Acibadem Maslak Hospital EBITDA

One of the greenfield projects completed by Acibadem Holding is Acibadem Maslak Hospital, which commenced operations in 2009, further details of which are set out in Section 8.2.2(v) of this Prospectus. The following table shows certain EBITDA financial information for our Acibadem Maslak Hospital for the years ended 31 December 2009, 2010 and 2011.

	Year ended 31 December		
	2009	**2010**	**2011**
		(RM million)	
Net Revenue	121.7	229.8	298.4
Gross EBITDA[(1)(2)]	29.0	79.7	112.3

Notes:

(1) Gross EBITDA represents net revenue after adjusting for various operating costs, including certain material expenses, doctor expenses, other personnel expenses, outsourcing expenses, other production expenses, other general expenses and regional marketing expenses.

(2) Gross EBITDA is not a calculation required by or presented in accordance with MFRS and IFRS. Gross EBITDA information in the above table is not an IFRS measure and was not derived from our underlying accounting records, but was instead compiled based on hospital operating data. In addition, net revenue has been recognised in accordance with Turkish GAAP. Consequently, if net revenue were to be recognised in accordance with MFRS or IFRS or if gross EBITDA in the above table were to be compiled on a basis consistent with EBITDA in Section 12.1.4 of this Prospectus on combined financial information, respectively, a different amount may result Moreover, you should be aware that the gross EBITDA measures presented in the above table may not be comparable to similarly titled measures reported by other companies due to differences in the components of the calculation. Furthermore, we have not presented other measures of operating performance or liquidity for this entity on a standalone basis in this Prospectus. Therefore, the gross EBITDA amounts in the above table should not be considered as an alternative to net profit of our Group presented elsewhere in this Prospectus as an indicator of our operating performance or as an alternative to operating cash flows of our Group presented elsewhere in this Prospectus as a measure of our liquidity.

(3) The Turkish Lira amounts have been translated for convenience to Ringgit Malaysia at the rate of TL1.00 to RM1.72.

12.11.4.3 Shared services costs

Shared services for our hospitals in Singapore include various centralised services, such as marketing, procurement, finance, human resource, information technology, corporate communications, legal, company secretarial and certain other services which are accounted for on a shared services basis. For the years ended 31 December 2009, 2010 and 2011, shared services costs for our hospitals in Singapore were RM120.3 million, RM155.5 million and RM160.6 million respectively, which included real estate rental expense of RM8.8 million, RM8.8 million and RM9.1 million.

12.12 Discussion and analysis of pro forma financial information

The objective of pro forma financial information is to illustrate how a proposed or completed transaction (or event) might have affected the financial information presented in the prospectus had the transaction occurred at an earlier date. Pro forma financial information does not represent an entity's actual financial position or results. It addresses a hypothetical situation and is prepared for illustrative purposes only. There is no independent examination of any of the underlying financial information, including the adjustments to the Company's accounting policies, nor of the pro forma assumptions used as the basis of the adjustments to the pro forma financial information.

In the following section we discuss and analyse our pro forma financial information for the years ended 31 December 2009, 2010 and 2011 and the three months ended 31 March 2011 and 2012. You should read the following discussion together with (i) our pro forma financial information for the years ended 31 December 2009, 2010 and 2011 and the three months ended 31 March 2011 and 2012; (ii) our audited historical combined financial statements as at and for the years ended 31 December 2009, 2010 and 2011; and (iii) our audited interim combined financial statements as at and for the three months ended 31 March 2012. All of these financial statements are included in this Prospectus. Our pro forma financial information is reported in Ringgit Malaysia.

The pro forma financial information for the years ended 31 December 2009, 2010 and 2011 and the three months ended 31 March 2011 and 2012 and as at 31 December 2011 and 31 March 2012 have been derived from the pro forma financial statements as set out in Section 12.16 of this Prospectus. We have prepared and presented our pro forma financial information based on our historical combined financial statements as at and for the years ended 31 December 2009, 2010 and 2011 and the three months ended 31 March 2012. Our historical results for any prior periods are not necessarily indicative of results to be expected for a full fiscal year or for any future period and our pro forma results have been compiled, on the basis of assumptions, for illustrative purposes only.

Please refer to Section 8.1 of this Prospectus for our corporate structure and history and notes 2, 3 and 4 to our pro forma financial information as set out in Section 12.16 of this Prospectus for a further discussion of the presentation of our pro forma financial information.

This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those set out under Risk Factors and Forward-Looking Statements. We have prepared our pro forma financial information from our historical combined financial statements, which are in accordance with MFRS and IFRS which may differ in certain significant respects from generally accepted accounting principles in other countries, including the United States. The presentation of our pro forma financial information differs from the manner in which pro forma financial information would be presented in accordance with Regulation S-X under the US Securities Act. Specifically, the formation of our Company and the acquisition of each of PPL, IMU Health and Acibadem Holding, have all been treated as if they had taken place as at the earliest date of the relevant period presented in the pro forma financial information. The retrospective effect given to these transactions significantly differs from and exceeds the retroactive pro forma treatment of businesses acquired or to be acquired pursuant to Regulation S-X under the US Securities Act.

For a discussion of risks relating to relying on our pro forma financial information, please refer to Section 5.1.1(v) of this Prospectus on Risks related to our business – The historical combined financial statements and the pro forma financial information contained herein may not accurately reflect our historical financial position, results of operations and cash flows.

12.12.1 Basis of presentation

The pro forma financial information has been compiled based on:

(i) the audited historical combined financial statements of our Group for the years ended 31 December 2009, 2010 and 2011, which were prepared in accordance with MFRS and IFRS;

(ii) the audited interim historical combined financial statements of our Group for the three months ended 31 March 2012, which were prepared in accordance with MFRS and IFRS; and

(iii) the audited historical financial statements of Acibadem Holding prepared in accordance with the Turkish Uniform Chart of Accounts promulgated by CMB, the Turkish Commercial Code and the Turkish Tax Code for the years ended 31 December 2009, 2010 and 2011 and the three months ended 31 March 2012.

The pro forma financial information reflects:

(i) what the financial results of our Group for the financial years ended 31 December 2009, 2010 and 2011 and for the three months ended 31 March 2011 and 2012 would have been, had the acquisitions of Pantai Irama, Parkway and IMU Health (the "**Parkway Pantai Acquisitions and Disposals**") and the acquisition of Acibadem Holding and its subsidiaries, including APlus and Acibadem Proje (the "**Acibadem Holding Acquisition**") existed on 1 January 2009;

(ii) what the financial position of our Group as at 31 December 2011 and 31 March 2012 would have been, had (a) the Acibadem Holding Acquisition and (b) this Global Offering been completed on 31 December 2011 and 31 March 2012 respectively. Funds arising from the Public Issue and considerations for acquisitions of subsidiaries are received or paid on the relevant dates presented; and

(iii) what the cash flows of our Group for the financial year ended 31 December 2011 and for the three months ended 31 March 2012 would have been, had (a) the Acibadem Holding Acquisition been completed on 1 January 2011 and (b) this Global Offering been completed on 31 December 2011 and 31 March 2012, respectively. Funds arising from the Public Issue are assumed to have been received on 31 December 2011 and 31 March 2012, respectively.

The historical combined financial statements of our Group for the years ended 31 December 2009, 2010 and 2011 and the three months ended 31 March 2012 were audited by KPMG. KPMG reported on the above financial statements, which were not subjected to any qualifications, modifications or disclaimers.

The objective of the pro forma financial information is to show what the financial positions, results and cash flows might have been, had the Parkway Pantai Acquisitions and Disposals, Acibadem Holding Acquisition, and the Public Issue as described above, occurred at an earlier date. However, the pro forma financial information is not necessarily indicative of the financial position, results and cash flows of the operations that would have been attained had the Parkway Pantai Acquisitions and Disposals, Acibadem Holding Acquisition, and the Public Issue actually occurred earlier. The pro forma financial information has been prepared for illustrative purposes only, and because of its nature, may not give a true picture of the actual financial position, results of operations and cash flows of our Group.

The pro forma financial information is expressed in Ringgit Malaysia, and is rounded to the nearest thousand, unless otherwise stated. The pro forma financial information consists of the following:

(i) the pro forma income statements for the financial years ended 31 December 2009, 2010 and 2011 and the three months ended 31 March 2011 and 2012;

(ii) the pro forma statements of financial position as at 31 December 2011 and 31 March 2012; and

(iii) the pro forma statements of cash flows for the financial year ended 31 December 2011 and for the three months ended 31 March 2012.

These, together with the notes thereon, have been prepared for illustration purposes only and based on certain bases and assumptions as explained therein. Please refer to note 4 to the pro forma financial information included in Section 12.16 of this Prospectus.

12.12.2 Adjustments to combined financial statements

The following tables show the adjustments made to our combined financial statements to arrive at the pro forma financial statements.

Adjustments to combined balance sheets

In the preparation of the pro forma balance sheets as at 31 December 2011 and 31 March 2012, acquisitions are assumed to have occurred on 31 December 2011 and 31 March 2012. The assets and liabilities of those entities subject to the Acquisitions within our Group are included in the pro forma balance sheets as at each of 31 December 2011 and 31 March 2012.

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12. FINANCIAL INFORMATION *(cont'd)*

The following table shows the adjustments made to our combined balance sheets as at the dates indicated.

As at 31 March 2012	Historical combined balance sheet	Acibadem Holding Acquisition[1]	Total after Acibadem Holding Acquisition	Public Issue[2]	Pro forma balance sheet
			(RM 000)		
Non-current assets					
Property, plant and equipment	6,290,970	9,639	6,300,609	–	6,300,609
Goodwill on consolidation	8,553,089	(53,625)	8,499,464	–	8,499,464
Intangible assets	3,032,753	6,001	3,038,754	–	3,038,754
Interest in associates	864,238	–	864,238	–	864,238
Interest in joint ventures	31,302	–	31,302	–	31,302
Other financial assets	591,542	–	591,542	–	591,542
Other receivables	42,313	–	42,313	–	42,313
Deferred tax assets	57,682	–	57,682	–	57,682
	19,463,889	(37,985)	19,425,904	–	19,425,904
Current assets					
Assets classified as held for sale	1,463	–	1,463	–	1,463
Development property	1,160,548	–	1,160,548	–	1,160,548
Inventories	120,936	–	120,936	–	120,936
Trade and other receivables	854,194	–	854,194	–	854,194
Tax recoverable	26,092	–	26,092	–	26,092
Other financial assets	26,967	–	26,967	–	26,967
Derivative assets	3,007	–	3,007	–	3,007
Cash and cash equivalents	1,599,558	(218,864)	1,380,694	279,642	1,660,336
	3,792,765	(218,864)	3,573,901	279,642	3,853,543
Total assets	23,256,654	(256,849)	22,999,805	279,642	23,279,447
Non-current liabilities					
Bank borrowings	7,361,564	–	7,361,564	(4,662,762)	2,698,802
Employee benefits	19,085	–	19,085	–	19,085
Other payables	77,081	–	77,081	–	77,081
Deferred tax liabilities	801,248	2,878	804,126	–	804,126
	8,258,978	2,878	8,261,856	(4,662,762)	3,599,094

As at 31 March 2012	Historical combined balance sheet	Acibadem Holding Acquisition[1]	Total after Acibadem Holding Acquisition	Public Issue[2]	Pro forma balance sheet
			(RM 000)		
Current liabilities					
Bank overdrafts	9,433	–	9,433	–	9,433
Trade and other payables	2,168,497	–	2,168,497	–	2,168,497
Bank borrowings	268,047	–	268,047	–	268,047
Derivative liabilities	6,369	–	6,369	–	6,369
Employee benefits	20,865	–	20,865	–	20,865
Tax payable	148,372	–	148,372	–	148,372
	2,621,583	–	2,621,583	–	2,621,583
Total liabilities	10,880,561	2,878	10,883,439	(4,662,762)	6,220,677
Equity attributable to owners of our Company					
Share capital	6,195,442	57,852	6,253,294	1,800,000	8,053,294
Share premium	4,678,425	100,083	4,778,508	3,197,157	7,975,665
Reserves	666,069	(195,643)	470,426	(54,753)	415,673
	11,539,936	(37,708)	11,502,228	4,942,404	16,444,632
Non-controlling interests	836,157	(222,019)	614,138	–	614,138
Total equity	12,376,093	(259,727)	12,116,366	4,942,404	17,058,770
Total equity and liabilities	23,256,654	(256,849)	22,999,805	279,642	23,279,447

Notes:

(1) Adjustments to reflect the financial position pertaining to (a) the Acibadem Holding Acquisition (including APlus and Acibadem Proje); (b) additional borrowings obtained to finance the acquisition of Acibadem Holding as if this exercise occurred on 31 March 2012; and (c) purchase price allocation is assumed to be completed on 31 March 2012.

(2) Being adjustments to effect the Public Issue as set out in Particulars of the IPO and Utilisation of Proceeds in Sections 4.3 and 4.8 of this Prospectus respectively, which is assumed to occur on 31 March 2012.

As at 31 December 2011	Historical combined balance sheet	Acibadem Holding Acquisition[1]	Total after Acibadem Holding Acquisition	Public Issue[2]	Pro forma balance sheet
			(RM 000)		
Non-current assets					
Property, plant and equipment	4,726,753	1,317,425	6,044,178	–	6,044,178
Goodwill on consolidation	6,487,070	2,075,089	8,562,159	–	8,562,159
Intangible assets	1,618,598	1,373,468	2,992,066	–	2,992,066
Interest in associates	862,273	–	862,273	–	862,273
Interest in joint ventures	28,009	–	28,009	–	28,009
Other financial assets	529,881	38,613	568,494	–	568,494
Deferred tax assets	24,279	46,430	70,709	–	70,709
	14,276,863	**4,851,025**	**19,127,888**	**–**	**19,127,888**
Current assets					
Assets classified as held for sale	1,463	–	1,463	–	1,463
Development property	1,121,195	–	1,121,195	–	1,121,195
Inventories	78,784	39,125	117,909	–	117,909
Trade and other receivables	518,496	295,664	814,160	–	814,160
Tax recoverable	20,422	9,457	29,879	–	29,879
Other financial assets	27,066	12,571	39,637	–	39,637
Cash and cash equivalents	1,310,803	177,773	1,488,576	279,642	1,768,218
	3,078,229	**534,590**	**3,612,819**	**279,642**	**3,892,461**
Total assets	**17,355,092**	**5,385,615**	**22,740,707**	**279,642**	**23,020,349**
Non-current liabilities					
Bank borrowings	4,991,264	2,468,774	7,460,038	(4,662,762)	2,797,276
Employee benefits	15,544	5,568	21,112	–	21,112
Other payables	8,580	83,136	91,716	–	91,716
Deferred tax liabilities	446,127	338,630	784,757	–	784,757
	5,461,515	**2,896,108**	**8,357,623**	**(4,662,762)**	**3,694,861**
Current liabilities					
Bank overdrafts	584	–	584	–	584
Trade and other payables	1,576,158	443,049	2,019,207	–	2,019,207
Bank borrowings	46,500	199,519	246,019	–	246,019
Derivative liabilities	1,252	–	1,252	–	1,252
Employee benefits	41,935	–	41,935	–	41,935
Tax payable	118,703	1,157	119,860	–	119,860
	1,785,132	**643,725**	**2,428,857**	**–**	**2,428,857**
Total liabilities	**7,246,647**	**3,539,833**	**10,786,480**	**(4,662,762)**	**6,123,718**

As at 31 December 2011	Historical combined balance sheet	Acibadem Holding Acquisition(1)	Total after Acibadem Holding Acquisition	Public Issue(2)	Pro forma balance sheet
			(RM 000)		
Equity attributable to owners of our Company					
Share capital	5,500,000	753,294	6,253,294	1,800,000	8,053,294
Share premium	3,885,803	892,705	4,778,508	3,197,157	7,975,665
Reserves	476,024	(145,667)	330,357	(54,753)	275,604
	9,861,827	1,500,332	11,362,159	4,942,404	16,304,563
Non-controlling interests	246,618	345,450	592,068	–	592,068
Total equity	**10,108,445**	**1,845,782**	**11,954,227**	**4,942,404**	**16,896,631**
Total equity and liabilities	**17,355,092**	**5,385,615**	**22,740,707**	**279,642**	**23,020,349**

Notes:

(1) *Adjustments to reflect the financial position pertaining to (a) the Acıbadem Holding Acquisition (including APlus and Acibadem Proje); (b) additional borrowings obtained to finance the acquisition of Acibadem Holding as if this exercise occurred on 31 December 2011; and (c) purchase price allocation is assumed to be completed on 31 December 2011.*

(2) *Being adjustments to effect the Public Issue as set out in Particulars of the IPO and Utilisation of Proceeds in Sections 4.3 and 4.8 of this Prospectus respectively which is assumed to occur on 31 December 2011.*

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Adjustments to combined income statements

In the preparation of the pro forma income statements for the years ended 31 December 2009, 2010 and 2011 and the three months ended 31 March 2011 and 2012, the Acquisitions and Disposals are assumed to have occurred on 1 January 2009. The profit and loss pertaining to the entities subject to acquisitions and disposals within our Group that were acquired or disposed of between 1 January 2009 and the LPD including the acquisition of Jinemed Saglik pursuant to the share purchase agreement entered into in January 2012 are included in our pro forma income statements for the years ended 31 December 2009, 2010 and 2011 and the three months ended 31 March 2011 and 2012 as combined entities on 1 January 2009, or, if later, the date of incorporation of the relevant entity. As at the LPD, Jinemed Saglik is not a subsidiary of Acibadem Holding as the share transfer has not yet been completed and such share transfer is expected to be completed within 2012.

The following tables show the adjustments made to our combined income statements for the respective periods presented.

Three months ended 31 March 2012	**Historical combined income statement**	**Acibadem Holding Acquisition[1]**	**Pro forma income statement**
		(RM 000)	
Revenue	1,276,192	200,182	1,476,374
Other operating income	18,955	2,529	21,484
Inventories and consumables	(252,332)	(30,634)	(282,966)
Purchased and contracted services	(131,182)	(15,176)	(146,358)
Depreciation and impairment losses on property, plant and equipment	(74,367)	(15,629)	(89,996)
Amortisation and impairment losses on intangible assets	(14,650)	(3,170)	(17,820)
Staff costs	(460,344)	(84,943)	(545,287)
Operating lease expenses	(59,853)	(5,853)	(65,706)
Operating expenses	(133,800)	(5,557)	(139,357)
Finance income	55,410	67,394	122,804
Finance costs	(47,404)	(29,462)	(76,866)
Share of profits of associates (net of tax)	14,472	–	14,472
Share of profits of joint ventures (net of tax)	3,407	–	3,407
Profit before income tax	194,504	79,681	274,185
Income tax expense	(42,203)	(15,548)	(57,751)
Profit for the period	152,301	64,133	216,434
Attributable to:			
Owners of our Company	123,839	40,665	164,504
Non-controlling interests	28,462	23,468	51,930
Profit for the period	152,301	64,133	216,434
Earnings per Share (sen)			
Basic	2.00		2.04[2]
Diluted	1.99		2.04[3]

Notes:

(1) Adjustments to reflect the financial results pertaining to (a) the Acibadem Holding Acquisition (including APlus and Acibadem Proje). Related expenditure totalling RM41 million incurred in relation to the Acibadem Holding Acquisition has been assumed to be recognised on 1 January 2009; (b) additional finance costs relating to borrowings obtained by our Group to finance the acquisition of Acibadem Holding as if these exercises occurred on 1 January 2009; and (c) purchase price allocation is assumed to be completed on 1 January 2009 and the related depreciation and amortisation expenses of property, plant and equipment and intangible assets are recognised on 1 January 2009.

(2) Based on 8,053.3 million Shares in issue, being 5,500.0 million Shares issued at 31 December 2011, 695.4 million new Shares issued as share consideration for the Acibadem Holding Acquisition, the maximum of 57.9 million new Shares arising from the Symphony Conversion and 1,800.0 million new Shares issued pursuant to the Public Issue.

(3) Based on the Enlarged Share Capital at Listing of 8,057.1 million Shares The above does not account for new Shares that may arise from the surrender/exercise of the outstanding LTIP units and EPP options which were granted before the Listing but become vested or exercisable only after the Listing (of up to 168.7 million Shares), and the exercise of any of the Aydinlar Option and Bagan Lalang Option (of up to 611.0 million Shares). Please refer to Section 4.3.7 of this Prospectus for further details.

Three months ended 31 March 2011	Historical combined income statement	Parkway Pantai Acquisitions and Disposals[(1)]	Acibadem Holding Acquisition[(2)]	Pro forma income statement
		(RM 000)		
Revenue	859,927	(84,246)	497,966	1,273,647
Other operating income	48,864	(131)	7,762	56,495
Inventories and consumables	(189,019)	–	(45,459)	(234,478)
Purchased and contracted services	(113,860)	61,288	(76,255)	(128,827)
Depreciation and impairment losses on property, plant and equipment	(38,348)	665	(53,241)	(90,924)
Amortisation and impairment losses on intangible assets	(29,911)	21,592	(10,388)	(18,707)
Staff costs	(266,890)	6,399	(232,450)	(492,941)
Operating lease expenses	(44,650)	132	(15,251)	(59,769)
Operating expenses	(90,327)	2,225	(10,543)	(98,645)
Finance income	10,232	(120)	5,957	16,069
Finance costs	(28,638)	952	(37,476)	(65,162)
Share of profits of associates (net of tax)	12,160	–	–	12,160
Share of profits of joint ventures (net of tax)	2,742	–	–	2,742
Profit before income tax	**132,282**	**8,756**	**30,622**	**171,660**
Income tax expense	(26,737)	1,324	(12,060)	(37,473)
Profit for the year	**105,545**	**10,080**	**18,562**	**134,187**
Profit attributable to:				
Owners of our Company	101,875	10,483	5,763	118,121
Non-controlling interests	3,670	(403)	12,799	16,066
Profit for the period	**105,545**	**10,080**	**18,562**	**134,187**
Earnings per Share (sen)				
Basic	1.85			1.47[(3)]
Diluted	1 85			1.47[(4)]

Notes:

(1) Adjustments to exclude the three-month financial results in Pantai Support Services Sdn Bhd, and its subsidiaries which was disposed in March 2011, as if it was not part of our Group since 1 January 2009.

(2) Adjustments to reflect the financial results pertaining to (a) the Acibadem Holding Acquisition (including APlus and Acibadem Proje). Related expenditure totalling RM41 million incurred in relation to the Acibadem Holding Acquisition has been assumed to be recognised on 1 January 2009; (b) additional finance costs relating to borrowings obtained by our Group to finance the acquisition of Acibadem Holding as if these exercises occurred on 1 January 2009; and (c) purchase price allocation is assumed to be completed on 1 January 2009 and the related depreciation and amortisation expenses of property, plant and equipment and intangible assets are recognised on 1 January 2009.

(3) Based on 8,053.3 million Shares in issue, being 5,500.00 million Shares issued at 31 December 2011, 695.4 million new Shares issued as share consideration for the Acibadem Holding Acquisition, the maximum of 57.9 million new Shares arising from the Symphony Conversion and 1,800.0 million new Shares issued pursuant to the Public Issue.

(4) Based on the Enlarged Share Capital at Listing of 8,057.1 million Shares. The above does not account for new Shares that may arise from the surrender/exercise of the outstanding LTIP units and EPP options which were granted before the Listing but become vested or exercisable only after the Listing (of up to 168.7 million Shares), and the exercise of any of the Aydinlar Option and Bagan Lalang Option (of up to 611.0 million Shares). Please refer to Section 4.3.7 of this Prospectus for further details.

Year ended 31 December 2011	**Historical combined income statement**	**Parkway Pantai Acquisitions and Disposals[(1)]**	**Acibadem Holding Acquisition[(2)]**	**Pro forma income statement**
		(RM 000)		
Revenue	3,328,849	(84,247)	1,946,162	5,190,764
Other operating income	159,768	(131)	17,248	176,885
Inventories and consumables	(680,242)	–	(344,995)	(1,025,237)
Purchased and contracted services	(398,590)	61,288	(243,056)	(580,358)
Depreciation and impairment losses on property, plant and equipment	(165,751)	665	(204,211)	(369,297)
Amortisation and impairment losses on intangible assets	(54,989)	21,592	(38,871)	(72,268)
Staff costs	(1,073,066)	6,399	(921,584)	(1,988,251)
Operating lease expenses	(186,605)	132	(71,779)	(258,252)
Operating expenses	(456,162)	2,796	31,827	(421,539)
Finance income	28,907	(120)	29,552	58,339
Finance costs	(106,420)	14,692	(493,099)	(584,827)
Share of profits of associates (net of tax)	79,937	–	–	79,937
Share of profits of joint ventures (net of tax)	13,909	–	–	13,909
Profit before income tax	**489,545**	**23,066**	**(292,806)**	**219,805**
Income tax expense	(95,428)	1,324	6,344	(87,760)
Profit for the year	**394,117**	**24,390**	**(286,462)**	**132,045**

Year ended 31 December 2011	Historical combined income statement	Parkway Pantai Acquisitions and Disposals (1)	Acibadem Holding Acquisition(2)	Pro forma income statement
		(RM 000)		
Profit attributable to:				
Owners of our Company	379,903	24,793	(159,041)	245,655
Non-controlling interests	14,214	(403)	(127,421)	(113,610)
Profit for the year	**394,117**	**24,390**	**(286,462)**	**132,045**
Earnings per Share (sen)				
Basic	6.91			3.05(3)
Diluted	6.90			3.05(4)

Notes:

(1) Adjustments to exclude the three-month financial results in Pantai Support Services Sdn Bhd, and its subsidiaries which was disposed in March 2011, as if it was not part of our Group since 1 January 2009.

(2) Adjustments to reflect the financial results pertaining to (a) the Acibadem Holding Acquisition (including APlus and Acibadem Proje); (b) additional finance costs relating to borrowings obtained by our Group to finance the acquisition of Acibadem Holding as if these exercises occurred on 1 January 2009; and (c) purchase price allocation is assumed to be completed on 1 January 2009 and the related depreciation and amortisation expenses of property, plant and equipment and intangible assets are recognised on 1 January 2009.

(3) Based on 8,053.3 million Shares in issue, being 5,500.00 million Shares issued at 31 December 2011, 695.4 million new Shares issued as share consideration for the Acibadem Holding Acquisition, the maximum of 57.9 million new Shares arising from the Symphony Conversion and 1,800.0 million new Shares issued pursuant to the Public Issue.

(4) Based on the Enlarged Share Capital at Listing of 8,057.1 million Shares. The above does not account for new Shares that may arise from the surrender/exercise of the outstanding LTIP units and EPP options which were granted before the Listing but become vested or exercisable only after the Listing (of up to 168.7 million Shares), and the exercise of any of the Aydinlar Option and Bagan Lalang Option (of up to 611.0 million Shares). Please refer to Section 4.3.7 of this Prospectus for further details.

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Year ended 31 December 2010	Historical combined income statement	Parkway Pantai Acquisitions and Disposals[1]	Acibadem Holding Acquisition[2]	Pro forma income statement
			(RM 000)	
Revenue	1,214,085	1,660,377	1,632,273	4,506,735
Other operating income	21,812	35,946	12,832	70,590
Inventories and consumables	(191,198)	(369,494)	(248,630)	(809,322)
Purchased and contracted services	(216,151)	(126,196)	(216,273)	(558,620)
Depreciation and impairment losses on property, plant and equipment	(57,350)	(89,492)	(223,430)	(370,272)
Amortisation and impairment losses on intangible assets	(44,298)	6,065	(45,835)	(84,068)
Staff costs	(372,440)	(564,079)	(788,789)	(1,725,308)
Operating lease expenses	(72,514)	(108,808)	(49,237)	(230,559)
Operating expenses	(225,618)	(166,844)	(43,333)	(435,795)
Finance income	6,476	20,077	11,132	37,685
Finance costs	(84,111)	(53,897)	(206,168)	(344,176)
Gain on remeasurement of investment previously accounted for as associates and joint ventures	530,120	(530,120)	–	–
Share of profits of associates (net of tax)	70,794	(18,598)	–	52,196
Share of profits of joint ventures (net of tax)	34,039	(25,263)	–	8,776
Profit before income tax	**613,646**	**(330,326)**	**(165,458)**	**117,862**
Income tax expense	(38,892)	(40,562)	3,047	(76,407)
Profit for the year	**574,754**	**(370,888)**	**(162,411)**	**41,455**
Profit attributable to:				
Owners of the Company	554,424	(377,087)	(98,620)	78,717
Non-controlling interests	20,330	6,199	(63,791)	(37,262)
Profit for the year	**574,754**	**(370,888)**	**(162,411)**	**41,455**
Earnings per Share (sen)				
Basic	10.08			0.98[3]
Diluted	10.08			0.98[4]

Notes:

(1) *Adjustments to reflect the financial results pertaining to (a) the Parkway Pantai Acquisitions and Disposals; (b) additional finance costs relating to borrowings obtained by our Group to finance the acquisition of Parkway and Pantai Irama and restructuring of certain loan facilities to repay the existing loan facilities as if these exercises occurred on 1 January 2009; and (c) purchase price allocation for Parkway and Pantai Irama is assumed to be completed on 1 January 2009 and the related depreciation and amortisation expenses of property, plant and equipment and intangible assets are recognised from 1 January 2009.*

(2) *Adjustments to reflect the financial results pertaining to (a) the Acibadem Holding Acquisition (including APlus and Acibadem Proje. Related expenditure totalling RM41 million incurred in relation to the Acibadem Holding Acquisition has been assumed to be recognised on 1 January 2009; (b) additional finance costs relating to borrowings obtained by our Group to finance the acquisition of Acibadem Holding as if these exercises occurred on 1 January 2009; and (c) purchase price allocation is assumed to be completed on 1 January 2009 and the related depreciation and amortisation expenses of property, plant and equipment and intangible assets are recognised on 1 January 2009.*

(3) *Based on 8,053.3 million Shares in issue, being 5,500.00 million Shares issued at 31 December 2011, 695.4 million new Shares issued as share consideration for the Acibadem Holding Acquisition, the maximum of 57.9 million new Shares arising from the Symphony Conversion and 1,800.0 million new Shares issued pursuant to the Public Issue.*

Notes (cont'd):

(4) Based on the Enlarged Share Capital at Listing of 8,057.1 million Shares. The above does not account for new Shares that may arise from the surrender/exercise of the outstanding LTIP units and EPP options which were granted before the Listing but become vested or exercisable only after the Listing (of up to 168.7 million Shares), and the exercise of any of the Aydinlar Option and Bagan Lalang Option (of up to 611.0 million Shares). Please refer to Section 4.3.7 of this Prospectus for further details.

Year ended 31 December 2009	Historical combined income statement	Parkway Pantai Acquisitions and Disposals (1)	Acibadem Holding Acquisition(2)	Pro forma income statement
	(RM 000)			
Revenue	121,081	2,542,198	1,282,971	3,946,250
Other operating income	2,983	87,479	11,659	102,121
Inventories and consumables	–	(494,672)	(225,797)	(720,469)
Purchased and contracted services	–	(344,963)	(164,251)	(509,214)
Depreciation and impairment losses on property, plant and equipment	(9,244)	(156,783)	(208,955)	(374,982)
Amortisation and impairment losses on intangible assets	(34)	(32,881)	(47,266)	(80,181)
Staff costs	(52,622)	(817,834)	(641,261)	(1,511,717)
Operating lease expenses	(573)	(174,063)	(36,931)	(211,567)
Operating expenses	(22,052)	(338,487)	(70,199)	(430,738)
Finance income	656	25,911	10,687	37,254
Finance costs	(3,526)	(242,718)	(157,878)	(404,122)
Gain on remeasurement of investment previously accounted for as associates and joint ventures	–	530,120	–	530,120
Share of profits of associates (net of tax)	59,480	(1,918)	–	57,562
Share of profits of joint ventures (net of tax)	4,447	(722)	–	3,725
Profit before income tax	**100,596**	**580,667**	**(247,221)**	**434,042**
Income tax expense	(8,115)	(60,948)	62,266	(6,797)
Profit for the year	92,481	519,719	(184,955)	427,245
Profit attributable to:				
Owners of the Company	83,201	512,699	(132,353)	463,547
Non-controlling interests	9,280	7,020	(52,602)	(36,302)
Profit for the year	**92,481**	**519,719**	**(184,955)**	**427,245**
Earnings per Share (sen)				
Basic	1.51			5.76(3)
Diluted	1 51			5.75(4)

Notes:

(1) *Adjustments to reflect the financial results pertaining to (a) the Parkway Pantai Acquisitions and Disposals. Accordingly, a gain on re-measurement of previously held equity interest of approximately RM530 0 million arising from the acquisition of Parkway and Pantai Irama and related acquisition costs of RM51.0 million are assumed to have been recognised on 1 January 2009; (b) additional finance costs and related costs relating to the borrowings obtained by our Group to finance the acquisition of Parkway and Pantai Irama and restructuring of certain loan facilities to repay the existing loan facilities as if these exercises occurred on 1 January 2009; and (c) purchase price allocation for Parkway and Pantai Irama is assumed to be completed on 1 January 2009 and the related depreciation and amortisation expenses of property, plant and equipment and intangible assets are recognised on 1 January 2009.*

(2) *Adjustments to reflect the financial results pertaining to (a) the Acibadem Holding Acquisition (including APlus and Acibadem Proje). Related expenditure totalling RM41 million incurred in relation to the Acibadem Holding has been assumed to be recognised on 1 January 2009; (b) additional finance costs relating to horrowings obtained by our Group to finance the acquisition of Acibadem Holding as if these exercises occurred on 1 January 2009; and (c) purchase price allocation is assumed to be completed on 1 January 2009 and the related depreciation and amortisation expenses of property, plant and equipment and intangible assets are recognised on 1 January 2009.*

(3) *Based on 8,053 3 million Shares in issue, being 5,500.0 million Shares issued at 31 December 2011, 695.4 million new Shares issued as share consideration for the Acibadem Holding Acquisition, themaximum of 57.9 million new Shares arising from the Symphony Conversion and 1,800.0 million new Shares issued pursuant to the Public Issue.*

(4) *Based on the Enlarged Share Capital at Listing of 8,057.1 million Shares. The above does not account for new Shares that may arise from the surrender/exercise of the outstanding LTIP units and EPP options which were granted before the Listing but become vested or exercisable only after the Listing (of up to 168.7 million Shares), and the exercise of any of the Aydinlar Option and Bagan Lalang Option (of up to 611.0 million Shares) Please refer to Section 4.3.7 of this Prospectus for further details.*

Adjustments to combined statements of cash flows

The following tables show the adjustments made to our combined statements of cash flows for the periods presented.

Three months ended 31 March 2012	Historical combined statement of cash flows	Acibadem Holding Acquisition [1]	Total after Acibadem Holding Acquisition	Public Issue[2]	Pro forma statements of cash flows
			(RM 000)		
Net cash generated from/(used in) operating activities	394,087	(118,981)	275,106	–	275,106
Net cash (used in)/generated from investing activities	(1,062,906)	838,704	(224,202)	–	(224,202)
Net cash generated from/(used in) financing activities	910,946	(986,136)	(75,190)	279,642	204,452
Net increase/(decrease) in cash and cash equivalents	**242,127**	**(266,413)**	**(24,286)**	**279,642**	**255,356**
Cash and cash equivalents at beginning of the period	1,251,485	5,415	1,256,900	–	1,256,900
Effect of exchange rate fluctuations on cash held	(24,007)	1,155	(22,852)	–	(22,852)
Cash and cash equivalents at end of the period	**1,469,605**	**(259,843)**	**1,209,762**	**279,642**	**1,489,404**

Notes:

(1) *Adjustments to reflect the financial results pertaining to (a) the Acibadem Holding Acquisition (including APlus and Acibadem Proje); and (b) additional borrowings obtained to finance the acquisition of Acibadem Holding as if this exercise occurred on 1 January 2011.*

(2) *Being adjustments to effect the Public Offer as set out in Particulars of the IPO and Utilisation of Proceeds in Sections 4.3 and 4.8 of this Prospectus respectively, which is assumed to occur on 31 March 2012.*

Year ended 31 December 2011	Historical combined statement of cash flows	Acibadem Holding Acquisition (1)	Total after Acibadem Holding Acquisition	Public Issue(2)	Pro forma statements of cash flows
			(RM 000)		
Net cash generated from operating activities	887,111	468,921	1,356,032	–	1,356,032
Net cash used in investing activities	(1,285,719)	(981,616)	(2,267,335)	–	(2,267,335)
Net cash generated from financing activities	423,645	620,989	1,044,634	279,642	1,324,276
Net increase in cash and cash equivalents	**25,037**	**108,294**	**133,331**	**279,642**	**412,973**
Cash and cash equivalents at beginning of the period	1,158,109	–	1,158,109	–	1,158,109
Effect of exchange rate fluctuations on cash held	68,339	–	68,339	–	68,339
Cash and cash equivalents at end of the period	**1,251,485**	**108,294**	**1,359,779**	**279,642**	**1,639,421**

Notes:

(1) *Adjustments to reflect the financial results pertaining to (a) the Acibadem Holding Acquisition (including APlus and Acibadem Proje); and (b) additional borrowings obtained to finance the acquisition of Acibadem Holding as if this exercise occurred on 1 January 2011.*

(2) *Being adjustments to effect the Public Issue as set out in Particulars of the IPO and Utilisation of Proceeds in Sections 4.3 and 4.8 of this Prospectus respectively, which is assumed to occur on 31 December 2011.*

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12.13 Review of past pro forma performance

12.13.1 Three months ended 31 March 2012 compared to three months ended 31 March 2011

(a) Revenue

Our pro forma revenue increased by 15.9% to RM1,476.4 million for the three months ended 31 March 2012 from RM1,273.6 million for the three months ended 31 March 2011, primarily due to increases across our hospital, healthcare, education and non-healthcare business segments.

Segmental revenue

The following table provides a breakdown of our pro forma revenue by key operating subsidiaries, business segments and geographic areas for the periods indicated.

	PPL								Acibadem Holding		IMU Health		Others[1]		Total	
	Singapore		Malaysia		International		Sub-total		CEEMENA		Malaysia					
	Three months ended 31 March															
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
	(RM million)															
Hospital[2]	285.0	324.6	218.7	247.6	16.9	19.1	520.6	591.3	439.7	519.8	–	–	–	–	960.3	1,111.1
Healthcare[2]	167.6	192.6	5.5	11.8	33.4	41.1	206.5	245.5	58.2	68.5	–	–	–	–	284.7	314.0
Education[3]	1.8	1.7	1.5	1.2	–	–	3.1	2.9	–	–	41.4	42.5	–	–	44.5	45.4
Non-healthcare	4.1	5.9	–	–	–	–	4.1	5.9	–	–	–	–	–	–	4.1	5.9
Total	458.3	524.8	225.7	260.6	50.3	60.2	734.3	845.6	497.9	588.3	41.4	42.5	–	–	1,273.6	1,476.4

Notes:

(1) Includes the corporate office of our Company.

(2) The "Hospital" segment includes our hospitals operated by PPL and Acibadem Holding. The "Healthcare" segment includes the operation of medical clinics and provision of primary healthcare services, ownership and management of radiology clinics, provision of diagnostic laboratory services and provision of managed care and related services by PPL and Acibadem Holding.

(3) Our PPL Singapore "Education" segment comprises Parkway College. Our PPL Malaysia "Education" segment comprises Pantai College, which will be transferred from PPL to IMU Health upon completion of the conditional share sale agreement dated 3 April 2012 between IMU Health and Pantai Resources for the sale of the entire equity interest in Pantai Education. Our IMU Health "Education" segment currently comprises IMU.

(4) This does not include associates and joint ventures.

Our pro forma revenue from our hospital segment increased by 15.7% to RM1,111.1 million for the three months ended 31 March 2012 from RM960.3 million for the three months ended 31 March 2011, primarily due to increases in the revenue from PPL's Singapore hospital operations by 13.9% to RM324.6 million due to increases in inpatient admissions by 5.7% to 13,261 and average revenue per patient day by 5.9% to RM5,849, from PPL's Malaysia hospital operations by 13.1% to RM247.6 million due to increases in inpatient admissions by 8.6% to 40,443 and average revenue per patient day by 3.8% to RM1,461, from PPL's international hospital operations by 13.0% to RM19.1 million and from Acibadem Holding's hospital operations by 18.2% to RM519.8 million due to increases in the number of hospitals from 11 in the three months ended 31 March 2011 to 14 in the three months ended 31 March 2012 and inpatient admissions by 31.4% to 27,872.

Our pro forma revenue from our healthcare segment increased by 18.6% to RM314.0 million for the three months ended 31 March 2012 from RM264.7 million for the three months ended 31 March 2011, primarily due to increases in the revenue from PPL's Singapore healthcare operations by 14.9% to RM192.6 million due to increased demand for diagnostic services from our inpatients, from PPL's Malaysia healthcare operations by 114.5% to RM11.8 million due to increased demand for diagnostic services from our inpatients and outpatients as well as revenue contributed from Twin Towers Medical Centre, which was acquired in February 2012, from PPL's international healthcare operations by 23.1% to RM41.1 million and from Acibadem Holding's healthcare operations by 17.7% to RM68.5 million due to increased demand for diagnostic services from our outpatient clinic patients as well as the operations of our ancillary businesses which cater to our hospital business.

Our pro forma revenue from our education segment increased by 2.0% to RM45.4 million for the three months ended 31 March 2012 from RM44.5 million for the three months ended 31 March 2011, primarily due to increases in the revenue from PPL's Singapore education business segment by 6.3% to RM1.7 million and from IMU Health's education segment by 2.7% to RM42.5 million, which increases were driven by increased student enrolment in the Group's existing and new academic programmes.

Our pro forma revenue from our non-healthcare segment increased by 43.9% to RM5.9 million for the three months ended 31 March 2012 from RM4.1 million for the three months ended 31 March 2011, primarily due to an increase in management and acquisition fees earned from PLife REIT.

(b) Other operating income

Our pro forma other operating income decreased by 61.9% to RM21.5 million for the three months ended 31 March 2012 from RM56.5 million for the three months ended 31 March 2011, primarily due to foreign exchange gains of RM33.8 million recognised for the three months ended 31 March 2011.

(c) Inventories and consumables

Our pro forma inventories and consumables expenses increased by 20.7% to RM283.0 million for the three months ended 31 March 2012 from RM234.5 million for the three months ended 31 March 2011, primarily due to the increased use of inventories and consumables as a result of our revenue growth, partially offset by cost savings in procurement.

(d) Purchased and contracted services

Our pro forma purchased and contracted services expenses increased by 13.7% to RM146.4 million for the three months ended 31 March 2012 from RM128.8 million for the three months ended 31 March 2011, primarily due to an increase in the utilisation of purchased and contracted services to support the growth of our revenue.

(e) Staff costs

Our pro forma staff costs increased by 10.6% to RM545.3 million for the three months ended 31 March 2012 from RM492.9 million for the three months ended 31 March 2011, primarily due to an increase in our headcount as we expanded our operations and grew our revenue, particularly an increase in Acibadem Holding's revenue, of which a portion was paid to its physicians.

(f) Operating lease expenses

Our pro forma operating lease expenses increased by 9.9% to RM65.7 million for the three months ended 31 March 2012 from RM59.8 million for the three months ended 31 March 2011, primarily due to an increase in PLife REIT's rental expenses for PPL's Singapore hospitals.

(g) Operating expenses

Our pro forma operating expenses increased by 41.4% to RM139.4 million for the three months ended 31 March 2012 from RM98.6 million for the three months ended 31 March 2011, primarily due to the expanded scope of our operations and the recognition of a fair value loss on contingent payables of RM10.8 million.

(h) Finance income

Our pro forma finance income increased by 662.7% to RM122.8 million for the three months ended 31 March 2012 from RM16.1 million for the three months ended 31 March 2011, primarily due to Acibadem Holding's net foreign exchange gain of RM41.8 million, which resulted from net foreign exchange gains on translation of Acibadem Holding's foreign currency-denominated loans to Turkish Lira when the Turkish Lira appreciated against such foreign currencies.

(i) Finance costs

Our pro forma finance costs increased by 17.9% to RM76.9 million for the three months ended 31 March 2012 from RM65.2 million for the three months ended 31 March 2011, primarily due to higher finance costs at Acibadem Holding.

(j) Share of profits of associates and joint ventures

Our pro forma share of profits of associates (net of tax) increased by 18.9% to RM14.5 million for the three months ended 31 March 2012 from RM12.2 million for the three months ended 31 March 2011, primarily due to an increase in profits at PLife REIT.

Our pro forma share of profits of joint ventures (net of tax) increased by 25.9% to RM3.4 million for the three months ended 31 March 2012 from RM2.7 million for the three months ended 31 March 2011, primarily due to an increase in profits at Apollo Gleneagles.

(k) Profit before income tax

Principally as a result of the foregoing factors, our pro forma profit before income tax increased by 59.7% to RM274.2 million for the three months ended 31 March 2012 from RM171.7 million for the three months ended 31 March 2011. Our pro forma profit before income tax margin increased to 18.6% for the three months ended 31 March 2012 from 13.5% for the three months ended 31 March 2011.

(l) Income tax expense

Our pro forma income tax expense increased by 54.1% to RM57.8 million for the three months ended 31 March 2012 from RM37.5 million for the three months ended 31 March 2011, primarily due to an increase in our taxable net profit, which does not include share of profits of associates and joint ventures.

(m) Profit for the period

Principally as a result of the foregoing factors, our pro forma profit for the period increased by 61.3% to RM216.4 million for the three months ended 31 March 2012 from RM134.2 million for the three months ended 31 March 2011. Our pro forma profit for the period margin increased to 14.7% for the three months ended 31 March 2012 from 10.5% for the three months ended 31 March 2011.

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12.13.2 Year ended 31 December 2011 compared to year ended 31 December 2010

(a) Revenue

Our pro forma revenue increased by 15.2% to RM5,190.8 million for the year ended 31 December 2011 from RM4,506.7 million for the year ended 31 December 2010, primarily due to increases across our hospital, healthcare, education and non-healthcare business segments.

Segmental revenue

The following table provides a breakdown of our pro forma revenue by key operating subsidiaries, business segments and geographic areas for the periods indicated.

	PPL								Acibadem Holding		IMU Health		Others[1]		Total	
	Singapore		Malaysia		International		Sub-total		CEEMENA		Malaysia					
	Year ended 31 December															
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
	(RM million)															
Hospital[2]	1,031.7	1,179.7	826 2	922.3	55.9	67.0	1,913.8	2,169.0	1,442.6	1,702.8	–	–	–	–	3,356.4	3,871.8
Healthcare[2]	634.0	710.3	19 7	29.2	138.4	143.3	792.1	882.8	189.7	243.4	–	–	–	–	981.8	1,126.2
Education[3]	4.3	5.3	6.4	6.8	–	–	10.7	12.1	–	–	138.4	158.8	–	–	149.1	170.9
Non-healthcare	19.4	19.0	–	–	–	–	19.4	19.0	–	–	–	–	–	2.9	19.4	21.9
Total	1,689.4	1,914.3	852.3	958 3	194.3	210.3	2,736.0	3,082.9	1,632 3	1,946.2	138 4	158.8	–	2.9	4,506.7	5,190.8

12. FINANCIAL INFORMATION *(cont'd)*

Notes:

(1) *Includes the corporate office of our Company.*

(2) *The "Hospital" segment includes our hospitals operated by PPL and Acibadem Holding The "Healthcare" segment includes the operation of medical clinics and provision of pnmary healthcare services, ownership and management of radiology clinics, provision of diagnostic laboratory services and provision of managed care and related services by PPL and Acibadem Holding.*

(3) *Our PPL Singapore "Education" segment comprises Parkway College. Our PPL Malaysia "Education" segment comprises Pantai College, which will be transferred from PPL to IMU Health upon completion of the conditional share sale agreement dated 3 April 2012 between IMU Health and Pantai Resources for the sale of the entire equity interest in Pantai Education. Our IMU Health "Education" segment currently comprises IMU.*

(4) *This does not include associates and joint ventures.*

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Our pro forma revenue from our hospital segment increased by 15.4% to RM3,871.8 million for the year ended 31 December 2011 from RM3,356.4 million for the year ended 31 December 2010, primarily due to increases in the revenue from PPL's Singapore hospital operations by 14.3% to RM1,179.7 million due to increases in inpatient admissions by 3.8% to 51,036 and average revenue per patient day by 8.8% to RM5,460, from PPL's Malaysia hospital operations by 11.6% to RM922.3 million due to increases in inpatient admissions by 1.7% to 154,823 and average revenue per patient day by 7.5% to RM1,399, from PPL's international hospital operations by 19.9% to RM67.0 million and from Acibadem Holding's hospital operations by 18.0% to RM1,702.8 million due to increases in the number of hospitals from 11 in 2010 to 14 in 2011 and inpatient admissions by 33.3% to 88,525.

Our pro forma revenue from our healthcare segment increased by 14.7% to RM1,126.2 million for the year ended 31 December 2011 from RM981.8 million for the year ended 31 December 2010, primarily due to increases in the revenue from PPL's Singapore healthcare operations by 12.0% to RM710.3 million due to increased demand for diagnostic services from our inpatients, from PPL's Malaysia healthcare operations by 48.2% to RM29.2 million due to increased demand for diagnostic services from our inpatients and outpatients, from PPL's international healthcare operations by 3.5% to RM143.3 million and from Acibadem Holding's healthcare operations by 28.3% to RM243.4 million due to increases in the number of our outpatient clinics from seven in 2010 to nine in 2011 as well as the operations of our ancillary businesses which cater to our hospital business.

Our pro forma revenue from education services increased by 14.6% to RM170.9 million for the year ended 31 December 2011 from RM149.1 million for the year ended 31 December 2010, primarily due to increases in the revenue from PPL's Singapore education segment by 23.3% to RM5.3 million, from PPL's Malaysia education segment by 6.3% to RM6.8 million and increase in revenue of IMU Health's education segment by 14.7% to RM158.8 million, which increases were driven by increased student enrolment in the Group's existing and new academic programmes.

Our pro forma revenue from non-healthcare services increased by 12.9% to RM21.9 million for the year ended 31 December 2011 from RM19.4 million for the year ended 31 December 2010, primarily due to dividend income from Apollo of RM2.9 million, in which we invested in March 2011.

(b) Other operating income

Our pro forma other operating income increased by 150.6% to RM176.9 million for the year ended 31 December 2011 from RM70.6 million for the year ended 31 December 2010, primarily due to a foreign exchange gain recognised by our Group in 2011 compared to a foreign exchange loss in 2010. The foreign exchange gain in 2011 primarily arose from the translation gains on Singapore Dollar cash balances recorded in the Company's books. In 2010, the foreign exchange loss arising primarily from the translation loss on a US Dollar-denominated deposit paid to non-controlling interest in a subsidiary, was recognised as other operating expenses in the pro forma income statement.

(c) Inventories and consumables

Our pro forma inventories and consumables expenses increased by 26.7% to RM1,025.2 million for the year ended 31 December 2011 from RM809.3 million for the year ended 31 December 2010, primarily due to the increased usage of inventories and consumables as a result of our revenue growth, partially offset by cost savings in procurement.

(d) Purchased and contracted services

Our pro forma purchased and contracted services expenses increased by 3.9% to RM580.4 million for the year ended 31 December 2011 from RM558.6 million for the year ended 31 December 2010, primarily due to an increase in the utilisation of purchased and contracted services to support the growth of our revenue, partially offset by increased efficiencies in utilisation.

(e) Staff costs

Our pro forma staff costs increased by 15.2% to RM1,988.3 million for the year ended 31 December 2011 from RM1,725.3 million for the year ended 31 December 2010, primarily due to an increase in our headcount as we expanded our operations and grew our revenue, particularly an increase in Acibadem Holding's revenue, of which a portion was paid to its physicians.

(f) Operating lease expenses

Our pro forma operating lease expenses increased by 12.0% to RM258.3 million for the year ended 31 December 2011 from RM230.6 million for the year ended 31 December 2010, primarily due to an increase in PLife REIT's rental expenses for PPL's Singapore hospitals and an increase in the number of hospitals leased by Acibadem Holding from seven in 2010 to 10 in 2011.

(g) Operating expenses

Our pro forma operating expenses decreased by 3.3% to RM421.5 million for the year ended 31 December 2011 from RM435.8 million for the year ended 31 December 2010, due to a decrease in one-off expenses to RM31.3 million in 2011, which included a RM19.4 million write-off of property, plant and equipment, professional and consultancy fees of RM9.1 million for internal restructuring, from RM66.7 million in 2010, which included an impairment loss on goodwill and an impairment loss on deposits of RM2.4 million and RM65.1 million, respectively.

(h) Finance income

Our pro forma finance income increased by 54.6% to RM58.3 million for the year ended 31 December 2011 from RM37.7 million for the year ended 31 December 2010, primarily due to an increase in Acibadem Holding's finance income related to net change in fair value of derivatives.

(i) Finance costs

Our pro forma finance costs increased by 69.9% to RM584.8 million for the year ended 31 December 2011 from RM344.2 million for the year ended 31 December 2010, primarily due to a foreign exchange loss from Acibadem Holding's US Dollar- and Euro-denominated credit facilities and a Swiss franc-denominated equipment lease arrangement.

(j) Share of profits of associates and joint ventures

Our pro forma share of profits of associates (net of tax) increased by 53.1% to RM79.9 million for the year ended 31 December 2011 from RM52.2 million for the year ended 31 December 2010, primarily due to an increase in profits at PLife REIT arising from higher property revaluation gains in 2011.

Our pro forma share of profits of joint ventures (net of tax) increased by 58.0% to RM13.9 million for the year ended 31 December 2011 from RM8.8 million for the year ended 31 December 2010, primarily due to an increase in profits at Apollo Gleneagles.

(k) Profit before income tax

Principally as a result of the foregoing factors, our pro forma profit before income tax increased by 86.4% to RM219.8 million for the year ended 31 December 2011 from RM117.9 million for the year ended 31 December 2010. Our pro forma profit before income tax margin increased to 4.2% for the year ended 31 December 2011 from 2.6% for the year ended 31 December 2010.

(l) Income tax expense

Our pro forma income tax expense increased by 14.9% to RM87.8 million for the year ended 31 December 2011 from RM76.4 million for the year ended 31 December 2010, primarily due to an increase in our taxable net profit, which does not include share of profits of associates and joint ventures.

(m) Profit for the year

Principally as a result of the foregoing factors, our pro forma profit for the year increased by 218.1% to RM132.0 million for the year ended 31 December 2011 from RM41.5 million for the year ended 31 December 2010. Our pro forma profit for the year margin increased to 2.5% for the year ended 31 December 2011 from 0.9% for the year ended 31 December 2010.

12.13.3 Year ended 31 December 2010 compared to year ended 31 December 2009

(a) Revenue

Our pro forma revenue increased by 14.2% to RM4,506.7 million for the year ended 31 December 2010 from RM3,946.3 million for the year ended 31 December 2009, primarily due to increases across our hospital, healthcare, education and non-healthcare business segments.

Segmental revenue

The following table provides a breakdown of our pro forma revenue by key operating subsidiaries business segments and geographic areas for the periods indicated.

	PPL								Acibadem Holding		IMU Health		Others[1]		Total	
	Singapore		Malaysia		International		Sub-total		CEEMENA		Malaysia					
	Year ended 31 December															
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
	(RM million)															
Hospital[2]	943.0	1,031.7	742.2	826.2	55.3	55.9	1,740.5	1,913.8	1,135.5	1,442.6	–	–	–	–	2,876.0	3,356.4
Healthcare[2]	611.4	634.0	22.3	19.7	143.8	138.4	777.5	792.1	147.5	189.7	–	–	–	–	925.0	981.8
Education[3]	3.7	4.3	4.0	6.4	–	–	7.7	10.7	–	–	121.1	138.4	–	–	128.8	149.1
Non-healthcare	16.5	19.4	–	–	–	–	16.5	19.4	–	–	–	–	–	–	16.5	19.4
Total	1,574.6	1,689.4	768.5	852.3	199.1	194.3	2,542.2	2,736.0	1,283.0	1,632.3	121.1	138.4	–	–	3,946.3	4,506.7

Notes:

(1) *Includes the corporate office of our Company.*

(2) *The "Hospital" segment includes our hospitals operated by PPL and Acibadem Holding. The "Healthcare" segment includes the operation of medical clinics and provision of primary healthcare services, ownership and management of radiology clinics, provision of diagnostic laboratory services and provision of managed care and related services by PPL and Acibadem Holding.*

(3) *Our PPL Singapore "Education" segment comprises Parkway College. Our PPL Malaysia "Education" segment comprises Pantai College, which will be transferred from PPL to IMU Health upon completion of the conditional share sale agreement dated 3 April 2012 between IMU Health and Pantai Resources for the sale of the entire equity interest in Pantai Education. Our IMU Health "Education" segment currently comprises IMU.*

(4) *This does not include associates and joint ventures.*

Our pro forma revenue from our hospital segment increased by 16.7% to RM3,356.4 million for the year ended 31 December 2010 from RM2,876.0 million for the year ended 31 December 2009, primarily due to increases in the revenue from PPL's Singapore hospital operations by 9.4% to RM1,031.7 million due to increases in inpatient admissions by 4.7% to 49,182 and average revenue per patient day by 6.6% to RM5,018, from PPL's Malaysia hospital operations by 11.3% to RM826.2 million due to increases in inpatient admissions by 4.2% to 152,286 and average revenue per patient day by 12.5% to RM1,301, from PPL's international hospital operations by 1.1% to RM55.9 million and from Acibadem Holding's hospital operations by 27.0% to RM1,442.6 million due to increases in the number of hospitals from nine in 2009 to 11 in 2010 and inpatient admissions by 25.6% to 66,428.

Our pro forma revenue from our healthcare segment increased by 6.1% to RM981.8 million for the year ended 31 December 2010 from RM925.0 million for the year ended 31 December 2009, primarily due to increases in the revenue from PPL's Singapore healthcare operations by 3.7% to RM634.0 million due to increased demand for diagnostic services from our inpatients and from Acibadem Holding's healthcare operations by 28.6% to RM189.7 million due to increases in the number of our outpatient clinics as well as the operations of our ancillary businesses which cater to our hospital business, partially offset by decreases in the revenue from PPL's Malaysia healthcare operations by 11.7% to RM19.7 million due to the transfer of the Oncology Centre (KL) to our hospital business in 2010, when it integrated with our hospital operations, as compared to its classification under our healthcare business in 2009, and from PPL's international healthcare operations by 3.8% to RM138.4 million.

Our pro forma revenue from our education segment increased by 15.8% to RM149.1 million for the year ended 31 December 2010 from RM128.8 million for the year ended 31 December 2009, primarily due to increases in the revenue from PPL's Singapore education segment by 16.2% to RM4.3 million, from PPL's Malaysia education segment by 60.0% to RM6.4 million and from IMU Health's education segment by 14.3% to RM138.4 million, which increases were driven by increased student enrolment in the Group's existing and new academic programmes.

Our pro forma revenue from our non-healthcare segment increased by 17.6% to RM19.4 million for the year ended 31 December 2010 from RM16.5 million for the year ended 31 December 2009, primarily due to an increase in acquisition and management fees earned by Parkway Trust Management.

(b) Other operating income

Our pro forma other operating income decreased by 30.9% to RM70.6 million for the year ended 31 December 2010 from RM102.1 million for the year ended 31 December 2009, primarily due to the phasing out of government grants received by PPL's Singapore operations under the Singapore government's jobs credit scheme in 2010.

(c) Inventories and consumables

Our pro forma inventories and consumables expenses increased by 12.3% to RM809.3 million for the year ended 31 December 2010 from RM720.5 million for the year ended 31 December 2009, primarily due to the increased usage of inventories and consumables as a result of our revenue growth.

(d) Purchased and contracted services

Our pro forma purchased and contracted services expenses increased by 9.7% to RM558.6 million for the year ended 31 December 2010 from RM509.2 million for the year ended 31 December 2009, primarily due to an increase in the utilisation of purchased and contracted services to support the growth of our revenue, partially offset by increased efficiencies in utilisation.

(e) Staff costs

Our pro forma staff costs increased by 14.1% to RM1,725.3 million for the year ended 31 December 2010 from RM1,511.7 million for the year ended 31 December 2009, primarily due to an increase in PPL's staff costs.

(f) Operating lease expenses

Our pro forma operating lease expenses increased by 9.0% to RM230.6 million for the year ended 31 December 2010 from RM211.6 million for the year ended 31 December 2009, primarily due to an increase in PLife REIT's rental expenses for PPL's Singapore hospitals and an increase in the number of hospitals leased by Acibadem Holding from five in 2009 to seven in 2010.

(g) Operating expenses

Our pro forma operating expenses increased by 1.2% to RM435 8 million for the year ended 31 December 2010 from RM430.7 million for the year ended 31 December 2009, primarily due to our expanded scope of operations and the relatively fixed nature of our operating expenses.

(h) Finance income

Our pro forma finance income increased by 1.1% to RM37.7 million for the year ended 31 December 2010 from RM37.3 million for the year ended 31 December 2009.

(i) Finance costs

Our pro forma finance costs decreased by 14.8% to RM344.2 million for the year ended 31 December 2010 from RM404.1 million for the year ended 31 December 2009, primarily due to the expensing of one-off financing charges in 2009 as well as a fair value loss on financial instruments recognised in the same year.

(j) Gain on remeasurement of investment previously accounted for as associates and joint ventures

We recorded a pro forma gain on remeasurement of investment previously accounted for as associates and joint ventures of RM530.1 million for the year ended 31 December 2009, prior to our attainment of control of each of Parkway and Pantai Irama. We did not have a similar pro forma gain on remeasurement of investment previously accounted for as associates and joint ventures in the years ended 31 December 2010 or 2011.

(k) Share of profits of associates and joint ventures

Our pro forma share of profits of associates (net of tax) decreased by 9.4% to RM52.2 million for the year ended 31 December 2010 from RM57.6 million for the year ended 31 December 2009 primarily due to a decrease in profits at PLife REIT arising from lower property revaluation gains in 2010.

Our pro forma share of profits of joint ventures (net of tax) increased by 137.8% to RM8.8 million for the year ended 31 December 2010 from RM3.7 million for the year ended 31 December 2009 primarily due to an increase in profits at Apollo Gleneagles.

(l) Profit before income tax

Principally as a result of the foregoing factors, our pro forma profit before income tax decreased by 72.8% to RM117.9 million for the year ended 31 December 2010 from RM434.0 million for the year ended 31 December 2009. Our pro forma profit before income tax margin decreased to 2.6% for the year ended 31 December 2010 from 11.0% for the year ended 31 December 2009.

(m) Income tax expense

Our pro forma income tax expense increased by 1,023.5% to RM76.4 million for the year ended 31 December 2010 from RM6.8 million for the year ended 31 December 2009, primarily due to an increase in our taxable net profit, which does not include share of profits of associates and joint ventures and a gain on remeasurement of investment previously accounted for as associates and joint ventures, which is not taxable.

(n) Profit for the year

Principally as a result of the foregoing factors, our pro forma profit for the year decreased by 90.3% to RM41.5 million for the year ended 31 December 2010 from RM427.2 million for the year ended 31 December 2009. Our pro forma profit for the year margin decreased to 0.9% for the year ended 31 December 2010 from 10.8% for the year ended 31 December 2009.

12.14 Exchange rates

The following table shows the high, low, average and period-end exchange rates between Singapore Dollar and Ringgit Malaysia (in Singapore Dollar per Ringgit Malaysia) as announced by Bloomberg Finance L.P. and rounded to two decimal places. We do not make any representations that the Ringgit Malaysia or Singapore Dollar amounts shown below and referred to elsewhere in this Prospectus could have been or could be converted into any of the respective other currencies at the rate indicated or at any rate or at all.

	Exchange Rates			
	Average	High	Low	Period End
Year:				
FYE 2009	2.43	2.47	2.36	2.44
FYE 2010	2.36	2 44	2.30	2.39
FYE 2011	2.44	2.51	2.37	2.44
Three months ended 31 March 2012	2.42	2.45	2 40	2 44
Month:				
December 2011	2.44	2.45	2.42	2.44
January 2012	2.43	2.45	2.42	2.43
February 2012	2.41	2.43	2.40	2.40
March 2012	2.42	2.44	2 40	2.44
April 2012	2.45	2.46	2.43	2.45
May 2012	2.46	2 47	2.44	2.47
June 2012 (through 1 June)	2 47	2 48	2.47	2.47

As at the LPD, the closing exchange rate of the Singapore Dollar per Ringgit Malaysia was 2.47.

The following table shows the high, low, average and period-end exchange rates between Turkish Lira and Ringgit Malaysia (in Turkish Lira per Ringgit Malaysia) as announced by Bloomberg Finance L.P. and rounded to two decimal places. We do not make any representations that the Ringgit Malaysia or Turkish Lira amounts shown below and referred to elsewhere in this Prospectus could have been or could be converted into any of the respective other currencies at the rate indicated or at any rate or at all.

	Exchange Rates			
	Average	High	Low	Period End
Year:				
FYE 2009	2.27	2.40	2.06	2.29
FYE 2010	2.12	2.31	1.98	1.98
FYE 2011	1.82	2 00	1.65	1.68
Three months ended 31 March 2012	1.72	1.74	1.67	1.72
Month:				
December 2011	1.69	1.71	1.65	1.68
January 2012	1.69	1.71	1 67	1.71
February 2012	1.72	1.74	1.71	1 72
March 2012	1.70	1.72	1.68	1.72
April 2012	1.71	1.73	1 70	1.72
May 2012	1.71	1 73	1 69	1.70
June 2012 (through 1 June)	1.71	1.72	1.70	1 72

As at the LPD, the closing exchange rate of the Turkish Lira per Ringgit Malaysia was 1.72.

Please refer to Section 5.3(xiii) of this Prospectus on Risks related to the Global Offering – Exchange rate fluctuations may adversely affect the value of our Shares and any dividend distribution.

Source: Bloomberg Finance L.P. has not provided its consent to the inclusion of the information extracted from its database in this Prospectus, and is thereby not liable for such information. While we, the Promoter, Selling Shareholder, Over-Allotment Option Providers, Principal Adviser, Managing Underwriter, Joint Underwriters, Sole Coordinator and Joint Bookrunners for the MITI Tranche, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Singapore Issue Managers and Singapore Underwriters have taken reasonable actions to ensure that the information from Bloomberg Finance L.P.'s database has been reproduced in its proper form and context, neither we, the Promoter, Selling Shareholder, Over-Allotment Option Providers, Principal Adviser, Managing Underwriter, Joint Underwriters, Sole Coordinator and Joint Bookrunners for the MITI Tranche, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Singapore Issue Managers and Singapore Underwriters nor any other party has conducted an independent review of the information contained in that database or verified the accuracy of the contents of the relevant information.

12.15 Capitalisation and indebtedness

The table below sets out our capitalisation and indebtedness based on the financial statements of our Group as at 31 March 2012 on an actual basis and as adjusted to reflect the issuance of the Issue Shares and the application of net proceeds due to us from the Public Issue in the manner described in Utilisation of proceeds in Section 4.8 of this Prospectus.

The information in this table should be read in conjunction with Utilisation of proceeds, Management's discussion and analysis of financial condition and results of operations and our combined financial statements, the accompanying notes and the Accountants' Report as set out in Sections 4.8, 12.2 and 13 respectively of this Prospectus.

	Audited	Unaudited
	Three months ended 31 March 2012	
	Actual	As Adjusted
	(RM million)	
Indebtedness		
Current indebtedness		
Secured bank borrowings(3)	218.4	218.4
Secured finance lease liabilities	49.7	49.7
Secured bank overdrafts	9.4	9.4
Total current indebtedness(1)	277.5	277.5
Non-current indebtedness		
Secured bank borrowings(3)	4,998.0	1,292.9
Secured finance lease liabilities	168.2	168.2
Unsecured bank borrowings	2,195 3	1,237.7
Total non-current indebtedness	7,361.5	2,698.8
Total indebtedness	**7,639.0**	**2,976.3**

12. FINANCIAL INFORMATION *(cont'd)*

Total equity	**12,376.1**	**17,058.8**
Total capitalisation[(2)]	**19,737.6**	**19,757.6**
Total capitalisation and indebtedness	**20,015.1**	**20,035.1**

Notes:

(1) As at 31 March 2012, we had no unsecured current indebtedness.

(2) Total capitalisation equals total non-current indebtedness plus total equity.

(3) For further details of our secured borrowings, please refer to Section 12.3.2 of this Prospectus on Financing activities.

As at 30 April 2012, there were no material variances in total indebtedness and total equity as compared to the amounts as at 31 March 2012.

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12.16 Reporting Accountants' letter on the pro forma financial information

(Prepared for inclusion in this Prospectus)

KPMG

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Internet www.kpmg.com.my

The Board of Directors
IHH Healthcare Berhad
(formerly known as Integrated Healthcare Holdings Berhad)
Suite 17-01, Level 17
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

1 June 2012

Dear Sirs,

IHH Healthcare Berhad
(formerly known as Integrated Healthcare Holdings Berhad)
Reporting accountants' letter on the pro forma financial information

We report on the pro forma financial information of IHH Healthcare Berhad ("IHH" or "the Company") (formerly known as Integrated Healthcare Holdings Berhad) and its subsidiaries (collectively defined as "IHH Group"), as set out in the attachment (which we have stamped for the purpose of identification), for inclusion in the prospectus in connection with the listing and quotation of the entire issued and paid-up share capital of IHH on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Main Board of the Singapore Exchange Securities Trading Limited and should not be relied upon for any other purposes.

The pro forma financial information consists of the following:

(a) Pro forma Income Statements for the financial years ended 31 December 2009, 2010 and 2011 and the three-month periods ended 31 March 2011 and 2012.

(b) Pro forma Statements of Financial Position as at 31 December 2011 and 31 March 2012.

(c) Pro forma Statements of Cash Flows for the financial year ended 31 December 2011 and the three-month period ended 31 March 2012.

The above pro forma financial information, together with the notes and assumptions thereto, for which the directors are solely responsible, has been compiled for illustrative purposes only on the basis of assumptions, after making certain adjustments, as set out in the attachment and to provide information on what:

(a) the financial results of IHH Group for the three (3) financial years ended 31 December 2009, 2010 and 2011 and the three-month periods ended 31 March 2011 and 2012 would have been if the acquisitions of:

- Parkway Holdings Limited ("Parkway"), Pantai Irama Ventures Sdn. Bhd. ("Pantai Irama") and IMU Health Sdn. Bhd. ("IMU Health") and their subsidiaries, together with the acquisitions and disposals of subsidiaries and associates by these entities (collectively known as "Parkway Pantai Acquisition and Disposals"); and
- Acibadem Saglik Yatirimlari Holdings A.S. ("Acibadem Holding") and its subsidiaries (collectively known as "Acibadem Holding Acquisition"),

had occurred on 1 January 2009 or date of establishment of the entities acquired, whichever is later;

(b) the financial position of IHH Group as at 31 December 2011 and 31 March 2012 would have been if the Acibadem Holding Acquisition had been in place on 31 December 2011 and 31 March 2012 respectively and, adjusted for the Initial Public Offering ("Public Issue") and utilisation of the listing proceeds which is assumed to complete on 31 December 2011 and 31 March 2012, respectively ("the "Relevant Dates"); and

(c) the cash flows of IHH Group for the financial year ended 31 December 2011 and the three-month period ended 31 March 2012 would have been if the Acibadem Holding Acquisition had occurred on 1 January 2011, and adjusted for the Public Issue and utilisation of the listing proceeds on the Relevant Dates presented.

The purpose of the pro forma financial information is solely for illustrating the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

Directors' Responsibilities

It is the responsibility solely of the Board of Directors of the Company to prepare the pro forma financial information in accordance with the requirement of the Securities Commission's *Prospectus Guidelines* in respect of an initial public offering ("Guidelines").

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Guidelines, as to the proper compilation of the pro forma financial information. In providing this opinion, we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue. We have not performed an audit or review of the financial information used in compiling the pro forma financial information.

Our procedures on the pro forma financial information have not been carried out in accordance with attestation standards and practices generally accepted in the United States of America or other jurisdictions, other than in Malaysia, and accordingly, should not be relied upon as if they had been carried upon in accordance with those standards.

Basis of Opiniou

We conducted our work in accordance with International Standard on Assurance Engagements 3000, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, including the adjustments to the Company's accounting policies, nor of the pro forma assumptions stated in the notes to the pro forma financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the pro forma adjustments and discussing the pro forma financial information with the Company's management. We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company and consolidated subsidiaries.

Opinion

In our opinion,

- the pro forma financial information has been properly prepared in accordance with the basis stated in Note 4 of the attachment using financial statements prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards and in a manner consistent with both the format of the financial statements and the accounting policies of the Company and, where appropriate, of its subsidiaries and the basis of consolidation as described in Note 4 of the attachment; and

- each material adjustment made to the information used in the preparation of the pro forma financial information is appropriate for the purpose of preparing the pro forma financial information.

KPMG

Other Matters

The pro forma financial information has been prepared for inclusion in the prospectus in connection with the Initial Public Offering of the Company, including the listing of its shares on the Main Market of Bursa Securities and the Main Board of the Singapore Exchange Securities Trading Limited and should not be relied upon for any other purposes.

Yours faithfully

KPMG

KPMG
Firm No. AF 0758
Chartered Accountants

LEE YEE KENG
Chartered Accountant

IHH Healthcare Berhad and its subsidiaries
(formerly known as Integrated Healthcare Holdings Berhad)
Pro forma Income Statements
Years Ended 31 December 2009, 2010, 2011 and three month period ended 31 March 2011 and 2012

	Years ended 31 December			Three-month period ended 31 March	
	2009	**2010**	**2011**	**2011**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	3,946,250	4,506,735	5,190,764	1,273,647	1,476,374
Other operating income	102,121	70,590	176,885	56,495	21,484
Inventories and consumables	(720,469)	(809,322)	(1,025,237)	(234,478)	(282,966)
Purchased and contracted services	(509,214)	(558,620)	(580,358)	(128,827)	(146,358)
Depreciation and impairment losses on property, plant and equipment	(374,982)	(370,272)	(369,297)	(90,924)	(89,996)
Amortisation and impairment losses on intangible assets	(80,181)	(84,068)	(72,268)	(18,707)	(17,820)
Staff costs	(1,511,717)	(1,725,308)	(1,988,251)	(492,941)	(545,287)
Operating lease expenses	(211,567)	(230,559)	(258,252)	(59,769)	(65,706)
Operating expenses	(430,738)	(435,795)	(421,539)	(98,645)	(139,357)
Finance income	37,254	37,685	58,339	16,069	122,804
Finance costs	(404,122)	(344,176)	(584,827)	(65,162)	(76,866)
Gain on remeasurement of investment previously acconnted for as associates and joint ventures	530,120	-	-	-	-
Share of profits of associates (net of tax)	57,562	52,196	79,937	12,160	14,472
Share of profits of joint ventures (net of tax)	3,725	8,776	13,909	2,742	3,407
Profit before income tax	434,042	117,862	219,805	171,660	274,185
Income tax expense	(6,797)	(76,407)	(87,760)	(37,473)	(57,751)
Profit for the year/period	427,245	41,455	132,045	134,187	216,434
Profit attributable to:					
Owners of the Company	463,547	78,717	245,655	118,121	164,504
Non-controlling interests	(36,302)	(37,262)	(113,610)	16,066	51,930
Profit for the year/period	427,245	41,455	132,045	134,187	216,434
Number of shares ('000)					
- Basic	8,053,294	8,053,294	8,053,294	8,053,294	8,053,294
- Diluted	8,057,080	8,057,080	8,057,080	8,057,080	8,057,080
Earnings per share to owners of the Company (sen)					
- Basic	5.76	0.98	3.05	1.47	2.04
- Diluted	5.75	0.98	3.05	1.47	2.04
Profit before tax margin (%)	11.0%	2.6%	4.2%	13.5%	18.6%
Profit after tax margin (%)	10.8%	0.9%	2.5%	10.5%	14.7%

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IHH Healthcare Berhad and its subsidiaries
(formerly known as Integrated Healthcare Holdings Berhad)
Pro forma Statements of Financial Position
As at 31 December 2011 and 31 March 2012

	Note	As at 31 December 2011 RM'000	As at 31 March 2012 RM'000
Non-current assets			
Property, plant and equipment		6,044,178	6,300,609
Intangible assets		2,992,066	3,038,754
Goodwill on consolidation		8,562,159	8,499,464
Interest in associates		862,273	864,238
Interest in joint venture		28,009	31,302
Other financial assets		568,494	591,542
Other receivables		-	42,313
Deferred tax assets		70,709	57,682
		19,127,888	19,425,904
Current assets			
Assets classified as held for sale		1,463	1,463
Development property		1,121,195	1,160,548
Inventories		117,909	120,936
Trade and other receivables		814,160	854,194
Tax recoverable		29,879	26,092
Other financial assets		39,637	26,967
Derivative assets		-	3,007
Cash and cash equivalents		1,768,218	1,660,336
		3,892,461	3,853,543
Total assets		23,020,349	23,279,447
Equity attributable to owners of the Company			
Share capital	8	8,053,294	8,053,294
Share premium	9	7,975,665	7,975,665
Reserves		275,604	415,673
		16,304,563	16,444,632
Non-controlling interests		592,068	614,138
Total equity		16,896,631	17,058,770

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IHH Healthcare Berhad and its subsidiaries
(formerly known as Integrated Healthcare Holdings Berhad)
Pro forma Statements of Financial Position
As at 31 December 2011 and 31 March 2012
(continued)

	As at 31 December 2011 RM'000	As at 31 March 2012 RM'000
Non-current liabilities		
Bank borrowings	2,797,276	2,698,802
Employee benefits	21,112	19,085
Other payables	91,716	77,081
Deferred tax liabilities	784,757	804,126
	3,694,861	3,599,094
Current liabilities		
Bank overdrafts	584	9,433
Trade and other payables	2,019,207	2,168,497
Bank borrowings	246,019	268,047
Derivative liabilities	1,252	6,369
Employee benefits	41,935	20,865
Tax payable	119,860	148,372
	2,428,857	2,621,583
Total liabilities	6,123,718	6,220,677
Total equity and liabilities	23,020,349	23,279,447
Number of shares ('000)		
- Basic	8,053,294	8,053,294
Net tangible asset per share (RM)		
- Basic	0.59	0.61
Net asset per share (RM)		
- Basic	2.02	2.04

The above pro forma statements of financial position has also taken into consideration the effect of the Public Issue and utilisation of proceeds as further illustrated in Note 6 below.

IHH Healthcare Berhad and its subsidiaries
(formerly known as Integrated Healthcare Holdings Berhad)
Pro forma Statements of Cash Flows
Year Ended 31 December 2011 and three-month period ended 31 March 2012

	Year ended 31 December 2011 RM'000	Three-month period ended 31 March 2012 RM'000
Cash flows from operating activities		
Profit before tax	162,257	305,633
Adjustments for:		
Exchange differences	(42,169)	(107,741)
Dividend income	(2,883)	-
Finance income	(58,459)	(55,601)
Finance costs	599,519	62,950
Depreciation and impairment losses on property, plant and equipment	369,962	90,804
Amortisation and impairment losses on intangible assets	93,860	17,643
Gain on disposal of property, plant and equipment	(211)	(64)
Write off of property, plant and equipment	19,445	135
Allowance made for impairment loss on trade and other receivables	22,101	11,709
Allowance made for impairment loss on amounts due from associates	2,959	-
Impairment loss on other financial assets	2,372	-
Fair value loss on contingent consideration payable	-	10,772
Equity settled share-based payment transactions	15,074	4,949
Write off of intangibles	-	17
Share of profits of associates	(79,937)	(14,472)
Share of profits of joint ventures	(13,909)	(3,407)
Operating profit before changes in working capital	1,089,981	323,327
Changes in working capital:		
Development property	(181,359)	(36,205)
Inventories	(9,085)	(4,169)
Trade and other receivables	(180,920)	(41,335)
Trade and other payables	757,476	67,159
Intercompany balances	-	(14,303)
Cash generated from operations	1,476,093	294,474
Income taxes paid	(120,061)	(19,368)
Net cash generated from operating activities	1,356,032	275,106
Cash flows from investing activities		
Dividend received	55,512	13,529
Interest received	17,682	10,023
Acquisition of subsidiaries, net of cash acquired	(840,606)	(10,298)
Net cash outflow from disposal of subsidiaries	(136,797)	-

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IHH Healthcare Berhad and its subsidiaries
(formerly known as Integrated Healthcare Holdings Berhad)
Pro forma Statements of Cash Flows
Year Ended 31 December 2011 and three month period ended 31 March 2012 (continued)

	Year ended 31 December 2011 RM'000	Three-month period ended 31 March 2012 RM'000
Cash flows from investing activities (continued)		
Acquisition of additional interest in joint venture	(139)	-
Proceeds from disposal of property, plant and equipment	28,856	5,859
Proceeds from sale of assets held for sale	8,006	-
Purchase of property, plant and equipment	(873,868)	(241,366)
Payment for development cost of intangible assets	(10,693)	(1,145)
Purchase of quoted investments	(503,139)	-
Net repayment by associates	4,944	(7)
Net advances to joint ventures	(17,093)	(797)
Net cash used in investing activities	(2,267,335)	(224,202)
Cash flows from financing activities		
Proceeds from issuance of shares	7,265,935	5,130,000
Proceeds from bank loans	1,295,765	162,884
Repayment of bank loans	(6,897,914)	(4,811,431)
Proceeds from finance lease obligations	3,789	-
Advances from/ (Repayment to) ultimate holding company and related companies	485,284	(24,781)
Advances from non-controlling shareholder of a subsidiary	5,807	-
Acquisition of non-controlling interests	(304,839)	(255)
Additional payment for prior year acquisition of non-controlling interests	(15,361)	-
Interest paid	(278,310)	(44,822)
Dividend paid to non-controlling interests	(3,017)	-
Dividends paid	(2,131)	-
Acceptance fees for share options	370	-
Listing expenses paid	(187,596)	(187,596)
Change in pledged deposits	(43,506)	(19,547)
Net cash generated from financing activities	1,324,276	204,452
Net increase in cash and cash equivalents	412,973	255,356
Cash and cash equivalents at 1 January	1,158,109	1,256,900
Effect of exchange rate fluctuations on cash held	68,339	(22,852)
Cash and cash equivalents at 31 December/31 March	1,639,421	1,489,404

The above pro forma statements of cash flows has also taken into consideration the effect of the Public Issue and utilisation of proceeds as further illustrated in Note 7 below.

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1. INTRODUCTION

The Pro Forma Financial Information should be read in conjunction with the historical combined financial statements of IHH Healthcare Berhad (formerly known as Integrated Healthcare Holdings Berhad) (the "Company" or "IHH") and its subsidiaries (the "Group") for the years ended 31 December 2009, 2010 and 2011 and the interim combined financial statements of the Group for the three-month period ended 31 March 2011 and 2012, respectively, which are set out in Section 13 of the Prospectus. The Pro forma Financial Information has been prepared for inclusion in the prospectus of IHH Healthcare Berhad in connection with the public offering of ordinary shares of the Company.

The Company is a limited liability company incorporated and domiciled in Malaysia. The address of the principal place of business and registered office of the Company is Suite 17-01, Level 17, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200, Kuala Lumpur.

The principal activities of the Company and its subsidiaries are those of a holding company, operation of hospitals, the provision of healthcare services and management of educational institutions and other centres of learning.

The immediate, intermediate and ultimate holding companies of the Company are Pulau Memutik Ventures Sdn. Bhd. ("Pulau Memutik"), Khazanah Nasional Berhad ("Khazanah") and Ministry of Finance (Incorporated) ("MOF") respectively. Pulau Memutik and Khazanah are companies incorporated and domiciled in Malaysia, and MOF is a body corporate which was incorporated under the Ministry of Finance (Incorporation) Act 1967.

2. GROUP ACQUISITIONS AND DISPOSALS

The Group implemented various internal restructuring of its group entities and acquisition or disposals of investment in subsidiaries or associates over the past three financial years ended 31 December 2009, 2010 and 2011, and the three months ended 31 March 2012.

In arriving at the Pro forma Financial Information, it was assumed that the following 2 key events occurred as described in Notes 2.1 to 2.2.

2.1 Internal restructuring ("Parkway Pantai Acquisitions and Disposals")

The Group acquired or disposed of interests in its subsidiaries or associates between 1 January 2009 and 1 June 2012.

For the purpose of inclusion in the Pro forma Financial Information, the following key acquisitions and disposals of subsidiaries and associates under the Parkway Holdings Limited ("Parkway"), Pantai Irama Venture Sdn. Bhd. ("Pantai Irama") and IMU Health Sdn. Bhd. ("IMU Health") were included and assumed to take place on the respective dates indicated in the bases and assumptions used in preparing the pro forma financial information as set out in Note 4:

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Name of entity	**Original effective equity interest[1]**	**Additional equity interest**	**Revised equity interest[2]**
	%	%	%
Acquisitions			
Pantai Hospital Sungai Petani Sdn. Bhd.	-	100	100
Parkway Holdings Limited and its subsidiaries	23.8	76.2	100
IMU Health Sdn. Bhd. and its subsidiaries	67.5	32.5	100
Pantai Irama Venture Sdn. Bhd. and its subsidiaries	69	31	100
Name of entity	**Original effective equity interest**		
Disposals			
Pantai Support Services Sdn. Bhd. and its subsidiaries	100		

Notes:

1 These represent the original effective equity interests held by the Group in the various subsidiaries. Please refer to Note 4 for details of the changes in the Group's actual shareholdings in these subsidiaries during the financial years ended 31 December 2009, 2010 and 2011 (the "Relevant Period").

2 These represent the final 100% ownership interests held by the Group when the Group acquired the entire remaining interests in the respective subsidiaries.

The above acquisitions are considered as the "Parkway Pantai Acquisitions and Disposals" for the purpose of presentation in the Pro forma Financial Information.

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2.2 Acquisition of Acibadem Saglik Yatirimlari Holdings A.S. ("Acibadem Holding Acquisition")

The Group implemented the following transactions to effect the acquisition of equity interests in Acibadem Saglik Yatirimlari Holdings A.S. ("Acibadem Holding") and its subsidiaries, including A Plus Hastane ve Otelcilik Hizmetleri A.S ("APlus") and Acibadem Proje Yonetimi A.S. ("Acibadem Proje") (collectively known as "Acibadem Holding Group"):

Entity	Effective equity interest %	Purchase consideration USD'000	Satisfied by: Issuance of shares USD'000	Satisfied by: Payment of cash USD'000
Integrated Healthcare Capital Sdn. Bhd.	100	#	#	#
Integrated Healthcare Turkey Yatirimlari Limited	100	#	#	#
Integrated Healthcare Hastaneler Turkey Sdn. Bhd.	93.65	#	#	#
Acibadem Saglik Yatirimlari Holding A.S. and its subsidiaries	56.19	769,290	550,477	218,813
APlus & Acibadem Proje	56.19	56,426	-	56,426

Not applicable as the entity is incorporated by IHH

1. The Group incorporated two wholly-owned subsidiaries, Integrated Healthcare Capital Sdn. Bhd. ("IH Capital"), a company incorporated in Malaysia, and Integrated Healthcare Turkey Yatirimlari Limited ("IHT Yatirimlari"), a company incorporated in Labuan.
2. IHT Yatirimlari originally owned 100% equity interest in Integrated Healthcare Hastaneler Turkey Sdn. Bhd. ("IHH Turkey"), a company incorporated in Malaysia, and in February 2012, sold 6.35% equity interest in IHH Turkey to Symphony Healthcare Holdings Limited ("Symphony"). Consequently, IHT Yatirimlari owns 93.65% equity interests in IHH Turkey.

3. IHH, IHH Turkey, Bagan Lalang Ventures Sdn. Bhd. ("Bagan Lalang") and Mehmet Ali Aydinlar ("MAA"), Hatice Seher Aydinlar ("HSA"), Almond Holdings Cooperatie UA ("Almond(Netherlands)"), Abraaj SPV 44 Limited ("Abraaj") and Acibadem Holding entered into (i) a sale and purchase agreement dated 23 December 2011 (the "SPA") and (ii) shareholders' agreement dated 23 December 2011 ("SHA") to effect the above said acquisition transactions.

Bagan Lalang is a company in which the intermediate holding company, Khazanah, has substantial financial interests. MAA and Abraaj are the existing ultimate shareholders of Acibadem Saglik Hizmetleri ve Ticaret A.S. ("Acibadem"), APlus and Acibadem Proje.

Acquisition of Acibadem Holding by IHH Turkey

IHH Turkey acquired 60% equity interest in Acibadem Holding. The acquisition of Acibadem Holding comprises the following salient terms:

a. The purchase consideration for the acquisition of Acibadem Holding Group is approximately USD825,716,000, satisfied by cash payment of USD275,239,000; and issuance of IHH shares with a total value of approximately USD550,477,000.

b. The cash portion is funded by 2 separate bank loans facilities of SGD470 million and RM450 million obtained by IHT Yatirimlari and IH Capital, respectively.

   This cash portion of USD275 million includes cash capital injections of USD56,426,000 by IHH Turkey into Acibadem Holding for the purpose of subscribing Acibadem Holding's new ordinary shares at the date of closing of the SPA. The proceeds from Acibadem Holding's share capital increase are used solely to fund the acquisition of the entire issued share capital of APlus and Acibadem Proje.

   The share portion is satisfied through the issuance of 695,442,295 ordinary shares at USD0.79 per ordinary share to the existing selling shareholders of Acibadem Holding, namely Abraaj, and Aydinlar family, to take over their respective equity interests in Acibadem Holding.

c. Pursuant to the sale and purchase agreement for Acibadem Holding, the purchase consideration could be subject to further adjustments due to the following:

   (i) equity value of Acibadem Holding Group and IHH in the final copy of the audited financial statements of Acibadem Holding Group and IHH as at 31 December 2011; and

   (ii) the foreign exchange rates prevailing as at 31 December 2012 between USD and Turkish Lira, is subject to a cap of USD1 versus 1.65 Turkish Lira.

   If adjustment of item (i) exceeds USD50million, IHH has the option to pay the portion in excess of USD50 million, part in cash and part in shares of IHH at its discretion. In this connection, as of 21 May 2012, IHH Turkey and the existing selling shareholders of Acibadem Holding, namely Abraaj, and Aydinlar family, completed item (i) and mutually agreed that a total amount of USD12,290,402 will be refunded by Abraaj and Aydinlar family to IHH Turkey.

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The Company regards item (ii) as contingent consideration payable to Abraaj and Aydinlar family and recognises a fair value of USD12,900,000. Both items (i) and (ii) will give rise to net adjustment of USD609,598 against the purchase consideration.

d. Shareholders' agreement dated 8 February 2012 between IHT Yatirimlari, IHH, IHH Turkey and Symphony

   Symphony acquired 6.35% equity interest in IHH Turkey at purchase consideration of USD50 million. Based on the aforementioned shareholders' agreement, Symphony has a mandatory option to convert all of its 152,500,000 IHH Turkey shares into IHH shares within seven days after the institutional pricing of IHH being fixed in the event of an Public Issue of IHH. The conversion ratio is based on Symphony's original acquisition price for its shares in IHH Turkey and the institutional price for IHH shares in the Public Issue. For purpose of preparation of pro forma statement of financial position, the number of shares to be issued is assumed to be 57,851,648 new shares.

e. Mandatory takeover offer ("MTO")

   Acibadem Holding Group currently owns 92% of Acibadem Saglik Hizmetleri Ticaret A.S ('Acibadem') and its subsidiaries. A MTO was launched in 27 March 2012 and was opened for 10 business day, concluding on 9 April 2012. As at 9 April 2012, Acibadem Holding Group owns 97.3% equity interest in Acibadem from 92%. This equity interest is assumed to be reflected on 1 January 2009 and onwards.

The above events are considered as the "Acibadem Holding Acquisition" for the purpose of presentation in the Pro forma Financial Information.

3. THE LISTING SCHEME

The Public Issue will involve the Public Offer of 1,800,000,000 new Shares at an initial public offering price of RM2.85 per share ("Public Issue").

The completion of the Public Issue will result in an enlarged issued and paid up share capital of IHH of RM8,053,293,943 comprising 8,053,293,943 Shares.

The listing of the Company's shares will be on the Main Market of Bursa Securities and the Main Board of the Singapore Exchange Securities Trading Limited.

The listing scheme, together with the utilisation of Public Issue proceeds, is known as "Public Issue Effect" for the purpose of presentation in the Pro forma Financial Information.

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4. BASIS OF PREPARATION OF THE PRO FORMA FINANCIAL INFORMATION

The Pro forma Financial Information has been compiled based on:

(a) the audited historical combined financial statements of the Group for the years ended 31 December 2009, 2010 and 2011, which were prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS");

(b) the audited interim historical combined financial statements of the Group for the three-month periods ended 31 March 2012, which were prepared in accordance with MFRS and IFRS; and

(c) the audited historical financial statements of Acibadem Holding prepared in accordance with the Turkish Uniform Chart of Accounts promulgated by Capital Markets Board of Turkey ("CMB"), Turkish Commercial Code and Turkish Tax Code for the years ended 31 December 2009, 2010 and 2011 and the three-month period ended 31 March 2012, which are set out in Section 13 of the Prospectus. There is no material difference between CMB that are relevant and adopted by the significant subsidiary as compared to Malaysian Financial Reporting Standards ('MFRS') and International Financial Reporting Standards ("IFRS") which require adjustments to the audited figures.

The historical combined financial statements of the Group for the years ended 31 December 2009, 2010 and 2011 and the three-month period ended 31 March 2012 were audited by KPMG. KPMG reported on the above financial statements which were not subjected to any qualifications, modifications or disclaimers.

The historical financial statements of Acibadem Holding for the years ended 31 December 2009, 2010 and 2011 and the three-month periods ended 31 March 2012 were audited by KPMG Akis Bağımsız Denetim ve SMMM A.Ş. KPMG Akis Bağımsız Denetim ve SMMM A.Ş. reported on the above financial statements which were not subjected to any qualifications, modifications or disclaimers.

The Pro forma Financial Information is expressed in Ringgit Malaysia ("RM"), and rounded to the nearest thousand, unless otherwise stated. The Pro forma Financial Information, consist of the following:

(i) Pro forma Income Statements for the financial years ended 31 December 2009, 2010 and 2011 and the three-month periods ended 31 March 2011 and 2012;

(ii) Pro forma Statements of Financial Position as of 31 December 2011 and 31 March 2012; and

(iii) Pro forma Statements of Cash Flows for the financial year ended 31 December 2011 and for the three-month period ended 31 March 2012.

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The objective of the Pro forma Financial Information is to show what the financial positions, results and cash flows might have been, had the Parkway Pantai Acquisitions and Disposals, Acibadem Holding Acquisition, and the Public Issue Effect, occurred at the respective dates as described below:

- For illustrative purposes, in arriving at the Pro forma Income Statements for the years ended 31 December 2009, 2010 and 2011 and for the three-month periods ended 31 March 2011 and 2012, it is assumed that the Parkway Pantai Acquisitions and Disposals and Acibadem Holding Acquisition were effected on 1 January 2009, as further described in Note 4.1.

- For illustrative purposes, in arriving at the Pro forma Statement of Financial Position as of 31 December 2011 and 31 March 2012, it is assumed that the Acibadem Holding Acquisition and the Public Issue are completed on 31 December 2011 and 31 March 2012, respectively, as further described in Note 4.2.

- For illustrative purposes, in arriving at the Pro forma Statements of Cash Flows for the financial year ended 31 December 2011 and for the three-month period ended 31 March 2012, it is assumed that the Acibadem Holding Acquisition was completed on 1 January 2011 and the Public Issue been completed on 31 December 2011 and 31 March 2012, respectively, as further described in Note 4.3.

The Pro forma Financial Information is not necessarily indicative of the financial positions, results and cash flows of the operations that would have been attained had the Parkway Pantai Acquisitions and Disposals, Acibadem Holding Acquisition, and the Public Issue Effect actually occurred at the respective dates. The Pro forma Financial Information has been prepared for illustrative purposes only, and because of its nature, may not give a true picture of the actual financial position, results of operations and cash flows of the Group.

4.1 Pro forma Income Statements

In arriving at the pro forma income statements for the years ended 31 December 2009, 2010 and 2011 and the three-month period ended 31 March 2012, the following key adjustments were made:

4.1.1 Adjustments to reflect the financial results pertaining to the changes in group structure of Parkway Group, Pantai Irama Group and IMU Health Group and the related assets and liabilities assumed or derecognised.

The key assumptions are summarised below:

Parkway Pantai Acquisitions and Disposals

(i) The Group's equity interests in Parkway, Pantai Irama and IMU Health for the years ended 31 December 2009, 2010 and 2011 and the three month periods ended 31 March 2012 are summarised below.

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Period in which events occurred	Parkway Group	Pantai Irama Group	IMU Group
For the year ended 31 December 2009	23.8%	69%	67.5%
For the period from 1 January 2010 to 31 August 2010	23.8%	69%	67.5%
For the period from 1 September 2010 to 31 October 2010	100%	100%	87.5%
For the period from 1 November 2010 to 31 December 2010	100%	100%	100%
For the year ended 31 December 2011	100%	100%	100%
For the period ended 31 March 2012	100%	100%	100%

For the purpose of preparing the pro forma income statements, it is assumed that the Group's 100% equity interests in Parkway, Pantai Irama and IMU Health as of 31 December 2011 and 31 March 2012 existed on 1 January 2009 and the financial results of Parkway, Pantai Irama and IMU Health would be reflected in the respective years from 1 January 2009 onwards.

In addition, gains on re-measurement of the Group's previously held equity interests aggregating to approximately RM530 million arising from the acquisitions of Parkway and Pantai Irama are assumed to have been recognised on 1 January 2009. Related expenditures totalling RM51 million incurred in relation to the Parkway Pantai Acquisitions and Disposals have been assumed to be recognised on 1 January 2009.

(ii) Parkway and Pantai Irama carried out various acquisitions and disposals of investments in subsidiaries and associates during the relevant period. The key acquisition and disposal transactions are as follows:

- Acquisition of 100% equity interest in Pantai Hospital Sungai Petani Sdn. Bhd. ('Pantai Sungai Petani') in May 2009, and
- Disposal of 100% equity interest in Pantai Support Services Sdn. Bhd. ('PSS') in March 2011.

For the purpose of preparing the pro forma income statements, it is assumed that the Group's 100% equity interest in Pantai Sungai Petani existed on 1 January 2009 and the financial results of Pantai Sungai Petani would be reflected from 1 January 2009 onwards.

It is assumed that the Group disposed of its interests in PSS on 1 January 2009 and the financial results of PSS would be excluded from the Group on 1 January 2009.

(iii) The Group secured term loan facilities totalling SGD1.85 billion in 2010 in connection with the acquisition of Parkway and Pantai Irama. It is assumed that the abovementioned term loan facilities occurred on 1 January 2009 and the related additional finance costs will be reflected from 1 January 2009 onwards. The interest rate charged is based on SGD Swap Offer Rate plus 1.25% per annum.

(iv) As at 31 December 2010, Parkway has term loan facilities of SGD500 million obtained for the purpose of financing the construction of Mount Elizabeth Novena Hospital. The term loan facility was restructured in 2010 following the privatisation of Parkway in December 2010. For the purpose of preparing the pro forma income statements, it is assumed that the abovementioned loan restructuring exercises occurred on 1 January 2009 and the related additional finance cost and related expenses of RM51 million will be reflected from 1 January 2009 onwards.

(v) Purchase price allocation in respect of the acquisition of Parkway Pantai Acquisition was completed in year 2011. For the purpose of preparing the pro forma income statements, it is assumed that the exercise was completed on 1 January 2009 and the resulting additional depreciation and amortisation expenses of the related property, plant and equipment and intangible assets will be reflected from 1 January 2009 onwards.

4.1.2 Adjustments to reflect the financial results pertaining to the acquisition of Acibadem Holding, including entities acquired by Acibadem Holding between 1 January 2009 and 1 June 2012 as if the group structure of Acibadem Holding Group (after adjusting for entities acquired as aforementioned) existed as of 1 January 2009.

The key assumptions are summarised below:

(i) The Group completed its acquisition of 60% equity interest in Acibadem Holding on 24 January 2012. For the purpose of preparing the pro forma income statements, it is assumed that the Group's 60% equity interest in Acibadem Holding as of 24 January 2012 existed on 1 January 2009 and the financial results of Acibadem Holding Group would be reflected in the respective years from 1 January 2009 onwards. Related expenditure totalling RM41 million incurred in relation to the Acibadem Holding Acquisition has been assumed to be recognised on 1 January 2009.

(ii) Acibadem Holding carried out certain acquisitions of subsidiaries throughout the years ended 31 December 2009, 2010 and 2011 and for the three month period ended 31 March 2012. The key acquisitions are:

- Acquisition of 100% equity interest in APlus and Acibadem Proje in January 2012;
- Acquisition of 65% equity interest in Jinemed Sağlık Hizmetleri A.Ş ("Jinemed Saglik") pursuant to the share purchase agreement entered in January 2012. As at 1 June 2012, Jinemed Saglik is not a subsidiary of Acibadem Holding as the share transfer has not yet been completed and is expected to be completed within 2012;
- Acquisition of 50% equity interest of Sistina Hospital and Sistina Medical Centre (collectively known as "Sistina") in October 2011; and
- Acquisition of additional equity interest in Acıbadem Kayseri ("Kayseri") and Konur Sağlık Hizmetleri A.S("Konur Saglik") from non-controlling shareholders in 2010 and 2011 to 100% and 92.5% equity interests, respectively, from 72.4% and 50%, respectively, as at 31 December 2009.

For the purpose of preparing the pro forma income statements, it is assumed that the Group's aforementioned equity interests in APlus, Acibadem Proje, Jinemed Saglik, Sistina, Kayseri and Konur Saglik existed on 1 January 2009 except for Sistina which was only established in August 2010. The financial results of the acquired entities would be reflected from 1 January 2009 onwards except for Sistina which was included from August 2010 onwards.

(iii) The Group secured two separate term loan facilities of SGD470 million and RM450 million, of which SGD256 million and RM245 million were drawndown from these facilities in 2012 in connection with the acquisition of Acibadem Holding Group. In February 2012, the Group sold 6.35% equity interests in IHH Turkey to a third party investor, Symphony, for USD50 million which was used to partially repay the term loan facilities. It is assumed that the abovementioned exercises occurred on 1 January 2009 and the related additional finance costs will be reflected from 1 January 2009 onwards. The interest rates charged are based on SGD Swap Offer Rate plus 1% per annum for the SGD bank loan and COF plus 0.6% per annum for the RM bank loan. The 2 term loans have a maturity of three years from the drawdown date. For the purpose of inclusion in the pro forma income statement, the loans have been assumed to remain unpaid at the end of the relevant period.

(iv) In addition, as described in paragraph 2.2, Symphony holds mandatory options to convert the 6.35% equity interests in IHH Turkey to IHH when the initial public offering occurs. For the purpose of preparing the pro forma income statement, it is assumed that Symphony exercised its options on 1 January 2009 and the Group owned 100% equity interest in IHH Turkey and 60% effective equity interest in Acibadem Holding Group on 1 January 2009.

(v) Purchase price allocation in respect of the acquisition of Acibadem Holding Group was completed in May 2012. For the purpose of preparing the pro forma income statements, it is assumed that the exercise was completed on 1 January 2009 and the resulting additional depreciation and amortisation expenses from the property, plant and equipment and intangible assets will be reflected from 1 January 2009 onwards; and

(vi) The MTO managed to take over the 5% equity interest from public shareholders of Acibadem. For the purpose of preparing the pro forma income statements, it is assumed that the MTO was completed on 1 January 2009 and Acibadem Holding Group owns 97.3% of Acibadem Saglik Hizmetleri Ticaret A.S and its subsidiaries

In addition, the following key assumptions were made:

The exchange rates between Ringgit Malaysia ("RM") against Singapore Dollar ("S$") and Turkish Lira ("TL") are assumed to be as follows for the years ended 31 December 2009, 2010 and 2011 and three-month period ended 31 March 2011 and 2012:

	US$	**S$**	**TL**
31.12.2009	US$1.00 = RM3.4324	S$1.00 = RM2.4133	TL1.00 = RM2.2026
31.12.2010	US$1.00 = RM3.2342	S$1.00 = RM2.4084	TL1.00 = RM2.1405
31.12.2011	US$1.00 = RM3.0568	S$1.00 = RM2.4379	TL1.00 = RM1.8107
31.3.2011	US$1.00 = RM3.0388	S$1.00 = RM2.3940	TL1.00 = RM1.9205
31.3.2012	US$1.00 = RM3.0356	S$1.00 = RM2.4224	TL1.00 = RM1.7097

4.2 Pro forma Statements of Financial Position

In arriving at the pro forma statements of financial position as of 31 December 2011 and 31 March 2012, the following key adjustments were made:

a. adjustments to reflect assets and liabilities pertaining to the acquisition of Acibadem Holding, including any other significant entities acquired from 1 January 2012 to 1 June 2012 by Acibadem Holding, as if these acquisitions (including any other significant acquisitions by Acibadem Holding) and MTO, together with additional liabilities assumed, are completed on 31 December 2011 and 31 March 2012, respectively, with considerations for acquisitions received/paid on the relevant dates presented;

b. In addition, as described in Note 2.2, Symphony holds options to convert the 6.35% equity interests in IHH Turkey to IHH when the initial public offering occurs. For the purpose of preparing the pro forma statements of financial position, it is assumed that Symphony exercised its options on 31 December 2011 and 31 March 2012, respectively and the Group owned 100% equity interest in IHH Turkey and 60% effective equity interest in Acibadem Holding on the respective dates; and

c. adjustments to reflect the Public Issue proceeds and listing expenses as if the Public Issue was completed on 31 December 2011 and 31 March 2012 respectively with the funds arising from the Public Issue received on the respective dates.

In addition, the following key assumption was made:

The exchange rates between Ringgit Malaysia ("RM") against Singapore Dollar ("S$") and Turkish Lira ("TL") are assumed to be as follows as of 31 December 2011 and 31 March 2012:

	US$	**S$**	**TL**
31.12.2011	US$1.00 = RM3.14	S$1.00 = RM2.44	TL1.00 = RM1.64
31.3.2012	US$1.00 = RM3.06	S$1.00 = RM2.44	TL1.00 = RM1.71

4.3 Pro forma Statements of Cash Flows

In arriving at the pro forma statements of cash flows for the year ended 31 December 2011 and the three-month period ended 31 March 2012, the following key adjustments were made:

a. adjustments to reflect the cash flows pertaining to the acquisition of Acibadem Holding, including any other significant entities acquired from 1 January 2012 to 1 June 2012 by Acibadem Holding, as if these acquisitions (including any other significant acquisitions by Acibadem Holding) and MTO, together with additional loans secured, are completed on 1 January 2011 with considerations for acquisitions being assumed to be received/paid on 1 January 2011;

b. In addition, as described in Note 2.2, in February 2012, the Group sold 6.35% equity interests in IHH Turkey to a third party investor, Symphony, for USD50 million which was used to partially repay the term loan facilities. It is assumed that the abovementioned exercises occurred on 1 January 2011 and the related finance costs saving will be reflected from 1 January 2011; and

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c. adjustments to reflect the funds arising from the Public Issue received on 31 December 2011 and 31 March 2012 respectively and the related listing expenses as if the Public Issue was completed on the respective dates.

In addition, the following key assumptions were made:

The exchange rates between Ringgit Malaysia ("RM") against Singapore Dollar ("S$") and Turkish Lira ("TL") are assumed to be as follows as of 31 December 2011 and 31 March 2012:

	US$	**S$**	**TL**
31.12.2011	US$1.00 = RM3.06	S$1.00 = RM2.44	TL1.00 = RM1.81
31.3.2012	US$1.00 = RM3.04	S$1.00 = RM2.42	TL1.00 = RM1.71

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5 Pro forma adjustments on Pro forma Income Statements

Pro forma Income Statements for the years ended 31 December 2009, 2010 and 2011 and for the three-month period ended 31 March 2011 and 2012

The following adjustments have been made in arriving at the Pro Forma Income Statements for each of the financial years ended 31 December 2009, 2010 and 2011 and for the three-month periods ended 31 March 2011 and 2012:

		Pro forma Adjustments		
Year ended 31 December 2009	**Historical combined income statement RM'000**	**Parkway Pantai Acquisitions and Disposals Note (a) RM'000**	**Acibadem Holding Acquisition Note (b) RM'000**	**Pro forma income statement RM'000**
Revenue	121,081	2,542,198	1,282,971	3,946,250
Other operating income	2,983	87,479	11,659	102,121
Inventories and consumables	-	(494,672)	(225,797)	(720,469)
Purchased and contracted services	-	(344,963)	(164,251)	(509,214)
Depreciation and impairment losses on property, plant and equipment	(9,244)	(156,783)	(208,955)	(374,982)
Amortisation and impairment losses on intangible assets	(34)	(32,881)	(47,266)	(80,181)
Staff costs	(52,622)	(817,834)	(641,261)	(1,511,717)
Operating lease expenses	(573)	(174,063)	(36,931)	(211,567)
Operating expenses	(22,052)	(338,487)	(70,199)	(430,738)
Finance income	656	25,911	10,687	37,254
Finance costs	(3,526)	(242,718)	(157,878)	(404,122)
Gain on remeasurement on investment previously accounted for as associates or joint-ventures	-	530,120	-	530,120
Share of profits of associates (net of tax)	59,480	(1,918)	-	57,562
Share of profits of joint ventures(net of tax)	4,447	(722)	-	3,725
Profit before income tax	100,596	580,667	(247,221)	434,042
Income tax expense	(8,115)	(60,948)	62,266	(6,797)
Profit for the year	92,481	519,719	(184,955)	427,245

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Year ended 31 December 2009	Historical combined income statement RM'000	Pro forma Adjustments: Parkway Pantai Acquisitions and Disposals Note (a) RM'000	Pro forma Adjustments: Acibadem Holding Acquisition Note (b) RM'000	Pro forma income statement RM'000
Profit attributable to:				
Owners of the Company	83,201	512,699	(132,353)	463,547
Non-controlling interests	9,280	7,020	(52,602)	(36,302)
Profit for the year	92,481	519,719	(184,955)	427,245
Earnings per share to owners of the Company (sen)				
- Basic	1.51			5.76
- Diluted	1.51			5.75

Notes to the pro forma adjustments to combined income statement for the year ended 31 December 2009

(a) Adjustments to reflect the financial results pertaining to:

- the Parkway Pantai Acquisitions and Disposals. Accordingly, a gain on re-measurement of previously held equity interest of approximately RM530 million arising from the acquisition of Parkway and Pantai Irama and related acquisition costs of RM51 million are assumed to have been recognised on 1 January 2009;
- additional finance costs and related costs relating to the borrowings obtained by the Group to finance the acquisition of Parkway and Pantai Irama and restructuring of certain loan facilities to repay the existing loan facilities as if these exercises occurred on 1 January 2009; and
- purchase price allocation for Parkway and Pantai Irama is assumed to be completed on 1 January 2009 and the related depreciation and amortisation expenses of property, plant and equipment and intangible assets are recognised on 1 January 2009.

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(b) Adjustments to reflect the financial results pertaining to:

- the Acibadem Holding Acquisition (including APlus and Acibadem Proje). Related expenditure totalling RM41 million incurred in relation to the Acibadem Holding Acquisition has been assumed to be recognised on 1 January 2009;
- additional finance costs relating to borrowings obtained by the Group to finance the acquisition of Acibadem Holding as if these exercises occurred on 1 January 2009; and
- purchase price allocation is assumed to be completed on 1 January 2009 and the related depreciation and amortisation expenses of property, plant and equipment and intangible assets are recognised on 1 January 2009.

		Pro forma Adjustments		
	Historical combined income statement	Parkway Pantai Acquisitions and Disposals Note (a)	Acibadem Holding Acquisition Note (b)	Pro forma income statement
Year ended 31 December 2010	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	1,214,085	1,660,377	1,632,273	4,506,735
Other operating income	21,812	35,946	12,832	70,590
Inventories and consumables	(191,198)	(369,494)	(248,630)	(809,322)
Purchased and contracted services	(216,151)	(126,196)	(216,273)	(558,620)
Depreciation and impairment losses on property, plant and equipment	(57,350)	(89,492)	(223,430)	(370,272)
Amortisation and impairment losses on intangible assets	(44,298)	6,065	(45,835)	(84,068)
Staff costs	(372,440)	(564,079)	(788,789)	(1,725,308)
Operating lease expenses	(72,514)	(108,808)	(49,237)	(230,559)
Operating expenses	(225,618)	(166,844)	(43,333)	(435,795)
Finance income	6,476	20,077	11,132	37,685
Finance costs	(84,111)	(53,897)	(206,168)	(344,176)
Gain on remeasurement on investment previously accounted for as associates or joint ventures	530,120	(530,120)	-	-
Share of profits of associates (net of tax)	70,794	(18,598)	-	52,196
Share of profits of joint ventures (net of tax)	34,039	(25,263)	-	8,776
Profit before income tax	613,646	(330,326)	(165,458)	117,862
Income tax expense	(38,892)	(40,562)	3,047	(76,407)
Profit for the year	574,754	(370,888)	(162,411)	41,455
Profit attributable to:				
Owners of the Company	554,424	(377,087)	(98,620)	78,717
Non-controlling interests	20,330	6,199	(63,791)	(37,262)
Profit for the year	574,754	(370,888)	(162,411)	41,455

		Pro forma Adjustments		
	Historical combined income statement	**Parkway Pantai Acquisitions and Disposals Note (a)**	**Acibadem Holding Acquisition Note (b)**	**Pro forma income statement**
Year ended 31 December 2010	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Earnings per share to owners of the Company (sen)				
Basic	10.08			0.98
Diluted	10.08			0.98

Notes to the pro forma adjustments to combined income statement for the year ended 31 December 2010

(a) Adjustments to reflect the financial results pertaining to:
- the Parkway Pantai Acquisitions and Disposals;
- additional finance costs relating to borrowings obtained by the Group to finance the acquisition of Parkway and Pantai Irama and restructuring of certain loan facilities to repay the existing loan facilities as if these exercises occurred on 1 January 2009; and
- purchase price allocation for Parkway and Pantai Irama is assumed to be completed on 1 January 2009 and the related depreciation and amortisation expenses of property, plant and equipment and intangible assets are recognised from 1 January 2009.

(b) Adjustments to reflect the financial results pertaining to:
- the Acibadem Holding Acquisition (including APlus and Acibadem Proje). Related expenditure totalling RM41 million incurred in relation to the Acibadem Holding Acquisition has been assumed to be recognised on 1 January 2009;
- Additional finance costs relating to borrowings obtained by the Group to finance the acquisition of Acibadem Holding as if these exercises occurred on 1 January 2009; and
- Purchase price allocation is assumed to be completed on 1 January 2009 and the related depreciation and amortisation expenses of property, plant and equipment and intangible assets are recognised on 1 January 2009.

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Year ended 31 December 2011	Historical combined income statement RM'000	Parkway Pantai Acquisitions and Disposals Note (a) RM'000	Acibadem Holding Acquisition Note (b) RM'000	Pro forma income statement RM'000
Revenue	3,328,849	(84,247)	1,946,162	5,190,764
Other operating income	159,768	(131)	17,248	176,885
Inventories and consumables	(680,242)	-	(344,995)	(1,025,237)
Purchased and contracted services	(398,590)	61,288	(243,056)	(580,358)
Depreciation and impairment losses on property, plant and equipment	(165,751)	665	(204,211)	(369,297)
Amortisation and impairment losses on intangible assets	(54,989)	21,592	(38,871)	(72,268)
Staff costs	(1,073,066)	6,399	(921,584)	(1,988,251)
Operating lease expenses	(186,605)	132	(71,779)	(258,252)
Operating expenses	(456,162)	2,796	31,827	(421,539)
Finance income	28,907	(120)	29,552	58,339
Finance costs	(106,420)	14,692	(493,099)	(584,827)
Share of profits of associates (net of tax)	79,937	-	-	79,937
Share of profits of joint ventures(net of tax)	13,909	-	-	13,909
Profit before income tax	489,545	23,066	(292,806)	219,805
Income tax expense	(95,428)	1,324	6,344	(87,760)
Profit for the year	394,117	24,390	(286,462)	132,045
Profit attributable to:				
Owners of the Company	379,903	24,793	(159,041)	245,655
Non-controlling interests	14,214	(403)	(127,421)	(113,610)
Profit for the year	394,117	24,390	(286,462)	132,045
Earnings per share to owners of the Company (sen)				
Basic	6.91			3.05
Diluted	6.90			3.05

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Notes to the pro forma adjustments to combined income statement for the year ended 31 December 2011

(a) Adjustments to exclude the 3-month financial results of Pantai Support Services Sdn. Bhd. ('PSS') which was disposed of in March 2011, as if PSS was not part of the Group since 1 January 2009.

(b) Adjustments to reflect the financial results pertaining to:
- the Acibadem Holding Acquisition (including APlus and Acibadem Proje). Related expenditure totalling RM41 million incurred in relation to the Acibadem Holding Acquisition has been assumed to be recognised on 1 January 2009;
- additional finance costs relating to borrowings obtained by the Group to finance the acquisition of Acibadem Holding as if these exercises occurred in 1 January 2009; and
- purchase price allocation is assumed to be completed on 1 January 2009 and the related depreciation and amortisation expenses of property, plant and equipment and intangible assets are recognised on 1 January 2009.

Period ended 31 March 2011	Historical combined income statement RM'000	Pro forma Adjustments: Parkway Pantai Acquisitions and Disposals Note (a) RM'000	Pro forma Adjustments: Acibadem Holding Acquisition Note (b) RM'000	Pro forma income statement RM'000
Revenue	859,927	(84,246)	497,966	1,273,647
Other operating income	48,864	(131)	7,762	56,495
Inventories and consumables	(189,019)	-	(45,459)	(234,478)
Purchased and contracted services	(113,860)	61,288	(76,255)	(128,827)
Depreciation and impairment losses on property, plant and equipment	(38,348)	665	(53,241)	(90,924)
Amortisation and impairment losses on intangible assets	(29,911)	21,592	(10,388)	(18,707)
Staff costs	(266,890)	6,399	(232,450)	(492,941)
Operating lease expenses	(44,650)	132	(15,251)	(59,769)
Operating expenses	(90,327)	2,225	(10,543)	(98,645)
Finance income	10,232	(120)	5,957	16,069
Finance costs	(28,638)	952	(37,476)	(65,162)
Share of profits of associates (net of tax)	12,160	-	-	12,160
Share of profits of joint ventures (net of tax)	2,742	-	-	2,742
Profit before income tax	132,282	8,756	30,622	171,660
Income tax expense	(26,737)	1,324	(12,060)	(37,473)
Profit for the period	105,545	10,080	18,562	134,187
Profit attributable to:				
Owners of the Company	101,875	10,483	5,763	118,121
Non-controlling interests	3,670	(403)	12,799	16,066
Profit for the period	105,545	10,080	18,562	134,187
Earnings per share to owners of the Company (sen)				
Basic	1.85			1.47
Diluted	1.85			1.47

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		Pro forma Adjustments	
Year ended 31 March 2012	**Historical combined income statement RM'000**	**Acibadem Holding Acquisition Note (a) RM'000**	**Pro forma income statement RM'000**
Revenue	1,276,192	200,182	1,476,374
Other operating income	18,955	2,529	21,484
Inventories and consumables	(252,332)	(30,634)	(282,966)
Purchased and contracted services	(131,182)	(15,176)	(146,358)
Depreciation and impairment losses on property, plant and equipment	(74,367)	(15,629)	(89,996)
Amortisation and impairment losses on intangible assets	(14,650)	(3,170)	(17,820)
Staff costs	(460,344)	(84,943)	(545,287)
Operating lease expenses	(59,853)	(5,853)	(65,706)
Operating expenses	(133,800)	(5,557)	(139,357)
Finance income	55,410	67,394	122,804
Finance costs	(47,404)	(29,462)	(76,866)
Share of profits of associates (net of tax)	14,472	-	14,472
Share of profits of joint ventures(net of tax)	3,407	-	3,407
Profit before income tax	194,504	79,681	274,185
Income tax expense	(42,203)	(15,548)	(57,751)
Profit for the period	152,301	64,133	216,434
Profit attributable to:			
Owners of the Company	123,839	40,665	164,504
Non-controlling interests	28,462	23,468	51,930
Profit for the period	152,301	64,133	216,434
Earnings per share to owners of the Company (sen)			
Basic	2.00		2.04
Diluted	1.99		2.04

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Notes to the pro forma adjustments to combined income statements for the period ended 31 March 2011 and 2012

(a) Adjustments to exclude the 3-month financial results of Pantai Support Services Sdn. Bhd. ('PSS') which was disposed of in March 2011, as if PSS was not part of the Group since 1 January 2009.

(b) Adjustments to reflect the financial results pertaining to:
- the Acibadem Holding Acquisition (including APlus and Acibadem Proje). Related expenditure totalling RM41 million incurred in relation to the Acibadem Holding Acquisition has been assumed to be recognised on 1 January 2009;
- additional finance costs relating to borrowings obtained by the Group to finance the acquisition of Acibadem Holding as if these exercises occurred on 1 January 2009; and
- purchase price allocation is assumed to be completed on 1 January 2009 and the related depreciation and amortisation expenses of property, plant and equipment and intangible assets are recognised on 1 January 2009.

Pro forma adjustments on Pro forma Statements of Financial Position

Pro forma Statements of Financial Position as at 31 December 2011 and 31 March 2012

The following adjustments have been made in arriving at the Pro Forma Statements of Financial Position as at 31 December 2011 and 31 March 2012:

31 December 2011	Historical combined balance sheet RM'000	Pro forma adjustment Acibadem Holding Acquisition Note (a) RM'000	Total after Acibadem Holding Acquisition RM'000	Pro forma adjustment Public Issue Note (b) RM'000	Pro forma balance sheet RM'000
Non-current assets					
Property, plant and equipment	4,726,753	1,317,425	6,044,178	-	6,044,178
Intangible assets	1,618,598	1,373,468	2,992,066	-	2,992,066
Goodwill on consolidation	6,487,070	2,075,089	8,562,159	-	8,562,159
Interest in associates	862,273	-	862,273	-	862,273
Interest in joint ventures	28,009	-	28,009	-	28,009
Other financial assets	529,881	38,613	568,494	-	568,494
Deferred tax assets	24,279	46,430	70,709	-	70,709
	14,276,863	4,851,025	19,127,888	-	19,127,888
Current assets					
Assets classified as held for sale	1,463	-	1,463	-	1,463
Development property	1,121,195	-	1,121,195	-	1,121,195
Inventories	78,784	39,125	117,909	-	117,909
Trade and other receivables	518,496	295,664	814,160	-	814,160
Tax recoverable	20,422	9,457	29,879	-	29,879
Other financial assets	27,066	12,571	39,637	-	39,637
Cash and cash equivalents	1,310,803	177,773	1,488,576	279,642	1,768,218
	3,078,229	534,590	3,612,819	279,642	3,892,461
Total assets	17,355,092	5,385,615	22,740,707	279,642	23,020,349
Equity attributable to owners of the Company					
Share capital	5,500,000	753,294	6,253,294	1,800,000	8,053,294
Share premium	3,885,803	892,705	4,778,508	3,197,157	7,975,665
Reserves	476,024	(145,667)	330,357	(54,753)	275,604
	9,861,827	1,500,332	11,362,159	4,942,404	16,304,563
Non-controlling interests	246,618	345,450	592,068	-	592,068
Total equity	10,108,445	1,845,782	11,954,227	4,942,404	16,896,631
Non-current liabilities					
Bank borrowings	4,991,264	2,468,774	7,460,038	(4,662,762)	2,797,276
Employee benefits	15,544	5,568	21,112	-	21,112
Other payables	8,580	83,136	91,716	-	91,716
Deferred tax liabilities	446,127	338,630	784,757	-	784,757

31 December 2011	Historical combined balance sheet RM'000	Pro forma adjustment Acibadem Holding Acquisition Note (a) RM'000	Total after Acibadem Holding Acquisition RM'000	Pro forma adjustment Public Issue Note (b) RM'000	Pro forma balance sheet RM'000
Current liabilities					
Bank overdrafts	584	-	584	-	584
Trade and other payables	1,576,158	443,049	2,019,207	-	2,019,207
Bank borrowings	46,500	199,519	246,019	-	246,019
Derivative liabilities	1,252	-	1,252	-	1,252
Employee benefits	41,935	-	41,935	-	41,935
Tax payable	118,703	1,157	119,860	-	119,860
	1,785,132	643,725	2,428,857	-	2,428,857
Total liabilities	7,246,647	3,539,833	10,786,480	(4,662,762)	6,123,718
Total equity and liabilities	17,355,092	5,385,615	22,740,707	279,642	23,020,349

Notes to the pro forma adjustments to combined balance sheet as at 31 December 2011

(a) Adjustments to reflect the financial position pertaining to:
- the Acibadem Holding Acquisition (including APlus and Acibadem Proje);
- additional borrowings obtained to finance the acquisition of Acibadem Holding as if this exercise occurred on 31 December 2011; and
- purchase price allocation is assumed to be completed on 31 December 2011.

(b) Being adjustments to effect the Public Issue and utilisation of proceeds which is assumed to occur on 31 December 2011.

(c) Public Issue proceeds will be utilised as follows:

	RM'000
Repayment of bank borrowings	4,662,762
Working capital and general corporate purposes	279,642
Estimated listing expenses	187,596
	5,130,000

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31 March 2012	Historical combined balance sheet RM'000	Pro forma adjustment Acibadem Holding Acquisition Note (a) RM'000	Total after Acibadem Holding Acquisition RM'000	Pro forma adjustment Public Issue Note (b) RM'000	Pro forma balance sheet RM'000
Non-current assets					
Property, plant and equipment	6,290,970	9,639	6,300,609	-	6,300,609
Intangible assets	3,032,753	6,001	3,038,754	-	3,038,754
Goodwill on consolidation	8,553,089	(53,625)	8,499,464	-	8,499,464
Interest in associates	864,238	-	864,238	-	864,238
Interest in joint ventures	31,302	-	31,302	-	31,302
Other financial assets	591,542	-	591,542	-	591,542
Other receivables	42,313	-	42,313	-	42,313
Deferred tax assets	57,682	-	57,682	-	57,682
	19,463,889	(37,985)	19,425,904	-	19,425,904
Current assets					
Assets classified as held for sale	1,463	-	1,463	-	1,463
Development property	1,160,548	-	1,160,548	-	1,160,548
Inventories	120,936	-	120,936	-	120,936
Trade and other receivables	854,194	-	854,194	-	854,194
Tax recoverable	26,092	-	26,092	-	26,092
Other financial assets	26,967	-	26,967	-	26,967
Derivative assets	3,007	-	3,007	-	3,007
Cash and cash equivalents	1,599,558	(218,864)	1,380,694	279,642	1,660,336
	3,792,765	(218,864)	3,573,901	279,642	3,853,543
Total assets	23,256,654	(256,849)	22,999,805	279,642	23,279,447
Equity attributable to owners of the Company					
Share capital	6,195,442	57,852	6,253,294	1,800,000	8,053,294
Share premium	4,678,425	100,083	4,778,508	3,197,157	7,975,665
Reserves	666,069	(195,643)	470,426	(54,753)	415,673
	11,539,936	(37,708)	11,502,228	4,942,404	16,444,632
Non-controlling interests	836,157	(222,019)	614,138	-	614,138
Total equity	12,376,093	(259,727)	12,116,366	4,942,404	17,058,770
Non-current liabilities					
Bank borrowings	7,361,564	-	7,361,564	(4,662,762)	2,698,802
Employee benefits	19,085	-	19,085	-	19,085
Other payables	77,081	-	77,081	-	77,081
Deferred tax liabilities	801,248	2,878	804,126	-	804,126
	8,258,978	2,878	8,261,856	(4,662,762)	3,599,094

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31 March 2012	Historical combined balance sheet RM'000	Pro forma adjustment Acibadem Holding Acquisition Note (a) RM'000	Total after Acibadem Holding Acquisition RM'000	Pro forma adjustment Public Issue Note (b) RM'000	Pro forma balance sheet RM'000
Current liabilities					
Bank overdrafts	9,433	-	9,433	-	9,433
Trade and other payables	2,168,497	-	2,168,497	-	2,168,497
Bank borrowings	268,047	-	268,047	-	268,047
Derivative liabilities	6,369	-	6,369	-	6,369
Employee benefits	20,865	-	20,865	-	20,865
Tax payable	148,372	-	148,372	-	148,372
	2,621,583	-	2,621,583	-	2,621,583
Total liabilities	10,880,561	2,878	10,883,439	(4,662,762)	6,220,677
Total equity and liabilities	23,256,654	(256,849)	22,999,805	279,642	23,279,447

Notes to the pro forma adjustments to combined balance sheet as at 31 March 2012

(a) Adjustments to reflect the financial position pertaining to:
- the Acibadem Holding Acquisition (including APlus and Acibadem Proje);
- additional borrowings obtained to finance the acquisition of Acibadem Holding as if this exercise occurred on 31 March 2012.
- purchase price allocation is assumed to be completed on 31 March 2012.

(b) Being adjustments to effect the Public Issue and utilisation of proceeds which is assumed to occur on 31 March 2012.

(c) Public Issue proceeds will be utilised as follows:

	RM'000
Repayment of bank borrowings	4,662,762
Working capital and general corporate purposes	279,642
Estimated listing expenses	187,596
	5,130,000

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Pro forma adjustments on Pro forma Statements of Cash Flows

Pro forma Statements of Cash Flows for the year ended 31 December 2011 and for the three-month period ended 31 March 2012

The following adjustments have been made in arriving at the Pro Forma Statements of Cash Flows for the year ended 31 December 2011 and for the three-month period ended 31 March 2012:

31 December 2011	Historical combined statement of cash flows RM'000	Pro forma adjustment Acibadem Holding Acquisition Note (a) RM'000	Total after Acibadem Holding Acquisition RM'000	Pro forma adjustment Public Issue Note (b) RM'000	Pro forma statement of cash flows RM'000
Cash flows from operating activities					
Profit before tax	489,545	(327,288)	162,257	-	162,257
Adjustments for:					
Exchange differences	(42,169)	-	(42,169)	-	(42,169)
Dividend income	(2,883)	-	(2,883)	-	(2,883)
Finance income	(28,907)	(29,552)	(58,459)	-	(58,459)
Finance costs	106,420	493,099	599,519	-	599,519
Depreciation and impairment losses on property, plant and equipment	165,751	204,211	369,962	-	369,962
Amortisation and impairment losses on intangible assets	54,989	38,871	93,860	-	93,860
Loss/(Gain) on disposal of property, plant and equipment	264	(475)	(211)	-	(211)
Write off of property, plant and equipment	19,445	-	19,445	-	19,445
Allowance made for impairment loss on trade and other receivables	17,066	5,035	22,101	-	22,101
Allowance made for impairment loss on amounts due from associates	2,959	-	2,959	-	2,959
Impairment loss on other financial assets	2,372	-	2,372	-	2,372
Equity settled share-based payment transactions	15,074	-	15,074	-	15,074
Share of profits of associates	(79,937)	-	(79,937)	-	(79,937)
Share of profits of joint ventures	(13,909)	-	(13,909)	-	(13,909)
Operating profit before changes in working capital	706,080	383,901	1,089,981	-	1,089,981
Changes in working capital:					
Development property	(181,359)	-	(181,359)	-	(181,359)
Inventories	(3,150)	(5,935)	(9,085)	-	(9,085)
Trade and other receivables	(94,225)	(86,695)	(180,920)	-	(180,920)
Trade and other payables	569,717	187,759	757,476	-	757,476
Cash generated from operations	997,063	479,030	1,476,093	-	1,476,093
Income taxes paid	(109,952)	(10,109)	(120,061)	-	(120,061)
Net cash generated from operating activities	887,111	468,921	1,356,032	-	1,356,032

31 December 2011	Historical combined statement of cash flows RM'000	Pro forma adjustment Acibadem Holding Acquisition Note (a) RM'000	Total after Acibadem Holding Acquisition RM'000	Pro forma adjustment Public Issue Note (b) RM'000	Pro forma statement of cash flows RM'000
Cash flows from investing activities					
Dividends received	55,512	-	55,512	-	55,512
Interest received	15,497	2,185	17,682	-	17,682
Acquisition of subsidiaries, net of cash acquired	-	(840,606)	(840,606)	-	(840,606)
Net cash outflow from disposal of subsidiaries	(136,797)	-	(136,797)	-	(136,797)
Acquisition of additional interest in joint ventures	(139)	-	(139)	-	(139)
Proceeds from disposal of property, plant and equipment	3,512	25,344	28,856	-	28,856
Proceeds from disposal of assets held for sale	8,006	-	8,006	-	8,006
Purchase of property, plant and equipment	(714,506)	(159,362)	(873,868)	-	(873,868)
Payment for development cost of intangible assets	(1,516)	(9,177)	(10,693)	-	(10,693)
Purchase of quoted investments	(503,139)	-	(503,139)	-	(503,139)
Net repayment by associates	4,944	-	4,944	-	4,944
Net advances to joint ventures	(17,093)	-	(17,093)	-	(17,093)
Net cash used in investing activities	(1,285,719)	(981,616)	(2,267,335)	-	(2,267,335)
Cash flows from financing activities					
Proceeds from issuance of shares	1,978,000	157,935	2,135,935	5,130,000	7,265,935
Proceeds from bank loans	78,275	1,217,490	1,295,765	-	1,295,765
Repayment of bank loans	(1,907,628)	(327,524)	(2,235,152)	(4,662,762)	(6,897,914)
Repayment of finance lease obligations	-	3,789	3,789	-	3,789
Advances from ultimate holding company and related companies	485,284	-	485,284	-	485,284
Advances from non-controlling shareholder of a subsidiary	-	5,807	5,807	-	5,807
Acquisition of non-controlling interests	(4,252)	(300,587)	(304,839)	-	(304,839)
Additional payment for prior year acquisition of non-controlling interests	(15,361)	-	(15,361)	-	(15,361)
Interest paid	(170,099)	(108,211)	(278,310)	-	(278,310)
Dividend paid to non-controlling interests	(3,017)	-	(3,017)	-	(3,017)
Dividends paid	-	(2,131)	(2,131)	-	(2,131)
Acceptance fees for share options	370	-	370	-	370
Listing expenses paid	-	-	-	(187,596)	(187,596)
Change in pledged deposits	(17,927)	(25,579)	(43,506)	-	(43,506)
Net cash generated from financing activities	423,645	620,989	1,044,634	279,642	1,324,276

31 December 2011	Historical combined statement of cash flows RM'000	Pro forma adjustment Acibadem Holding Acquisition Note (a) RM'000	Total after Acibadem Holding Acquisition RM'000	Pro forma adjustment Public Issue Note (b) RM'000	Pro forma statement of cash flows RM'000
Net increase in cash and cash equivalents	25,037	108,294	133,331	279,642	412,973
Cash and cash equivalents at 1 January	1,158,109	-	1,158,109	-	1,158,109
Effect of exchange rate fluctuations on cash held	68,339	-	68,339	-	68,339
Cash and cash equivalents at 31 December	1,251,485	108,294	1,359,779	279,642	1,639,421

<u>Notes to the pro forma adjustments to combined statement of cash flows for the year ended 31 December 2011</u>

(a) Adjustments to reflect the cash flows pertaining to:
- the Acibadem Holding Acquisition (including APlus and Acibadem Proje); and
- Additional borrowings obtained to finance the acquisition of Acibadem Holding as if these exercises occurred on 1 January 2011.

(b) Being adjustments to effect the Public Issue and utilisation of proceeds and listing expenses which is assumed to occur on 31 December 2011.

(c) Public Issue proceeds will be utilised as follows:

	RM'000
Repayment of bank borrowings	4,662,762
Working capital and general corporate purposes	279,642
Estimated listing expenses	187,596
	5,130,000

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31 March 2012	Historical combined statement of cash flows RM'000	Acibadem Holding Acquisition Note (a) RM'000	Total after Acibadem Holding Acquisition RM'000	Public Issue Note (b) RM'000	Pro forma statement of cash flows RM'000
Cash flows from operating activities					
Profit before tax	194,504	111,129	305,633	-	305,633
Adjustments for:					
Exchange differences	(4,716)	(103,025)	(107,741)	-	(107,741)
Finance income	(55,410)	(191)	(55,601)	-	(55,601)
Finance cost	47,404	15,546	62,950	-	62,950
Depreciation and impairment losses on property, plant and equipment	74,367	16,437	90,804	-	90,804
Amortisation and impairment losses on intangible assets	14,650	2,993	17,643	-	17,643
Gain on disposal of property, plant and equipment	246	(310)	(64)	-	(64)
Write off of property, plant and equipment	135	-	135	-	135
Allowance made/(reversed) for impairment loss on trade and other receivables	12,901	(1,192)	11,709	-	11,709
Fair value loss on contingent consideration payable	10,772	-	10,772	-	10,772
Equity settled share-based payment transactions	4,949	-	4,949	-	4,949
Write off of intangibles	17	-	17	-	17
Share of profits of associates	(14,472)	-	(14,472)	-	(14,472)
Share of profits of joint ventures	(3,407)	-	(3,407)	-	(3,407)
Operating profit before changes in working capital	281,940	41,387	323,327	-	323,327
Changes in working capital:					
Development property	(36,205)	-	(36,205)	-	(36,205)
Inventories	(4,196)	27	(4,169)	-	(4,169)
Trade and other receivables	(15,937)	(25,398)	(41,335)	-	(41,335)
Trade and other payables	187,853	(120,694)	67,159	-	67,159
Intercompany balances	-	(14,303)	(14,303)	-	(14,303)
Cash generated from/(used in) operations	413,455	(118,981)	294,474	-	294,474
Income taxes paid	(19,368)	-	(19,368)	-	(19,368)
Net cash generated from/ (used in) operating activities	394,087	(118,981)	275,106	-	275,106

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31 March 2012	Historical combined statement of cash flows RM'000	Acibadem Holding Acquisition Note (a) RM'000	Total after Acibadem Holding Acquisition RM'000	Public Issue Note (b) RM'000	Pro forma statement of cash flows RM'000
Cash flows from investing activities					
Dividends received	13,529	-	13,529	-	13,529
Interest received	9,832	191	10,023	-	10,023
Acquisition of subsidiaries, net of cash acquired	(842,932)	832,634	(10,298)	-	(10,298)
Proceeds from disposal of property, plant and equipment	154	5,705	5,859	-	5,859
Purchase of property, plant and equipment	(241,540)	174	(241,366)	-	(241,366)
Payment for development cost of intangible assets	(1,145)	-	(1,145)	-	(1,145)
Net repayment by associates	(7)	-	(7)	-	(7)
Net advances to joint ventures	(797)	-	(797)	-	(797)
Net cash (used in)/generated from investing activities	(1,062,906)	838,704	(224,202)	-	(224,202)
Cash flows from financing activities					
Proceed from issuance of shares	-	-	-	5,130,000	5,130,000
Proceeds from bank loans	1,159,132	(996,248)	162,884	-	162,884
Repayment of bank loans	(273,452)	124,783	(148,669)	(4,662,762)	(4,811,431)
Repayment to ultimate holding company and related companies	(24,781)	-	(24,781)	-	(24,781)
Acquisition of non-controlling interests	(11,264)	11,009	(255)	-	(255)
Dilution of interest in subsidiaries	152,373	(152,373)	-	-	-
Interest paid	(29,276)	(15,546)	(44,822)	-	(44,822)
Listing expenses paid	-	-	-	(187,596)	(187,596)
Change in pledged deposits	(61,786)	42,239	(19,547)	-	(19,547)
Net cash generated from/ (used in) financing activities	910,946	(986,136)	(75,190)	279,642	204,452
Net increase/(decrease) in cash and cash equivalents	242,127	(266,413)	(24,286)	279,642	255,356
Cash and cash equivalents at 1 January	1,251,485	5,415	1,256,900	-	1,256,900
Effect of exchange rate fluctuations on cash held	(24,007)	1,155	(22,852)	-	(22,852)
Cash and cash equivalents at 31 December	1,469,605	(259,843)	1,209,762	279,642	1,489,404

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Notes to the pro forma adjustments to combined statement of cash flows for the period ended 31 March 2012

(a) Adjustments to reflect the cash flows pertaining to:
- the Acibadem Holding Acquisition (including APlus and Acibadem Proje); and
- Additional borrowings obtained to finance the acquisition of Acibadem Holding as if these exercises occurred on 1 January 2011.

(b) Being adjustments to effect the Public Issue and utilisation of proceeds which is assumed to occur on 31 March 2012.

(c) Public Issue proceeds will be utilised as follows:

	RM'000
Repayment of bank borrowings	4,662,762
Working capital and general corporate purposes	279,642
Estimated listing expenses	187,596
	5,130,000

8. Movement of share capital

	31 December 2011 No. of shares ('000)	31 December 2011 RM'000	31 March 2012 No. of shares ('000)	31 March 2012 RM'000
Historical share capital at the beginning of the year/period	5,500,000	5,500,000	5,500,000	5,500,000
Issue of new shares - Effect of Acibadem Holding acquisition	-	-	695,442	695,442
Historical share capital at year/period end	5,500,000	5,500,000	6,195,442	6,195,442
To be issued and fully paid-up pursuant to the conversion of Symphony's options to IHH shares	57,852	57,852	57,852	57,852
To be issued and fully paid-up to satisfy Acibadem Holding acquisition	695,442	695,442	-	-
To be issued and fully paid-up pursuant to the Public Issue	1,800,000	1,800,000	1,800,000	1,800,000
Pro forma share capital at year/period end	8,053,294	8,053,294	8,053,294	8,053,294
To be issued and fully paid-up pursuant to the surrender of LTIP units which are granted and vested	3,786	3,786	3,786	3,786
Pro forma enlarged share capital upon Listing	8,057,080	8,057,080	8,057,080	8,057,080

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9. Movement of share premium

	RM'000
Balance as at 31 December 2011	3,885,803
Effect of Acibadem Holding acquisition	892,705
Effect of Public Issue	
- Issuance of 1,800,000 new ordinary shares at the premium of RM1.85 per ordinary shares	3,330,000
- Estimated listing expenses set-off against share premium	(132,843)
	7,975,665

12.17 Dividend policy

As our Company is a holding company, our income, and therefore our ability to pay dividends, is dependent upon the dividends that we receive from our subsidiaries.

The payment of dividends by our subsidiaries will depend upon their operating results, financial condition, capital expenditure plans, applicable loan covenants, where applicable, available reserves of our subsidiaries and any other relevant factors. The actual dividend that our Board may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, our Company intends to take into account various factors including:

(a) the level of our cash, gearing, debt profile and retained earnings;

(b) our expected financial performance; and

(c) our projected levels of capital expenditure and other investment plans.

Considering the current financial position of our Company, our Board intends to adopt a progressive dividend policy, subject to the factors stated above and in the absence of any circumstances which may affect or restrict our ability to pay dividends.

Please refer to Section 5.3(v) of this Prospectus on Risk related to our Global Offering— We cannot assure you that we will declare and distribute any amount of dividends in the future.

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(Prepared for inclusion in this Prospectus)

KPMG (Firm No. AF 0758)
Chartered Accountants
Level 10 KPMG Tower
8 First Avenue Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Telephone +60 (3) 7721 3388
Fax +60 (3) 7721 3399
Internet www.kpmg.com.my

The Board of Directors
IHH Healthcare Berhad
(formerly known as Integrated Healthcare Holdings Berhad)
Suite 17-01, Level 17
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia

1 June 2012

Dear Sirs

Accountants' Report

1. Introduction

This report has been compiled by Messrs KPMG, an approved company auditor, for inclusion in the Prospectus of IHH Healthcare Berhad (formerly known as Integrated Healthcare Holdings Berhad) (hereinafter known as "IHH" or "the Company") in connection with the listing and quotation of the enlarged issued and paid up share capital of IHH on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") (primary listing), and the Mainboard of Singapore Exchange Securities Trading Limited ("SGX") (secondary listing) and should not be relied upon for any other purposes.

2. General information

2.1 Background

Prior to the establishment of IHH, Khazanah Nasional Berhad ("Khazanah") held 67.5% equity interest in IMU Health Sdn. Bhd. ("IMU Health"), 23.8% equity interest in Parkway Holdings Limited ("Parkway") and 60% equity interest in Pantai Irama Ventures Sdn. Bhd. ("Pantai Irama").

IHH was incorporated as a private limited company under the Companies Act, 1965 on 21 May 2010. IHH is principally a holding company. The holding and ultimate holding companies of IHH are Khazanah, a company incorporated and domiciled in Malaysia, and Ministry of Finance (Incorporated), a body corporate which was incorporated under the Ministry of Finance (Incorporation) Act 1967, respectively

Since the establishment of IHH, Khazanah transferred its 67.5% equity interest in IMU Health, 23.8% equity interest in Parkway and 60% equity interest in Pantai Irama, respectively, to IHH.

In August 2010, IHH increased its equity interest in Parkway and Pantai Irama to 94.8% and 97.92% respectively with the remaining equity interest acquired in December 2010. In November 2010, IHH increased its equity interest in IMU Health to 100%.

2. General information (continued)

2.1 Background (continued)

In March 2011, Parkway Pantai Limited ("Parkway Pantai"), a company incorporated in Singapore, was incorporated and became a wholly owned subsidiary to IHH. Parkway Pantai holds 100% equity interest in Parkway and Pantai Irama.

IHH is principally a holding company, whilst the principal activities of IHH's subsidiaries are disclosed in Note 3 of this Accountants' Report. IHH is domiciled in Malaysia and the address of its principal place of business is as follows:

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

2.2 Share capital

At the date of incorporation, on 21 May 2010, IHH's authorised share capital was RM100,000 consisting of 100,000 ordinary shares of RM1.00 each. At that date, IHH's issned and paid-up share capital was RM2.00 consisting of 2 ordinary shares of RM1.00 each.

Subsequent to the date of incorporation, the authorised share capital of IHH was increased to 9 billion ordinary shares of RM1.00 each on 31 August 2010. On 22 March 2011, IHH increased its authorised share capital from RM9 billion to RM18 billion by creation of 9 billion ordinary shares of RM1.00 each.

The movements of the issued and fully paid-up share capital of IHH since its date of incorporation are as follows:

Date	Number of ordinary shares issued	Par value per ordinary share RM	Purpose of share issuance	Issued and fully paid-up share capital (cumulative) RM
21 May 2010	2	1.00	Subscribers' shares	2
26 May 2010	2,238,218,071	1.00	Capitalisation of loan from holding company	2,238,218,073
25 June 2010	544,192,217	1.00	Capitalisation of loan from holding company	2,782,410,290
30 March 2011	1,067,589,710	1.00	Capitalisation of loan from holding company	3,850,000,000
16 May 2011	661,000,000	1.00	Capital increase	4,511,000,000
16 May 2011	989,000,000	1.00	Capital increase	5,500,000,000
24 Jan 2012	695,442,295	1.00	Shares issued pursuant to the Deed of the Sale and Purchase of a majority holding in Acibadem Holding dated 23 December 2011	6,195,442,295

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Integrated Healthcare Holdings (Bharat) Limited			
Integrated (Mauritius) Healthcare Holdings Limited	Mauritius	100.0	Holding company
Held through Integrated Healthcare Turkey Yatirimlari Limited			
Integrated Healthcare Hastaneler Turkey Sdn. Bhd.	Malaysia	93.7	Holding company
Held through Parkway Pantai Limited			
Pantai Irama Ventures Sdn. Bhd.	Malaysia	100.0	Holding company
Parkway HK Holdings Limited (50%-owned by Parkway Pantai Limited with the remaining 50% held by Parkway Holdings Ltd)	Hong Kong	100.0	Holding company
Parkway Holdings Limited	Singapore	100.0	Holding company
Held through Integrated Healthcare Hastaneler Turkey Sdn. Bhd.			
Acıbadem Sağlık Yatırımları Holding A.Ş.	Turkey	56.2	Holding company

3. Information on subsidiaries

The subsidiaries of IHH as at 31 March 2012 and their principal activities are as follows:

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
DIRECT SUBSIDIARY			
Integrated Healthcare Holdings Limited	Federal Territory of Labuan, Malaysia	100.0	Holding company
IMU Health Sdn. Bhd.	Malaysia	100.0	Holding company and provision of management services
Integrated Healthcare Holdings (Bharat) Limited	Mauritius	100.0	Holding company
Integrated Healthcare Holdings (Cayman Islands) Limited	Cayman Islands	100.0	Dormant
Integrated Healthcare Turkey Yatirimlari Limited	Federal Territory of Labuan, Malaysia	100.0	Holding company
Integrated Healthcare Capital Sdn. Bhd.	Malaysia	100.0	Holding company
INDIRECT SUBSIDIARY			
Held through Integrated Healthcare Holdings Limited			
Parkway Pantai Limited	Singapore	100.0	Holding company
Held through IMU Health Sdn. Bhd.			
IMU Education Sdn. Bhd.	Malaysia	100.0	Management of educational institutions and other centres of learning
IMU Healthcare Sdn. Bhd.	Malaysia	100.0	Dormant

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Acıbadem Poliklinikleri A.Ş.			
Konur Sağlık Hizmetleri A.Ş.	Turkey	47.9	Provision of outpatient and surgical services
Held through Konur Sağlık Hizmetleri A.Ş.			
Gemtıp Özel Sağlık Hizmetleri Sanayi ve Ticaret Ltd. Şti	Turkey	27.8	Provision of outpatient services
Held through PZU Clinical Hospital Acibadem Sistina Skopje			
Specialist Ordination in Occupational Medicine Sistina Skopje	Macedonia	25.9	Provision of specialist medical services
Clinical Hospital Acıbadem Sistina Skopje	Kosovo	26.1	Provision of patient administrative assistance
Held through Pantai Irama Ventnres Sdn. Bhd.			
Pantai Holdings Berhad	Malaysia	100.0	Holding company
Held through Pantai Holdings Berhad			
Pantai Hospitals Sdn. Bhd.	Malaysia	100.0	Holding company and provision of management and consultation services to hospitals and medical centres
Gleneagles (Malaysia) Sdn. Bhd.	Malaysia	100.0	Holding company

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Acıbadem Sağlık Yatırımları Holding A.Ş.			
Almond Holding A.Ş.	Turkey	56.2	Holding company
A Plus Hastane ve Otelcilik Hizmetleri A.Ş.	Turkey	56.2	Provision of catering, laundry and cleaning services for hospitals
Acıbadem Proje Yönetimi A.Ş.	Turkey	56.2	Supervise and manage the construction of healthcare facilities
Held through Almond Holding A.Ş.			
Acıbadem Saglik Hizmetleri ve Ticaret A.Ş.	Turkey	51.8	Provision of medical, surgical and hospital services
Held through Acıbadem Saglik Hizmetleri ve Ticaret A.Ş.			
Acıbadem Poliklinikleri A.Ş.	Turkey	51.8	Provision of outpatient aad surgical services (in certain clinics only)
Acıbadem Labmed Sağlık Hizmetleri A.Ş.	Turkey	25.9	Provision of laboratory services
International Hospital İstanbul A.Ş.	Turkey	46.6	Provision of medical, surgical and hospital services
Acıbadem Mobil Sağlık Hizmetleri A.Ş.	Turkey	51.8	Provision of emergency, home and ambulatory care services
Yeni Sağlık Hizmetleri ve Ticaret A.Ş	Turkey	51.8	Provision of medical, surgical and hospital services
PZU Clinical Hospital Acıbadem Sistina Skopje	Macedonia	26.1	Provision of medical, surgical and hospital services
Acıbadem Sistina Medikal Kompani Doo Skopje	Macedonia	25.9	Provide of medical equipment

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Pantai Hospitals Sdn. Bhd. (continued)			
Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. (70%-owned by Pantai Hospitals Sdn. Bhd. with the remaining 30% held by Gleneagles (Malaysia) Sdn. Bhd.)	Malaysia	100.0	Provision of medical, surgical and hospital services
Pantai Hospital Manjung Sdn. Bhd.	Malaysia	100.0	Dormant
Pantai Hospital Johor Sdn. Bhd.	Malaysia	100.0	Dormant
Pantai Screening Services Sdn. Bhd.	Malaysia	100.0	Manager and administrator for health screening services
Kuala Lumpur Medical Centre (Asia Pacific) Sdn. Bhd.	Malaysia	51.0	Dormant
P.T. Pantai Healthcare Consulting (50%-owned by Pantai Hospitals Sdn. Bhd. with the remaining 50% held by Pantai Group Resources Sdn. Bhd.)	Indonesia	100.0	Provision of healthcare consulting services in Indonesia
Held through Gleneagles (Malaysia) Sdn. Bhd.			
Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. (70%-owned by Pantai Hospitals Sdn. Bhd. with the remaining 30% held by Gleneagles (Malaysia) Sdn. Bhd.)	Malaysia	100.0	Provision of medical, snrgical and hospital services
Pulau Pinang Clinic Sdn. Bhd.	Malaysia	70.0	Rendering of hospital services

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IHH Healthcare Berhad
Accountants' Report

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Pantai Holdings Berhad (continued)			
Pantai Group Resources Sdn. Bhd.	Malaysia	100.0	Holding company
Pantai Management Resources Sdn. Bhd.	Malaysia	100.0	Provision of administration support, training, research and development services
Pantai Diagnostics Indonesia Sdn. Bhd.	Malaysia	100.0	Holding company
Held through Pantai Hospitals Sdn. Bhd.			
Pantai Medical Centre Sdn. Bhd.	Malaysia	100.0	Provision of medical, surgical and hospital services
Cheras Medical Centre Sdn. Bhd.	Malaysia	100.0	Provision of medical, snrgical and hospital services
Pantai Klang Specialist Medical Centre Sdn. Bhd.	Malaysia	100.0	Provision of medical, surgical and hospital services
Syarikat Tunas Pantai Sdn. Bhd.	Malaysia	80.7	Provision of medical, surgical and hospital services
Paloh Medical Centre Sdn. Bhd.	Malaysia	77.8	Provision of medical, surgical and hospital services
Hospital Pantai Ayer Keroh Sdn. Bhd.	Malaysia	100.0	Provision of medical, surgical and hospital services
Hospital Pantai Indah Sdn. Bhd.	Malaysia	100.0	Provision of medical, surgical and hospital services
Pantai Hospital Sungai Petani Sdn. Bhd.	Malaysia	100.0	Provision of medical, surgical and hospital services

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Pantai Diagnostics Indonesia Sdn. Bhd.			
P.T. Pantai Bethany Care International	Indonesia	65.0	Provision of medical diagnostics laboratory testing and analytical services
Held through Pantai Medical Centre Sdn. Bhd.			
Angiography Sdn. Bhd.	Malaysia	100.0	Provision of cardiac catherisation services
Magnetom Imaging Sdn. Bhd.	Malaysia	100.0	Provision of medieal diagnostic services and other related ventures
PMC Radio-Surgery Sdn. Bhd.	Malaysia	100.0	Provision of radiotherapy services
Pantai-ARC Dialysis Services Sdn. Bhd.	Malaysia	51.0	Provision of haemodialysis services
Held through Pantai Ayer Keroh Sdn. Bhd.			
HPAK Cancer Centre Sdn. Bhd.	Malaysia	100.0	Provision of medical services for eancer diseases
HPAK Lithotripsy Services Sdn. Bhd.	Malaysia	100.0	Provision of lithotripter services
Held through Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.			
Oncology Centre (KL) Sdn. Bhd.	Malaysia	100.0	Provision of comprehensive professional oncological services inclusive of diagnostic, radiotherapy and chemotherapy treatment

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Gleneagles (Malaysia) Sdn. Bhd. (continued)			
GEH Management Services (M) Sdn. Bhd.	Malaysia	100.0	Provision of advisory, administrative, management and consultancy services to healthcare facilities
Held through Pantai Group Resources Sdn. Bhd.			
Pantai Premier Pathology Sdn. Bhd.	Malaysia	100.0	Provision of medical laboratory services
Pantai Education Sdn. Bhd.	Malaysia	100.0	Provision of educational programs and training courses for healthcare and related fields
Pantai Integrated Rehab Services Sdn. Bhd.	Malaysia	85.0	Provision of rehabilitation servicees
Credit Enterprise Sdn. Bhd.	Malaysia	100.0	Dormant
Mount Elizabeth Health Care Services Sdn. Bhd.	Malaysia	100.0	Provision of laboratory services to hospital and clinics
Twin Towers Healthcare Sdn. Bhd.	Malaysia	70.0	Holding company and provision of management services to its subsidiary
P.T. Pantai Healthcare Consulting (50%-owned by Pantai Hospitals Sdn. Bhd. with the remaining 50% held by Pantai Group Resources Sdn. Bhd.)	Indonesia	100.0	Provision of healthcare eonsulting services in Indonesia

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Parkway Holdings Limited (continued)			
Gleneagles JPMC Sdn. Bhd.	Brunei Darussalam	75.0	Management and operation of a cardiac and cardiothoracic care centre
M & P Investments Pte. Ltd.	Singapore	100.0	Holding company
Gleneagles Medical Holdings Limited	Singapore	100.0	Holding company
Medi-Rad Associates Ltd.	Singapore	100.0	Operation of radiology clinics
Parkway Shenton Pte. Ltd.	Singapore	100.0	Holding company and operation of a network of clinics and provision of comprehensive medical and surgical advisory services
Parkway Laboratory Services Ltd.	Singapore	100.0	Provision of comprehensive diagnostic laboratory services
Parkway College of Nursing & Allied Health Pte. Ltd.	Singapore	100.0	Provision of courses in nursing and allied health
iXchange Pte. Ltd.	Singapore	100.0	Agent and administrator for managed care and related services
Shenton Insurance Pte. Ltd.	Singapore	100.0	Underwriting of accident and healthcare insurance policies
Parkway Novena Pte. Ltd.	Singapore	100.0	Hospital construction and development
Gleneagles CRC Pte Ltd.	Singapore	51.0	Operation of a clinical research centre
Parkway Irrawaddy Pte. Ltd.	Singapore	100.0	Medical centre construction and development

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Mount Elizabeth Health Care Services Sdn. Bhd.			
Orifolio Options Sdn. Bhd.	Malaysia	100.0	Letting of property and general trading
Held through Twin Tower Healthcare Sdn. Bhd.			
Twin Towers Medical Centre KLCC Sdn. Bhd.	Malaysia	70.0	Operation of an outpatient and daycare medical centre
Held through Parkway Holdings Limited			
Parkway Hospitals Singapore Pte. Ltd.	Singapore	100.0	Private hospitals ownership and management
Parkway Group Healthcare Pte. Ltd.	Singapore	100.0	Holding company and provision of management and consultancy services
Parkway Trust Management Limited	Singapore	100.0	Provision of management services to Parkway Life REIT
Parkway Investments Pte. Ltd.	Singapore	100.0	Holding company
Parkway Novena Holdings Pte. Ltd.	Singapore	100.0	Dormant
Parkway HK Holdings Limited (50%-owned by Parkway Pantai Limited with the remaining 50% held by Parkway Holdings Limited)	Hong Kong	100.0	Holding company
Gleneagles Management Services Pte. Ltd.	Singapore	100.0	Provision of advisory, administrative, management and consultancy services to healthcare facilities

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Parkway Group Healthcare Pte. Ltd. (continued)			
Swiss Zone Sdn. Bhd.	Malaysia	100.0	Dormant
Held through Parkway Healthtech Investments Pte. Ltd.			
Goldlink Investments Pte. Ltd.	Singapore	100.0	Dormant
Drayson Investments Pte. Ltd.	Singapore	100.0	Dormant
Held through Gleneagles International Pte. Ltd.			
Gleneagles Development Pte. Ltd.	Singapore	100.0	Developing and managing turnkey hospital projects and holding company
Gleneagles Hospital (UK) Limited	United Kingdom ("UK")	65.0	Holding company
Held through Gleneagles Hospital (UK) Limited			
The Heart Hospital Limited	UK	65.0	Under company voluntary arrangement
Held through Medical Resources International Pte Ltd			
Shanghai Rui Xin International Healthcare Co. Ltd.	PRC	70.0	Provision of medical and healthcare outpatient services
Shanghai Xin Rui International Healthcare Co. Ltd.	PRC	70.0	Provision of medical and healthcare outpatient services

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Parkway Hospitals Singapore Pte. Ltd.			
Parkway Promotions Pte. Ltd.	Singapore	100.0	Promoters and organisers of healthcare events
MENA Services Pte. Ltd.	Singapore	100.0	Nursing agency
Held through Parkway Group Healthcare Pte. Ltd.			
Parkway Healthtech Investments Pte. Ltd.	Singapore	100.0	Holding company
Mount Elizabeth Healthcare Holdings Ltd.	Singapore	100.0	Dormant
Gleneagles International Pte. Ltd.	Singapore	100.0	Holding company
Medical Resources International Pte. Ltd.	Singapore	100.0	Holding company
Parkway (Shanghai) Hospital Management Ltd.	People's Republic China ("PRC")	100.0	Provision of management and consultancy services to healthcare facilities
Shanghai Gleneagles International Medical and Surgical Centre	PRC	70.0	Provision of medical and healthcare services
Parkway-Healthcare (Mauritius) Ltd.	Mauritius	100.0	Holding company
Khubchandani Hospitals Private Limited	India	50.0	Private hospital ownership
Parkway Education Pte. Ltd.	Singapore	100.0	Dormant

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Parkway Investment Pte. Ltd.			
Gleneagles Technologies Services Pte. Ltd.	Singapore	100.0	To provide consultancy services, perform equipment planning, procurement, testing and commissioning, and manage a healthcare facility
Mount Elizabeth Medical Holdings Ltd.	Singapore	100.0	Holding company
Gleneagles Medical Centre Ltd.	Singapore	100.0	Dormant
Gleneagles Pharmacy Pte. Ltd.	Singapore	100.0	Dormant
Held through Mouth Elizabeth Medical Holdings Ltd.			
East Shore Medical Holdings Pte. Ltd.	Singapore	100.0	Dormant
Mount Elizabeth Ophthalmic Investments Pte. Ltd.	Singapore	66.5	Dormant
Held through Parkway HK Holdings Limited			
Parkway Healthcare (Hong Kong) Limited	Hong Kong	95.0	Provision of medical and healthcare outpatient services
Held through Medi-Rad Associates Ltd.			
Radiology Consultants Pte Ltd.	Singapore	100.0	Radiology consultancy and interpretative services

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Medical Resources International Pte. Ltd. (continued)			
Shanghai Rui Hong Clinic Co. Ltd.	PRC	70.0	Provision of medical services and healthcare outpatient services
Shanghai Gleneagles Hospital Management Co. Ltd.	PRC	100.0	Provision of hospital management and consultancy services to healthcare facilities
Held through Shanghai Rui Xin Healthcare Co. Ltd.			
Shanghai Rui Pu Clinic Co. Ltd. (30% held through Shanghai Shu Kang Hospital Investment Management Co. Ltd.)	PRC	79.0	Provision of medical and healthcare outpatient services
Held through Shanghai Rui Hong Clinic Co. Ltd.			
Shanghai Rui Xiang Clinic Co. Ltd	PRC	70.0	Provision of medical and healthcare outpatient services
Held through Parkway (Shanghai) Hospital Management Ltd.			
Shanghai Shu Kang Hospital Investment Management Co., Ltd.	PRC	100.0	Management of healthcare industry investment and provision of consulting services
Held through Shanghai Shu Kang Hospital Investment Management Co., Ltd.			
Chengdu Rui Rong Clinic Co. Ltd.	PRC	100.0	Provision of medical and healthcare outpatient services
Shanghai Rui Pu Clinic Co. Ltd. (70% held through Shanghai Rui Xin Healthcare Co. Ltd.)	PRC	79.0	Provision of medical and healthcare outpatient services

3. Information on subsidiaries (continued)

Name of subsidiary	Country of incorporation	Effective interest %	Principal activities
INDIRECT SUBSIDIARY (continued)			
Held through Parkway Shenton Pte. Ltd.			
Nippon Medical Care Pte. Ltd.	Singapore	70.0	Operation of clinics
Shenton Family Medical Clinic Pte. Ltd.	Singapore	100.0	Provision and establishment of and carrying on the business of clinics.
Parkway Shenton International Holdings Pte. Ltd.	Singapore	100.0	Holding company
Held through Parkway Shenton International Holdings Pte. Ltd.			
Parkway Shenton Vietnam Limited	Vietnam	100.0	Dormant
Held through Gleneagles CRC Pte Ltd			
Gleneagles Clinical Research International Pte. Ltd.	Singapore	51.0	Operation of a clinical research centre
Gleneagles CRC (Thailand) Company Limited	Thailand	51.0	Conduct global and local clinic trials
Gleneagles CRC (China) Pte. Ltd.	PRC	51.0	Conduct global and local clinie trials
Gleneagles CRC Pty. Ltd.	Australia	51.0	Conduct global and local clinie trials

4. Financial statements and auditors

The financial year end of IHH and its subsidiaries ("IHH Group" or "the Group") is 31 December.

The financial statements of all companies in the IHH Gronp were andited by KPMG and member firms of KPMG International for all the relevant finaneial years/periods under review except for:-

Entity's name	Financial year/period ended	Auditors
Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.	31 December 2009, and 31 December 2010	PricewaterhonseCoopers Kuala Lumpur, Malaysia
Oncology Centre (KL) Sdn. Bhd.	31 December 2009, and 31 December 2010	BDO Binder Kuala Lumpur, Malaysia
P.T Pantai Bethany Care International	31 December 2009, 31 December 2010, and 31 December 2011	Drs. J. Tanzil & Rekan Indonesia
Fomema Sdn. Bhd. ^	31 December 2009, 31 December 2010, and 31 December 2011	Deloitte KassimChan Petaling Jaya, Malaysia
Pantai Hospital Sungai Petani Sdn. Bhd.	31 December 2009, and 31 December 2010	Poh & Co. Kuala Lumpur, Malaysia
Pulau Pinang Clinic Sdn. Bhd.	31 December 2009, and 31 December 2010	PricewaterhouseCoopers Pulau Pinang, Malaysia
IMU Health Sdn. Bhd.#	31 December 2009, and 31 December 2010	Ernst & Young Malaysia Kuala Lumpur, Malaysia
IMU Education Sdn. Bhd.	31 December 2009, and 31 December 2010	Ernst & Young Malaysia Kuala Lumpur, Malaysia
IMU Healthcare Sdn. Bhd.	31 December 2009, and 31 December 2010	Ernst & Young Malaysia Kuala Lumpur, Malaysia
Integrated Healthcare Holdings Limited#	31 December 2009, and 31 December 2010	Ernst & Young Malaysia Federal Territory of Labuan, Malaysia
Gleneagles CRC Pty. Ltd.	31 December 2009, 31 December 2010, and 31 December 2011	Jim Lim & Co. Pty. Ltd Australia
Gleneagles CRC (China) Pte. Ltd.	31 December 2009, 31 December 2010, and 31 December 2011	Beijing Yongtuo Certified Public Accountants Co. Ltd. Beijing, China
Parkway (Shanghai) Hospital Management Ltd.	31 December 2009	Shu Lun Pan Certified Public Aceountants Co., Ltd Shanghai, China

4. Financial statements and auditors (continued)

Entity's name	Financial year/period ended	Auditors
Shanghai Gleneagles International Medical and Surgieal Center	31 December 2009	Shu Lun Pan Certified Public Accountants Co., Ltd Shanghai, China
Shanghai Rui Hong Clinic Co. Ltd	31 December 2009	Shu Lun Pan Certified Public Accountants Co., Ltd Shanghai, China
Shaughai Rui Pu Outpatient Department Co. Ltd	31 December 2009	Shu Lun Pan Certified Public Accountants Co., Ltd Shanghai, China
Shanghai Rui Xiaug Outpatient Department Co. Ltd	31 December 2009	Shu Lun Pan Certified Public Accountants Co., Ltd Shanghai, China
Shanghai Rui Xin International Healthcare Co. Ltd	31 December 2009	BDO China Shu Lun Pan Certified Public Accountants Co., Ltd Shanghai, China
Shanghai Xin Rui International Healthcare Co. Ltd	31 December 2009	Shu Lun Pan Certified Pnblic Accountants Co., Ltd China
Khubchandani Hospitals Private Limited	31 December 2009, 31 December 2010, and 31 December 2011	P.K Bhagwagar & Co. Mumbai, India
Parkway-Healthcare (Mauritius) Ltd#	31 December 2009, 31 December 2010, and 31 December 2011	Nexia Baker & Arenson Port Louis, Mauritius
Gleneagles CRC (Thailand) Co., Ltd	31 December 2009, 31 December 2010, and 31 December 2011	GSP Auditing Office Bangkok, Thailand
Cavendish Clinic Limited*@	31 December 2009	H H Borke & Company Limited London, United Kingdom
Gleneagles Hospital (UK) Limited#	31 December 2009, 31 December 2010, and 31 December 2011	H H Burke & Company Limited London, United Kingdom

4. Financial statements and auditors (continued)

Entity's name	Financial year/period ended	Auditors
The Heart Hospital Limited	31 December 2009, 31 December 2010, and 31 December 2011	H H Burke & Company Limited London, United Kingdom
The Heart Hospital Properties Limited*+	31 December 2009	H H Burke & Company Limited London, United Kingdom
Twin Towers Healthcare Sdn. Bhd.^^	31 December 2009, 31 December 2010, and 31 December 2011	Azman, Wong, Salleh & Co. Kuala Lumpur, Malaysia
Twin Towers Medical Centre KLCC Sdn. Bhd.^^	31 December 2009, 31 December 2010, and 31 December 2011	Messrs. F.W.Wong & Co. Kuala Lumpur, Malaysia

* Dormant company for the year under review
\# Holding company
@ Struck off during the year 2010
\+ Struck off during the year 2011
^ Disposed during the year 2011
^^ Acquired in year 2012

The auditors' reports of all audited financial statements for the relevant financial years/periods under review were not subject to any modification or qualification.

5. Basis of preparation of financial information

The historical financial information presented in this report has been prepared from the following sources:

(i) the audited combined financial statements of IHH Group, which comprise the combined statements of financial position as at 31 December 2009, 31 December 2010, 31 December 2011, and 31 March 2012 and the combined statements of comprehensive income, changes in equity and cash flows for the financial years ended 31 December 2009, 31 December 2010, 31 December 2011, and for the financial period ended 31 March 2012 which we have audited and on which we expressed an audit opinion and reported to the directors of the Company that these combined financial statements give a true and fair view of the combined financial position as of 31 December 2009, 31 December 2010, 31 December 2011, and 31 March 2012 and of the combined financial performances and cash flows for the financial years ended 31 December 2009, 31 December 2010, 31 December 2011, and for the financial period ended 31 March 2012 in accordance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

(ii) the unaudited combined financial statements of IHH Group for the three months ended 31 March 2011.

The audited combined financial statements are the responsibility of the Directors of IHH. The combined financial statements have been prepared solely for the purpose of the listing of the shares of IHH on the Main Market of Bursa Securities and the Main Board of SGX and for no other purpose.

SECTION A-1 – HISTORICAL FINANCIAL INFORMATION OF IHH GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011

Company No.: 901914-V

13. ACCOUNTANTS' REPORT *(cont'd)*

5. Basis of preparation of financial information (continued)

The audited combined financial statements have been carved out from the consolidated financial statements of Khazanah and its subsidiaries ("Khazanah Group") in which the consolidated financial statements of Khazanah Group have been prepared in accordance with Financial Reporting Standards ("FRSs"). Where appropriate, adjustments have been made to the audited combined financial statements to comply with MFRSs and IFRSs and to specifically present only the combined financial position, results of operations and cash flows of Healthcare Group of Khazanah.

The audited combined financial statements of the Healthcare Group of Khazanah have been prepared as if IHH, the subsidiaries, associates and jointly-controlled entities of IHH Group have operated as a single economic entity throughout the financial years ended 31 December 2009, 31 December 2010, 31 December 2011, and financial period ended 31 March 2012 and have been prepared from the books and records maintained by each entity. The financial information as presented in the audited combined financial statements may not be the same as the consolidated financial statements of IHH Group post initial public offering ("IPO"). Further, such financial information from the audited combined financial statements does not purport to predict IHH Group's financial position, results and cash flows.

No audited combined financial statements have been prepared in respect of any period subsequent to 31 March 2012.

The historical financial information of IHH Group for the three years ended 31 December 2009, 2010 and 2011 is set out in Section A-1 of this report. The historical financial information of IHH Group for the financial period ended 31 March 2012 is set out in Section A-2 of this report.

5.1 Divideuds

The Company has not paid or declared any dividend since its incorporation on 21 May 2010.

6. Acquisition of subsidiary

On 24 January 2012, IHH Group completed its acquisition of 60% equity interest in Acıbadem Sağlık Yatırımları Holding A.S. ("Acibadem Holding"), a company incorporated in Turkey. The acquisition was paid through the issuance of new ordinary shares of IHH (refer to Note 2.2 above) and in cash, through new loan drawdown. Concurrently, on the same date, upon the completion of acquisition of Acibadem Holding, the Company through Acibadem Holding (its 60% equity-owned subsidiary) acquired 100% equity interest in Aplus Hastane Otelcilik Hizmetleri Anonim Şirketi("Aplus") and Acıbadem Proje Yönetimi Anonim Şirketi ("Acıbadem Proje"). Upon listing, the Company plans to utilise part of the listing proceeds to repay in full the acquisition-related loans.

As a result of aforementioned, pursuant to the requirements of the Malaysian Securities Commission's *Prospectus Guidelines* in respect of an initial public offering, Acibadem Holding's consolidated statements of financial position and consolidated statements of comprehensive income, changes in equity and cash flows for the past three years ended 31 December 2009, 2010 and 2011, and for the financial period ended 31 March 2012, as included in Section B of this report.

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A-1 Historical Financial Information of IHH Group

Combined statements of financial position as at 31 December 2009, 2010 and 2011

	Note	1.1.2009 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2011 RM'000
Non-current assets					
Property, plant and equipment	3	149,819	155,816	4,136,786	4,726,753
Intangible assets	4	887	1,038	1,768,611	1,618,598
Goodwill on consolidation	4	106,621	106,621	6,321,413	6,487,070
Interest in associates	5	2,109,821	2,193,304	820,471	862,273
Interest in joint ventures	6	-	4,517	5,642	28,009
Other financial assets	7	-	-	35,249	529,881
Deferred tax assets	8	-	-	28,308	24,279
Total non-current assets		2,367,148	2,461,296	13,116,480	14,276,863
Current assets					
Assets classified as held for sale	9	-	-	7,840	1,463
Development property	10	-	-	939,870	1,121,195
Inventories	11	-	-	74,968	78,784
Trade and other receivables	12	5,968	4,389	482,834	518,496
Tax recoverable		2,241	1,993	12,095	20,422
Other financial assets	7	18,449	-	-	27,066
Cash and cash equivalents	15	18,443	42,843	1,209,465	1,310,803
Total current assets		45,101	49,225	2,727,072	3,078,229
Total assets		2,412,249	2,510,521	15,843,552	17,355,092
Equity					
Equity and reserves attributable to owners of the company		2,217,502	2,313,343	2,936,394	9,861,827
Non-controlling interests	16	5,415	9,190	259,546	246,618
Total equity		2,222,917	2,322,533	3,195,940	10,108,445

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A-1 Historical Financial Information of IHH Group (continued)

Combined statements of financial position as at 31 December 2009, 2010 and 2011 (continued)

	Note	1.1.2009 RM'000	31.12.2009 RM'000	31.12.2010 RM'000	31.12.2011 RM'000
Non-current liabilities					
Bank borrowings	17	101,749	97,525	6,535,608	4,991,264
Employee benefits	18	-	-	25,142	15,544
Other payables		463	881	22,102	8,580
Deferred tax liabilities	8	16,409	17,506	456,749	446,127
Derivative liabilities	17	-	-	15,820	-
Total non-current liabilities		118,621	115,912	7,055,421	5,461,515
Current liabilities					
Bank overdrafts	17	-	-	10,549	584
Trade and other payables	19	65,383	54,379	5,257,408	1,576,158
Bank borrowings	17	3,880	14,224	164,971	46,500
Derivative liabilities	17	-	-	6,041	1,252
Employee benefits	18	-	943	42,485	41,935
Tax payable		1,448	2,530	110,737	118,703
Total current liabilities		70,711	72,076	5,592,191	1,785,132
Total liabilities		189,332	187,988	12,647,612	7,246,647
Total equity and liabilities		2,412,249	2,510,521	15,843,552	17,355,092

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A-1 Historical Financial Information of IHH Group (continued)

Combined statements of comprehensive income for the years ended 31 December 2009, 2010 and 2011

	Note	2009 RM'000	2010 RM'000	2011 RM'000
Revenue	21	121,081	1,214,085	3,328,849
Other operating income		2,983	21,812	159,768
Inventories and consumables		-	(191,198)	(680,242)
Purchased and contracted services		-	(216,151)	(398,590)
Depreciation and impairment losses on property, plant and equipment	3	(9,244)	(57,350)	(165,751)
Amortisation and impairment losses on intangible assets	4	(34)	(44,298)	(54,989)
Staff costs		(52,622)	(372,440)	(1,073,066)
Operating lease expenses		(573)	(72,514)	(186,605)
Operating expenses		(22,052)	(225,618)	(456,162)
Finance income		656	6,476	28,907
Finance costs		(3,526)	(84,111)	(106,420)
Gain on remeasurement of investments previously accounted for as associates and joint ventures	31	-	530,120	-
Share of profits of associates (net of tax)		59,480	70,794	79,937
Share of profits of joint ventures (net of tax)		4,447	34,039	13,909
Profit before income tax	22	100,596	613,646	489,545
Income tax expense	23	(8,115)	(38,892)	(95,428)
Profit for the year		92,481	574,754	394,117

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A-1 Historical Financial Information of IHH Group (continued)

Combined statements of comprehensive income for the years ended 31 December 2009, 2010 and 2011 (continued)

	Note	2009 RM'000	2010 RM'000	2011 RM'000
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations		-	(54,566)	88,910
Net change in fair value of available-for-sale financial assets		-	-	22,641
Cumulative changes in fair value of cash flow hedges transferred to profit or loss		-	15,935	-
Share of other comprehensive income/(expense) of associates		17,796	(21,502)	(108)
Total other comprehensive income/(expense) for the year		17,796	(60,133)	111,443
Total comprehensive income for the year		110,277	514,621	505,560
Attributable to:				
Owners of the Company		83,201	554,424	379,903
Non-controlling interests		9,280	20,330	14,214
Profit for the year		92,481	574,754	394,117
Total comprehensive income attributable to:				
Owners of the Company		100,997	486,515	501,434
Non-controlling interests		9,280	28,106	4,126
Total comprehensive income for the year		110,277	514,621	505,560
Earnings per ordinary share (sen)				
Basic	24	1.51	10.08	6.91
Diluted	24	1.51	10.08	6.90

A-1 Historical Financial Information of IHH Group (continued)

Combined statements of changes in equity for the years ended 31 December 2009, 2010 and 2011 (continued)

	Equity contribution and other reserves RM'000	Fair value reserve RM'000	Hedging reserve RM'000	Foreign currency translation reserve RM'000	Total equity and reserves RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2010	2,313,151	-	(5,974)	6,166	2,313,343	9,190	2,322,533
Foreign currency translation differences for foreign operations	-	-	-	(61,514)	(61,514)	6,948	(54,566)
Cumulative changes in fair value of cash flow hedges transferred to profit or loss	-	-	15,106	-	15,106	829	15,935
Share of other comprehensive income/(expense) of associates	4,516	-	(4,139)	(21,879)	(21,502)	-	(21,502)
Total other comprehensive income/(expense) for the year	4,516	-	10,967	(83,393)	(67,910)	7,777	(60,133)
Profit for the year	554,424	-	-	-	554,424	20,330	574,754
Total comprehensive income/(expense) for the year	558,940	-	10,967	(83,393)	486,514	28,107	514,621
Contributions by and distributions to owners of the Company							
Issue of ordinary shares	2,782,410	-	-	-	2,782,410	-	2,782,410
Effect of acquisition of equity interests in subsidiaries, associates and joint ventures from owner of the Company	(2,212,336)	-	-	-	(2,212,336)	-	(2,212,336)
Acquisition of subsidiaries	-	-	-	-	-	517,937	517,937
Acquisition of non-controlling interests	(427,435)	-	-	-	(427,435)	(284,005)	(711,440)
Share of other reserves of associates	2,673	-	-	-	2,673	-	2,673
Dividends to non-controlling interests	-	-	-	-	-	(11,683)	(11,683)
Dividends paid to owners of the Company	(8,775)	-	-	-	(8,775)	-	(8,775)
Total transactions with owners of the Company	136,537	-	-	-	136,537	222,249	358,786
At 31 December 2010	3,008,628	-	4,993	(77,227)	2,936,394	259,546	3,195,940

A-1 Historical Financial Information of IHH Group (continued)

Combined statements of changes in equity for the years ended 31 December 2009, 2010 and 2011

	Equity contribution and other reserves RM'000	Fair value reserve RM'000	Hedging reserve RM'000	Foreign currency translation reserve RM'000	Total equity and reserves RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2009	2,241,455	-	(6,556)	(17,397)	2,217,502	5,415	2,222,917
Share of other comprehensive income of associates	(6,349)	-	582	23,563	17,796	-	17,796
Profit for the year	83,201	-	-	-	83,201	9,280	92,481
Total comprehensive income for the year	76,852	-	582	23,563	100,997	9,280	110,277
Contributions by and distributions to owners of the Company							
Share of other reserves of associates	6,278	-	-	-	6,278	-	6,278
Dividends paid to non-controlling interests	-	-	-	-	-	(5,505)	(5,505)
Dividends paid to owners of the Company	(11,434)	-	-	-	(11,434)	-	(11,434)
Total transactions with owners of the Company	(5,156)	-	-	-	(5,156)	(5,505)	(10,661)
At 31 December 2009	2,313,151	-	(5,974)	6,166	2,313,343	9,190	2,322,533

A-1 Historical Financial Information of IHH Group (continued)

Combined statements of changes in equity for the years ended 31 December 2009, 2010 and 2011 (continued)

	Equity contribution and other reserves RM'000	Share option reserve RM'000	Fair value reserve RM'000	Hedging Reserve RM'000	Foreign currency translation reserve RM'000	Total equity and reserves RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2011	3,008,628	-	-	4,993	(77,227)	2,936,394	259,546	3,195,940
Foreign currency translation differences for foreign operations	-	-	-	-	98,998	98,998	(10.088)	88,910
Net change in fair value of available-for-sale financial assets	-	-	22,641	-	-	22,641	-	22.641
Share of other comprehensive income/(expense) of associates	-	-	-	(108)	-	(108)	-	(108)
Total other comprehensive income/(expense) for the year	-	-	22,641	(108)	98,998	121,531	(10,088)	111,443
Profit for the year	379,903	-	-	-	-	379,903	14,214	394,117
Total comprehensive income/(expense) for the year	379,903	-	22,641	(108)	98,998	501,434	4,126	505,560
Contributions by and distributions to owners of the Company								
Issue of ordinary shares	6,603,393	-	-	-	-	6,603,393	-	6,603,393
Distribution of subsidiaries to owner of the Company	(198,491)	-	-	-	-	(198,491)	(7,242)	(205,733)
Acquisition of non-controlling interests	2,689	-	-	-	-	2,689	(6,941)	(4,252)
Additional capital contribution into a subsidiary	(146)	-	-	-	-	(146)	146	-
Conditional award of performance shares	-	16,554	-	-	-	16,554	-	16,554
Dividends paid to non-controlling interests	-	-	-	-	-	-	(3,017)	(3,017)
Total transactions with owners of the Company	6,407,445	16,554	-	-	-	6,423,999	(17,054)	6,406,945
At 31 December 2011	9,795,976	16,554	22,641	4,885	21,771	9,861,827	246,618	10,108,445

A-1 Historical Financial Information of IHH Group (continued)

Combined statements of cash flows
Years ended 31 December 2009, 2010, 2011

	2009 RM'000	2010 RM'000	2011 RM'000
Cash flows from operating activities			
Profit before income tax	100,596	613,646	489,545
Adjustments for:			
Unrealised exchange differences	-	6,187	(42,169)
Dividend income	-	-	(2,883)
Finance income	(656)	(6,476)	(28,907)
Finance cost	3,526	84,111	106.420
Depreciation and impairment losses on property, plant and equipment	9,244	57,350	165,751
Amortisation and impairment losses on intangible assets	34	44,298	54,989
(Gain)/loss on disposal of property, plant and equipment	-	(390)	264
Write off of property, plant and equipment	20	42	19,445
Impairment loss on trade and other receivables	3	5,668	17,066
Impairment loss on amounts due from associates	-	-	2,959
Impairment loss on deposits paid to non-controlling interests	-	65,080	-
Impairment losses on other financial assets	-	-	2,372
Equity-settled share-based payment	-	-	15,074
Gain on remeasurement of investments previously accounted for as associates and joint ventures	-	(530,120)	-
Share of profits of associates (net of tax)	(59,480)	(70,794)	(79,937)
Share of profits of joint ventures (net of tax)	(4,447)	(34,039)	(13,909)
Operating profit before changes in working capital	48,840	234,563	706,080
Changes in working capital:			
Development property	-	(61,685)	(181.359)
Inventories	-	(2,834)	(3,150)
Trade and other receivables	1,604	(63,536)	(94,225)
Trade and other payables	(9,442)	309,032	569,717
Cash generated from operations	41,002	415,540	997,063
Income taxes paid	(5,688)	(16,776)	(109,952)
Net cash generated from operating activities	35,314	398,764	887,111

A-1 **Historical Financial Information of IHH Group (continued)**

Combined statements of cash flows
Years ended 31 December 2009, 2010 and 2011 (continued)

	2009 RM'000	2010 RM'000	2011 RM'000
Cash flows from investing activities			
Dividends received from available-for-sale financial assets	-	-	2,883
Dividends received from associates and joint ventures	-	-	52,629
Interest received	628	6,476	15,497
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(5,780,518)	-
Net cash outflow from disposal of subsidiaries, net of cash and cash equivalents disposed	-	-	(136,797)
Acquisition of additional interest in joint ventures	-	-	(139)
Proceeds from disposal of property, plant and equipment	-	1,370	3,512
Proceeds from sale of assets held for sale	-	-	8,006
Purchase of property, plant and equipment	(15,260)	(187,069)	(714,506)
Development costs of intangible assets	(184)	(438)	(1,516)
Purchase of quoted investments	-	-	(503,139)
Net repayment by associates	-	-	4,944
Net advances to joint ventures	-	-	(17,093)
Net cash used in investing activities	(14,816)	(5,960,179)	(1,285,719)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	-	2,782,410	1,978,000
Proceeds from disposal of financial assets	18,449	-	-
Proceeds from bank borrowings	9,870	3,573,810	78,275
Repayment of bank borrowings	(3,750)	(3,847)	(1,907,628)
Advances from holding company	-	3,623,741	485,284
Acquisition of equity interest in subsidiaries, associates and joint ventures from owner of the Company	-	(2,238,218)	-
Acquisition of non-controlling interests	-	(703,410)	(4,252)
Additional payment for prior-year acquisition of non-controlling interests	-	-	(15,361)
Interest paid	(3,728)	(49,651)	(170,099)
Dividend paid to non-controlling interests	(5,505)	(11,683)	(3,017)
Dividends paid to owner of the Company	(11,434)	(8,775)	-
Acceptance fees for share options received	-	-	370
Change in pledged deposits	(1,182)	(39,625)	(17,927)
Net cash generated from financing activities	2,720	6,924,752	423,645
Net increase in cash and cash equivalents	23,218	1,363,337	25,037
Cash and cash equivalents at 1 January	18,443	41,661	1,158,109
Effect of exchange rate fluctuations on cash held	-	(246,889)	68,339
Cash and cash equivalents at 31 December	41,661	1,158,109	1,251,485

Acquisition of property, plant and equipment

During the financial year, the Group acquired property, plant and equipment amounting to RM4,335,000 (2010: Nil; 2009: Nil) under finance leases.

A-1 **Historical Financial Information of IHH Group (continued)**

Notes to the combined financial statements

This combined financial statements of Integrated Healthcare Holdings Berhad ("the Company") and its subsidiaries ("IHH Group" or the "Group") have been prepared solely in connection with the proposed Initial Public Offering of IHH and for no other purposes.

IHH Group comprises subsidiaries, associates and jointly controlled entities as disclosed in Note 32, 33 and 34. The principal activities of the subsidiaries, associates and jointly controlled entities and effective percentage of equity holdings are stated in Note 32, 33 and 34 to the combined financial statements.

The combined financial statements have been carved out from the consolidated financial statements of Khazanah Nasional Berhad ("Khazanah") and its subsidiaries ("Khazanah Group"), in which the consolidated financial statements of Khazanah Group have been prepared in accordance with Financial Reporting Standards (FRSs). Where appropriate, adjustments have been made to the combined financial statements to comply with Malaysian Financial Reporting Standards and International Financial Reporting Standards and to specifically present only the combined financial position, results of operations and cash flows of the healthcare group of Khazanah attributable to shareholders of IHH.

The combined financial statements of IHH Group have been prepared as if the subsidiaries, associates and jointly controlled entities of IHH Group have operated as a single economic entity throughout the financial years ended 31 December 2009, 2010 and 2011 and have been prepared from the books and records maintained by each entity.

1. Basis of preparation

(a) Statement of compliance

Prior to 1 January 2009, IHH Group did not present combined financial statements.

These combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (MFRSs) and with International Financial Reporting Standards (IFRSs). These are IHH Group's first combined financial statements prepared in accordance with MFRSs and IFRSs, and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

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A-1 Historical Financial Information of IHH Group (continued)

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

The IHH Group has early adopted MFRS 124/IAS 24, *Related Party Disclosures* which is originally effective for annual periods beginning on or after 1 January 2011. The early adoption of MFRS 124/IAS 24 has no impact on the combined financial statements.

The IHH Group has not applied the following accounting standards that have been issued by the Malaysian Accounting Standards Board (MASB) and International Accounting Standards Board (IASB) but are not yet effective for the Group:

	MFRSs/IFRSs effective for annual periods beginning on or after
Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101/IAS 1)	1 July 2012
MFRS/IFRS 10, Consolidated Financial Statements	1 January 2013
MFRS/IFRS 11, Joint Arrangements	1 January 2013
MFRS/IFRS 12, Disclosure of Interests in Other Entities	1 January 2013
MFRS/IFRS 13, Fair Value Measurement	1 January 2013
MFRS 119/IAS 19, Employee Benefits (2011)	1 January 2013
MFRS 127/IAS 27, Separate Financial Statements (2011)	1 January 2013
MFRS 128/IAS 28, Investments in Associates and Joint Ventures (2011)	1 January 2013
IC Interpretation 20/IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS/IFRS 7)	1 January 2013
Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 132/IAS 32)	1 January 2014
MFRS/IFRS 9, Financial Instruments	1 January 2015
Transition Disclosures (Amendments to MFRS/IFRS 7)	1 January 2015

IHH Group does not plan to early adopt the abovementioned standards.

The initial application of a standard which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods combined financial statements upon their first adoption.

The IHH Group is in the midst of assessing the financial impacts of initial application of the abovementioned standards.

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A-1 Historical Financial Information of IHH Group (continued)

1. Basis of preparation (continued)

(b) Basis of measurement

The combined financial statements have been prepared on the historical cost basis other than as disclosed in the accounting policies below and certain assets and liabilities are measured at fair value.

(c) Functional and presentation currency

The individual financial statements of each entity in IHH Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The combined financial statements are presented in Ringgit Malaysia (RM), which is Khazanah's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

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

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

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements are described in the following notes:

- Note 3 - Depreciation and impairment loss on property, plant and equipment
- Note 4 - Measurement of the recoverable amounts of cash-generating units
- Note 13 - Impairment loss on trade receivables
- Note 18 - Measurement of share-based payments and retirement benefits
- Note 23 - Income taxes
- Note 29 - Contingent liabilities
- Note 31 - Business combinations

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A-1 **Historical Financial Informatiou of IHH Group (continued)**

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in this combined financial statements.

(a) Basis of combination

(i) Subsidiaries

Subsidiaries included in this combined financial statements as disclosed in Note 32, are entities controlled by IHH Group. Control exists when IHH Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into accouut.

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

(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 IHH Group.

Acquisitions on or after 1 January 2009

For acquisitions on or after 1 January 2009, IHH Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally 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, IHH 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 IHH Group incurred in connection with a bnsiness combination are expensed as incurred.

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A-1 **Historical Financial Information of IHH Group (continued)**

2. Significant accounting policies (continued)

(a) Basis of combination (continued)

(ii) Busiuess combination (continued)

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 before 1 January 2009

In preparing this first set of combined financial statements under MFRSs and IFRSs, IHH Group elected not to restate those business combinations undertaken by Khazanah that occurred before 1 January 2009. Goodwill arising from acquisitions before 1 January 2009 has been carried forward from the consolidated financial statements of Khazanah as at 1 January 2009.

(iii) Acquisition of non-controlling interests

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

(iv) Acquisitions from entities under common control

The assets and liabilities acquired under bnsiness combinations arising from transfers of interests in entities that are under the control of the shareholder that controls IHH Group, are recognised at the carrying amounts recognised previously in Khazanah's consolidated financial statements. The components of equity of the acquired entities are added to the same components within IHH 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, IHH 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 IHH 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.

2. Significant accounting policies (continued)

(a) Basis of combination (continued)

(vi) Associates

Associates are entities in which IHH Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the combined 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 combined financial statements include 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 IHH Group, from the date that significant influence commences until the date that significant influence ceases.

When IHH 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 IHH Group has an obligation or has made payments on behalf of the associate.

(vii) Jointly controlled entities

Joint ventures are those entities over whose activities IHH Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Joint ventures are accounted for in the combined financial statements using the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The combined financial statements include IHH 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 IHH Group, from the date that joint control commences until the date that joint control ceases.

When IHH 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 nil and the recognition of further losses is discontinued except to the extent that IHH Group has an obligation or has made payments on behalf of the joint venture.

2. Significant accounting policies (continued)

(a) Basis of combination (continued)

(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 IHH Group, are presented in the combined statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of IHH Group. Non-controlling interests in the results of IHH Group is presented in the combined statement of 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 IHH Group.

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 combination

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in IHH Group, are eliminated in preparing the combined financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated against the investment to the extent of IHH Group's interest in the associates and jointly controlled entities. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Khazanah's cost of investment in IHH Group is included in equity and reserves.

(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 reporting period are retranslated to the functional currency at the exchange rate at that date.

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A-1 **Historical Financial Information of IHH Group (continued)**

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies are not translated at the end of the reporting except for those that are measured at fair value, which 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 cash flow 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. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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A-1 **Historical Financial Information of IHH Group (continued)**

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

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

In the combined 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 within equity.

(c) Financial instruments

(i) Initial recognition and measurement

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

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

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.

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A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(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.

(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.

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A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

(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(k)(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 held for trading, 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.

A-1 Historical Financial Information of IHH Group (continued)

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.

A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

Cash flow hedge (continued)

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

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(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.

KPMG

A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated 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 and, 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.

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 a willing buyer and a willing seller 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.

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

KPMG

A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced 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 calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part 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 lease term. Freehold land is not depreciated. Property, plant and equipment under construction (building-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 equipments	3 - 25 years
• Laboratory and teaching equipment	2 - 10 years
• Motor vehicles	5 years

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

KPMG

A-1 Historical Financial Information of IHH Group (continued)

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. On 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, except for property interest held under operating lease, 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.

KPMG

A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(f) Intangible assets

(i) 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 jointly controlled entities, 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 jointly controlled entities.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised 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.

(iii) 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.

KPMG

A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(f) Intangible assets (continued)

(iv) Other intangible assets

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

Brand names 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.

(v) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(vi) 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.

The estimated useful lives are as follows:

• Concession rights	15 years
• Land use rights	65 years
• Customer relationships	5 years
• Development costs	5 - 20 years

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

KPMG

A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(g) 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.

(h) 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.

KPMG

A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(i) Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories are determined on a weighted average basis, and include expenditure incurred in acquiring the inventories and 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 of completion and the estimated costs necessary to make sale.

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

(j) 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 value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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

(k) 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 venture), 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.

KPMG

A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

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 and recognised 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, deferred tax asset, assets arising from employee benefits and non-current assets (or disposal groups) classified as held for sale), 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.

KPMG

A-1 **Historical Financial Information of IHH Group (continued)**

2. Significant accounting policies (continued)

(k) Impairment (continued)

(ii) Other assets (continued)

For goodwill, and intangible assets that have indefinite usefnl lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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 nnits 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 eash-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 valne in use, the estimated future cash flows are discounted to their present value using a pre-tax disconnt 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 reduee the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

KPMG

A-1 **Historical Financial Information of IHH Group (continued)**

2. Significant accounting policies (continued)

(l) Equity iustruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

Share issue expenses

Incremental costs directly attributable to issue of shares and share options classified as equity are recognised as a deduetion from equity.

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 amonnt of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjnstments 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.

(m) 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 a non-funded defined benefits plan given to employees of eertain subsidiaries within the Group.

KPMG

A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(m) Employee benefits (continued)

(ii) Defined benefits plan (continued)

The Group's net obligation in respect of the defined benefits retirement plan is 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 the 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 statements of financial position 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 on a triennial basis. 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 as an expense 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.

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) Share-based payments transactions

The Group recognise the grant date fair value of share-based payment awards granted to employees as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards.

KPMG

A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(m) Employee benefits (continued)

(iii) Share-based payments transactions (continued)

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 are measured using a binomial lattice model and a market value approach on a minority, non-marketable basis for Equity Participating Plan (EPP) and Long Term Incentive Plan (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, EBITDA (earnings before interest, tax, depreciation and amortisation) 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.

(n) 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.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

KPMG

A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(o) Revenue recognition

(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 the significant risks and rewards of ownership have been transferred to the buyer, 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 and service fees charged on the management of medical examination of foreign worker 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 when the right to receive payment is established.

(v) Interest income

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.

KPMG

A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(o) Revenue recognition (continued)

(vi) 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 deduetion 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.

(p) Borrowing costs

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.

(q) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in eqnity or other comprehensive ineome.

KPMG

A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(q) Income tax (continued)

Current tax is the expected tax payable on the taxable income for the financial 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 apply 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.

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.

(r) Earnings per share

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

Basic EPS is calculated by dividing the profit or loss attributable to equity holder of IHH by the share capital of the IHH. The IHH's share capital of 5,500 million ordinary shares as at 31 December 2011 were assumed to be in issue throughout the entire years presented.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the number of ordinary shares in issue, adjusted for the effects of all dilutive potential ordinary shares.

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A-1 Historical Financial Information of IHH Group (continued)

2. Significant accounting policies (continued)

(s) 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. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Contingencies

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.

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.

A-1 Historical Financial Information of IHH Group (continued)

3. Property, plant and equipment (continued)

	Note	Hospital land and buildings Freehold RM'000	Hospital land and buildings Leasehold RM'000	Construction-in-progress RM'000	Hospital and medical equipment, renovation and furniture, fittings and equipment RM'000	Laboratory and teaching equipment RM'000	Motor vehicles RM'000	Total RM'000
Accumulated depreciation and impairment loss								
At 1 January 2009		3,821	2,032	-	1,484	3,859	589	11,785
Depreciation for the year		3,010	1,005	-	1,790	3,103	336	9,244
Disposals/write-offs		-	-	-	(3)	(81)	-	(84)
At 31 December 2009/1 January 2010		6,831	3,037	-	3,271	6,881	925	20,945
Depreciation for the year		8,273	5,966	-	38,426	3,719	966	57,350
Acquisition of subsidiaries	31	95,117	28,148	-	911,892	-	11,036	1,046,193
Disposals/write-offs		(112)	-	-	(20,380)	(4,413)	(815)	(25,720)
Transfer to assets held for sale		-	-	-	(3,167)	-	-	(3,167)
Translation differenees		(4,929)	601	-	16,866	-	(358)	12,180
At 31 December 2010/1 January 2011		105,180	37,752	-	946,908	6,187	11,754	1,107,781
Depreciation for the year		14,471	14,949	-	130,030	4,405	1,896	165,751
Disposal of subsidiaries to Khazanah	31	(5,383)	(169)	-	(73,427)	-	(2,710)	(81,689)
Disposals/write-offs		(227)	(1,470)	-	(65,165)	(344)	(1,478)	(68,684)
Transfers		(25,145)	25,145	-	-	-	-	-
Transfer to assets held for sale		(510)	-	-	-	-	-	(510)
Translation differences		132	714	-	13,034	-	68	13,948
At 31 December 2011		88,518	76,921	-	951,380	10,248	9,530	1,136,597

A-1 Historical Financial Information of IHH Group (continued)

3. Property, plant and equipment

	Note	Hospital land and buildings Freehold RM'000	Hospital land and buildings Leasehold RM'000	Construction-in-progress RM'000	Hospital and medical equipment, renovation and furniture, fittings and equipment RM'000	Laboratory and teaching equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost								
At 1 January 2009		116,368	7,492	-	14,743	21,551	1,450	161.604
Additions		6,173	-	-	3,524	5,563	-	15,260
Disposals/write-offs		-	-	-	(4)	(99)	-	(103)
At 31 December 2009/1 January 2010		122,541	7,492	-	18,263	27,015	1,450	176,761
Additions		36,841	1,143	113,108	41,608	7,580	561	200,841
Acquisition of subsidiaries	31	754,576	2,401,309	291,765	1,366,331	-	15,985	4,829,966
Disposals/write-offs		(245)	(106)	-	(21,187)	(4,454)	(833)	(26,825)
Transfers		-	8,835	(20,837)	12,002	-	-	-
Transfer to development property		-	-	(12,898)	-	-	-	(12,898)
Transfer to assets held for sale	9	-	-	-	(11,007)	-	-	(11,007)
Translation differences		(11,388)	62,113	8,500	28,798	-	(294)	87,729
At 31 December 2010/1 January 2011		902,325	2,480,786	379,638	1,434,808	30,141	16,869	5,244,567
Additions		1,350	112	641,506	91,717	5,384	2,076	742,145
Disposal of subsidiaries to Khazanah	31	(11,310)	(1,640)	-	(81,518)	-	(2,900)	(97,368)
Disposals/write-offs		(2,418)	(1,594)	(9,807)	(76,048)	(412)	(1,627)	(91,906)
Transfers		(207,712)	232,939	(100,006)	74,779	-	-	-
Transfer to assets held for sale	9	(1,973)	-	-	-	-	-	(1,973)
Translation differences		(2,717)	48,760	3,753	17,974	-	115	67,885
At 31 December 2011		677,545	2,759,363	915,084	1,461,712	35,113	14,533	5,863,350

A-1 **Historical Financial Information of IHH Group (continued)**

4. Intangible assets and goodwill on consolidation

	Note	Concession rights RM'000	Land use rights RM'000	Brand names RM'000	Customer relationships RM'000	Development costs and other intangibles RM'000	Sub-total RM'000	Goodwill on consolidation RM'000	Total RM'000
Cost									
At 1 January 2009		-	-	-	-	953	953	106,621	107,574
Additions		-	-	-	-	185	185	-	185
At 31 December 2009/1 January 2010		-	-	-	-	1,138	1,138	106,621	107,759
Additions		-	-	-	-	439	439	-	439
Acquisition of subsidiaries	31	352,835	168,956	1,261,173	141,400	101,961	2,026,325	6,048,680	8,075,005
Translation differences		-	3,432	-	-	371	3,803	171,032	174,835
At 31 December 2010/1 January 2011		352,835	172,388	1,261,173	141,400	103,909	2,031,705	6,326,333	8,358,038
Additions		-	-	-	-	1,516	1,516	-	1,516
Distribution of subsidiaries to Khazanah	31	(352,835)	-	-	-	-	(352,835)	(2,559)	(355,394)
Translation differences		-	(12,562)	-	-	2,773	(9,789)	165,657	155,868
At 31 December 2011		-	159,826	1,261,173	141,400	108,198	1,670,597	6,489,431	8,160,028

A-1 **Historical Financial Information of IHH Group (continued)**

3. Property, plant and equipment (continued)

	Hospital land and buildings Freehold RM'000	Hospital land and buildings Leasehold RM'000	Construction-in-progress RM'000	Hospital and medical equipment, renovation and furniture, fittings and equipment RM'000	Laboratory and teaching equipment RM'000	Motor vehicles RM'000	Total RM'000
Carrying amounts							
At 1 January 2009	112,547	5,460	-	13,259	17,692	861	149,819
At 31 December 2009	115,710	4,455	-	14,992	20,134	525	155,816
At 31 December 2010	797,145	2,443,034	379,638	487,900	23,954	5,115	4,136,786
At 31 December 2011	589,027	2,682,442	915,084	510,332	24,865	5,003	4,726,753

Leasehold land

The title deed of a leasehold land with a carrying amount of RM32,841,000 (2010: RM36,837,000; 2009: Nil) will be transferred to an indirect subsidiary's name upon full settlement of the remaining purchase consideration in 2014.

Security

As at 31 December 2011, property, plant and equipment with carrying amounts totalling RM254,246,000 (2010: RM317,447,000; 2009: RM115,710,000) are charged to licensed financial institutions for credit facilities granted to the Group (see Note 17).

Assets under finance lease

As at 31 December 2011, the carrying amount of property, plant and equipment of the Group held under finance lease was RM45,237,000 (2010: RM36,362,000; 2009: RM2,082,000).

Borrowing costs

During the year, interest capitalised as cost of property, plant and equipment amounted to RM23,304,000 (2010: RM13,771,000; 2009: Nil).

A-1 Historical Financial Information of IHH Group (continued)

4. Intangible assets and goodwill on consolidation (continued)

	Note	Concession rights RM'000	Land use rights RM'000	Brand names RM'000	Customer relationships RM'000	Development costs and other intangibles RM'000	Sub-total RM'000	Goodwill on consolidation RM'000	Total RM'000
Accumulated amortisation and impairment loss									
At 1 January 2009		-	-	-	-	66	66	-	66
Amortisation charge for the year		-	-	-	-	34	34	-	34
At 31 December 2009/1 January 2010		-	-	-	-	100	100	-	100
Amortisation charge for the year		28,173	-	-	8,295	2,910	39,378	-	39,378
Impairment loss		-	-	-	-	-	-	4,920	4,920
Acquisition of subsidiaries	31	216,926	-	-	-	6,615	223,541	-	223,541
Translation differences		-	-	-	-	75	75	-	75
At 31 December 2010/1 January 2011		245,099	-	-	8,295	9,700	263,094	4,920	268,014
Amortisation charge for the year		21,592	-	-	24,888	8,509	54,989	-	54,989
Disposal of subsidiaries to Khazanah	31	(266,691)	-	-	-	-	(266,691)	(2,559)	(269,250)
Translation differences		-	-	-	-	607	607	-	607
At 31 December 2011		-	-	-	33,183	18,816	51,999	2,361	54,360
Carrying amounts									
At 1 January 2009		-	-	-	-	887	887	106,621	107,508
At 31 December 2009		-	-	-	-	1,038	1,038	106,621	107,659
At 31 December 2010		107,736	172,388	1,261,173	133,105	94,209	1,768,611	6,321,413	8,090,024
At 31 December 2011		-	159,826	1,261,173	108,217	89,382	1,618,598	6,487,070	8,105,668

A-1 Historical Financial Information of IHH Group (continued)

4. Intangible assets and goodwill on consolidation (continued)

Impairment test for cash-generating units containing goodwill and brand names

Goodwill and brand names are allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill and brand names are monitored for internal management purposes.

The aggregate carrying amounts of goodwill and brand names allocated to each unit are as follows:

	Goodwill on consolidation 2009 RM'000	2010 RM'000	2011 RM'000	Brand names 2009 RM'000	2010 RM'000	2011 RM'000
Singapore-based hospital and healthcare services	-	4,247,968	4,382,049	-	1,145,173	1,145,173
Malaysia-based hospital and healthcare services	-	1,967,443	1,994,953	-	116,000	116,000
Education	106,621	106,002	110,068	-	-	-
	106,621	6,321,413	6,487,070	-	1,261,173	1,261,173

For the purpose of impairment testing, the intangible assets 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 financial budgets approved by management covering a five to ten-year period.

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

- The revenue growth in the 10-year cash flow projection is estimated to be, for hospital and healthcare services, at 10.0% to 28.0% per annum in the first three years with declining revenue trend in subsequent years from 3% to 8% per annum, whilst for education CGUs at 3.0% to 11.0% per anuum for the first three years with 3.0% revenue growth for subsequent years.
- The earnings before interest, tax, depreciation and amortisation ("EBITDA") are assumed at 17.0% - 25.0% of the revenue for hospital and healthcare services CGUs and 34.0% - 35.0% of the revenue for education CGU for the projected years and the projections are in line with the business growth of the respective investees.
- The terminal value was estimated using the perpetuity growth model, with a growth rate to perpetuity of 2% for hospital and healthcare services CGUs and 3% for education CGU per annum (2010: 3% - 5% for hospital and healthcare services CGUs and 3% for education CGU; 2009: 3% for education CGU) applied to steady-state estimated earnings at the end of the projected period.
- Discount rates of approximately 7.5% to 10.0% (2010: 7.0% to 12.0%; 2009: 6.4%) which are based on the pre-tax cost of capital plus an appropriate risk premium at the date of assessment of the respective CGUs.

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A-1 Historical Financial Information of IHH Group (continued)

4. Intangible assets and goodwill (continued)

- 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 management's assessment of future trends in the healthcare market and are based on both external sources and internal sources (historical data).

Management 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, other than an impairment loss of goodwill of RM4,920,000 that has been recognised in 2010 and changes in the prevailing operating environment of which the impact is not ascertainable.

5. Interest in associates

	2009 RM'000	2010 RM'000	2011 RM'000
Shares, at cost			
Quoted shares outside Malaysia	2,106,938	729,444	729,199
Unquoted shares in Malaysia	-	1,289	1,300
Unquoted shares outside Malaysia	-	2,777	2,833
	2,106,938	733,510	733,332
Share of post-acquisition profits and reserves	86,366	100,880	146,895
Amounts due from associates	-	7,961	14,847
Less: Allowance for impairment loss	-	(2,324)	(5,118)
	-	5,637	9,729
Amounts due to associates	-	(19,556)	(27,683)
	2,193,304	820,471	862,273

Details of the associates are disclosed in Note 33 to the financial statements.

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 investment in the associates, they are stated at cost less accumulated impairment loss.

The amounts due to the associates include amounts denominated primary 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 associates to the Group, they are stated at cost.

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A-1 Historical Financial Information of IHH Group (continued)

5. Interest in associates (continued)

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

	2009 RM'000	2010 RM'000	2011 RM'000
Assets and liabilities			
Total assets	6,780,579	3,310,058	3,573,401
Total liabilities	(3,061,128)	(1,210,294)	(1,318,369)
Net assets	3,719,451	2,099,764	2,255,032
Results			
Revenue	1,885,208	210,471	347,508
Profit after tax	299,817	130,997	252,766

6. Interest in joint ventures

	2009 RM'000	2010 RM'000	2011 RM'000
Shares, at cost			
Unquoted shares outside Malaysia	7,523	60,854	63,173
Share of post-acquisition profits and reserves	(3,006)	(39,119)	(36,163)
Amounts due from joint ventures	-	21,764	17,010
Less: Allowance for impairment loss	-	(16,403)	(15,133)
	-	5,361	1,877
Amounts due to joint ventures	-	(21,454)	(878)
	4,517	5,642	28,009

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 investment in the joint ventures, they are stated at cost less accumulated impairment loss.

The amounts due to the 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 joint ventures to the Group, they are stated at cost.

Details of the joint ventures are disclosed in Note 34 to the financial statements.

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A-1 **Historical Financial Information of IHH Group (continued)**

6. Interest in joint ventures (continued)

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

	2009 RM'000	2010 RM'000	2011 RM'000
Assets and liabilities			
Total assets	1,231,070	203,281	190,021
Total liabilities	(1,179,912)	(158,727)	(135,999)
Net assets	51,158	44,554	54,022
Results			
Revenue	644,282	211,980	157,522
Profit after tax	6,393	24,235	26,780
Group's share of joint ventures' capital commitments	175,291	-	-

7. Other financial assets

	2009 RM'000	2010 RM'000	2011 RM'000
Non-current:			
Available-for-sale financial assets			
Unquoted equity securities, at cost	-	84	80
Quoted equity securities, at fair value	-	-	525,780
	-	84	525,860
Held-to-maturity investments			
Government debt securities, at amortised cost	-	26,753	-
Others			
Club memberships	38	437	516
Deposit for option to purchase interest in an investment	-	8,013	6,035
Deposit paid to non-controlling shareholders of a subsidiary	-	65,080	66,045
	38	73,530	72,596
Accumulated impairment losses	(38)	(65,118)	(68,575)
	-	8,412	4,021
	-	35,249	529,881

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A-1 **Historical Financial Information of IHH Group (continued)**

7. Other financial assets (continued)

	2009 RM'000	2010 RM'000	2011 RM'000
Current:			
Held-to-maturity investments			
Government debt securities, at amortised cost	-	-	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.

A-1 Historical Financial Information of IHH Group (continued)

8. Deferred tax assets and liabilities (continned)

	At 1 January 2010 RM'000	Acquisition of subsidiaries (Note 31) RM'000	Disposal of subsidiaries to Khazanah (Note 31) RM'000	Recognised in profit or loss (Note 23) RM'000	Translation difference RM'000	At 31 December 2010 RM'000
Deferred tax assets						
Other provisions	-	1,533	-	989	-	2,522
Unutilised tax losses and unabsorbed capital allowances	-	4,900	-	7,176	295	12,371
Others	-	70	-	660	-	730
	-	6,503	-	8,825	295	15,623
Deferred tax liabilities						
Property, plant and equipment	(17,757)	(98,544)	-	(1,623)	(1,093)	(119,017)
Intangible assets	-	(305,122)	-	4,732	(79)	(300,469)
Interests in associates	-	(17,311)	-	1,296	331	(15,684)
Receivables	-	(93)	-	(112)	-	(205)
Others	251	(686)	-	(9,067)	813	(8,689)
	(17,506)	(421,756)	-	(4,774)	(28)	(444,064)

A-1 Historical Financial Information of IHH Group (continued)

8. Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2009 RM'000	Acquisition of subsidiaries (Note 31) RM'000	Disposal of subsidiaries to Khazanah (Note 31) RM'000	Recognised in profit or loss (Note 23) RM'000	Translation difference RM'000	At 31 December 2009 RM'000
Deferred tax liabilities						
Property, plant and equipment	(16,646)	-	-	(1,111)	-	(17,757)
Others	237	-	-	14	-	251
	(16,409)	-	-	(1,097)	-	(17,506)

A-1 Historical Financial Information of IHH Group (continued)

8. Deferred tax assets and liabilities (continued)

	At 1 January 2011 RM'000	Acquisition of subsidiaries (Note 31) RM'000	Disposal of subsidiaries to Khazanah (Note 31) RM'000	Recognised in profit or loss (Note 23) RM'000	Translation difference on consolidation RM'000	At 31 December 2011 RM'000
Deferred tax assets						
Other provisions	2,522	-	-	3,752	(4)	6,270
Unutilised tax losses and unabsorbed capital allowances	12,371	-	-	(11,822)	364	913
Others	730	-	(110)	1,184	193	1,997
	15,623	-	(110)	(6,886)	553	9,180
Deferred tax liabilities						
Property, plant and equipment	(119,017)	-	1,731	(10,437)	(2,339)	(130,062)
Intangible assets	(300,469)	-	6,348	9,098	(512)	(285,535)
Interests in associates	(15,684)	-	-	(1,445)	303	(16,826)
Receivables	(205)	-	-	205	-	-
Others	(8,689)	-	-	10,084	-	1,395
	(444,064)	-	8,079	7,505	(2,548)	(431,028)

A-1 Historical Financial Information of IHH Group (continued)

8. Deferred tax assets and liabilities (continued)

The amounts determined after appropriate offsetting are as follows:

	2009 RM'000	2010 RM'000	2011 RM'000
Deferred tax assets	-	28,308	24.279
Deferred tax liabilities	(17,506)	(456,749)	(446,127)

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.

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2009 RM'000	2010 RM'000	2011 RM'000
Deductible temporary differences	-	-	2,237
Unutilised tax losses	33	69,486	67,879
Provisions	2	6,197	15,084
	35	75,683	85,200

The unutilised tax losses 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.

9. Assets classified as held for sale

In 2010, assets classified as held for sale pertains to a freehold building with a carrying amount of RM7,840,000, for which management have committed to and commenced a plan to sell. The freehold building was disposed off in 2011.

In 2011, assets classified as held for sale pertains to land and building with a carrying amount of RM1,463,000, for which management have committed to and commenced a plan to sell.

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A-1 Historical Financial Information of IHH Gronp (continued)

10. Development property

	2009 RM'000	2010 RM'000	2011 RM'000
Development property, at cost	-	939,870	1,121,195
Borrowing costs capitalised as cost of development property during the year	-	5,629	7,475

Development property represents medical suites for sale nnder development.

11. Inventories

	2009 RM'000	2010 RM'000	2011 RM'000
Pharmaceuticals, surgical and medical supplies	-	74,968	78,784
Carrying amount of inventories pledged as security for bank borrowings	-	2,640	-

12. Trade and other receivables

	Note	2009 RM'000	2010 RM'000	2011 RM'000
Trade receivables	13	4,029	437,060	465,108
Deposits and other receivables	14	308	29,824	37,188
Loans and receivables		4,337	466,884	502,296
Prepayments		52	15,950	16,200
		4,389	482,834	518,496

Trade receivables include accrued trade receivables amounting to RM139,819,000 (2010 and 2009: Nil). Accrued trade receivables represent the balance of sale proceeds to be billed in respect of the progress of the construction work performed on development properties sold.

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A-1 Historical Financial Information of IHH Gronp (continued)

13. Trade receivables

	2009 RM'000	2010 RM'000	2011 RM'000
Trade receivables	4,029	513,056	537,550
Amounts due from related companies	-	618	1,191
	4,029	513,674	538,741
Allowance for impairment loss	-	(76,614)	(73,633)
	4,029	437,060	465,108

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

The maximum exposure to credit risk for trade receivables at the end of reporting period (by geographical distribution) is:

	2009 RM'000	2010 RM'000	2011 RM'000
Singapore	-	165,433	287,444
Malaysia	4,029	282,462	178,979
Southeast Asia	-	20,935	24,126
North Asia	-	19,491	27,029
South Asia and Middle East	-	21,151	15,113
Others	-	4,202	6,050
	4,029	513,674	538,741
Allowance for impairment loss	-	(76,614)	(73,633)
	4,029	437,060	465,108

A-1 Historical Financial Information of IHH Group (continued)

13. Trade receivables (continued)

Impairment losses on trade receivables

The ageing of trade receivables and trade amount due from related companies at the reporting date is:

	Gross 2009 RM'000	Impairment 2009 RM'000	Net 2009 RM'000	Gross 2010 RM'000	Impairment 2010 RM'000	Net 2010 RM'000	Gross 2011 RM'000	Impairment 2011 RM'000	Net 2011 RM'000
Not past due	89	-	89	155,768	(15)	155,753	292,339	(5,188)	287,151
Past due 0 – 30 days	213	-	213	114,245	(5,319)	108,926	64,492	(2,539)	61,953
Past due 31 – 180 days	327	-	327	145,420	(6,888)	138,532	113,951	(10,982)	102,969
Past due 181 days – 1 year	3.400	-	3400	48,579	(14,730)	33,849	24,468	(13,923)	10,545
Past due more than 1 year	-	-	-	49,662	(49,662)	-	43,491	(41,001)	2,490
	4,029	-	4,029	513,674	(76,614)	437,060	538,741	(73,633)	465,108

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

	2009 RM'000	2010 RM'000	2011 RM'000
At 1 January	-	-	76,614
Impairment loss recognised	-	5,668	16,955
Impairment loss written off	-	(3,656)	(15,399)
Acquisition of subsidiaries	-	73,407	-
Disposal of subsidiaries	-	-	(5,332)
Translation difference	-	1,195	795
	-	76,614	73,633

A-1 Historical Financial Information of IHH Group (continued)

13. Trade receivables (continued)

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

The 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.

14. Deposits and other receivables

	2009 RM'000	2010 RM'000	2011 RM'000
Interest receivables	-	1,589	2,384
Sundry deposits	155	10,808	12,941
	155	12,397	15,325
Other receivables	156	18,503	23,084
Allowance for impairment loss	(3)	(1,076)	(1,221)
	153	17,427	21,863
	308	29,824	37,188

The maximum exposure to credit risk for other receivables at the end of reporting period (by geographical distribution) is:

	2009 RM'000	2010 RM'000	2011 RM'000
Singapore	-	5,239	7,856
Malaysia	156	4,525	5,537
Southeast Asia	-	4,813	5,455
North Asia	-	3,490	3,551
South Asia and Middle East	-	320	455
Others	-	116	230
	156	18,503	23,084
Allowance for impairment loss	(3)	(1,076)	(1,221)
	153	17,427	21,863

A-1 Historical Financial Information of IIIII Group (continued)

14. Deposits and other receivables (continucd)

Impairment losses on other receivables

The ageing of other receivables at the reporting date is:

	Gross 2009 RM'000	Impairment 2009 RM'000	Net 2009 RM'000	Gross 2010 RM'000	Impairment 2010 RM'000	Net 2010 RM'000	Gross 2011 RM'000	Impairment 2011 RM'000	Net 2011 RM'000
Not past duc	-	-	-	12,581	-	12,581	20,344	(2)	20,342
Past due 0 – 30 days	-	-	-	422	-	422	702	(79)	623
Past duc 31 – 180 days	-	-	-	1,590	-	1,590	329	-	329
Past due 181 days - 1 year	-	-	-	952	-	952	146	-	146
Past due more than 1 year	156	(3)	153	2,958	(1,076)	1,882	1,563	(1,140)	423
	156	(3)	153	18,503	(1,076)	17,427	23,084	(1,221)	21,863

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

	2009 RM'000	2010 RM'000	2011 RM'000
At 1 January	-	3	1,076
Impairment loss recognised	3	-	111
Acquisition of subsidiaries	-	1,073	-
Translation difference on consolidation	-	-	34
	3	1,076	1,221

The Group provides for impairment allowance in respect of other receivables based on 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 nsed to record impairment losses.

A-1 Historical Financial Information of IHH Group (continued)

15. Cash and cash equivalents

	2009 RM'000	2010 RM'000	2011 RM'000
Fixed deposits with financial institutions	37,563	764,963	895,399
Cash and bank balances	5,280	444,502	415,404
	42,843	1,209,465	1,310,803
Bank overdrafts	-	(10,549)	(584)
Fixed deposits pledged	(1,182)	(40,807)	(58,734)
Cash and cash equivalents in combined statement of cash flows	41,661	1,158,109	1,251,485

Fixed deposits with financial institutions include deposits pledged to banks and finance companies for credit facilities granted to certain subsidiaries.

16. Equity

Equity and reserves attributable to owners of the company
These mainly consist of share capital, share premium, equity contribution from owner, capital reserves and retained earnings.

Fair value reserve
The 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.

Hedge reserve
The 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.

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

Non-controlling interests
This consists of the minority shareholders' proportion of equity and reserves of partially owned subsidiaries.

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 reserve 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.

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A-1 Historical Financial Information of IHH Group (continued)

17. Bank borrowings and derivatives

	2009 RM'000	2010 RM'000	2011 RM'000
Non-current:			
Secured bank borrowings	97,500	4,967,954	3,674,505
Secured finance lease liabilities	25	16,373	26,268
Unsecured bank borrowings	-	1,551,281	1,290,491
	97,525	6,535,608	4,991,264
Current:			
Secured bank borrowings	14,149	49,675	32,961
Secured finance lease liabilities	75	11,489	13,539
Secured bank overdrafts	-	10,549	584
Unsecured bank borrowings	-	103,807	-
	14,224	175,520	47,084
Total bank borrowings	111,749	6,711,128	5,038,348

Security

(a) An amount of SGD1,498.7 million, equivalent to RM3,651.3 million (2010: SGD1,790.7 million, equivalent to RM4,274.8. million; 2009: Nil) representing a 3-year term loan obtained in 2010 with repayments due by August 2013 and bears an interest rate at Singapore Swap Offer rate plus 1.25%. The loan is secured over the Group's present and future shareholdings in subsidiaries, namely Parkway Holdings Limited and Pantai Irama Ventures Sdn. Bhd. (collectively known as 'the Shares Charged'), RM and SGD designated accounts opened to deposits all dividends and any other net sales proceeds from the Shares Charged, and corporate guarantee from the Company;

(b) An amount of SGD529.7 million equivalent to RM1,290.5 million (2010: SGD693.3 million, equivalent to RM1,655.1 million; 2009: Nil) representing a 5-year term loan obtained in 2010 with repayments by 2015 and bears interest at rates ranging from 1.16% to 1.87% (2010: 1.28% to 1.35%; 2009: Nil) per annum. This loan is unsecured.

(c) Bank borrowings of RM57 million (2010: RM753 million; 2009: RM112 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 the Group;
   (ii) fixed and floating charge over assets of certain subsidiaries of the Group;
   (iii) charge over certain fixed deposits of the Group;
   (iv) corporate guarantee by a subsidiary for facilities granted to the Group; and
   (v) charge over shares investment in a subsidiary.

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A-1 Historical Financial Information of IHH Group (continued)

17. Bank borrowings and derivatives (continued)

Finance lease liabilities

The Group has obligations under finance leases that are repayable as follows:

	Payments RM'000	Interest RM'000	Principal RM'000
2009			
Within 1 year	82	(7)	75
After 1 year but within 5 years	27	(2)	25
After 5 years	-	-	-
	109	(9)	100
2010			
Within 1 year	12,632	(1,143)	11,489
After 1 year but within 5 years	17,431	(1,084)	16,347
After 5 years	28	(2)	26
	30,091	(2,229)	27,862
2011			
Within 1 year	14,263	(724)	13,539
After 1 year but within 5 years	21,085	(585)	20,500
After 5 years	5,769	(1)	5,768
	41,117	(1,310)	39,807

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.

Derivative liabilities

	2009 RM'000	2010 RM'000	2011 RM'000
Interest rate swaps			
- Non-current	-	15,820	-
- Current	-	6,041	1,252
	-	21,861	1,252

The Group enters into interest rate swaps to hedge against interest rate fluctuations. These interest rate swaps mature following the maturity of the related loans.

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A-1 Historical Financial Information of IHH Group (continued)

18. Employee benefits

	2009 RM'000	2010 RM'000	2011 RM'000
Non-current:			
Retirement benefits	-	11,392	11,572
Performance incentive scheme	-	13,750	3,732
Long term incentive scheme (cash-settled)	-	-	240
	-	25,142	15,544
Current:			
Performance incentive scheme	-	18,081	19,083
Provision for unconsumed leave	943	24,404	11,020
Provision for defined contribution plan	-	-	11,550
Long term incentive scheme (cash-settled)	-	-	282
	943	42,485	41,935

Performance incentive scheme

Prior to November 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 will vest over the next few years upon achievement of the prescribed performance targets set.

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A-1 Historical Financial Information of IHH Group (continued)

18. Employee benefits (continued)

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.

Long Term Incentive Scheme - cash

The Long Term Incentive Plan ("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.

The balance relate to the cash benefits that Group had 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.

Share based payment scheme

On 25 March 2011, the Group established the Long Term Incentive Plan ("LTIP") and Equity Participation Plan ("EPP") schemes respectively, to grant share options to eligible personnel.

The LTIP units granted in each year will vest in the participants over a three-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 shall be in force for a period of ten (10) years from 25 March 2011.

The EPP options granted in each year will vest in the participants over a four (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 four (4) year period and the remainder 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 sixty (60) months from date of listing of the Company's shares on stock exchange.

During the year, a total of 149,000,000 EPP options and 13,072,577 LTIP options were granted to eligible staffs. The movement in the number of ordinary shares outstanding under the respective schemes as at 31 December 2011 and the details of the schemes are as follows:

A-1 Historical Financial Information of IIIH Group (continued)

18. Employee benefits (continued)

Long Term Incentive Plan ("LTIP")

Date of grant	Number of options outstanding at 1.1.2011	Number of options granted during the financial year	Number of options lapsed/ cancelled during the financial year	Number of options exercised during the financial year	Number of options outstanding at 31.12.2011	Number of holders at 31.12.2011
Key management personnel						
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
Other eligible employees						
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
Total for the year						
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 options are exercisable.

18. Employee benefits (continued)

Equity Participation Plan ("EPP")

Date of grant	Number of options outstanding at 1.1.2011	Number of options granted during the financial year	Number of options lapsed/ cancelled during the financial year	Number of options exercised during the financial year	Number of options outstanding at 31.12.2011	Number of holders at 31.12.2011
Key management personnel						
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
Other eligible employee						
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
Total for the years						
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 options are exercisable.

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A-1 Historical Financial Information of IHH Group (continued)

18. 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 mode,

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

Fair value of share options and assumptions

	EPP	LTIP
Fair value at grant date	RM0.0791 to RM0.1110	RM1.73 to RM1.75
Enterprise value to EBITDA multiple		
- Singapore hospital operations	n/a	16.6x – 17.4x
- Malaysia hospital operations	n/a	9.3x – 10.1x
Weighted average cost of capital	n/a	10% – 11%
Share price at grant date	RM1.73 to RM1.75	n/a
Expected volatility (average volatility)	20.0% to 25.0%	n/a
Option life (expected average life)	5 years	n/a
Expected dividends yield	3.0%	n/a
Risk free rate	3.50% to 3.65%	n/a

n/a – not applicable

Value of employee services received for issue of share options

	2009 RM'000	2010 RM'000	2011 RM'000
Total expense recognised as share based payments	-	-	15,074

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A-1 Historical Financial Information of IHH Group (continued)

18. Employee benefits (continued)

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:

	2009 RM'000	2010 RM'000	2011 RM'000
Non-current			
Present value of unfunded obligations	-	11,392	11,572
Movements in the liability for defined benefits obligations			
At 1 January	-	-	11,392
Expenses recognised in the profit or loss	-	1,411	1,394
Benefits paid	-	(676)	(633)
Acquisition of subsidiaries	-	10,657	-
Disposal of subsidiaries	-	-	(581)
At 31 December	-	11,392	11,572
Current service costs	-	901	842
Interest on obligation	-	565	549
Transition amount	-	(55)	3
	-	1,411	1,394

The expense is recognised in the following line item in the profit or loss:

	2009 RM'000	2010 RM'000	2011 RM'000
Staff costs	-	1,411	1,394

Actuarial assumptions

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

	2009 %	2010 %	2011 %
Discount rate	-	6.2-7.0	6.2-7.0
Future salary increases	-	4.5-5.2	5.0-5.2

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A-1 Historical Financial Information of IHH Group (continued)

19. Trade and other payables

	Note	2009 RM'000	2010 RM'000	2011 RM'000
Trade payables		5,200	471,174	381,934
Accruals		9,376	130,235	377,621
Other payables		-	64,034	84,772
Deposits and advances		5,172	15,710	17,223
Interest payable		-	37,924	5,024
Amounts due to holding company and related companies (trade)	20	-	2,715	24,363
Amounts due to holding company and related companies (non-trade)	20	-	4,200,732	24,768
		19,748	4,922,524	915,705
Progress billings		-	292,258	621,067
Fees in advance		34,631	42,626	39,386
		54,379	5,257,408	1,576,158

Progress billings are amounts billed for work performed on the sale of medical suites.

In 2011, amount due to holding company of RM4,625,393,000 was capitalised for issuance of shares of the Company.

20. Amounts due to holding company and related companies

The amounts due to holding company and related companies are unsecured, interest free and are repayable on demand.

21. Revenue

Revenue of the Group, after eliminating inter-company transactions, is as follows:

	2009 RM'000	2010 RM'000	2011 RM'000
Hospital and healthcare services income	-	1,051,753	3,085,606
Education services income	121,081	138,464	162,181
Rental income	-	13,170	51,846
Management and acquisition fees	-	10,698	26,333
Dividend income	-	-	2,883
	121,081	1,214,085	3,328,849

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A-1 Historical Financial Information of IHH Group (continued)

22. Profit before income tax

The following income/(expense) items have been included in arriving at profit before tax:

	2009 RM'000	2010 RM'000	2011 RM'000
Staff costs			
Wages and salaries	(48,519)	(367,733)	(979,790)
Contribution to defined contribution plans	(4,103)	(4,707)	(78,202)
Share-based payments			
- Employee participation plan	-	-	(5,667)
- Others	-	-	(9,407)
	(52,622)	(372,440)	(1,073,066)
Finance income			
Interest received and receivable from			
Banks and financial institutions	656	6,476	15,986
Others	-	-	306
Fair value gain on financial instruments	-	-	12,615
	656	6,476	28,907
Finance costs			
Interest paid and payable to			
Banks and financial institutions	(3,514)	(42,615)	(82,609)
Others	(12)	(1,614)	(1,284)
Other finance costs	-	(24,818)	(22,527)
Fair value loss on financial instruments	-	(15,064)	-
	(3,526)	(84,111)	(106,420)
Exchange gain/(loss)	94	(4,843)	95,548
Impairment loss on:			
- Property, plant and equipment	-	-	(41)
- Goodwill	-	(4,920)	-
- Other financial assets	-	-	(2,372)
- Deposits paid to non-controlling shareholders	-	(65,080)	-
Write off of property, plant and equipment	(20)	(42)	(19,445)
Gain/(loss) on disposal of property, plant and equipment	-	390	(264)
Professional and consultancy fees for:			
- Internal restructuring	-	-	(9,128)
- Acquisitions	-	(27,850)	(35,051)

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A-1 Historical Financial Information of IHH Group (continued)

23. Income tax expense

	2009 RM'000	2010 RM'000	2011 RM'000
Current tax expense			
Current year	7,408	44,202	110,302
Overprovided in prior years	(390)	(1,259)	(14,255)
	7,018	42,943	96,047
Deferred tax expense			
Origination and reversal of temporary differences	2,032	(7,383)	(4,453)
Reduction in tax rates	(466)	-	-
(Over)/Underprovided in prior years	(469)	3,332	3,834
	1,097	(4,051)	(619)
	8,115	38,892	95,428
Reconciliation of effective tax rate			
Profit before income tax	100,596	613,646	489,545
Less:			
Share of profits of associates (net of tax)	(59,480)	(70,794)	(79,937)
Share of profits of joint ventures (net of tax)	(4,447)	(34,039)	(13,909)
	36,669	508,813	395,699
Tax at Malaysia tax rate of 25%	9,167	127,203	98,925
Effect of different tax rates in other countries	-	(1,931)	(28,977)
Effect of reduction in tax rates	(466)	-	-
Income not subject to tax	(423)	(135,076)	(28,630)
Expenses not deductible for tax purpose	699	55,289	63,527
Deferred tax assets not recognised on unutilised tax losses	-	-	985
Utilisation of previously unrecognised deferred tax assets	(3)	(8,666)	19
(Over)/Underprovided in prior years	(859)	2,073	(10,421)
	8,115	38,892	95,428

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A-1 Historical Financial Information of IHH Group (continued)

24. Earnings per share

	2009 RM'000	2010 RM'000	2011 RM'000
Basic and diluted earnings per share are based on:			
Net profit attributable to ordinary shareholders	83,201	554,424	379,903

Basic earnings per share

	2009 '000	2010 '000	2011 '000
Number of ordinary shares of IHH at 31 December 2011 assumed to be in issue throughout the entire years presented	5,500,000	5,500,000	5,500,000
	Sen	Sen	Sen
Basic earnings per share	1.51	10.08	6.91

Diluted earnings per share

	2009 '000	2010 '000	2011 '000
Number of ordinary shares of IHH at 31 December 2011 assumed to be in issue throughout the entire years presented	5,500,000	5,500,000	5,500,000
Effect of share options in issue under Long Term Incentive Plan (LTIP)	-	-	3,233
Effect of share options in issue under Equity Participation Plan (EPP)	-	-	-
Number of ordinary shares used in the calculation of diluted earnings per share	5,500,000	5,500,000	5,503,233
	Sen	Sen	Sen
Diluted earnings per share	1.51	10.08	6.90

In 2009 and 2010, there are no dilutive potential shares. 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.

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A-1 Historical Financial Information of IHH Group (continued)

25. Operating segments

The Group has three 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.
- *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.

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

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25. Operating segments (continued)

	Parkway Pantai RM'000	IMU RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses					
2009					
Revenue from external customers	-	121,081	-	-	121,081
Inter-segment revenue	-	-	-	-	-
Total segment revenue	-	121,081	-	-	121,081
EBITDA	-	48,743	-	-	48,743
Depreciation on property, plant and equipment					(9,244)
Amortisation on intangible assets					(34)
Exchange gain					94
Finance income					656
Finance costs					(3,526)
Share of profits of associates (net of tax)					59,480
Share of profits of joint ventures (net of tax)					4,447
Write off of property, plant and equipment					(20)
Profit before income tax					100,596
Income tax expense					(8,115)
Profit for the year					92,481

A-1 Historical Financial Information of IHH Group (continued)

25. Operating segments (continued)

	Parkway Pantai RM'000	IMU RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses (continued)					
2011					
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	625,797	61,464	(6,456)	(16,141)	664,664
Depreciation and impairment loss on property, plant and equipment					(165,751)
Amortisation on intangible assets					(54,989)
Exchange gain					95,548
Finance income					28,907
Finance costs					(106,420)
Share of profits of associates (net of tax)					79,937
Share of profits of joint ventures (net of tax)					13,909
Impairment loss on other financial assets					(2,372)
Write off of property, plant and equipment					(19,445)
Loss on disposal of property, plant and equipment					(264)
Professional and consnltancy fees incurred for internal restructuring					(9,128)
Professional and consultancy fees incurred for acquisitions					(35,051)
Profit before income tax					489,545
Income tax expense					(95,428)
Profit for the year					394,117

A-1 Historical Financial Information of IHH Group (continued)

25. Operating segments (continued)

	Parkway Pantai RM'000	IMU RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses (continued)					
2010					
Revenue from external customers	1,074,719	139,366	-	-	1,214,085
Inter-segment revenue	-	-	16,000	(16,000)	-
Total segment revenue	1,074,719	139,366	16,000	(16,000)	1,214,085
EBITDA	201,075	55,568	14,758	(16,000)	255,401
Depreciation on property, plant and equipment					(57,350)
Amortisation on intangible assets					(39,378)
Exchange loss					(4,843)
Finance income					6,476
Finance costs					(84,111)
Share of profits of associates (net of tax)					70,794
Share of profits of joint ventures (net of tax)					34,039
Impairment loss on intangible assets					(4,920)
Impairment loss on deposits paid to non-controlling shareholders					(65,080)
Write off of property, plant and equipment					(42)
Gain on disposal of property, plant and equipment					390
Gain on remeasurement of investments previously accounted for as associates and joint ventures					530,120
Professional and consultancy fees incurred for acquisitions					(27,850)
Profit before income tax					613,646
Income tax expense					(38,892)
Profit for the year					574,754

A-1 Historical Financial Information of IHH Group (continued)

25. Operating segments (continued)

	Parkway Pantai RM'000	IMU RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Assets and liabilities (continued)					
2011					
Segment assets	15,040,732	328,255	1,099,571	(3,748)	16,464,810
Interests in associates					862,273
Interests in joint ventures					28,009
Total assets					17,355,092
Segment liabilities	7,095,853	88,307	66,235	(3,748)	7,246,647
Total liabilities					7,246,647

A-1 Historical Financial Information of IHH Group (continued)

25. Operating segments (continued)

	Parkway Pantai RM'000	IMU RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Assets and liabilities					
2009					
Segment assets	-	312,700	-	-	312,700
Interests in associates					2,193,304
Interests in joint ventures					4,517
Total assets					2,510,521
Segment liabilities	-	187,988	-	-	187,988
Total liabilities					187,988
2010					
Segment assets	14,665,015	315,113	4,060,307	(4,022,996)	15,017,439
Interests in associates					820,471
Interests in joint ventures					5,642
Total assets					15,843,552
Segment liabilities	3,964,252	198,628	12,507,728	(4,022,996)	12,647,612
Total liabilities					12,647,612

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A-1 **Historical Financial Information of IHH Group (continued)**

25. Operating segments (continued)

	Singapore RM'000	Malaysia RM'000	China RM'000	Other regions RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Geographical segments							
2009							
Total revenue from external customers	-	121,081	-	-	-	-	121,081
Non-current assets^	-	263,475	-	-	-	-	263,475
Capital expenditure*	-	15,445	-	-	-	-	15,445
2010							
Total revenue from external customers	573,470	568,514	48,897	23,204	-	-	1,214,085
Non-current assets^	8,199,411	3,570,635	94,922	240,343	121,499	-	12,226,810
Capital expenditure*	98,895	96,552	908	4,925	-	-	201,280
2011							
Total revenue from external customers	1,915,999	1,199,676	143,318	69,814	42	-	3,328,849
Non-current assets^	8,777,472	3,571,310	222,753	258,888	1,998	-	12,832,421
Capital expenditure*	570,880	131,363	5,306	35,953	159	-	743,661

^: Non-current assets consist of property, plant and equipment, intangible assets and goodwill.

*: Capital expenditure consists of additions to property, plant and equipment, and intangible assets other than goodwill.

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A-1 **Historical Financial Information of IHH Group (continued)**

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

	Carrying amount RM'000	L&R RM'000	AFS RM'000	HTM RM'000
Financial assets				
2009				
Trade and other receivables	4,337	4,337	-	-
Cash and cash equivalents	42,843	42,843	-	-
	47,180	47,180	-	-
2010				
Other financial assets	35,249	8,412	84	26,753
Trade and other receivables	466,884	466,884	-	-
Cash and cash equivalents	1,209,465	1,209,465	-	-
	1,711,598	1,684,761	84	26,753
2011				
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	-	-
	2,370,046	1,817,120	525,860	27,066

	Carrying amount RM'000	OL RM'000	FVTPL RM'000
Financial liabilities			
2009			
Trade and other payables	20,629	20,629	-
Employee benefits	943	943	-
Bank borrowings	111,749	111,749	-
	133,321	133,321	-

A-1 **Historical Financial Information of IHH Group (continued)**

26. Financial instruments (continued)

(i) Categories of financial instruments (continued)

	Carrying amount RM'000	OL RM'000	FVTPL RM'000
Financial liabilities (continued)			
2010			
Trade and other payables	4,944,626	4,944,626	-
Employee benefits	67,627	67,627	-
Bank borrowings	6.700,579	6,700,579	-
Bank overdrafts	10,549	10,549	-
Derivative liabilities	21,861	-	21,861
	11,745,242	11,723,381	21,861
2011			
Trade and other payables	924,285	924,285	-
Employee benefits	57,479	57,479	-
Bank borrowings	5,037,764	5,037,764	-
Bank overdrafts	584	584	-
Derivative liabilities	1,252	-	1,252
	6,021,364	6,020,112	1,252

Net gains and losses arising from financial instruments:

	2009 RM'000	2010 RM'000	2011 RM'000
Available-for-sale financial assets			
- recognised in other comprehensive income	-	-	22,641
Loans and receivables	-	414	(1.410)
Financial liabilities measured at amortised cost	-	(67,520)	(106,420)
Derivative liabilities	-	(15,064)	12,615
	-	(82,170)	(72,574)

(ii) Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

A-1 **Historical Financial Information of IHH Group (continued)**

26. Financial instruments (continued)

(iii) Credit risk

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

Risk management objectives, policies and processes for managing the risk

Management has a eredit policy in place and the exposure to credit risk is monitored on an ongoing 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-eorporate customers. Instead, a non-corporate customer is requested to place an initial deposit at the time of admission to the hospital. Additional deposit is requested from the customer when the hospital charges exceed a certain level.

Exposure to credit risk

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables 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 colleetive 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 reeovery 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 earrying amount of the impaired financial asset.

At the end of the reporting period, the Group's largest outstanding trade receivables due from a single customer amounts to RM36,520,000 (2010: RM34,006,000; 2009: Nil). No allowance for impairment loss has been provided in respect of this reeeivable.

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 by eountry is diselosed in Notes 13 and 14 respectively.

A-1 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(iv) Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group'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
2009						
Non-derivative financial liabilities						
Bank borrowings	111,649	2.97% - 4.26%	121,834	17,599	104,235	-
Finance lease liabilities	100	2.3%-3.4%	109	82	27	-
Trade and other payables	20,629		20,629	19,748	881	-
	132,378		142,572	37,429	105,143	-

A-1 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(iii) Credit risk (continued)

Impairment losses

Trade and other receivables and amounts due from holding company and related companies 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 Note 13 and 14 of the financial statements, management does not expect any counterparty to fail to meet their obligations.

Information regarding the ageing and allowance of impairment of trade receivables and other receivables and amounts due from holding company and related companies are disclosed in Notes 13 and 14 respectively

(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 various payables, loans and borrowings.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash on demand 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.

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A-1 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity price risk 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 that are denominated in a currency other than the respective financial currencies of Group entities. The currencies giving rise to this risk are primarily the Singapore Dollars, United States Dollar, the Australian Dollar, the Chinese Renminbi and the Malaysian Ringgit.

Risk management objectives, policies and processes for managing the risk

In respect of exposure that is certain, the Group will partially hedge these risks in order to keep them at an acceptable level. The group uses forward foreign exchange contracts to hedge its foreign currency risk. At the end of the reporting period, there were no outstanding forward foreign exchange contracts.

A-1 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(iv) Liquidity risk (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
2010						
Non-derivative financial liabilities						
Bank borrowings	6,683,266	1.16%-8.00%	6,978,680	468,195	6,510,485	-
Finance lease liabilities	27,862	2.32%-3.75%	30,091	12,632	17,431	28
Trade and other payables	4,944,626		4,944,626	4,922,524	22,102	-
	11,655,754		11,953,397	5,403,351	6,550,018	28
Derivative financial liabilities						
Interest rate swaps	21,861		21,572	21,572	-	-
2011						
Non-derivative financial liabilities						
Bank borrowings	4,998,541	1.16%-8.00%	5,212,226	212,350	4,999,876	-
Finance lease liabilities	39,807	2.32%-3.75%	41,117	14,263	21,085	5,769
Trade and other payables	924,285		924,285	915,705	8,580	-
	5,962,633		6,177,628	1,142,318	5,029,541	5,769
Derivative financial liabilities						
Interest rate swaps (net settled)	1,252		1,252	1,252	-	-

A-1 **Historical Financial Information of IHH Group (continued)**

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

	Australian Dollar RM'000	British Pound RM'000	Chinese Renminbi RM'000	Malaysia Ringgit RM'000	Philippine Pesos RM'000	Singapore Dollar RM'000	US Dollar RM'000	Others* RM'000
2009								
Nil								
2010								
Trade and other receivables and intra-group receivables	1,633	-	666	-	1,447	4,022,970	16,288	813
Deposits paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	65,080	-
Cash and cash equivalents	7	139	-	-	-	-	19,334	203
Trade and other payables and intra-group payables	(11,194)	-	-	-	-	(4,022,970)	(1,308)	(1,396)
	(9,554)	139	666	-	1,447	-	99,394	(380)
2011								
Trade and other receivables and intra-group receivables	2,643	-	1,998	1,184,206	2,029	597	2,274	1,420
Deposits paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	66,045	-
Cash and cash equivalents	7	171	-	-	-	553,387	13,129	216
Trade and other payables and intra-group 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

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

A-1 **Historical Financial Information of IHH Group (continued)**

26. Financial instruments (continued)

(v) **Market risk (continued)**

(a) Foreign currency risk (continued)

Sensitivity analysis

A 10% (2010 and 2009: 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.

	2009 RM'000	2010 RM'000	2011 RM'000
Australian Dollar	-	955	893
British Pound	-	(14)	11
Chinese Renminbi	-	(67)	(200)
Malaysia Ringgit	-	-	(118,195)
Philippine Pesos	-	(145)	(203)
Singapore Dollar	-	-	(55,204)
US dollar	-	(9,939)	(8,011)
Others*	-	38	(160)
	-	(9,172)	(181,069)

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

A 10% (2010 and 2009: 10%) weakening of the following curreneies against the respective functional currencies of the Group entities at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(b) Interest rate risk

This relates to changes in interest rates which affect mainly the Group's fixed deposits and its debt obligations with banks and financial institutions. The Group's fixed-rate financial assets and borrowings are exposed to a risk of change in their fair value due to changes in interest rates while the variable-rate financial assets and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. 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.

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A-1 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(v) **Market risk (continued)**

(b) Interest rate risk (continued)

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. The swaps mature over the next year.

	2009		2010		2011	
	Nominal value RM'000	Fair/ book value RM'000	Nominal value RM'000	Fair/ book value RM'000	Nominal value RM'000	Fair/ book value RM'000
Interest rate swaps	-	-	1,440,705	21,861	604,082	1,252
Interest rate caps	-	-	477,440	-	-	-
	-	-	1,918,145	21,861	604,082	1,252

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2009 RM'000	2010 RM'000	2011 RM'000
Fixed rate instruments			
- Fixed deposits with financial institutions	37,563	764,963	895,399
- Finance lease liabilities	(100)	(27,862)	(39,807)
Variable rate instruments			
- Bank borrowings	(111,649)	(6,683,266)	(4,998,541)
- Derivative liabilities	-	(21,861)	(1,252)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for final 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 instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

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A-1 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(v) **Market risk (continued)**

(b) Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) assets, post-tax profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Assets*		Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
2009				
Variable rate instruments	-	-	(1,116)	1,116
2010				
Variable rate instruments	16,710	(16,710)	(6,979)	6,979
Interest rate swaps	-	-	12,043	(10,874)
	16,710	(16,710)	5,064	(3,895)
2011				
Variable rate instruments	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.

(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 2011, 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 RM52,578,000 (2010 and 2009: Nil).

A-1 **Historical Financial Information of IHH Group (continued)**

26. Financial instruments (continued)

(vi) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shared due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

Quoted investments

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Derivatives

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future eash flows based on the terms and maturity of eaeh contract and using market interest rates for a similar instrument at the measurement date.

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:

	Carrying amount RM'000	Fair value RM'000
2009		
Bank borrowings	(111,649)	(92,097)
2010		
Government debt securities	26,753	26,850
Bank borrowings	(97,500)	(85,694)
Finance lease liabilities	(27,862)	(27,777)
	(98,609)	(86,621)
2011		
Government debt securities	27,066	27,068
Finance lease liabilities	(22,320)	(20,299)
	4,746	6,769

A-1 **Historical Financial Information of IHH Group (continued)**

26. Financial instruments (continued)

(vi) Fair value of financial instruments (continued)

The following 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, whieh 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. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

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 priees included within Level 1 that are observable for the asset or liability, either direetly (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).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets/(liabilities)				
2009				
Nil				
2010				
Derivatives liabilities	-	(21,861)	-	(21,861)
2011				
Quoted equity securities	525,780	-	-	525,780
Derivatives liabilities	-	(1,252)	-	(1,252)

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A-1 Historical Financial Information of IHH Group (continued)

27. 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 determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

	2009 RM'000	2010 RM'000	2011 RM'000
Total borrowings	111,749	6,711,128	5,038,348
Less:			
Cash and cash equivalents	(42,843)	(1,209,465)	(1,310,803)
	68,906	5,501,663	3,727,545
Total equity	2,313,343	2,936,394	9,861,827
Debt-to-equity ratio	0.03	1.87	0.38

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

As at 31 December 2010 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.

The Group are in compliance with all externally imposed capital requirements for the financial years ended 2009, 2010 and 2011.

28. Capital and other commitments

	2009 RM'000	2010 RM'000	2011 RM'000
Capital commitments not provided for in the financial statements:			
Property, plant and equipment			
Amounts authorised and contracted for	1,116	1,074,700	523,971
Amounts authorised but not contracted for	-	351,318	542,443
	1,116	1,426,018	1,066,414
Non-cancellable operating lease payable:			
Within 1 year	-	167,426	515,572
After 1 year but within 5 years	-	578,321	731,241
After 5 years	-	851,402	738,484
	-	1,597,149	1,985,297

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A-1 Historical Financial Information of IHH Group (continued)

28. Capital and other commitments (continued)

	2009 RM'000	2010 RM'000	2011 RM'000
Non-cancellable operating lease receivable:			
Within 1 year	-	36,257	31.304
After 1 year but within 5 years	-	45,053	30,841
After 5 years	-	-	-
	-	81,310	62,145

29. Contingencies

(a) Land premium

Based on agreement between the Federal Government of Malaysia and the Group in 1994 for the use of Ministry of Health ("MOH") facilities, the agreement allows the Group to construct buildings in connection with the use of facilities for the training of students. The land is yet to be leased to the Group since the propose lease is yet to be executed as it requires the consent of the Cabinet of Malaysia.

On 17 November 2011, the Group received a letter from Pesuruhjaya Tanah Persekutuan (Federal Land Commissioner) who granted the lease to the Group. However, the Group is unable to ascertain the amount of the lease premium as the lease amount payable is yet to be determined as at the date of these financial statements.

(b) 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. The suit has alleged that one of the vendors of ADSB had acted as an agent to PHB in respect of the negotiations and sale of ADSB (ADSB owned 75% of the issued and paid up capital of Fomema Sdn Bhd) shares to PSS and PHB. PSS and PHB without making any disclosure entered into collateral arrangements with the said agent who was allegedly promised varying kinds of benefits for efforts in assisting the injection of the Fomema Concession into the Pantai Group. It is alleged that this amounted to breach of duty of care and fiduciary duty on the part of PSS and PHB. Having consulted the legal counsel and based on their written opinion, no provision in the financial statements has been made at this stage as it was noted the evidence so far did not support such alleged collateral allegations.

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A-1 **Historical Financial Information of IHH Group (continued)**

30. 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 subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its holding companies, related companies, subsidiaries and associates, directors and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group are as follows:

	2009 RM'000	2010 RM'000	2011 RM'000
Transactions with ultimate holding company and its subsidiaries, associates and joint ventures			
Sales and provision of services	-	17,342	60,878
Purchases and consumption of services	(2,688)	(9,750)	(31,462)
Purchase of quoted available-for-sale financial assets	-	-	(488,860)
Transactions with associates			
Rental expenses	-	(42,184)	(133,146)
Management and acquisition fees earned	-	13,963	19,042
Transactions with non-controlling shareholders of subsidiaries			
Sales and provision of services	-	-	7,036
Purchases and consumption of services	-	(1,989)	(711)
Key management personnel			
Remuneration and other benefits	-	4,068	9,849
Share-based payment	-	-	3,644
Sale of development property - medical suites	-	29,319	-
Professional and consultancy fees	-	(173)	(137)

One of the subsidiaries of the Group has obtained a bank loan from one of the associates of the holding company. The outstanding bank loan amounted to RM101.6 million and RM97.5 million as at 31 December 2010 and 2009 respectively.

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A-1 **Historical Financial Information of IHH Group (continued)**

30. Related parties (continued)

The Company has placed demand deposits and fixed deposits with one of the associates of the holding company amounted to RM569 million as at 31 December 2011.

Significant related party balances related to the above transactions are disclosed in Note 5, 6, 13 and 19. In 2011, trade receivables due from key management personnel amounted to RM3.0 million (2010 and 2009: Nil).

31. Acquisitions and disposals

Acqnisition of subsidiaries

In 2010, the Company, via its special purpose vehicle, Integrated Healthcare Holdings Limited. ("IHHL"), launched a conditional voluntary cash general offer ("VGO") for up to 100% eqnity interest in Parkway Holdings Limited. ("Parkway"), a company listed on the Singapore Exchange ("SGX") and incorporated in Singapore. At 31 August 2010, the closing date of the VGO, the Group received acceptances from 70.9% of the shareholders of Parkway for a total cash consideration of SGD4.1 billion. Together with the shares of Parkway already owned, the Group held 94.8% equity interest in Parkway. This resulted in a compulsory acquisition of the remaining 5.2% non-controlling interests for a cash consideration of RM588.7 million (equivalent of SGD246.6 million). Parkway was delisted in November 2010.

As a result of the acquisition of Parkway, the Group attained control of Pantai Irama Ventures Sdn. Bhd ("PIV"). PIV was a previously a 60% owned joint-venture company. The remaining 40% interest in PIV was jointly-owned by Parkway.

The effects of the acquisitions are set out below:

	Recognised values RM'000
Property, plant and equipment	3,783,773
Intangible assets	1,802,784
Interest in associates	802,404
Deferred tax assets	6,503
Other non-curreut assets	152,679
Cash and eash equivalents	1,673,394
Other current assets	1,394,298
Non-current borrowings	(2,942,944)
Deferred tax liabilities	(421,756)
Other non-current liabilities	(5,703)
Current borrowings	(90,622)
Other current liabilities	(943,828)
Fair value of identifiable net assets acquired	5,210,982

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A-1 **Historical Financial Information of IHH Group (continued)**

31. Acquisitions and disposals (continued)

Acquisition of subsidiaries (continued)

	Recognised values RM'000
Fair value of identifiable net assets acquired	5,210,982
Non-controlling interests, based on their proportionate interest in the recognised values of the net assets	(517,937)
Fair value of pre-existing interest in Parkway and PIV	(3,313,500)
Goodwill on acquisition	6,048,680
Cash consideration	7,428,225
Add: Acquisition-related costs	25,687
Less: Cash and cash equivalents acquired	(1,673,394)
Net cash outflow	5,780,518

The remeasurement to fair value of the Group's pre-existing 23.8% interest in Parkway and 69.5% interest in PIV resulted in a gain of RM530.12 million, which has been recognised in the statement of comprehensive income for the year ended 31 December 2010.

Disposal of subsidiaries

On 18 March 2011, Pantai Irama Ventures Sdn. Bhd. ("PIV"), a subsidiary of IHH, disposed off its entire 100% equity interest in Pantai Support Services Sdn. Bhd. and its subsidiaries to Khazanah, the controlling shareholder of IHH, 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

Company No.: 901914-V

13. ACCOUNTANTS' REPORT *(cont'd)*

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A-1 **Historical Financial Information of IHH Group (continued)**

31. Acquisitions and disposals (continued)

Disposal of subsidiaries (continued)

The effects of the disposals are set out below:

	RM'000
Property, plant and equipment	15,679
Intangible assets	86,144
Deferred tax assets	110
Inventories	185
Trade and other receivables	48,740
Tax recoverable	252
Cash and cash equivalents	136,797
Payables and accruals	(71,065)
Provision for tax	(2,447)
Bank borrowings	(2)
Deferred tax liabilities	(8,079)
Retirement benefits	(581)
Non-controlling interests	(7,242)
Net assets disposed	198,491
Distribution of subsidiaries to owner of the Company	(198,491)
Cash consideration	-*
Less: Cash and cash equivalent disposed	(136,797)
Net cash outflow	(136,797)

*: Represented by RM2

Acquisition of non-controlling interests

a) In September 2010, the Company acquired the remaining 32.5% interest in IMU Health Sdn. Bhd. for RM110.0 million, increasing its interest from 67.5% to 100%.

b) In November 2010, IHHL completed the compulsory acquisition of the remaining 5.2% non-controlling interest in Parkway for a cash consideration of RM588.7 million (equivalent of SGD246.6 million).

c) In October 2011, the Group acquired an additional 30% stake in Shanghai Rui Pu Outpatient Department Co. Ltd for a cash consideration of RM4.3 million increasing its effective ownership from 49% to 79%. The carrying value of additional interest acquired on the date of acquisition was RM6.9 million.

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A-1 Historical Financial Information of IHH Group (continued)

32. Subsidiaries

Details of subsidiaries are as follows:

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2009 %	2010 %	2011 %
Direct subsidiaries					
IMU Health Sdn. Bhd.	Malaysia	Investment holding	67.50	100	100
Integrated Healthcare Holdings Limited	Federal Territory of Labuan Malaysia	Investment holding	–	100	100
Integrated Healthcare Holdings (Bharat) Limited	Mauritius	Investment holding	–	–	100
Integrated Healthcare Holdings (Cayman Islands) Limited	Cayman Islands	Dormant	–	100	100
Integrated Healthcare Turkey Yatirimlari Limited	Federal Territory of Labuan Malaysia	Investment holding	–	–	100
Integrated Healthcare Capital Sdn Bhd. **	Malaysia	Investment holding	–	–	100
Pantai Irama Ventures Sdn. Bhd. (1)	Malaysia	Investment holding	69.52@	100	–^
Parkway Holdings Limited (1)	Singapore	Investment holding	23.80*	–^	–^
Indirect subsidiaries					
Directly held by IMU Health Sdn. Bhd.:					
IMU Education Sdn. Bhd.	Malaysia	Management of educational institutions and other centres of learning	67.50	100	100
IMU Healthcare Sdn. Bhd.	Malaysia	Dormant	–	100	100
Directly held by Integrated Healthcare Holdings Limited:					
Parkway Pantai Limited	Singapore	Investment holding	–	–	100
Parkway Holdings Limited (2)	Singapore	Investment holding	–	100^	–^
Directly held by Integrated Healthcare Holdings (Bharat) Limited:					
Integrated (Mauritius) Healthcare Holdings Limited	Mauritius	Investment holding	–	100	100

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A-1 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2009 %	2010 %	2011 %
Directly held by Integrated Healthcare Turkey Yatirimlari Limited:					
Integrated Healthcare Hastaneler Turkey Sdn. Bhd.	Malaysia	Investment holding	–	–	100
Directly or indirectly held by Parkway Pantai Limited:					
Pantai Irama Ventures Sdn. Bhd	Malaysia	Investment holding	–	–	100^
Parkway HK Holdings Limited (3)	Hong Kong	Investment holding	–	–	100
Parkway Holdings Limited	Singapore	Investment holding	–	–	100^
Directly or indirectly held by Pantai Irama Ventures Sdn. Bhd. (5):					
Pantai Holdings Berhad	Malaysia	Investment holding	69.52@	100	100
Pantai Support Services Sdn. Bhd (4)	Malaysia	Investment holding and provision of management and consultation services to healthcare related service sectors	69.52@	100	–
Pantai Group Resources Sdn. Bhd.	Malaysia	Investment holding	69.52@	100	100
Pantai Hospitals Sdn. Bhd.	Malaysia	Investment holding and provision of management and consultation services to hospitals and medical centres	69.52@	100	100
Pantai Management Resources Sdn. Bhd.	Malaysia	Provision of administration support, training, research and development services	69.52@	100	100
Pantai Diagnostics Indonesia Sdn Bhd.	Malaysia	Investment holding	69.52@	100	100
Gleneagles (Malaysia) Sdn. Bhd	Malaysia	Investment holding	–	–	100^
GEH Management Services (M) Sdn. Bhd.	Malaysia	Provision of advisory, administrative, management and consultancy services to healthcare facilities	–	–	100^

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A-1 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2009 %	2010 %	2011 %
Directly or indirectly held by Pantai Irama Ventures Sdn. Bhd. [1] **(continued):**					
Cyberwide Finance Limited	British Virgin Islands	Investment holding, liquidated in 2010	69.52@	–	–
Credit Enterprise Sdn. Bhd.	Malaysia	Dormant	69.52@	100	100
P.T Pantai Healthcare Consulting	Indonesia	Provision of healthcare consulting services in Indonesia	69.52@	100	100
Pantai Premier Pathology Sdn Bhd	Malaysia	Provision of medical laboratory services	69.52@	100	100
Pantai Education Sdn Bhd.	Malaysia	Provision of educational programs and training courses for healthcare and related fields	69.52@	100	100
Pantai Integrated Rehab Services Sdn. Bhd.	Malaysia	Provision of rehabilitation services	59.09@	85	85
Mount Elizabeth Health Care Services Sdn Bhd.	Malaysia	Provision of laboratory services to hospitals and clinics	–	–	100^
Pantai Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	69.52@	100	100
Cheras Medical Centre Sdn. Bhd	Malaysia	Provision of medical, surgical and hospital services	69.52@	100	100
Pantai Klang Specialist Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	69.52@	100	100
Syarikat Tunas Pantai Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	56.10@	80.7	80.7
Paloh Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	54.09@	77.8	77.8
Hospital Pantai Ayer Keroh Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	69.52@	100	100
Hospital Pantai Indah Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	69.52@	100	100
Pantai Hospital Sungai Petani Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	69.52@	100	100

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A-1 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2009 %	2010 %	2011 %
Directly or indirectly held by Pantai Irama Ventures Sdn. Bhd. [1] **(continued):**					
Pantai Screening Services Sdn. Bhd	Malaysia	Managers and administrator for health screening services	69.52@	100	100
Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd [5]	Malaysia	Provision of medical, surgical and hospital services	55.80@	100	100
Pantai Hospital Manjung Sdn. Bhd.	Malaysia	Dormant	–	100	100
Pantai Hospital Johor Sdn. Bhd	Malaysia	Dormant	–	100	100
Kuala Lumpur Medical Centre (Asia Pacific) Sdn Bhd.	Malaysia	Dormant	35.46@	51	51
P T Pantai Bethany Care International	Indonesia	Provision of medical diagnostics laboratory testing and analytical services	45.19@	65	65
Angiography Sdn. Bhd.	Malaysia	Provision of cardiac catherisation services	69.52@	100	100
Magnetom Imaging Sdn. Bhd	Malaysia	Provision of medical diagnostic services and other related ventures	35.73@	100	100
PMC Radio-Surgery Sdn. Bhd.	Malaysia	Provision of radiotherapy facilities	69.52@	100	100
Pantai-ARC Dialysis Services Sdn. Bhd	Malaysia	Provision of haemodialysis services	35.46@	51	51
HPAK Lithotripsy Services Sdn. Bhd.	Malaysia	Provision of lithotripter services	69.52@	100	100
HPAK Cancer Centre Sdn. Bhd	Malaysia	Provision of services for cancer diseases	69.52@	100	100
Oncology Centre (KL) Sdn Bhd. [5]	Malaysia	Provision of comprehensive oncological services	48.66@	100	100
Oriofolio Options Sdn. Bhd	Malaysia	Investment holding	–	–	100^
Pulau Pinang Clinic Sdn. Bhd.	Malaysia	Rendering of hospital services	–	–	70^

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A-1 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2009 %	2010 %	2011 %
Directly or indirectly held by Pantai Irama Ventures Sdn. Bhd. [1](continued):					
Pantai Medivest Sdn. Bhd. [4]	Malaysia	Provision of clinical waste management, cleaning and maintenance services for hospitals	69 52[@]	100	-
Pantai Health Informatics Sdn. Bhd. [4]	Malaysia	Dormant	69.52[@]	100	–
Pantai Fomema & Systems Sdn. Bhd [4]	Malaysia	Investment holding and supervision of medical examination of foreign workers in Malaysia	69 52[@]	100	–
Pengkalan Usaha (M) Sdn. Bhd. [4]	Malaysia	Dormant	69 52[@]	100	–
Healthpac Industries Sdn. Bhd. [4]	Malaysia	Dormant	69.52[@]	100	–
Pantai Fomed Sdn Bhd [4]	Malaysia	Dormant	–	100	–
Fomema Sdn. Bhd. [4]	Malaysia	Monitoring of medical examination of foreign workers in Malaysia	52.14[@]	75	–
Aroma Laundry & Dry Cleaners Sdn. Bhd. [4]	Malaysia	Provision of laundry and dry cleaning services	34 77[@]	50 01	–
Pantai Medivest Lanka (Private) Limited[4]	Sri Lanka	Dormant, deregistered in 2010	69.52[@]	–	–
Pantai Medivest (India) Private Limited[4]	India	Dormant	69 52[@]	100	–
P.T. Jasa Medivest[4]	Indonesia	Provision of waste management services in Indonesia	66.04[@]	95	–
Directly held by Parkway HK Holdings Limited:					
Parkway Healthcare (Hong Kong) Limited	Hong Kong	Provision of medical and healthcare outpatient services	–	–	95

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A-1 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2009 %	2010 %	2011 %
Directly or indirectly held by Parkway Holdings Limited[3]:					
Parkway Properties Pte Ltd	Singapore	Investment holding, struck-off in 2011	23.80*	100	–
M & P Investments Pte Ltd	Singapore	Investment holding	23 80*	100	100
Westront Pte Ltd	Singapore	Dormant, struck-off in 2011	23 80*	100	–
Parkway Hospitals Singapore Pte Ltd	Singapore	Private hospitals ownership and management	23.80*	100	100
Parkway Trust Management Limited	Singapore	Provision of management services to Parkway Life REIT	23 80*	100	100
Parkway Investments Pte. Ltd	Singapore	Investment holding	23 80*	100	100
Parkway Novena Holdings Pte Ltd.	Singapore	Dormant	23 80*	100	100
Parkway Novena Pte. Ltd.	Singapore	Hospital construction and development	23.80*	100	100
Parkway Irrawaddy Pte Ltd.	Singapore	Medical centre construction and development	23.80*	100	100
Parkway Group Healthcare Pte Ltd	Singapore	Investment holding and provision of management and consultancy services	23.80*	100	100
Gleneagles Medical Holdings Limited	Singapore	Investment holding	23.80*	100	100
Parkway College of Nursing and Allied Health Pte Ltd	Singapore	Provision of courses in nursing and allied health	23.80*	100	100
iXchange Pte Ltd	Singapore	Agent and administrator for managed care and related services	23.80*	100	100
Shenton Insurance Pte. Ltd.	Singapore	Underwrite accident and healthcare insurance policies	23.80*	100	100
Gleneagles JPMC Sdn Bhd	Brunei Darussalam	Management and operation of a cardiac and cardiothoracic care centre	17.85*	75	75

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A-1 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2009 %	2010 %	2011 %
Directly or indirectly held by Parkway Holdings Limited[(2)] (continued):					
Gleneagles Management Services Pte Ltd	Singapore	Provision of advisory, administrative, management and consultancy services to healthcare facilities	23.80*	100	100
S P.I Pte Ltd	Singapore	Dormant, struck-off in 2011	23.80*	100	–
Parkway Promotions Pte Ltd	Singapore	Promoters and organisers of healthcare events	23.80*	100	100
MENA Services Pte. Ltd.	Singapore	Nursing agency	23.80*	100	100
Parkway-Healthcare (Mauritius) Ltd	Mauritius	Investment holding	23.80*	100	100
Swiss Zone Sdn. Bhd.	Malaysia	Dormant	23.80*	100	100
Shanghai Gleneagles International Medical and Surgical Centre	People's Republic of China	Provision of medical and healthcare services	16 66*	70	70
Khubchandani Hospitals Private Limited [(8)]	India	Private hospital ownership	11 90*	50	50
Parkway Education Pte Ltd	Singapore	Dormant	23 80*	100	100
SMG Medical Group Pte. Ltd.	Singapore	Dormant, struck off in 2011	23 80*	100	–
Parkway Healthtech Investments Pte Ltd	Singapore	Investment holding	23 80*	100	100
Goldlink Investments Pte. Ltd.	Singapore	Dormant	23.80*	100	100
Drayson Investments Pte Ltd.	Singapore	Dormant	23 80*	100	100
Medi-Rad Associates Ltd	Singapore	Operation of radiology clinics	23.80*	100	100
Parkway Laboratory Services Ltd	Singapore	Provision of comprehensive diagnostic laboratory services	23.80*	100	100
Radiology Consultants Pte Ltd	Singapore	Radiology consultancy and interpretative services	23 80*	100	100
Mount Elizabeth Healthcare Holdings Ltd	Singapore	Dormant	23.80*	100	100

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A-1 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2009 %	2010 %	2011 %
Directly or indirectly held by Parkway Holdings Limited[(2)] (continued):					
Mount Elizabeth Medical Holdings Ltd	Singapore	Investment holding	23.80*	100	100
East Shore Medical Holdings Pte Ltd	Singapore	Dormant	23.80*	100	100
Mount Elizabeth Ophthalmic Investments Pte Ltd	Singapore	Dormant	15 82	66.48	66.48
Mount Elizabeth Healthcare Services Sdn Bhd	Malaysia	Provision of laboratory services to hospitals and clinics	23.80*	100	–^
Orofolio Options Sdn. Bhd.	Malaysia	Investment holding	23.80*	100	–^
Gleneagles CRC Pte Ltd [(6)]	Singapore	Operation of a clinical research centre	23.80*	51	51
Gleneagles CRC (Thailand) Company Limited [(6)]	Thailand	To condnct global and local clinical trials	23.80*	51	51
Gleneagles CRC (China) Pte Ltd [(6)]	People's Republic of China	To conduct global and local clinical trials	23.80*	51	51
Gleneagles Clinical Research International Pte Ltd. [(6)]	Singapore	Operation of a clinical research centre	23.80*	51	51
Gleneagles CRC Pty Ltd [(6)]	Australia	To conduct global and local clinical trials	23.80*	51	51
Gleneagles Radiology Consultants Pte Ltd	Singapore	Dormant, struck off in 2010	23.80*	-	-
Gleneagles International Pte. Ltd.	Singapore	Investment holding	23 80*	100	100
Gleneagles Medical Centre Ltd	Singapore	Dormant	23.80*	100	100
GEH Management Services (M) Sdn. Bhd.	Malaysia	Provision of advisory, administrative, management and consultancy services to healthcare facilities	23.80*	100	100
Gleneagles (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	23.80*	100	–^
Pulau Pinang Clinic Sdn. Bhd.	Malaysia	Private hospital ownership and management	16.66*	70	–^
Gleneagles Pharmacy Pte Ltd	Singapore	Dormant	23.80*	100	100

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A-1 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2009 %	2010 %	2011 %
Directly or indirectly held by Parkway Holdings Limited[(1)] (continued):					
Gleneagles Development Pte Ltd	Singapore	Developing and managing turnkey hospital projects and investment holding	23.80*	100	100
Gleneagles Technologies Services Pte Ltd	Singapore	To provide consultancy services, perform equipment planning, procurement, testing and commissioning, and manage a healthcare facility	23.80*	100	100
Gleneagles Hospital (UK) Limited	United Kingdom	Investment holding	15.47*	65	65
The Heart Hospital Limited	United Kingdom	Under company voluntary arrangement	15.47*	65	65
The Heart Hospital Properties Limited	United Kingdom	Dormant, struck off in 2011	15.47*	65	–
Cavendish Clinic Limited	United Kingdom	Dormant, struck off in 2010	15.47*	-	–
Wholebond Limited	United Kingdom	Dormant, struck off in 2010	15.47*	-	–
Merlion Healthcare Limited	United Kingdom	Dormant, struck off in 2010	15.47*	-	–
Parkway Shenton Pte Ltd	Singapore	Investment holding and operation of a network of clinics and provision of comprehensive medical and surgical advisory services	23.80*	100	100
Gleneagles Maritime Medical Centre (China) Limited	Hong Kong	Dormant, liquidated in 2011	23.8*	100	–
Nippon Medical Care Pte Ltd	Singapore	Operation of clinics	16.66*	70	70
Parkway Shenton International Holdings Pte. Ltd.	Singapore	Investment holding	23.8*	100	100

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A-1 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2009 %	2010 %	2011 %
Directly or indirectly held by Parkway Holdings Limited[(1)] (continued):					
Shenton Family Medical Clinics Pte Ltd	Singapore	To provide, establish and carry on the business of clinics	23.8*	100	100
Shenton Medical Holdings Pte Ltd	Singapore	Dormant, struck off in 2011	23.8*	100	–
Parkway Shenton Vietnam Limited	Vietnam	Dormant	23.8*	100	100
Medical Resources International Pte Ltd	Singapore	Investment holding	23.80*	100	100
Shanghai Rui Xin Healtheare Co Ltd (f.k.a Shanghai Rui Xin International Healthcare Co. Ltd.)	People's Republic of China	Provision of medical and healtheare outpatient services	16.66*	70	70
Shanghai Rui Hong Clinic Co. Ltd	People's Republic of China	Provision of medical and healthcare outpatient services	16.66*	70	70
Shanghai Xin Rui Healthcare Co. Ltd (f.k.a Shanghai Xin Rui International Healthcare Co. Ltd)	People's Republic of China	Provision of medical and healthcare outpatient services	16.66*	70	70
Shanghai Gleneagles Hospital Management Co Ltd.	People's Republic of China	Provision of management and consultancy services to healthcare facilities	–	–	100
Shanghai Rui Pu Clinic Co. Ltd[(7)] (f.k.a Shanghai Rui Pu Outpatient Department Co. Ltd)	People's Republic of China	Provision of medical and healthcare outpatient services	11.66*	49	79
Shanghai Rui Xiang Clinic Co Ltd (f.k.a. Shanghai Rui Xiang Outpatient Department Co. Ltd)	People's Republic of China	Provision of medical and healthcare outpatient services	16.66*	70	70
Parkway (Shanghai) Hospital Management Ltd	People's Republic of China	Provision of management and consultancy services to healthcare facilities	23.80*	100	100
Shanghai Shu Kang Hospital Investment Management Co Ltd	People's Republic of China	Investment holding	–	–	100[(9)]
Chengdu Rui Rong Clinic Co Ltd.	People's Republic of China	Provision of medical and healthcare outpatient services	–	–	100

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A-1 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

(1) In 2009, the Company held 60% shares in Pantai Irama Ventures Sdn Bhd ("PIV") while the other 9.52% shares were held indirectly through Parkway Holdings Limited ("PHL"). PIV was equity accounted for in the Group's results as the entity was treated as a joint venture.

In 2010, PIV became a wholly owned subsidiary following the Group's increase in effective interest of PHL to 100%. As a result, the Group's effective interests in PIV's subsidiaries, joint ventures and associates also increased accordingly.

(2) In 2010, the Company transferred its 23.80% interest in PHL to its wholly owned subsidiary, Integrated Healthcare Holdings Limited, who acquired the remaining 76.20% interests in PHL, making PHL a wholly owned subsidiary of the Group. The Group's effective interests in PHL's subsidiaries, joint ventures and associates also increased accordingly.

(3) Parkway Pantai Limited holds 50% shares in Parkway HK Holdings Limited while the other 50% shares are held by Parkway Holdings Limited.

(4) Pantai Support Services Sdn Bhd and its subsidiaries were disposed in 2011.

(5) Pantai Hospitals Sdn Bhd holds 70% shares in Gleneagles Hospital (Kuala Lumpur) Sdn Bhd. The other 30% is held by Gleneagles (Malaysia) Sdn Bhd.

(6) In 2010, Parkway Group Healthcare Pte Ltd disposed 49% interests in Gleneagles CRC Pte Ltd and its subsidiaries.

(7) Shanghai Rui Xin Healthcare Co Ltd holds 70% shares in Shanghai Rui Pu Outpatient Department Co Ltd. The other 30% share is held by Shanghai Shu Kang Hospital Investment Management Co. Ltd.

(8) 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.

(9) Arising from power of attorney in respect of voting rights and call options granted to Parkway (Shanghai) Hospital Management Ltd to acquire 100% equity interest in Shanghai Shu Kang Hospital Investment Management Co Ltd.

^ Shares were transferred within the Group pursuant to an internal restructuring during the year.

@ The entity was treated as a joint venture and was equity accounted for in the Group's results.

* The entity was treated as an associate and was equity accounted for in the Group's results.

33. Associates

Details of associates are as follows:

Name of associate	Place of incorporation and business	Principal activities	Effective equity interest held 2009 %	2010 %	2011 %
Directly or indirectly held by Parkway Holdings Limited[(i)]:					
Phil, Inc	United States of America	Dormant, administratively dissolved	9.52	40	–
Gleneagles Medical Centre (Kuala Lumpur) Sdn Bhd	Malaysia	Development and investment in medical centres	7.14	30	–^
PT Tritunggal Sentra Utama Surabaya	Indonesia	Provision of medical diagnostic services	7.14	30	30

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A-1 Historical Financial Information of IHH Group (continued)

33. Associates (continued)

Name of associate	Place of incorporation and business	Principal activities	Effective equity interest held 2009 %	2010 %	2011 %
Directly or indirectly held by Parkway Holdings Limited[(i)](continued):					
Kyami Pty Ltd	Australia	Investment holding	7.14	30	30
Royalmist Properties Pty Ltd	Australia	Property investment and development	7.14	30	30
Gleneagles International Hospital (Lanka) Limited	Sri Lanka	Dormant, administratively dissolved	9.52	40	–
Parkway Life Real Estate Investment Trust	Singapore	Real estate investment trust	8.50	35.81	35.81
Asia Renal Care Mount Elizabeth Pte Ltd	Singapore	Provision of medical services	4.76	20	20
Asia Renal Care (Katong) Pte Ltd	Singapore	Provision of medical services	4.76	20	20
Positron Tracers Pte. Ltd.	Singapore	Ownership and operation of a cyclotron	7.85	33	33
Directly or indirectly held by Parkway Irama Ventures Sdn Bhd[(i)]:					
Gleneagles Medical Centre (Kuala Lumpur) Sdn Bhd	Malaysia	Medical centre development, ownership and management	–	–	30^

(i) In 2009, the Company held an effective interest of 23.80% in Parkway Holdings Limited ("PHL"). PHL and its subsidiaries and joint ventures were treated as associates and were equity accounted for in the Group's results. Details of the subsidiaries and joint ventures of PHL are listed in note 32 and note 34.

In 2010, the Company transferred its 23.80% interest in PHL to its wholly owned subsidiary, Integrated Healthcare Holdings Limited, who acquired the remaining 76.20% interests in PHL, making PHL a wholly owned subsidiary of the Group. The Group's effective interests in PHL's subsidiaries, joint ventures and associates also increased accordingly.

^ Shares were transferred within the Group pursuant to an internal restructuring during the year.

A-1 Historical Financial Information of IHH Group (continued)

34. Joint ventures

Details of joint ventures are as follows:

Name of joint venture	Place of incorporation and business	Principal activities	Effective equity interest held 2009 %	2010 %	2011 %
Directly or indirectly held by Parkway Holdings Limited [(i)]:					
Apollo Gleneagles Hospital Ltd	India	Private hospital ownership and management	11.90*	50	50
Apollo Gleneagles PET-CT Limited	India	Operation of PET-CT radio imaging centre	11.90*	50	50
Hale Medical Clinic (Concourse) Pte Ltd	Singapore	Operation of medical clinic	11.90*	50	50
Shenton Family Medical Clinic (Ang Mo Kio)	Singapore	Operation of medical clinic	–	50	50
Shenton Family Medical Clinic (Bedok Reservoir)	Singapore	Operation of medical clinic	11.90*	50	50
Shenton Family Medical Clinic (Bukit Gombak)	Singapore	Operation of medical clinic	11.90*	50	50
Shenton Family Medical Clinic (Clementi)	Singapore	Operation of medical clinic	–	50	50
Shenton Family Medical Clinic (Duxton)	Singapore	Operation of medical clinic	–	50	50
Shenton Family Medical Clinic (Jurong East)	Singapore	Operation of medical clinic	11.90*	50	50
Shenton Family Medical Clinic (Serangoon)	Singapore	Operation of medical clinic	11.90*	50	50
Shenton Family Medical Clinic (Tampines)	Singapore	Operation of medical clinic	11.90*	50	50
Shenton Family Medical Clinic (Yishun)	Singapore	Operation of medical clinic	11.90*	50	50
Shenton Family Medical Clinic (Towner)	Singapore	Operation of medical clinic	–	–	50
Gleneagles Maritime Medical Center (GMMC)	Singapore	Operation of medical clinic, struck off in 2010	12.14*	–	–
Karington Holdings Pte Ltd	Singapore	Dormant, struck off in 2011	11.90*	50	–

(i) In 2009, the Company held an effective interest of 23.80% in Parkway Holdings Limited ("PHL"). PHL and its subsidiaries and joint ventures were treated as associates and were equity accounted for in the Group's results.

In 2010, the Company transferred its 23.80% interest in PHL to its wholly owned subsidiary, Integrated Healthcare Holdings Limited, who acquired the remaining 76.20% interests in PHL, making PHL a wholly owned subsidiary of the Group. The Group's effective interests in PHL's subsidiaries, joint ventures and associates also increased accordingly.

* The entity was treated as an associate and was equity accounted for in the Group's results

A-1 Historical Financial Information of IHH Group (continued)

35. Events subsequent to the end of the reporting period

(a) On 31 January 2012, Pantai Group Resources Sdn. Bhd. entered into Share Sale Agreement with few parties to acquire 100% equity interest in Twin Towers Healthcare Sdn. Bhd. ("TTHSB") in three (3) progressive acquisitions, beginning with 70% stake of TTHSB shares in Phase 1 and 15% stake of TTHSB shares each in Phase 2 and Phase 3, for a total purchase consideration of RM20 million (with additional allowance of 15% above thereof).

(b) On 23 December 2011, Integrated Healthcare Turkey Yatirimlari Limited, a subsidiary of the Group, entered into a sale and purchase agreement ("SPA") to acquire 60% equity interest in Aeibadem Saglik Yatirimlari Holdings A.S. ("ASYH") and its subsidiaries for a total consideration of approximately USD825,716,000. The purchase consideration is to be satisfied by cash payment of USD275,239,000 and issuance of the Company's shares of a total value of approximately USD550,477,000. The acquisition of ASYH was completed on 24 January 2012.

Pursuant to the sale and purchase agreement, the purchase consideration is subject to further adjustments on the following:

(i) equity value of the Company and ASYH after the completion of the audit of the Company and ASYH for the year ended 31 December 2011; and

(ii) if the Turkish Lira ("TL") has appreciated in value against the US Dollar on 31 December 2012, as compared to the exchange rate used in the SPA, subject to a cap of TL1.65/USD1, then the Company shall pay the differential sum.

If the adjustment of item (i) above exceeds USD50 million, the Company has the option to pay the portion in excess of USD50 million, part in cash and part in shares of the Company at its sole discretion.

(c) Upon completion of acquisition of 60% equity interest in AYSH on 24 January 2012, the Group, via a subsidiary of ASYH, held 92.0% equity interest in Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş ("Acibadem"), a subsidiary listed on the Istanbul Stock Exchange. As required by the Turkey's capital markets rules, on 27 March 2012, the subsidiary of ASYH made a mandatory tender offer for the remaining equity interest of 8.0% in Acibadem. The offer was closed on 9 April 2012 and as at the same date, the subsidiary of ASYH owned 97.3% equity interest in Acibadem.

A-2 **Historical Finaneial Information of IHH Group**

Combined statements of financial position as at 31 March 2012

	Note	31.3.2012 RM'000	31.12.2011 RM'000
Nou-current assets			
Property, plant and equipment	3	6,290,970	4,726,753
Intangible assets	4	3,032,753	1,618,598
Goodwill on consolidation	4	8,553,089	6,487,070
Interest in associates	5	864.238	862,273
Interest in joint ventures	6	31,302	28,009
Other finaneial assets	7	591,542	529.881
Other receivables	12	42,313	-
Deferred tax assets	8	57,682	24,279
Total non-cnrrent assets		19,463,889	14,276,863
Current assets			
Assets elassified as held for sale	9	1,463	1,463
Development property	10	1,160,548	1.121,195
Inventories	11	120,936	78,784
Trade and other receivables	12	854,194	518,496
Tax recoverable		26,092	20,422
Other finaneial assets	7	26,967	27,066
Derivative assets	17	3,007	-
Cash and cash equivalents	15	1,599,558	1,310,803
Total current assets		3,792,765	3,078,229
Total assets		23,256,654	17,355,092
Equity			
Equity and reserves attributable to owners of the Company		11,539,936	9,861.827
Non-controlling interests	16	836,157	246,618
Total equity		12,376,093	10,108,445

13. ACCOUNTANTS' REPORT *(cont'd)*

Company No. 901914-V

IHH Healthcare Berhad
Accountants' Report

SECTION A-2 – HISTORICAL FINANCIAL INFORMATION OF IHH GROUP FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2012

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A-2 Historical Financial Information of IHH Group (continued)

Combined statements of financial position as at 31 March 2012 (continued)

	Note	31.3.2012 RM'000	31.12.2011 RM'000
Non-current liabilities			
Bank borrowings	17	7,361,564	4,991,264
Employee benefits	18	19,085	15,544
Trade and other payables	19	77,081	8,580
Deferred tax liabilities	8	801,248	446,127
Total non-current liabilities		8,258,978	5,461,515
Current liabilities			
Bank overdrafts	17	9,433	584
Trade and other payables	19	2,168,497	1,576,158
Bank borrowings	17	268,047	46,500
Derivative liabilities	17	6,369	1,252
Employee benefits	18	20,865	41,935
Tax payable		148,372	118,703
Total current liabilities		2,621,583	1,785,132
Total liabilities		10,880,561	7,246,647
Total equity and liabilities		23,256,654	17,355,092

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A-2 Historical Financial Information of IHH Group (continued)

Combined statements of comprehensive income for the three months ended 31 March 2012

	Note	Three months ended 31 March 2012 RM'000	2011 RM'000 (unaudited)
Revenue	21	1,276,192	859,927
Other operating income		18,955	48,864
Inventories and consumables		(252,332)	(189,019)
Purchased and contracted services		(131,182)	(113,860)
Depreciation and impairment losses on property, plant and equipment	3	(74,367)	(38,348)
Amortisation and impairment losses on intangible assets	4	(14,650)	(29,911)
Staff costs		(460,344)	(266,890)
Operating lease expenses		(59,853)	(44,650)
Operating expenses		(133,800)	(90,327)
Finance income		55,410	10,232
Finance costs		(47,404)	(28,638)
Share of profits of associates (net of tax)		14,472	12,160
Share of profits of joint ventures (net of tax)		3,407	2,742
Profit before income tax	22	194,504	132,282
Income tax expense	23	(42,203)	(26,737)
Profit for the period		152,301	105,545

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A-2 Historieal Fiuaucial Information of IHH Group (continued)

Combined statements of comprehensive income for the three months ended 31 March 2012 (continued)

	Note	Three months ended 31 March 2012 RM'000	Three months ended 31 March 2011 RM'000 (unaudited)
Other comprehensive income, uet of tax			
Foreign currency translation differences for foreign operations		8,656	22,738
Net change in fair value of available-for-sale financial assets		76,294	-
Share of other comprehensive (loss)/income of associates		(136)	427
Total other comprehensive income for the period		84,814	23,165
Total compreheusive income for the period		237,115	128,710
Attributable to:			
Owners of the Company		123,839	101,875
Non-controlling interests		28,462	3,670
Profit for the period		152,301	105,545
Total comprehensive income attributable to:			
Owners of the Company		190,915	128,807
Non-controlling interests		46,200	(97)
Total comprchensive income for the period		237,115	128,710
Earnings per ordinary share (sen)			
Basic	24	2.00	1.85
Diluted	24	1.99	1.85

Combined statements of changes in equity for the three months ended 31 March 2012

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	Note	Equity contribution and other reserves RM'000	Share option reserve RM'000	Fair value reserve RM'000	Hedging reserve RM'000	Foreign currency translation reserve RM'000	Total equity and reserves RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2012		9,795,976	16,554	22,641	4,885	21,771	9,861,827	246,618	10,108,445
Foreign cnrrency translation differences for foreigu operations		-	-	-	-	(9,082)	(9,082)	17,738	8,656
Net change in fair value of available-for-sale financial assets		-	-	76,294	-	-	76,294	-	76,294
Share of other comprehensive loss of associates		-	-	-	(136)	-	(136)	-	(136)
Total other comprehensive income/(loss) for the period		-	-	76,294	(136)	(9,082)	67,076	17,738	84,814
Profit for the period		123,839	-	-	-	-	123,839	28,462	152,301
Total comprehensive income/(loss) for the period		123,839	-	76,294	(136)	(9,082)	190,915	46,200	237,115
Contributions by and distributions to owners of the Company									
Issue of ordinary shares		1,488,247	-	-	-	-	1,488,247	-	1,488,247
Sbare-based payment transactions	18	-	4,949	-	-	-	4,949	-	4,949
Acquisition of subsidiaries	31	-	-	-	-	-	-	396,228	396,228
Acquisition of non-controlling interests	31	(6,058)	-	-	-	-	(6,058)	(5,206)	(11,264)
Partial disposal of interests in a snbsidiary to non-controlling shareholder		16	-	-	-	-	16	109,342	109,358
Issue of shares by a subsidiary to non-eontrolling shareholder		40	-	-	-	-	40	42,975	43,015
Total trausactions with owners of the Company		1,482,245	4,949	-	-	-	1,487,194	543,339	2,030,533
At 31 March 2012		11,402,060	21,503	98,935	4,749	12,689	11,539,936	836,157	12,376,093

Combined statements of changes in equity for the three months ended 31 March 2012 (continued)

Unaudited	Note	Equity contribution and other reserves RM'000	Share option reserve RM'000	Fair value reserve RM'000	Hedging reserve RM'000	Foreign currency translation reserve RM'000	Total equity and reserves RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2011		3,008,628	-	-	4,993	(77,227)	2,936,394	259,546	3,195,940
Foreign currency translation differences for foreign operations		-	-	-	-	26,505	26,505	(3,767)	22,738
Share of other comprehensive income of associates		-	-	-	427	-	427	-	427
Total other comprehensive income/(loss) for the period		-	-	-	427	26,505	26,932	(3,767)	23,165
Profit for the period		101,875	-	-	-	-	101,875	3,670	105,545
Total comprehensive income/(loss) for the period		101,875	-	-	427	26,505	128,807	(97)	128,710
Contributions by and distributions to owners of the Company									
Issuance of ordinary shares		3,303,393	-	-	-	-	3,303,393	-	3,303,393
Distribution of subsidiaries to owner of the Company	31	(198,491)	-	-	-	-	(198,491)	(7,242)	(205,733)
Total transactions with owners of the Company		3,104,902	-	-	-	-	3,104,902	(7,242)	3,097,660
At 31 March 2011		6,215,405	-	-	5,420	(50,722)	6,170,103	252,207	6,422,310

A-2 Historical Financial Information of IHH Group (continued)

Combined statements of cash flows for the three months ended 31 March 2012

	Note	Three months ended 31 March 2012 RM'000	2011 RM'000 (unaudited)
Cash flows from operating activities			
Profit before income tax		194,504	132,282
Adjustments for:			
Unrealised exchange differences		(4,716)	(41,106)
Finance income		(55,410)	(10,232)
Finance cost		47,404	28,638
Depreciation and impairment losses on property, plant and equipment	3	74,367	38,348
Amortisation and impairment losses on intangible assets	4	14,650	29,911
Loss/ (gain) on disposal of property, plant and equipment		246	(427)
Write off of property, plant and equipment		135	-
Write off of intangible assets		17	-
Fair value loss on the contingent consideration payable		10,772	-
Impairment loss on trade and other receivables		12,901	5,123
Equity-settled share-based payment		4,949	-
Share of profits of associates (net of tax)		(14,472)	(12,160)
Share of profits of joint ventures (net of tax)		(3,407)	(2,742)
Operating profit before changes in working capital		281,940	167,635
Changes in working capital:			
Development property		(36,205)	(9,352)
Inventories		(4,196)	(1,086)
Trade and other receivables		(15,937)	(19,890)
Trade and other payables		187,853	126,037
Cash generated from operations		413,455	263,344
Income taxes paid		(19,368)	(23,323)
Net cash generated from operating activities		394,087	240,021

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A-2 Historical Financial Information of IHH Group (continued)

Combined statements of cash flows for the three months ended 31 March 2012

	Note	Three months ended 31 March 2012 RM'000	2011 RM'000 (unaudited)
Cash flows from investing activities			
Dividends received from associates and joint ventures		13,529	13,138
Interest received		9,832	4,270
Acquisition of subsidiaries, net of cash and cash equivalents acquired	31	(842,932)	-
Disposal of subsidiaries, net of cash and cash equivalents disposed		-	(136,797)
Proceeds from disposal of property, plant and equipment		154	2,797
Proceeds from sale of assets held for sale		-	8,006
Purchase of property, plant and equipment		(241,540)	(95,558)
Development costs of intangible assets	4	(1,145)	(22)
Purchase of quoted investments		-	(353,759)
Net advances to associates		(7)	-
Net advances to joint ventures		(797)	(20,796)
Net cash used in investing activities		(1,062,906)	(578,721)
Cash flows from financing activities			
Proceeds from bank borrowings		1,159,132	12,994
Repayment of bank borrowings		(273,452)	(356,231)
(Repayment to) /Advances from holding company		(24,781)	463,503
Acquisition of non-controlling interests	31	(11,264)	-
Additional payment for prior-year acquisition of non-controlling interests		-	(15,361)
Partial disposal of interests in subsidiary to non-controlling shareholder	31	109,358	-
Issue of shares by a subsidiary to non-controlling shareholder	31	43,015	-
Interest paid		(29,276)	(62,514)
Change in pledged deposits		(61,786)	1,776
Net cash generated from financing activities		910,946	44,167
Net increase / (decrease) in cash and cash equivalents		242,127	(294,533)
Cash and cash equivalents at 1 January		1,251,485	1,158,109
Effect of exchange rate fluctuations on cash held		(24,007)	(3,359)
Cash and cash equivalents at 31 March		1,469,605	860,217

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A-2 Historical Financial Information of IHH Group (continued)

Notes to the condensed interim combined financial statements

This condensed interim combined financial statements of IHH Healthcare Berhad (formerly known as Integrated Healthcare Holdings Berhad) ("the Company") and its subsidiaries ("IHH Group" or the "Group") have been prepared solely in connection with the proposed Initial Public Offering of IHH and for no other purposes.

IHH Group comprises subsidiaries, associates and jointly controlled entities as disclosed in Note 32, 33 and 34. The principal activities of the subsidiaries, associates and jointly controlled entities and effective percentage of equity holdings are stated in Note 32, 33 and 34 to the condensed interim combined financial statements.

The condensed interim combined financial statements have been carved out from the consolidated financial statements of Khazanah Nasional Berhad ("Khazanah") and its subsidiaries ("Khazanah Group"). Where appropriate, adjustments have been made to the condensed interim combined financial statements to specifically present only the combined financial position, results of operations and cash flows of the healthcare group of Khazanah attributable to shareholders of IHH.

The condensed interim combined financial statements of IHH Group have been prepared as if the subsidiaries, associates and jointly controlled entities of IHH Group have operated as a single economic entity throughout the three months ended 31 March 2011 and 2012 and have been prepared from the books and records maintained by each entity.

1. Basis of preparation and significant accounting policies

(a) Statement of compliance

This condensed interim combined financial statements have been prepared in accordance with MFRS 134, *Interim Financial Reporting* and with IAS 34, *Interim Financial Reporting*.

The condensed interim combined financial statements, which does not include the full disclosure of the type normally included on a complete set of financial statements, are to be read in conjunction with the combined financial statements for the financial year ended 31 December 2011.

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A-2 Historical Financial Information of IHH Group (continued)

3. Property, plant and equipment

	Note	Hospital land and buildings Freehold RM'000	Hospital land and buildings Leasehold RM'000	Construction-in-progress RM'000	Hospital and medical equipment, renovation and furniture, fittings and equipment RM'000	Laboratory and teaching equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost								
At 1 January 2011		902,325	2,480,786	379,638	1,434,808	30,141	16,869	5,244,567
Additions		1,350	112	641,506	91,717	5,384	2,076	742,145
Disposal of subsidiaries to Khazanah	31	(11,310)	(1,640)	-	(81,518)	-	(2,900)	(97,368)
Disposals/write-offs		(2,418)	(1,594)	(9,807)	(76,048)	(412)	(1,627)	(91,906)
Transfers		(207,712)	232,939	(100,006)	74,779	-	-	-
Transfer to assets held for sale	9	(1,973)	-	-	-	-	-	(1,973)
Translation differences		(2,717)	48,760	3,753	17,974	-	115	67,885
At 31 December 2011/1 January 2012		677,545	2,759,363	915,084	1,461,712	35,113	14,533	5,863,350
Additions		7,146	517	174,169	60,679	2,626	628	245,765
Acquisition of subsidiaries	31	355,792	496,679	53,719	1,254,296	-	9,302	2,169,788
Disposals/write-offs		-	-	-	(19,675)	(43)	(479)	(20,197)
Transfers		1,298	-	(5,942)	4,644	-	-	-
Translation differences		6,399	4,257	2,027	10,960	-	97	23,740
At 31 March 2012		1,048,180	3,260,816	1,139,057	2,772,616	37,696	24,081	8,282,446

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A-2 Historical Financial Information of IHH Group (continued)

1. Basis of preparation and significant accounting policies (continued)

(b) Significant accounting policies

The accounting policies applied by the Group in this condensed interim combined financial statements are the same as those applied by the Group in its combined financial statements as at and for the year ended 31 December 2011.

(c) Use of estimates

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

In preparing these condensed interim combined financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that applied to the combined financial statements as at and for the year ended 31 December 2011.

2. Seasonality of operations

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

A-2 Historical Financial Information of IHH Group (continued)

3. Property, plant and equipment (continued)

	Hospital land and buildings Freehold RM'000	Leasehold RM'000	Construction-in-progress RM'000	Hospital and medical equipment, renovation and furniture, fittings and equipment RM'000	Laboratory and teaching equipment RM'000	Motor vehicles RM'000	Total RM'000
Carrying amounts							
At 1 January 2011	797,145	2,443,034	379,638	487,900	23,954	5,115	4,136,786
At 31 December 2011/ 1 January 2012	589,027	2,682,442	915,084	510,332	24,865	5,003	4,726,753
At 31 March 2012	812,767	3,135,083	1,139,057	1,167,953	26,266	9,844	6,290,970

Leasehold land

The title deed of a leasehold land with a carrying amount of RM32,410,000 (2011: RM32,841,000) will be transferred to an indirect subsidiary's name upon full settlement of the remaining purchase consideration in 2014.

Security

As at 31 March 2012, property, plant and equipment with carrying amounts totalling RM518,580,000 (2011: RM254,246,000) are charged to licensed financial institutions for credit facilities granted to the Group (see Note 17).

Assets under finance lease

As at 31 March 2012, the carrying amount of property, plant and equipment of the Group held under finance lease was RM165,296,000 (2011: RM45,237,000).

Borrowing costs

During the period ended 31 March 2012, interest capitalised as cost of property, plant and equipment amounted to RM4,225,000 (Year ended 31 December 2011: RM23,304,000).

A-2 Historical Financial Information of IHH Group (continued)

3. Property, plant and equipment (continued)

	Note	Hospital land and buildings Freehold RM'000	Leasehold RM'000	Construction-in-progress RM'000	Hospital and medical equipment, renovation and furniture, fittings and equipment RM'000	Laboratory and teaching equipment RM'000	Motor vehicles RM'000	Total RM'000
Accumulated depreciation and impairment loss								
At 1 January 2011		105,180	37,752	-	946,908	6,187	11,754	1,107,781
Depreciation for the year		14,471	14,949	-	130,030	4,405	1,896	165,751
Disposal of subsidiaries to Khazanah	31	(5,383)	(169)	-	(73,427)	-	(2,710)	(81,689)
Disposals/write-offs		(227)	(1,470)	-	(65,165)	(344)	(1,478)	(68,684)
Transfers		(25,145)	25,145	-	-	-	-	-
Transfer to assets held for sale	9	(510)	-	-	-	-	-	(510)
Translation differences		132	714	-	13,034	-	68	13,948
At 31 December 2011/1 January 2012		88,518	76,921	-	951,380	10,248	9,530	1,136,597
Depreciation for the period		9,823	5,265	-	57,370	1,185	724	74,367
Acquisition of subsidiaries	31	135,864	43,169	-	610,256	-	4,299	793,588
Disposals/write-offs		-	-	-	(19,299)	(3)	(360)	(19,662)
Translation differences		1,208	378	-	4,956	-	44	6,586
At 31 March 2012		235,413	125,733	-	1,604,663	11,430	14,237	1,991,476

4. Intangible assets and goodwill on consolidation

	Note	Concession rights RM'000	Land use rights RM'000	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Development costs and other intangibles RM'000	Sub-total RM'000	Goodwill on consolidation RM'000	Total RM'000
Cost										
At 1 January 2011		352,835	172,388	1,261,173	-	141,400	103,909	2,031,705	6,326,333	8,358,038
Additions		-	-	-	-	-	1,516	1,516	-	1,516
Distribution of subsidiaries to Khazanah	31	(352,835)	-	-	-	-	-	(352,835)	(2,559)	(355,394)
Translation differences		-	(12,562)	-	-	-	2,773	(9,789)	165,657	155,868
At 31 December 2011/1 January 2012		-	159,826	1,261,173	-	141,400	108,198	1,670,597	6,489,431	8,160,028
Additions		-	-	-	-	-	1,145	1,145	-	1,145
Acquisition of subsidiaries	31	-	-	810,888	291,145	250,388	74,914	1,427,335	2,041,987	3,469,322
Disposals /write offs		-	-	-	-	-	(24)	(24)	-	(24)
Translation differences		-	(1,050)	6,822	2,456	2,106	(272)	10,062	24,038	34,100
At 31 March 2012		-	158,776	2,078,883	293,601	393,894	183,961	3,109,115	8,555,456	11,664,571
Accumulated amortisation and impairment loss										
At 1 January 2011		245,099	-	-	-	8,295	9,700	263,094	4,920	268,014
Amortisation charge for the year		21,592	-	-	-	24,888	8,509	54,989	-	54,989
Disposal of subsidiaries to Khazanah	31	(266,691)	-	-	-	-	-	(266,691)	(2,559)	(269,250)
Translation differences		-	-	-	-	-	607	607	-	607
At 31 December 2011/1 January 2012		-	-	-	-	33,183	18,816	51,999	2,361	54,360
Amortisation charge for the period		-	-	-	-	10,455	4,195	14,650	-	14,650
Acquisition of subsidiaries	31	-	-	-	-	-	9,848	9,848	-	9,848
Translation differences		-	-	-	-	8	(143)	(135)	6	(129)
At 31 March 2012		-	-	-	-	43,646	32,716	76,362	2,367	78,729
Carrying amounts										
At 1 January 2011		107,736	172,388	1,261,173	-	133,105	94,209	1,768,611	6,321,413	8,090,024
At 31 December 2011/1 January 2012		-	159,826	1,261,173	-	108,217	89,382	1,618,598	6,487,070	8,105,668
At 31 March 2012		-	158,776	2,078,883	293,601	350,248	151,245	3,032,753	8,553,089	11,585,842

A-2 Historical Financial Information of IHH Group (continued)

4. Intangible assets and goodwill on consolidation (continued)

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

Goodwill, brand names and hospital licenees are allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill, brand names and hospital licences are monitored for internal management purposes.

The aggregate carrying amounts of goodwill, brand names and hospital licences allocated to each unit are as follows:

	Goodwill on consolidation 31.3.2012 RM'000	Goodwill on consolidation 31.12.2011 RM'000	Brand names 31.3.2012 RM'000	Brand names 31.12.2011 RM'000	Hospital Licences 31.3.2012 RM'000	Hospital Licences 31.12.2011 RM'000
Singapore hospital and healthcare serviees	4,387,035	4,382,049	1,145,173	1,145,173	-	-
Malaysia hospital and healthcare services	2,005,607	1,994,953	116,000	116,000	-	-
Turkey hospital and healthcare services	2,050,379	-	817,710	-	293,601	-
Edueation	110,068	110,068	-	-	-	-
	8,553,089	6,487,070	2,078,883	1,261,173	293,601	-

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 financial budgets approved by management covering a five to ten-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, at 10.0% to 27.0% (2011: 10.0% to 28.0%) per annum in the first three years with declining revenue trend in subsequent years from 3.2% to 23.0% per annum (2011: 3.0% to 8.0%), whilst for education CGUs at 10.0% to 12.0% (2011: 3.0% to 11.0%) per annum for the first three years with 3.0% – 11.0% (2011: 3.0%) revenue growth for subsequent years.
- The earnings before interest, tax, depreciation and amortisation ("EBITDA") are assumed at 15.0% - 26.0% (2011: 17.0% to 25.0%) of the revenue for hospital and healthcare services CGUs and 32.0% - 37.0% (2011: 34.0% to 35.0%) of the revenue for education CGU for the projected years and the projections are in line with the business growth of the respective investees.

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A-2 **Historical Financial Information of IHH Group (continued)**

4. Intangible assets and goodwill (continued)

- The terminal value was estimated using the perpetuity growth model, with a growth rate to perpetuity of 2.0% to 5.0% (2011: 2.0%) for hospital and healthcare services CGUs and 3.0% (2011: 3.0%) for education CGU per annum applied to steady-state estimated earnings at the end of the projected period.
- Discount rates of approximately 7.5% to 14.0% (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 management's assessment of future trends in the healthcare market and are based on both external sources and internal sources (historical data).

Management 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, other than changes in the prevailing operating environment of which the impact is not ascertainable.

5. Interest in associates

	31.3.2012 RM'000	31.12.2011 RM'000
Shares, at cost		
Quoted shares outside Malaysia	727,466	729,199
Unquoted shares in Malaysia	1,300	1,300
Unquoted shares outside Malaysia	2,743	2,833
	731,509	733,332
Share of post-acquisition profits and reserves	150,790	146,895
Amounts due from associates	14,007	14,847
Less: Allowance for impairment loss	(4,328)	(5,118)
	9,679	9,729
Amounts due to associates	(27,740)	(27,683)
	864,238	862,273

Details of the associates are disclosed in Note 33 to the financial statements.

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A-2 **Historical Financial Information of IHH Group (continued)**

5. Interest in associates (continued)

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 investment in the associates, they are stated at cost less accumulated impairment loss.

The amounts due to the 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 associates to the Group, they are stated at cost.

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

	31.3.2012 RM'000	31.12.2011 RM'000
Assets and liabilities		
Total assets	3,617,439	3,573,401
Total liabilities	(1,352,073)	(1,318,369)
Net assets	2,265,366	2,255,032

	Three months ended 31.3.2012 RM'000	Year ended 31.12.2011 RM'000
Results		
Revenue	63,422	347,508
Profit after tax	43,205	252,766

6. Interest in joint ventures

	31.3.2012 RM'000	31.12.2011 RM'000
Shares, at cost		
Unquoted shares outside Malaysia	63,250	63,173
Share of post-acquisition profits and reserves	(33,754)	(36,163)
Amounts due from joint ventures	18,279	17,010
Less: Allowance for impairment loss	(15,868)	(15,133)
	2,411	1,877
Amounts due to joint ventures	(605)	(878)
	31,302	28,009

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 investment in the joint ventures, they are stated at cost less accumulated impairment loss.

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A-2 Historical Financial Information of IHH Group (continued)

6. Interest in joint ventures (continued)

The amounts due to the 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 joint ventures to the Group, they are stated at cost.

Details of the joint ventures are disclosed in Note 34 to the financial statements.

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

	31.3.2012 RM'000	31.12.2011 RM'000
Assets and liabilities		
Total assets	189,421	190,021
Total liabilities	(130,429)	(135,999)
Net assets	58,992	54,022

	Three months ended 31.3.2012 RM'000	Year ended 31.12.2011 RM'000
Results		
Revenue	40,204	157,522
Profit after tax	6,817	26,780

7. Other financial assets

	31.3.2012 RM'000	31.12.2011 RM'000
Non-current:		
Available-for-sale financial assets		
Unquoted equity securities, at cost	80	80
Quoted equity securities, at fair value	587,514	525,780
	587,594	525,860
Others		
Club memberships	516	516
Deposit for option to purchase interest in an investment	5,911	6,035
Deposit paid to non-controlling shareholders of a subsidiary	64,221	66,045
	70,648	72,596
Accumulated impairment losses	(66,700)	(68,575)
	3,948	4,021
	591,542	529,881

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A-2 Historical Financial Information of IHH Group (continued)

7. Other financial assets (continued)

	31.3.2012 RM'000	31.12.2011 RM'000
Current:		
Held-to-maturity investments		
Government debt securities, at amortised cost	26,967	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.

A-2 Historical Financial Information of IHH Group (continued)

8. Deferred tax assets and liabilities (continued)

	At 1 January 2011 RM'000	Acquisition of subsidiaries (Note 31) RM'000	Disposal of subsidiaries to Khazanah (Note 31) RM'000	Recognised in profit or loss RM'000	Translation difference on consolidation RM'000	At 31 December 2011 RM'000
Deferred tax assets						
Other provisions	2,522	-	-	3,752	(4)	6,270
Unutilised tax losses and unabsorbed capital allowances	12,371	-	-	(11,822)	364	913
Others	730	-	(110)	1,184	193	1,997
	15,623	-	(110)	(6,886)	553	9,180
Deferred tax liabilities						
Property, plant and equipment	(119,017)	-	1,731	(10,437)	(2,339)	(130,062)
Intangible assets	(300,469)	-	6,348	9,098	(512)	(285,535)
Interests in associates	(15,684)	-	-	(1,445)	303	(16,826)
Receivables	(205)	-	-	205	-	-
Others	(8,689)	-	-	10,084	-	1,395
	(444,064)	-	8,079	7,505	(2,548)	(431,028)

A-2 Historical Financial Information of IHH Group (continued)

8. Deferred tax assets and liabilities

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the period are as follows:

	At 1 January 2012 RM'000	Acquisition of subsidiaries (Note 31) RM'000	Disposal of subsidiaries to Khazanah (Note 31) RM'000	Recognised in profit or loss RM'000	Translation difference RM'000	At 31 March 2012 RM'000
Deferred tax assets						
Other provisions	6,270	13,735	-	5,238	122	25,365
Unutilised tax losses and unabsorbed capital allowances	913	6,881	-	(179)	60	7,675
Intangible assets	-	2,191	-	3,484	28	5,703
Others	1,997	6,129	-	3,468	90	11,684
	9,180	28,936	-	12,011	300	50,427
Deferred tax liabilities						
Property, plant and equipment	(130,062)	(83,148)	-	(16,776)	(862)	(230,848)
Intangible assets	(285,535)	(261,675)	-	4,941	(2,027)	(544,296)
Interests in associates	(16,826)	-	-	-	23	(16,803)
Receivables	-	(3,932)	-	(1,795)	(42)	(5,769)
Others	1,395	(791)	-	3,125	(6)	3,723
	(431,028)	(349,546)	-	(10,505)	(2,914)	(793,993)

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A-2 **Historical Financial Information of IHH Group (continued)**

8. Deferred tax assets and liabilities (continued)

The amounts determined after appropriate offsetting are as follows:

	31.3.2012 RM'000	31.12.2011 RM'000
Deferred tax assets	57,682	24,279
Deferred tax liabilities	(801,248)	(446,127)

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.

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	31.3.2012 RM'000	31.12.2011 RM'000
Deductible temporary differences	2,344	2,237
Unutilised tax losses	414,522	67,879
Provisions	14,977	15,084
	431,843	85,200

The unutilised tax losses can be carried forward to offset against future taxable profit for up to five years, other than unutilised tax lossess of RM69 million which 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.

9. Assets classified as held for sale

Assets classified as held for sale pertains to land and building with a carrying amount of RM1,463,000 (2011: RM1,463,000), for which management have committed to and commenced a plan to sell.

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A-2 **Historical Financial Information of IHH Group (continued)**

10. Development property

	31.3.2012 RM'000	31.12.2011 RM'000
Development property, at cost	1,160,548	1,121,195
Borrowing costs capitalised as cost of development property during the period/year	1,294	7,475

Development property represents medical suites for sale under development.

11. Inventories

	31.3.2012 RM'000	31.12.2011 RM'000
Pharmaceuticals, surgical and medical supplies	120,936	78,784

12. Trade and other receivables

	Note	31.3.2012 RM'000	31.12.2011 RM'000
Non-current:			
Deposits and other receivables	14	21,888	-
Prepayments		20,425	-
		42,313	-
Current:			
Trade receivables	13	675,342	465,108
Deposits and other receivables	14	124,261	37,188
Loans and receivables		799,603	502,296
Prepayments		54,591	16,200
		854,194	518,496

Trade receivables as at 31 March 2012 include accrued trade receivables of RM15,256,000 (2011: RM139,819,000). Accrued trade receivables represent the balance of sale proceeds to be billed in respect of the progress of the construction work performed on development properties sold.

A-2 **Historical Financial Information of IHH Group (continued)**

13. Trade receivables

	31.3.2012 RM'000	31.12.2011 RM'000
Trade receivables	771,115	537,550
Amounts due from related companies	1,572	1,191
	772,687	538,741
Allowance for impairment loss	(97,345)	(73,633)
	675,342	465,108

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

The maximum exposure to credit risk for trade receivables at the end of reporting period (by geographical distribution) is:

	31.3.2012 RM'000	31.12.2011 RM'000
Singapore	216,372	287,444
Malaysia	157,271	178,979
Central Eastern Europe, Middle East and North Africa ("CEEMENA")	316,828	-
North Asia	25,503	24,126
South Asia	26,310	27,029
South East Asia	20,458	15,113
Others	9,945	6,050
	772,687	538,741
Allowance for impairment loss	(97,345)	(73,633)
	675,342	465,108

A-2 **Historical Financial Information of IHH Group (continued)**

13. Trade receivables (continued)

Impairment losses on trade receivables

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

	Gross 31.3.2012 RM'000	Impairment 31.3.2012 RM'000	Net 31.3.2012 RM'000	Gross 31.12.2011 RM'000	Impairment 31.12.2011 RM'000	Net 31.12.2011 RM'000
Not past due	447,673	(1,374)	446,299	292,339	(5,188)	287,151
Past due 0 – 30 days	109,812	(280)	109,532	64,492	(2,539)	61,953
Past due 31 – 180 days	120,757	(21,314)	99,443	113,951	(10,982)	102,969
Past due 181 days – 1 year	34,192	(17,741)	16,451	24,468	(13,923)	10,545
Past due more than 1 year	60,253	(56,636)	3,617	43,491	(41,001)	2,490
	772,687	(97,345)	675,342	538,741	(73,633)	465,108

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

	31.3.2012 RM'000	31.12.2011 RM'000
At 1 January 2012 / 2011	73,633	76,614
Impairment loss recognised	12,901	16,955
Impairment loss written off	(2,440)	(15,399)
Acquisition of subsidiaries	13,153	-
Disposal of subsidiaries	-	(5,332)
Translation difference	98	795
	97,345	73,633

A-2 **Historical Financial Information of IHH Group (continued)**

14. Deposits and other receivables (continued)

Impairment losses on other receivables

The ageing of other receivables (excluding interest receivables and deposits) at the reporting date is:

	Gross 31.3.2012 RM'000	Impairment 31.3.2012 RM'000	Net 31.3.2012 RM'000	Gross 31.12.2011 RM'000	Impairment 31.12.2011 RM'000	Net 31.12.2011 RM'000
Not past due	111,912	(2)	111,910	20,344	(2)	20,342
Past due 0 – 30 days	1,677	-	1,677	702	(79)	623
Past due 31 – 180 days	287	-	287	329	-	329
Past due 181 days – 1 year	140	-	140	146	-	146
Past due more than 1 year	1,415	(1,136)	279	1,563	(1,140)	423
	115,431	(1,138)	114,293	23,084	(1,221)	21,863

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

	31.3.2012 RM'000	31.12.2011 RM'000
At 1 January 2012/2011	1,221	1,076
Impairment loss recognised	-	111
Written off	(79)	-
Translation difference on consolidation	(4)	34
	1,138	1,221

The Group provides for impairment allowance in respect of other receivables based on 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.

A-2 **Historical Financial Information of IHH Group (continued)**

13. Trade receivables (continued)

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

The 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.

14. Deposits and other receivables

	31.3.2012 RM'000	31.12.2011 RM'000
Non-current:		
Sundry deposits	10,680	-
Other receivables	11,208	-
	21,888	-
Current:		
Interest receivables	3,272	2,384
Sundry deposits	17,904	12,941
	21,176	15,325
Other receivables	89,594	23,084
Employee advances	14,629	-
Allowance for impairment loss	(1,138)	(1,221)
	103,085	21,863
	124,261	37,188

The maximum exposure to credit risk for other receivables (excluding interest receivables and deposits) at the end of reporting period (by geographical distribution) is:

	31.3.2012 RM'000	31.12.2011 RM'000
Singapore	8,104	7,856
Malaysia	7,383	5,537
CEEMENA	89,460	-
North Asia	6,291	5,455
South Asia	3,526	3,551
South East Asia	472	455
Others	195	230
	115,431	23,084
Allowance for impairment loss	(1,138)	(1,221)
	114,293	21,863

A-2 **Historical Financial Information of IHH Group (continued)**

15. Cash and cash equivalents

	31.3.2012 RM'000	31.12.2011 RM'000
Fixed deposits with financial institutions	1,185,173	895,399
Cash and bank balances	414,385	415,404
	1,599,558	1,310,803
Bank overdrafts	(9,433)	(584)
Fixed deposits pledged	(120,520)	(58,734)
Cash and cash equivalents in combined statement of cash flows	1,469,605	1,251,485

Fixed deposits with financial institutions include deposits pledged to banks and finance companies for credit facilities granted to certain subsidiaries.

16. Equity

Equity and reserves attributable to owners of the company
These mainly consist of share capital, share premium, equity contribution from owner, capital reserves and retained earnings.

Fair value reserve
The 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.

Hedge reserve
The 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.

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

Non-controlling interests
This consists of the minority shareholders' proportion of equity and reserves of partially owned subsidiaries.

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 reserve 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.

A-2 **Historical Financial Information of IHH Group (continued)**

17. Bank borrowings and derivatives

	31.3.2012 RM'000	31.12.2011 RM'000
Non-current:		
Secured bank borrowings	4,998,031	3,674,505
Secured finance lease liabilities	168,206	26,268
Unsecured bank borrowings	2,195,327	1,290,491
	7,361,564	4,991,264
Current:		
Secured bank borrowings	218,405	32,961
Secured finance lease liabilities	49,642	13,539
	268,047	46,500
Secured bank overdrafts	9,433	584
	277,480	47,084
Total bank borrowings	7,639,044	5,038,348

(a) An amount of SGD1,498.7 million, equivalent to RM3,656.5 million (2011: SGD1,498.7 million, equivalent to RM3,651.3 million) representing a 3-year term loan obtained in 2010 with repayments due by August 2013 and bears an interest rate at Singapore Swap Offer rate plus 1.25%. The loan is secured over the Group's present and future shareholdings in subsidiaries, namely Parkway Holdings Limited and Pantai Irama Ventures Sdn. Bhd. (collectively known as 'the Shares Charged'), RM and SGD designated accounts opened to deposits all dividends and any other net sales proceeds from the Shares Charged, and corporate guarantee from the Company;

(b) The remaining secured bank borrowings of RM1,569.3 million (2011: RM57.0 million) representing term loan, revolving credit and bank overdraft facilities granted to the subsidiaries are secured by:
  (i) first fixed charge over certain freehold and leasehold land of the Group;
  (ii) fixed and floating charge over assets and receivables of certain subsidiaries of the Group;
  (iii) charge over certain fixed deposits of the Group;
  (iv) corporate guarantee by subsidiaries for facilities granted to the Group;
  (v) charge over shares investment in subsidiaries; and
  (vi) corporate guarantee by the Company

(c) An amount of SGD520.0 million, equivalent to RM1,268.8 million (2011: SGD529.7 million equivalent to RM1,290.5 million) representing a 5-year term loan obtained in 2010 with repayments by 2015 and bears interest at rates ranging from 1.27% to 1.44% (2011: 1.16% to 1.87%) per annum. This loan is unsecured.

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A-2 Historical Financial Information of IHH Group (continued)

17. Bank borrowings and derivatives (continued)

Finance lease liabilities

The Group has obligations under finance leases that are repayable as follows:

	Payments RM'000	Interest RM'000	Principal RM'000
31.3.2012			
Within 1 year	59,390	9,748	49,642
After 1 year but within 5 years	166,197	18,024	148,173
After 5 years	21,694	1,661	20,033
	247,281	29,433	217,848
31.12.2011			
Within 1 year	14,263	724	13,539
After 1 year but within 5 years	21,085	585	20,500
After 5 years	5,769	1	5,768
	41,117	1,310	39,807

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.

Derivative assets

	31.3.2012 RM'000	31.12.2011 RM'000
Foreign exchange forward contracts		
- Current	3,007	-

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

Derivative liabilities

	31.3.2012 RM'000	31.12.2011 RM'000
Interest rate swaps		
- Current	6,369	1,252

The Group enters into interest rate swaps to hedge against interest rate fluctuations. These interest rate swaps mature following the maturity of the related loans.

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A-2 Historical Financial Information of IHH Group (continued)

18. Employee benefits

	31.3.2012 RM'000	31.12.2011 RM'000
Non-current:		
Retirement benefits	11,725	11,572
Performance incentive scheme	-	3,732
Long term incentive scheme (cash-settled)	319	240
Employee termination indemnity	7,041	-
	19,085	15,544
Current:		
Performance incentive scheme	4,348	19,083
Provision for unconsumed leave	8,840	11,020
Provision for defined contribution plan	7,301	11,550
Long term incentive scheme (cash-settled)	376	282
	20,865	41,935

Performance incentive scheme

Prior to November 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 will vest over the next few years upon achievement of the prescribed performance targets set.

A-2 **Historical Financial Information of IHH Group (continued)**

18. Employee benefits (continued)

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.

Long Term Incentive Scheme - cash

The Long Term Incentive Plan ("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.

The balance relate to the cash benefits that Group had to pay ont 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.

Share based payment scheme

On 25 March 2011, the Group established the Long Term Incentive Plan ("LTIP") and Equity Participation Plan ("EPP") schemes respectively, to grant share options to eligible personnel.

The LTIP units granted in each year will vest in the participants over a three-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 shall be in force for a period of ten (10) years from 25 March 2011.

The EPP options granted in each year will vest in the participants over a four (4) year period, with two-thirds of the options to be vested in equal proportions on a yearly basis ou each anniversary of the date of graut over such four (4) year period and the remainder 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 foree for a period of sixty (60) months from date of listing of the Company's shares on stock exchange.

During the period ended 31 March 2012, no EPP options and LTIP uuits were granted. The movement in the number of ordinary shares outstanding under the respective schemes as at 31 March 2012 and the details of the schemes are as follows:

A-2 **Historical Financial Information of IHH Group (continued)**

18. Employee benefits (continued)

Equity Participation Plan ("EPP")

Date of grant	Number of options outstanding at 1.1.2012	Reclassification	Number of options granted during the period	Number of options lapsed/ cancelled during the period	Number of options exercised during the period	Number of options outstanding at 31.3.2012	Number of holders at 31.3.2012
Key management personnel							
31 March 2011	37,500,000	37,500,000	-	-	-	75,000,000	2
27 July 2011	4,000,000	-	-	-	-	4,000,000	1
	41,500,000	37,500,000	-	-	-	79,000,000	3
Other eligible employees							
31 March 2011	37,500,000	(37,500,000)	-	-	-	-	-
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	(37,500,000)	-	-	-	70,000,000	20
Total							
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 Deeember 2011	1,000,000	-	-	-	-	1,000,000	1
	149,000,000	-	-	-	-	149,000,000	23

As at 31 March 2012, no options are exercisable.

A-2 Historical Financial Information of IHH Group (continued)

18. Employee benefits (continued)

Long Term Incentive Plan ("LTIP")

Date of grant	Number of options outstanding at 1.1.2012	Reclassification	Number of options granted during the period	Number of options lapsed/ cancelled during the period	Number of options exercised during the period	Number of options outstanding at 31.3.2012	Number of holders at 31.3.2012
Key management personnel							
21 April 2011	2,697,000	2,413,000	-	-	-	5,110,000	2
1 September 2011	27,000	-	-	-	-	27,000	1
	2,724,000	2,413,000	-	-	-	5,137,000	3
Other eligible employees							
21 April 2011	8,554,000	(2,413,000)	-	(346,000)	-	5,795,000	53
30 June 2011	439,376	-	-	(22,355)	-	417,021	19
1 August 2011	104,795	-	-	-	-	104,795	1
1 September 2011	76,134	-	-	-	-	76,134	5
	9,174,305	(2,413,000)	-	(368,355)	-	6,392,950	78
Total							
21 April 2011	11,251,000	-	-	(346,000)	-	10,905,000	55
30 June 2011	439,376	-	-	(22,355)	-	417,021	19
1 August 2011	104,795	-	-	-	-	104,795	1
1 September 2011	103,134	-	-	-	-	103,134	6
	11,898,305	-	-	(368,355)	-	11,529,950	81

As at 31 March 2012, no options are exercisable.

A-2 Historical Financial Information of IHH Group (continued)

18. 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 mode,

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

Fair value of share options and assumptions

	EPP	LTIP
Fair value at grant date	RM0.0791 to RM0.1110	RM1.73 to RM1.75
Enterprise value to EBITDA multiple		
- Singapore hospital operations	n/a	16.6x – 17.4x
- Malaysia hospital operations	n/a	9.3x – 10.1x
Weighted average cost of capital	n/a	10% – 11%
Share price at grant date	RM1.73 to RM1.75	n/a
Expected volatility (average volatility)	20.0% to 25.0%	n/a
Option life (expected average life)	5 years	n/a
Expected dividends yield	3.0%	n/a
Risk free rate	3.50% to 3.65%	n/a

n/a – not applicable

Value of employee services received for issue of share options

	Three months ended 31.3.2012 RM'000	Three months ended 31.3.2011 RM'000 (unaudited)
Total expense recognised as share based payments	4,949	-

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A-2 **Historical Financial Information of IHH Group (continued)**

18. Employee benefits (continued)

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:

	31.3.2012 RM'000	31.12.2011 RM'000
Non-current		
Present value of unfunded obligations	11,725	11,572
Movements in the liability for defined benefits obligations		
At 1 January 2012/ 2011	11,572	11.392
Expenses recognised in the profit or loss as staff costs	389	1,394
Benefits paid	(236)	(633)
Disposal of subsidiaries	-	(581)
At 31 March 2012/ 31 December 2011	11,725	11,572
Current service costs	325	842
Interest on obligation	218	549
Transition amount	(154)	3
	389	1,394

Actuarial assumptions

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

	31.3.2012 %	31.12.2011 %
Discount rate	6.2-7.0	6.2-7.0
Future salary increases	5.0-5.2	5.0-5.2

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A-2 **Historical Financial Information of IHH Group (continued)**

19. Trade and other payables

	Note	31.3.2012 RM'000	31.12.2011 RM'000
Non-current:			
Trade payables		8,472	-
Other payables		60,144	8,580
		68,616	8,580
Fees in advance		8,465	-
		77,081	8,580
Current:			
Trade payables		508,242	381,934
Accruals		468,995	377,621
Other payables		360,358	84,772
Deposits and advances		20,472	17,223
Interest payable		26,433	5,024
Amounts due to holding company and related companies (trade)	20	560	24,363
Amounts due to holding company and related companies (non-trade)	20	24	24,768
		1,385,084	915,705
Progress billings		708,046	621.067
Fees in advance		75,367	39,386
		2,168,497	1,576,158

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

As at 31 March 2012, current other payables includes approximately RM51,172,000 contingent consideration payable in relation to the acquisition of Acibadem Holdings Group (see Note 31).

In 2011, amount due to holding company of RM4,625,393,000 was capitalised for issuance of shares of the Company, of which RM3,303,393,000(unaudited) was capitalised during the three month period ended 31 March 2011.

20. Amounts due to holding company and related companies

The amounts due to holding company and related companies are unsecured, interest free and are repayable on demand.

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A-2 Historical Financial Information of IHH Group (continued)

21. Revenue

Revenue of the Group, after eliminating inter-company transactions, is as follows:

	Three months ended 31.3.2012 RM'000	Three months ended 31.3.2011 RM'000 (unaudited)
Hospital and healthcare services income	1,212,108	797,174
Education services income	44,567	43,670
Rental income	12,360	12,540
Management and acquisition fees	7,157	6,543
	1,276,192	859,927

22. Profit before income tax

The following income/(expense) items have been included in arriving at profit before tax:

	Three months ended 31.3.2012 RM'000	Three months ended 31.3.2011 RM'000 (unaudited)
Staff costs		
Wages and salaries	(435,347)	(248,692)
Contribution to defined contribution plans	(20,048)	(18,198)
Share-based payments		
- Employee participation plan	(1,882)	-
- Others	(3,067)	-
	(460,344)	(266,890)
Finance income		
Interest received and receivable from		
Banks and financial institutions	9,735	4,013
Others	98	120
Exchange gain relating to bank borrowings	41,766	-
Fair value gain on financial instruments	3,811	6,099
	55,410	10,232
Finance costs		
Interest paid and payable to		
Banks and financial institutions	(35,988)	(25,863)
Others	(169)	(21)
Other finance costs	(7,715)	(2,754)
Fair value loss on financial instruments	(3,532)	-
	(47,404)	(28,638)

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A-2 Historical Financial Information of IHH Group (continued)

22. Profit before income tax (continued)

	Three months ended 31.3.2012 RM'000	Three months ended 31.3.2011 RM'000 (unaudited)
Other exchange (loss) / gain	(3,762)	33,815
Fair value loss on contingent consideration payable	(10,772)	-
Write off of property, plant and equipment	(135)	-
Write off of intangible assets	(17)	-
(Loss) / gain on disposal of property, plant and equipment	(246)	427
Professional and consultancy fees for:		
- Internal restructuring	-	(1,944)
- Acquisitions (included in other operating expenses)	(6,264)	-

23 Income tax expense

	Three months ended 31.3.2012 RM'000	Three months ended 31.3.2011 RM'000 (unaudited)
Current tax expense		
Current year	43,435	27,779
Under / (over) provided in prior years	274	(416)
	43,709	27,363
Deferred tax expense		
Origination and reversal of temporary differences	(2,306)	(1,808)
Underprovided in prior years	800	1,182
	(1,506)	(626)
	42,203	26,737
Reconciliation of effective tax rate		
Profit before income tax	194,504	132,282
Less:		
Share of profits of associates (net of tax)	(14,472)	(12,160)
Share of profits of joint ventures (net of tax)	(3,407)	(2,742)
	176,625	117,380
Tax at Malaysia tax rate of 25%	44,156	29,345
Effect of different tax rates in other countries	(14,602)	(9,233)
Income not subject to tax	(1,488)	(13,978)
Expenses not deductible for tax purpose	15,334	19,837
Deferred tax assets not recognised on unutilised tax losses	229	-
Utilisation of previously unrecognised deferred tax assets	(2,500)	-
Underprovided in prior years	1,074	766
	42,203	26,737

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A-2 Historical Financial Information of IHH Group (continued)

24. Earnings per share

	Three months ended 31.3.2012 RM'000	Three months ended 31.3.2011 RM'000 (unaudited)
Basic and diluted earnings per share are based on:		
Net profit attributable to ordinary shareholders	123,839	101,875

Basic earnings per share

	31.3.2012 '000	31.3.2011 '000 (unaudited)
Number of ordinary shares of IHH at 31 March 2012 and 31 December 2011 assumed to be in issue throughout the entire period/year presented	6,195,442	5,500,000
	Sen	Sen
Basic earnings per share	2.00	1.85

Diluted earnings per share

	31.3.2012 '000	31.3.2011 '000 (unaudited)
Number of ordinary shares of IHH at 31 March 2012 and 31 December 2011 assumed to be in issue throughout the entire period /year presented	6,195,442	5,500,000
Effect of share options in issue under Long Term Incentive Plan (LTIP)	8,900	-
Effect of share options in issue under Equity Participation Plan (EPP)	17,157	-
Number of ordinary shares used in the calculation of diluted earnings per share	6,221,499	5,500,000
	Sen	Sen
Diluted earnings per share	1.99	1.85

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A-2 Historical Financial Information of IHH Group (continued)

25. 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.

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

A-2 **Historical Financial Information of IHH Group (continued)**

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25. Operating segments (continued)

Unaudited	Parkway Pantai RM'000	IMU RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses (continued)					
For the three months ended 31 March 2011					
Revenue from external customers	818,532	41,395	-	-	859,927
Inter-segment revenue	-	-	-	-	-
Total segment revenue	818,532	41,395	-	-	859,927
EBITDA	155,581	18,897	(2,731)	-	171,747
Depreciation on property, plant and equipment					(38,348)
Amortisation on intangible assets					(29,911)
Other exchange gain					33,815
Finance income					10,232
Finance costs					(28,638)
Share of profits of associates (net of tax)					12,160
Share of profits of joint ventures (net of tax)					2,742
Gain on disposal of property, plant and equipment					427
Professional and consultancy fees incurred for internal restructuring					(1,944)
Profit before income tax					132,282
Income tax expense					(26,737)
Profit for the period					105,545

A-2 **Historical Financial Information of IHH Group (continued)**

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25. Operating segments (continued)

Revenue and expenses	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU RM'000	Others RM'000	Eliminations RM'000	Total RM'000
For the three months ended 31 March 2012						
Revenue from external customers	845,534	388,154	42,504	-	-	1,276,192
Inter-segment revenue	-	-	-	-	-	-
Total segment revenue	845,534	388,154	42,504	-	-	1,276,192
EBITDA	188,112	81,521	17,256	(8,057)	-	278,832
Depreciation and impairment loss on property, plant and equipment						(74,367)
Amortisation on intangible assets						(14,650)
Other exchange gain						(3,762)
Finance income						55,410
Finance costs						(47,404)
Share of profits of associates (net of tax)						14,472
Share of profits of joint ventures (net of tax)						3,407
Write off of property, plant and equipment						(135)
Write off of intangible assets						(17)
Gain on disposal of property, plant and equipment						(246)
Fair value loss on contingent consideration payable						(10,772)
Professional and consultancy fees incurred for acquisitions						(6,264)
Profit before income tax						194,504
Income tax expense						(42,203)
Profit for the period						152,301

A-2 Historical Financial Information of IHH Group (continued)

25. Operating segments (continued)

	Singapore RM'000	Malaysia RM'000	CEEMENA RM'000	China RM'000	Other regions RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Geographical segments								
For three months ended 31 March 2012								
Total revenue from external customers	524,749	303,115	388,154	41,057	19,117	-	-	1,276,192
Non-current assets^	9,058,989	3,272,796	4,864,045	217,941	277,293	185,748	-	17,876,812
Capital expenditure*	155,514	34,439	38,258	981	17,606	112	-	246,910
Unaudited								
For three months ended 31 March 2011								
Total revenue from external customers	458,521	351,057	-	33,417	16,932	-	-	859,927
Capital expenditure*	71,103	19,552	-	275	9,859	152	-	100,941

^: Non-current assets consist of property, plant and equipment, intangible assets and goodwill.
*: Capital expenditure consists of additions to property, plant and equipment, and intangible assets other than goodwill.

A-2 Historical Financial Information of IHH Group (continued)

25. Operating segments (continued)

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Assets and liabilities						
31 March 2012						
Segment assets	15,177,049	5,710,952	357,122	1,401,372	(285,381)	22,361,114
Interests in associates						864,238
Interests in joint ventures						31,302
Total assets						23,256,654
Segment liabilities	7,117,157	3,622,298	114,408	312,079	(285,381)	10,880,561
Total liabilities						10,880,561
31 December 2011						
Segment assets	15,040,732	-	328,255	1,099,571	(3,748)	16,464,810
Interests in associates						862,273
Interests in joint ventures						28,009
Total assets						17,355,092
Segment liabilities	7,095,853	-	88,307	66,235	(3,748)	7,246,647
Total liabilities						7,246,647

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A-2 Historical Financial Information of IHH Group (continued)

26. 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) Fair value through profit or loss (FVTPL); and
(e) Other financial liabilities measured at amortised cost (OL).

Financial assets	Carrying amount RM'000	L&R RM'000	AFS RM'000	HTM RM'000	FVTPL RM'000
31 March 2012					
Other financial assets	618,509	3,948	587,594	26,967	-
Derivative assets	3,007	-	-	-	3,007
Trade and other receivables	821,491	821,491	-	-	-
Cash and cash equivalents	1,599,558	1,599,558	-	-	-
	3,042,565	2,424,997	587,594	26,967	3,007
31 December 2011					
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	-	-	-
	2,370,046	1,817,120	525,860	27,066	-

Financial liabilities	Carrying amount RM'000	OL RM'000	FVTPL RM'000
31 March 2012			
Trade and other payables	1,453,700	1,402,528	51,172
Employee benefits	39,950	39,950	-
Bank borrowings	7,629,611	7,629,611	-
Bank overdrafts	9,433	9,433	-
Derivative liabilities	6,369	-	6,369
	9,139,063	9,081,522	57,541
31 December 2011			
Trade and other payables	924,285	924,285	-
Employee benefits	57,479	57,479	-
Bank borrowings	5,037,764	5,037,764	-
Bank overdrafts	584	584	-
Derivative liabilities	1,252	-	1,252
	6,021,364	6,020,112	1,252

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A-2 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(i) Categories of financial instruments (continued)

Net gains and losses arising from financial instruments:

	Three months ended 31.3.2012 RM'000	Three months ended 31.3.2011 RM'000 (unaudited)
Available-for-sale financial assets		
- recognised in other comprehensive income	76,294	-
Loans and receivables		
- interest income	9,833	4,133
- net impairment loss	(12,626)	(5,027)
Financial liabilities measured at amortised cost	(43,872)	(28,638)
Financial liability measured at FVTPL	(10,772)	-
Derivative instruments	279	6,099
	19,136	(23,433)

(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 receivables from customers.

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on major customers requiring credit over a certain amount. For the hospital operations, the Group does not grant credit to non-corporate customers. Instead, a non-corporate customer is requested to place an initial deposit at the time of admission to the hospital. Additional deposit is requested from the customer when the hospital charges exceed a certain level.

Exposure to credit risk

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

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A-2 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(iii) Credit risk (continued)

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, the Group's largest outstanding trade receivables due from a single customer amounts to RM45,236,000 (2011: RM36,520,000). No allowance for impairment loss has been provided in respect of this receivable.

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 by country is disclosed in Notes 13 and 14 respectively.

Impairment losses

Trade and other receivables and amounts due from related companies 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 Note 13 and 14 of the financial statements, management does not expect any counterparty to fail to meet their obligations.

Information regarding the ageing and allowance of impairment of trade receivables and other receivables and amounts due from holding company and related companies are disclosed in Notes 13 and 14 respectively.

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A-2 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(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 various payables, loans and borrowings.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash on demand 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.

A-2 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity price risk 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 that are denominated in a currency other than the respective financial currencies of Group entities. The currencies giving rise to this risk are primarily the Turkish Lira, Swiss Franc, Euro, Malaysian Ringgit, Singapore Dollars and United States Dollar.

Risk management objectives, policies and processes for managing the risk

In respect of exposure that is certain, the Group will partially hedge these risks in order to keep them at an acceptable level. The group uses forward foreign exchange contracts to hedge its foreign currency risk. At the end of the reporting period, there were no outstanding forward foreign exchange contracts.

A-2 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(iv) Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group'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
31 March 2012						
Non-derivative financial liabilities						
Bank borrowings	7,421,196	1.25%-15.25%	7,853,324	481,046	7,259,764	112,514
Finance lease liabilities	217,848	0.00%-19.09%	247,282	59,390	166,197	21,695
Trade and other payables	1,453,700		1,453,700	1,385,084	68,616	-
	9,092,744		9,554,306	1,925,520	7,494,577	134,209
Derivative financial liabilities						
Interest rate swaps (net settled)	6,369		9,231	5,830	3,401	-
31 December 2011						
Non-derivative financial liabilities						
Bank borrowings	4,998,541	1.16%-8.00%	5,212,226	212,350	4,999,876	-
Finance lease liabilities	39,807	2.32%-3.75%	41,117	14,263	21,085	5,769
Trade and other payables	924,285		924,285	915,705	8,580	-
	5,962,633		6,177,628	1,142,318	5,029,541	5,769
Derivative financial liabilities						
Interest rate swaps (net settled)	1,252		1,252	1,252	-	-

A-2 **Historical Financial Information of IHH Group (continued)**

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

	Turkish Lira RM'000	Swiss Franc RM'000	Euro RM'000	Malaysia Ringgit RM'000	Singapore Dollar RM'000	US Dollar RM'000	Others* RM'000
31 March 2012							
Trade and other receivables and intra-group receivables	208,009	-	490	1,168,244	14,159	6,849	11,859
Deposits paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	64,221	-
Derivative assets	-	-	-	-	-	3,007	-
Cash and cash equivalents	-	4	1,736	108	525,308	181,919	313
Loans and borrowings	-	(96,407)	(75,245)	-	-	(1,443,788)	-
Trade and other payables and intra-group payables	-	-	(15,589)	(24,942)	(280,653)	(103,117)	(12,079)
	208,009	(96,403)	(88,608)	1,143,410	258,814	(1,290,909)	93
31 December 2011							
Trade and other receivables and intra-group receivables	-	-	-	1,184,206	597	2,274	8,090
Deposits paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	66,045	-
Cash and cash equivalents	-	-	-	-	553,387	13,129	394
Trade and other payables and intra-group payables	-	-	-	(2,259)	(1,945)	(1,334)	(11,904)
	-	-	-	1,181,947	552,039	80,114	(3,420)

* Others include mainly Hong Kong dollar, Indian Rupee, Australian Dollar, British Pound, Chinese Renmibi, Philippine Pesos, Macedonian Denar and Thai Baht.

A-2 **Historical Financial Information of IHH Group (continued)**

26. Financial instruments (continued)

(v) Market risk (continued)

(a) Foreign currency risk (continued)

Sensitivity analysis

A 10% (2011: 10%) strengthening of the respective functional currencies of the Group entities against the following currencies 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.

	31.3.2012 RM'000	31.12.2011 RM'000
Turkish Lira	(20,801)	-
Swiss Franc	9,641	-
Euro	8,860	-
Malaysia Ringgit	(114,341)	(118,195)
Singapore Dollar	(25,881)	(55,204)
US dollar	129,091	(8,011)
Others*	(9)	341
	(13,440)	(181,069)

* Others include mainly Hong Kong dollar, Indian Rupee, Australian Dollar, British Pound, Chinese Renmibi, Philippine Pesos, Macedonian Denar and Thai Baht.

A 10% (2011: 10%) weakening of the respective functional currencies of the Group entities against the following currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(b) Interest rate risk

This relates to changes in interest rates which affect mainly the Group's fixed deposits and its debt obligations with banks and financial institutions. The Group's fixed-rate financial assets and borrowings are exposed to a risk of change in their fair value due to changes in interest rates while the variable-rate financial assets and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. 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.

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A-2 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(v) Market risk (continued)

(b) Interest rate risk (continued)

Risk management objectives, policies and processes for managing the risk

The Gronp'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.

	31.3.2012		31.12.2011	
	Nominal value	Fair/ book value	Nominal value	Fair/ book value
	RM'000	RM'000	RM'000	RM'000
Interest rate swaps	210,598	6,369	604,082	1,252

Exposure to interest rate risk

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	31.3.2012 RM'000	31.12.2011 RM'000
Fixed rate instruments		
- Fixed deposits with financial institutions	1,185,173	895,399
- Finance lease liabilities	(217,848)	(39,807)
- Bank borrowings	(171,331)	-
Variable rate instruments		
- Bank borrowings including bank overdrafts	(7,249,865)	(4,998,541)
- Derivative liabilities	(6,369)	(1,252)

Interest rate risk sensitivity analysis

(a) 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 instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

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A-2 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(v) Market risk (continued)

(b) Interest rate risk (continued)

Interest rate risk sensitivity analysis (continued)

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the end of the reporting period would have increased (decreased) assets, post-tax profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Assets*		Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
31 March 2012				
Variable rate instruments	3,172	(3,172)	(14,953)	14,953
Interest rate swaps	-	-	526	(428)
	3,172	(3,172)	(14,427)	14,525
31 December 2011				
Variable rate instruments	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.

(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 March 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 RM58,751,000 (2011: RM52,578,000).

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A-2 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(vi) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

Quoted investments

The fair values of financial assets that are quoted in an active market are determined by reference to their quoted closing bid price at the end of the reporting period.

Derivatives

The fair value of interest rate swaps is based on broker quotes. Those 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.

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 March / December are represented in the following table:

	Carrying amount RM'000	Fair value RM'000
31 March 2012		
Government debt securities	26,967	26,938
Finance lease liabilities	(32,912)	(31,073)
	(5,945)	(4,135)
31 December 2011		
Government debt securities	27,066	27,068
Finance lease liabilities	(22,320)	(20,299)
	4,746	6,769

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13. ACCOUNTANTS' REPORT *(cont'd)*

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A-2 Historical Financial Information of IHH Group (continued)

26. Financial instruments (continued)

(vi) Fair value of financial instruments (continued)

The following 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. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

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).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets/(liabilities)				
31 March 2012				
Quoted equity securities	587,514	-	-	587,514
Derivatives assets	-	3,007	-	3,007
Derivatives liabilities	-	(6,369)	-	(6,369)
Contingent consideration payable	-	(51,172)	-	(51,172)
31 December 2011				
Quoted equity securities	525,780	-	-	525,780
Derivatives liabilities	-	(1,252)	-	(1,252)

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A-2 Historical Financial Information of IHH Group (continued)

27. 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 determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

	31.3.2012 RM'000	31.12.2011 RM'000
Total borrowings	7,639,044	5,038,348
Less: Cash and cash equivalents	(1,599,558)	(1,310,803)
	6,039,486	3,727,545
Total equity	12,376,093	10,108,445
Debt-to-equity ratio	0.49	0.37

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

As at 31 March 2012 and 31 December 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 March 2012, the Group has a USD200 million term loan due for repayment in January 2018, under which the shareholders equity of its subsidiary, Acibadem Saglik Hizmetleri ve Ticaret A.S. ("ASH") cannot be less than 8.0% of ASH Group total assets. In addition the ASH Group's debt service ratio cannot lower than 1.3 times and ASH Group's net debt to EBITDA ratio must not exceed 3.0 times.

28. Capital and other commitments

	31.3.2012 RM'000	31.12.2011 RM'000
Capital commitments not provided for in the financial statements:		
Property, plant and equipment		
Amounts authorised and contracted for	579,067	523,971
Amounts authorised but not contracted for	762,451	542,443
	1,341,518	1,066,414

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A-2 Historical Financial Information of IHH Group (continued)

28. Capital and other commitments (continued)

	31.3.2012 RM'000	31.12.2011 RM'000
Non-cancellable operating lease payable:		
Within 1 year	254,923	515,572
After 1 year but within 5 years	875,386	731,241
After 5 years	1,149,299	738,484
	2,279,608	1,985,297
Non-cancellable operating lease receivable:		
Within 1 year	33,607	31,304
After 1 year but within 5 years	44,742	30,841
After 5 years	-	-
	78,349	62,145

29. Contingencies

(a) Land premium

Based on agreement between the Federal Government of Malaysia and the Group in 1994 for the use of Ministry of Health ("MOH") facilities, the agreement allows the Group to construct buildings in connection with the use of facilities for the training of students. The land is yet to be leased to the Group since the propose lease is yet to be executed as it requires the consent of the Cabinet of Malaysia.

On 17 November 2011, the Group received a letter from Pesuruhjaya Tanah Persekutuan (Federal Land Commissioner) who granted the lease to the Group. However, the Group is unable to ascertain the amount of the lease premium as the lease amount payable is yet to be determined as at the date of these financial statements.

(b) 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. The suit has alleged that one of the vendors of ADSB had acted as an agent to PHB in respect of the negotiations and sale of ADSB (ADSB owned 75% of the issued and paid up capital of Fomema Sdn. Bhd.) shares to PSS and PHB. PSS and PHB without making any disclosure entered into collateral arrangements with the said agent who was allegedly promised varying kinds of benefits for efforts in assisting the injection of the Fomema Concession into the Pantai Group. It is alleged that this amounted to breach of duty of care and fiduciary duty on the part of PSS and PHB. Having consulted the legal counsel and based on their written opinion, no provision in the financial statements has been made at this stage as it was noted the evidence so far did not support such alleged collateral allegations.

A-2 **Historical Financial Information of IHH Group (continued)**

30. 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 subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its holding companies, related companies, subsidiaries and associates, directors and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group are as follows:

	Three months ended 31.3.2012 RM'000	Three months ended 31.3.2011 RM'000 (unaudited)
Transactions with ultimate holding company and its subsidiaries, associates and joint ventures		
Sales and provision of services	16,800	20,382
Purchases and consumption of services	(7,166)	(7,343)
Finance cost	(3,457)	(891)
Purchase of quoted available-for-sale financial assets	-	(353,759)
Transactions with associates		
Rental expenses	(34,179)	(32,459)
Management and acquisition fees earned	5,969	4,783
Key management personnel and its associates		
Remuneration and other benefits	(4,846)	(2,280)
Share-based payment	2,400	-
Sales and provision of services	47,559	-
Professional and consultancy fees	(21,637)	-

Subsidiaries of the Group have obtained bank loans from one of the associates of the holding company. The outstanding bank loans amounted to RM928.1 million (2011: Nil).

A-2 **Historical Financial Information of IHH Group (continued)**

30. Related parties (continued)

The Company has placed demand deposits and fixed deposits with one of the associates of the holding company amounted to RM714.5 million (2011: RM569 million) as at 31 March 2012.

Significant related party balances related to the above transactions are disclosed in Note 5, 6, 13 and 19. As at 31 March 2012, amount due from and amount due to key management personnel and their associates amounted to RM31.4 million (2011: RM3.0 million) and RM23.8mil (2011: nil) respectively.

31. Acquisitions and disposals

Acquisition of subsidiaries

(a) On 23 December 2011, Integrated Healthcare Turkey Yatirimlari Limited, a subsidiary of the Group, entered into a sale and purchase agreement ("SPA") to acquire 60% equity interest in Acibadem Saglik Yatirimlari Holdings A.S. ("ASYH") and its subsidiaries for a total consideration of approximately USD825,716,000. The purchase consideration is to be satisfied by cash payment of USD275,239,000 and issuance of the Company's shares of a total value of approximately USD550,477,000. The acquisition of ASYH was completed on 24 January 2012.

Pursuant to the sale and purchase agreement, the purchase consideration is subject to further adjustments based on the equity value of the Company and ASYH upon the completion of the audit of the Company and ASYH for the year ended 31 December 2011. As at 31 March 2012, the purchase consideration adjustments have been finalised and approximately USD12,290,000 that will be refunded to the Group has been recognised as other receivable.

The purchase consideration is also subjecr to further adjustments if the Turkish Lira ("TL") has appreciated in value against the US Dollar on 31 December 2012, as compared to the exchange rate used in the SPA, subject to a cap of TL1.65/USD1, then the Group shall pay the differential sum.

(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. As at 31 March 2012, Phase 1 has been completed and Phase 2 and 3 were not completed. The total cash consideration for the 70% equity interest in TTHSB amounting to RM10,214,000.

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A-2 Historieal Financial Information of IHH Group (continued)

31. Acquisitions and disposals (continned)

Acquisition of subsidiaries (continued)

The fair value of the purchase consideration is set out below:

	RM'000
Cash payments	872,950
Contingent consideration payable	40,400
Issue of shares	1,488,247
Refund receivable	(37,314)
	2,364,283

The effects of the acquisitions are set out below:

	Note	Recognised values RM'000
Property, plant and equipment	3	1,376,200
Intangible assets	4	1,417,487
Other receivables		30,973
Deferred tax assets	8	28,936
Inventories		40,896
Trade and other receivables		324,487
Tax recoverable		9,761
Derivative assets		4,194
Cash and cash equivalents		30,018
Bank borrowings (non-cnrrent)		(1,489,253)
Trade and other payables (non-current)		(85,066)
Deferred tax liabilities	8	(349,546)
Bank borrowings		(248,585)
Trade and other payables		(361,980)
Tax payable		(3,400)
Derivative liabilities		(6,598)
Fair value of net assets acquired		718,524
Non-eontrolling interests, based on their proportionate interest in the recognised values of the net assets		(396,228)
Goodwill on acquisition	4	2,041,987
Total purchase consideration		2,364,283
Purchase consideration settled through issue of shares		(1,488,247)
Cash consideration paid to be refunded due to purchase consideration adjustments		37,314
Less: Contingent consideration payable		(40,400)
Less: Cash and cash equivalents acquired		(30,018)
Net cash outflow		842,932

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A-2 Historical Financial Information of IHH Group (continued)

31. Acquisitions and disposals (continued)

Acquisition of non-controlling interests

a) In February 2012, the Group acquired additional 2.4% of Twin Towers Medical Centres KLCC Sdn. Bhd., a subsidiary of TTHSB for a cash consideration of RM 256,000, increasing its equity interest from 97.6% to 100%.

b) In March 2012, the Group acquired additional effective equity interest of 0.14% of Acibadem Saglik Hizmetleri ve Ticaret A.S. ("Acibadem Saglik") for RM11,008,000 through the mandatory tender offer for the balance 8% of the publicly traded shares of Acibadem Saglik. As a result, the Group's effective equity interest in Acibadem Saglik increased from 51.7% to 51.8% as at 31 March 2012.

Disposal and dilution of interest in subsidiary

a) In February 2012, the Group disposed of its 4.64% equity interest in a wholly owned subsidiary, Integrated Healthcare Hastaneler Turkey Sdn. Bhd ("IHHTSB") to Symphony Healthcare Holdings Limited ("Symphony") for a 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 diluted from 95.36% to 93.65%.

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A-2 Historical Financial Information of IHH Group (continued)

32. Subsidiaries

Details of subsidiaries are as follows:

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 31.3.2012 %	31.12.2011 %
Direct subsidiaries				
IMU Health Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	100
Integrated Healthcare Holdings Limited	Federal Territory of Labuan Malaysia	Investment holding	100	100
Integrated Healthcare Holdings (Bharat) Limited	Mauritius	Investment holding	100	100
Integrated Healthcare Holdings (Cayman Islands) Limited	Cayman Islands	Dormant	100	100
Integrated Healthcare Turkey Yatirimlari Limited	Federal Territory of Labuan Malaysia	Investment holding	100	100
Integrated Healthcare Capital Sdn. Bhd.	Malaysia	Investment holding	100	100
Indirect subsidiaries				
Directly held by IMU Health Sdn. Bhd.:				
IMU Education Sdn. Bhd.	Malaysia	Management of educational institutions and other centres of learning	100	100
IMU Healthcare Sdn. Bhd.	Malaysia	Dormant	100	100
Directly held by Integrated Healthcare Holdings Limited:				
Parkway Pantai Limited	Singapore	Investment holding	100	100
Directly held by Integrated Healthcare Holdings (Bharat) Limited:				
Integrated (Mauritius) Healthcare Holdings Limited	Mauritius	Investment holding	100	100
Directly or indirectly held by Integrated Healthcare Turkey Yatirimlari Limited:				
Integrated Healthcare Hastaneler Turkey Sdn. Bhd	Malaysia	Investment holding	93.7	100
Acibadem Saglik Yatirimlari Holdings A.Ş.	Turkey	Investment holding	56.2	–
Almond Holding A.Ş.	Turkey	Investment holding	56.2	–
APlus Hastane Otelcilik Hizmetleri A.Ş.	Turkey	Provision of catering, laundry and cleaning services for hospitals	56.2	–
Acıbadem Proje Yönetimi A.Ş.	Turkey	Supervise and manage the construction of healthcare facilities	56.2	–

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A-2 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 31.3.2012 %	31.12.2011 %
Directly or indirectly held by Integrated Healthcare Turkey Yatirimlari Limited (continued):				
Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş.	Turkey	Provision of medical, surgical and hospital services	51.8	–
Acıbadem Poliklinikleri A.Ş.	Turkey	Provision of outpatient and surgical (in certain clinics only) services	51.8	–
Acıbadem Mobil Sağlık Hizmetleri A.Ş.	Turkey	Provision of emergency, home and ambulatory care services	51.8	–
Acıbadem Labmed Sağlık Hizmetleri A.Ş.	Turkey	Provision of lab services	25.9	–
International Hospital A.Ş.	Turkey	Provision of medical, surgical and hospital services	46.6	–
Yeni Saglik Hizmetleri ve Ticaret A.S.	Turkey	Provision of medical, surgical and hospital services	51.8	–
PZU Clinical Hospital Acıbadem Sistina Skopje	Macedonia	Provision of medical, surgical and hospital services	26.1	–
Acıbadem Sistina Medikal Kompani Doo Skopje	Macedonia	Provision of medical equipment	25.9	–
Konur Sağlık Hizmetleri A.Ş.	Turkey	Provision of outpatient and surgical services	47.9	–
Gemtip Özel Sağlık Hizmetleri Sanayi ve Ticaret Ltd. Şti.	Turkey	Provision of outpatient services	27.8	–
Specialist Ordination in Occupational Medicine Sistina Skopje	Macedonia	Provision of specialist medical services	25.9	–
Clinical Hospital Acıbadem Sistina Skopje	Kosovo	Provision of patient administrative assistance	26.1	–
Directly or indirectly held by Parkway Pantai Limited:				
Pantai Irama Ventures Sdn. Bhd.	Malaysia	Investment holding	100	100
Parkway HK Holdings Limited (i)	Hong Kong	Investment holding	100	100
Parkway Holdings Limited	Singapore	Investment holding	100	100

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A-2 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 31.3.2012 %	31.12.2011 %
Directly or indirectly held by Pantai Irama Ventures Sdn. Bhd. :				
Pantai Holdings Berhad	Malaysia	Investment holding	100	100
Pantai Group Resources Sdn. Bhd.	Malaysia	Investment holding	100	100
Pantai Hospitals Sdn. Bhd.	Malaysia	Investment holding and provision of management and consultation services to hospitals and medical centres	100	100
Pantai Management Resources Sdn. Bhd.	Malaysia	Provision of administration support, training, research and development services	100	100
Pantai Diagnostics Indonesia Sdn. Bhd.	Malaysia	Investment holding	100	100
Gleneagles (Malaysia) Sdu. Bhd.	Malaysia	Investment holding	100	100
GEH Management Services (M) Sdn. Bhd.	Malaysia	Provision of advisory, administrative, management and consultancy services to healthcare facilities	100	100
Credit Enterprise Sdn. Bhd.	Malaysia	Dormant	100	100
P.T. Pantai Healthcare Cousulting	Indonesia	Provision of healthcare consulting services in Indonesia	100	100
Pantai Premier Pathology Sdn. Bhd.	Malaysia	Provision of medical laboratory services	100	100
Pantai Education Sdn. Bhd.	Malaysia	Provision of educational programs and training courses for healthcare and related fields	100	100
Pantai Integrated Rehab Services Sdn. Bhd.	Malaysia	Provision of rehabilitation services	85	85
Mount Elizabeth Health Care Services Sdn. Bhd.	Malaysia	Provision of laboratory services to hospitals and clinics	100	100
Twin Towers Healthcare Sdn. Bhd.	Malaysia	Holding company and provision of management services to its subsidiary	70	–

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A-2 Historical Financial Information of IHH Group (coutinued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 31.3.2012 %	31.12.2011 %
Directly or indireetly held by Pantai Irama Ventures Sdn. Bhd. (continued) :				
Twin Towers Medical Centres KLCC Sdn. Bhd.	Malaysia	Operation of an outpatient and daycare medical centre	70	–
Pantai Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Cheras Medieal Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Pantai Klang Specialist Medical Centre Sdn. Bhd	Malaysia	Provision of medical, snrgical and hospital services	100	100
Syarikat Tunas Pantai Sdn Bhd.	Malaysia	Provision of medical, surgical and hospital services	80.7	80.7
Paloh Medical Centre Sdn Bhd.	Malaysia	Provision of medical, surgical and hospital services	77.8	77 8
Hospital Pantai Ayer Keroh Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Hospital Pantai Indah Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Pantai Hospital Sungai Petani Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Pantai Screening Services Sdn. Bhd	Malaysia	Manager and administrator for health screening services	100	100
Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Pantai Hospital Manjung Sdn. Bhd.	Malaysia	Dormant	100	100
Pantai Hospital Johor Sdn Bhd.	Malaysia	Dormant	100	100
Kuala Lnmpur Medical Centre (Asia Pacific) Sdn. Bhd.	Malaysia	Dormant	51	51

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A-2 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 31.3.2012 %	31.12.2011 %
Directly or indirectly held by Pantai Irama Ventures Sdn. Bhd. (continued):				
P.T. Pantai Bethany Care International	Indonesia	Provision of medical diagnostics laboratory testing and analytical services	65	65
Angiography Sdn. Bhd.	Malaysia	Provision of cardiac catherisation services	100	100
Magnetom Imaging Sdn. Bhd.	Malaysia	Provision of medical diagnostic services and other related ventures	100	100
PMC Radio-Surgery Sdn Bhd.	Malaysia	Provision of radiotherapy services	100	100
Pantai-ARC Dialysis Services Sdn. Bhd.	Malaysia	Provision of haemodialysis services	51	51
HPAK Lithotripsy Services Sdn. Bhd.	Malaysia	Provision of lithotripter services	100	100
HPAK Cancer Centre Sdn. Bhd.	Malaysia	Provision of services for cancer diseases	100	100
Oncology Centre (KL) Sdn Bhd.	Malaysia	Provision of comprehensive professional oncological services	100	100
Oriofolio Options Sdn. Bhd.	Malaysia	Letting of property and general holding	100	100
Pulau Pinang Clinic Sdn. Bhd.	Malaysia	Rendering of hospital services	70	70
Directly held by Parkway HK Holdings Limited:				
Parkway Healthcare (Hong Kong) Limited	Hong Kong	Provision of medical and healthcare outpatient services	95	95
Directly or indirectly held by Parkway Holdings Limited:				
M & P Investments Pte Ltd	Singapore	Investment holding	100	100
Parkway Hospitals Singapore Pte Ltd	Singapore	Private hospitals ownership and management	100	100
Parkway Trust Management Limited	Singapore	Provision of management services to Parkway Life REIT	100	100
Parkway Investments Pte. Ltd.	Singapore	Investment holding	100	100
Parkway Novena Holdings Pte. Ltd.	Singapore	Dormant	100	100

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A-2 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 31.3.2012 %	31.12.2011 %
Directly or indirectly held by Parkway Holdings Limited (continued):				
Parkway Novena Pte. Ltd.	Singapore	Hospital construction and development	100	100
Parkway Irrawaddy Pte. Ltd.	Singapore	Medical centre construction and development	100	100
Parkway Group Healthcare Pte Ltd	Singapore	Investment holding and provision of management and consultancy services	100	100
Gleneagles Medical Holdings Limited	Singapore	Investment holding	100	100
Parkway College of Nursing and Allied Health Pte Ltd	Singapore	Provision of courses in nursing and allied health	100	100
iXchange Pte Ltd	Singapore	Agent and administrator for managed care and related services	100	100
Shenton Insurance Pte. Ltd.	Singapore	Underwrite of accident and healthcare insurance policies	100	100
Gleneagles JPMC Sdn Bhd	Brunei Darussalam	Management and operation of a cardiac and cardiothoracic care centre	75	75
Gleneagles Management Services Pte Ltd	Singapore	Provision of advisory, administrative, management and consultancy services to healthcare facilities	100	100
Parkway Promotions Pte Ltd	Singapore	Promoters and organisers of healthcare events	100	100
MENA Services Pte. Ltd.	Singapore	Nursing agency	100	100
Parkway-Healthcare (Mauritius) Ltd.	Mauritius	Investment holding	100	100
Swiss Zone Sdn. Bhd.	Malaysia	Dormant	100	100
Shanghai Gleneagles International Medical and Surgical Centre	People's Republic of China	Provision of medical and healthcare services	70	70
Khubchandani Hospitals Private Limited [(1)]	India	Private hospital ownership	50	50

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A-2 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 31.3.2012 %	31.12.2011 %
Directly or indirectly held by Parkway Holdings Limited (continued):				
Parkway Education Pte. Ltd.	Singapore	Dormant	100	100
Parkway Healthtech Investments Pte. Ltd.	Singapore	Investment holding	100	100
Goldlink Investments Pte. Ltd.	Singapore	Dormant	100	100
Drayson Investments Pte. Ltd.	Singapore	Dormant	100	100
Medi-Rad Associates Ltd.	Singapore	Operation of radiology clinics	100	100
Parkway Laboratory Services Ltd.	Singapore	Provision of comprehensive diagnostic laboratory services	100	100
Radiology Consultants Pte. Ltd.	Singapore	Radiology consultancy and interpretative services	100	100
Mount Elizabeth Healthcare Holdings Ltd.	Singapore	Dormant	100	100
Mount Elizabeth Medical Holdings Ltd.	Singapore	Investment holding	100	100
East Shore Medical Holdings Pte. Ltd.	Singapore	Dormant	100	100
Mount Elizabeth Ophthalmic Investments Pte. Ltd.	Singapore	Dormant	66.5	66.5
Gleneagles CRC Pte. Ltd.	Singapore	Operation of a clinical research centre	51	51
Gleneagles CRC (Thailand) Company Limited	Thailand	Conduct global and local clinical trials	51	51
Gleneagles CRC (China) Pte. Ltd.	People's Republic of China	Conduct global and local clinical trials	51	51
Gleneagles Clinical Research International Pte. Ltd.	Singapore	Operation of a clinical research centre	51	51
Gleneagles CRC Pty Ltd	Australia	Conduct global and local clinical trials	51	51
Gleneagles International Pte. Ltd.	Singapore	Investment holding	100	100
Gleneagles Medical Centre Ltd	Singapore	Dormant	100	100
Gleneagles Pharmacy Pte Ltd	Singapore	Dormant	100	100

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A-2 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 31.3.2012 %	31.12.2011 %
Directly or indirectly held by Parkway Holdings Limited (continued):				
Gleneagles Development Pte Ltd	Singapore	Developing and managing turnkey hospital projects and investment holding	100	100
Gleneagles Technologies Services Pte Ltd	Singapore	Provision of consultancy services, perform equipment planning, procurement, testing and commissioning, and manage a healthcare facility	100	100
Gleneagles Hospital (UK) Limited	United Kingdom	Investment holding	65	65
The Heart Hospital Limited	United Kingdom	Under company voluntary arrangement	65	65
Parkway Shenton Pte Ltd	Singapore	Investment holding and operation of a network of clinics and provision of comprehensive medical and surgical advisory services	100	100
Nippon Medical Care Pte Ltd	Singapore	Operation of clinics	70	70
Parkway Shenton International Holdings Pte. Ltd.	Singapore	Investment holding	100	100
Shenton Family Medical Clinics Pte Ltd	Singapore	Provision and establishment of and carrying on the business of clinics	100	100
Parkway Shenton Vietnam Limited	Vietnam	Dormant	100	100
Medical Resources International Pte Ltd	Singapore	Investment holding	100	100
Shanghai Rui Xin Healthcare Co. Ltd (f.k.a Shanghai Rui Xin International Healthcare Co. Ltd)	People's Republic of China	Provision of medical and healthcare outpatient services	70	70
Shanghai Rui Hong Clinic Co. Ltd	People's Republic of China	Provision of medical and healthcare outpatient services	70	70

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A-2 Historical Financial Information of IHH Group (continued)

32. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 31.3.2012 %	31.12.2011 %
Directly or indirectly held by Parkway Holdings Limited (continued):				
Shanghai Xin Rui Healthcare Co. Ltd (f.k.a Shanghai Xin Rui International Healthcare Co. Ltd)	People's Republic of China	Provision of medical and healthcare outpatient services	70	70
Shanghai Gleneagles Hospital Management Co. Ltd.	People's Republic of China	Provision of management and consultancy services to healthcare facilities	100	100
Shanghai Rui Pu Clinic Co. Ltd (f.k.a Shanghai Rui Pu Outpatient Department Co. Ltd)	People's Republic of China	Provision of medical and healthcare outpatient services	79	79
Shanghai Rui Xiang Clinic Co. Ltd (f.k.a. Shanghai Rui Xiang Outpatient Department Co. Ltd)	People's Republic of China	Provision of medical and healthcare outpatient services	70	70
Parkway (Shanghai) Hospital Management Co. Ltd	People's Republic of China	Provision of management and consultancy services to healthcare facilities	100	100
Shanghai Shu Kang Hospital Investment Management Co. Ltd [2]	People's Republic of China	Management of healthcare industry investment and provision of consulting services	100	100
Chengdu Rui Rong Clinic Co. Ltd.	People's Republic of China	Provision of medical and healthcare outpatient services	100	100

(1) 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

(2) Arising from power of attorney in respect of voting rights and call options granted to Parkway (Shanghai) Hospital Management Ltd to acquire 100% equity interest in Shanghai Shu Kang Hospital Investment Management Co. Ltd

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A-2 Historical Financial Information of IHH Group (continued)

33. Associates

Details of associates are as follows:

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 31.3.2012 %	31.12.2011 %
Directly or indirectly held by Parkway Holdings Limited:				
PT Tritunggal Sentra Utama Surabaya	Indonesia	Provision of medical diagnostic services	30	30
Kyami Pty Ltd	Australia	Investment holding	30	30
Royalmist Properties Pty Ltd	Australia	Property investment and development	30	30
Parkway Life Real Estate Investment Trust	Singapore	Real estate investment trust	35.8	35.8
Asia Renal Care Mount Elizabeth Pte Ltd	Singapore	Specialised medical services (including day surgical centres)	20	20
Asia Renal Care (Katong) Pte Ltd	Singapore	Specialised medical services (including day surgical centres)	20	20
Positron Tracers Pte. Ltd.	Singapore	Ownership and operation of cyclotron for production of radioactive tracers	33	33
Directly or indirectly held by Parkway Irama Ventures Sdn Bhd:				
Gleneagles Medical Centre (Kuala Lumpur) Sdn Bhd	Malaysia	Development and investment in medical centres.	30	30

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A-2 Historical Financial Information of IHH Group (continued)

34. Joint ventures

Details of joint ventures are as follows:

Name of joint venture	Place of incorporation and business	Principal activities	Effective equity interest held 31.3.2012 %	31.12.2011 %
Directly or indirectly held by Parkway Holdings Limited:				
Apollo Gleneagles Hospital Ltd	India	Private hospital ownership and management	50	50
Apollo Gleneagles PET-CT Limited	India	Operation of a PET-CT radio imaging centre	50	50
Hale Medical Clinic (Concourse) Pte Ltd	Singapore	Operation of clinic	50	50
Shenton Family Medical Clinic (Ang Mo Kio)	Singapore	Operation of clinic	50	50
Shenton Family Medical Clinic (Bedok Reservoir)	Singapore	Operation of clinic	50	50
Shenton Family Medical Clinic (Bukit Gombak)	Singapore	Operation of clinic	50	50
Shenton Family Medical Clinic (Clementi)	Singapore	Operation of clinic	50	50
Shenton Family Medical Clinic (Duxton)	Singapore	Operation of clinic	50	50
Shenton Family Medical Clinic (Jurong East)	Singapore	Operation of clinic	50	50
Shenton Family Medical Clinic (Serangoon)	Singapore	Operation of clinic	50	50
Shenton Family Medical Clinic (Tampines)	Singapore	Operation of clinic	50	50
Shenton Family Medical Clinic (Yishun)	Singapore	Operation of clinic	50	50
Shenton Family Medical Clinic (Towner)	Singapore	Operation of clinic	50	50

Company No.: 901914-V

13. ACCOUNTANTS' REPORT *(cont'd)*

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A-2 Historical Financial Information of IHH Group (continued)

35. Events subsequent to the end of the reporting period

(a) On 27 April 2012, Pantai Diagnostics Indonesia Sdn. Bhd. ("PDISB"), a subsidiary of the Group executed a Conditional Sale and Purchase Agreement to dispose of its existing 65% equity interest in PT Pantai Bethany Care International ("PTPBCI") to Aswin Tanuseputra, a party affiliated to the other 35% shareholder of PTPBCI, for a consideration of USD200,000. The disposal is pending completion.

(b) On 9 April 2012, Almond Holding A.S. ("Almond"), a subsidiary of the Group completed the mandatory tender offer for the balance 8% of the publicly traded shares of Acibadem Saglik Hizmetleri ve Ticaret A.S. ("Acibadem Saglik") ("MTO"). Upon the completion of the MTO, Almond increased its equity interest in Acibadem Saglik from 92.0% to 97.3%.

SECTION B – HISTORICAL FINANCIAL INFORMATION OF ACIBADEM HOLDING GROUP

Company No. 901914-V

13. ACCOUNTANTS' REPORT *(cont'd)*

B. Historical Financial Information of Acibadem Holding Group

Acıbadem Sağlık Yatırımları Holding A.S. and its subsidiaries

1. General information

1.1 Background

Acıbadem Sağlık Yatırımları Holding A.S. ("Company" or "Acibadem Holding") was incorporated in 2007 in Istanbul. The aim of the Company's establishment is to acquire shares and assets of organisatious which operates in the Turkish healthcare, insurance, advisory and service sectors.

The head office is loeated at Fahrettin Kerim Gökay Caddesi, Altunizade Mahallesi, No: 49, Üsküdar-İstanbul, Turkey.

1.2 Share capital

The movements of the issued and fully paid-up share capital of Acibadem Holding since its date of incorporation are as follows:

Date	Number of ordiuary shares issued Class A	Number of ordinary shares issued Class B	Par value per ordiuary share	Purpose of share issuance	Issued and fully paid-up share capital (cumulative)
7 August 2007	50,000	50,000	TL 1	Subscribers' shares	100,000
7 January 2008	230,103,071	230,103,071	TL 1	Acquisition of ASH shares by Almond	460,206,142
3 September 2010	103,846,929	103,846,929	TL 1	Capital increase	207,693,858
24 January 2012	-	36,085,765	TL 1	Capital increase	36,085,765
					704,085,765

TL - Turkish Lira

B. Historical Financial Information of Acibadem Holding Group (continued)

2. Information on subsidiaries

Name of subsidiary	Date of incorporation	Effective equity ownership interest %*	Principal activities
Almond Holding A.S. ("Almond")	30 July 2007	99.99	Holding company
Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. ("Acıbadem Sağlık")	19 February 1990	92.21	Provision of medical, surgical and hospital services
Acıbadem Poliklinikleri Anonim Şirketi ("Acıbadem Poliklinik")	16 March 1993	92.20	Provision of outpatient and surgical services (in certain clinics only)
Acıbadem Labmed Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Labmed")	28 August 2001	46.09	Provision of laboratory services
International Hospital İstanbul Anonim Şirketi ("International Hospital")	12 December 1983	82.99	Provision of medical, surgical and hospital services
Yeni Sağlık Hizmetleri ve Ticaret Anonim Şirketi ("Yeni Sağlık")	12 January 2000	92.12	Provision of medical, surgical and hospital services
PZU Clinical Hospital Acıbadem Sistina Skopje ("Acıbadem Sistina Hospital")	7 April 2010	46.40	Provision of medical, surgical and hospital serviees
Acıbadem Sistina Medikal Kompani Doo Skopje ("Acıbadem Sistina Medikal")	31 August 2011	46.11	Provide of medical equipment
Konur Sağlık Hizmetleri A.S. ("Konur Sağlık")	13 August 2003	87.60	Provision of outpatient and surgical services
Gemtıp Özel Sağlık Hizmetleri Sanayi ve Ticaret Limited Şirketi ("Gemtıp Özel")	11 January 2011	50.80	Provision of outpatient services
Acıbadem Mobil Sağlık Hizmetleri Anonim Şirketi ("Acıbadem Mobil")	7 July 2008	92.19	Provision of emergency, home and ambulatory care services
Aplus Hastane Otelcilik Hizmetleri Anonim Şirketi ("Aplus")	30 December 1996	99.99	Provision of catering, laundry and cleaning services for hospitals
Acıbadem Proje Yönetimi Anonim Şirketi ("Aeıbadem Proje")	20 July 2004	99.99	Supervise and manage the construction of healthcare facilities

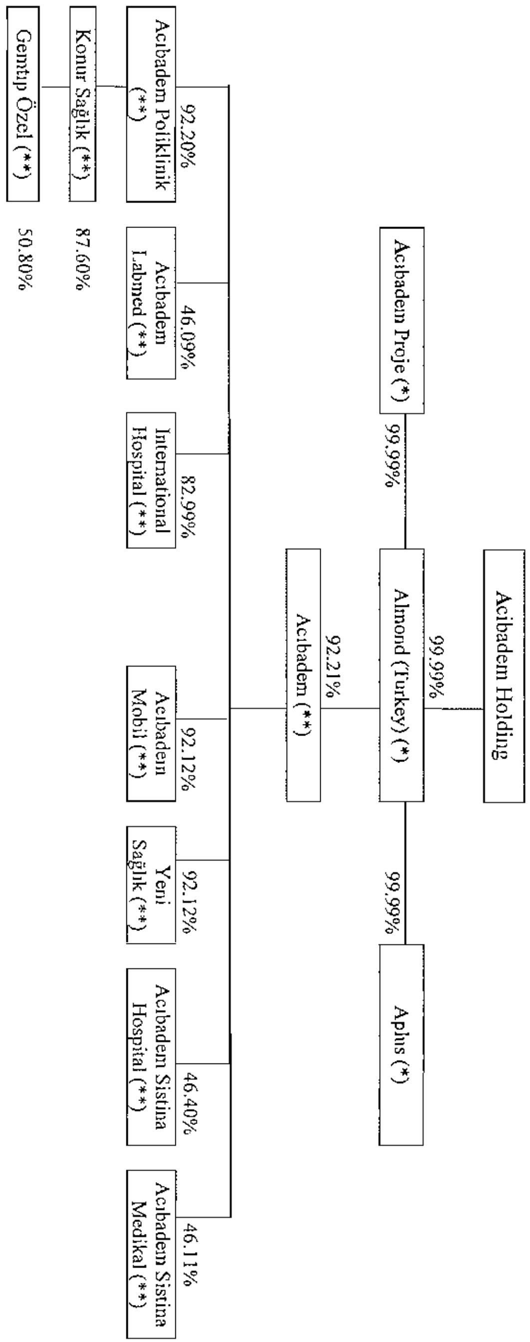
*Equity interest at Acibadem Holding level as at 31 March 2012

B. Historical Financial Information of Acibadem Holding Group (continued)

2. Information on subsidiaries (continued)

2.1 Group structure

Acibadem Holding's group structure as of 31 March 2012 is as follows:



(*) Represents Acibadem Holding's subsidiaries with direct ownership interest
(**) Represents Acibadem Holding's subsidiaries with indirect ownership interest held through Acıbadem

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B. Historical Financial Information of Acibadem Holding Group (continued)

3. Financial statements and auditors

The financial year end of Acibadem Holding and its subsidiaries ("Acibadem Holding Group" or "the Group") is 31 December.

The financial statements of all companies in the Acibadem Holding Group were audited by KPMG for all the relevant financial years.

The auditors' reports of all companies in the Acibadem Holding Group for all the relevant financial years under review were not subject to any modification or qualification. The audit reports of Acibadem Holding Group as of and for the financial years ended 31 December 2011, 2010 and 2009 and as of and for the three-month period ended 31 March 2012, are included as Appendices I, II and III, respectively, to the Accountants' Report.

No audited financial statements of any companies in the Acibadem Holding Group or consolidated financial statements were prepared and issued after the three-month period ended 31 March 2012.

3.1 Accounting policies and standards

The accounting policies adopted in the preparation of this report are set out in Note 5 and are consistent with the accounting policies adopted by Acibadem Holding in their latest audited financial statements.

This Accountants' Report is prepared on a basis consistent with the accounting policies adopted by Acibadem Holding as disclosed in Note 5 of this report.

The financial information presented in this report is based on the following sources:

(i) the audited financial statements of Acibadem Holding and its subsidiaries as of and for the financial years ended 31 December 2011, 2010 and 2009 and for the three-month period ended 31 March 2012, which have been prepared in accordance with the Turkish Uniform Chart of Accounts promulgated by Capital Markets Board of Turkey ("CMB"), Turkish Commercial Code and Turkish Tax Code. There is no material difference between CMB that are relevant and adopted by Acibadem Holding Group as compared to Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") which require adjustments to the audited figures.

(ii) the unaudited financial statements of Acibadem Holding and its subsidiaries for the three-month period ended 31 March 2011, which have been prepared in accordance with the Turkish Uniform Chart of Accounts promulgated by Capital Markets Board of Turkey ("CMB"), Turkish Commercial Code and Turkish Tax Code

There were no changes in the significant accounting policies adopted by Acibadem Holding Group during the period covered in this report.

3.1.1 Statement of compliance

The Group maintains its book of accounts and prepares its statutory financial statements in Turkish Lira ("TL") in accordance with the Turkish Uniform Chart of Accounts promulgated by CMB, Turkish Commercial Code and Turkish Tax Code.

According to the reflection of the truth principle of financial statements, the accompanying consolidated financial statements, classification and adjustments based on the legal records are prepared in conformity with the principle of CMB accounting and reporting published by the appropriate authorities. The Group's accompanying consolidated financial statements were prepared in accordance with the provisions of CMB dated 9 April 2008, and 26842 of the Official Gazette Series XI, 29 No. "Basis for Financial Reporting in the Capital Markets" ("Communiqué No:XI-29").

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B. Historical Financial Information of Acibadem Holding Group (continued)

3. Financial statements and auditors (continued)

3.1 Accounting policies and standards (continued)

3.1.1 Statement of compliance (continued)

According to the Article 5 of the Communiqué, companies will apply The International Accounting/Financial Reporting Standards ("IAS/IFRS") adopted by the European Union. However, according to the Transitional Article 2 included in the same Communiqué, IAS/IFRS will be applied until the differences between IAS/IFRS that are adopted by European Union and IAS/IFRS that are adopted by International Accounting Standards Board ("IASB"), are announced by Turkey Accounting Standards Board ("TASB").

3.1.2 Changes in IFRS

(i) New standards and interpretations adopted in the three-month period ended 31 March 2012 that have no effect on the Group's financials

There are no new standards or interpretations adopted in the three-month period ended 31 March 2012.

(ii) New Standards and Interpretations Not Yet Adopted As At 31 March 2012

A number of new standards, amendments to standards and interpretations are not yet effective at 31 March 2012, and have not been applied in preparing these consolidated financial statements. The Group management is assessing the effects of these standards which will be effective on or after the periods beginning 1 April 2012.

3.2 Dividends

No dividend was declared and paid by Acibadem Holding in respect of the relevant years.

B. Historical Financial Information of Acibadem Holding Group (continued)

4.1 Consolidated statements of comprehensive income (continued)

	Note	For the years ended 31 December 2009 TL'000	2010 TL'000	2011 TL'000	For the periods ended 31 March 2011 TL'000	2012 TL'000	For the years ended 31 December 2009 RM'000	2010 RM'000	2011 RM'000	For the periods ended 31 March 2011 RM'000	2012 RM'000
Exchange rate (TL1.00 = RM)					(Unaudited)		2.2026	2.1405	1.8107	1.9205	1.7097
Net profit/(loss) for the year/period		(10,297)	(23,473)	(121,870)	19,583	81,737	(22,680)	(50,244)	(220,670)	37,609	139,746
Other comprehensive income, net of tax											
Foreign currency translation differences for foreign operations		-	-	(29)	-	(19)	(19,426)	(139,412)	(163,668)	(17,758)	29,178
Total comprehensive profit/(losses) for the year/period		(10,297)	(23,473)	(121,899)	19,583	81,718	(42,106)	(189,656)	(384,338)	19,851	168,924
Profit/(Loss) attributable to											
Owners of the Company		(9,667)	(23,108)	(122,154)	17,098	76,508	(21,292)	(49,463)	(221,184)	32,837	130,806
Non-controlling interests		(630)	(365)	284	2,485	5,229	(1,388)	(781)	514	4,772	8,940
		(10,297)	(23,473)	(121,870)	19,583	81,737	(22,680)	(50,244)	(220,670)	37,609	139,746
Total comprehensive profit/(losses) attributable to:											
Owners of the Company		(9,667)	(23,108)	(122,183)	17,098	76,489	(39,530)	(186,707)	(384,852)	17,332	158,117
Non-controlling interests		(630)	(365)	284	2,485	5,229	(2,576)	(2,949)	514	2,519	10,807
		(10,297)	(23,473)	(121,899)	19,583	81,718	(42,106)	(189,656)	(384,338)	19,851	168,924

B. Historical Financial Information of Acibadem Holding Group (continued)

4. Acıbadem Sağlık Yatırımları Holding A.Ş. and its subsidiaries

4.1 Consolidated statements of comprehensive income

	Note	For the years ended 31 December 2009 TL'000	2010 TL'000	2011 TL'000	For the periods ended 31 March 2011 TL'000	2012 TL'000	For the years ended 31 December 2009 RM'000	2010 RM'000	2011 RM'000	For the periods ended 31 March 2011 RM'000	2012 RM'000
Exchange rate (TL1.00 = RM)					(Unaudited)		2.2026	2.1405	1.8107	1.9205	1.7097
Revenues		558,828	731,583	1,009,470	245,344	338,988	1,230,874	1,565,953	1,827,847	471,183	579,568
Cost of sales		(476,838)	(586,158)	(793,349)	(187,912)	(259,954)	(1,050,283)	(1,254,671)	(1,436,517)	(360,885)	(444,443)
Gross profit	4.1.1	81,990	145,425	216,121	57,432	79,034	180,591	311,282	391,330	110,298	135,125
Selling, marketing and distribution expenses		(20,279)	(32,596)	(30,794)	(7,243)	(5,103)	(44,666)	(69,772)	(55,758)	(13,910)	(8,724)
General administrative expenses		(36,519)	(41,984)	(45,490)	(12,024)	(14,796)	(80,437)	(89,867)	(82,369)	(23,092)	(25,297)
Other operating income		4,286	5,497	8,153	2,779	4,178	9,440	11,767	14,763	5,337	7,143
Other operating expenses		(4,650)	(11,220)	(22,875)	(1,077)	(4,076)	(10,242)	(24,016)	(41,420)	(2,068)	(6,969)
Operating profit		24,828	65,122	125,115	39,867	59,237	54,686	139,394	226,546	76,565	101,278
Finance income		4,805	4,969	16,086	4,049	68,567	10,583	10,636	29,127	7,776	117,229
Finance expense	4.1.2	(58,611)	(85,474)	(257,715)	(16,355)	(30,858)	(129,096)	(182,957)	(466,645)	(31,410)	(52,758)
Profit/(Loss) before tax		(28,978)	(15,383)	(116,514)	27,561	96,946	(63,827)	(32,927)	(210,972)	52,931	165,749
Tax credit/(expense)	4.1.3	18,681	(8,090)	(5,356)	(7,978)	(15,209)	41,147	(17,317)	(9,698)	(15,322)	(26,003)
Net profit/(loss) for the year/period		(10,297)	(23,473)	(121,870)	19,583	81,737	(22,680)	(50,244)	(220,670)	37,609	139,746

B. Historical Financial Information of Acibadem Holding Group (continued)

Notes to consolidated statements of comprehensive income (continned)

4.1.3 Tax credit/(expeuses)

	For the years ended 31 December			For the periods ended 31 March		For the years ended 31 December			For the periods ended 31 March	
	2009	2010	2011	2011	2012	2009	2010	2011	2011	2012
	TL'000	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)				(Unaudited)		2 2026	2 1405	1 8107	1.9205	1.7097
Loss before tax	(28,978)	(15,383)	(116,514)	27,561	96.946	(63,827)	(32,927)	(210,972)	52,931	165,749
Taxes on reported profit per statutory tax rate @ 20%	5,796	3,077	23,303	(5,512)	(19,389)	12,766	6,586	42,195	(10,586)	(33,149)
Effect of tax rates in foreign jurisdictions	-	-	(8)	-	103	-	-	(15)	-	176
Non-deductible expenses	(1,369)	(280)	(2,353)	(1,317)	(635)	(3,015)	(599)	(4,261)	(2,529)	(1,086)
Donations	-	-	(2,132)	200	6	-	-	(3,860)	384	10
Tax exception on investment allowance	13,085	-	(325)	-	1,256	28,821	-	(589)	-	2,147
Tax exempt income	495	132	-	7	73	1,090	282	-	13	125
Recognition of previously unrecognised tax losses	4,117	-	(659)	-	3,699	9,068	-	(1,193)	-	6,324
Tax penalty charge	23	(3,735)	-	-	-	51	(7,995)	-	-	-
Statutory tax losses for which no deferred tax assets recognised	(5,217)	(6,729)	(23,094)	(1,331)	(293)	(11,491)	(14,403)	(41,816)	(2,556)	(501)
Others	1,751	(555)	(88)	(25)	(29)	3,857	(1,188)	(159)	(48)	(49)
	18.681	(8,090)	(5,356)	(7,978)	(15,209)	41,147	(17,317)	(9,698)	(15,322)	(26,003)

B. Historical Financial Information of Acibadem Holding Group (continued)

Notes to consolidated statements of comprehensive income

4.1.1 Revenue

	For the years ended 31 December			For the periods ended 31 March		For the years ended 31 December			For the periods ended 31 March	
	2009	2010	2011	2011	2012	2009	2010	2011	2011	2012
	TL'000	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)				(Unaudited)		2.2026	2.1405	1.8107	1.9205	1.7097
Domestic sales	623,504	812,136	1,103,596	264,576	359,679	1,373,329	1,738,377	1,998,281	508,118	614,943
Unearned finance expense	(2,938)	(3,151)	(4,676)	(1,146)	(1,883)	(6,471)	(6,745)	(8,467)	(2,201)	(3,219)
Sales returns and discounts	(61,738)	(77,402)	(89,450)	(18,086)	(18,808)	(135,984)	(165,679)	(161,967)	(34,734)	(32,156)
Net sales	558,828	731,583	1,009,470	245,344	338,988	1,230,874	1,565,953	1,827,847	471,183	579,568
Cost of sales	(476,838)	(586.158)	(793,349)	(187,912)	(259,954)	(1,050,283)	(1,254,671)	(1,436,517)	(360,885)	(444,443)
Gross profit	81,990	145,425	216,121	57,432	79,034	180,591	311,282	391,330	110,298	135,125

4.1.2 Finance expenses

	For the years ended 31 December			For the periods ended 31 March		For the years ended 31 December			For the periods ended 31 March	
	2009	2010	2011	2011	2012	2009	2010	2011	2011	2012
	TL'000	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)				(Unaudited)		2.2026	2.1405	1.8107	1.9205	1.7097
Foreign exchange loss, net	3,563	25,456	193,453	4,282	-	7,848	54,489	350.285	8,224	-
Interest expense on bank loans	37,659	39,163	48,113	7,049	15,395	82,948	83,828	87,118	13,538	26,321
Finance lease interest expense	4,132	5,878	6,202	858	847	9,101	12,582	11,230	1,648	1,448
Credit card commission expenses	4,974	5,412	6,969	1,314	1,637	10,956	11,584	12,619	2,524	2,799
Net change in fair value of derivatives	1,626	4,299	913	1,164	5,909	3,581	9,202	1,653	2,235	10,103
Actuarial interest cost	1,727	3,520	135	-	-	3,804	7,535	245	-	-
Interest expense on credit sales	2,545	910	1,671	1,429	2,570	5,605	1,948	3,026	2,744	4,394
Letter of credit and other bank commission expenses	865	622	73	240	4,474	1,905	1,331	132	461	7,649
Change in fair value of forward transactions	1,141	97	-	-	-	2,513	208	-	-	-
Other	379	117	186	19	26	835	250	337	36	44
	58,611	85,474	257,715	16,355	30,858	129,096	182,957	466,645	31,410	52,758

B. Historical Financial Information of Acibadem Holding Group (continued)

4.2 Consolidated statements of financial position (continned)

	Note	As at 31 December 2009 TL'000	As at 31 December 2010 TL'000	As at 31 December 2011 TL'000	As at 31 March 2012 TL'000	As at 31 December 2009 RM'000	As at 31 December 2010 RM'000	As at 31 December 2011 RM'000	As at 31 March 2012 RM'000
Exchange rate (TL1.00 - RM)						2.2556	1 9964	1.6450	1 7141
Equity and liabilities									
Share capital		668.000	668,000	668,000	704,086	1,528,651	1,528,651	1,528,651	1,590,347
Share premium		22,809	22,809	22,809	112,810	52,196	52,196	52,196	206,071
Capital advances		-	-	-	153,612	-	-	-	262.631
Reserves		1,849	2,541	4,041	4,022	(14,061)	(149,823)	(310,723)	(283,412)
Accumulated losses		(146,485)	(161,914)	(187,294)	(315,500)	(335,193)	(368,819)	(422.396)	(653,927)
Net profit/(loss) for the year/period		(9,667)	(23,108)	(122,154)	76,508	(21,292)	(49,463)	(221,184)	130,806
Total equity attributable to owners of the Company		536,506	508,328	385,402	735.538	1,210,301	1,012,742	626,544	1,252,516
Non-controlling interests		18,651	15,710	14,728	19,569	41,911	33,448	31,670	41,813
Total equity		555,157	524,038	400,130	755.107	1,252,212	1,046,190	658,214	1,294,329
Non-current liabilities									
Loans and borrowings	4.2.8	734,062	764,733	946,100	855,617	1,655,750	1,526,713	1,556,334	1,466,613
Trade payables	4.2.9	12,464	6,687	8,400	6,081	28,114	13,350	13,818	10,424
Other payables		18,068	-	36,860	29,852	40,754	-	60,635	51,169
Employee benefits		1,864	2,112	1,933	4,108	4,205	4,216	3,180	7,042
Deferred tax liabilities		963	3,960	5,937	7,138	2,172	7,906	9,766	12.235
Other non-current liabilities		18,878	500	4,939	4,939	42,581	998	8,125	8,466
		786,299	777,992	1,004,169	907,735	1,773,576	1,553,183	1,651,858	1,555,949
Current liabilities									
Loans and borrowings	4.2.8	41,053	91,803	115,814	131,856	92,599	183,276	190,514	226,014
Other financial liabilities		2,767	4,396	5,212	3,715	6,241	8,776	8,574	6,368
Trade payables	4.2.9	61,883	81,993	152,241	133,340	139,583	163,691	250,436	228,558
Other payables		3,801	21,031	21,984	28,474	8,574	41,986	36,164	48,807
Income tax payable		857	2,654	375	5,618	1,933	5,298	617	9,630
Provisions	4.2.10	13,896	19,734	24,165	54,656	31,344	39,397	39,751	93,686
Other current liabilities	4.2 11	16,554	23,514	39,525	44,891	37,339	46,943	65,019	76,948
		140,811	245,125	359,316	402,550	317,613	489,367	591,075	690,011
Total equity and liabilities		1,482,267	1,547,155	1,763,615	2,065,392	3,343,401	3,088,740	2,901,147	3,540,289

B. Historical Financial Information of Acibadem Holding Group (continned)

4.2 Consolidated statements of finaneial position

	Note	As at 31 December 2009 TL'000	As at 31 December 2010 TL'000	As at 31 December 2011 TL'000	As at 31 March 2012 TL'000	As at 31 December 2009 RM'000	As at 31 December 2010 RM'000	As at 31 December 2011 RM'000	As at 31 March 2012 RM'000
Exchange rate (TL1 00 = RM)						2.2556	1.9964	1.6450	1.7141
Non-current assets									
Property and equipment	4.2 1	508,944	527,087	547,123	555,349	1,147,974	1,052,276	900,017	951,924
Goodwill	4.2.2	818,952	820,499	917,358	1,031.293	1,847,228	1,638,044	1,509,054	1,767,739
Intangible assets	4.2.3	2,459	3,044	7,449	7,518	5,547	6,077	12,254	12,887
Other receivables		1,566	988	6,868	6,561	3,532	1,973	11,298	11,246
Deferred tax assets		22,114	25,441	26,231	17,755	49,880	50,790	43,150	30,434
Other non-current assets		831	5,308	14,990	18,124	1,874	10,597	24,659	31,066
		1,354,866	1,382.367	1,520,019	1.636,600	3,056,035	2,759,757	2,500,432	2,805,296
Current assets									
Inventories	4.2.4	11,863	14,147	21,915	24,752	26,758	28,243	36,050	42,427
Financial investments		-	-	7,663	1.754	-	-	12,605	3,007
Trade receivables	4 2.5	62,131	78,226	120,167	142,865	140,143	156,171	197,675	244,885
Other current assets	4.2.6	32,719	45,883	48,368	68,749	73,801	91,601	79,565	117,843
Other receivables		843	513	1,324	12,135	1,902	1,024	2,178	20,801
Cash and cash equivalents	4.2 7	19,845	26,019	44,159	178.537	44,762	51,944	72,642	306,030
		127,401	164,788	243,596	428,792	287,366	328,983	400,715	734,993
Total assets		1,482,267	1,547,155	1,763,615	2,065,392	3,343,401	3,088,740	2,901,147	3,540,289

B. Historical Financial Information of Acibadem Holding Group (continued)

Notes to consolidated statements of financial position (continued)

4.2.3 Intangible assets

	As at 31 December			As at	As at 31 December			As at
	2009	2010	2011	31 March 2012	2009	2010	2011	31 March 2012
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Rights	869	1,075	3,744	3,814	1,960	2,146	6,160	6,538
Other intangible assets	1,590	1,969	3,705	3,704	3,587	3,931	6,094	6,349
	2,459	3,044	7,449	7,518	5,547	6,077	12,254	12,887

4.2.4 Inventories

	As at 31 December			As at	As at 31 December			As at
	2009	2010	2011	31 March 2012	2009	2010	2011	31 March 2012
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Medical materials and medicine	11,966	13,917	20,612	23,403	26,991	27,784	33,907	40,115
Other inventories	24	269	1,328	1,349	54	537	2,185	2,312
	11,990	14,186	21,940	24,752	27,045	28,321	36,092	42,427
Less: Allowance for slow moving inventories	(127)	(39)	(25)	-	(287)	(78)	(42)	-
	11,863	14,147	21,915	24,752	26,758	28,243	36,050	42,427

At 31 March 2012, inventories are accounted at cost and no inventory was recognised at its net realisable value.

B. Historical Financial Information of Acibadem Holding Group (continued)

Notes to consolidated statements of financial position

4.2.1 Property and equipment

	As at 31 December			As at	As at 31 December			As at
	2009	2010	2011	31 March 2012	2009	2010	2011	31 March 2012
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Land and buildings	182,894	192,330	192,651	191,733	412,536	383,967	316,911	328,650
Leasehold improvements	115,306	140,237	129,679	129,889	260,084	279,969	213,322	222,643
Machinery and equipments	92,229	79,265	93,755	88,454	208,032	158,245	154,227	151,619
Vehicles	1,322	2,014	2,167	2,571	2,982	4,021	3,565	4,407
Furniture and fixture	28,423	29,101	33,377	34,485	64,111	58,097	54,905	59,111
Leased assets	62,334	81,407	63,954	69,663	140,600	162,521	105,204	119,409
Other tangible assets	505	484	1,971	1,913	1,139	966	3,242	3,279
Construction in progress	25,931	2,249	29,569	36,641	58,490	4,490	48,641	62,806
	508,944	527,087	547,123	555,349	1,147,974	1,052,276	900,017	951,924

As at 31 March 2012, property and equipment are pledged to the extent of TL 292,289,000 (31 December 2011, 2010 and 2009, TL 311,413,000; TL 254,881,000 and TL 248,237,000, respectively), equivalent to RM 501,013,000 (31 December 2011, 2010 and 2009, RM 512,274,000; RM 508,844,000 and RM 559,923,000, respectively.)

4.2.2 Goodwill

	As at 31 December			As at	As at 31 December			As at
	2009	2010	2011	31 March 2012	2009	2010	2011	31 March 2012
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Acibadem	773,424	773,424	773,424	773,424	1,744,535	1,544,064	1,272,282	1,325,726
Yeni Sağlık	-	-	46,418	46,418	-	-	76,358	79,565
Acibadem Proje	-	-	-	37,644	-	-	-	64,525
Aplus	-	-	-	76,290	-	-	-	130.769
Acibadem Sistina Hospital and Medical	-	-	50,441	50,442	-	-	82.975	86,463
International Hospital	39,293	39,293	39,293	39,293	88,629	78,445	64,637	67,352
Acibadem Polyclinics	6,235	6,235	6,235	6,235	14,064	12,447	10,257	10,687
Konur Sağlık	-	1,547	1,547	1,547	-	3,088	2,545	2,652
	818,952	820,499	917,358	1,031,293	1,847,228	1,638,044	1,509,054	1,767,739

B. Historical Financial Information of Acibadem Holding Group (continued)

Notes to consolidated statements of financial position (continued)

4.2.6 Other current assets

	As at 31 December			As at	As at 31 December			As at
	2009	2010	2011	31 March 2012	2009	2010	2011	31 March 2012
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Value added tax receivable	16,501	10,472	5,727	6,019	37,220	20,906	9,421	10,317
Income accrual for Social Security Institution ("SGK") receivables	4,724	11,906	13,842	13,789	10,656	23,769	22,770	23,636
Income accrual for patients	3,527	5,655	9,246	19,560	7,956	11,290	15,210	33,528
Prepaid advertisement expenses	3.010	3,231	25	315	6,789	6,450	41	540
Prepaid insurance expense	2.481	2,948	4,775	11,918	5,596	5,886	7,855	20,429
Advances given to personnel	1,625	2,400	2,251	2,090	3,665	4,791	3,703	3,582
Advances given for inventory	208	1,310	1,658	2,402	469	2,615	2,727	4,117
Job advances	251	69	91	252	566	138	150	432
Prepaid rent expenses	215	5,855	5,768	4,209	485	11,689	9,488	7,215
Prepaid maintenance expense	67	173	168	425	151	346	276	728
Prepaid subscription expense	14	22	17	32	32	44	28	55
Prepaid taxes and funds	5	1,591	4,267	4,249	11	3,176	7,019	7,283
Others	91	251	533	3,489	205	501	877	5,981
	32,719	45,883	48,368	68,749	73,801	91,601	79,565	117,843

B. Historical Financial Information of Acibadem Holding Group (continued)

Notes to consolidated statements of financial position (continued)

4.2.5 Trade receivables

	As at 31 December			As at	As at 31 December			As at
	2009	2010	2011	31 March 2012	2009	2010	2011	31 March 2012
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Trade receivable	55,154	68,529	109,985	129,633	124,406	136,811	180,925	222,204
Notes receivable	173	1,041	667	805	390	2,078	1,097	1,380
Doubtful receivables	4,397	5,474	8,387	8,623	9,918	10,928	13,797	14,781
	59,724	75,044	119,039	139,061	134,714	149,817	195,819	238,365
Less: Allowance for doubtful receivables	(4,397)	(5,474)	(8,387)	(8,623)	(9,918)	(10,928)	(13,797)	(14,781)
	55,327	69,570	110,652	130,438	124,796	138,889	182,022	223,584
Due from related parties	6,804	8,656	9,515	12,427	15,347	17,282	15,653	21,301
	62,131	78,226	120,167	142,865	140,143	156,171	197,675	244,885

As at 31 December 2009, 2010 and 2011, and as at 31 March 2012, the aging analysis of trade receivable is as follows:

	As at 31 December			As at	As at 31 December			As at
	2009	2010	2011	31 March 2012	2009	2010	2011	31 March 2012
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Not past due	50,356	60,015	95,403	103,517	113,583	119,814	156,938	177,439
Past Due	4,971	9,555	15,249	26,921	11,213	19,075	25,084	46,145
	55,327	69,570	110,652	130,438	124,796	138,889	182,022	223,584

No impairment has been recorded for those past-due receivables as they were found to be overdue due to commercial reasons and were expected to be collected within a time period.

B. Historical Financial Information of Acibadem Holding Group (continued)

Notes to consolidated statements of financial position (continued)

4.2.8 Loans and borrowings

	As at 31 December			As at 31 March 2012	As at 31 December			As at 31 March 2012
	2009	2010	2011		2009	2010	2011	
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Bank borrowings	703,264	758,725	958,128	879,582	1,586,282	1,514,719	1,576,120	1,507,691
Financial lease liabilities, net	71,851	97,811	103,786	107,891	162,067	195,270	170,728	184,936
	775,115	856,536	1,061,914	987,473	1,748,349	1,709,989	1,746,848	1,692,627
Comprising,								
- Current	41,053	91,803	115,814	131,856	92,599	183,276	190,514	226,014
- Non-current	734,062	764,733	946,100	855,617	1,655,750	1,526,713	1,556,334	1,466,613
	775,115	856,536	1,061,914	987,473	1,748,349	1,709,989	1,746,848	1,692,627

The maturities of bank borrowings based on undiscounted contractual payments are as follows:

	As at 31 December			As at 31 March 2012	As at 31 December			As at 31 March 2012
	2009	2010	2011		2009	2010	2011	
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Carrying amount	775,115	856,536	1,061,914	987,473	1,748,349	1,709,989	1,746,848	1,692,627
Contractual cash flow:								
Less than 3 months	8,733	48,965	44,860	84,471	19,698	97,754	73,795	144,792
Between 3 to 12 months	49,133	65,996	82,475	122,306	110,824	131,754	135,671	209,645
Between 1 to 5 years	314,751	718,216	884,372	837,897	709,952	1,433,846	1,454,792	1,436,239
Over 5 years	567,575	124,413	113,747	77,291	1,280,222	248,378	187,114	132,485
Total	940,192	957,590	1,125,454	1,121,965	2,120,696	1,911,732	1,851,372	1,923,161

Acibadem has borrowed a loan, amounting to USD 200,000,000, which is repayable on a semi-annual basis commencing from July 2008 with final instalment in January 2018. The loan bears interest at LIBOR + 3.90% per annum and is secured by first degree mortgages over certain land and buildings owned by the Group with total value of USD164.865 million, deposits of TL 16,658 million as at 31 March 2012 and 1st and 2nd degree of pledges on the shares of Acıbadem owned by Almond Turkey and the shares of the subsidiaries of Acıbadem as well as ceded 80% of trade receivables as a guarantee for the outstanding bank loan.

B. Historical Financial Information of Acibadem Holding Group (continued)

Notes to consolidated statements of financial position (continued)

4.2.7 Cash and cash equivalents

	As at 31 December			As at 31 March 2012	As at 31 December			As at 31 March 2012
	2009	2010	2011		2009	2010	2011	
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Cash on hand	434	424	982	1,053	979	847	1,615	1,803
Banks – demand deposits	1,411	5,020	2,958	6,113	3,182	10,022	4,866	10,479
Banks – time deposits	17,363	18,250	35,840	166,065	39,164	36,434	58,957	284,652
Mutual fund (B type liquid fund)	-	148	485	964	-	295	798	1,653
Credit Card Receivables	637	2,177	3,894	4,342	1,437	4,346	6,406	7,443
	19,845	26,019	44,159	178,537	44,762	51,944	72,642	306,030

As at 31 March 2012, maturity of time deposits is between 2-30 days (2011: 2-87 days; 2010: 3-11 days; 2009: 1-11 days). As at 31 March 2012, the effective interest rates for the time deposits in TL were between 8% and 10.50% (2011: 8%-9.75%; 2010: 6% - 7%; 2009: 6.50% - 9.25%).

As at 31 March 2012, the Group has restricted deposits of TL 16,658,000 (2011: TL 30,638,000; 2010: TL 16,512,000; 2009: TL 5,925,000), equivalent to RM 28,553,000 (2011: RM50,400,000; 2010: RM 32,964,000; 2009: RM 13,364,000) in Türkiye Garanti Bankası Anonim Şirketi ("Garanti Bankası") as a guarantee for six month's periodic interest and principal payments of bank borrowings amounting to USD 168,000,000.

B. Historical Financial Information of Acibadem Holding Group (continued)

Notes to consolidated statements of financial position (continued)

4.2.10 Provision

	As at 31 December			As at	As at 31 December			As at
	2009	2010	2011	31 March 2012	2009	2010	2011	31 March 2012
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Provision for doctor payments	12,509	13,564	18,587	46,159	28,215	27,079	30,576	79,121
Lawsuit provisions	870	3,677	4,817	6,084	1,963	7,341	7,924	10,429
Provisions for miscellaneous expenses	194	264	101	1,281	438	527	166	2,196
Provisions for invoices returned from contracted institutions	146	326	-	-	329	651	-	-
Accrued Social Security Institution expenses	23	287	507	-	52	573	834	-
Consultancy commission provisions	-	670	-	-	-	1,338	-	-
Others	154	946	153	1,132	347	1,888	251	1,940
	13,896	19,734	24,165	54,656	31,344	39,397	39,751	93,686

4.2.11 Other current liabilities

	As at 31 December			As at	As at 31 December			As at
	2009	2010	2011	31 March 2012	2009	2010	2011	31 March 2012
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Social security and taxes payable	8,332	12,927	23,797	25,459	18,794	25,807	39,146	43,639
Payable to personnel	8,015	10,505	14,208	17,437	18,078	20,972	23,372	29,889
Deferred rent income	207	82	1,520	1.519	467	164	2,501	2,604
Other	-	-	-	476	-	-	-	816
	16,554	23,514	39,525	44,891	37,339	46,943	65,019	76,948

B. Historical Financial Information of Acibadem Holding Group (continued)

Notes to consolidated statements of financial position (continued)

4.2.9 Trade payables

	As at 31 December			As at	As at 31 December			As at
	2009	2010	2011	31 March 2012	2009	2010	2011	31 March 2012
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Non-current								
Trade payables	7,961	6,255	6,200	4,898	17,957	12,487	10,199	8,396
Notes payable	4,503	432	2,200	1,183	10,157	863	3,619	2,028
	12,464	6,687	8,400	6,081	28,114	13,350	13,818	10,424
Current								
Trade payables	49,821	66,161	114,324	114,692	112,376	132,084	188,063	196,593
Notes payable	4,964	6,260	8,760	5,443	11,197	12,497	14,410	9,330
Due to related parties	7,098	9,572	29,157	13,205	16,010	19,110	47,963	22,635
	61,883	81,993	152,241	133,340	139,583	163,691	250,436	228,558
Grand total	74,347	88,680	160,641	139,421	167,697	177,041	264,254	238,982

The maturities of trade payables and notes payables based on undiscounted payments are as follows:

	As at 31 December			As at	As at 31 December			As at
	2009	2010	2011	31 March 2012	2009	2010	2011	31 March 2012
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
Carrying amount	74,347	88,680	160,641	139,421	167,697	177,041	264,254	238,982
Contractual cash flow								
Less than 3 months	47,075	70,251	113,565	100,235	106,182	140,249	186,814	171,813
Between 3 to 12 months	13,975	12,324	39,885	31,926	31,522	24,604	65,611	54,724
Between 1 to 5 years	13,889	6,793	8,474	9,723	31,328	13,561	13,940	16,666
Total	74,939	89,368	161,924	141,884	169,032	178,414	266,365	243,203

B. Historical Financial Information of Acibadem Holding Group (continued)

4.3 Consolidated statement of changes in equity (continued)

	Audited							
	<——Attributable to owners of the Company——>							
	<——*Non-distributable*——>						Non -	
	Share	Share	Legal	Translation	Accumulated		controlling	Total
Group	capital	premium	reserves	reserve	losses	Total	interests	equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2009	1,528,651	52,196	2,778	-	(334,596)	1,249,029	53,848	1,302,877
Total comprehensive income/(loss) for the year	-	-	-	(18,238)	(21,292)	(39.530)	(2,576)	(42,106)
Acquisition of non-controlling interests	-	-	1,399	-	(597)	802	(9,361)	(8,559)
Transfers	-	-	-	-	-	-	-	-
At 31 December 2009/1 January 2010	1,528,651	52,196	4,177	(18,238)	(356,485)	1,210,301	41,911	1,252,212
Total comprehensive income/(loss) for the year	-	-	-	(137,244)	(49,463)	(186,707)	(2,949)	(189,656)
Acquisition of non-controlling interests	-	-	1,482	-	(12,334)	(10,852)	(5,514)	(16,366)
Transfers	-	-	-	-	-	-	-	-
At 31 December 2010/1 January 2011	1,528,651	52,196	5,659	(155,482)	(418,282)	1,012,742	33,448	1,046,190
Total comprehensive income/(loss) for the year	-	-	-	(163,668)	(221,184)	(384,852)	514	(384,338)
Dividends to non-controlling interests	-	-	-	-	-	-	(2,131)	(2,131)
Acquisition of non-controlling interests	-	-	-	-	(1,346)	(1,346)	(161)	(1,507)
Transfers	-	-	2,768	-	(2,768)	-	-	-
At 31 December 2011/1 January 2012	1,528,651	52,196	8,427	(319,150)	(643,580)	626,544	31,670	658,214
Total comprehensive income/(loss) for the period	-	-	-	27,311	130,806	158,117	10,807	168,924
Issuance of ordinary shares	61,696	153,875	-	-	-	215,571	-	215,571
Capital advances received	-	-	262.631	-	-	262,631	-	262,631
Acquisition of non-controlling interest	-	-	-	-	(10,347)	(10,347)	(665)	(11,012)
At 31 March 2012	1,590,347	206,071	271,058	(291,839)	(523,121)	1,252,516	41,812	1,294,328

B. Historical Financial Information of Acibadem Holding Group (continued)

4.3 Consolidated statement of changes in equity

	Audited							
	<——Attributable to owners of the Company——>							
	<——*Non-distributable*——>						Non -	
	Share	Share	Legal	Translation	Accumulated		controlling	Total
Group	capital	premium	reserves	reserve	losses	Total	interests	equity
	TL'000	TL'000	TL'000	TL'000	TL'000	TL'000	TL'000	TL'000
At 1 January 2009	668,000	22,809	1,214	-	(146,214)	545,809	23,531	569,340
Total comprehensive income/(loss) for the year	-	-	-	-	(9,667)	(9,667)	(630)	(10,297)
Acquisition of non-controlling interests	-	-	635	-	(271)	364	(4,250)	(3,886)
Transfers	-	-	-	-	-	-	-	-
At 31 December 2009/1 January 2010	668,000	22,809	1,849	-	(156,152)	536,506	18,651	555,157
Total comprehensive income/(loss) for the year	-	-	-	-	(23,108)	(23,108)	(365)	(23,473)
Acquisition of non-controlling interests	-	-	692	-	(5,762)	(5,070)	(2,576)	(7,646)
Transfers	-	-	-	-	-	-	-	-
At 31 December 2010/1 January 2011	668,000	22,809	2,541	-	(185,022)	508,328	15,710	524,038
Total comprehensive income/(loss) for the year	-	-	-	(29)	(122,154)	(122,183)	284	(121,899)
Dividends to non-controlling interests	-	-	-	-	-	-	(1,177)	(1,177)
Acquisition of non-controlling interests	-	-	-	-	(743)	(743)	(89)	(832)
Transfers	-	-	1,529	-	(1,529)	-	-	-
At 31 December 2011/1 January 2012	668,000	22,809	4,070	(29)	(309,448)	385,402	14,728	400,130
Total comprehensive income/(loss) for the period	-	-	-	(19)	76,508	76,489	5,230	81,719
Issuance of ordinary shares	36,086	90,001	-	-	-	126,087	-	126,087
Capital advances received	-	-	153,612	-	-	153,612	-	153,612
Acquisition of non-controlling interests	-	-	-	-	(6,052)	(6,052)	(389)	(6,441)
At 31 March 2012	704,086	112,810	157,682	(48)	(238,992)	735,538	19,569	755.107

B. Historical Financial Information of Acibadem Holding Group (continued)

4.4 Consolidated statement of cash flows (continued)

	Financial years ended 31 December			Financial periods ended 31 March		Financial years ended 31 December			Financial periods ended 31 March	
	2009	2010	2011	2011	2012	2009	2010	2011	2011	2012
	TL'000	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)				(Unaudited)		2.2026	2.1405	1.8107	1.9205	1.7097
Operating profit before changes in working capital	83,975	111,231	21,935	61,933	113,773	184,963	238,090	39,718	118,942	194,518
Changes in working capital										
Change in trade receivables	(26.758)	(16,631)	(32,239)	(15.828)	12,338	(58,937)	(35,599)	(58,375)	(30,398)	21,094
Change in inventory	(3,816)	(2,170)	(4,206)	409	(1,914)	(8,405)	(4,645)	(7,616)	785	(3,272)
Change in financial investments	-	4,396	-	-	-	-	9,410	-	-	-
Change in other receivables	599	914	(6,690)	(2,210)	(16,697)	1,319	1,956	(12,114)	(4,244)	(28,547)
Change in other current assets	(2,784)	(10,592)	(170)	(4,591)	(3,149)	(6.583)	(25,097)	(9,115)	(8,097)	(2,676)
Change in other non-current assets	22,404	(5,716)	(9,682)	(12,177)	(3,861)	49,347	(12,235)	(17,531)	(23,386)	(6,601)
Change in trade payables	17,285	11,139	22.128	(1,896)	(26,378)	38,072	23,843	40,067	(3,641)	(45,099)
Change in due to related parties	(7,503)	2,430	19,705	2,709	(19,102)	(16,526)	5,201	35,680	5,203	(32,659)
Change in provisions	16	(2,323)	774	6,741	2.594	35	(4,972)	1,401	12,946	4,435
Change in other trade payables	36,028	(17,384)	(8,619)	(3,304)	(647)	79,355	(37,210)	(15,606)	(6,345)	(1,106)
Change in other liabilities	5,956	6,182	18,990	3,993	5,367	13,119	13,233	34,385	7,668	9,176
Cash generated from operations	125,402	81,476	21,926	35,779	62,324	275,759	171,975	30,894	69,433	109,263
Corporate taxes paid	(1,697)	(2,573)	(6,449)	(2,669)	(397)	(3,738)	(5,508)	(11,677)	(5,126)	(679)
Employee severance indemnity paid	(1,742)	(2,630)	(3,004)	(701)	(937)	(3,837)	(5,630)	(5,440)	(1,346)	(1,602)
Expense provisions paid	(5,689)	(12,668)	(16,070)	(17,506)	(19,531)	(12,530)	(27,116)	(29,098)	(33,620)	(33,392)
Net cash generated from/(used in) operating activities	116,274	63,605	(3,597)	14,903	41,459	255,654	133,721	(15,321)	29,341	73,590
Cash flows from investing activities										
Acquisition of property and equipment	(134,319)	(91,403)	(91,856)	(13,723)	(26,360)	(295,851)	(195,648)	(166,324)	(26,355)	(45,068)
Proceeds from sale of property and equipment	9,301	3,076	13,942	12,727	421	20,486	6,584	25,245	24,442	720
Acquisition of intangible assets	(397)	(910)	(4,616)	(263)	(297)	(874)	(1,948)	(8,358)	(505)	(508)
Proceeds from sale of intangible assets	8	-	7	2	-	18	-	13	4	-
Cash outflow from acquisition of subsidiaries	(50,532)	(2,360)	(51,249)	-	(126,795)	(111,302)	(5,051)	(92,797)	-	(216,781)
Interest on time deposits received	(1,114)	861	1,207	127	336	(2,454)	1,843	2,186	243	574
Net cash used in investing activities	(177,053)	(90,736)	(132,565)	(1,130)	(152,695)	(389,977)	(194,220)	(240,035)	(2,171)	(261,063)

B. Historical Financial Information of Acibadem Holding Group (continued)

4.4 Consolidated statement of cash flows

	Financial years ended 31 December			Financial periods ended 31 March		Financial years ended 31 December			Financial periods ended 31 March	
	2009	2010	2011	2011	2012	2009	2010	2011	2011	2012
	TL'000	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)				(Unaudited)		2.2026	2.1405	1.8107	1.9205	1.7097
Cash flows from operating activities										
Net profit/(loss)	(10,297)	(23,473)	(121,870)	19,583	81,737	(22,680)	(50,244)	(220,670)	37,609	139,746
Adjustments for:										
Amortisation and depreciation expense	62,326	71,734	77,614	19,561	20,645	137,279	153,547	140,536	37,567	35,297
Provision for employee termination benefits	(2,566)	2,861	2,449	899	1,292	(5,652)	6,124	4,434	1,727	2,209
Provision on doubtful receivables	977	2,167	3,198	389	1,154	2,152	4,638	5,791	747	1,973
Unrealised finance income / (loss)	298	58	(418)	(573)	(724)	656	124	(757)	(1,100)	(1,238)
Income accruals on inpatients	(2,707)	(2,440)	(3,591)	(3,283)	(10,314)	(5,962)	(5,223)	(6,502)	(6,305)	(17,634)
Expense accruals on doctors	12.509	13,564	18,587	15,889	46,160	27,552	29,034	33,655	30,515	78,918
Deferred tax assets	(19,259)	(322)	807	2,171	9,569	(42,420)	(689)	1,461	4,169	16,360
Provision on corporate taxes	1,848	4,370	4,170	5,807	5,640	4,070	9,354	7,551	11,152	9,643
Provision for legal cases	428	2,966	1,140	(3,677)	1,268	943	6,349	2,064	(7,062)	2,169
Accruals related to forward transactions	1,141	(1,044)	(7,663)	-	5,909	2,513	(2,235)	(13,875)	-	10,103
Change in fair value of interest rate swap	1,626	2,673	816	530	(1,496)	3,582	5,722	1,477	1,018	(2,558)
Interest income on time deposits	(1,159)	(813)	(1,203)	(127)	(314)	(2,553)	(1,740)	(2,178)	(244)	(537)
Interest expense on bank loans	37,659	39,163	48,113	955	15,395	82,948	83,828	87,118	1,834	26,321
Gain on sale of property and equipment (net)	1,151	(233)	(214)	-	(195)	2,535	(499)	(387)	-	(333)
Unrealised foreign exchange (gain)/losses	-	-	-	3,809	(61,953)	-	-	-	7,315	(105,921)
Operating profit before changes in working capital	83,975	111,231	21,935	61,933	113,773	184,963	238,090	39,718	118,942	194,518

B. Historical Financial Information of Acibadem Holding Group (continued)

4.4 Consolidated statement of cash flows (continued)

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

	As at 31 December			As at 31 March		As at 31 December			As at 31 March	
	2009	2010	2011	2011	2012	2009	2010	2011	2011	2012
	TL'000	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)				(Unaudited)		2.2556	1.9964	1.6450	1.9549	1.7141
Cash and bank balances	19,845	26,019	44,159	16,396	178,537	44,762	51,944	72,642	32,053	306,030
Less: Deposits restricted	(5,925)	(16,512)	(30,638)	(9,825)	(16,658)	(13,364)	(32,964)	(50,400)	(19,207)	(28,553)
	13,920	9,507	13,521	6,571	161,879	31,398	18,980	22,242	12,846	277,477

4.5 Commitments

	As at 31 December			As at 31 March 2012	As at 31 December			As at 31 March 2012
	2009	2010	2011		2009	2010	2011	
	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)					2.2556	1.9964	1.6450	1.7141
A Commitments given on behalf of consolidated subsidiaries	1,598,628	1,621,403	1,685,238	1,637,517	3,605,865	3,236,969	2,772,217	2,806,868
B Other commitments given								
- on behalf of group companies other than mentioned in bullets A	4,395	4,397	1,564	-	9,913	8,778	2,573	-
	1,603,023	1,625,800	1,686,802	1,637,517	3,615,778	3,245,747	2,774,790	2,806,868

B. Historical Financial Information of Acibadem Holding Group (continued)

4.4 Consolidated statement of cash flows (continued)

	Financial years ended 31 December			Financial periods ended 31 March		Financial years ended 31 December			Financial periods ended 31 March	
	2009	2010	2011	2011	2012	2009	2010	2011	2011	2012
	TL'000	TL'000	TL'000	TL'000	TL'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exchange rate (TL1.00 = RM)				(Unaudited)		2.2026	2.1405	1.8107	1.9205	1.7097
Cash flows from financing activities										
Issuance of ordinary shares	-	-	-	-	126,087	-	-	-	-	215,571
Capital advances received	-	-	-	-	153,612	-	-	-	-	262,631
Proceeds from bank borrowings	129,705	144,940	293,265	10,618	14,443	285,688	310,246	531,015	20,392	24,693
Repayment of bank borrowings	(61,106)	(112,576)	(93,657)	(34,660)	(42,448)	(134,592)	(240,969)	(169,585)	(66,564)	(72,573)
Repayment/(Proceeds) of finance lease liabilities	(460)	26,828	5,975	3,120	4,104	(1,013)	57,425	10,819	5,992	7,017
Proceeds from borrowings obtained from related parties	1,394	(1,532)	75	(26)	128	3,070	(3,279)	136	(50)	219
Acquisition of non-controlling interests	-	(8,264)	(1,860)	(1,493)	(6,394)	-	(17,689)	(3,368)	(2,867)	(10,932)
Interest on bank loans paid	(11,389)	(16,091)	(48,319)	(955)	(3,918)	(25,085)	(34,445)	(87,491)	(1,834)	(6,699)
Change in restricted deposits	(5,874)	(10,587)	(14,126)	6,687	13,980	(12,938)	(19,600)	(17,436)	13,758	21,847
Dividends paid to non-controlling interest of subsidiaries	-	-	(1,177)	-	-	-	-	(2,131)	-	-
Net cash generated from financing activities	52,270	22,718	140,176	(16,709)	259,594	115,130	51,689	261,959	(31,173)	441,774
Net increase/(decrease) in cash and cash equivalents	(8,509)	(4,413)	4,014	(2,936)	148,358	(19,193)	(8,810)	6,603	(4,003)	254,301
Foreign exchange differences on cash held	-	-	-	-	-	(736)	(3,608)	(3,341)	(2,131)	934
Cash and cash equivalents at beginning of year	22,429	13,920	9,507	9,507	13,521	51,327	31,398	18,980	18,980	22,242
Cash and cash equivalents at end of year	13,920	9,507	13,521	6,571	161,879	31,398	18,980	22,242	12,846	277,477

B. Historical Financial Information of Acibadem Holding Group (continued)

5. Summary of significant accounting policies

5.1 Basis of consolidation

The accompanying consolidated financial statements include the accounts of the parent Company, Acibadem Holding, and its subsidiaries and the basis set out in sections below. The financial statements of the entities included in the consolidation have been prepared as at the date of the consolidated financial statements.

5.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. 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. At 31 March 2012 and 31 December 2011, the subsidiaries in which the Group owns direct or indirect controls their operations and the ownership interests are given below:

	Ownership interest (%)	
Direct Ownership Interest on the Subsidiaries	**31 March 2012**	**31 December 2011**
Almond Holding A.Ş.	99.99	99.99
Aplus	99.99	--
Acıbadem Proje	99.99	--
Acıbadem Sağlık	92.21	91.96

	Ownership interest (%)	
Effective Indirect Ownership Interest on the Subsidiaries of Acıbadem Sağlık	**31 March 2012**	**31 December 2011**
Acıbadem Poliklinikleri	92.20	91.96
Acıbadem Labmed	46.09	45.97
International Hospital	82.99	82.76
Konur Sağlık	87.60	85.06
Acıbadem Mobil	92.19	91.95
Sistina Hospital	46.40	46.27
Sistina Medikal	46.11	45.98
Yeni Sağlık	92.12	91.87
Gemtıp	50.80	49.47

5.1.2 Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

5.1.3 Acquisitions through business combinations

The effects of such acquisition are presented as "acquisitions through business combinations" in the notes to the consolidated financial statements.

5.1.4 Loss of control

On the loss of control, 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.

B. Historical Financial Information of Acibadem Holding Group (continued)

5. Summary of significant accounting policies (continued)

5.1 Basis of consolidation (continued)

5.1.5 Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

5.2 Revenue

Revenue of the Group comprised the income from the inpatient/outpatient services given at the hospitals, polyclinics, laboratories and ambulance services of the Group. The revenues for these services are mostly realised in cash or collectible from the insurance companies including State owned Social Security Institution ("SGK"). The interest rate which reduces the nominal value of the related service to its cash sale price is used to determine the present value of the receivables. The difference between the nominal value of the sale price and the fair value obtained by this way is reflected as interest income to the related periods.

When an uncertainty arises about the collectability of an amount already included in revenue, the doubtful receivable amount is recognised as an expense, rather than as an adjustment of the revenue already recognised. Net sales represents invoiced gross sales amount minus returns and discounts.

5.3 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost elements included in inventories are all procurement costs, conversion costs and all other relevant costs in bringing the inventories into their current state of location. The cost of inventories is determined on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of the business, less the selling expenses.

5.4 Property and equipment

(i) Recognition and measurement

The costs of property and equipment purchased before 1 January 2005 are restated for the effects of inflation current at 31 December 2004 less accumulated depreciation and impairment losses if any. The costs of property and equipment purchased after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and capitalised borrowing costs.

(ii) Subsequent expenditures

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group. The costs of the day-to-day servicing of property and equipment are recognised in the consolidated statement of income comprehensive as incurred.

(iii) Depreciation

Depreciation is recognised on a straight-line basis over the useful lives of the property and equipment from the date of acquisition or assembly. Leasehold improvements are depreciated on a straight-line basis over the lease period.

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B. Historical Financial Information of Acibadem Holding Group (continued)

5. Summary of significant accounting policies (continned)

5.4 Property and equipment (continued)

(iii) Depreciation (continued)

Depreciation expenses are presented mainly under eost of sales, general and administrative cxpenses and selling, marketing and distribution cxpenses in the consolidated statements of comprehensive income.

Land is not dcpreeiated, since useful live of it is aceepted as infinite.

The estimated useful lives are as follows:

Buildings	50 years
Machinery and equipments	3-20 years
Vehicles	4-7 years
Furniture and fixtures	3-10 years
Leased assets	5-12 years
Other taugible assets	5 years
Leasehold improvements	During the lease period

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(iv) Disposal

Gains or losses on disposals of property and equipment arc ineluded in the relevant income and expense accounts and the cost and accumulated depreciation of property and equipment has been derecognised from the relevant accounts as appropriate.

5.5 Intangible assets

Intangible assets consist of acquired software and other intangible assets. The costs of intangible assets purchased before 1 January 2005 are restated for the effects of inflation eurrent at 31 December 2004 less aeeumulated amortisation and impairment losses. The costs of intangible assets purchased after 31 December 2004 are earried at eost less accumulated amortisation and impairment losses, if any. The carrying amount of an intangible asset is reduced to its recoverable amount if there is impairment.

(i) Amortisation

Intangible assets are amortised on a straight-line basis in the income statement over their estimated useful lives for a period.

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

Software	3-10 year
Other intangible assets	3-10 year

Amortisation method aud economic useful lives values of intangible assets are revised at each reporting date end and adjusted if appropriate.

5.6 Goodwill

After 1 January 2005, in accordance with IFRS 3 "Business Combinations", the excess amount of fair value of identified assets, liabilities and contingent liabilities that are acquired over purchasing price is recorded as goodwill. The goodwill arising from the merger is not amortised. Goodwill is subject to impairment test once a year or more frequently when there is an indication of impairment.

KPMG

B. Historical Financial Information of Acibadem Holding Group (continued)

5. Summary of significant accounting policies (continued)

5.7 Financial instruments

(i) Non derivative financial assets

The Group initially recognises loans and the receivables on the date they arc originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the inflows.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to reeeive the contraetual cash flows on the finaneial asset in a transaction in whieh substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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 liability simultaneonsly.

The Group elassifies non-derivative finaneial assets: loans and reeeivables.

<u>*Loans and receivables*</u>

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an aetive market. Snch assets are recognised initially at fair valne plus any direetly attributable trausaction costs. Subsequent to initial reeognition, loans and receivables are measured at amortised cost nsing the effective interest method, less auy impairment losses.

Loans and reccivables eomprise cash and cash equivaleuts, trade and other receivables, excluding prepayments.

<u>*Cash and cash equivalents*</u>

Cash and cash equivalents comprise of cash, deposits with maturity periods of less than three-months and highly liquid investments with matnrity periods of less than three-months and having no conversion risk exposure other than the impact of foreign curreucy changes.

(ii) Non derivative financial liabilities

The Group initially recognises debt seeurities issued and snbordinated liabilities on the date that they are originated.

The Group dereeognises a financial liability when its eontractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the uct 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 liability simultaneously.

The Group classifies non-derivative financial liabilities into the other finaneial liabilities category. Sueh financial liabilities are recognised iuitially at fair value plus any directly attribntable transaction costs. Subsequent to initial reeognitiou, these financial liabilities are measured at amortised cost using the cffective interest method. Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

(iii) Paid-in capital and dividends

Ordinary shares are classified as paid-in capital. Dividends distributed on ordinary shares are offset with retained earnings in the period in which they are deelared.

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B. Historical Financial Information of Acibadem Holding Group (continued)

5. Summary of significant accounting policies (continued)

5.7 Financial instruments (continued)

(iv) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are recognised initially at acquisition cost; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value. The Group's derivative financial instrument consists of mainly forward transactions and interest rate swap. Although these financial instruments provide effective economic protection against risks, they are accounted for as derivative financial instruments reflected as trading securities or other financial liabilities because they do not meet the hedge accounting criteria under IAS 39.

5.8 Impairment of assets

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of the asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on items that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant loans and receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

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B. Historical Financial Information of Acibadem Holding Group (continued)

5. Summary of significant accounting policies (continued)

5.8 Impairment of assets (continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Impairment losses are recognised in the profit or loss.

The recoverable amount of an asset or CGU 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 CGU.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

Impairment losses recognised in respect of the cash generating units are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date 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. 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.

5.9 Foreign Currency Transactions

Transactions in foreign currencies have been translated to TL at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated into TL at the exchange rates prevailing at the reporting dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognised in the consolidated statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies are translated to TL with the exchange rates at the dates of transaction.

As at 31 December 2011 and as at 31 March 2012, Central Bank of the Republic of Turkey ("Central Bank")'s buying foreign currency rates are as follows:

	As at 31 March 2012	As at 31 December 2011
American Dollar ("USD")	1.7729	1.8889
European Union Currency ("EUR")	2.3664	2.4438

5.10 Earnings per share

Earnings per share disclosed in the consolidated statement of comprehensive income is determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustments on equity items. Such bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issued without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

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B. Historical Financial Information of Acibadem Holding Group (continued)

5. Summary of significant accounting policies (continued)

5.11 Subsequent events

Subsequent events cover all the events between reporting date and the date of authorisation for release of the financial statements even if these events arise after any announcement about profit or loss or disclosures of selected financial information to the public.

If there has been events after the reporting date that would require the restatement of the consolidated financial statements; the Group restates the consolidated financial statements accordingly. If such events are significant but do not require the restatement of the consolidated financial statements, they are disclosed in the related notes.

5.12 Provisions, contingent assets and liabilities

A provision is recognised in the accompanying consolidated financial statements 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. Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote such contingent liabilities are disclosed in the notes to the financial statements. If the inflow of economic benefits is probable contingent assets have been disclosed in the notes to the financial statements. If the inflow of the economic benefit is more than likely to occur such asset and income statement effect has been recognised in the financial statements at the relevant period that income change effect occurs.

5.13 Leasing transactions

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The property and equipment acquired through financial leasing in the Group's consolidated balance sheet are recorded on the asset side at the lower of its fair value or the present value of the minimum lease payments, and related obligation is reflected on the liability side at the present value of the minimum lease payments. Interest element included in the lease instalments are reflected in the consolidated income statement. The property and equipment obtained by way of financial leases are depreciated through their useful lives.

When the lease period is shorter than the useful life of the leased asset and it is not certain whether the Group will purchase the leased asset at the end of the lease period, it is depreciated during the period of lease. When the leased asset's useful life is shorter than leased period, leased assets are depreciated during the useful life.

The lease transactions are classified as operational leasing where the risks and rewards are on the part of the lessor. Operational lease payments are recorded as expense in the consolidated statement of comprehensive income on a linear basis.

5.14 Related parties

Subsidiaries, shareholders of the Company and companies of the shareholders, and also other companies managed by these companies or related to these companies and managers and directors of these companies are referred to as related parties according to IAS 24 – Related party disclosures.

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B. Historical Financial Information of Acibadem Holding Group (continued)

5. Summary of significant accounting policies (continued)

5.15 Segment reporting

IFRS 8 requires that a measure of segment assets be disclosed only if the amounts are regularly provided to Chief Decision Maker, consistent with the equivalent requirement for the measure of segment liabilities.

The Group's main business activity consists of hospital, healthcare and non-healthcare services. As a result of the activity variation, the Group revenues are allocated as hospital, healthcare and non-healthcare branches. All Group revenues have been realised in domestic basis except newly acquired subsidiaries in Macedonia which have immaterial revenues compared to Group total revenue; accordingly no geographical classification has been presented.

5.16 Income taxes

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

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 reporting date.

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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Transfer pricing regulations

In Turkey, the transfer pricing provisions have been stated under the Article 13 of the Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via Transfer Pricing, dated 18 November 2007 sets details about implementation.

If a taxpayer enters into transactions regarding the sale or purchase of goods and services with related parties, where the prices are not set in accordance with the arm's length principle, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as tax deductible for corporate income tax purposes.

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B. Historical Financial Information of Acibadem Holding Group (continued)

5. Summary of significant accounting policies (continued)

5.2.17 Employee Benefits

In accordance with the existing Labor 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.

In the accompanying consolidated financial statements, the Group has used actuarial valuation method to estimate its obligation.

As at 31 December 2011 and for as 31 March 2012, the following assumptions were used in the calculation of the total liability:

	As at 31 March 2012	As at 31 December 2011
Discount Rate	3.91%	3.91%
Turnover Rate for the calculation of retirement	72%	72%

Reserve for employee termination benefits is calculated based on the ceiling amount which is determined by the Government. The management of the Group used some assumptions in the calculation of the retirement pay provision. As at 31 March 2012, 31 December 2011, 31 December 2010 and 31 December 2009, the ceiling amount has been limited to TL 2,805, TL 2,732, TL 2,517 and TL 2,365 per year of employment, respectively. The liability is not funded, as there is no funding requirement.

5.2.18 Financial incomes and expenses

Finance income comprises interest income on funds invested; fair value gains on financial assets at fair value through profit or loss and gains on derivative instruments that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, (other than trade receivables) and losses on derivative instruments that are recognised in profit or loss.

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.

6. Additional paragraph for convenience translation to English

Accounting policies applied by the Group may differ from the accounting principles generally accepted in countries other than Turkey in material aspects and the effects of such differences have not been quantified in the accompanying consolidated finaucial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations, and changes in cash flow of the Group in accordance with the accounting principles generally accepted in such countries of the users of these financial statements.

Events subsequent to Reporting Date

No events occurred subsequent to 31 March 2012 to the date of this report that will require adjustments to or disclosure in this report other than those disclosed in Note 35 of Section A – 2 historical financial information of IHH Group and Note 29 of the consolidated financial statement of Acibadem Holding and its subsidiaries as at and for the three-month period ended 31 March 2012 as attached in Appendix III to this report.

KPMG

KPMG
Firm number: AF 0758
Chartered Accountants

LEE YEE KENG
Approval Number: 2880/04/13(J)
Chartered Accountant

IHH Healthcare Berhad
Accountants' Report

Appendices:

Company No.: 901914-V

13. ACCOUNTANTS' REPORT *(cont'd)*

Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Convenience Translation into English of Consolidated Financial Statements as at and for the years ended 31 December 2010 and 2009 With Independent Auditor's Report Thereon

Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

15 March 2012

This report includes 2 pages of independent auditors' report and 75 pages of consolidated financial statements together with their explanatory notes

Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

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Akis Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
Kavacık Rüzgarlı Bahçe Mah
Kavak Sok. No: 29
Beykoz 34805 İstanbul

Telephone +90 (216) 681 90 00
Fax +90 (216) 681 90 90
Internet www.kpmg.com.tr

Independent Auditors' Report

To the Board of Directors of

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi

We have audited the accompanying consolidated statements of financial position of Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and its subsidiaries ("the Group") as at 31 December 2010 and 31 December 2009 and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for the years then ended and significant accounting policies with the notes to the consolidated financial statements

Group Management's Responsibility for the Consolidated Financial Statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the financial reporting standards of Capital Market Board ("CMB"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the auditing standards promulgated by CMB Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the financial statements 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 Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements

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

KPMG

Appendix I

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and its subsidiaries as at 31 December 2010 and 2009, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended then in accordance with the financial reporting standards (please see Note 2) promulgated by CMB.

Additional paragraph for convenience translation to English

Accounting policies applied by the Group may differ from the accounting principles generally accepted in countries other than Turkey in material aspects and the effects of such differences have not been quantified in the accompanying consolidated financial statements. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations, and changes in cash flow of the Group in accordance with the accounting principles generally accepted in such countries of the users of these financial statements.

Istanbul, 15 March 2012

Akis Bağımsız Denetim ve Serbest
Muhasebeci Mali Müşavirlik A.Ş.

Özkan Genç
Partner

KPMG

Appendix I

Acıbadem Sağlık Yatırımları Holding Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Financial Position

As at 31 December 2010 and 2009

Amounts expressed in Turkish Lira("TL") unless otherwise stated

	Notes	Audited 31 December 2010	31 December 2009
ASSETS			
Current Assets		**164,787,728**	**127,400,795**
Cash and Cash Equivalents	4	26,019,218	19,844,984
Trade Receivables		78,226,457	62,131,053
- Due from Related Parties	26	*8,655,743*	*6,803,649*
- Other Trade Receivables	6	*69,570,714*	*55,327,404*
Other Receivables		512,974	842,949
- Other Receivables from Related Parties	26	*36,867*	*403,264*
- Other Receivables	7	*476,107*	*439,685*
Inventories	8	14,146,518	11,862,886
Other Current Assets	16	45,882,561	32,718,923
Non-Current Assets		**1,382,367,536**	**1,354,865,799**
Other Receivables	7	987,983	1,566,755
Property and Equipment	9	527,086,675	508,943,996
Intangible Assets	10	3,043,858	2,459,160
Goodwill	11	820,498,762	818,951,655
Deferred Tax Assets	24	25,441,111	22,113,712
Other Non-Current Assets	16	5,309,147	830,521
TOTAL ASSETS		**1,547,155,264**	**1,482,266,594**
LIABILITIES			
Current Liabilities		**245,125,129**	**140,811,065**
Financial Liabilities	5	91,803,086	41,053,133
Other Financial Liabilities	28	4,396,118	2,766,926
Trade Payables		81,992,737	61,883,364
- Due to Related Parties	26	*9,571,893*	*7,098,836*
- Other Trade Payables	6	*72,420,844*	*54,784,528*
Other Liabilities		21,030,901	3,801,033
- Due to Related Parties	26	*503,601*	*2,025,806*
- Other Payables	7	*20,527,300*	*1,775,227*
Tax Liability	24	2,653,826	857,126
Provisions	12	19,734,406	13,895,478
Other Liabilities	16	23,514,055	16,554,005
NON-CURRENT LIABILITIES		**777,991,936**	**786,298,855**
Financial Liabilities	5	764,732,810	734,062,040
Trade Payables	6	6,687,060	12,463,888
Other Payables		--	18,068,400
Employee Benefits	14	2,111,563	1,863,930
Deferred Tax Liabilities	24	3,960,115	962,227
Other Non-Current Liabilities	16	500,388	18,878,370
EQUITY		**524,038,199**	**555,156,674**
Shareholders' Equity		**508,328,916**	**536,506,199**
Paid-in Capital	17	668,000,000	668,000,000
Share Premium	17	22,809,940	22,809,940
Legal Reserves	17	2,541,510	1,848,872
Accumulated Losses	17	(161,914,395)	(146,485,893)
Net Profit/(Loss) For The year		(23,108,139)	(9,666,720)
Non-Controlling Interest		**15,709,283**	**18,650,475**
TOTAL LIABILITIES		**1,547,155,264**	**1,482,266,594**

The accompanying notes are an integral part of these consolidated financial statements

1