April 2012	304,000	-	-	304,000
Jamaluddin Bin Bakri	2 April 2012	213,000	-	-	213,000
Kamaljeet Singh Gill	2 April 2012	157,000	-	-	157,000
Tan Kang Fun	2 April 2012	150,000	-	-	150,000
Lee Swee Hee	2 April 2012	249,000	-	-	249,000

## OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of profit or loss and other comprehensive income 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 is 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 so to realise.

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

- (i) that would render the amount written off for bad debts, or the amount of provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

## OTHER STATUTORY INFORMATION (CONTINUED)

- (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 2012 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.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as disclosed in Note 40 to the financial statements.

## EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The events subsequent to the end of the reporting period are disclosed in Note 41 to the financial statements.

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2012

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### 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. Lim Cheok Peng

Kuala Lumpur

Date: 16 April 2013

# STATEMENT BY DIRECTORS

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

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In the opinion of the Directors, the financial statements set out on pages 148 to 291 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company at 31 December 2012 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. Lim Cheok Peng

Date: 16 April 2013

# STATUTORY DECLARATION

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

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I, Tan See Haw, the officer primarily responsible for the financial management of IHH Healthcare Berhad (formerly known as Integrated Healthcare Holdings Berhad), do solemnly and sincerely declare that the financial statements set out on pages 148 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 16 April 2013.



Before me:

Commissioner for Oaths  
Kuala Lumpur, Malaysia



# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IHH HEALTHCARE BERHAD

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## Report on the Financial Statements

We have audited the financial statements of IHH Healthcare Berhad (formerly known as Integrated Healthcare Holdings Berhad) which comprise the statements of financial position as at 31 December 2012 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 148 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 judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IHH HEALTHCARE BERHAD

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## Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 42 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

Petaling Jaya, Malaysia

Date: 16 April 2013

### Lee Yee Keng

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

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		←	Group	→	←	Company	→
	Note	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>							
Property, plant and equipment	3	6,725,159	4,726,753	4,136,786	26	-	-
Investment properties	4	435,673	-	-	-	-	-
Goodwill on consolidation	5	8,723,050	6,415,976	6,239,024	-	-	-
Intangible assets	5	3,009,742	1,618,598	1,768,611	-	-	-
Investments in subsidiaries	6	-	-	-	15,408,549	9,044,486	2,892,843
Interests in associates	7	919,929	862,273	820,471	-	-	-
Interests in joint ventures	8	37,403	28,009	5,642	-	-	-
Other financial assets	9	682,748	529,881	35,249	-	-	-
Other receivables	14	29,277	-	-	-	-	-
Deferred tax assets	10	61,160	24,279	28,308	-	-	-
<b>Total non-current assets</b>		20,624,141	14,205,769	13,034,091	15,408,575	9,044,486	2,892,843
Development properties	12	-	1,121,195	939,870	-	-	-
Inventories	13	136,928	78,784	74,968	-	-	-
Trade and other receivables	14	879,981	518,496	485,208	3,482	1,153	-
Amounts due from subsidiaries	17	-	-	-	23,186	3,260	4,022,970
Tax recoverable		39,060	20,422	12,095	-	-	-
Other financial assets	9	58,296	27,066	-	-	-	-
Cash and cash equivalents	18	1,554,273	1,310,803	1,209,465	682,087	569,354	-
		2,668,538	3,076,766	2,721,606	708,755	573,767	4,022,970
Assets classified as held for sale	11	166	1,463	7,840	-	-	-
<b>Total current assets</b>		2,668,704	3,078,229	2,729,446	708,755	573,767	4,022,970
<b>Total assets</b>		23,292,845	17,283,998	15,763,537	16,117,330	9,618,253	6,915,813

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

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		Group			Company		
	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
<b>Equity</b>							
Share capital	19	8,055,445	5,500,000	2,782,410	8,055,445	5,500,000	2,782,410
Share premium	19	7,890,224	3,885,803	-	7,890,224	3,885,803	-
Other reserves	19	396,788	104,756	(35,872)	32,700	16,554	-
Equity contribution from owners	19	-	-	124,911	-	-	-
Retained earnings	19	902,557	300,174	290	127,992	165,825	11,385
<b>Total equity attributable to owners of the Company</b>		17,245,014	9,790,733	2,871,739	16,106,361	9,568,182	2,793,795
Non-controlling interests		975,487	246,618	259,545	-	-	-
<b>Total equity</b>		18,220,501	10,037,351	3,131,284	16,106,361	9,568,182	2,793,795
<b>Liabilities</b>							
Loans and borrowings	20	2,329,553	4,991,264	6,535,608	-	-	-
Employee benefits	21	21,205	15,544	25,142	446	240	-
Trade and other payables	24	41,971	8,580	22,102	-	-	-
Deferred tax liabilities	10	834,363	446,127	456,750	-	-	-
Derivative liabilities	25	1,481	-	15,820	-	-	-
<b>Total non-current liabilities</b>		3,228,573	5,461,515	7,055,422	446	240	-
Loans and borrowings	20	298,992	47,084	175,520	-	-	-
Trade and other payables	24	1,324,510	1,576,158	5,242,049	9,745	47,365	4,122,018
Derivative liabilities	25	11,854	1,252	6,041	-	-	-
Amounts due to subsidiaries	17	-	-	-	61	1,906	-
Employee benefits	21	35,941	41,935	42,485	582	282	-
Tax payable		172,474	118,703	110,736	135	278	-
<b>Total current liabilities</b>		1,843,771	1,785,132	5,576,831	10,523	49,831	4,122,018
<b>Total liabilities</b>		5,072,344	7,246,647	12,632,253	10,969	50,071	4,122,018
<b>Total equity and liabilities</b>		23,292,845	17,283,998	15,763,537	16,117,330	9,618,253	6,915,813

The notes on pages 159 to 291 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

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		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Revenue</b>	26	6,981,942	3,328,849	6,024	16,141
Other operating income		328,065	160,578	24,546	206,833
Inventories and consumables		(1,128,119)	(680,242)	-	-
Purchases and contracted services		(545,211)	(398,590)	-	-
Development cost of properties sold	12	(944,547)	-	-	-
Staff costs	27	(2,207,699)	(1,073,066)	(12,843)	(9,800)
Depreciation and impairment losses of property, plant and equipment	3	(413,717)	(165,751)	(3)	-
Amortisation and impairment of intangible assets	5	(68,752)	(54,989)	-	-
Operating lease expenses		(286,857)	(186,605)	(439)	(195)
Other operating expenses		(696,754)	(463,412)	(62,099)	(55,443)
Finance income	28	72,752	28,907	8,777	912
Finance costs	28	(200,632)	(106,420)	(5)	(1)
Share of profits of associates (net of tax)		92,683	79,937	-	-
Share of profits of joint ventures (net of tax)		14,201	13,909	-	-
<b>Profit/(loss) before tax</b>	29	997,355	483,105	(36,042)	158,447
Income tax expense	31	(179,307)	(95,428)	(1,821)	(4,007)
<b>Profit/(loss) for the year</b>		818,048	387,677	(37,863)	154,440
<b>Other comprehensive income, net of tax</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Share of other comprehensive income of associates		(68)	(108)	-	-
Foreign currency translation differences from foreign operations		133,947	88,909	(110)	-
Net change in fair value of available-for-sale financial assets		155,218	22,641	-	-
<b>Other comprehensive income for the year</b>		289,097	111,442	(110)	-
<b>Total comprehensive income for the year</b>		1,107,145	499,119	(37,973)	154,440



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

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	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		798,888	373,463	(37,863)	154,440
Non-controlling interests		19,160	14,214	-	-
<b>Profit/(loss) for the year</b>		<b>818,048</b>	<b>387,677</b>	<b>(37,863)</b>	<b>154,440</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		1,070,701	494,994	(37,973)	154,440
Non-controlling interests		36,444	4,125	-	-
<b>Total comprehensive income for the year</b>		<b>1,107,145</b>	<b>499,119</b>	<b>(37,973)</b>	<b>154,440</b>
<b>Earnings per ordinary share (sen) :</b>					
Basic	32	11.45	8.22		
Diluted	32	11.38	8.21		

The notes on pages 159 to 291 are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

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		Attributable to owners of the Company								Non-distributable			
		Non-distributable								Distributable			
Group	Note	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Equity contribution from owners RM'000	Hedge reserve RM'000	Capital and legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2011		2,782,410	-	-	-	124,911	16,039	11,466	(63,377)	290	2,871,739	259,545	3,131,284
Foreign currency translation differences from foreign operations		-	-	-	-	-	-	-	98,998	-	98,998	(10,089)	88,909
Net change in fair value of available-for-sale financial assets		-	-	-	22,641	-	-	-	-	-	22,641	-	22,641
Share of other comprehensive income of associates		-	-	-	-	-	(108)	-	-	-	(108)	-	(108)
Total other comprehensive income for the year		-	-	-	22,641	-	(108)	-	98,998	-	121,531	(10,089)	111,442
Profit for year		-	-	-	-	-	-	-	-	373,463	373,463	14,214	387,677
Total comprehensive income for the year		-	-	-	22,641	-	(108)	-	98,998	373,463	494,994	4,125	499,119
Contributions by and distributions to owners of the Company													
- Issue of ordinary shares	19	2,717,590	3,885,803	-	-	-	-	-	-	-	6,603,393	-	6,603,393
- Share-based payment		-	-	16,554	-	-	-	-	-	-	16,554	-	16,554
- Disposal of subsidiary to shareholders	39	-	-	-	-	-	-	-	-	(198,490)	(198,490)	(7,241)	(205,731)
- Distribution to shareholders		-	-	-	-	(124,911)	-	-	-	124,911	-	-	-
- Additional capital contribution into a subsidiary		-	-	-	-	-	-	(146)	-	-	(146)	146	-
		2,717,590	3,885,803	16,554	-	(124,911)	-	(146)	-	(73,579)	6,421,311	(7,095)	6,414,216
Acquisition of non-controlling interests	39	-	-	-	-	-	-	2,689	-	-	2,689	(6,941)	(4,252)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(3,016)	(3,016)
Total transactions with owners of the Company		2,717,590	3,885,803	16,554	-	(124,911)	-	2,543	-	(73,579)	6,424,000	(17,052)	6,406,948
At 31 December 2011		5,500,000	3,885,803	16,554	22,641	-	15,931	14,009	35,621	300,174	9,790,733	246,618	10,037,351

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

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<div>←Attributable to owners of the Company→</div>													
<div>←Non-distributable→Distributable</div>													
Group	Note	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Equity contribution from owners RM'000	Hedge reserve RM'000	Capital and legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2012		5,500,000	3,885,803	16,554	22,641	-	15,931	14,009	35,621	300,174	9,790,733	246,618	10,037,351
Foreign currency translation differences from foreign operations		-	-	-	-	-	-	-	116,663	-	116,663	17,284	133,947
Net change in fair value of available-for-sale financial assets		-	-	-	155,218	-	-	-	-	-	155,218	-	155,218
Share of other comprehensive income of associates		-	-	-	-	-	(68)	-	-	-	(68)	-	(68)
Total other comprehensive income for the year		-	-	-	155,218	-	(68)	-	116,663	-	271,813	17,284	289,097
Profit for year		-	-	-	-	-	-	-	-	798,888	798,888	19,160	818,048
Total comprehensive income for the year		-	-	-	155,218	-	(68)	-	116,663	798,888	1,070,701	36,444	1,107,145
Contributions by and distributions to owners of the Company													
- Issue of ordinary shares pursuant to the Company's IPO	19	1,800,000	3,240,000	-	-	-	-	-	-	-	5,040,000	-	5,040,000
- Listing expenses		-	(132,327)	-	-	-	-	-	-	-	(132,327)	-	(132,327)
- Share options exercised	19	3,800	2,778	(6,578)	-	-	-	-	-	-	-	-	-
- Cancellation of share options		-	-	(30)	-	-	-	-	-	30	-	-	-
- Share-based payment		-	-	22,864	-	-	-	-	-	-	22,864	-	22,864
- Additional capital contribution into a subsidiary		-	-	-	-	-	-	14,949	-	-	14,949	(14,949)	-
		1,803,800	3,110,451	16,256	-	-	-	14,949	-	30	4,945,486	(14,949)	4,930,537

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

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<div>← Attributable to owners of the Company →</div>													
<div>← Non-distributable → Distributable</div>													
Group	Note	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Equity contribution from owners RM'000	Hedge reserve RM'000	Capital and legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
Acquisition of subsidiaries	19, 39	695,442	792,804*	-	-	-	-	-	-	-	1,488,246	366,548	1,854,794
Acquisition of non-controlling interests	19, 39	56,203	101,166	-	-	-	-	(12,274)	-	(191,545)	(46,450)	(300,897)	(347,347)
Disposal of a subsidiary	19, 39	-	-	-	-	-	-	-	15	-	15	(396)	(381)
Dilution of interest in a subsidiary	39	-	-	-	-	-	-	56	-	-	56	152,317	152,373
Effects of internal restructuring	39	-	-	-	-	-	-	412	-	(4,185)	(3,773)	(2,080)	(5,853)
Transfer per statutory requirements		-	-	-	-	-	-	805	-	(805)	-	-	-
Issue of shares to non-controlling interests of subsidiaries	40	-	-	-	-	-	-	-	-	-	-	497,487	497,487
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(5,605)	(5,605)
<b>Total transactions with owners of the Company</b>		2,555,445	4,004,421	16,256	-	-	-	3,948	15	(196,505)	6,383,580	692,425	7,076,005
<b>At 31 December 2012</b>		8,055,445	7,890,224	32,810	177,859	-	15,863	17,957	152,299	902,557	17,245,014	975,487	18,220,501

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2012

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		Attributable to owners of the Company					
		Non-distributable			Distributable		
Company	Note	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2011</b>		2,782,410	-	-	-	11,385	2,793,795
<b>Profit and total comprehensive income for the year</b>		-	-	-	-	154,440	154,440
<i>Contributions by and distributions to owners of the Company</i>							
- Issue of ordinary shares	19	2,717,590	3,885,803	-	-	-	6,603,393
- Share-based payment transactions		-	-	16,554	-	-	16,554
<b>Total transactions with owners of the Company</b>		2,717,590	3,885,803	16,554	-	-	6,619,947
<b>At 31 December 2011/1 January 2012</b>		5,500,000	3,885,803	16,554	-	165,825	9,568,182
Foreign currency translation differences from foreign operations		-	-	-	(110)	-	(110)
Total other comprehensive income for the year		-	-	-	(110)	-	(110)
Loss for year		-	-	-	-	(37,863)	(37,863)
<b>Total comprehensive income for the year</b>		-	-	-	(110)	(37,863)	(37,973)
<i>Contributions by and distributions to owners of the Company</i>							
- Issue of ordinary shares pursuant to the Company's IPO	19	1,800,000	3,240,000	-	-	-	5,040,000
- Listing expenses		-	(132,327)	-	-	-	(132,327)
- Share options exercised	19	3,800	2,778	(6,578)	-	-	-
- Cancellation of share options		-	-	(30)	-	30	-
- Share-based payment		-	-	22,864	-	-	22,864
Acquisition of subsidiaries	19, 39	1,803,800	3,110,451	16,256	-	30	4,930,537
Acquisition of additional interest in subsidiaries	19, 39	695,442	792,804*	-	-	-	1,488,246
		56,203	101,166	-	-	-	157,369
<b>Total transactions with owners of the Company</b>		2,555,445	4,004,421	16,256	-	30	6,576,152
<b>At 31 December 2012</b>		8,055,445	7,890,224	32,810	(110)	127,992	16,106,361

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

The notes on pages 159 to 291 are an integral part of these financial statements.



# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

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	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Cash flows from operating activities</b>					
Profit/(loss) before tax		997,355	483,105	(36,042)	158,447
Adjustment for:					
Dividend income	26	(3,363)	(2,883)	(6,024)	(16,141)
Finance income		(72,752)	(28,907)	(8,777)	(912)
Finance costs		200,632	106,420	5	-
Amortisation of intangible assets	5	68,752	54,989	-	-
Depreciation and impairment loss of property, plant and equipment	3	413,717	165,752	3	-
Write-off of property, plant and equipment	29	1,217	19,445	-	-
Loss on disposal of property, plant and equipment	29	17,497	264	-	-
Gain on disposal of subsidiaries	29	(1,064)	-	-	-
Gain on disposal of assets held for sale	29	(280)	-	-	-
Impairment loss on:					
- Trade and other receivables	29	22,801	17,066	-	-
- Amounts due from associates	29	-	2,959	-	-
- Amounts due from joint ventures	29	550	-	-	-
- Other financial assets	29	-	2,372	-	-
Write back of impairment loss on financial assets	29	(41,664)	-	-	-
Fair value loss on the contingent consideration payable	29	26,284	-	-	-
Change in fair value of investment properties	4	(164,238)	-	-	-
Share of profits of associates (net of tax)		(92,683)	(79,937)	-	-
Share of profits of joint ventures (net of tax)		(14,201)	(13,909)	-	-
Equity-settled share-based payments	21	22,864	15,074	5,286	3,472
Net unrealised foreign exchange differences		(25,524)	(42,169)	(24,615)	(84,577)
<b>Operating profit/(loss) before changes in working capital</b>		<b>1,355,900</b>	<b>699,641</b>	<b>(70,164)</b>	<b>60,289</b>
Changes in working capital					
Trade and other receivables		(16,249)	(92,661)	(1,954)	(42)
Inventories		(11,700)	(3,150)	-	-
Development property		896,344	(181,359)	-	-
Trade and other payables		(912,896)	574,592	(28,530)	37,988
<b>Cash generated from/(used in) operations</b>		<b>1,311,399</b>	<b>997,063</b>	<b>(100,648)</b>	<b>98,235</b>
Income tax paid		(145,720)	(109,952)	(1,964)	-
<b>Net cash from/(used in) operating activities</b>		<b>1,165,679</b>	<b>887,111</b>	<b>(102,612)</b>	<b>98,235</b>

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

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		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Cash flows from investing activities</b>					
Dividend received from available for sale financial assets	26	3,363	2,883	-	-
Interest received		32,466	15,496	8,402	912
Capital injection into subsidiaries		-	-	(4,718,448)	(1,888,489)
Acquisition of subsidiaries, net of cash and cash equivalents acquired	39	(835,860)	-	-	-
Disposal of subsidiary, net of cash and cash equivalents disposed	39	458	(136,797)	-	-
Development of intellectual property		(19,138)	(1,516)	-	-
Purchase of property, plant and equipment <sup>(1)</sup>	3	(892,699)	(714,506)	(29)	-
Proceeds from disposal of property, plant and equipment	29	4,694	3,513	-	-
Proceeds from sale of assets classified as held for sale	29	1,577	8,006	-	-
Proceeds from disposal of intangibles	29	30	-	-	-
Net repayment from associate companies		1,396	4,944	-	-
Net advances to joint ventures		(758)	(17,093)	-	-
Dividend received from subsidiaries		-	-	6,024	12,412
Dividend received from joint ventures		2,343	1,853	-	-
Dividend received from associates		49,186	50,776	-	-
Acquisition of additional interest in a joint venture		-	(139)	-	-
Net purchase of other financial assets		(644)	(503,139)	-	-
Advances given to subsidiaries		-	-	(3,687)	(112,552)
<b>Net cash used in investing activities</b>		<b>(1,653,586)</b>	<b>(1,285,719)</b>	<b>(4,707,738)</b>	<b>(1,987,717)</b>
<b>Cash flows from financing activities</b>					
Interest paid		(191,991)	(170,099)	-	-
Proceeds from issue of shares	19	5,040,000	1,978,000	5,040,000	1,978,000
Share issue expenses		(132,327)	-	(132,327)	-
Acceptance fee for share options granted		-	370	-	370
(Repayment to)/advances from a related party		(24,536)	485,284	(9,095)	431,628
Repayment of loans and borrowings		(6,239,798)	(1,907,629)	-	-
Proceeds from loans and borrowings		1,953,308	78,275	-	-
Dividend paid to non-controlling interests		(5,605)	(3,016)	-	-
Acquisition of non-controlling interests	39	(347,347)	(4,252)	-	-
Additional payment for prior year acquisition of non-controlling interest without a change in control	6	-	(15,361)	-	-
Proceeds from dilution of interest in a subsidiary to non-controlling shareholder		109,358	-	-	-
Issue of shares by subsidiaries to non-controlling interests		528,038	-	-	-
Changes in pledged deposits		(4,667)	(17,927)	-	-
<b>Net cash from financing activities</b>		<b>684,433</b>	<b>423,645</b>	<b>4,898,578</b>	<b>2,409,998</b>

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

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	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Net increase in cash and cash equivalents	196,526	25,037	88,228	520,516
Effect of exchange rate fluctuations on cash held	41,887	68,339	24,505	48,838
Cash and cash equivalents at 1 January	1,251,485	1,158,109	569,354	-
<b>Cash and cash equivalents at 31 December</b>	<b>1,489,898</b>	<b>1,251,485</b>	<b>682,087</b>	<b>569,354</b>

## 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	2012	2011	2012	2011
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances	18	460,642	415,404	11,944	25,792
Fixed deposits placed with licensed banks	18	1,093,631	895,399	670,143	543,562
		1,554,273	1,310,803	682,087	569,354
Less:					
- Bank overdrafts	20	(974)	(584)	-	-
- Deposits pledged	18	(63,401)	(58,734)	-	-
		1,489,898	1,251,485	682,087	569,354

<sup>(1)</sup> During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM977,454,000 (2011: RM742,145,000) and RM29,000 (2011: nil) respectively, of which RM76,528,000 (2011: RM4,335,000) and Nil (2011: Nil), were acquired by means of finance leases.

The notes on pages 159 to 291 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

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IHH Healthcare Berhad (formerly known as Integrated Healthcare Holdings 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:

## **Principal place of business**

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

## **Registered office**

Suite 17-01, Level 17, The Gardens South Tower,  
Mid Valley City, Lingkaran Syed Putra,  
59200, Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2012 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 year ended 31 December 2012 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 42 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 16 April 2013.

## **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"), and the Companies Act, 1965 in Malaysia and with International Financial Reporting Standards. These are the Group and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). The transition to MFRS does not have a material impact to the financial statements of the Group and of the Company.

The Group and the Company has early adopted the amendments to MFRS 101, *Presentation of Financial Statements* which is originally effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

## 1. BASIS OF PREPARATION (CONTINUED)

### (a) Statement of compliance (continued)

The following are accounting standards, amendments and interpretations 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 2013**

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (2011)
- MFRS 127, *Separate Financial Statements* (2011)
- MFRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Transition Guidance*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014**

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements* (2011): *Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015**

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



**1. BASIS OF PREPARATION (CONTINUED)****(a) Statement of compliance (continued)**

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for IC Interpretation 20 which is not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

Material impacts of initial application of a standard, an amendment or an interpretation are discussed below:

**MFRS 10, Consolidated Financial Statements**

MFRS 10, *Consolidated Financial Statements* introduces a new single control model to determine which investees should be consolidated. MFRS 10 supersedes MFRS 127, *Consolidated and Separate Financial Statements* and IC Interpretation 112, *Consolidation – Special Purpose Entities*. There are three elements to the definition of control in MFRS 10: (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee.

The Group has re-evaluated its involvement with investees under the new control model. Except in respect of Parkway Life Real Estate Investment Trust ("PLife REIT") and Khubchandani Hospitals Private Limited ("Khubchandani"), the Group reviewed all investees that may be impacted by this and concluded that there are no changes to the existing consolidation treatment. The Group is currently assessing the implications of the adoption of MFRS 10 on the accounting for its 35.8% interest in PLife REIT and 50% interest in Khubchandani, which may result in the consolidation of PLife REIT and equity accounting of Khubchandani.

**MFRS 11, Joint Arrangements**

MFRS 11, *Joint Arrangements* establishes the principles for classification and accounting for joint arrangements and supersedes MFRS 131, *Interests in Joint Ventures*. Under MFRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using the equity method whilst interest in joint operation will be accounted for using the applicable MFRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations.

The Group already accounts for its interest in joint ventures using the equity method since the previous financial year. The adoption of this standard does not have a material impact to the financial statements of the Group.

The initial application of other standards, amendments and interpretations is not expected to have any material impact to the current and prior period financial statements upon their first adoption.

**(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 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 Malaysian Financial Reporting Standards ("MFRSs") requires the Group 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 4 - measurement of the fair value of investment properties
- Note 5 - measurement of the recoverable amounts of cash-generating units
- Note 21 - measurement of share-based payments
- Note 37 - contingent liabilities
- Note 39 - business combination

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 January 2011 (the transition date to MFRS framework), unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of consolidation (continued)****(ii) Business combination**

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.

***Acquisitions on or after 1 January 2011***

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then 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.

***Acquisitions between date of incorporation and 1 January 2011***

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

**(iii) Acquisition of non-controlling interests**

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group reserves.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of consolidation (continued)

#### (iv) 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.

#### (v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### (vi) 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 financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. 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 or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with any resulting gain or loss being recognised in profit or loss. Any interest retained at the date when significant influence is lost is re-measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

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 the 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of consolidation (continued)****(vii) Jointly-controlled entities**

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. A jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venture has an interest.

Jointly controlled entities are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted joint ventures, after adjustments, if any, to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted joint venture, 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 or has made payments on behalf of the joint venture.

Investments in joint ventures are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale or distribution.

**(viii) 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 the 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.

**(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 associates and joint ventures entities are eliminated against the investment to the extent of the Group's interest in the associates and joint ventures. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

#### (ii) Operations denominated in functional currencies other than Ringgit Malaysia

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 except for goodwill and fair value adjustments arising from business combinations before 1 January 2011 which are treated as assets and liabilities of the Company. 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 off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR relating to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes off 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 off 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.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liabilities simultaneously.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

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

The Group categorises financial instruments as follows:

##### ***Financial assets***

##### ***(a) Financial assets at fair value through profit or loss***

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

##### ***(b) Held-to-maturity investments***

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

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

##### *(c) Loans and receivables*

Loans and receivables category comprises debt instruments and financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

##### *(d) Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see note 2(m)(i)).

### **Financial liabilities**

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Other financial liabilities comprise loans and borrowings, and trade and other payables, excluding deferred income.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Financial instruments (continued)****(iii) Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

**(iv) Regular way purchase or sale of financial assets**

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

**(v) Hedge accounting*****Cash flow hedge***

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Financial instruments (continued)

#### (v) Hedge accounting (continued)

##### *Cash flow hedge (continued)*

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.

#### (vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### (d) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs 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 costs are capitalised in accordance with the Group's accounting policy. 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

The gains or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction (construction-in-progress) are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	remaining term of the lease
• Buildings	5 - 50 years
• Hospital and medical equipment, renovation and furniture, fittings and equipment	3 - 25 years
• Laboratory and teaching equipment	2 - 10 years
• Motor vehicles	4 - 7 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Leased assets

#### (i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

#### (ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

### (f) Goodwill on consolidation

Goodwill arises on business combinations and 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.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, 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 preparing 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 any accumulated amortisation and any accumulated impairment losses.

**(ii) Land use rights**

Land use rights are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged on a straight-line basis over the lease term unless usage of the land use rights is dependent upon the construction of additional property, plant and equipment. In such case, amortisation is charged on a straight line basis over the remaining term of the land use rights once the additional property, plant and equipment is ready for its intended use.

**(iii) Other intangible assets**

Customer relationships and concession rights that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Brand names and hospital licenses that have indefinite lives and other intangible assets that are not available for use are stated at cost less impairment losses. Such intangible assets are tested for impairment annually and whenever there is an indication that they may be impaired.

**(iv) 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.

**(v) Amortisation**

Amortisation is based on the cost of an asset less its residual value.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet in use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets (continued)

(v) Amortisation (continued)

The estimated useful lives for the current and comparative periods are as follows:

• Concession rights	15 years
• Land use rights	65 years
• Customer relationships	5 - 10 years
• Development costs & other intangibles	3 - 20 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(h) Investment property

(i) Investment property carried at fair value

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.

Any gain or loss on disposal of an investment property is calculated as the difference between the net proceeds from disposal and the carrying amount is recognised in profit or loss.

(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. 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Assets classified as held for sale**

Asset, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell.

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 and subsequent gains or losses on remeasurement are recognised in the profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale or distribution.

**(j) Development property**

Development property is stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less cost to be incurred in selling the property.

The cost of property under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure that can be allocated on a reasonable basis to the property under development. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

**(k) Inventories**

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

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

**(l) Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of their short term commitments. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Cash and cash equivalents (continued)

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with policy Note 2(c).

### (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 financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

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 property and deferred tax asset) 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Impairment (continued)

#### (ii) Other assets (continued)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its 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 (or a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (or 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 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) Share issue expenses

Incremental 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (n) Equity instruments (continued)

#### (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 Group at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

### (o) Employee benefits

#### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to defined contribution plans are charged to the profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

#### (ii) Defined benefits plan

The Group has non-funded defined benefits plans given to employees of certain subsidiaries within the Group.

The Group's net obligation in respect of the defined benefits retirement plan and termination plan are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the end of the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed annually by a qualified actuary using the projected unit credit method.

When the calculation results in a benefit to the Group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or any settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.



**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(o) Employee benefits (continued)****(ii) Defined benefits plan (continued)**

The Group recognise all actuarial gains and losses arising from defined benefits plans in other comprehensive income and all expenses related to defined benefit plans in personnel expenses in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, change in the present value of defined benefit obligation and any related actuarial gains and losses and past service cost that had not previously been recognised.

**(iii) Employment termination benefits**

In accordance with the existing labour law in Turkey, the group entities operating in Turkey are required to make lump sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. The group entities use actuarial valuation method to estimate its obligation.

**(iv) Share-based payments transactions**

The grant date fair value of share-based payment 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.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of employee share options is measured using a binomial lattice model and a market value approach on a minority, non-marketable basis for EPP and LTIP respectively. 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (q) Revenue and other income

#### (i) 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.

#### (ii) Services rendered

Revenue from provision of medicine and medical services, including healthcare support services rendered is recognised in the profit or loss net of service tax and discount as and when the services are performed.

#### (iii) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rentals are recognised as income in the reporting period in which they are earned.

#### (iv) Dividend income

Dividend income from investments is recognised in profit or loss on the date the Group's or the Company's 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 and 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 accounted for in accordance with the accounting policy on borrowing costs in finance costs.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(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 and 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.

**(s) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax is 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, and 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.

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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Income tax (continued)

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

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic 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 period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own share held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

### (u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### (v) Contingencies

#### (i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### (ii) Contingent assets

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

## 3. PROPERTY, PLANT AND EQUIPMENT

### Group

		Land and buildings RM'000	Hospital and medical equipment, renovations, furniture and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction- in-progress RM'000	Total RM'000
Cost	Note						
<b>At 1 January 2011</b>		3,383,111	1,434,808	30,141	16,869	379,638	5,244,567
Additions		1,462	91,717	5,384	2,076	641,506	742,145
Disposals/write offs		(4,012)	(76,048)	(412)	(1,627)	(9,807)	(91,906)
Reclassification		25,227	74,779	-	-	(100,006)	-
Disposal of subsidiaries	39	(12,950)	(81,518)	-	(2,900)	-	(97,368)
Transfer to assets classified as held for sale	11	(1,973)	-	-	-	-	(1,973)
Translation differences		46,043	17,974	-	115	3,753	67,885
<b>At 31 December 2011/1 January 2012</b>		3,436,908	1,461,712	35,113	14,533	915,084	5,863,350
Additions		30,062	361,474	7,735	4,055	574,128	977,454
Disposals/write offs		(22,436)	(111,053)	(796)	(3,333)	(279)	(137,897)
Reclassification		724,161	649,007	-	331	(1,373,499)	-
Acquisition of subsidiaries	39	496,678	1,615,052	-	10,749	53,719	2,176,198
Disposal of subsidiaries	39	-	(2,044)	-	(124)	-	(2,168)
Transfer to intangible assets	5	-	(39)	-	-	-	(39)
Transfer from development properties	12	17,093	24,592	-	-	-	41,685
Transfer to investment properties	4	(57,772)	-	-	-	(23,497)	(81,269)
Translation differences		87,529	45,631	1	316	8,250	141,727
<b>At 31 December 2012</b>		4,712,223	4,044,332	42,053	26,527	153,906	8,979,041

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Group

		Land and buildings RM'000	Hospital and medical equipment, renovations, furniture and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction- in-progress RM'000	Total RM'000
	Note						
<b>Accumulated depreciation and impairment loss</b>							
<b>At 1 January 2011</b>		142,932	946,908	6,187	11,754	-	1,107,781
Depreciation charge for the year		29,420	129,989	4,405	1,896	-	165,710
Impairment loss		-	41	-	-	-	41
Disposals/write offs		(1,697)	(65,165)	(344)	(1,478)	-	(68,684)
Disposal of subsidiaries	39	(5,552)	(73,427)	-	(2,710)	-	(81,689)
Transfer to assets classified as held for sale		(510)	-	-	-	-	(510)
Translation differences		846	13,034	-	68	-	13,948
<b>At 31 December 2011/1 January 2012</b>		165,439	951,380	10,248	9,530	-	1,136,597
Depreciation charge for the year		60,297	344,546	5,531	3,343	-	413,717
Disposals/write offs		(5,672)	(105,457)	(698)	(2,662)	-	(114,489)
Acquisition of subsidiaries	39	43,169	748,399	-	4,783	-	796,351
Disposal of subsidiaries	39	-	(1,251)	-	(124)	-	(1,375)
Translation differences		2,063	20,822	-	196	-	23,081
<b>At 31 December 2012</b>		265,296	1,958,439	15,081	15,066	-	2,253,882



### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### Group

	Land and buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction- in-progress RM'000	Total RM'000
<b>Net carrying amount</b>						
At 1 January 2011	3,240,179	487,900	23,954	5,115	379,638	4,136,786
At 31 December 2011/1 January 2012	3,271,469	510,332	24,865	5,003	915,084	4,726,753
At 31 December 2012	4,446,927	2,085,893	26,972	11,461	153,906	6,725,159

#### Company

The Company's plant and equipment as at 31.12.2012 amount to RM29,000 (31.12.2011: Nil; 1.1.2011: Nil) comprising furniture and fittings and equipment acquired during the year. The accumulated depreciation relating to these plant and equipment as at 31.12.2012 amounts to RM3,000 (31.12.2011: Nil; 1.1.2011: Nil) arising from depreciation charge for the financial year. The net carrying amount of the Company's plant and equipment as at 31 December 2012 amounts to RM26,000 (31.12.2011 : Nil; 1.1.2011 : Nil).

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Land and buildings of the Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<b>Cost</b>				
<b>At 1 January 2011</b>	246,165	2,418,293	718,653	3,383,111
Additions	-	32	1,430	1,462
Disposals/write offs	-	-	(4,012)	(4,012)
Reclassification	-	-	25,227	25,227
Disposal of subsidiaries	(4,814)	(1,640)	(6,496)	(12,950)
Transfer to assets classified as held for sale	(758)	-	(1,215)	(1,973)
Translation differences	270	42,722	3,051	46,043
<b>At 31 December 2011/1 January 2012</b>	240,863	2,459,407	736,638	3,436,908
Additions	-	8,242	21,820	30,062
Disposals/write offs	-	-	(22,436)	(22,436)
Reclassification	-	-	724,161	724,161
Acquisition of subsidiaries	163,480	-	333,198	496,678
Transfer from development property	-	17,093	-	17,093
Transfer to investment properties	-	(57,772)	-	(57,772)
Translation differences	1,828	66,835	18,866	87,529
<b>At 31 December 2012</b>	406,171	2,493,805	1,812,247	4,712,223

### Accumulated depreciation and impairment loss

<b>At 1 January 2011</b>	337	6,969	135,626	142,932
Depreciation charge for the year	-	1,354	28,066	29,420
Disposals/write offs	-	-	(1,697)	(1,697)
Disposal of subsidiaries	-	(169)	(5,383)	(5,552)
Transfer to assets classified as held for sale	-	-	(510)	(510)
Translation differences	2	-	844	846
<b>At 31 December 2011/1 January 2012</b>	339	8,154	156,946	165,439
Depreciation charge for the year	-	14,501	45,796	60,297
Disposals/write offs	-	-	(5,672)	(5,672)
Acquisition of subsidiaries	-	-	43,169	43,169
Translation differences	(3)	151	1,915	2,063
<b>At 31 December 2012</b>	336	22,806	242,154	265,296

**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)****Land and buildings of the Group (continued)**

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
<b>Net carrying amount</b>				
At 1 January 2011	245,828	2,411,324	583,027	3,240,179
At 31 December 2011/1 January 2012	240,524	2,451,253	579,692	3,271,469
At 31 December 2012	405,835	2,470,999	1,570,093	4,446,927

***Leasehold land***

The title deed of a leasehold land with carrying amount of RM35,102,000 (31.12.2011: RM32,841,000; 1.1.2011: RM36,837,000) is in the midst of being transferred to an indirect subsidiary's upon full settlement of purchase consideration in year 2012.

Included in the net carrying amount of leasehold land is RM2,442,737 (31.12.2011: RM2,442,408; 1.1.2011: RM2,402,148) pertaining to leasehold land with unexpired lease period of more than 50 years.

***Securities***

As at 31 December 2012, property, plant and equipment with carrying amounts of RM567,524,000 (31.12.2011: RM254,246,000; 1.1.2011: RM317,447,000) are charged to licensed financial institutions for credit facilities and term loans granted to the Group.

***Assets under finance lease arrangements***

Included in the net carrying amount of property, plant and equipment are motor vehicles and equipment with net carrying amounts of RM202,519,000 (31.12.2011: RM45,237,000; 1.1.2011: RM36,362,000) that are held under finance lease arrangements.

***Borrowing costs***

Included in additions during the year are capitalised borrowing costs amounting to RM8,228,000 (31.12.2011: RM23,304,000; 1.1.2011: RM13,771,000).

4. INVESTMENT PROPERTIES

	Note	Group	
		2012 RM'000	2011 RM'000
At 1 January		-	-
Transfer from property, plant and equipment	3	81,269	-
Transfer from development properties	12	184,814	-
Change in fair value recognised in profit and loss	29	164,238	-
Translation differences		5,352	-
At 31 December		435,673	-

Investment properties relate to the retail units and medical suites within Mount Elizabeth Novena Hospital and Specialist Centre leased to external parties.

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 after proper marketing 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 and discount rate.

The fair values of all investment properties are determined based on the sales comparison method and income capitalisation method. The income capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The sales comparison method involves the analysis of sales of comparable properties and adjusting the sale prices to that reflective of the investment properties. The key assumptions for the computation of fair values of the two approaches include the following:-

		Group 31.12.2012
<b>Income capitalisation approach</b>		
Capitalisation rates to estimated net income		
- Medical suites		3.0%
- Retail units		5.5%
<b>Sales comparison method</b>		
Sales price of comparable properties or in comparable localities (per square feet)		
- Medical suites		SGD2,964 to SGD7,300
- Retail units		SGD1,476 to SGD3,376

## 4. INVESTMENT PROPERTIES (CONTINUED)

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2012 RM'000	2011 RM'000
Rental income	2,048	-
Direct operating expenses:		
- income generating investment properties	(971)	-
- non-income generating investment properties	(1,548)	-
	(471)	-

## 5. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS

### Group

	Note	Concession rights RM'000	Land use rights RM'000	Brand names RM'000	Hospital licences RM'000	Customer relationship RM'000	Development cost and other intangibles RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
<b>Cost</b>										
<b>At 1 January 2011</b>		352,835	172,388	1,261,173	-	141,400	103,909	2,031,705	6,243,944	8,275,649
Additions		-	-	-	-	-	1,516	1,516	-	1,516
Acquisition of non-controlling interest		-	-	-	-	-	-	-	15,361	15,361
Disposals of subsidiaries	39	(352,835)	-	-	-	-	-	(352,835)	(2,559)	(355,394)
Translation differences		-	(12,562)	-	-	-	2,773	(9,789)	161,591	151,802
<b>At 31 December 2011</b>		-	159,826	1,261,173	-	141,400	108,198	1,670,597	6,418,337	8,088,934

## 5. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS (CONTINUED)

### Group

	Note	Concession rights RM'000	Land use rights RM'000	Brand names RM'000	Hospital licences RM'000	Customer relationship RM'000	Development cost and other intangibles RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
<b>Cost (continued)</b>										
<b>At 1 January 2012</b>		-	159,826	1,261,173	-	141,400	108,198	1,670,597	6,418,337	8,088,934
Additions		-	-	-	12,893	-	6,245	19,138	-	19,138
Disposals		-	-	-	-	-	(37)	(37)	-	(37)
Acquisition of subsidiaries	39	-	-	810,888	299,772	250,388	83,113	1,444,161	2,083,234	3,527,395
Transfer from property, plant and equipment	3	-	-	-	-	-	39	39	-	39
Translation differences		-	(8,599)	9,064	3,216	2,799	(76)	6,404	223,908	230,312
<b>At 31 December 2012</b>		-	151,227	2,081,125	315,881	394,587	197,482	3,140,302	8,725,479	11,865,781

## 5. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS (CONTINUED)

### Group

	Note	Concession rights RM'000	Land use rights RM'000	Brand names RM'000	Hospital licences RM'000	Customer relationship RM'000	Development cost and other intangibles RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
<b>Accumulated amortisation and impairment losses</b>										
<b>At 1 January 2011</b>		245,099	-	-	-	8,296	9,699	263,094	4,920	268,014
Charge for the year		21,592	-	-	-	24,889	8,508	54,989	-	54,989
Disposals of subsidiaries	39	(266,691)	-	-	-	-	-	(266,691)	(2,559)	(269,250)
Translation differences		-	-	-	-	-	607	607	-	607
<b>At 31 December 2011/ 1 January 2012</b>		-	-	-	-	33,185	18,814	51,999	2,361	54,360
Charge for the year		-	-	-	-	48,280	20,472	68,752	-	68,752
Disposals		-	-	-	-	-	(7)	(7)	-	(7)
Acquisition of subsidiaries	39	-	-	-	-	-	9,886	9,886	-	9,886
Translation differences		-	-	-	-	(2)	(68)	(70)	68	(2)
<b>At 31 December 2012</b>		-	-	-	-	81,463	49,097	130,560	2,429	132,989
<b>Net carrying amount</b>										
At 1 January 2011		107,736	172,388	1,261,173	-	133,104	94,210	1,768,611	6,239,024	8,007,635
At 31 December 2011/ 1 January 2012		-	159,826	1,261,173	-	108,215	89,384	1,618,598	6,415,976	8,034,574
At 31 December 2012		-	151,227	2,081,125	315,881	313,124	148,385	3,009,742	8,723,050	11,732,792



## 5. 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 unit are as follows:

Group	Goodwill			Brand names			Hospital licences		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Singapore-based hospital and healthcare services	4,683,781	4,524,141	4,390,060	1,145,173	1,145,173	1,145,173	-	-	-
Malaysia-based hospital and healthcare services	1,714,073	1,669,062	1,641,552	116,000	116,000	116,000	-	-	-
Turkey-based hospital and healthcare services	2,100,220	-	-	819,952	-	-	315,881	-	-
Education	224,976	222,773	207,412	-	-	-	-	-	-
	8,723,050	6,415,976	6,239,024	2,081,125	1,261,173	1,261,173	315,881	-	-

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

#### Key assumptions used in recoverable amount

For the purpose of impairment testing, the carrying amounts are allocated to the individual entities 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 experiences, actual operating results and approved financial budgets covering a 5 to 10 year period.

The key assumptions for the computation of value-in-use of goodwill, brand names and hospital licences include the following:

- The revenue growth in the 10-year cash flow projection is estimated to be, for hospital and healthcare services CGUs, at 9% - 28% (2011: 10% - 28%) per annum in the first 3 years with declining revenue trend in subsequent years from 2% - 10% (2011: 3% - 8%) per annum, whilst for education CGU, at 7% - 17% (2011: 3% - 11%) per annum for the first 3 years with 3% - 8% (2011: 3%) revenue growth for subsequent years.
- The EBITDA margins are assumed at 20% - 28% (2011: 17% - 25%) for hospital and healthcare services CGUs and 33% - 34% (2011: 34% - 35%) for education CGU for the projected years. The projections are in line with the proposed expansion plans for the respective investees.
- The terminal value was estimated using the perpetuity growth model, with a growth rate to perpetuity of 2% - 5% for hospital and healthcare services CGUs and 3% for education CGU per annum (2011: 2% for hospital and healthcare services CGUs and 3% for education CGU) applied to steady-state estimate earnings at the end of the projected period.

## 5. GOODWILL ON CONSOLIDATION AND INTANGIBLE ASSETS (CONTINUED)

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

#### Key assumptions used in recoverable amount (continued)

- Discount rates of approximately 7.5% - 12.0% (2011: 7.5% to 10.0%) which are based on the pre-tax cost of capital plus an appropriate risk premium at the date of assessment of the respective CGUs.
- 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 market and are based on both external sources and internal sources (historical data).

The Group believes that no reasonably foreseeable changes in any of the above key assumptions would cause the carrying values of these CGUs to materially exceed their recoverable amounts and changes in the prevailing operating environment of which the impact is not ascertainable.

## 6. INVESTMENT IN SUBSIDIARIES

	31.12.2012 RM'000	Company 31.12.2011 RM'000	1.1.2011 RM'000
At cost:			
Unquoted shares in Malaysia	14,918,573	8,554,510	2,892,843
Unquoted shares outside Malaysia	489,976	489,976	-
	15,408,549	9,044,486	2,892,843

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

	Company 2012 RM'000	2011 RM'000
At 1 January	9,044,486	2,892,843
Disposal of subsidiaries	-	(544,192)
Share subscription in subsidiaries	6,364,063	6,680,474
Acquisition of non-controlling interest	-	15,361
At 31 December	15,408,549	9,044,486

Details of the investment in subsidiaries are as disclosed in Note 42.

## 6. INVESTMENT IN SUBSIDIARIES (CONTINUED)

### *Acquisition of subsidiaries in 2012*

During the year, the Company:

- Increased its investment in its wholly owned subsidiary, Integrated Healthcare Holdings Limited ("IHHL"), through subscription of 1,209,209,713 shares of USD1.00 each for a total cash consideration of approximately RM3,790,713,000; and
- Increased its investment in its wholly owned subsidiary, Integrated Healthcare Turkey Yatirimlari Limited ("IHTYL"), through subscription of 1,141,979,073 shares of SGD1.00 each for a total consideration of approximately RM2,573,350,000, of which approximately RM927,735,000 was settled in cash, while the remaining amount was settled through issue of new Company shares.

### *Acquisition of subsidiaries in 2011*

In 2011, the Company:

- Paid an additional amount of RM15,361,000 to the non-controlling shareholders of IMU Health Sdn. Bhd. ("IMU") in relation to the acquisition of 32.5% of IMU which was completed in November 2010;

During the year, the Company also increased its investment in IMU through subscription of 140,032 ordinary shares of par value of RM1.00 each for a cash consideration of approximately RM85,000,000;

- Increased its investment in its wholly owned subsidiary, IHHL, through subscription of 2,003,355,423 ordinary shares of USD1.00 each for a total consideration of approximately RM6,105,498,000, of which RM1,298,152,000 was settled in cash while the remaining was settled through capitalisation of debts that was owed to the Company; and
- Increased its investment in its wholly owned subsidiary, Integrated Healthcare Holdings (Bharat) Limited ("IHHBL") through subscription of 160,089,949 ordinary shares of USD1.00 each for a cash consideration of approximately RM489,976,000.

### *Disposal of subsidiaries in 2011*

In 2011, the Company disposed the following subsidiaries:

- Integrated (Mauritius) Healthcare Holdings Limited ("IMHHL") to its wholly owned subsidiary, Integrated Healthcare Holdings (Bharat) Limited ("IHHBL") for a cash consideration of RM3.00; and
- 60% equity interest in Pantai Irama Ventures Sdn. Bhd. ("PIV") to its indirectly wholly owned subsidiary, Parkway Pantai Limited ("PPL") as part of Group restructuring, for a cash consideration of RM544,192,000.

## 7. INTERESTS IN ASSOCIATES

	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
At cost:			
Unquoted shares in Malaysia	1,300	1,300	1,289
Unquoted shares outside Malaysia	2,003	2,833	2,777
Quoted shares outside Malaysia	733,070	729,199	729,444
	736,373	733,332	733,510
Share of post-acquisition reserves	203,748	146,895	100,880
	940,121	880,227	834,390
Amounts due from associates	14,686	14,847	7,961
Allowance for impairment loss	(4,447)	(5,118)	(2,324)
	10,239	9,729	5,637
Amounts due to associates	(30,431)	(27,683)	(19,556)
	(20,192)	(17,954)	(13,919)
	919,929	862,273	820,471

Details of the associates are disclosed in Note 43.

	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>Market value</b>			
Quoted shares outside Malaysia	1,167,708	945,524	854,011

### **Amounts due from/(to) associates**

The amounts due from associates are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Group's net investments in the associates, they are stated at cost less accumulated impairment loss.

The amounts due to associates include amounts denominated primarily in Singapore dollars which are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a return of equity by the associates to the Group, they are stated at cost.

## 7. INTERESTS IN ASSOCIATES (CONTINUED)

The summarised financial information for associates, not adjusted for the percentage of the ownership interest held by the Group, is as follows:-

	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>Assets and liabilities</b>			
Total assets	3,775,455	3,573,401	3,310,058
Total liabilities	(1,323,337)	(1,318,369)	(1,210,294)
Net assets	2,452,118	2,255,032	2,099,764
<b>Results</b>			
Revenue	369,484	347,508	210,471
Profit for the year	290,036	252,766	130,997

## 8. INTERESTS IN JOINT VENTURES

	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
At cost:			
Unquoted shares outside Malaysia	64,991	63,173	60,854
Share of post-acquisition reserves	(28,829)	(36,163)	(39,119)
	36,162	27,010	21,735
Amounts due from joint ventures	18,461	17,010	21,764
Allowance for impairment loss	(16,846)	(15,133)	(16,403)
	1,615	1,877	5,361
Amounts due to joint ventures	(374)	(878)	(21,454)
	1,241	999	(16,093)
	37,403	28,009	5,642

Details of the joint ventures are disclosed in Note 44.

## 8. INTERESTS IN JOINT VENTURES (CONTINUED)

### *Amounts due from/(to) joint ventures*

The amounts due from joint ventures are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Group's net investments in these joint ventures, they are stated at cost less accumulated impairment loss.

The amounts due to joint ventures are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a return of equity by the joint ventures to the Group, they are stated at cost.

The summarised financial information of the joint ventures, not adjusted for the percentage of the ownership interest held by the Group, is as follows:

	<b>Group</b>		
	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>1.1.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets and liabilities</b>			
Total assets	190,464	190,021	203,281
Total liabilities	(118,139)	(135,999)	(158,727)
Net assets	72,325	54,022	44,554
<b>Results</b>			
Revenue	166,285	157,522	211,980
Profit for the year	28,401	26,780	24,235

## 9. OTHER FINANCIAL ASSETS

	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>Non-current</b>			
<b>Available-for-sale financial assets</b>			
At market value:			
Quoted shares outside Malaysia	666,579	525,780	-
At cost:			
Unquoted shares in Malaysia	80	80	84
	666,659	525,860	84
<b>Held-to-maturity investments</b>			
Singapore government debt securities, at amortised cost	15,364	-	26,753
<b>Others</b>			
Club membership and other investments	725	515	437
Deposit for option to purchase interest in an investment	-	6,035	8,013
Deposits paid to non-controlling shareholders of subsidiaries	-	66,045	65,080
	725	72,595	73,530
Accumulated impairment loss	-	(68,574)	(65,118)
	725	4,021	8,412
	682,748	529,881	35,249
<b>Current</b>			
<b>Held-to-maturity investments</b>			
Singapore government debt securities, at amortised cost	12,661	27,066	-
<b>Others</b>			
Deposit for option to purchase interest in an investment	3,447	-	-
Deposits paid to non-controlling shareholders of subsidiaries	64,234	-	-
	67,681	-	-
Accumulated impairment loss	(22,046)	-	-
	45,635	-	-
	58,296	27,066	-

Non-current investments in available-for-sale unquoted equity securities are stated at cost as their fair values cannot be reliably measured in view that they do not have a quoted market price in an active market, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reliably assessed.

The option to purchase interest in an investment was exercised during the year and the execution of the transfer of the shares of the investment was still in process as at 31 December 2012.



## 9. OTHER FINANCIAL ASSETS (CONTINUED)

The deposits paid to non-controlling shareholders of subsidiaries relates to an option agreement entered by Parkway Holdings Limited and its subsidiaries ("PHL Group") in 2008, whereby the non-controlling shareholders granted PHL Group call options to acquire the remaining 30% equity interest each in certain subsidiaries for an aggregate consideration of USD21,000,000 upon the terms and conditions set out thereon. The deposits will either be refunded or applied towards the purchase consideration for the additional equity interest in these subsidiaries in accordance with the terms set out in the option agreement.

During the year, the Group increased its equity interest in these subsidiaries (see Note 39(g)) and the deposit of USD13,900,000 was refunded in January 2013. As a result, the Group reversed the allowance for impairment loss previously recognised in relation to the USD13,900,000 deposit that was refunded. The remaining deposits of USD7,100,000 will be refunded when the Group acquires the remaining equity interest in these subsidiaries.

## 10. DEFERRED TAX ASSETS AND LIABILITIES

### Group

	Note	Unutilised tax losses and unabsorbed capital allowances RM'000	Intangible assets RM'000	Receivables/ Provisions RM'000	Others RM'000	Total RM'000
<b>Deferred tax assets</b>						
<b>At 1 January 2011</b>		12,371	-	2,520	730	15,621
Disposal of subsidiaries	39	-	-	-	(110)	(110)
Recognised in the profit or loss	31	(11,822)	-	3,752	1,184	(6,886)
Translation differences		363	-	(4)	193	552
<b>At 31 December 2011/1 January 2012</b>		912	-	6,268	1,997	9,177
Acquisition of subsidiaries	39	6,881	2,191	14,288	5,573	28,933
Recognised in the profit or loss	31	13,364	457	2,141	(7,831)	8,131
Translation differences		(8)	25	459	261	737
<b>At 31 December 2012</b>		21,149	2,673	23,156	-	46,978

## 10. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Group		Property, plant and equipment RM'000	Intangible assets RM'000	Interests in associates RM'000	Receivables/ Provisions RM'000	Others RM'000	Total RM'000
	Note						
<b>Deferred tax liabilities</b>							
<b>At 1 January 2011</b>		(119,018)	(300,469)	(15,683)	(206)	(8,687)	(444,063)
Disposal of subsidiaries	39	1,731	6,348	-	-	-	8,079
Recognised in the profit or loss	31	(10,437)	9,098	(1,445)	206	10,081	7,503
Translation differences		(2,339)	(512)	304	-	3	(2,544)
<b>At 31 December 2011/1 January 2012</b>		(130,063)	(285,535)	(16,824)	-	1,397	(431,025)
Acquisition of subsidiaries	39	(90,189)	(284,345)	-	(3,680)	(2,789)	(381,003)
Recognised in the profit or loss	31	(13,497)	14,301	-	(2,059)	(1,335)	(2,590)
Translation differences		(1,948)	(2,951)	436	(318)	(782)	(5,563)
<b>At 31 December 2012</b>		(235,697)	(558,530)	(16,388)	(6,057)	(3,509)	(820,181)

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

	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>Deferred tax assets</b>			
Unutilised tax losses and unabsorbed capital allowances	21,149	912	12,371
Intangible assets	2,673	-	-
Receivables/Provisions	23,156	6,268	2,520
Others	-	1,997	730
	46,978	9,177	15,621
Set-off	14,182	15,102	12,687
Net deferred tax assets	61,160	24,279	28,308
<b>Deferred tax liabilities</b>			
Property, plant and equipment	(235,697)	(130,063)	(119,018)
Intangible assets	(558,530)	(285,535)	(300,469)
Interests in associates	(16,388)	(16,824)	(15,683)
Receivables/Provisions	(6,057)	-	(206)
Others	(3,509)	1,397	(8,687)
	(820,181)	(431,025)	(444,063)
Set-off	(14,182)	(15,102)	(12,687)
Net deferred tax liabilities	(834,363)	(446,127)	(456,750)

10. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

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:

	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
Deductible temporary differences	92	2,237	-
Unutilised tax losses	52,083	67,879	69,486
Provisions	-	14,977	6,197
Others	266	-	-
	52,441	85,093	75,683

The unutilised tax losses carried forward do not expire under current tax legislations. 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.

11. ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale pertains to land and building with a carrying value of RM166,000 (31.12.2011: RM1,463,000 and 1.1.2011: RM7,840,000) for which the Group has committed to and commenced a plan to sell.

## 12. DEVELOPMENT PROPERTIES

	Note	Group	
		2012 RM'000	2011 RM'000
At 1 January		1,121,195	939,870
Additions		49,951	161,996
Disposals		(944,547)	-
Transfer to property, plant and equipment	3	(41,685)	-
Transfer to investment properties	4	(184,814)	-
Translation differences		(100)	19,329
At 31 December		-	1,121,195

Included in additions during the year are capitalised borrowing costs amounting to RM1,648,000 (31.12.2011: RM7,475,000; 1.1.2011: RM5,629,000).

Development property represents medical suites for sale under development.

## 13. INVENTORIES

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Pharmaceuticals, surgical and medical supplies	136,928	78,784	74,968

Included in inventories of the Group are inventories that were pledged as security for bank borrowings with carrying value of Nil (31.12.2011: Nil; 1.1.2011: RM2,640,000).

## 14. TRADE AND OTHER RECEIVABLES

	Note	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>Non-current</b>				
<b>Non-trade</b>				
Other receivables	16	786	-	-
Prepayments		22,663	-	-
Refundable deposits		5,828	-	-
		29,277	-	-
<b>Current</b>				
<b>Trade</b>				
Trade receivables		811,949	537,550	515,430
Amounts due from related parties	38	62,494	1,191	618
	15	874,443	538,741	516,048
Allowance for impairment losses	15	(101,063)	(73,633)	(76,614)
		773,380	465,108	439,434
<b>Non-trade</b>				
Other receivables	16	43,978	23,084	18,503
Amount due from related parties	16, 38	2,504	-	-
	16	46,482	23,084	18,503
Allowance for impairment losses	16	(949)	(1,221)	(1,076)
		45,533	21,863	17,427
Interest receivable		1,086	2,384	1,589
Prepayments		39,806	16,200	15,950
Refundable deposits		20,176	12,941	10,808
		106,601	53,388	45,774
		879,981	518,496	485,208

Trade receivables include accrued trade receivables amounting to Nil (31.12.2011: RM139,189,000; 1.1.2011: Nil). Accrued trade receivables represent the balance of sales proceeds to be billed in respect of the progress of the construction work performed on development properties sold.

## 14. TRADE AND OTHER RECEIVABLES (CONTINUED)

			Company	
	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
<b>Current</b>				
<b>Non-trade</b>				
Other receivables	16	730	1,110	-
Interest receivable		375	-	-
Prepayments		2,372	43	-
Refundable deposits		5	-	-
		3,482	1,153	-

## 15. TRADE RECEIVABLES AND TRADE AMOUNTS DUE FROM RELATED PARTIES

The Group's primary exposure to credit risk, arises through its trade receivables and trade amounts due from related parties. Concentration of the credit risk relating to trade receivables and trade amounts due from related parties are limited and the Group's historical experience of collection of accounts receivables falls within the record allowances. Due to these factors, the Group believes that no additional credit risks beyond amounts provided for collection losses is inherent in the Group's trade receivables and trade amounts due from related parties.

### Credit risk

The exposure to credit risk for trade receivables and trade amounts due from related parties at the date of reporting (by geographical distribution) is:

			Group	
	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Malaysia		158,085	141,243	282,462
Singapore		242,621	287,444	165,433
North Asia		22,786	24,126	23,309
South Asia and Middle East		16,680	27,029	19,491
South East Asia		72,659	52,849	21,151
Central Eastern Europe, Middle East and North Africa ("CEEMENA")		354,209	-	-
Others		7,403	6,050	4,202
	14	874,443	538,741	516,048
Allowance for impairment losses		(101,063)	(73,633)	(76,614)
		773,380	465,108	439,434

## 15. TRADE RECEIVABLES AND TRADE AMOUNTS DUE FROM RELATED PARTIES (CONTINUED)

### Impairment losses

The ageing of trade receivables and trade amounts due from related parties at the reporting date is:

Group	Individual and collective			Individual and collective			Individual and collective		
	Gross as at	impairment as at	Net as at	Gross as at	impairment as at	Net as at	Gross as at	impairment as at	Net as at
	31.12.2012	31.12.2012	31.12.2012	31.12.2011	31.12.2011	31.12.2011	1.1.2011	1.1.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Not past due	502,783	(7,942)	494,841	292,339	(5,188)	287,151	155,768	(15)	155,753
Past due 0 – 30 days	84,638	(648)	83,990	64,492	(2,539)	61,953	114,245	(5,319)	108,926
Past due 31 – 180 days	183,376	(19,461)	163,915	113,951	(10,982)	102,969	145,420	(6,888)	138,532
Past due 181 days – 1 year	35,493	(12,930)	22,563	24,468	(13,923)	10,545	48,710	(14,730)	33,980
Past due more than 1 year	68,153	(60,082)	8,071	43,491	(41,001)	2,490	51,905	(49,662)	2,243
	874,443	(101,063)	773,380	538,741	(73,633)	465,108	516,048	(76,614)	439,434

The movement in allowance for impairment loss in respect of trade receivables and trade amounts due from related parties during the year is:

	Note	Group	
		2012	2011
		RM'000	RM'000
At 1 January		73,633	76,614
Impairment loss recognised	29	23,083	16,955
Impairment loss written off		(10,628)	(15,399)
Acquisition of subsidiaries		13,329	-
Disposal of subsidiaries		-	(5,332)
Translation differences		1,646	795
At 31 December	14	101,063	73,633

The Group provides for impairment allowance in respect of trade receivables and trade amounts due from related parties based on the historical default rates. Specific impairment allowance is provided on a case-by-case basis depending on the circumstances.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written-off against the receivable directly.

## 16. OTHER RECEIVABLES

		31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>Non-current</b>				
Other receivables	14	786	-	-
<b>Current</b>				
Other receivables	14	43,978	23,084	18,503
Amounts due from related parties	14	2,504	-	-
		46,482	23,084	18,503
Allowance for impairment losses		(949)	(1,221)	(1,076)
		45,533	21,863	17,427
		46,319	21,863	17,427

Other receivables are unsecured and interest-free.

### Credit risk

There are no significant concentration of credit risk that may arise from the Group's other receivables. The exposure to credit risk for other receivables at the reporting date (by geographical distribution) is:

	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
Malaysia	8,676	5,537	4,525
Singapore	8,596	7,856	5,240
North Asia	5,229	5,455	4,813
South Asia and Middle East	135	3,551	3,490
South East Asia	573	455	320
CEEMENA	23,983	-	-
Others	76	230	115
	47,268	23,084	18,503
Allowance for impairment losses	(949)	(1,221)	(1,076)
	46,319	21,863	17,427



## 16. OTHER RECEIVABLES (CONTINUED)

### Credit risk (continued)

	31.12.2012 RM'000	Company 31.12.2011 RM'000	1.1.2011 RM'000
Malaysia	730	1,110	-

### Impairment losses

The ageing of other receivables at the reporting date is:

Group	Gross as at 31.12.2012 RM'000	Individual and collective impairment as at 31.12.2012 RM'000	Net as at 31.12.2012 RM'000	Gross as at 31.12.2011 RM'000	Individual and collective impairment as at 31.12.2011 RM'000	Net as at 31.12.2011 RM'000	Gross as at 1.1.2011 RM'000	Individual and collective impairment as at 1.1.2011 RM'000	Net as at 1.1.2011 RM'000
Not past due	34,374	(13)	34,361	20,344	(2)	20,342	12,581	-	12,581
Past due 0 – 30 days	3,461	-	3,461	702	(79)	623	422	-	422
Past due 31 – 180 days	8,179	-	8,179	329	-	329	1,590	-	1,590
Past due 181 days – 1 year	52	(2)	50	146	-	146	952	-	952
Past due more than 1 year	1,202	(934)	268	1,563	(1,140)	423	2,985	(1,076)	1,882
	47,268	(949)	46,319	23,084	(1,221)	21,863	18,503	(1,076)	17,427

The movements in allowance for impairment loss in respect of other receivables during the year are as follows:

	Note	Group 2012 RM'000	Group 2011 RM'000
At 1 January		1,221	1,076
Impairment loss (reversed)/recognised	29	(282)	111
Impairment loss written off		(111)	-
Translation differences		121	34
		949	1,221

The Group provides for impairment allowance in respect of other receivables based on the historical default rates. Specific impairment allowance is provided on a case-by-case basis depending on the circumstances. The allowance account in respect of other receivables is used to record impairment losses.

## 17. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

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

## 18. CASH AND CASH EQUIVALENTS

	<b>Group</b>		
	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>1.1.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	460,642	415,404	444,502
Fixed deposits placed with licensed bank	1,093,631	895,399	764,963
	<u>1,554,273</u>	<u>1,310,803</u>	<u>1,209,465</u>

Fixed deposits with licenced banks included RM63,401,000 (31.12.2011: RM58,734,000; 1.1.2011: RM40,807,000) pledged to banks and finance companies for credit facilities granted to certain subsidiaries.

	<b>Company</b>		
	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>1.1.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and bank balances	11,944	25,792	-
Deposits placed with licensed bank	670,143	543,562	-
	<u>682,087</u>	<u>569,354</u>	<u>-</u>

## 19. SHARE CAPITAL AND RESERVES

	<b>Group and Company</b>			
	<b>Amount</b>	<b>Number</b>	<b>Amount</b>	<b>Number</b>
	<b>2012</b>	<b>of shares</b>	<b>2011</b>	<b>of shares</b>
	<b>RM'000</b>	<b>2012</b>	<b>RM'000</b>	<b>2011</b>
		<b>'000</b>		<b>'000</b>
Authorised:				
Ordinary shares of RM1.00 each				
At 1 January	18,000,000	18,000,000	9,000,000	9,000,000
Created during the year	-	-	9,000,000	9,000,000
At 31 December	<u>18,000,000</u>	<u>18,000,000</u>	<u>18,000,000</u>	<u>18,000,000</u>

## 19. SHARE CAPITAL AND RESERVES (CONTINUED)

	Group		Company	
	Amount	Number	Amount	Number
	2012	2012	2011	2011
	RM'000	'000	RM'000	'000
Issued and fully paid:				
Ordinary shares of RM1.00 each				
At 1 January	5,500,000	5,500,000	2,782,410	2,782,410
Issued during the year	2,555,445	2,555,445	2,717,590	2,717,590
At 31 December	8,055,445	8,055,445	5,500,000	5,500,000

### Issue of shares

During the financial year, the Company issued:

- 695,442,295 shares of RM1.00 each for the acquisition of subsidiaries at RM2.50 per ordinary share, prior to the listing of and quotation for the shares of the Company on Bursa Malaysia Securities Berhad and Singapore Exchange Securities Trading Limited. For the purpose of accounting the shares consideration, the fair value of RM2.14 per share at the date of exchange was recorded instead of the issue price of RM2.50;
- 1,800,000,000 new ordinary shares of RM1.00 each pursuant to its IPO on 25 July 2012 at RM2.80 per share for cash;
- 56,203,299 new ordinary shares of RM1.00 each as consideration for the transfer of 152,500,000 ordinary shares of RM1.00 each in IHHTSB, a subsidiary incorporated in Malaysia, to the Company pursuant to the shareholders agreement between the Company, IHTYL, IHHTSB and Symphony Healthcare Holdings Limited dated 8 February 2012; and
- 3,799,574 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 amounted to RM8,055,445,000.

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

## 19. SHARE CAPITAL AND RESERVES (CONTINUED)

### Reserves

	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>Non-distributable</b>			
Share premium			
Arising from issue of ordinary shares, net of share listing expenses	8,140,769	3,885,803	-
Fair value adjustment	(250,545)	-	-
	7,890,224	3,885,803	-
Share option reserve	32,810	16,554	-
Fair value reserve	177,859	22,641	-
Equity contribution from owners	-	-	124,911
Hedge reserve	15,863	15,931	16,039
Capital and legal reserve	17,957	14,009	11,466
Foreign currency translation reserve	152,299	35,621	(63,377)
	8,287,012	3,990,559	89,039
<b>Distributable</b>			
Retained earnings	902,557	300,174	290
	9,189,569	4,290,733	89,329

	31.12.2012 RM'000	Company 31.12.2011 RM'000	1.1.2011 RM'000
<b>Non-distributable</b>			
Share premium			
Arising from issue of ordinary shares, net of share listing expenses	8,140,769	3,885,803	-
Fair value adjustment	(250,545)	-	-
	7,890,224	3,885,803	-
Share option reserve	32,810	16,554	-
Foreign currency translation reserve	(110)	-	-
	7,922,924	3,902,357	-
<b>Distributable</b>			
Retained earnings	127,992	165,825	11,385
	8,050,916	4,068,182	11,385

The movements in each category of the reserves are disclosed in the consolidated statements of changes in equity.

**19. SHARE CAPITAL AND RESERVES (CONTINUED)**

The nature and purpose of each category of reserves are as follows:

**(a) Share premium**

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares net of share listing expenses and fair value adjustments for the purpose of accounting for share consideration issued in connection with acquisition of a subsidiary.

**(b) Share option reserve**

Share option reserve comprises the cumulative value of employee services received for the issue of share options and conditional award of performance shares. When the options are exercised, the amount from the share option reserves is transferred to share capital and the excess value above the par value of the ordinary shares issued is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Details of the share options are disclosed in Note 21.

**(c) Fair value reserve**

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

**(d) Equity contribution from owners**

Equity contribution from owners relate to the cumulative capital contribution made by the owners of the Company when the owners of the Company transferred to the Company assets whose value is higher than the sales consideration and/or owners of the Company purchased from the Company assets whose value is lower than the purchase consideration.

**(e) Hedge reserve**

Hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

**(f) Capital and legal reserve**

Capital reserve comprises difference between the consideration paid and net assets acquired in acquisition of non-controlling interest, and capital loss arising from the payment of a non-controlling interest's subscription to the share capital of a subsidiary.

Legal reserves consist of first and second legal reserves in accordance to the Turkish Commercial Code ("TCC"). The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş.'s ("ASH") statutory accounts until it reaches 20 percent of ASH's issued and paid-up share capital. If the dividend distribution is made in accordance with Turkish Capital Market Board ("CMB") regulation, a further 1/10 of dividend distribution, in excess of 5 percent of issued and paid-up share capital is to be appropriated to increase second legal reserve. If the dividend distribution is made in accordance with statutory records, a further 1/11 of dividend distribution, in excess of 5 percent of issued and paid-up share capital are to be appropriated to increase second legal reserves. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of ASH's issued and paid-up share capital.

## 19. SHARE CAPITAL AND RESERVES (CONTINUED)

### (g) Foreign currency translation reserve

Foreign currency translation reserve comprises of foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### (h) Retained earnings

The Finance Act 2007 introduced a single-tier dividend company income tax system with effect from year of assessment 2008. Under this system, tax on profits of companies is a final tax and dividends paid are exempted from tax in the hands of the shareholders. As such, the Company will be able to distribute dividends out of its entire retained earnings as at 31 December 2012 under the single-tier system.

## 20. LOANS AND BORROWINGS

	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>Non-current</b>			
Secured			
Bank borrowings	550,110	3,674,505	4,967,954
Finance lease liabilities	191,269	26,268	16,373
Unsecured			
Bank borrowings	1,588,174	1,290,491	1,551,281
	<u>2,329,553</u>	<u>4,991,264</u>	<u>6,535,608</u>
<b>Current</b>			
Secured			
Bank borrowings	239,598	32,961	49,675
Finance lease liabilities	57,599	13,539	11,489
Bank overdrafts	974	584	10,549
Unsecured			
Bank borrowings	821	-	103,807
	<u>298,992</u>	<u>47,084</u>	<u>175,520</u>
	<u>2,628,545</u>	<u>5,038,348</u>	<u>6,711,128</u>

**20. LOANS AND BORROWINGS (CONTINUED)**

Included in the Group's bank borrowings and bank overdraft totalling RM2,379.7 million (31.12.2011: RM4,998.5 million and 1.1.2011: RM6,683.3 million) are:

- (a) An amount of SGD denominated loan of RM3,651.3 million as at 31 December 2011 (1.1.2011: RM4,274.8 million) representing a 3-year term loan obtained in 2010 with repayments due by August 2013 and bore an interest rate of Singapore Swap Offer Rate ("SOR") plus 1.25%. This loan was secured over the Group's present and future shareholdings in subsidiaries, namely Parkway Holdings Limited and Pantai Irama Venture Sdn. Bhd. (collectively known as 'the Shares Charged'), RM and SGD designated accounts opened to deposit all dividends and any other net sales proceeds from the Shares Charged, and corporate guarantee from the Company. This loan was settled in August 2012 and all securities and corporate guarantee were discharged.
- (b) An amount of SGD denominated loan of RM1,030.5 million (31.12.2011: RM1,290.5 million; 1.1.2011: RM1,655.1 million) representing a 5-year term loan obtained in 2010 with repayments due by 2015 and bears an interest rate of SOR + 1.05% per annum. The loan is unsecured.
- (c) An amount of SGD denominated loan of RM557.7 million (31.12.2011: Nil; 1.1.2011: Nil) representing a 5-year term loan obtained in December 2012 with repayments due by 2017, and bears an interest rate of SOR + 1.05% per annum. The loan is unsecured.
- (d) Amounts of USD, Macedonian Denar ("MKD") and Turkish Lira ("TL") denominated loans of RM584.8 million, RM29.1 million and RM104.7 million respectively associated with the subsidiaries of the Group in Turkey. These term loans have repayment periods ranging from 2013 to 2019, bear interests at the rate of 3-month LIBOR+1.75% to 6.35% for USD denominated term loans, 5.5% - 6.0% for MKD denominated loans and 9% for TL denominated loans and are secured by first degree mortgages over certain land and buildings of the subsidiaries, charge over deposits placed with licensed banks and shares investment in certain subsidiaries and charge over trade receivables of the subsidiaries.
- (e) Bank borrowings of RM71.3 million (31.12.2011: RM56.7 million; 1.1.2011: RM753.4 million) representing term loan, revolving credit and bank overdraft facilities granted to the subsidiaries which are secured by:
  - (i) first fixed charge over certain freehold and leasehold land of certain subsidiaries;
  - (ii) fixed and floating charge over assets and receivables of certain subsidiaries;
  - (iii) charge over certain fixed deposits of certain subsidiaries;
  - (iv) corporate guarantees by certain subsidiaries and Company; and
  - (v) charge over shares of subsidiaries.
- (f) A term loan facility of RM605 million as at 1 January 2011. The facility was guaranteed by a Standby Letter of Credit Facility ("SBLC") of RM605.0 million, and was secured by a first legal pledge on all ordinary shares ("Charged Shares") of Pantai Holdings Berhad owned by PIV and a legal assignment over the designated account opened to deposit all dividend and any other payments from the Charged Shares. The loan was fully repaid on 25 July 2011, and all securities and guarantees were discharged.

During the year, the Group secured a SGD denominated term loan facility of RM1,177.1 million and a RM denominated term loan facility of RM450.0 million, of which RM754.5 million and RM245.0 million were drawn down respectively from these facilities in connection with its acquisition of Acibadem Saglik Yatirimlari Holdings A.S. ("ASYH"). These term loans are repayable in full in 2014 and bears interest at SOR plus 1.0%-2.0% for the SGD denominated loan and the bank's cost of funds plus 0.6% to 1.6% for the RM denominated loan. These facilities were fully repaid in August 2012.

## 20. LOANS AND BORROWINGS (CONTINUED)

### Finance lease liabilities

Group	Payments 31.12.2012 RM'000	Interest 31.12.2012 RM'000	Principal 31.12.2012 RM'000	Payments 31.12.2011 RM'000	Interest 31.12.2011 RM'000	Principal 31.12.2011 RM'000	Payments 1.1.2011 RM'000	Interest 1.1.2011 RM'000	Principal 1.1.2011 RM'000
Less than 1 year	69,242	(11,643)	57,599	14,263	(724)	13,539	12,632	(1,143)	11,489
Between 1 and 5 years	199,775	(21,063)	178,712	21,085	(585)	20,500	17,431	(1,084)	16,347
More than 5 years	13,542	(985)	12,557	5,769	(1)	5,768	28	(2)	26
	282,559	(33,691)	248,868	41,117	(1,310)	39,807	30,091	(2,229)	27,862

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

	Note	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>Non-current</b>				
Performance incentive scheme		-	3,732	13,750
Cash-settled LTIP		446	240	-
Retirement benefits	22	12,444	11,572	11,392
Employment termination benefits	23	8,315	-	-
		21,205	15,544	25,142
<b>Current</b>				
Provision for unconsumed leave		13,853	11,020	24,404
Defined contribution plan		15,736	11,550	-
Performance incentive scheme		5,770	19,083	18,081
Cash-settled LTIP		582	282	-
		35,941	41,935	42,485



**21. EMPLOYEE BENEFITS (CONTINUED)**

	31.12.2012 RM'000	Company 31.12.2011 RM'000	1.1.2011 RM'000
<b>Non-current</b>			
Cash-settled LTIP	446	240	-
<b>Current</b>			
Cash-settled LTIP	582	282	-

***Performance incentive scheme***

In 2010, the Group's subsidiary, Parkway Holdings Limited (PHL), has a Performance Share Plan in which eligible employees of PHL and its subsidiaries will be awarded with fully paid-up ordinary shares of PHL upon the expiry of the vesting period when certain prescribed performance targets are met. Following the privatisation of PHL in November 2010, the terms of the Performance Share Plan were modified whereby eligible employees will be awarded with cash and this apply to the remaining tranches of performance shares granted in 2008, 2009 and 2010 that were not vested as at November 2010.

***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 reporting period.

***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, 386,000 (2011 : 575,000) cash-settled LTIP units were granted to eligible staff.

***Share based payment scheme***

On 25 March 2011, the Group established the LTIP and EPP schemes, to grant share options to eligible personnel.

The LTIP units granted will vest in the participants over a 3 year period, in equal proportions each year. All LTIP units that have been granted and vested must be surrendered to the Company for allotment of new shares of the Company on the basis of one new share for each LTIP unit. The LTIP units have no exercise price and shall be in force for a period of 10 years from 25 March 2011.

The EPP options granted in each year will vest in the participants over a 4 year period, with two-thirds of the options to be vested in equal proportions on a yearly basis on each anniversary of the date of grant over such 4 year period and the remaining one-third to be vested in equal proportions on the same basis upon the Group meeting the performance target for each grant, as determined by the Board at its own discretion on a yearly basis. The exercise price as at the initial grant of the EPP option shall be RM2.00 only, which shall be increased by 10% over each subsequent 12 months period based on compound annual growth rate. The EPP shall be in force for a period of 60 months from 25 March 2011.

## 21. EMPLOYEE BENEFITS (CONTINUED)

### Share based payment scheme (continued)

During the year, a total of 11,589,229 LTIP units (31.12.2011: 13,072,577) were granted to eligible staff. No EPP options were granted to eligible staff during the year (31.12.2011: 149,000,000). The movement in the number of options outstanding under the respective schemes as at 31 December 2012 and the details of the schemes are as follows:

#### LTIP

Date of grant	Number of units outstanding at 1.1.2011	Number of units granted	Number of units lapsed/ cancelled	Number of units exercised	Number of units outstanding at 31.12.2011	Number of holders at 31.12.2011
<b>Key Management Personnel</b>						
21 April 2011	-	2,697,000	-	-	2,697,000	1
1 September 2011	-	27,000	-	-	27,000	1
	-	2,724,000	-	-	2,724,000	2
<b>Other eligible employees</b>						
21 April 2011	-	9,662,000	(1,108,000)	-	8,554,000	57
30 June 2011	-	505,648	(66,272)	-	439,376	21
1 August 2011	-	104,795	-	-	104,795	1
1 September 2011	-	76,134	-	-	76,134	5
	-	10,348,577	(1,174,272)	-	9,174,305	84
<b>Total for the year</b>						
21 April 2011	-	12,359,000	(1,108,000)	-	11,251,000	58
30 June 2011	-	505,648	(66,272)	-	439,376	21
1 August 2011	-	104,795	-	-	104,795	1
1 September 2011	-	103,134	-	-	103,134	6
	-	13,072,577	(1,174,272)	-	11,898,305	86

As at 31 December 2011, no LTIP units are vested and exercisable.

## 21. EMPLOYEE BENEFITS (CONTINUED)

### LTIP (continued)

Date of grant	Number of units outstanding at 1.1.2012	Reclassification	Number of units granted	Number of units lapsed/ cancelled	Number of units exercised	Number of units outstanding at 31.12.2012	Number of holders at 31.12.2012
<b>Key Management Personnel</b>							
21 April 2011	2,697,000	3,044,000	-	-	(1,913,000)	3,828,000	3
1 September 2011	27,000	-	-	-	(9,000)	18,000	1
2 April 2012	-	-	4,930,000	-	-	4,930,000	4
	2,724,000	3,044,000	4,930,000	-	(1,922,000)	8,776,000	8
<b>Other eligible employees</b>							
21 April 2011	8,554,000	(3,044,000)	-	(625,000)	(1,680,000)	3,205,000	48
30 June 2011	439,376	-	-	(28,385)	(137,614)	273,377	19
1 August 2011	104,795	-	-	-	(34,582)	70,213	1
1 September 2011	76,134	-	-	-	(25,378)	50,756	5
2 April 2012	-	-	6,659,229	(494,000)	-	6,165,229	92
	9,174,305	(3,044,000)	6,659,229	(1,147,385)	(1,877,574)	9,764,575	165
<b>Total for the year</b>							
21 April 2011	11,251,000	-	-	(625,000)	(3,593,000)	7,033,000	51
30 June 2011	439,376	-	-	(28,385)	(137,614)	273,377	19
1 August 2011	104,795	-	-	-	(34,582)	70,213	1
1 September 2011	103,134	-	-	-	(34,378)	68,756	6
2 April 2012	-	-	11,589,229	(494,000)	-	11,095,229	96
	11,898,305	-	11,589,229	(1,147,385)	(3,799,574)	18,540,575	173

As at 31 December 2012, no LTIP units are vested and exercisable.

## 21. EMPLOYEE BENEFITS (CONTINUED)

### *EPP*

Date of grant	Number of options outstanding at 1.1.2011	Number of options granted	Number of options lapsed/ cancelled	Number of options exercised	Number of options outstanding at 31.12.2011	Number of holders at 31.12.2011
<b>Key Management Personnel</b>						
31 March 2011	-	37,500,000	-	-	37,500,000	1
27 July 2011	-	4,000,000	-	-	4,000,000	1
	-	41,500,000	-	-	41,500,000	2
<b>Other eligible employees</b>						
31 March 2011	-	37,500,000	-	-	37,500,000	1
1 June 2011	-	55,500,000	-	-	55,500,000	14
27 July 2011	-	6,000,000	-	-	6,000,000	3
1 September 2011	-	7,500,000	-	-	7,500,000	2
1 December 2011	-	1,000,000	-	-	1,000,000	1
	-	107,500,000	-	-	107,500,000	21
<b>Total for the year</b>						
31 March 2011	-	75,000,000	-	-	75,000,000	2
1 June 2011	-	55,500,000	-	-	55,500,000	14
27 July 2011	-	10,000,000	-	-	10,000,000	4
1 September 2011	-	7,500,000	-	-	7,500,000	2
1 December 2011	-	1,000,000	-	-	1,000,000	1
	-	149,000,000	-	-	149,000,000	23

As at 31 December 2011, no EPP options are exercisable.

## 21. EMPLOYEE BENEFITS (CONTINUED)

### *EPP (continued)*

Date of grant	Number of options outstanding at 1.1.2012	Reclassification	Number of options granted	Number of options lapsed/ cancelled	Number of options exercised	Number of options outstanding at 31.12.2012	Number of holders at 31.12.2012
<b>Key Management Personnel</b>							
31 March 2011	37,500,000	37,500,000	-	-	-	75,000,000	2
1 June 2011	-	5,500,000	-	-	-	5,500,000	1
27 July 2011	4,000,000	-	-	-	-	4,000,000	1
	41,500,000	43,000,000	-	-	-	84,500,000	4
<b>Other eligible employees</b>							
31 March 2011	37,500,000	(37,500,000)	-	-	-	-	-
1 June 2011	55,500,000	(5,500,000)	-	(3,000,000)	-	47,000,000	12
27 July 2011	6,000,000	-	-	-	-	6,000,000	3
1 September 2011	7,500,000	-	-	-	-	7,500,000	2
1 December 2011	1,000,000	-	-	-	-	1,000,000	1
	107,500,000	(43,000,000)	-	(3,000,000)	-	61,500,000	18
<b>Total for the year</b>							
31 March 2011	75,000,000	-	-	-	-	75,000,000	2
1 June 2011	55,500,000	-	-	(3,000,000)	-	52,500,000	13
27 July 2011	10,000,000	-	-	-	-	10,000,000	4
1 September 2011	7,500,000	-	-	-	-	7,500,000	2
1 December 2011	1,000,000	-	-	-	-	1,000,000	1
	149,000,000	-	-	(3,000,000)	-	146,000,000	22

As at 31 December 2012, no EPP options are exercisable.

## 21. EMPLOYEE BENEFITS (CONTINUED)

The fair value of services received in return for the share options granted is determined based on:

- LTIP: Market value approach on a minority, non-marketable basis, and
- EPP: Binomial lattice model,

taking into account the terms and conditions under which the units/options were granted. The inputs to the models used for the units/options granted are shown below:

### Fair value of share options and assumptions

	LTIP granted in 2012	LTIP granted in 2011	EPP granted in 2011
Fair value at grant date	RM2.34	RM1.73 to RM1.75	RM0.0791 to RM0.1110
Enterprise value to EBITDA multiple			
- Singapore-based hospital and healthcare services	14.4x–15.2x	16.6x–17.4x	n/a
- Malaysia-based hospital and healthcare services	8.8x–9.6x	9.3x–10.1x	n/a
- Turkey-based hospital and healthcare services	17.0x–18.0x	n/a	n/a
- Education services	7.2x–8.0x	8.0x–8.8x	n/a
Weighted average cost of capital	7.0%–15.0%	10%–11%	n/a
Share price at grant date	n/a	n/a	RM1.73 to RM1.75
Expected volatility (average volatility)	n/a	n/a	20.0% to 25.0%
Option life (expected average life)	n/a	n/a	5 years
Expected dividends yield	n/a	n/a	3.0% 3.50%
Risk free rate	n/a	n/a	to 3.65%

n/a – not applicable

## 21. EMPLOYEE BENEFITS (CONTINUED)

### Value of employee services received for issue of share options

	Group		Company	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Share based payment expenses included in staff costs	22,864	15,074	5,286	3,472

## 22. RETIREMENT BENEFITS

Certain subsidiaries of the Group have defined benefits plans that provide pension benefits for employee upon retirement. The plans entitle a retired employee to receive one lump sum payment upon retirement. At the end of the reporting period, the present value of the unfunded obligations are:

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
<b>Non-current</b>			
Present value of unfunded obligations	12,444	11,572	11,392

	Group	
	2012	2011
	RM'000	RM'000
<b>Movements in the liability for defined benefits obligations</b>		
At 1 January	11,572	11,392
Expenses recognised in the profit or loss as staff cost	1,706	1,394
Benefits paid	(834)	(633)
Disposal of subsidiaries (Note 39)	-	(581)
At 31 December	12,444	11,572
Current service costs	1,073	842
Interest on obligation	663	549
Transition amount	(30)	3
Expenses recognised in the profit or loss as staff cost	1,706	1,394

## 22. RETIREMENT BENEFITS (CONTINUED)

### Actuarial assumptions

Principal actuarial assumptions at the end of reporting period (expressed as weighted averages):

	Group	
	31.12.2012	31.12.2011
	%	%
Discount rate	6.2 – 6.8	6.2 – 7.0
Future salary increases	5.0 – 6.0	5.0 – 5.2

## 23. EMPLOYMENT TERMINATION BENEFITS

Certain 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 2012, the ceiling amount has been limited to TL3,034, approximately RM5,215. The reserves has been calculated by estimating the present value of future probable obligations of these subsidiaries arising from retirement. The calculation was based upon the retirement pay ceiling announced by the local government.

	Group 31.12.2012 RM'000
<b>Non-current</b>	
Present value of unfunded obligations	8,315

	Group 2012 RM'000
<b>Movements in the liability for defined benefits obligations</b>	
At 1 January 2012	-
Acquisition of subsidiaries (Note 39)	6,467
Expenses recognised in the profit or loss as staff cost	11,919
Benefits paid	(10,143)
Translation difference	72
At 31 December	8,315
Current service costs	1,710
Interest on obligation	423
Actuarial gains	9,786
Expenses recognised in the profit or loss as staff cost	11,919



## 23. EMPLOYMENT TERMINATION BENEFITS (CONTINUED)

### Actuarial assumptions

Principal actuarial assumptions at the end of reporting period (expressed as weighted averages):

	<b>Group 31.12.2012 %</b>
Annual inflation rate	5 – 10
Discount rate	8

## 24. TRADE AND OTHER PAYABLES

	<b>31.12.2012 RM'000</b>	<b>Group 31.12.2011 RM'000</b>	<b>1.1.2011 RM'000</b>
<b>Non-current</b>			
Trade payables	11,998	-	-
Other payables	29,973	8,580	22,102
	<u>41,971</u>	<u>8,580</u>	<u>22,102</u>
<b>Current</b>			
Trade payables	461,562	381,934	471,174
Accrued operating expenses	403,673	377,621	130,235
Other payables	273,033	84,772	48,675
Deposits received	30,038	17,223	15,710
Interest payables	12,562	5,024	37,924
Amounts due to related parties (trade)	24,647	24,363	2,715
Amounts due to related parties (non-trade)	6,934	24,768	4,200,732
Financial liability at fair value through profit or loss			
- Contingent consideration payable	66,684	-	-
	<u>1,279,133</u>	<u>915,705</u>	<u>4,907,165</u>
Progress billings	-	621,067	292,258
Fees in advance	45,377	39,386	42,626
	<u>1,324,510</u>	<u>1,576,158</u>	<u>5,242,049</u>

## 24. TRADE AND OTHER PAYABLES (CONTINUED)

	31.12.2012 RM'000	Company 31.12.2011 RM'000	1.1.2011 RM'000
<b>Current</b>			
Accrued operating expenses	5,961	38,095	462
Other payables	3,784	175	-
Amounts due to related parties (non-trade)	-	9,095	4,121,556
	9,745	47,365	4,122,018

Progress billings are amounts billed for work performed on the sale of development properties.

The amounts due to related parties are subject to normal trade terms, and are unsecured, interest free and repayable on demand.

In 2011 other payables of the Group included RM18,074,000 (1.1.2011: RM28,340,000) owing to a vendor for the purchase of land by an indirect subsidiary of the Group. The amount was fully paid during the year.

In 2011, the amount due to related parties of RM4,625,393,000 was capitalised by issuance of shares of the Company.

## 25. DERIVATIVE LIABILITIES

	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
<b>Non-current</b>			
Interest rate swaps	1,481	-	15,820
<b>Current</b>			
Interest rate swaps	4,406	1,252	6,041
Foreign exchange forward contracts	7,448	-	-
	11,854	1,252	6,041

The Group enters into interest rate swaps and foreign exchange forward contracts to hedge against interest rate fluctuations and exchange rate fluctuations respectively. These interest rate swaps and foreign exchange forward contracts mature following the maturity of the related loans.

## 26. REVENUE

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Hospital and healthcare services income	5,501,638	3,085,606	-	-
Education services income	183,091	162,181	-	-
Rental income	57,449	51,846	-	-
Management and acquisition fees	26,801	26,333	-	-
Dividend income	3,363	2,883	6,024	16,141
Sale of development properties	1,209,600	-	-	-
	6,981,942	3,328,849	6,024	16,141

## 27. STAFF COSTS

		Group		Company	
		2012	2011	2012	2011
	Note	RM'000	RM'000	RM'000	RM'000
Wages, salaries and others		2,098,912	979,790	7,430	6,291
Contribution to defined contribution plans		85,923	78,202	127	37
Share-based payments	21	22,864	15,074	5,286	3,472
		2,207,699	1,073,066	12,843	9,800

## 28. FINANCE INCOME AND COSTS

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<b>Finance income</b>				
Interest income				
- Banks and financial institutions	30,960	15,986	8,777	912
- Others	207	306	-	-
- Exchange gain on loans	40,333	-	-	-
Fair value gain on financial derivatives	1,252	12,615	-	-
	72,752	28,907	8,777	912

## 28. FINANCE INCOME AND COSTS (CONTINUED)

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<b>Finance costs</b>				
Interest paid and payable for				
- Bank borrowings	(160,591)	(82,609)	-	-
- Finance lease	(671)	(1,284)	-	-
Fair value loss on financial derivatives	(10,979)	-	-	-
Other finance cost	(28,391)	(22,527)	(5)	(1)
	(200,632)	(106,420)	(5)	(1)

## 29. PROFIT/(LOSS) BEFORE TAX

### (a) Auditors' remuneration charged to the profit and loss comprises:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Audit fees				
Current year				
- KPMG Malaysia	(863)	(480)	(304)	(180)
- Affiliates of KPMG Malaysia	(2,134)	(1,277)	(77)	(74)
- Other auditors	(737)	(685)	-	-
Over/(under) provision for prior years				
- KPMG Malaysia	(289)	(91)	(190)	-
- Affiliates of KPMG Malaysia	(344)	-	-	-
- Other auditors	-	(8)	-	(8)
Non-audit fees paid to				
- KPMG Malaysia	(282)	(26)	(260)	-
- Affiliates of KPMG Malaysia	(1,995)	(84)	-	-
Reporting Accountants' fees for IPO				
- KPMG Malaysia	(4,634)	-	(4,634)	-
- Affiliates of KPMG Malaysia	(5,509)	-	(5,509)	-

## 29. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

### (b) Profit/(loss) before tax is arrived at after crediting/(charging):

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Exchange gains		19,373	95,548	24,505	206,831
Impairment loss (made)/written back on:					
- Trade and other receivables		(22,801)	(17,066)	-	-
- Amounts due from associates		-	(2,959)	-	-
- Amounts due from joint ventures		(550)	-	-	-
- Other financial assets		41,664	(2,372)	-	-
Write back/(off)					
- Inventories		200	(720)	-	-
- Property, plant and equipment		(1,217)	(19,445)	-	-
- Trade and other receivables		-	1,736	-	-
Rental of premises		(277,643)	(182,798)	(435)	(195)
Rental of machinery and equipment		(9,214)	(3,807)	(4)	-
Loss on disposal of property, plant and equipment		(17,497)	(264)	-	-
Professional and consultancy fee for:					
- Acquisitions <sup>(1)</sup>		(5,758)	(35,051)	(915)	(35,051)
- Listing expenses <sup>(2)</sup>		(50,227)	-	(50,227)	-
- Internal restructuring <sup>(3)</sup>		(5,319)	(9,128)	(5,315)	(9,128)
Fair value loss on contingent consideration payable		(26,284)	-	-	-
Change in fair value of investment properties	4	164,238	-	-	-
Write back of I.T. project expenses		4,180	-	-	-
Gain on disposal of assets held for sale		280	-	-	-
Gain on disposal of subsidiaries	39	1,064	-	-	-

<sup>(1)</sup> Acquisition expenses of the Group in 2012 includes non-audit fees of RM171,000 (2011: Nil) paid to affiliates of KPMG Malaysia, which has been included in Note 29(a) disclosure.

<sup>(2)</sup> Listing expenses of the Group and Company in 2012 includes Reporting Accountants' fees of RM4,634,000 and RM5,509,000 (2011: Nil and Nil) paid to KPMG Malaysia and affiliates of KPMG Malaysia respectively, as disclosed in Note 29(a).

<sup>(3)</sup> Internal restructuring expenses of the Group and Company in 2012 includes non-audit fees of RM544,000 (2011: Nil) paid to affiliates of KPMG Malaysia, which has been included in Note 29(a) disclosure.

## 30. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors:				
- Fees	6,102	689	1,894	684
- Remuneration and other benefits	12,993	9,160	5,620	6,066
- Share-based payment	11,512	3,644	5,286	3,475
Total short term employee benefits	30,607	13,493	12,800	10,225

The key management personnel of the Group is defined as the Directors of the Company.

The estimated monetary value of Directors' benefit-in-kind is RM229,000 (2011: RM117,000).

## 31. INCOME TAX EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Current tax expense</b>				
Current year	183,818	110,300	1,821	4,007
Under/(over) provided in prior years	1,030	(14,255)	-	-
	184,848	96,045	1,821	4,007
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	1,698	(4,451)	-	-
(Over)/under provided in prior years	(7,239)	3,834	-	-
	(5,541)	(617)	-	-
	179,307	95,428	1,821	4,007

## 31. INCOME TAX EXPENSE (CONTINUED)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Reconciliation of effective tax rate</b>				
Profit/(loss) before income tax	997,355	483,105	(36,042)	158,447
Less:				
Share of profit of associates (net of tax)	(92,683)	(79,937)	-	-
Share of profit of joint ventures (net of tax)	(14,201)	(13,909)	-	-
	890,471	389,259	(36,042)	158,447
Tax at Malaysia tax rate of 25%	222,618	97,315	(9,011)	39,612
Effect of different tax rates in foreign jurisdictions	(55,580)	(28,977)	74	-
Income not subject tax	(56,851)	(28,630)	(7,630)	(52,014)
Expenses not deductible for tax purposes	65,692	65,137	18,388	16,409
Utilisation of previously unrecognised deferred tax assets	4,216	-	-	-
Deferred tax assets not recognised	5,421	1,004	-	-
Over provided in prior years	(6,209)	(10,421)	-	-
	179,307	95,428	1,821	4,007

## 32. EARNINGS PER SHARE

	Group	
	2012	2011
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders (RM'000)	798,888	373,463
<b>Basic earnings per share</b>		
Weighted average number of shares ('000)	6,975,015	4,545,603
Basic earnings per share (sen)	11.45	8.22
<b>Diluted earnings per share</b>		
Number of ordinary shares used in calculation of basic earnings per share ('000)	6,975,015	4,545,603
Weighted number of unissued ordinary shares from units under LTIP ('000)	12,647	3,233
Weighted number of unissued ordinary shares from share options under EPP ('000)	34,839	-
Weighted average number of ordinary shares used in calculation of diluted earnings per share ('000)	7,022,501	4,548,836
Diluted earnings per share (sen)	11.38	8.21

In 2011, share options in issue under EPP are excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

## 33. SEGMENT REPORTING

### Operating segments

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services in different locations, and are managed separately. For each of the strategic business units, the Group's Board of Directors reviews internal management reports on at least a quarterly basis.

The Group's reportable segments comprise:

- *Parkway Pantai*: Hospital operator and healthcare service provider in Asia
- *Acibadem Holdings*: Hospital operator and healthcare service provider in CEEMENA
- *IMU*: Education service provider in Malaysia
- *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 earnings before interest, tax, depreciation and amortisation, exchange differences and other non-operational items ("EBITDA").

Inter-segment pricing is determined on arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segment capital expenditure is the total costs incurred during the year to acquire property, plant and equipment, investment properties, and intangible assets other than goodwill.

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>2012</b>						
<b>Revenue and expenses</b>						
Revenue from external customers	4,745,296	2,058,530	174,753	3,363	-	6,981,942
Inter-segment revenue	-	-	-	6,024	(6,024)	-
Total segment revenue	4,745,296	2,058,530	174,753	9,387	(6,024)	6,981,942
EBITDA	997,986	330,435	63,847	(9,921)	(6,024)	1,376,323
Depreciation and impairment loss of property, plant and equipment	(211,628)	(189,793)	(12,293)	(3)	-	(413,717)
Amortisation and impairment loss of intangible assets	(34,088)	(34,499)	(165)	-	-	(68,752)
Exchange (losses)/gains	(3,136)	(1,754)	(255)	24,518	-	19,373
Finance income	12,081	50,009	1,885	8,777	-	72,752
Finance costs	(57,065)	(143,180)	(377)	(10)	-	(200,632)
Share of profit of associates (net of tax)	92,683	-	-	-	-	92,683
Share of profit of joint ventures (net of tax)	14,201	-	-	-	-	14,201
Professional and consultancy fees for:						
- Internal restructuring	-	-	-	(5,319)	-	(5,319)
- Acquisitions	-	(4,079)	-	(1,679)	-	(5,758)
- Listing expenses	-	-	-	(50,227)	-	(50,227)
Fair value loss on contingent consideration payable	-	(26,284)	-	-	-	(26,284)
Change in fair value of investment properties	164,238	-	-	-	-	164,238
Write back of impairment loss on other financial assets	-	-	-	41,664	-	41,664
Write back of I.T. project expenses	4,180	-	-	-	-	4,180
Write off of property, plant and equipment	(1,104)	-	(113)	-	-	(1,217)



## 33. SEGMENT REPORTING (CONTINUED)

### Operating segments (continued)

2012	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU RM'000	Others RM'000	Eliminations RM'000	Total RM'000
(Loss)/gain on disposal of property, plant and equipment	(1,637)	(16,094)	234	-	-	(17,497)
Gain on disposal of assets held for sale	280	-	-	-	-	280
Gain on disposal of subsidiaries	1,064	-	-	-	-	1,064
Profit/(loss) before tax	978,055	(35,239)	52,763	7,800	(6,024)	997,355
Income tax expense	(159,521)	(5,374)	(12,643)	(1,769)	-	(179,307)
Profit/(loss) for the year	818,534	(40,613)	40,120	6,031	(6,024)	818,048

### Assets and liabilities

Segment assets	15,873,522	5,601,707	461,475	1,380,772	(24,631)	23,292,845
Segment liabilities	2,459,648	2,506,118	101,864	29,345	(24,631)	5,072,344

2011	Parkway Pantai RM'000	IMU RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Revenue and expenses</b>					
Revenue from external customers	3,167,155	158,811	2,883	-	3,328,849
Inter-segment revenue	-	-	16,141	(16,141)	-
Total segment revenue	3,167,155	158,811	19,024	(16,141)	3,328,849
EBITDA	619,357	61,464	(6,456)	(16,141)	658,224
Depreciation and impairment loss of property, plant and equipment	(154,801)	(10,950)	-	-	(165,751)
Amortisation and impairment loss of intangible assets	(54,866)	(123)	-	-	(54,989)
Exchange gains	6,525	-	89,023	-	95,548
Finance income	26,815	1,495	947	(350)	28,907
Finance costs	(60,827)	(1,509)	(44,434)	350	(106,420)
Share of profit of associates (net of tax)	79,937	-	-	-	79,937
Share of profit of joint ventures (net of tax)	13,909	-	-	-	13,909
Impairment loss on other financial assets	(2,372)	-	-	-	(2,372)
Professional and consultancy fees for:					
- Acquisitions	-	-	(35,051)	-	(35,051)
- Internal restructuring	-	-	(9,128)	-	(9,128)

## 33. SEGMENT REPORTING (CONTINUED)

### Operating segments (continued)

	Parkway Pantai RM'000	IMU RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>2011</b>					
Write off of property, plant and equipment	(19,369)	(76)	-	-	(19,445)
Loss on disposal of property, plant and equipment	(265)	1	-	-	(264)
Profit/(loss) before tax	454,043	50,302	(5,099)	(16,141)	483,105
Income tax expense	(80,303)	(14,787)	(338)	-	(95,428)
Profit/(loss) for the year	373,740	35,515	(5,437)	(16,141)	387,677
<b>Assets and liabilities</b>					
Segment assets	15,743,317	444,858	1,099,571	(3,748)	17,283,998
Segment liabilities	7,095,853	88,307	66,235	(3,748)	7,246,647

### Geographical segment

	Singapore RM'000	Malaysia RM'000	China RM'000	CEEMENA RM'000	Other regions RM'000	Others <sup>#</sup> RM'000	Eliminations RM'000	Total RM'000
<b>2012</b>								
Revenue from external customers	3,420,387	1,262,585	162,284	2,058,530	78,156	-	-	6,981,942
Revenue from inter-segment	-	-	-	-	-	6,024	(6,024)	-
Total segment revenue	3,420,387	1,262,585	162,284	2,058,530	78,156	6,024	(6,024)	6,981,942
Non-current assets <sup>^</sup>	9,990,354	3,439,082	216,677	4,964,132	281,627	1,752	-	18,893,624
Capital expenditure <sup>*</sup>	476,027	193,514	9,430	271,968	45,624	29	-	996,592
<b>2011</b>								
Revenue from external customers	1,915,999	1,199,676	143,318	-	69,814	42	-	3,328,849
Revenue from inter-segment	-	-	-	-	-	16,141	(16,141)	-
Total segment revenue	1,915,999	1,199,676	143,318	-	69,814	16,183	(16,141)	3,328,849
Non-current assets <sup>^</sup>	8,915,666	3,362,022	222,753	-	258,888	1,998	-	12,761,327
Capital expenditure <sup>*</sup>	570,880	131,363	5,306	-	35,953	159	-	743,661

<sup>#</sup>: Others include balances relating to corporate offices, which is unallocated.

<sup>^</sup>: Non-current assets consist of property, plant and equipment, investment properties, intangible assets and goodwill.

<sup>\*</sup>: Capital expenditure consist of additions to property, plant and equipment, investment properties, intangible assets other than goodwill.

## 34. FINANCIAL INSTRUMENTS

### (i) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Available-for-sale financial assets (AFS);
- (c) Held-to-maturity investments (HTM);
- (d) Other financial liabilities measured at amortised cost (OL); and
- (e) Fair value through profit or loss (FVTPL).

	Carrying amount RM'000	L&R/OL RM'000	AFS RM'000	HTM RM'000	FVTPL RM'000
<b>31.12.2012</b>					
<b>Financial assets</b>					
<b>Group</b>					
Other financial assets	741,044	46,360	666,659	28,025	-
Trade and other receivables	846,789	846,789	-	-	-
Cash and cash equivalents	1,554,273	1,554,273	-	-	-
	<b>3,142,106</b>	<b>2,447,422</b>	<b>666,659</b>	<b>28,025</b>	<b>-</b>
<b>Company</b>					
Trade and other receivables	1,110	1,110	-	-	-
Amounts due from subsidiaries	23,186	23,186	-	-	-
Cash and cash equivalents	682,087	682,087	-	-	-
	<b>706,383</b>	<b>706,383</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>					
<b>Group</b>					
Trade and other payables	(1,321,104)	(1,254,420)	-	-	(66,684)
Loans and borrowings	(2,628,545)	(2,628,545)	-	-	-
Derivative liabilities	(13,335)	-	-	-	(13,335)
	<b>(3,962,984)</b>	<b>(3,882,965)</b>	<b>-</b>	<b>-</b>	<b>(80,019)</b>
<b>Company</b>					
Trade and other payables	(9,745)	(9,745)	-	-	-
Amounts due to subsidiaries	(61)	(61)	-	-	-
	<b>(9,806)</b>	<b>(9,806)</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### (i) Categories of financial instruments (continued)

31.12.2011	Carrying amount RM'000	L&R/OL RM'000	AFS RM'000	HTM RM'000	FVTPL RM'000
<b>Financial assets</b>					
<b>Group</b>					
Other financial assets	556,947	4,021	525,860	27,066	-
Trade and other receivables	502,296	502,296	-	-	-
Cash and cash equivalents	1,310,803	1,310,803	-	-	-
	<u>2,370,046</u>	<u>1,817,120</u>	<u>525,860</u>	<u>27,066</u>	<u>-</u>
<b>Company</b>					
Trade and other receivables	1,110	1,110	-	-	-
Amounts due from subsidiaries	3,260	3,260	-	-	-
Cash and cash equivalents	569,354	569,354	-	-	-
	<u>573,724</u>	<u>573,724</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Financial liabilities</b>					
<b>Group</b>					
Trade and other payables	(924,285)	(924,285)	-	-	-
Loans and borrowings	(5,038,348)	(5,038,348)	-	-	-
Derivative liabilities	(1,252)	-	-	-	(1,252)
	<u>(5,963,885)</u>	<u>(5,962,633)</u>	<u>-</u>	<u>-</u>	<u>(1,252)</u>
<b>Company</b>					
Trade and other payables	(47,365)	(47,365)	-	-	-
Amounts due to subsidiaries	(1,906)	(1,906)	-	-	-
	<u>(49,271)</u>	<u>(49,271)</u>	<u>-</u>	<u>-</u>	<u>-</u>

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

## (i) Categories of financial instruments (continued)

## 1.1.2011

## Financial assets

## Group

Other financial assets

Trade and other receivables

Cash and cash equivalents

Carrying amount RM'000	L&R/OL RM'000	AFS RM'000	HTM RM'000	FVTPL RM'000
35,249	8,412	84	26,753	-
469,258	469,258	-	-	-
1,209,465	1,209,465	-	-	-
1,713,972	1,687,135	84	26,753	-

## Company

Amounts due from subsidiaries

4,022,970	4,022,970	-	-	-
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## Financial liabilities

## Group

Trade and other payables

Loans and borrowings

Derivative liabilities

(4,929,267)	(4,929,267)	-	-	-
(6,711,128)	(6,711,128)	-	-	-
(21,861)	-	-	-	(21,861)
(11,662,256)	(11,640,395)	-	-	(21,861)

## Company

Trade and other payables

(4,122,018)	(4,122,018)	-	-	-
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## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### (i) Categories of financial instruments (continued)

#### Net gains/(losses) arising from financial instruments

	Group	
	2012 RM'000	2011 RM'000
Available-for-sale financial assets		
- recognised in other comprehensive income	155,218	22,641
- dividend income	3,363	2,883
HTM investments	83	28
Loans and receivables	49,947	(1,438)
Financial liability measured at FVTPL	(26,284)	-
Financial liabilities measured at amortised cost	(189,653)	(106,420)
Derivative liabilities	(9,727)	12,615
	(17,053)	(69,691)

	Company	
	2012 RM'000	2011 RM'000
Loans and receivables	8,777	912

### (ii) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### (iii) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables and amounts due from related parties.

The Company does not have any significant exposure to credit risk.

#### ***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.

**34. FINANCIAL INSTRUMENTS (CONTINUED)****(iii) Credit risk (continued)*****Exposure to credit risk, credit quality and collateral***

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statement of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the end of the reporting period, there is 1 customer with balances amounting to RM48,967,000 (31.12.2011: 1 customer amounting to RM36,520,000; 1.1.2011: 1 customer balance amounting to RM34,006,000), which is more than 5% of the Group's gross trade receivables. Allowance for impairment of RM730,000 (31.12.2011 and 1.1.2011: Nil) has been recognised.

***Credit risk concentration profile***

The Group determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group trade and other receivables and amounts due from related parties by country are disclosed in Notes 15 and 16 respectively.

***Impairment losses***

Trade and other receivables and amounts due from related parties that are neither past due nor impaired are credit worthy with good payment record with the Group. Cash and fixed deposits are placed with reputable financial institutions which are regulated.

Similarly, the Group only enters into investments and transactions involving financial instruments with counterparties who have sound credit ratings. As such, except for the impairment loss recognised as disclosed in Notes 15 and 16 of the financial statements, the Group does not expect any counterparty to fail to meet their obligations.

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### (iii) Credit risk (continued)

Information regarding the ageing and allowance of impairment of trade receivables and other receivables and amounts due from related parties are disclosed in Notes 15 and 16 respectively.

As at 31 December, the Group's trade receivables and other receivables of RM188,145,000 (31.12.2011: RM96,368,000 and 1.1.2011: RM177,106,000) and RM898,000 (31.12.2011: RM1,108,000 and 1.1.2011: RM1,129,000) respectively were individually determined to be impaired. The individually impaired receivables relate to debtors that were in financial difficulties and the Group assessed that portion of the debt may be irrecoverable. Consequently, specific allowances for doubtful debts of RM72,070,000 (31.12.2011: RM50,750,000 and 1.1.2011: RM51,428,000) and RM898,000 (31.12.2011: RM1,108,000 and 1.1.2011: RM1,129,000) respectively were recognised.

### (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.



### 34. FINANCIAL INSTRUMENTS (CONTINUED)

#### (iv) Liquidity risk (continued)

##### *Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	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
<b>31.12.2012</b>						
<b>Group</b>						
<b>Non-derivative financial liabilities</b>						
Secured bank borrowings	789,708	2.47%-15.25%	856,985	316,480	514,550	25,955
Unsecured bank borrowings	1,588,995	1.23%-2.55%	1,693,623	21,029	1,672,594	-
Finance lease liabilities	248,868	2.30%-19.09%	282,559	69,242	199,775	13,542
Bank overdrafts	974	7.60%	974	974	-	-
Trade and other payables	1,321,104		1,321,104	1,279,133	41,971	-
	<u>3,949,649</u>		<u>4,155,245</u>	<u>1,686,858</u>	<u>2,428,890</u>	<u>39,497</u>
<b>Derivative financial liabilities</b>						
Foreign exchange forward contracts	7,448		7,448	7,448	-	-
Interest rate swaps (net settled)	5,887		5,887	4,406	1,481	-
	<u>13,335</u>		<u>13,335</u>	<u>11,854</u>	<u>1,481</u>	<u>-</u>
<b>Company</b>						
<b>Non-derivative financial liabilities</b>						
Amounts due to subsidiaries	61		61	61	-	-
Trade and other payables	9,745		9,745	9,745	-	-
	<u>9,806</u>		<u>9,806</u>	<u>9,806</u>	<u>-</u>	<u>-</u>

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### (iv) Liquidity risk (continued)

#### Maturity analysis (continued)

	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
<b>31.12.2011</b>						
<b>Group</b>						
<b>Non-derivative financial liabilities</b>						
Secured bank borrowings	3,707,466	3.94%-8.00%	3,842,664	110,008	3,732,656	-
Unsecured bank borrowings	1,290,491	1.16%-1.87%	1,368,925	101,705	1,267,220	-
Finance lease liabilities	39,807	2.32%-3.75%	41,117	14,263	21,085	5,769
Bank overdrafts	584	7.44%	637	637	-	-
Trade and other payables	924,285		924,285	915,705	8,580	-
	<u>5,962,633</u>		<u>6,177,628</u>	<u>1,142,318</u>	<u>5,029,541</u>	<u>5,769</u>
<b>Derivative financial liabilities</b>						
Interest rate swaps (net settled)	<u>1,252</u>		<u>1,252</u>	<u>1,252</u>	<u>-</u>	<u>-</u>
<b>Company</b>						
<b>Non-derivative financial liabilities</b>						
Amounts due to subsidiaries	1,906		1,906	1,906	-	-
Trade and other payables	<u>47,365</u>		<u>47,365</u>	<u>47,365</u>	<u>-</u>	<u>-</u>
	<u>49,271</u>		<u>49,271</u>	<u>49,271</u>	<u>-</u>	<u>-</u>
<b>1.1.2011</b>						
<b>Group</b>						
<b>Non-derivative financial liabilities</b>						
Secured bank borrowings	5,017,629	3.94%-8.00%	5,219,576	125,433	5,094,143	-
Unsecured bank borrowings	1,655,088	1.16%-1.87%	1,748,163	331,821	1,416,342	-
Finance lease liabilities	27,862	2.32%-3.75%	30,091	12,632	17,431	28
Bank overdrafts	10,549	7.44%	10,941	10,941	-	-
Trade and other payables	4,929,267		4,929,267	4,907,165	22,102	-
	<u>11,640,395</u>		<u>11,938,038</u>	<u>5,387,992</u>	<u>6,550,018</u>	<u>28</u>
<b>Derivative financial liabilities</b>						
Interest rate swaps (net settled)	<u>21,861</u>		<u>21,572</u>	<u>21,572</u>	<u>-</u>	<u>-</u>
<b>Company</b>						
<b>Non-derivative financial liabilities</b>						
Trade and other payables	<u>4,122,018</u>		<u>4,122,018</u>	<u>4,122,018</u>	<u>-</u>	<u>-</u>

**34. 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, Australian Dollar, Chinese Renminbi, Euro, British Pound, Swiss Franc and Malaysian Ringgit.

***Risk management objectives, policies and processes for managing the risk***

The Group uses foreign exchange forward contracts to hedge its foreign currency risk arising from USD-denominated long-term loans for its subsidiaries in Turkey. Most of the foreign exchange forward contracts have maturities of less than one year after the end of the reporting period. Where necessary, the foreign exchange forward contracts are rolled over at maturity.

In respect of other monetary assets and liabilities held in currencies other than the functional currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rate where necessary to address short term imbalances.

As at the end of the financial year, foreign exchange forward contracts of Group is as follows:

***Foreign exchange forward contracts used to hedge term loans***

Hedged item	Amount to be received ( USD'000)	Average contract rate	Equivalent Turkish Lira (TL'000)
Term loans	36,000	1.935	69,660
			<b>31.12.2012</b>
			<b>Nominal      Fair value/</b>
			<b>value      book value</b>
			<b>RM'000      RM'000</b>
<b>Group</b>			
Foreign exchange forward contract			119,732      7,448

There were no foreign exchange forward contracts outstanding as at 31.12.2011 and 1.1.2011.

## 34. 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 currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	Australian Dollar RM'000	British Pound RM'000	Chinese Renminbi RM'000	Malaysia Ringgit RM'000	Philippine Peso RM'000	Singapore Dollar RM'000	US Dollar RM'000	Turkish Lira RM'000	Swiss Franc RM'000	Euro RM'000	Others*
<b>31.12.2012</b>											
Other financial assets	-	-	-	-	-	-	63,583	-	-	-	-
Trade and other receivables	3,629	6,726	6,104	551,803	3,221	26,747	6,385	1,029	-	65	1,036
Cash and cash equivalents	8	234	-	97	-	153,416	40,068	-	-	-	163
Loans and borrowings	-	-	-	-	-	-	(604,759)	-	-	(117,009)	-
Trade and other payables	(11,627)	(16)	(267)	(30,978)	-	(146,396)	(230,272)	-	(5,217)	(3,502)	(42)
Financial derivatives	-	-	-	-	-	-	(13,334)	-	-	-	-
	(7,990)	6,944	5,837	520,922	3,221	33,767	(738,329)	1,029	(5,217)	(120,446)	1,157
<b>31.12.2011</b>											
Other financial assets	-	-	-	-	-	-	66,045	-	-	-	-
Trade and other receivables	2,643	-	1,998	1,184,206	2,029	597	2,274	-	-	-	1,420
Cash and cash equivalents	7	171	-	-	-	553,387	13,129	-	-	-	216
Trade and other payables	(11,579)	(285)	-	(2,259)	-	(1,945)	(1,334)	-	-	-	(40)
	(8,929)	(114)	1,998	1,181,947	2,029	552,039	80,114	-	-	-	1,596
<b>1.1.2011</b>											
Other financial assets	-	-	-	-	-	-	65,080	-	-	-	-
Trade and other receivables	1,633	-	666	-	1,447	4,022,970	16,288	-	-	-	813
Cash and cash equivalents	7	139	-	-	-	-	19,334	-	-	-	203
Trade and other payables	(11,194)	-	-	-	-	(4,022,970)	(1,308)	-	-	-	(1,396)
	(9,554)	139	666	-	1,447	-	99,394	-	-	-	(380)

\* Others include mainly Hong Kong Dollar, Indian Rupee and Thai Baht.

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### (v) Market risk (continued)

#### (a) Foreign currency risk (continued)

Company	31.12.2012		31.12.2011		1.1.2011	
	Singapore	US	Singapore	US	Singapore	US
	Dollars RM'000	Dollars RM'000	Dollars RM'000	Dollars RM'000	Dollars RM'000	Dollars RM'000
Trade and other receivables	-	-	-	-	4,022,970	-
Amounts due from subsidiaries	20,701	304	597	100	-	-
Cash and cash equivalents	152,925	654	553,387	-	-	-
Trade and other payables	(1,932)	(91)	(1,945)	(256)	(4,022,970)	-
Amounts due to subsidiaries	(60)	-	-	-	-	-
	171,634	867	552,039	(156)	-	-

#### Sensitivity analysis

A 10% strengthening of the following currencies against the respective functional currencies of the Group entities at the end of the reporting period would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Australian Dollar	(799)	(893)	-	-
British Pound	694	(11)	-	-
Chinese Renminbi	584	200	-	-
Malaysian Ringgit	52,092	118,195	-	-
Philippine Peso	322	203	-	-
Singapore Dollar	3,377	55,204	17,163	55,204
Turkish Lira	103	-	-	-
Swiss Franc	(522)	-	-	-
Euro	(12,045)	-	-	-
US Dollar	(73,833)	8,011	87	(16)
Others*	116	160	-	-
	(29,911)	181,069	17,250	55,188

\* Others include mainly Hong Kong Dollar, Indian Rupee and Thai Baht.

A 10% weakening of the above currencies against the respective functional currencies of the Group entities at the end of the reporting period would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

34. FINANCIAL INSTRUMENTS (CONTINUED)

(v) Market risk (continued)

(b) Interest rate risk

This relates to changes in interest rates which affect mainly the Group’s fixed deposits and its debt obligations with banks and financial institutions. The Group’s fixed-rate financial assets and borrowings are exposed to a risk of change in their fair value while the variable-rate financial assets and borrowings are exposed to a risk of change in cash flows. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group has no significant concentration of interest rate risk that may arise from exposure to Group’s fixed deposits and its obligations with banks and financial institutions.

*Risk management objectives, policies and processes for managing the risk*

The Group’s policy is to manage its interest cost using a mix of fixed and variable rate debts as well as by rolling over its fixed deposits and variable rate borrowings on a short-term basis. In respect of long-term borrowings, the Group may enter into interest rate derivatives to manage its exposure to adverse movements in interest rates.

Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the Group’s policy.

	31.12.2012		31.12.2011		1.1.2011	
	Nominal value RM’000	Fair value/ book value RM’000	Nominal value RM’000	Fair value/ book value RM’000	Nominal value RM’000	Fair value/ book value RM’000
Group						
Interest rate swaps	212,330	5,887	604,082	1,252	1,440,705	21,861
Interest rate caps	-	-	-	-	477,440	-
	212,330	5,887	604,082	1,252	1,918,145	21,861

**34. 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 reporting period are as follows:

	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>1.1.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Group</b>			
<b>Fixed rate instruments</b>			
Government debt securities held to maturity	28,025	27,066	26,753
Fixed deposits placed with licensed banks	1,093,631	895,399	764,963
Bank borrowings	(219,314)	-	-
Finance lease liabilities	(248,868)	(39,807)	(27,862)
<b>Variable rate instruments</b>			
Bank borrowings and overdrafts	(2,160,363)	(4,998,541)	(6,683,266)
Interest rate swaps	(5,887)	(1,252)	(21,861)
<b>Company</b>			
<b>Fixed rate instruments</b>			
Fixed deposits with licensed banks	670,143	543,562	-

***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, and the Group does not designate derivatives as hedging instrument under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

34. FINANCIAL INSTRUMENTS (CONTINUED)

(v) Market risk (continued)

(b) Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting period would increase/(decrease) amounts charged or credited to assets, profit or loss or equity as shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Group	Assets*		Profit before tax	
	100bp increase RM'000	100bp decrease RM'000	100bp increase RM'000	100bp decrease RM'000
31.12.2012				
Bank borrowings and overdrafts	-	-	(21,604)	21,604
Interest rate swaps	-	-	2,123	(1,062)
	-	-	(19,481)	20,542
31.12.2011				
Bank borrowings and overdrafts	13,043	(13,043)	(37,100)	37,100
Interest rate swaps	-	-	6,046	(6,046)
	13,043	(13,043)	(31,054)	31,054

\* Relates to interest capitalised in construction-in-progress and development properties.



**34. FINANCIAL INSTRUMENTS (CONTINUED)****(v) Market risk (continued)****(c) Equity price risk**

Equity price risk mainly arises from the Group's investment in quoted equity securities classified as available-for-sale financial assets.

The equity investments are held for long term strategic purposes. Their performance is assessed periodically together with assessment of their relevance to the Group's long term strategic plans.

At 31 December 2012, 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 RM66,658,000 (2011: RM52,578,000).

**(vi) Fair value of financial instruments*****Other financial assets and liabilities***

The notional amounts of financial assets and liabilities with a maturity of less than one year including trade and other receivables, cash and cash equivalents, trade and other payables approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

It is not practicable to reliably estimate the fair value of unquoted equity shares 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.

***Quoted investments***

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted closing bid prices at the end of the reporting period.

***Derivatives***

The fair value of foreign exchange forward contracts and interest rate swaps and caps is based on banker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### (vi) Fair value of financial instruments (continued)

#### *Derivatives (continued)*

The aggregate net fair values of recognised financial assets and liabilities which are not carried at fair value in the statement of financial position as at 31 December are represented in the following table:

Group	31.12.2012		31.12.2011		1.1.2011	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Government debt securities	28,025	27,989	27,066	27,068	26,753	26,830
Finance lease liabilities	(22,873)	(22,414)	(22,320)	(20,299)	(27,862)	(27,777)
Secured bank loans	(219,314)	(219,663)	-	-	(97,500)	(85,694)
	(214,162)	(214,088)	4,746	6,769	(98,609)	(86,641)

The following method summarises the methods used in determining the fair value of financial instruments reflected in the above table.

#### *Government debt securities*

The fair values of government debt securities are determined by reference to their quoted closing bid price at the end of the reporting period.

#### *Non-derivatives interest-bearing borrowings*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreements. The notional amounts of financial liabilities with a maturity of less than one year or which reprice frequently approximate their fair values.

#### *Interest rates used to determine fair value*

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	31.12.2012	31.12.2011	1.1.2011
Loans and borrowings	1.23% – 15.25%	1.16% – 8.00%	1.16% – 8.00%
Finance leases	2.30% – 19.09%	2.32% – 3.75%	2.32% – 3.75%

## 34. FINANCIAL INSTRUMENTS (CONTINUED)

### (vi) Fair value of financial instruments (continued)

#### *Fair value hierarchy*

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

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

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>31.12.2012</b>				
<b>Financial assets</b>				
Quoted available-for-sale investment	666,579	-	-	666,579
<b>Financial liabilities</b>				
Contingent consideration payable	-	66,684	-	66,684
Derivatives	-	13,335	-	13,335
<b>31.12.2011</b>				
<b>Financial assets</b>				
Quoted available-for-sale investment	525,780	-	-	525,780
<b>Financial liabilities</b>				
Derivatives	-	1,252	-	1,252
<b>1.1.2011</b>				
<b>Financial liabilities</b>				
Derivatives	-	21,861	-	21,861

35. 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 Directors monitor and maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

			Group	
	Note	31.12.2012	31.12.2011	1.1.2011
		RM'000	RM'000	RM'000
Loans and borrowings	20	2,628,545	5,038,348	6,711,128
Less: Cash and cash equivalents	18	(1,554,273)	(1,310,803)	(1,209,465)
Net debt		1,074,272	3,727,545	5,501,663
Total equity		18,220,501	10,037,351	3,131,284
Debt-to-equity ratios		0.06	0.37	1.76

There were no changes in the Group's approach to capital management during the financial year.

As at 31 December 2012 and 2011, the Group has two Murabaha facilities, comprising a Murabaha term facility of SGD500 million and a Murabaha revolving credit facility of SGD250 million due for repayment in 2015, under which the net debt to tangible net worth ratio of its wholly owned subsidiary, Parkway Holdings Limited, cannot exceed 1.5:1.

As at 31 December 2012, the Group has a term loan facility of USD200 million under which the debt service ratio, total net debt over EBITDA and total shareholder's equity over total assets of ASH and its subsidiaries should be more than 1.3 times, less than 4 times, and more than 10% respectively.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 2012 and 2011.

## 36. CAPITAL AND OTHER COMMITMENTS

	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000
Capital commitments not provided for in the financial statements:			
<i>Property, plant and equipment</i>			
- Amounts authorised and contracted for	1,059,474	523,971	1,074,700
- Amounts authorised but not contracted for	330,881	542,443	351,318
	<u>1,390,355</u>	<u>1,066,414</u>	<u>1,426,018</u>
Non-cancellable operating lease payable:			
- Within 1 year	271,959	515,572	167,426
- After 1 year but within 5 years	987,938	731,241	578,321
- After 5 years	1,381,660	738,484	851,402
	<u>2,641,557</u>	<u>1,985,297</u>	<u>1,597,149</u>
Non-cancellable operating lease receivable:			
- Within 1 year	45,635	31,304	36,257
- After 1 year but within 5 years	55,906	30,841	45,053
	<u>101,541</u>	<u>62,145</u>	<u>81,310</u>
Lease land premium			
- Less than one year	350	-	-

Based on the agreement between the Federal Government and the Group in 1994 for the use of Ministry of Health facilities, the agreement allows the Group to construct buildings in connection with the use of facilities for the training of students. The land was leased to the Group for a period of 30 years, commencing 1 January 1999.

In July 2012, the Group was informed by PesuruhJaya Tanah Persekutuan (Federal Land Commission) on the lease premium payable for the period from 1 January 1999 to 31 December 2013, of which RM350,000 is in relation to the lease premium payable for the year ending 31 December 2013.

The Group is unable to ascertain the amount of the lease premium from 2014 to 2029 as the lease amount payable is yet to be determined as at date of these financial statements.

## 37. CONTINGENCIES

In April 2008, a litigation claim was brought by one of the previous shareholders of Pantai Fomema Systems Sdn Bhd (formerly known as Anjur Dinamik Sdn. Bhd. "ADSB") against Pantai Support Services Sdn. Bhd. (PSS) [then wholly-owned by Pantai Holding Berhad (PHB)] and PHB. As at the date of these financial statements, the plaintiff had withdrawn the suit with no order as to cost and without the liberty to file afresh.

38. 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 30.

**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	
	2012	2011
	RM'000	RM'000
<u>With key management personnel and its associates</u>		
Sales and provision of services	205,937	-
Purchases and consumption of services	(55,467)	(137)
Rental expenses	(4,358)	-
<u>With associates</u>		
Management and acquisition fees received	21,801	19,042
Rental expenses	(142,903)	(133,146)
<u>With substantial shareholder and its subsidiaries, and joint ventures</u>		
Sales and provision of services	41,724	60,878
Purchases and consumption of services	(56,677)	(31,462)
Purchase of quoted available-for-sale financial assets	-	(488,860)
<u>With non-controlling shareholders of subsidiaries</u>		
Sales and provision of services	-	7,036
Purchases and consumption of services	(211)	(711)

## 38. RELATED PARTIES (CONTINUED)

	Company	
	2012	2011
	RM'000	RM'000
<i>With subsidiaries</i>		
Dividend income	6,024	16,141
Share based payment transactions	(17,578)	(11,599)

Significant related party balances related to the above transactions are disclosed in Notes 7, 8, 14 and 24. As at 31 December 2012, trade receivables due from key management personnel and its associates amounted to RM 47.8 million (31.12.2012: RM3.0 million; 1.1.2011: Nil).

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

From time to time, directors and key management personnel of the Group, or their related entities, may receive services and purchase goods from the Group. These services and purchases are on an arm's length basis.

## 39. ACQUISITIONS AND DISPOSALS

The external legal fees and due diligence costs related to acquisition activities are included in other operating expenses in the Group's consolidated statement of profit or loss and other comprehensive income and are disclosed in Note 29.

### *Effects of acquisitions of subsidiaries in 2012*

- (a) On 24 January 2012, IHHTSB, an indirect subsidiary of the Company, acquired 60% equity interest in ASYH and its subsidiaries for a total fair value consideration of approximately USD826,315,000. The purchase consideration is partially satisfied by net cash payment of USD262,949,000, and issuance of the Company's shares of a total value of approximately USD550,477,000.

The outstanding USD12,889,000 contingent consideration payable is subjected to further adjustments if the TL appreciated in value against the USD on 31 December 2012, as compared to the exchange rate used in the Sales and Purchase Agreement dated 23 December 2011, subjected to a cap of TL1.65/USD1. An amount of RM66,684,000 contingent consideration payable had been recognised in the other payables at the end of the reporting period.

As a result of the acquisition, for the 11-month to 31 December 2012, ASYH and its subsidiaries contributed revenue of RM2,058,530,000 and net profit after tax and non-controlling interests of RM2,097,000.

Pursuant to the Shareholder's Agreement dated 23 December 2011 between the Company, IHHTSB and two other non-controlling shareholders of ASYH, the non-controlling shareholders each have the option to convert up to 15% equity interest in ASYH into ordinary shares of the Company, within 10 years from 24 January 2012. The options are exercisable after the IPO of the Company. The relative prices in which ASYH shares are converted to shares of the Company, are based on the fair market values of the respective shares at the time the options are exercised.

- (b) On 31 January 2012, Pantai Group Resources Sdn. Bhd., a subsidiary of the Group entered into share sale agreement to acquire 100% equity interest in Twin Towers Healthcare Sdn. Bhd. ("TTHSB") in three phases: 70% equity interest of TTHSB in Phase 1 and 15% equity interest of TTHSB each in Phase 2 and Phase 3. The total cash consideration for the 70% equity interest in TTHSB in Phase 1 was RM14,344,200. Phase 2 and 3 are not completed as at the end of the reporting period.

39. ACQUISITIONS AND DISPOSALS (CONTINUED)

Effects of acquisitions of subsidiaries in 2012 (continued)

- (c) On 14 May 2012, ASYH through its subsidiaries acquired 99.99% equity interest of Acibadem Ortadoğu A.S. (formerly known as Acibadem Dış Sağlığı Hizmetleri A.Ş.) for a total consideration of TL535,000. Acibadem Ortadoğu A.S.'s principal activity is the provision of design, construction and management of hospitals and medical centres.
- (d) On 7 August 2012, Bodrum Tedavi Hizmetleri A.S. ("Bodrum Tedavi") acquired equity interest in the following subsidiaries in Turkey:

Name of subsidiary acquired	Equity interest	Purchase consideration	Principal activity
Medlife Clinic Ambulance ve Özel Sağlık Hizmetleri İthalat ve İhracat A.Ş.	99.99%	TL8,269,667	Provision of outpatient services
Bodrum Medikal Özel Sağlık Hizmetleri Turizm Gıda İnş Paz. İth. İhr. San ve Ticaret A.Ş.	99.99%	TL6,831,670	Provision of outpatient services
Özel Turgutreis Poliklinik Hizmetleri Ticaret A.Ş.	99.99%	TL99,576	Provision of outpatient services
Sesu Özel Sağlık Hizmetleri Tıbbi Malzemeler Ticaret Sanayi ve Ticaret A.Ş.	99.71%	TL2,716,793	Provision of outpatient services

Beside the above cash consideration, new shares of Bodrum Tedavi were issued for no consideration as part of the acquisition deal. The fair value of these Bodrum Tedavi shares issued was TL7.2 million.

- (e) On 5 November 2012, ASH acquired 100% equity interest of Turuncu Grup Sağlık Hizmetleri Danışmanlık İnşaat Ticaret A.Ş. ("Turuncu Grup") for a total cash consideration TL5.0 million. Turuncu Grup's principal activity is provision of healthcare services.
- (f) On 1 December 2012, Acibadem Poliklinikleri A.S. ("Acibadem Poliklinikleri") acquired 100% equity interest in Tolga Sağlık Hizmetleri A.S. ("Tolga Sağlık") for a total consideration of USD1,500,000. Tolga Sağlık's principal activity is the provision of healthcare services.
- (g) On 14 December 2012, ASH acquired 100% equity interest in BLAB Laboratuvar Hizmetleri A.S. ("BLAB Laboratuvar") for a total consideration of TL50,000. BLAB Laboratuvar's principal activity is the provision of laboratory services.

The effect on net profit and net assets contributed by the subsidiaries acquired in (b) to (g) are not material in relation to the consolidated net profit and net assets of the Group for the year.



## 39. ACQUISITIONS AND DISPOSALS (CONTINUED)

### *Effects of acquisitions of subsidiaries in 2012 (continued)*

The fair value of the purchase considerations relating to the above acquisitions are:

	<b>RM'000</b>
Cash payments	867,213
Contingent consideration payable	56,179
Issue of shares	1,500,675
	<u>2,424,067</u>

The effects of the above acquisitions are:

	<b>Note</b>	<b>Recognised values RM'000</b>
Property, plant and equipment	3	1,379,847
Intangible assets	5	1,434,275
Deferred tax assets	10	28,933
Inventories		41,124
Trade and other receivables		365,063
Tax recoverable		9,991
Derivative assets		4,194
Cash and cash equivalents		31,353
Employee benefits	23	(6,467)
Deferred tax liabilities	10	(381,003)
Bank borrowings		(1,740,233)
Trade and other payables		(449,851)
Tax payable		(3,247)
Derivative liabilities		(6,598)
Fair value of net assets acquired		<u>707,381</u>
Non-controlling interests, based on their proportionate interest in the recognised values of the net assets		(366,548)
Goodwill on acquisition	5	2,083,234
Total purchase consideration		<u>2,424,067</u>
Purchase consideration settled through		
- issue of Company shares		(1,488,246)
- issue of a subsidiary's shares		(12,429)
Less: Contingent consideration payable		(56,179)
Less: Cash and cash equivalents acquired		(31,353)
Net cash outflow		<u>(835,860)</u>

39. ACQUISITIONS AND DISPOSALS (CONTINUED)

Effects of disposals of subsidiaries in 2012

On 20 June 2012, Pantai Diagnostics Indonesia Sdn. Bhd. (“PDISB”) disposed off its entire 65% equity interest in PT Pantai Bethany Care International (“PTPBCI”) for a consideration of USD200,000.

Details of net assets disposed and cash flows arising from the disposal are as follows:

	Note	RM'000
Property, plant and equipment	3	793
Inventories		23
Trade and other receivables		223
Cash and bank equivalents		171
Trade and other payables		(1,211)
Tax payable		(53)
Other reserves		15
Non-controlling interest		(396)
Net assets disposed		(435)
Gain on disposal		1,064
Cash consideration received		629
Disposal proceeds discharged by cash		629
Cash and cash equivalents of subsidiaries disposed		(171)
Net cash inflows		458

## 39. ACQUISITIONS AND DISPOSALS (CONTINUED)

### *Effects of disposals of subsidiaries in 2011*

On 18 March 2011, PIV, disposed off its entire 100% equity interest in Pantai Support Services Sdn. Bhd. ("PSSSB") and its subsidiaries to Pulau Memutik Ventures Sdn. Bhd., a subsidiary of the former controlling shareholder of the Company, for a total cash consideration of RM2. The disposal of subsidiaries to the controlling shareholder is treated as common control transaction and the loss of disposal is recognised as distribution to the owner of the Company. The effect of net profit contributed by PSSSB is not material in relation to the consolidated net profit of the Group.

Details of net assets disposed and cash flows arising from the disposal are as follows:

	Note	RM'000
Property, plant and equipment	3	15,679
Concession rights	4	86,144
Deferred tax assets	10	110
Inventories		185
Trade and other receivables		48,740
Tax recoverable		252
Cash and bank equivalents		136,797
Trade and other payables		(71,066)
Tax payable		(2,448)
Loans and borrowings		(2)
Deferred tax liabilities	10	(8,079)
Retirement benefits	22	(581)
Non-controlling interest		(7,241)
Net assets disposed		198,490
Distribution to owners of the Company		198,490
Disposal proceeds discharged by cash		*
Cash and cash equivalents of subsidiaries disposed		(136,797)
Net cash outflow		(136,797)

\* represented by RM2.00

## 39. ACQUISITIONS AND DISPOSALS (CONTINUED)

### *Effects of dilution of interest in a subsidiary in 2012*

In February 2012, the Group disposed off its 4.64% equity interest in a wholly owned subsidiary, IHHTSB to Symphony Healthcare Holdings Limited ("Symphony") for a cash consideration of RM109.4 million.

IHHTSB also issued new shares to Symphony for a cash consideration of RM43.0 million. As a result, the Group's effective equity interest in IHHTSB was diluted from 95.36% to 93.65%.

The above transactions resulted in an increase in non-controlling interests and capital and legal reserve of RM152,317,000 and RM 56,000 respectively.

### *Effects of internal restructure in 2012*

(a) On 27 August 2012, Shanghai Shu Kang Hospital Investment Management Co., Ltd ("Shanghai Shu Kang") had entered into the following transactions:

- (i) Shanghai Property Right Exchange Contract with Shanghai International Trust Co., Ltd ("SIT") to acquire the remaining 70% equity interest in Shanghai Rui Pu Clinic Co., Ltd. ("Shanghai Rui Pu") for a total cash consideration of RMB37,768,640;
- (ii) Shanghai Property Right Exchange Contract with SIT to acquire 98% equity interest in Shanghai Rui Xiang Clinic Co., Ltd. ("Shanghai Rui Xiang") for a total cash consideration of RMB27,772,265; and
- (iii) Shanghai Property Right Exchange Contract with Shanghai International Group Assets Management Co., Ltd to acquire the remaining 2% equity interest in Shanghai Rui Xiang for a total cash consideration of RMB566,781.

(The acquisitions are collectively referred to as the "Proposed Internal Reorganisation")

On 11 September 2012, Shanghai Industrial and Commercial Bureau ("SICB") issued a revised business licence to Shanghai Rui Pu for the shareholder alteration of Shanghai Rui Pu. The validity period of the licence is from 11 September 2012 to 26 July 2025.

On 12 September 2012, SICB issued a revised business licence to Shanghai Rui Xiang for the shareholder alteration of Shanghai Rui Xiang. The validity period of the licence is from 12 September 2012 to 15 August 2020.

Upon the completion of the Proposed Internal Reorganisation, Shanghai Rui Pu and Shanghai Rui Xiang have become wholly-owned subsidiaries of Shanghai Shu Kang.

- (b) On 25 September 2012, Shanghai Shu Kang received the business licence from SICB for the establishment of a 100% owned special purpose vehicle named Shanghai Mai Kang Hospital Investment Management Co., Ltd ("Shanghai Mai Kang") in the People's Republic of China with an initial registered capital of RMB41,318,900. The intended principal activity of Shanghai Mai Kang is investment holding. The validity period of the licence is from 24 September 2012 to 23 September 2020.

**39. ACQUISITION AND DISPOSALS (CONTINUED)*****Effect of internal restructure in 2012 (continued)***

- (c) On 6 November 2012, Shanghai Shu Kang received the approval from SICB for the transfer of Shanghai Rui Pu and Shanghai Rui Xiang to Shanghai Mai Kang for RMB53,955,200 and RMB28,339,046 respectively.

Thereafter, Shanghai Rui Pu and Shanghai Rui Xiang on 6 November 2012 became wholly-owned subsidiaries of Shanghai Mai Kang.

- (d) On 29 November 2012, Shanghai Shu Kang received the approval from Chengdu High Tech Zone Administration Bureau of Industry and Commerce for the transfer of 100% equity interest in Chengdu Rui Rong Clinic Co. Ltd to Shanghai Mai Kang for a total consideration of RMB810,000.

The effects of the above internal restructuring resulted in an increase in capital and legal reserve of RM412,000, a decrease in retained earnings of RM4,185,000 and a decrease in non-controlling interests of RM2,080,000.

***Effects of acquisitions of non-controlling interests in 2012***

- (a) In February 2012, TTHSB acquired additional 2.5% of Twin Towers Medical Centres KLCC Sdn. Bhd. ("TTMC"), a subsidiary of TTHSB for a cash consideration of RM257,000, increasing TTHSB's equity interest in TTMC from 97.5% to 100%.

The effect of the transactions resulted in a decrease in non-controlling interests and retained earnings of RM77,000 and RM176,000 respectively.

- (b) On 9 April 2012, Almond Holding A.S. ("Almond") completed the mandatory tender offer for the balance of the publicly traded shares of ASH ("MTO"). Upon the completion of the MTO, Almond holds 97.3% equity interest in ASH.

On 16 August 2012, Almond completed the voluntary tender offer ("VTO") for the balance of 2.7% of the shares of ASH. Upon the completion of the VTO, Almond increased its equity interest in ASH from 97.3% to 98.4%.

Subsequently, the Istanbul Stock Exchange ("ISE") has approved the delisting of ASH and ASH shares have ceased to be traded on the ISE after the second session of 4 October 2012. Following this, the delisting process has been successfully completed.

## 39. ACQUISITIONS AND DISPOSALS (CONTINUED)

### *Effects of acquisitions of non-controlling interests in 2012 (continued)*

Any shareholders that were unable to redeem their shares during MTO and VTO have the right to sell their shares for a three-year period from 26 July 2012, being the date ISE granted its approval of ASH's delisting.

As at 31 December 2012, Almond's equity interest in ASH is 98.65%, following the tender of additional shares subsequent to ASH's delisting.

The effect of the MTO and VTO exercises resulted in a decrease in non-controlling interests and retained earnings of RM137,909,000 and RM165,835,000 respectively.

- (c) On 1 June 2012, IHHTSB issued 75,113,933 new shares to IHTYL for a cash consideration of RM75,114,000, resulting in Symphony's equity interest in IHHTSB to decrease from 6.35% to 6.16%.

On 23 July 2012, 56,203,299 new ordinary shares of the Company were issued to Symphony as consideration for the acquisition of Symphony's 6.16% equity interest in IHHTSB, pursuant to the shareholders agreement between the Company, IHTYL, IHHTSB and Symphony dated 8 February 2012.

After the acquisition, IHHTSB became a wholly owned subsidiary of the Group.

The effect of the transactions resulted in an increase of share capital and share premium of RM56,203,000 and RM101,166,000 respectively and a decrease in retained earnings and non-controlling interests of RM25,296,000 and RM132,073,000 respectively.

- (d) On 16 October 2012, ASYH acquired the remaining 0.01% equity interest in Almond for a total consideration of TL4. The said acquisition increased ASYH's shareholdings in Almond from 99.99% to 100%.

The effect of the transaction is not material in relation to the consolidated net profit and net assets of the Group.

- (e) On 1 December 2012, Konur Saglik Hizmetleri A.S. ("Konur Saglik") acquired 10.00% equity interest in Gemtip Ozel Saglik Hizmetleri Sanayi ve Ticaret Ltd. Sti. ("Gemtip Ozel") for a total consideration of TL30,000. The said acquisition increased Konur Sağlık shareholdings in Gemtip Özel from 58% to 68%.

The effect of the transactions resulted in a decrease in non-controlling interests of RM37,000 and an increase in retained earnings of RM23,000.

- (f) During the year, Acibadem Poliklinikleri acquired 7.45% equity interest in Konur Saglik for a total consideration of approximately TL429,000. The said acquisition increased Acibadem Poliklinikleri's shareholdings in Konur Saglik from 92.50% to 99.95%.

The effect of the transaction resulted in a decrease in non-controlling interests and retained earnings of RM477,000 and RM261,000 respectively.

## 39. ACQUISITIONS AND DISPOSALS (CONTINUED)

### *Effects of acquisitions of non-controlling interests in 2012 (continued)*

(g) On 17 December 2012, Shanghai Mai Kang has acquired the following entities in the People's Republic of China:

Name of Entity	Purchase consideration	Equity interest	The Group's effective equity interest in the Entity
Shanghai Rui Xin Healthcare Co., Ltd.	RMB41,780,000	30%	100% #
Shanghai Xin Rui Healthcare Co., Ltd.	RMB38,500,000	15%	85% #
Shanghai Rui Hong Clinic Co., Ltd.	RMB6,760,000	15%	85% #

# The balance of the equity interests are held by Medical Resources International Pte Ltd, an indirect wholly-owned subsidiary of the Company.

The effects of the transaction resulted in a decrease in capital and legal reserve and non-controlling interests of RM12,274,000 and RM30,324,000 respectively.

### *Effects of acquisition of non-controlling interests in 2011*

In October 2011, the Group acquired additional 30% equity interest in Shanghai Rui Pu for a consideration of RM4,252,000, increasing its effective interest from 49% to 79%.

The effect of the transaction resulted in an increase of capital and legal reserve of RM2,689,000 and a decrease in non-controlling interests of RM6,941,000.

The total effects of the acquisition of non-controlling interests for 2012 and 2011 recognised in the following line items in the statement of changes in equity are as follows:

	Share capital RM'000	Share Premium RM'000	Capital and legal reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000
<b>Group 2012</b>					
Acquisition of non-controlling interests	56,203	101,166	(12,274)	(191,545)	(300,897)
<b>2011</b>					
Acquisition of non-controlling interests	-	-	2,689	-	(6,941)

## 40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

In addition to the events mentioned in Note 39, other significant events during the year were:

- (a) On 3 April 2012, Pantai Group Resources Sdn. Bhd. had entered into Share Sale Agreement with IMU Health Sdn. Bhd. to dispose the entire equity interest comprising 400,000 ordinary shares of RM1.00 each in Pantai Education Sdn. Bhd., pursuant to the internal restructuring of the Group, for a total cash consideration of RM8,216,000 ("PESB Disposal").

The PESB Disposal was completed on 22 October 2012.

- (b) On 20 July 2012, Acibadem Poliklinikleri incorporated a 60%-owned subsidiary, Bodrum Tedavi in Turkey with initial paid-up capital of TL50,000. The principal activity of Bodrum Tedavi is provision of medical, surgical and hospital services.
- (c) In May and December 2012, ASYH issued new shares, in proportion, to its shareholders for a total consideration of RM1,212,644,000. The 40% non-controlling interests' share amounted to RM485,058,000.

The effects of the transactions (b), (c) and the issue of shares by Bodrum Tedavi disclosed in the effects of acquisition of subsidiaries in 2012, resulted in an increase in the non-controlling interests of RM497,487,000.

## 41. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- a) Reference is made to the Company's Prospectus dated 2 July 2012 wherein it was disclosed that ASH, an indirect subsidiary of the Company, has signed a share purchase agreement to acquire a 65% equity interest in Jinemed Saglik Hizmetleri A.S. ("Jinemed") which operates Jinemed Hospital and Jinemed Medical Centre in Istanbul Turkey ("Proposed Acquisition").

On 10 January 2013, the Proposed Acquisition was terminated in view of non-fulfilment of certain conditions precedent as stipulated in the share purchase agreement dated 1 February 2012 executed between ASH and the shareholders of Jinemed.

There will not be any material effect on the earnings or net assets of the Group for the financial year ended 31 December 2012 following the termination of the Proposed Acquisition.

- b) On 15 January 2013, ASH acquired the remaining 50% equity interest in Acibadem Labmed Saglik Hizmetleri A.S. ("Acibadem Labmed") for a total consideration of EUR3,250,000, which increased ASH's shareholdings in Acibadem Labmed from 50% to 100%.



## 41. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD (CONTINUED)

- c) On 7 March 2013, the merger of ASYH and its wholly owned subsidiary, Almond, was completed. All assets and liabilities of Almond were transferred to ASYH, and Almond was subsequently dissolved.
- d) On 13 March 2013, GHK Hospital Limited ("GHK"), a 60%-owned indirect subsidiary of the Company, signed a definitive Memorandum of Agreement and Conditions of Sale (Land Grant) and a Service Deed with the Government of Hong Kong Special Administrative Region, to purchase a parcel of land and for the construction, development and operation of a private hospital at Wong Chuk Hang, Hong Kong. The estimated capital investment for the hospital development project is approximately HKD5.0 billion (equivalent to RM1,993.0 million) which is inclusive of land cost of HKD1.7 billion (equivalent to RM673.0 million). The construction is expected to complete in late 2016.
- e) Between 1 January to 16 April 2013, the Company issued:
  - i) 56,173,988 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and
  - ii) 3,791,327 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIPs units.

## 42. SUBSIDIARIES

Details of subsidiaries are as follows:-

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<b><u>Direct subsidiaries</u></b>					
IMU Health Sdn. Bhd.	Malaysia	Investment holding	100	100	100
Integrated Healthcare Holdings Limited <sup>#</sup>	Federal Territory of Labuan Malaysia	Investment holding	100	100	100
Integrated Healthcare Holdings (Bharat) Limited <sup>#</sup>	Mauritius	Investment holding	100	100	-
Integrated Healthcare Holdings (Cayman Islands) Limited <sup>+</sup>	Cayman Islands	Dormant	100	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	-
Integrated (Mauritius) Healthcare Holdings Limited <sup>#</sup>	Mauritius	Investment holding	-	- <sup>^</sup>	100
Pantai Irama Ventures Sdn. Bhd. <sup>(6)</sup>	Malaysia	Investment holding	-	- <sup>^</sup>	100
<b><u>Indirect subsidiaries</u></b>					
<b>Held through IMU Health Sdn. Bhd.:</b>					
IMU Education Sdn. Bhd.	Malaysia	Management of educational institutions and other centres of learning	100	100	100
IMU Healthcare Sdn. Bhd.	Malaysia	Dormant	100	100	100

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
Pantai Education Sdn. Bhd.	Malaysia	Provision of educational programs and training courses for healthcare and related fields	100 <sup>(5)</sup>	-	-
<b>Held through Integrated Healthcare Holdings Limited:</b>					
Parkway Pantai Limited <sup>#</sup>	Singapore	Investment holding	100	100	-
Parkway Holdings Limited <sup>#</sup>	Singapore	Investment holding	-	- <sup>^</sup>	100
<b>Held through Integrated Healthcare Holdings (Bharat) Limited:</b>					
Integrated (Mauritius) Healthcare Holdings Limited <sup>#</sup>	Mauritius	Investment holding	100	100 <sup>^</sup>	-
<b>Held through Integrated Healthcare Turkey Yatirimlari Limited:</b>					
Integrated Healthcare Hastaneler Turkey Sdn. Bhd.	Malaysia	Investment holding	100	100	-
<b>Held through Parkway Pantai Limited:</b>					
Pantai Irama Ventures Sdn. Bhd.	Malaysia	Investment holding	100	100 <sup>^</sup>	-
Parkway HK Holdings Limited <sup>(1)#</sup>	Hong Kong	Investment holding	100	100	-
Parkway Holdings Limited <sup>#</sup>	Singapore	Investment holding	100	100 <sup>^</sup>	-
<b>Held through Integrated Healthcare Hastaneler Turkey Sdn. Bhd.:</b>					
Acıbadem Sağlık Yatırımları Holding A.Ş. <sup>#</sup>	Turkey	Investment holding	60	-	-

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through Acıbadem Sağlık Yatırımları Holding A.Ş.:</b>					
Almond Holding A.Ş. #	Turkey	Investment holding	60	-	-
APlus Hastane Otelcilik Hizmetleri A.Ş. #	Turkey	Provision of catering, laundry and cleaning services for hospitals	60	-	-
Acıbadem Proje Yönetimi A.Ş. #	Turkey	Supervise and manage the construction of healthcare facilities	60	-	-
<b>Held through Almond Holding A.Ş.:</b>					
Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. #	Turkey	Provision of medical, surgical and hospital services	59.2	-	-
<b>Held through Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş.:</b>					
Acıbadem Poliklinikleri A.Ş. #	Turkey	Provision of outpatient and surgical (in certain clinics only) services	59.2	-	-
Acıbadem Labmed Sağlık Hizmetleri A.Ş. #	Turkey	Provision of lab services	29.6	-	-
International Hospital İstanbul A.Ş. #	Turkey	Provision of medical, surgical and hospital services	53.3	-	-
Acıbadem Mobil Sağlık Hizmetleri A.Ş. # <sup>(7)</sup>	Turkey	Provision of emergency, home and ambulatory care services	59.2	-	-

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<b><u>Indirect subsidiaries (continued)</u></b>					
Yeni Sağlık Hizmetleri ve Ticaret A.Ş. #	Turkey	Provision of medical, surgical and hospital services	59.2	-	-
PZU Clinical Hospital Acıbadem Sistina Skopje #	Macedonia	Provision of medical, surgical and hospital services	29.8	-	-
Acıbadem Sistina Medikal Kompani Doo Skopje #	Macedonia	Provision of medical equipment	29.6	-	-
Acıbadem Ortadogu Saglik Yatirimlari A.Ş. # <sup>(8)</sup>	Turkey	Provision of design, construction and management of hospitals and medical centers	59.2	-	-
Turuncu Grup Sağlık Hizmetleri Danışmanlık İnşaat Ticaret A.Ş. #	Turkey	Provision of healthcare services	59.2	-	-
BLAB Laboratuvar Hizmetleri A.S. #	Turkey	Provision of laboratory services	59.2	-	-
<b>Held through Acıbadem Poliklinikleri A.Ş.:</b>					
Konur Sağlık Hizmetleri A.Ş. #	Turkey	Provision of outpatient and surgical services	59.2	-	-
Bodrum Tedavi Hizmetleri A.Ş. #	Turkey	Provision of medical, surgical and hospital services	35.5	-	-
Tolga Saglik Hizmetleri A.Ş. #	Turkey	Provision of healthcare services	59.2	-	-

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through Konur Sağlık Hizmetleri A.Ş.:</b>					
Gemtip Özel Sağlık Hizmetleri Sanayi ve Ticaret Ltd. Şti. #	Turkey	Provision of outpatient services	40.2	-	-
<b>Held through Bodrum Tedavi Hizmetleri A.Ş.</b>					
Medlife Clinic Ambulance ve Özel Sağlık Hizmetleri İthalat ve İhracat A.Ş. #	Turkey	Provision of outpatient services	35.5	-	-
Bodrum Medikal Özel Sağlık Hizmetleri Turizm Gıda İnşaat Pazarlama İthalat İhracat Sanayi ve Ticaret A.Ş. #	Turkey	Provision of outpatient services	35.5	-	-
Özel Turgut Reis Poliklinik Hizmetleri Ticaret A.Ş. #	Turkey	Provision of outpatient services	35.5	-	-
Sesu Özel Sağlık Hizmetleri Tıbbi Malzemeler ve Ticaret A.Ş. #	Turkey	Provision of outpatient services	35.4	-	-
<b>Held through PZU Clinical Hospital Acıbadem Sistina Skopje:</b>					
Specialist Ordination in Occupational Medicine Sistina Skopje #	Macedonia	Provision of specialist medical services	29.8	-	-
Clinical Hospital Acıbadem Sistina Skopje #	Kosovo	Provision of emergency, home and ambulatory care services	29.8	-	-

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through Pantai Irama Ventures Sdn. Bhd.:</b>					
Pantai Holdings Berhad	Malaysia	Investment holding	100	100	100
Pantai Support Services Sdn. Bhd. <sup>(2)</sup>	Malaysia	Investment holding and provision of management and consultation services to healthcare related service sectors	-	-	100
<b>Held through Pantai Holdings Berhad:</b>					
Pantai Group Resources Sdn. Bhd.	Malaysia	Investment holding	100	100	100
Pantai Hospitals Sdn. Bhd.	Malaysia	Investment holding and provision of management and consultation services to hospitals and medical centres	100	100	100
Pantai Management Resources Sdn. Bhd.	Malaysia	Provision of administration support, training, research and development services	100	100	100
Pantai Diagnostics Indonesia Sdn. Bhd.	Malaysia	Investment holding	100	100	100
Gleneagles (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100 <sup>^</sup>	-

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through Pantai Group Resources Sdn. Bhd.:</b>					
Credit Enterprise Sdn. Bhd.	Malaysia	Dormant	100	100	100
P.T. Pantai Healthcare Consulting <sup>(3)#</sup>	Indonesia	Provision of healthcare consulting services in Indonesia	100	100	100
Pantai Premier Pathology Sdn. Bhd.	Malaysia	Provision of medical laboratory services	100	100	100
Pantai Education Sdn. Bhd.	Malaysia	Provision of educational programs and training courses for healthcare and related fields	— <sup>(5)</sup>	100	100
Pantai Integrated Rehab Services Sdn. Bhd.	Malaysia	Provision of rehabilitation services	85	85	85
Mount Elizabeth Health Care Services Sdn. Bhd.	Malaysia	Provision of laboratory services to hospitals and clinics	100	100 <sup>^</sup>	—
Twin Towers Healthcare Sdn. Bhd.	Malaysia	Investment holding and provision of management services to its subsidiaries	70	—	—
<b>Held through Twin Towers Healthcare Sdn. Bhd.:</b>					
Twin Towers Medical Centre KLCC Sdn. Bhd.	Malaysia	Operation of an outpatient and day care medical centre	70	—	—



42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through Pantai Hospitals Sdn. Bhd.:</b>					
Pantai Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100	100
Cheras Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100	100
Pantai Klang Specialist Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100	100
Syarikat Tunas Pantai Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	80.7	80.7	80.7
Paloh Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	77.8	77.8	77.8
Hospital Pantai Ayer Keroh Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100	100
Hospital Pantai Indah Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100	100
Pantai Hospital Sungai Petani Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100	100

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
Pantai Screening Services Sdn. Bhd.	Malaysia	Manager and administrator for health screening services	100	100	100
Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. <sup>(4)</sup>	Malaysia	Provision of medical surgical and hospital services	100	100	100
Pantai Hospital Manjung Sdn. Bhd.	Malaysia	Dormant	100	100	100
Pantai Hospital Johor Sdn. Bhd.	Malaysia	Dormant	100	100	100
Kuala Lumpur Medical Centre (Asia Pacific) Sdn. Bhd.	Malaysia	Dormant	51	51	51
<b>Held through Pantai Diagnostics Indonesia Sdn. Bhd.:</b>					
P.T. Pantai Bethany Care International <sup>## (9)</sup>	Indonesia	Provision of medical diagnostics laboratory testing and analytical services	-	65	65
<b>Held through Pantai Medical Centre Sdn. Bhd.:</b>					
Angiography Sdn. Bhd.	Malaysia	Provision of cardiac catheterisation services	100	100	100
Magnetom Imaging Sdn. Bhd.	Malaysia	Provision of medical diagnostic services and other related ventures	100	100	100
PMC Radio-Surgery Sdn. Bhd.	Malaysia	Provision of radiotherapy facilities	100	100	100
Pantai-ARC Dialysis Services Sdn. Bhd.	Malaysia	Provision of haemodialysis services	51	51	51

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through Hospital Pantai Ayer Keroh Sdn. Bhd.:</b>					
HPAK Lithotripsy Services Sdn. Bhd.	Malaysia	Provision of lithotripter services	100	100	100
HPAK Cancer Centre Sdn. Bhd.	Malaysia	Provision of services for cancer diseases	100	100	100
<b>Held through Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.:</b>					
Oncology Centre (KL) Sdn. Bhd.	Malaysia	Provision of comprehensive professional oncological services	100	100	100
<b>Held through Mount Elizabeth Health Care Services Sdn. Bhd.:</b>					
Orifolio Options Sdn. Bhd.	Malaysia	Letting of property and general trading	100	100	100
<b>Held through Gleneagles (Malaysia) Sdn. Bhd.:</b>					
Pulau Pinang Clinic Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	70	70	70
GEH Management Services (M) Sdn. Bhd.	Malaysia	Provision of advisory, administrative, management and consultancy services to healthcare facilities	100	100^	-

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through Pantai Support Services Sdn. Bhd. <sup>(2)</sup>:</b>					
Pantai Medivest Sdn. Bhd.	Malaysia	Provision of clinical waste management, cleaning and maintenance services for hospitals	-	-	100
Pantai Health Informatics Sdn. Bhd.	Malaysia	Dormant	-	-	100
Pantai Fomema & Systems Sdn. Bhd.	Malaysia	Investment holding and supervision of medical examination of foreign workers in Malaysia	-	-	100
Pengkalan Usaha (M) Sdn. Bhd.	Malaysia	Dormant	-	-	100
Healthpac Industries Sdn. Bhd.	Malaysia	Dormant	-	-	100
Pantai Fomed Sdn. Bhd.	Malaysia	Dormant	-	-	100
<b>Held through Pantai Fomema &amp; Systems Sdn. Bhd. <sup>(2)</sup>:</b>					
Fomema Sdn. Bhd.	Malaysia	Monitoring of medical examination of foreign workers in Malaysia	-	-	75

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through Pantai Medivest Sdn. Bhd. <sup>(2)</sup>:</b>					
Aroma Laundry & Dry Cleaners Sdn. Bhd.	Malaysia	Provision of laundry and dry cleaning services	-	-	50.01
Pantai Medivest (India) Private Limited	India	Dormant	-	-	100
P.T. Jasa Medivest	Indonesia	Provision of waste management services in Indonesia	-	-	95
<b>Held through Parkway HK Holdings Limited:</b>					
Parkway Healthcare (Hong Kong) Limited <sup>#</sup>	Hong Kong	Provision of medical and healthcare outpatient services	95	95	-
GHK Hospital Limited <sup>###</sup>	Hong Kong	Private hospital ownership, development and management	60	-	-
<b>Held through Parkway Holdings Limited:</b>					
Parkway Properties Pte Ltd <sup>#</sup>	Singapore	Investment holding, struck-off in 2011	-	-	100
M & P Investments Pte Ltd <sup>#</sup>	Singapore	Investment holding	100	100	100
Westront Pte Ltd <sup>#</sup>	Singapore	Dormant, struck-off in 2011	-	-	100
Parkway Hospitals Singapore Pte. Ltd. <sup>#</sup>	Singapore	Private hospitals ownership and management	100	100	100

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
Parkway Trust Management Limited <sup>#</sup>	Singapore	Provision of management services to Parkway Life REIT	100	100	100
Parkway Group Healthcare Pte Ltd <sup>#</sup>	Singapore	Investment holding and provision of management and consultancy services	100	100	100
Parkway Investments Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	100	100	100
Parkway Novena Holdings Pte. Ltd. <sup>#</sup>	Singapore	Dormant	100	100	100
Parkway Novena Pte. Ltd. <sup>#</sup>	Singapore	Hospital construction and development	100	100 <sup>^</sup>	-
Parkway Irrawaddy Pte. Ltd. <sup>#</sup>	Singapore	Medical centre construction and development	100	100 <sup>^</sup>	-
Parkway Shenton Pte Ltd <sup>#</sup>	Singapore	Investment holding and operation of a network of clinics and provision of comprehensive medical and surgical advisory services	100	100 <sup>^</sup>	-
Medi-Rad Associates Ltd <sup>#</sup>	Singapore	Operation of radiology clinics	100	100 <sup>^</sup>	-

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
Parkway Laboratory Services Ltd <sup>#</sup>	Singapore	Provision of comprehensive diagnostic laboratory services	100	100 <sup>^</sup>	-
Gleneagles Medical Holdings Limited <sup>#</sup>	Singapore	Investment holding	100	100 <sup>^</sup>	-
Parkway College of Nursing and Allied Health Pte. Ltd. <sup>#</sup>	Singapore	Provision of courses in nursing and allied health	100	100 <sup>^</sup>	-
iXchange Pte. Ltd. <sup>#</sup>	Singapore	Agent and administrator for managed care and related services	100	100 <sup>^</sup>	-
Shenton Insurance Pte. Ltd. <sup>#</sup>	Singapore	Underwrite accident and healthcare insurance policies	100	100 <sup>^</sup>	-
Gleneagles CRC Pte Ltd <sup>#</sup>	Singapore	Operation of a clinical research centre	51	51 <sup>^</sup>	-
Gleneagles JPMC Sdn Bhd <sup>#</sup>	Brunei Darussalam	Management and operation of a cardiac and cardiothoracic care centre	75	75 <sup>^</sup>	-
Gleneagles Management Services Pte Ltd <sup>#</sup>	Singapore	Provision of advisory, administrative, management and consultancy services to healthcare facilities	100	100 <sup>^</sup>	-

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through M &amp; P Investments Pte Ltd:</b>					
S.P.I. Pte Ltd <sup>#</sup>	Singapore	Dormant, struck-off in 2011	-	-	100
<b>Held through Parkway Hospitals Singapore Pte Ltd:</b>					
Parkway Promotions Pte Ltd <sup>#</sup>	Singapore	Promoters and organisers of healthcare events	100	100	100
MENA Services Pte Ltd <sup>#</sup>	Singapore	Nursing agency	100	100 <sup>^</sup>	-
<b>Held through Parkway Group Healthcare Pte Ltd:</b>					
iXchange Pte. Ltd. <sup>#</sup>	Singapore	Agent and administrator for managed care and related services	-	- <sup>^</sup>	100
Parkway-Healthcare (Mauritius) Ltd <sup>##</sup>	Mauritius	Investment holding	100	100	100
Shenton Insurance Pte. Ltd. <sup>#</sup>	Singapore	Underwrite accident and healthcare insurance policies	-	- <sup>^</sup>	100
Mount Elizabeth Healthcare Holdings Ltd <sup>#</sup>	Singapore	Dormant	100	100	100
Parkway Healthtech Investments Pte Ltd <sup>#</sup>	Singapore	Investment holding	100	100	100
Gleneagles CRC Pte Ltd <sup>#</sup>	Singapore	Operation of a clinical research centre	-	- <sup>^</sup>	51
Gleneagles Medical Holdings Limited <sup>#</sup>	Singapore	Investment holding	-	- <sup>^</sup>	100
Gleneagles International Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	100	100	100



## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
Parkway Shenton Pte Ltd <sup>#</sup>	Singapore	Investment holding and operation of a network of clinics and provision of comprehensive medical and surgical advisory services	-	- <sup>^</sup>	100
Medical Resources International Pte Ltd <sup>#</sup>	Singapore	Investment holding	100	100	100
Swiss Zone Sdn. Bhd.	Malaysia	Dormant	100	100	100
Shanghai Gleneagles International Medical Surgical Center <sup>#</sup>	People's Republic of China	Provision of medical and healthcare services	70	70	70
Parkway (Shanghai) Hospital Management Ltd. <sup>#</sup>	People's Republic of China	Provision of management and consultancy services to healthcare facilities	100	100	100
Khubchandani Hospitals Private Limited <sup>###</sup>	India	Private hospital ownership	50	50	50
Parkway Education Pte. Ltd. <sup>#</sup>	Singapore	Dormant	100	100	100
Parkway College of Nursing and Allied Health Pte. Ltd. <sup>#</sup>	Singapore	Provision of courses in nursing and allied health	-	- <sup>^</sup>	100
SMG Medical Group Pte. Ltd.	Singapore	Dormant, struck off in 2011	-	-	100
<b>Held through Mount Elizabeth Healthcare Holdings Ltd:</b>					
Mount Elizabeth Medical Holdings Ltd. <sup>#</sup>	Singapore	Investment holding	-	- <sup>^</sup>	100

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
East Shore Medical Holdings Pte. Ltd. #	Singapore	Dormant	100	100	100
MENA Services Pte Ltd #	Singapore	Nursing agency	-	-^	100
Mount Elizabeth Ophthalmic Investments Pte Ltd #	Singapore	In liquidation	66.48	66.48	66.48
Mount Elizabeth Health Care Services Sdn. Bhd.	Malaysia	Provision of laboratory services to hospitals and clinics	-	-^	100
<b>Held through Healthtech Investments Pte Ltd:</b>					
Goldlink Investments Pte. Ltd. #	Singapore	Dormant	100	100	100
Drayson Investments Pte. Ltd. #	Singapore	Dormant	100	100	100
<b>Held through Goldlink Investments Pte. Ltd.:</b>					
Medi-Rad Associates Ltd #	Singapore	Operation of radiology clinics	-	-^	100
<b>Held through Medi-Rad Associates Ltd:</b>					
Radiology Consultants Pte Ltd #	Singapore	Radiology consultancy and interpretative services	100	100	100
<b>Held through Drayson Investments Pte. Ltd.:</b>					
Parkway Laboratory Services Ltd. #	Singapore	Provision of comprehensive diagnostic laboratory services	-	-^	100

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through Gleneagles CRC Pte Ltd:</b>					
Gleneagles CRC (Thailand) Company Limited <sup>##</sup>	Thailand	To conduct global and local clinical trials	51	51	51
Gleneagles CRC (China) Pte. Ltd. <sup>##</sup>	People's Republic of China	To conduct global and local clinical trials	51	51	51
Gleneagles Clinical Research International Pte. Ltd. <sup>#</sup>	Singapore	Operation of a clinical research centre	51	51	51
Gleneagles CRC Pty Ltd <sup>##</sup>	Australia	To conduct global and local clinical trials	51	51	51
<b>Held through Gleneagles Medical Holdings Limited:</b>					
Gleneagles Medical Centre Ltd <sup>#</sup>	Singapore	Dormant	-	- <sup>^</sup>	100
<b>Held through Gleneagles International Pte. Ltd.:</b>					
GEH Management Services (M) Sdn. Bhd.	Malaysia	Provision of advisory, administrative, management and consultancy services to healthcare facilities	-	- <sup>^</sup>	100
Gleneagles JPMC Sdn. Bhd. <sup>##</sup>	Brunei Darussalam	Management and operation of a cardiac and cardiothoracic care centre	-	- <sup>^</sup>	75
Gleneagles (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	-	- <sup>^</sup>	100

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
Gleneagles Management Services Pte Ltd <sup>#</sup>	Singapore	Provision of advisory, administrative, management and consultancy services to healthcare facilities	-	- <sup>^</sup>	100
Gleneagles Pharmacy Pte Ltd <sup>#</sup>	Singapore	Dormant	-	- <sup>^</sup>	100
Gleneagles Development Pte Ltd <sup>#</sup>	Singapore	Developing and managing turnkey hospital projects and investment holding	100	100	100
Gleneagles Hospital (UK) Limited <sup>##</sup>	United Kingdom	Investment holding	65	65	65
Gleneagles Technologies Services Pte Ltd <sup>#</sup>	Singapore	Dormant	-	- <sup>^</sup>	100
<b>Held through Gleneagles Hospital (UK) Limited:</b>					
The Heart Hospital Limited <sup>##</sup>	United Kingdom	Under company voluntary liquidation arrangement	65	65	65
The Heart Hospital Properties Limited <sup>##</sup>	United Kingdom	Dormant, struck off during the year	-	-	65

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through Parkway Shenton Pte Ltd:</b>					
Gleneagles Maritime Medical Centre (China) Limited <sup>##</sup>	Hong Kong	Dormant, struck off in 2011	-	-	100
Nippon Medical Care Pte Ltd <sup>#</sup>	Singapore	Operation of clinics	70	70	70
Parkway Shenton International Holdings Pte. Ltd. <sup>#</sup>	Singapore	Investment holding	100	100	100
Shenton Family Medical Clinics Pte Ltd <sup>#</sup>	Singapore	To provide, establish and carry on the business of clinics	100	100	100
Shenton Medical Holdings Pte Ltd <sup>#</sup>	Singapore	Dormant, struck off in 2011	-	-	100
<b>Held through Parkway Shenton International Holdings Pte. Ltd.:</b>					
Parkway Shenton Vietnam Limited <sup>+</sup>	Vietnam	Dormant	100	100	100

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through Medical Resources International Pte Ltd.:</b>					
Shanghai Rui Xin Healthcare Co., Ltd. #	People's Republic of China	Provision of medical and healthcare outpatient services	100 <sup>(10)</sup>	70	70
Shanghai Rui Hong Clinic Co., Ltd. #	People's Republic of China	Provision of medical and healthcare outpatient services	85 <sup>(12)</sup>	70	70
Shanghai Xin Rui International Healthcare Co., Ltd. #	People's Republic of China	Provision of medical and healthcare outpatient services	85 <sup>(11)</sup>	70	70
Shanghai Gleneagles Hospital Management Co., Ltd. #	People's Republic of China	Provision of management and consultancy services to healthcare facilities	100	100	-
<b>Held through Shanghai Rui Xin Healthcare Co., Ltd.:</b>					
Shanghai Rui Pu Clinic Co., Ltd. #	People's Republic of China	Provision of medical and healthcare outpatient services	- ^^	79	49
<b>Held through Shanghai Rui Hong Clinic Co., Ltd.:</b>					
Shanghai Rui Xiang Clinic Co., Ltd. #	People's Republic of China	Provision of medical and healthcare outpatient services	- ^^	70	70

## 42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through Parkway (Shanghai) Hospital Management Ltd.:</b>					
Shanghai Shu Kang Hospital Investment Management Co., Ltd. #	People's Republic of China	Investment holding	100	100	-
<b>Held through Shanghai Shu Kang Hospital Investment Management Co., Ltd.:</b>					
Chengdu Rui Rong Clinic Co., Ltd. #	People's Republic of China	Provision of medical and healthcare outpatient services	-^^	100	-
Shanghai Mai Kang Hospital Investment Management Co., Ltd. #	People's Republic of China	Investment holding	100	-	-
<b>Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd.:</b>					
Chengdu Rui Rong Clinic Co., Ltd. #	People's Republic of China	Provision of medical and healthcare outpatient services	100^^	-	-
Shanghai Rui Pu Clinic Co., Ltd. #	People's Republic of China	Provision of medical and healthcare outpatient services	100^^	-	-
Shanghai Rui Xiang Clinic Co., Ltd. #	People's Republic of China	Provision of medical and healthcare outpatient services	100^^	-	-

42. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect subsidiaries (continued)</u>					
<b>Held through Parkway Investments Pte. Ltd.:</b>					
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^	-
<b>Held through Parkway Novena Holdings Pte. Ltd.:</b>					
Parkway Novena Pte. Ltd. #	Singapore	Hospital construction and development	-	-^	100
Parkway Irrawaddy Pte. Ltd. #	Singapore	Medical centre construction and development	-	-^	100



## 42. SUBSIDIARIES (CONTINUED)

- <sup>1</sup> Parkway Pantai Limited holds 50% shares in Parkway HK Holdings Limited. The other 50% shares is held by Parkway Holdings Limited.
- <sup>2</sup> Pantai Support Services Sdn. Bhd. and its subsidiaries were disposed during the prior year.
- <sup>3</sup> Pantai Group Resources Sdn. Bhd. holds 50% shares in P.T. Pantai Healthcare Consulting. The other 50% is held by Pantai Hospitals Sdn. Bhd.
- <sup>4</sup> Pantai Hospitals Sdn. Bhd. holds 70% shares in Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. The other 30% is held by Gleneagles (Malaysia) Sdn. Bhd.
- <sup>5</sup> Shares were transferred from Pantai Group Resources Sdn. Bhd. to IMU Health Sdn. Bhd. pursuant to an internal restructuring during the year.
- <sup>6</sup> As at 31 December 2010, the Company holds 60% shares in Pantai Irama Ventures Sdn. Bhd. The remaining 40% share was held by Swiss Zone Sdn. Bhd.
- <sup>7</sup> ASH and Acibadem Poliklinikleri holds 17.78% and 82.22% equity interest in Acibadem Mobil Sağlık Hizmetleri A.Ş. respectively.
- <sup>8</sup> Acibadem Ortadogu Saglik Yatirimlari A.Ş.'s shares are owned by ASH (75.0%), Acibadem Mobil Sağlık Hizmetleri A.Ş. (5%), Acibadem Poliklinikleri (10%), APlus Hastane ve Otelcilik Hizmetleri (4.998%) and Acibadem Proje Yonetimi A.Ş. (5%).
- <sup>9</sup> P.T. Pantai Bethany Care International was disposed off during the year.
- <sup>10</sup> Medical Resources International Pte Ltd holds 70% shares in Shanghai Rui Xin Healthcare Co., Ltd. The other 30% is held by Shanghai Mai Kang Hospital Investment Management Co., Ltd.
- <sup>11</sup> Medical Resources International Pte Ltd holds 70% shares in Shanghai Xin Rui Healthcare Co., Ltd. The other 15% is held by Shanghai Mai Kang Hospital Investment Management Co., Ltd.
- <sup>12</sup> Medical Resources International Pte Ltd holds 70% shares in Shanghai Rui Hong Clinic Co., Ltd. The other 15% is held by Shanghai Mai Kang Hospital Investment Management Co., Ltd.
- <sup>\*</sup> Notwithstanding that the equity interest is not more than 50%, the Company has accounted for Khubchandani Hospitals Private Limited as a subsidiary in accordance with MFRS 27 Consolidated and Separate Financial Statements, on the basis that the Company, by virtue of the existence of currently exercisable potential voting rights, has the ability to control the financing and operating decisions of the subsidiary.
- <sup>^</sup> Shares were transferred within the Group pursuant to an internal restructuring during the prior year.
- <sup>^^</sup> Shares were transferred within the Group pursuant to an internal restructuring during the year.
- <sup>#</sup> Audited by other member firms of KPMG International.
- <sup>##</sup> Audited by firms other than member firms of KPMG International.
- <sup>###</sup> Audit firm not yet appointed as at 31 December 2012.
- <sup>+</sup> Audit is not required.

## 43. ASSOCIATES

Details of associates are as follows:

Name of associate	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect associates</u>					
<b>Held through Parkway Holdings Ltd:</b>					
Phil, Inc <sup>+</sup>	United States of America	Dormant, administratively dissolved in 2011	-	-	40
Kyami Pty Ltd <sup>+</sup>	Australia	Investment holding	30	30	30
<b>Held through Kyami Pty Ltd:</b>					
Royalmist Properties Pty Ltd <sup>+</sup>	Australia	Property investment and development	30	30	30
<b>Held through Gleneagles (Malaysia) Sdn Bhd:</b>					
Gleneagles Medical Centre (Kuala Lumpur) Sdn Bhd <sup>##</sup>	Malaysia	Medical centre development, ownership and management	30	30	30
<b>Held through Gleneagles Medical Holdings Limited:</b>					
PT Tritunggal Sentra Utama Surabaya <sup>##</sup>	Indonesia	Provision of medical diagnostic services	30	30	30
Asia Renal Care Mount Elizabeth Pte Ltd <sup>##</sup>	Singapore	Provision of medical services	20	20 <sup>^</sup>	-
Asia Renal Care (Katong) Pte Ltd <sup>##</sup>	Singapore	Provision of medical services	20	20 <sup>^</sup>	-
<b>Held through Mount Elizabeth Medical Holdings Limited:</b>					
Asia Renal Care Mount Elizabeth Pte Ltd <sup>##</sup>	Singapore	Provision of medical services	-	- <sup>^</sup>	20
<b>Held through East Shore Medical Holdings Limited:</b>					
Asia Renal Care (Katong) Pte Ltd <sup>##</sup>	Singapore	Provision of medical services	-	- <sup>^</sup>	20

#### 43. ASSOCIATES (CONTINUED)

Name of associate	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect associates (continued)</u>					
<b>Held through Gleneagles Development Pte Ltd:</b>					
Gleneagles International Hospital (Lanka) Limited <sup>1##</sup>	Sri Lanka	Dormant	-	-	40
<b>Held through Medi-Rad Associates Ltd:</b>					
Positron Tracers Pte. Ltd. <sup>#</sup>	Singapore	Ownership and operation of a cyclotron	33	33	33
<b>Held through Parkway Investments Pte. Ltd.:</b>					
Parkway Life Real Estate Investment Trust <sup>(1)#</sup>	Singapore	Real estate investment trust	35.8	35.8	35.8

<sup>(1)</sup> Parkway Investments Pte. Ltd. holds 35.25% units in Parkway Life Real Estate Investment Trust. The other 0.55% units are held by Parkway Trust Management Limited and Integrated Healthcare Holdings Limited.

<sup>^</sup> Shares were transferred within the Group pursuant to an internal restructuring during the year.

<sup>#</sup> Audited by other member firms of KPMG International.

<sup>##</sup> Audited by firms other than member firms of KPMG International.

<sup>+</sup> Audit is not required.

## 44. JOINT VENTURES

Details of joint ventures are as follows:

Name of joint venture	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect joint ventures</u>					
<b>Held through Gleneagles Development Pte. Ltd.:</b>					
Apollo Gleneagles Hospital Ltd <sup>##</sup>	India	Private hospital ownership and management	50	50	50
<b>Held through Parkway-Healthcare (Mauritius) Ltd:</b>					
Apollo Gleneagles PET-CT Limited <sup>##</sup>	India	Operation of PET-CT radio imaging centre	50	50	50
<b>Held through Parkway Shenton Pte Ltd:</b>					
Hale Medical Clinic (Concourse) Pte. Ltd. <sup>##</sup>	Singapore	Operation of medical clinic	50	50	50
<b>Held through Shenton Family Medical Clinics Pte Ltd:</b>					
Shenton Family Medical Clinic (Ang Mo Kio) <sup>+</sup>	Singapore	Operation of medical clinic	50	50	50
Shenton Family Medical Clinic (Bedok Reservoir) <sup>+</sup>	Singapore	Operation of medical clinic	50	50	50
Shenton Family Medical Clinic (Bukit Gombak) <sup>+</sup>	Singapore	Operation of medical clinic	50	50	50
Shenton Family Medical Clinic (Clementi) <sup>+</sup>	Singapore	Operation of medical clinic	50	50	50
Shenton Family Medical Clinic (Duxton) <sup>+</sup>	Singapore	Operation of medical clinic	50	50	50
Shenton Family Medical Clinic (Jurong East) <sup>+</sup>	Singapore	Operation of medical clinic	50	50	50

**44. JOINT VENTURES (CONTINUED)**

Name of joint venture	Place of incorporation and business	Principal activities	Effective equity interest held		
			31.12.2012 %	31.12.2011 %	1.1.2011 %
<u>Indirect joint ventures (continued)</u>					
Shenton Family Medical Clinic (Serangoon) <sup>+</sup>	Singapore	Operation of medical clinic	50	50	50
Shenton Family Medical Clinic (Tampines) <sup>+</sup>	Singapore	Operation of medical clinic	50	50	50
Shenton Family Medical Clinic (Yishun) <sup>+</sup>	Singapore	Operation of medical clinic	50	50	50
Shenton Family Medical Clinic (Towner) <sup>+</sup>	Singapore	Operation of medical clinic	50	50	50
<b>Held through M &amp; P Investments Pte Ltd:</b>					
Karington Holdings Pte Ltd <sup>##</sup>	Singapore	Dormant, struck off in 2011	-	-	50

<sup>##</sup> Audited by firms other than member firms of KPMG International.

<sup>+</sup> Audit is not required

**45. EXPLANATION OF TRANSITION TO MFRSS**

As stated in note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in note 2 have been applied in preparing the financial statements of the Group and of the Company for the year ended 31 December 2012, the comparative information presented in these financial statements for the year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have significant financial impact to the opening statement of financial position of the Group and the Company at 1 January 2011 and the comparative financial information for the year ended 31 December 2011. Accordingly, there are no material differences between the Group's and the Company's statements of financial positions, profit or loss and other comprehensive income and cash flows prepared under MFRSs and the Group's and the Company's statements of financial positions, profit or loss and other comprehensive income and cash flows prepared under FRSS.

## 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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
Total retained earnings of the Company and its subsidiaries				
- realised	530,183	180,973	18,800	81,248
- unrealised	265,287	48,309	109,192	84,577
	795,470	229,282	127,992	165,825
Total share of retained earnings of associates				
- realised	10,732	14,971	-	-
- unrealised	105,136	57,400	-	-
	115,868	72,371	-	-
Total share of retained earnings of joint ventures				
- realised	36,842	24,984	-	-
- unrealised	3,650	3,650	-	-
	40,492	28,634	-	-
Consolidation adjustments	(49,273)	(30,113)	-	-
Total retained earnings	902,557	300,174	127,992	165,825

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

# LIST OF PROPERTIES

## List of Top 10 Properties for the Financial Year Ended 31 December 2012

No.	Address	Freehold/Leasehold Land and/or Buildings	Year of Expiry of Lease	Land Area Sq m	Built-up Area Sq m	Existing Use	Approximate Age of Buildings	Net Book Value RM'000
<b>Singapore</b>								
1	<b>Mount Elizabeth Novena Hospital</b> 38 Irrawaddy Road Singapore 329563	Leasehold land and building	2108	17,226	56,330	Hospital and medical office building	Less than 1 year	3,706,123
<b>Malaysia</b>								
2	<b>Pantai Hospital Kuala Lumpur</b> 8 Jalan Bukit Pantai 59100 Kuala Lumpur	Leasehold land and building	2111	22,533	130,784	Hospital building	9 years	187,798 *
3	<b>Gleneagles Medical Centre Penang</b> 1 Jalan Pangkor 10050 Penang	Freehold land and building	-	12,411	71,743	Hospital building	15 years and less than 1 year for new extension block	161,382 *
4	<b>Gleneagles Kuala Lumpur</b> 286 Jalan Ampang 50450 Kuala Lumpur	Freehold land and building	-	13,552	29,947	Hospital building	14 years	159,200 *
5	<b>IMU</b> 126, Jalan Jalil Perkasa 19 Bukit Jalil 57000 Kuala Lumpur	Freehold land and building	-	13,000	51,418	University	6 years	106,357
<b>Turkey</b>								
6	<b>International Hospital</b> Istanbul Cad. No:82 34149 Yesilköy, Istanbul	Freehold land and building	-	3,918	19,000	Hospital building	20 years	121,581 ^
7	<b>Acibadem Bursa Hospital</b> Fatih Sultan Mehmet Bulvari Sümer Sok. No:1 16110 Nilufer, Bursa	Freehold land and building	-	6,523	29,281	Hospital building	7 years	117,649 ^
8	<b>Acibadem Kayseri Hospital</b> Seyitgazi Mah. Mustafa Kemal Pasa Bulvari No:1/1-A Melikgazi, Kayseri	Freehold land and building	-	2,844	20,013	Hospital building	4 years	95,264 ^
9	<b>Acibadem Ankara Hospital</b> Turan Günes Bulvari 630. Sokak No:6 Oran, Çankaya, Ankara	Freehold land and building	-	1,692	8,948	Hospital building	Less than 1 year	76,737 ^
10	<b>Acibadem Adana Hospital</b> Cumhuriyet Cad. No:66 01130 Seyhan, Adana	Freehold land and building	-	5,132	14,800	Hospital building	4 years	72,714 ^

### Notes:

\* Properties were revalued in 2010 pursuant to a purchase price allocation performed upon acquisition of Parkway Group

^ Properties were revalued in 2012 pursuant to a purchase price allocation performed upon acquisition of Acibadem Holdings Group

# ANALYSIS OF SHAREHOLDINGS

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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	: RM8,121,235,493.00 divided into 8,121,235,493 ordinary shares of RM1.00 each
Voting right	: One vote per ordinary share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Shareholders				Shares			
	Malaysian		Foreign		Malaysian		Foreign	
	No.	%	No.	%	No.	%	No.	%
Less than 100	30	0.26	0	0.00	442	0.00	0	0.00
100 - 1,000	2,761	24.34	25	0.22	2,477,242	0.03	19,528	0.00
1,001 - 10,000	6,404	56.45	91	0.80	29,527,869	0.36	471,300	0.01
10,001 - 100,000	1,504	13.26	109	0.96	38,213,859	0.47	5,514,658	0.07
100,001 - 406,061,773 *	102	0.90	315	2.78	714,687,852	8.80	1,474,242,748	18.15
406,061,774 and above **	1	0.01	2	0.02	3,680,570,634	45.32	2,175,509,361	26.79
<b>Total</b>	<b>10,802</b>	<b>95.22</b>	<b>542</b>	<b>4.78</b>	<b>4,465,477,898</b>	<b>54.98</b>	<b>3,655,757,595</b>	<b>45.02</b>

Notes:

\* Less than 5% of issued and paid-up share capital

\*\* 5% and above of issued and paid-up share capital

## CATEGORY OF SHAREHOLDERS

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares held	% of Issued Shares
Individuals	9,640	84.98	60,629,715	0.75
Banks/Finance Companies	50	0.44	242,709,400	2.99
Investments Trusts/Foundations/Charities	1	0.00	100,000	0.00
Other Types of Companies	129	1.14	5,337,738,134	65.72
Government Agencies/Institutions	3	0.03	8,627,800	0.11
Nominees	1,521	13.41	2,471,430,444	30.43
Others	0	0.00	0	0.00
<b>Total</b>	<b>11,344</b>	<b>100.00</b>	<b>8,121,235,493</b>	<b>100.00</b>



# ANALYSIS OF SHAREHOLDINGS

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## 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	3,680,570,634	45.32	-	-
2.	Khazanah Nasional Berhad	-	-	3,680,570,634 <sup>i</sup>	45.32
3.	MBK Healthcare Partners Limited	1,650,000,000	20.32	-	-
4.	Mitsui & Co., Ltd	-	-	1,650,000,000 <sup>ii</sup>	20.32
5.	Employees Provident Fund	518,136,600	6.38 <sup>iii</sup>	-	-

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)

Ordinary shares of RM1.00 each

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	1,098,000	0.01	-	-
2. Dato' Mohammed Azlan bin Hashim	250,000	0.00	-	-
3. Dr Lim Cheok Peng	26,308,000	0.32	7,000 <sup>i</sup>	0.00
4. Dr Tan See Leng	17,018,000	0.21	-	-
5. Mehmet Ali Aydinlar	103,500,000	1.27	160,790,861 <sup>ii</sup>	1.98
6. Kuok Khoo Ean	250,000	0.00	-	-
7. Chang See Hiang	100,000	0.00	-	-
8. Ahmad Shahizam bin Mohd Shariff (Alternate Director to Dr Tan See Leng)	1,598,000	0.02	-	-

Notes:

- i Deemed interest by virtue of his son-in-law, Dr Thng Yong Xian's shareholding in the Company.
- ii Deemed interest by virtue of his wife, Hatice Seher Aydinlar's shareholding in the Company and SZA Gayrimenkul Yatirim İnşaat ve Ticaret A.Ş.'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.

**DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS (CONTINUED)**  
**(As per Register of Directors' Shareholdings)****Equity Participation Plan ("EPP")****Number of options over ordinary shares of RM1.00 each**

<b>Interest in the Company</b>		<b>Direct Interest No. of EPP Options Granted but Not Yet Vested</b>
1.	Tan Sri Dato' Dr Abu Bakar bin Suleiman	4,000,000
2.	Dr Lim Cheok Peng	18,750,000
3.	Dr Tan See Leng	18,750,000
4.	Ahmad Shahizam bin Mohd Shariff (Alternate Director to Dr Tan See Leng)	4,500,000

**Long Term Incentive Plan ("LTIP")****Number of units convertible into ordinary shares of RM1.00 each**

<b>Interest in the Company</b>		<b>Direct Interest No. of LTIP Units Granted but Not Yet Vested</b>
1.	Tan Sri Dato' Dr Abu Bakar bin Suleiman	66,000
2.	Dr Lim Cheok Peng	2,421,000
3.	Dr Tan See Leng	2,167,000
4.	Ahmad Shahizam bin Mohd Shariff (Alternate Director to Dr Tan See Leng)	567,000

Save as disclosed above, none of the Directors of the Company has any interest direct or indirect in the Company and its related corporations.

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2013

IHH Healthcare Berhad  
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## LIST OF TOP THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	% of Issued Shares
1.	Pulau Memutik Ventures Sdn Bhd	3,680,570,634	45.32
2.	MBK Healthcare Partners Limited	1,650,000,000	20.32
3.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for The Central Depository (Pte) Limited	525,509,361	6.47
4.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	402,044,300	4.95
5.	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Kuwait Investment Authority	150,000,000	1.85
6.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	147,095,816	1.81
7.	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	136,258,200	1.68
8.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Saudi Arabia)	109,312,633	1.35
9.	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	86,214,500	1.06
10.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	83,201,942	1.02
11.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Blackrock Global Allocation Fund, Inc.	82,921,800	1.02
12.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for UBS AG Singapore (Foreign)	56,203,299	0.69
13.	Citigroup Nominees (Asing) Sdn Bhd CBNY for International Finance Corporation	50,000,000	0.62
14.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	42,974,476	0.53
15.	HSBC Nominees (Asing) Sdn Bhd TNTC for Saudi Arabian Monetary Agency	40,109,600	0.49
16.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank Luxembourg S.A.	33,387,336	0.41
17.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Bank of New York Mellon (BNYM AS E&A)	31,470,500	0.39
18.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Matthews Pacific Tiger Fund	27,846,700	0.34
19.	Amanahraya Trustees Berhad Amanah Saham Wawasan 2020	27,073,100	0.33
20.	Permodalan Nasional Berhad	23,982,900	0.30

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2013

## LIST OF TOP THIRTY LARGEST SHAREHOLDERS (CONTINUED)

No.	Name	No. of Shares Held	% of Issued Shares
21.	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Monetary Authority of Singapore (H)	22,515,700	0.28
22.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	22,249,700	0.27
23.	HSBC Nominees (Asing) Sdn Bhd BNY Lux for Global Allocation Fund (Blackrock GBL F)	21,550,700	0.27
24.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Blackrock Global Allocation V.I. Fund (Blackrock V SF)	16,869,100	0.21
25.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt AN for Eastspring Investments Berhad	13,091,300	0.16
26.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Bank of New York Mellon (Mellon Acct)	12,378,048	0.15
27.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	11,320,000	0.14
28.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund HG09 for International Fund (AM FUNDS INS SR)	11,200,000	0.14
29.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Taiwan)	10,776,612	0.13
30.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank (Ireland) Public Limited Company	10,555,301	0.13
Total		7,538,683,558	92.83

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Third Annual General Meeting of IHH HEALTHCARE BERHAD ("IHH" or "the Company") will be held at The Gardens Ballroom, The Gardens Hotel & Residences, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia on Tuesday, 25 June 2013 at 10.00 a.m. for the following purposes:

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Article 113(1) of the Articles of Association of the Company:
  - (i) Tan Sri Dato' Dr Abu Bakar bin Suleiman Ordinary Resolution 1
  - (ii) Dr Lim Cheok Peng Ordinary Resolution 2
  - (iii) Dato' Mohammed Azlan bin Hashim Ordinary Resolution 3
3. To re-elect YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz who retires pursuant to Article 120 of the Articles of Association of the Company. Ordinary Resolution 4
4. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. Ordinary Resolution 5

## AS SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

5. **AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965** Ordinary Resolution 6

"THAT subject to the Companies Act, 1965, the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution in any one financial year does not exceed ten per centum (10%) of the nominal value of the issued and paid up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

6. **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**

Ordinary Resolution 7

“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 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, subject always that the total allocation shall not exceed the aggregate value of Ringgit Malaysia 234,000 (“Value 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 Value Allocation 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, subject always 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.”

7. **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 LIM CHEOK PENG**

Ordinary Resolution 8

“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 Lim Cheok Peng, the Managing 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, subject always that the total allocation shall not exceed the aggregate value of Singapore Dollars 1,995,000 or its equivalent amount in Ringgit Malaysia as converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date (“Value 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 Value Allocation 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, subject always 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.”

**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 DR TAN SEE LENG**

Ordinary Resolution 9

"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, 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, subject always that the total allocation shall not exceed the aggregate value of Singapore Dollars 1,785,000 or its equivalent amount in Ringgit Malaysia as converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date ("Value 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 Value Allocation 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, subject always 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 MEHMET ALI AYDINLAR**

Ordinary Resolution 10

"THAT approval be and is hereby given for the Directors of the Company at any time and from time to time, commencing from the date of the shareholders' approval ("Approval Date") and expiring at the conclusion of the annual general meeting of the Company commencing next after the Approval Date or the expiration of the period within which the next annual general meeting of the Company is required to be held, to allocate, grant and subsequently vest such number of units as the same may be allocated, granted and vested to 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, subject always that the total allocation shall not exceed the aggregate value of United State Dollars 891,000 or its equivalent amount in Ringgit Malaysia as converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date ("Value 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 Value Allocation 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, subject always 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 AHMAD SHAHIZAM BIN MOHD SHARIFF**

Ordinary Resolution 11

“THAT approval be and is hereby given for the Directors of the Company at any time and from 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 time to allocate, grant and subsequently vest such number of units as the same may be allocated, granted and vested to Ahmad Shahizam bin Mohd Shariff, an Executive Director of the Company, under any of the Long Term Incentive Plans of the IHH Group, and to allot and issue a corresponding number of new IHH Shares to him upon the surrender of such units to the Company, as part of the compensation package for his services to the Company and/or its group of companies, subject always that the total allocation shall not exceed the aggregate value of Singapore Dollars 630,000 or its equivalent amount in Ringgit Malaysia as converted using the middle rate of Bank Negara Malaysia foreign exchange on the issue date (“Value 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 Value Allocation 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, subject always 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.”

BY ORDER OF THE BOARD

SEOW CHING VOON (MAICSA 7045152)  
Company Secretary

Kuala Lumpur  
3 June 2013



## NOTES:

### PROXY AND/OR AUTHORISED REPRESENTATIVES

1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 ("Act") shall not apply to the Company.
2. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Notwithstanding the foregoing, any member other than an exempt authorised nominee who is also a substantial shareholder (within the meaning of the Act) shall be entitled to appoint up to (but not more than) five (5) proxies. Where such member appoints more than one (1) proxy, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.
4. The instrument appointing a proxy shall:-
  - (i) in the case of an individual, be signed by the appointer or by his/her attorney.
  - (ii) in the case of corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

A copy of the Authorisation Document or the duly registered Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and exercised, should be enclosed with the proxy form.

5. A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 101 of the Company's Articles of Association.
6. The instrument appointing the proxy together with the Authorisation Document or the duly registered Power of Attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Symphony Share Registrars Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or at any adjournment thereof.

### MEMBERS ENTITLED TO ATTEND

7. Only Members whose names appear in the General Meeting Record of Depositors on 18 June 2013 shall be entitled to attend, speak and vote at this Third 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 6 is for the purpose of granting a general mandate ("General Mandate") and empowering the Directors to issue shares in the Company up to an amount of not exceeding in total ten per centum (10%) of the nominal value of the issued and paid-up share capital of the Company for any possible fund raising activities, funding investment project(s), working capital and/or acquisitions involving equity deals or part equity or such purposes as the Directors consider would be in the interest of the Company. The approval is sought to avoid any delay and cost in convening separate general meetings for such issuance of shares.

The Company did not seek a General Mandate from the shareholders at the Second Annual General Meeting of the Company held on 15 June 2012. This is the first time the Company is seeking the General Mandate from the shareholders as a listed issuer after its official listing on 25 July 2012 on the Main Market of Bursa Malaysia Securities Berhad and on the Main Board of Singapore Exchange Securities Trading Limited.

2. Resolutions pursuant to the proposed allocation of units under the Long Term Incentive Plan ("LTIP") of the IHH Group and new ordinary shares of RM1.00 each in the Company ("IHH Shares") to the Executive Directors of the Company i.e. Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Lim Cheok Peng, Dr Tan See Leng, Mehmet Ali Aydinlar and Ahmad Shahizam bin Mohd Shariff ("Proposed Allocation")

## Introduction

The proposed Ordinary Resolutions 7-11 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 Lim Cheok Peng, Dr Tan See Leng, Mehmet Ali Aydinlar and Ahmad Shahizam bin Mohd Shariff under the LTIP as established by our Company, Pantai Holdings Berhad ("Pantai"), Parkway Holdings Limited ("Parkway") and/or IMU Health Sdn Bhd ("IMU Health").

On 2 July 2012, we had disclosed in our Prospectus issued pursuant to our initial public offering that pursuant to four separate LTIPs that were established at our Company, Pantai, Parkway and IMU Health, which came into effect on 25 March 2011, 24 May 2011, 21 April 2011 and 25 August 2011 respectively, we will make available new IHH Shares, not exceeding in aggregate 2.0% of the issued and paid-up share capital of our Company during the subsistence of the LTIPs, to be issued under the LTIP units granted under the respective LTIP to eligible employees including the Executive Directors of our Company, Pantai, Parkway and IMU Health and their subsidiaries. Shareholders' approval of our Company for the LTIPs was obtained on 25 March 2011. The terms of the LTIP bye laws was amended on 18 April 2012 which was duly approved by the shareholder of our Company on 18 April 2012. After Acibadem Saglik Yatirimlari Holding A.S. ("Acibadem Holding") became our subsidiary in 2012, the eligible employees of Acibadem Holding and its subsidiaries are also eligible to participate in the LTIP established at our Company.

As at 6 May 2013, being the latest practicable date before the date of this notice ("LPD"), a total of 30,149,415 LTIP units have been granted to the eligible employees of our Group. During the period between 25 March 2011 and 31 December 2011, a total of 13,647,576 LTIP units have been granted to the eligible employees of our Group, whereby these LTIP units were granted on a base value of RM2.00 for each LTIP unit. During the period between 1 January 2012 and 24 July 2012, additional 11,975,229 LTIP units have been granted to the eligible employees of our Group, whereby these LTIP units were granted on a base value of RM2.50 for each LTIP unit. During the period between 25 July 2012 until the LPD, an additional 4,526,610 LTIP units have been granted to the eligible employees of our Group whereby these LTIP units were granted on a base value of RM 3.68 for each LTIP unit. Out of the total 30,149,415 LTIP units that have been granted between 25 March 2011 until the LPD: (1) a total of 11,043,901 LTIP units have been vested and surrendered and the corresponding number of new IHH Shares were issued and allotted in lieu thereof; (2) a total of 3,599,399 LTIP units have been cancelled due to termination of employment or other reason not due to the surrender of LTIP units; and (3) the balance of 15,506,115 LTIP units that have not been vested in the relevant eligible employees and not cancelled based on the LTIP records as at the LPD, will vest in them according to the vesting dates as prescribed on the certificate of LTIP units held by such eligible employees.

All LTIP units that have been vested must be surrendered to the Company and the Company shall allot and issue to the eligible employee such number of IHH Shares on the basis of one Share for each LTIP unit. There is no price payable by the eligible employee or Executive Directors for the allotment and issuance of new IHH Shares to them upon surrender of the LTIP units. No Shares will be allotted and issued upon the surrender of LTIP units if such allotment and issuance would violate any provision of applicable laws, nor shall any LTIP units be exercisable more than ten years from the date on which the LTIP becomes effective. No LTIP unit shall be granted pursuant to the LTIP on or after the tenth anniversary of the date on which the LTIP becomes effective.

## 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 Holding and their respective group of companies for the financial year ended 2012, 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 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 aggregate value 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 provided that the said allocation shall not exceed 2.0% of the issued and paid-up share capital of our Company. The total number of Shares which may be issued under LTIP Units granted under this Plan to a Participant who either singly or collectively with persons connected with him owns twenty per cent (20%) or more of the issued and paid up capital of the Company shall not exceed in aggregate ten per cent (10%) of the total number of Shares to be issued under the LTIP.

## Unit Price, Ranking and Listing

The IHH Shares to be issued to the Executive Directors upon the surrender of all granted and vested LTIP units shall be based on the five (5) day weighted average market price of IHH Shares at the time the LTIP unit is issued. The new IHH Shares to be issued pursuant to the Proposals shall, upon allotment and issue, rank equally in all respects with the existing IHH Shares save that they shall not be entitled to any rights, allotments, entitlements, dividends and/or distributions, the entitlement date of which is prior to the date of allotment of such new IHH Shares to be issued. The new IHH Shares to be issued pursuant to the Proposals shall be primarily listed on the Main Market of Bursa Malaysia Securities Berhad and secondarily listed on the Main Board of Singapore Exchange Securities Trading Limited, subject to obtaining the necessary approvals.

## Directors' and Major Shareholders' Interests

Each of Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Lim Cheok Peng, Dr Tan See Leng, Mehmet Ali Aydinlar, Ahmad Shahizam bin Mohd Shariff is deemed interested in the Proposed Allocation to him individually.

Accordingly, each of Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Lim Cheok Peng, Dr Tan See Leng, Mehmet Ali Aydinlar, Ahmad Shahizam bin Mohd Shariff has abstained and will continue to abstain from all deliberations and voting on the Proposed Allocation to him individually at the relevant Board meetings of IHH. In addition, each of Tan Sri Dato' Dr Abu Bakar bin Suleiman, Dr Lim Cheok Peng, Dr Tan See Leng, Mehmet Ali Aydinlar, Ahmad Shahizam bin Mohd Shariff will abstain and has undertaken to ensure that persons connected to him will abstain from voting in respect of their respective direct and/or indirect shareholding in IHH, if any, on the resolutions pertaining to the Proposed Allocation to him individually at the AGM to be convened.

Save as disclosed above, none of the directors, major shareholders and persons connected to the directors and major shareholders of IHH are interested in the Proposed Allocation.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA  
SECURITIES BERHAD)

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## Directors standing for re-election at the Third Annual General Meeting of the Company

The following Directors retiring pursuant to the Articles of Association of the Company:-

Article 113(1): Retirement by rotation

- (i) Tan Sri Dato' Dr Abu Bakar bin Suleiman
- (ii) Dr Lim Cheok Peng
- (iii) Dato' Mohammed Azlan bin Hashim

Article 120: Retirement after appointment to fill casual vacancy

YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz

The respective profiles of the above Directors are set out in the section of Profile of Directors of the Annual Report from pages 34 to 46.

# FORM OF PROXY

## Third Annual General Meeting



\*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 Third Annual General Meeting of the Company to be held on Tuesday, 25 June 2013 at 10.00 a.m. at The Gardens Ballroom, The Gardens Hotel & Residences, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia and at any adjournment thereof. \*I/\*We indicate with an "✓" or "X" in the spaces below how \*I/\*we wish \*my/\*our vote to be cast:-

No	Resolutions	For	Against	Abstain
1	Re-election of Tan Sri Dato' Dr Abu Bakar bin Suleiman			
2	Re-election of Dr Lim Cheok Peng			
3	Re-election of Dato' Mohammed Azlan bin Hashim			
4	Re-election of YM Tengku Dato' Sri Azmil Zahrudin bin Raja Abdul Aziz			
5	Re-appointment of Messrs KPMG as Auditors of the Company and authority to the Directors to fix their remuneration			
6	Authority to allot shares pursuant to Section 132D of the Companies Act, 1965			
7	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			
8	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 Lim Cheok Peng			
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 Dr Tan See Leng			
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 Mehmet Ali Aydinlar			
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 Ahmad Shahizam bin Mohd Shariff			

Subject to the abovestated voting instructions, \*my/\*our \*proxy/\*proxies may vote or abstain from voting on any resolutions as \*he/\*she/\*they may think fit.

Dated this \_\_\_\_ day of \_\_\_\_\_ 2013.

Total no of Shares held	
Securities Account No.	

\_\_\_\_\_  
Signature of member/Common Seal of member

IMPORTANT: PLEASE READ THE NOTES BELOW

Notes:

- \* Delete whichever is not applicable.
1. A member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 ("Act") shall not apply to the Company.
  2. Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
  3. A member other than an exempt authorised nominee shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. Notwithstanding the foregoing, any member other than an exempt authorised nominee who is also a substantial shareholder (within the meaning of the Act) shall be entitled to appoint up to (but not more than) five (5) proxies. Where such member appoints more than one (1) proxy, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.

4. The instrument appointing a proxy shall:-
  - (i) in the case of an individual, be signed by the appointer or by his/her attorney.
  - (ii) in the case of corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.A copy of the Authorisation Document or the duly registered Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and exercised, should be enclosed with the proxy form.
5. A corporation which is a member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 101 of the Company's Articles of Association.
6. The instrument appointing the proxy together with the Authorisation Document or the duly registered Power of Attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or at any adjournment thereof.
7. Only Members whose names appear in the General Meeting Record of Depositors on 18 June 2013 shall be entitled to attend, speak and vote at this Third Annual General Meeting of the Company or appoint a proxy(ies) on his/her behalf.

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**IHH HEALTHCARE BERHAD (901914-V)**  
c/o Symphony Share Registrars Sdn. Bhd.  
Level 6, Symphony House,  
Pusat Dagangan Dana 1,  
Jalan PJU 1A/46,  
47301 Petaling Jaya,  
Selangor Darul Ehsan,  
Malaysia.

Affix stamp here

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