IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
30 SEPTEMBER 2012

IHH HEALTHCARE BERHAD
Company No. 901914-V
(Incorporated in Malaysia)

The following statements of comprehensive income for the 3rd quarter and financial period ended 30 September 2012 are not comparable to the corresponding period last year due to the consolidation of Acıbadem Sağlık Yatırımları Holdings A.Ş. ("Acibadem Holdings") from 24 January 2012 onwards as well as the recognition from sale of medical suites at Mount Elizabeth Novena Specialist Centre upon its completion on 23 April 2012, details of which are set out in explanatory notes to the statement of comprehensive income on Page 3 of this Interim Financial Report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	Note	3rd quarter ended			Financial period ended		
		30 Sep 2012 RM'000	30 Sep 2011 RM'000	Variance %	30 Sep 2012 RM'000	30 Sep 2011 RM'000	Variance %
Revenue		1,489,000	804,960	85%	5,462,682	2,480,853	120%
Other operating income	1	32,265	57,586	-44%	232,451	149,496	55%
Inventories and consumables		(312,474)	(161,573)	-93%	(887,200)	(511,445)	-73%
Purchases and contracted services		(142,861)	(95,392)	-50%	(392,200)	(302,238)	-30%
Development cost of properties sold		-	-	-	(971,220)	-	NM
Staff costs		(599,488)	(258,131)	-132%	(1,646,322)	(798,201)	-106%
Depreciation and impairment losses of property, plant and equipment		(122,219)	(42,018)	-191%	(293,285)	(119,990)	-144%
Amortisation and impairment losses of intangible assets	2	(17,980)	(8,331)	-116%	(50,549)	(46,572)	-9%
Operating lease expenses		(76,815)	(47,657)	-61%	(208,907)	(137,289)	-52%
Other operating expenses	1	(141,873)	(96,606)	-47%	(430,554)	(287,872)	-50%
Finance income	3	28,147	13,218	113%	67,632	24,076	181%
Finance costs	4	(57,128)	(16,579)	NM	(159,521)	(90,412)	-76%
Share of profits of associates (net of tax)		13,435	9,967	35%	39,382	33,645	17%
Share of profits of joint ventures (net of tax)		4,482	3,605	24%	12,204	10,898	12%
Profit before tax		**96,491**	**163,049**	**-41%**	**774,593**	**404,949**	**91%**
Income tax expense		(23,324)	(15,858)	-47%	(145,630)	(70,478)	-107%
Profit for the period		**73,167**	**147,191**	**-50%**	**628,963**	**334,471**	**88%**
Other comprehensive income, net of tax							
Items that will not be reclassified subsequently to profit or loss							
Share of other comprehensive income of associates		(37)	(558)	93%	(365)	(389)	6%
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences from foreign operations		(136,955)	8,292	NM	122,206	154,176	-21%
Net change in fair value of available-for-sale financial assets	5	133,714	1,595	NM	120,175	2,072	NM
		(3,241)	9,887	-133%	242,381	156,248	55%
Total comprehensive income for the period		**69,889**	**156,520**	**-55%**	**870,979**	**490,330**	**78%**
Profit attributable to:							
Owners of the Company		75,654	142,876	-47%	603,032	321,416	88%
Non-controlling interests		(2,487)	4,315	-158%	25,931	13,055	99%
Profit for the period		**73,167**	**147,191**	**-50%**	**628,963**	**334,471**	**88%**
Total comprehensive income attributable to:							
Owners of the Company		97,771	151,134	-35%	825,496	485,097	70%
Non-controlling interests		(27,882)	5,386	NM	45,483	5,233	NM
Total comprehensive income for the period		**69,889**	**156,520**	**-55%**	**870,979**	**490,330**	**78%**
Earnings per share (sen)							
Basic	6	0.99	2.60	-62%	9.12	7.60	20%
Diluted	6	0.99	2.60	-62%	9.07	7.60	19%

NM: Not meaningful

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the 2011 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

IHH HEALTHCARE BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

SUPPLEMENTARY INFORMATION

	3rd quarter ended			Financial period ended		
	30 Sep 2012 RM'000	30 Sep 2011 RM'000	Variance %	30 Sep 2012 RM'000	30 Sep 2011 RM'000	Variance %
Profit attributable to owners of the Company	**75,654**	**142,876**	**-47%**	**603,032**	**321,416**	**88%**
Add back/(less): Exceptional items ("EI")						
Professional and consultancy fees:						
- Acquisitions[i]	2,543	580		5,094	580	
- Listing expenses	(210)	-		54,591	-	
- Internal restructuring[ii]	1,304	2,921		1,304	8,836	
Fair value loss on contingent consideration payable[iii]	16,308	-		12,219	-	
Valuation gain on investment properties[iv]	-	-		(132,600)	-	
Impairment loss on financial assets[v]	-	750		-	2,335	
Write back of IT project expenses	-	-		(4,180)	-	
Write off of property, plant and equipment	24	162		163	187	
Loss on disposal of property, plant and equipment	301	145		1,370	97	
Gain on disposal of assets held for sale	-	-		(280)	-	
Gain on disposal of subsidiary[vi]	-	-		(1,064)	-	
Forex exchange gain on shareholders loans which was subsequent capitalised	-	(28,703)		-	-	
	20,270	(24,145)		(63,383)	12,035	
Less: non-controlling interest's share of EI	179	-		329	-	
Profit attributable to owners of the Company, excluding EI[vii]	**96,103**	**118,731**	**-19%**	**539,978**	**333,451**	**62%**
Earnings per share, excluding EI[vii] (sen)						
Basic	1.26	2.16	-42%	8.17	7.89	4%
Diluted	1.26	2.16	-42%	8.12	7.89	3%

NM: Not meaningful

i: Professional fees relating to the acquisition of Acibadem Holdings and a voluntary tender offer as described in Section A12iii.
ii: Professional fees relating to the restructuring and streamling of the Group's structure and operations
iii: Fair valuation of contingent consideration payable in relation to acquisition of Acibadem Holdings
iv: Fair valuation of investment properties held for rental to third parties at Mount Elizabeth Novena Hospital and Specialist Centre
v: Impairment of deposit placed to operate a clinic in China
vi: Gain on disposal of P.T. Pantai Bethany Care International, a 65% owned subsidiary of the Group
vii: Exceptional items, net of non-controlling interests' share

EXPLANATORY NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME

Generally, the increase in revenue and expenses for the 3rd quarter and financial period ended 30 September 2012 ("Q3 2012" and "YTD 2012") was due to the consolidation of Acibadem Holdings from 24 January 2012 onwards. In addition, YTD 2012 revenue also comprise the recognition of revenue from the sale of medical suites at Mount Elizabeth Novena Specialist Centre upon its completion on 23 April 2012.

Refer to Section A4 for details of the effects of recognition of profit from sale of medical suites and Section B1 for performance review of the Group's major operating segments.

1. Other operating income and other operating expenses include exceptional items as detailed above.

2. In Q3 2012, amortisation increased 116% compared to Q3 2011 as the Group recognised the amortisation of intangible assets upon the acquisition of Acibadem Holdings in January 2012. However, amortisation expense increased only 9% in YTD 2012 due to 3 months amortisation of concession rights relating to the Group's operations in Malaysia in YTD 2011. The concession rights were disposed in March 2011.

3. Acibadem Holdings recognises exchange gain arising from the translation of its loans which are not denominated in Turkish Lira ("TL") as finance income on the statement of comprehensive income. For YTD 2012, Acibadem Holdings recognised an exchange gain of RM41.3 million on translation of such loans. In Q3 2012, the exchange gain recognised was approximately RM20.3 million.

4. Excluding the increase in finance cost arising from the acquisition and consolidation of Acibadem Holdings, the Group's YTD 2012 finance cost was reduced upon the repayment of the Parkway acquisition loans in August 2012 by utilising the proceeds from the initial public offering ("IPO") of the Company. In addition, Parkway Pantai repaid some of its loans by utilising the proceeds from the sale of medical suites.

5. Fair value change of available-for-sale financial assets arose from the mark-to-market of the Group's investment in Apollo Hospital Enterprise Limited.

6. Dilution of Q3 2012 EPS is a result of an enlarged share capital base. Please refer to Section A6 and B13.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2012

	Note	30 Sep 2012 RM'000	31 Dec 2011 RM'000
Assets			
Property, plant and equipment	1	6,680,847	4,726,753
Investment properties	1	409,732	-
Goodwill on consolidation	2	8,711,700	6,415,976
Intangible assets	2	3,000,817	1,618,598
Interest in associates		879,596	862,273
Interest in joint ventures		36,265	28,009
Other financial assets		637,649	529,881
Other receivables		55,972	-
Deferred tax assets		62,966	24,279
Total non-current assets		**20,475,544**	**14,205,769**
Assets classified as held for sale		166	1,463
Development properties	1	-	1,121,195
Inventories		130,394	78,784
Trade and other receivables	3	936,351	518,496
Tax recoverable		32,574	20,422
Other financial assets		27,889	27,066
Cash and bank balances		1,614,161	1,310,803
Total current assets		**2,741,535**	**3,078,229**
Total assets		**23,217,079**	**17,283,998**
Equity			
Share capital	4	8,055,445	5,500,000
Share premium	4	7,890,224	3,885,803
Other reserves		355,999	104,756
Retained earnings		719,522	300,174
Total equity attributable to owners of the Company		**17,021,190**	**9,790,733**
Non-controlling interests		632,547	246,618
Total equity		**17,653,737**	**10,037,351**
Liabilities			
Loans and borrowings	5	2,589,634	4,991,264
Employee benefits		19,629	15,544
Trade and other payables		64,568	8,580
Derivative liabilities		1,541	-
Deferred tax liabilities		829,096	446,127
Total non-current liabilities		**3,504,468**	**5,461,515**
Loans and borrowings	5	400,740	47,084
Trade and other payables	6	1,447,806	1,576,158
Derivative liabilities		8,932	1,252
Employee benefits		32,471	41,935
Tax payable		168,925	118,703
Total current liabilities		**2,058,874**	**1,785,132**
Total liabilities		**5,563,342**	**7,246,647**
Total equity and liabilities		**23,217,079**	**17,283,998**
Net assets per share attributable to owners of the Company[1] (RM)		2.11	1.78

[1]: Based on 8,055.5 million and 5,500.0 million shares in issued as at 30 September 2012 and 31 December 2011 respectively

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2011 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENTS OF FINANCIAL POSITION

Generally, the increases in the balances on the statement of financial position as at 30 September 2012 were due to the consolidation of Acibadem Holdings from 24 January 2012.

1. Upon receipt of temporary occupancy permit ("TOP") for the Mount Elizabeth Novena Specialist Centre on 23 April 2012, the capitalised cost of medical suites which was previously classified as development properties and sold was expensed off to the statement of comprehensive income.

   The capitalised cost of the medical suites units that are designated as Centres of Excellences for use by Mount Elizabeth Novena Hospital was reclassified from development properties to property, plant and equipment.

   The capitalised cost of the remaining medical suites units that are held for rental to doctors was reclassified from development properties to investment properties and carried at fair value.

   Refer to Section A4 for details.

2. The increase in goodwill and intangible assets arose mainly from the Group's acquisition of Acibadem Holdings on 24 January 2012 and new subsidiaries acquired in August 2012. The Group performed a purchase price allocation exercise to identify the fair value of the tangible and intangible assets acquired, and the remaining purchase price that was not allocated to assets acquired was recognised as goodwill on consolidation.

3. As at 30 September 2012, accrued income of RM123.5 million relating to the remaining 10% of the total contracted amount from the sale of medical suites was included in trade and other receivables. This remaining 10% will be due 12 months after the receipt of TOP.

4. The consideration for the acquisition of Acibadem Holdings on 24 January 2012 was satisfied by cash and issue of the Company's shares.

   Pursuant to its IPO, the Company issued new shares and hence increased its share capital and share premium. Please refer to Section A6 for details.

5. The overall decrease in loans and borrowings as at 30 September 2012 compared to 31 December 2011 arose from the full settlement of bank loans amounting to RM4,649.0 million that was taken up to finance the acquisition of Parkway Holdings and Acibadem Holdings. The proceeds from the Company's IPO was utilised to repay these acquisition loans. In addition, the Group utilised the proceeds from the sale of the Novena medical suites to partially repay approximately RM300.0 million of bank loans that was taken up to finance the construction of the Mount Elizabeth Novena Hospital and Specialist Centre. The decrease was partially offset by the consolidation of Acibadem Holdings.

6. As at 31 December 2011, progress billings of RM621.1 million in respect of amounts billed for work performed on the medical suites that were sold was included as part of trade and other payables. These progress billings were recognised as revenue upon receipt of TOP. This reduction in trade and other payables was offset by the consolidation of Acibadem Holdings' trade and other payables, as well as the fair value of the contingent consideration payable for the acquisition of Acibadem Holdings amounting to RM52.6 million.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	<------ Attributable to owners of the Company ------>											
	<------ Non-distributable ------>								Distributable			
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Equity contribution from owner RM'000	Hedging reserves RM'000	Capital Reserves RM'000	Foreign currency fluctuation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2011	2,782,410	-	-	-	124,911	16,039	11,466	(63,377)	290	2,871,739	259,545	3,131,284
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	161,998	-	161,998	(7,822)	154,176
Net change in fair value of available-for-sale financial assets	-	-	-	2,072	-	-	-	-	-	2,072	-	2,072
Share of other comprehensive income of associates	-	-	-	-	-	(389)	-	-	-	(389)	-	(389)
Profit for the period	-	-	-	-	-	-	-	-	321,416	321,416	13,055	334,471
Total comprehensive income for the period	**-**	**-**	**-**	**2,072**	**-**	**(389)**	**-**	**161,998**	**321,416**	**485,097**	**5,233**	**490,330**
Issue of ordinary shares	2,717,590	3,885,803	-	-	-	-	-	-	-	6,603,393	-	6,603,393
Share-based payment	-	-	10,723	-	-	-	-	-	-	10,723	-	10,723
Distribution of subsidiary to holding company	-	-	-	-	-	-	-	-	(198,490)	(198,490)	(7,241)	(205,731)
Distribution to shareholders	-	-	-	-	(124,911)	-	-	-	124,911	-	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,407)	(2,407)
Additional capital contribution into a subsidiary	-	-	-	-	-	-	(37)	-	-	(37)	37	-
Acquisition of non-controlling interest	-	-	-	-	-	-	2,689	-	-	2,689	(6,941)	(4,252)
Total transactions with owners of the Company	**2,717,590**	**3,885,803**	**10,723**	**-**	**(124,911)**	**-**	**2,652**	**-**	**(73,579)**	**6,418,278**	**(16,552)**	**6,401,726**
At 30 September 2011	**5,500,000**	**3,885,803**	**10,723**	**2,072**	**-**	**15,650**	**14,118**	**98,621**	**248,127**	**9,775,114**	**248,226**	**10,023,340**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	<------ Attributable to owners of the Company ------>											
	<------ Non-distributable ------>								Distributable			
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Equity contribution from owner RM'000	Hedging reserves RM'000	Capital Reserves RM'000	Foreign currency fluctuation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2012	5,500,000	3,885,803	16,554	22,641	-	15,931	14,009	35,621	300,174	9,790,733	246,618	10,037,351
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	102,654	-	102,654	19,552	122,206
Net change in fair value of available-for-sale financial assets	-	-	-	120,175	-	-	-	-	-	120,175	-	120,175
Share of other comprehensive income of associates	-	-	-	-	-	(365)	-	-	-	(365)	-	(365)
Profit for the period	-	-	-	-	-	-	-	-	603,032	603,032	25,931	628,963
Total comprehensive income for the period	**-**	**-**	**-**	**120,175**	**-**	**(365)**	**-**	**102,654**	**603,032**	**825,496**	**45,483**	**870,979**
Issue of ordinary shares	2,551,645	4,133,970	-	-	-	-	-	-	-	6,685,615	-	6,685,615
Share issue expenses	-	(132,327)	-	-	-	-	-	-	-	(132,327)	-	(132,327)
Long Term Incentive Plan units exercised	3,800	2,778	(6,578)	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	17,395	-	-	-	-	-	-	17,395	-	17,395
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	366,547	366,547
Additional capital contribution into a subsidiary	-	-	-	-	-	-	(144)	-	-	(144)	144	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(177,097)	(177,097)	(260,463)	(437,560)
Disposal of subsidiaries	-	-	-	-	-	-	-	15	-	15	(396)	(381)
Partial disposal and dilution of interest in a subsidiary to non-controlling shareholder	-	-	-	-	-	-	15,109	-	-	15,109	94,249	109,358
Issue of shares by subsidiaries to non-controlling shareholder	-	-	-	-	-	-	40	-	-	40	146,995	147,035
Incorporation of subsidiaries	-	-	-	-	-	-	-	-	-	-	35	35
Transfer per statutory requirements	-	-	-	-	-	-	791	-	(791)	-	-	-
Internal restructure			-	-	-	-	2,151	-	(5,796)	(3,645)	(2,151)	(5,796)
Dividends to minority equity holders	-	-	-	-	-	-	-	-	-	-	(4,514)	(4,514)
Total transactions with owners of the Company	**2,555,445**	**4,004,421**	**10,817**	**-**	**-**	**-**	**17,947**	**15**	**(183,684)**	**6,404,961**	**340,446**	**6,745,407**
At 30 September 2012	**8,055,445**	**7,890,224**	**27,371**	**142,816**	**-**	**15,566**	**31,956**	**138,290**	**719,522**	**17,021,190**	**632,547**	**17,653,737**

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2011 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

IHH HEALTHCARE BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	Financial period ended	
	30 Sep 2012	**30 Sep 2011**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit before tax	774,593	404,949
Adjustment for:		
Dividend income	(3,363)	(2,883)
Finance income	(67,632)	(24,076)
Finance costs	159,521	90,412
Amortisation and impairment loss of intangibles	50,549	46,572
Depreciation and impairment loss of property, plant and equipment	293,285	119,990
Write off of property, plant and equipment	163	187
Loss on disposal of property, plant and equipment	1,370	97
Gain on disposal of subsidiary	(1,064)	-
Gain on disposal of assets held for sale	(280)	-
Impairment loss on:		
- Trade and other receivables	23,521	8,201
- Financial assets	-	2,335
Fair value loss on the contingent consideration payable	12,219	-
Valuation gain on investment properties	(132,600)	-
Write back of IT project expenses	(4,180)	-
Share of profits of associates (net of tax)	(39,382)	(33,645)
Share of profits of joint ventures (net of tax)	(12,204)	(10,898)
Equity-settled share-based payment transactions	17,395	9,243
Net unrealised foreign exchange gain	(42,887)	(89,029)
Operating profit before changes in working capital	**1,029,024**	**521,455**
Changes in working capital		
Trade and other receivables	(102,283)	(2,492)
Inventories	(5,168)	1,431
Development properties	910,955	(86,008)
Trade and other payables	(711,735)	376,760
Cash flows from operations	**1,120,793**	**811,146**
Income tax paid	(120,537)	(90,038)
Net cash generated from operating activities	**1,000,256**	**721,108**
Cash flows from investing activities		
Interest received	26,708	12,351
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(824,527)	-
Disposal of subsidiary, net of cash and cash equivalents disposed	458	(136,797)
Development of intellectual property	(4,189)	(205)
Purchase of property, plant and equipment	(791,794)	(416,141)
Proceeds from disposal of property, plant and equipment	1,778	3,345
Proceeds from disposal of assets held for sale	1,578	8,006
Proceeds from disposal of intangibles	210	-
Net repayment from associates	523	98
Net advances to joint ventures	(142)	(20,289)
Dividend received from associates	35,400	37,554
Dividend received from joint ventures	1,674	438
Dividend received from available-for-sale financial assets	3,363	2,883
Net purchase of other financial assets	(454)	-
Purchase of quoted financial assets	-	(353,759)
Net cash used in investing activities	**(1,549,414)**	**(862,516)**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	Financial period ended	
	30 Sep 2012 RM'000	30 Sep 2011 RM'000
Cash flows from financing activities		
Interest paid	(144,141)	(139,056)
Proceeds from issue of ordinary shares	5,040,000	1,978,000
Share issue expenses	(132,327)	-
Acceptance fee for share options granted	-	370
(Repayment to)/advances from holding company and related companies	(24,781)	485,155
Repayment of loans and borrowings	(5,456,407)	(1,894,877)
Proceeds from loans and borrowings	1,566,443	12,994
Dividend paid to non-controlling shareholders	(4,514)	(2,407)
Acquisition of non-controlling interests	(280,191)	(4,252)
Proceeds from partial disposal and dilution of interest in subsidiary to non-controlling shareholder	109,358	-
Issue of shares by subsidiaries to non-controlling shareholder	134,607	-
Additional payment for a prior year acquisition of non-controlling interest	-	(15,361)
Change in pledged deposits	3,806	1,883
Net cash from financing activities	**811,853**	**422,449**
Net increase in cash and cash equivalents	**262,695**	**281,041**
Effect of exchange rate fluctuations on cash held	41,523	24,493
Cash and cash equivalents at beginning of period	1,251,485	1,158,109
Cash and cash equivalents at end of the period	**1,555,703**	**1,463,643**

Cash and cash equivalents

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

	Financial period ended	
	30 Sep 2012 RM'000	30 Sep 2011 RM'000
Cash and bank balances	530,515	384,448
Deposits placed with licenced banks	1,083,646	1,118,119
	1,614,161	1,502,567
Less: Bank overdrafts	(3,530)	-
Deposits pledged	(54,928)	(38,924)
Cash and cash equivalents at end of the period	**1,555,703**	**1,463,643**

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2011 Audited Financial Statements and the accompanying explanatory notes attached to this financial report

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

A1 BASIS OF PREPARATION

a) Basis of accounting

These condensed consolidated interim financial report are unaudited and prepared in accordance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134: Interim Financial Reporting in Malaysia and IAS 34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2011 ("2011 Audited Financial Statements").

The 2011 Audited Financial Statements which were prepared under Financial Reporting Standards ("FRS"), are available upon request from the Company's registered office at:

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

b) Significant accounting policies

The 2011 Audited Financial Statements of the Group were prepared in accordance with FRS. Since the previous annual audited financial statement as at 31 December 2011 were issued, the Group has adopted Malaysian Financial Reporting Standards ('MFRS') framework issued by the Malaysian Accounting Standard Board ('MASB') with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to converge Malaysia's existing Financial Reporting Standards framework with the International Financial Reporting Standards ('IFRS') framework issued by the International Accounting Standards Board.

These condensed consolidated interim financial report are part of the period covered by the Group's first MFRS framework annual financial statements. The Group applied MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards, in the transition from FRSs framework to MFRS framework on 1 January 2012. The adoption of MFRSs did not result in any material financial impact to the Group in preparing its opening MFRS statement of financial position.

The Group early adopted the amendments to MFRS 101: Presentation of Financial statements, which is originally effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 did not have any impact on the financial statements other than the presentation format of the statement of comprehensive income.

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements for the financial year ended 31 December 2011 was not subjected to any qualification.

A3 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 NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

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

On 23 April 2012, Mount Elizabeth Novena Hospital and Specialist Centre received its temporary occupation permits ("TOP"). As a result:

- The total contracted amount for the sale of medical suites located in Mount Elizabeth Novena Specialist Centre had been recognised in the Group's statement of comprehensive income upon receiving TOP whereby the risk of ownership of the medical suites was transferred to the purchasers. Total revenue from the 216 medical suites units sold amounting to approximately RM1,209.6 million, equivalent of S$493.8 million, was recognised in the financial period to date.

- The capitalised cost of construction and development relating to the medical suites that have been sold, of approximately RM971.3 million, equivalent of S$396.5 million, had been expensed in the statement of comprehensive income upon receiving TOP. The recognition of profits from sale of medical suites boosted the Group's EBITDA and PATMI by RM238.3 million and RM193.6 million respectively.

- 90% of the total contracted amount had been billed for the medical suites sold up till the date of receipt of TOP and the remaining 10% will be due 12 months after the receipt of TOP and was recorded as other receivable.

- The capitalised cost of construction and development relating to the medical suites held for rental to third parties was recorded as investment properties in the statement of financial position upon receiving TOP. In accordance with the Group's accounting policy, the Group fair valued its investment properties and recognised a fair value gain of RM132.6 million, equivalent of S$54.1 million, in the statement of comprehensive income for the financial period to date.

- The capitalised cost of construction and development relating to the medical suites that were designated as Centres of Excellences for use by Mount Elizabeth Novena Hospital was reclassified as property, plant and equipment upon receiving TOP and will be depreciated over its useful life.

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 September 2012 other than as mentioned above and in Section A12 and Section B6 of this interim financial report.

A5 CHANGE IN ACCOUNTING ESTIMATES

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

In preparing the unaudited condensed consolidated interim financial report, the significant judgments made by the management in applying the Group's accounting policies and key sources of estimating uncertainty were consistent with those applied to 2011 Audited Financial Statements.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

A6 DEBT AND EQUITY SECURITIES

a) On 23 July 2012, the Company issued:

i) 1,800,000,000 new ordinary shares of RM1.00 each pursuant to its IPO on 25 July 2012;

ii) 3,765,196 new ordinary shares of RM1.00 each pursuant to the surrender of Long Term Incentive Plan ("LTIP") units granted and vested prior to the Company's listing on 25 July 2012; and

iii) 56,203,299 new ordinary shares of RM1.00 each in consideration of the transfer of 152,500,000 ordinary shares of RM1.00 each in Integrated Healthcare Hastaneler Turkey Sdn. Bhd. ("IHHTSB") to the Company pursuant to the shareholders agreement between the Company, Integrated Healthcare Turkey Yatirimlari Limited, IHHTSB and Symphony Healthcare Holdings Limited dated 8 February 2012.

b) On 17 September 2012, the Company issued 34,378 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIP units.

Except as disclosed above, there has been no other issuance of shares, share buy-backs, and repayments of debt and equity securities by the Company for the 3rd quarter ended 30 September 2012.

As at 30 September 2012, the issued and paid-up share capital of the Company stood at RM8,055,445,168 comprising 8,055,445,168 ordinary shares of RM1.00 each.

A7 DIVIDENDS PAID

There were no dividends declared for the 3rd quarter ended 30 September 2012.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

A8 SEGMENT REPORTING

There had been no changes in the basis of segmentation or in the basis of measurement of segment profit or loss from the 2011 Audited Financial Statements.

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

Financial period ended 30 Sep 2012

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses						
Revenue from external customers	3,827,645	1,502,756	128,918	3,363	-	5,462,682
Inter-segment revenue	-	-	-	6,024	(6,024)	-
Total segment revenue	3,827,645	1,502,756	128,918	9,387	(6,024)	5,462,682
EBITDA	783,149	250,605	49,169	(3,633)	(6,024)	1,073,266
Depreciation and impairment losses of property, plant and equipment						(293,285)
Amortisation and impairment loss of intangibles						(50,549)
Net foreign exchange gain						22,081
Finance income						67,632
Finance costs						(159,521)
Share of profits of associates (net of tax)						39,382
Share of profits of joint ventures (net of tax)						12,204
Professional and consultancy fees:						
- Acquisitions						(5,094)
- Listing expenses						(54,591)
- Internal restructuring						(1,304)
Fair value loss on contingent consideration payable						(12,219)
Valuation gain on investment properties						132,600
Write back of IT project expenses						4,180
Write off of property, plant and equipment						(163)
Loss on disposal of property, plant and equipment						(1,370)
Gain on disposal of assets held for sale						280
Gain on disposal of subsidiary						1,064
Profit before tax						774,593
Income tax expense						(145,630)
Profit for period						628,963

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

A8 SEGMENT REPORTING

Financial period ended 30 Sep 2011

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses						
Revenue from external customers	2,359,022	-	118,985	2,846	-	2,480,853
Inter-segment revenue	-	-	-	-	-	-
Total segment revenue	2,359,022	-	118,985	2,846	-	2,480,853
EBITDA	470,550	-	49,686	(14,569)	-	505,667
Depreciation and impairment losses of property, plant and equipment						(119,990)
Amortisation and impairment loss of intangibles						(46,572)
Net foreign exchange gain						99,672
Finance income						24,076
Finance costs						(90,412)
Share of profits of associates (net of tax)						33,645
Share of profits of joint ventures (net of tax)						10,898
Professional and consultancy fees:						
- Acquisitions						(580)
- Internal restructuring						(8,836)
Impairment loss on financial assets						(2,335)
Write off of property, plant and equipment						(187)
Loss on disposal of property, plant and equipment						(97)
Profit before tax						404,949
Income tax expense						(70,478)
Profit for period						334,471

A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

A10 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Financial period ended	
	30 Sep 2012 RM'000	30 Sep 2011 RM'000
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	54,979	47,581
- Purchase and consumption of services	(58,521)	(24,790)
- Purchase of quoted available-for-sale financial assets	-	(353,759)
Transactions with associates		
- Rental expenses	(105,383)	(98,602)
- Management and acquisition fees earned	16,529	14,146
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	133,365	-
- Purchase and consumption of services	(40,436)	-
- Rental expenses	(1,536)	-

A11 SUBSEQUENT EVENTS

i) De-listing of Acibadem Saglik Hizmetleri ve Ticaret A.S. (“ASH”)

ASH obtained approval from the Istanbul Stock Exchange (“ISE”) for its de-listing on 27 September 2012, and officially ceased trading after the second session of 4 October 2012.

Other than as mentioned in Section A12(i), A12(xi), A12(xii), and as disclosed above in this interim financial report, there were no significant subsequent events that require disclosures or adjustment as at 21 November 2012.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

In addition to the changes in the composition of the Group for 1st quarter ended 31 March 2012 as disclosed in the Company’s Prospectus dated 2 July 2012, changes in the composition of the Group up to 21 November 2012 were as follows:

i) On 3 April 2012, Pantai Group Resources Sdn. Bhd. had entered into Share Sale Agreement with IMU Health Sdn. Bhd. to dispose the entire equity interest comprising 400,000 ordinary shares of RM1.00 each in Pantai Education Sdn. Bhd., pursuant to the internal restructuring of the Group, for a total cash consideration of RM8,216,000.00 (“PESB Transfer”).

The PESB Transfer was completed on 22 October 2012.

ii) On 9 April 2012, Almond Holdings A.S. (“Almond”), an indirect subsidiary of the Group, completed the mandatory tender offer (“MTO”) for the balance 8% of the shares of ASH. Upon the completion of the MTO, Almond increased its equity interest in ASH from 92.0% to 97.3%.

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

The Group’s 60.0% pro-rata share of the above-mentioned VTO is TL16.2 million and its effective interest in ASH increased to 59.0%.

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

iii) On 27 April 2012, Pantai Diagnostics Indonesia Sdn. Bhd, 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 was completed on 20 June 2012.

iv) On 14 May 2012, Acibadem Holdings through its subsidiaries acquired 99.99% equity interest of Acıbadem Ortadoğu A.S. (formerly known as Acıbadem Diş Sağlığı Hizmetleri A.Ş,) for a total consideration of TL535,000. Acıbadem Ortadoğu A.S's principal activity is the provision of design, construction and management of hospitals and medical centres.

v) Between 1 June 2012 to 23 July 2012, the Group increased its equity interest in IHHTSB from 93.65% to 100.00%.

vi) On 25 June 2012, the Group incorporated a 60% owned new subsidiary, GHK Hospital Limited ("GHK"). The initial paid up capital of GHK is HKD10. GHK's intended principal activity is provision of healthcare services.

vii) On 20 July 2012, Acıbadem Poliklinikleri A.Ş., an indirect subsidiary of the Group, incorporated a 60% owned subsidiary, Bodrum Tedavi Hizmetleri A.S. ("Bodrum Tedavi") in Turkey with a total issued and paid up capital of TL50,000. Bodrum Tedavi's intended principapl activities is the provision of medical, surgical and hospital services. The Group's effective interest in Bodrum Tedavi is 35.4%.

viii) On 7 August 2012, Bodrum Tedavi acquired equity interest in the following subsidiaries in Turkey:

Name of subsidiary acquired	Total issued and paid-up capital	Equity interest	Purchase consideration	Principal activity
Medlife Clinic Ambulance ve Özel Sağlık Hizmetleri İthalat ve İhracat A.Ş.	TL525,000	99.99%	TL8,269,667	Provision of outpatient services
Bodrum Medikal Özel Sağlık Hizmetleri Turizm Gıda İnş. Paz. İth. İhr. San ve Ticaret A.Ş.	TL1,050,000	99.99%	TL6,831,670	Provision of outpatient services
Özel Turgutreis Poliklinik Hizmetleri Ticaret A.Ş.	TL50,000	99.99%	TL99,576	Provision of outpatient services
Sesu Özel Sağlık Hizmetleri Tıbbi Malzemeler Ticaret Sanayi ve Ticaret A.Ş.	TL172,000	99.71%	TL2,716,793	Provision of outpatient services

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

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

a) Shanghai Property Right Exchange Contract with Shanghai International Trust Co., Ltd ("SIT") to acquire the remaining 70% equity interest in Shanghai Rui Pu Clinic Co., Ltd. ("Shanghai Rui Pu") for a total cash consideration of RMB37,768,640;

b) Shanghai Property Right Exchange Contract with SIT to acquire 98% equity interest in Shanghai Rui Xiang for a total cash consideration of RMB27,772,265; and

c) Shanghai Property Right Exchange Contract with Shanghai International Group Assets Management Co., Ltd to acquire the remaining 2% equity interest in Shanghai Rui Xiang Clinic Co., Ltd. ("Shanghai Rui Xiang" for a total cash consideration of RMB566,781.

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

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

Upon completion, Shanghai Rui Pu and Shanghai Rui Xiang became wholly-owned subsidiaries of Shanghai Shu Kang.

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

xi) On 16 October 2012, Acibadem Holdings acquired the remaining 0.01% equity interest in Almond for a total consideration of TL4. The said acquisition increased Acibadem Holdings shareholdings in Almond from its present 99.99% to 100.00%.

xii) On 5 November 2012, ASH acquired the following subsidiary in Turkey:-

Name of subsidiary acquired	Total issued and paid-up capital	Equity interest	Purchase consideration	Principal activity
Turuncu Grup Sağlık Hizmetleri Danışmanlık İnşaat Ticaret A.Ş.	TL100,000	100%	TL5,000,000	Provision of healthcare services

xiii) On 6 November 2012, Shanghai Shu Kang received the approval from Shanghai Industrial and Commercial Bureau ("SICB") for the transfer Shanghai Rui Pu and Shanghai Rui Xiang to Shanghai Mai Kang. Afterwhich, Shanghai Rui Pu and Shanghai Rui Xiang became wholly-owned subsidiaries of Shanghai Mai Kang.

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

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Reference is made to the Company's Prospectus dated 2 July 2012 and the 2011 audited financial statements, wherein it was disclosed that Tan Sri Dato' Dr. Awang Bin Had Salleh and Konsortium Bersatu Perkhidmatan Kesihatan Sdn Bhd (collectively the "Plaintiffs") had on 15 April 2008 filed a suit in the High Court of Malaya at Kuala Lumpur (Suit No.: D11-22-510-2008) against Pantai Support Services Sdn Bhd ("PSS") and Pantai Holdings Berhad ("Pantai"). The hearing of the closing oral submissions has been postponed to 7 December 2012 and the written submissions will be filed prior to the hearing.

Other than as mentioned above, and the update made in 30 June 2012 Interim Financial Report, there were no material changes in the contingent liabilities or contingent assets as at 21 November 2012 from that disclosed in the 2011 Audited Financial Statements.

A14 CAPITAL COMMITMENTS

	30 Sep 2012 RM'000	31 Dec 2011 RM'000
Capital commitments not provided for in the interim financial report:		
Property, plant and equipment		
- Amounts authorised and contracted for	392,888	523,971
- Amounts authorised but not contracted for	560,912	542,443
	953,800	1,066,414

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

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

	3rd quarter ended			Financial period ended		
	30 Sep 2012 RM'000	30 Sep 2011 RM'000	Variance %	30 Sep 2012 RM'000	30 Sep 2011 RM'000	Variance %
REVENUE						
Parkway Pantai	883,109	763,838	16%	3,827,645	2,359,022	62%
Acibadem Holdings	558,158	-	100%	1,502,756	-	100%
IMU Health	44,370	38,297	16%	128,918	118,985	8%
Others	3,363	2,825	19%	3,363	2,846	18%
Total	**1,489,000**	**804,960**	**85%**	**5,462,682**	**2,480,853**	**120%**
EBITDA						
Parkway Pantai	167,189	159,545	5%	783,149	470,550	66%
Acibadem Holdings	72,229	-	100%	250,605	-	100%
IMU Health	15,666	14,231	10%	49,169	49,686	-1%
Others	(1,551)	(2,639)	41%	(9,657)	(14,569)	34%
Total	**253,533**	**171,137**	**48%**	**1,073,266**	**505,667**	**112%**

Q3 2012 vs Q3 2011

The Group achieved outstanding revenue and EBITDA growth for the 3rd quarter ended 30 September 2012 ("Q3 2012"). Both revenue and EBITDA increased 85% and 48% respectively as compared to the corresponding prior year quarter with the consolidation of Acibadem Holdings. Improved performance in the Group's existing operations also contributed to the outstanding revenue and EBITDA growth.

However the Group's profit after tax and minority interest and excluding exceptional items ("PATMI, excluding EI") decreased 19% to RM96.1 million in Q3 2012 as a result of start-up losses from the newly opened Mount Elizabeth Novena Hospital.

Parkway Pantai

Parkway Pantai revenue grew 16% to RM883.1 million in Q3 2012 whilst its EBITDA grew 5% to RM167.2 million for Q3 2012.

Parkway Pantai's newly constructed Mount Elizabeth Novena Hospital in Singapore commenced its operations on 28 June 2012 and contributed RM19.1 million of revenue in Q3 2012. The opening of Mount Elizabeth Novena Hospital, together with the continued demand for quality healthcare in the region, led to an almost 10% increase in inpatient admissions at the Singapore hospitals from 12,695 inpatient admissions in Q3 2011 to 13,951 inpatient admissions in Q3 2012. Inpatient admissions at Parkway Pantai's hospitals in Malaysia were maintained in Q3 2012 as compared to Q3 2011. In addition, revenue intensities at the Parkway Pantai hospitals increased as a result of more complex cases undertaken by the hospitals and price increases to compensate for cost inflation. Revenue intensities increased to approximately RM19,439 and RM4,645 in Singapore and Malaysia respectively, from RM18,112 and RM4,173 in Q3 2011.

Whilst revenue gradually ramped up in its initial months of operation, Mount Elizabeth Novena Hospital had to incur start-up costs of staffing and operating the hospital. Mount Elizabeth Novena Hospital recognised an EBITDA loss of RM23.9 million in Q3 2012 as compared to lower pre-operating expenses of RM6.8 million in Q3 2011. Excluding the effects of such start up and pre-operating loss, Parkway Pantai's EBITDA improved 15% to RM191.1 million for Q3 2012 and EBITDA margins were maintained at 22%.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

IMU Health

IMU Health registered 16% revenue growth in Q3 2012 over the corresponding quarter last year due to fee increase as well as increased student enrolment in majority of its existing and new academic programs.

IMU Health's EBITDA increased 10% in Q3 2012, driven by the increase in revenue. However EBITDA margins dropped by 2% to 35% in Q3 2012 mainly due to a one-off claw back of lease rental from 1999 till June 2012 of RM2.6 million upon being notified by the Federal Lands Commissioner on 31 July 2012 that the lease of the land will be executed. Excluding this one-off lease rental expense, IMU's EBITDA improved 28% and margins increased by 4% to 41% in Q3 2012 as compared to the corresponding quarter last year. Besides recognising the one-off claw back of lease rental expense, IMU Health also recognised the lease rental expense for this quarter, whereas there was none recognised last year.

Others

Others comprise mainly IHH Group's corporate office as well as other investment holding entities. In Q3 2012, the Group earned higher dividend income from its investment in Apollo Hospitals Enterprise Limited.

<u>YTD 2012 vs YTD 2011</u>

The Group achieved outstanding revenue and EBITDA growth for the financial period ended 30 September 2012 ("YTD 2012"). Both revenue and EBITDA more than doubled as compared to the corresponding prior year period upon the consolidation of Acibadem Holdings from 24 January 2012 onwards as well as the recognition of profits from the sale of the 216 medical suites units at the Mount Elizabeth Novena Specialist Centre. Improved performance in the Group's existing operations also contributed to the outstanding revenue and EBITDA growth.

As a result, the Group's PATMI excluding EI improved 62% from RM333.5 million in YTD 2011 to RM540.0 million in YTD 2012.

Parkway Pantai

Parkway Pantai achieved YTD revenue of RM3,827.6 million and EBITDA of RM783.1 million, following the recognition of profit from sale of medical suites upon receipt of TOP in Q2 2012.

Excluding the effects of the sale of medial suites, Parkway Pantai's YTD 2012 revenue grew 11% to RM2,618.0 million whilst its YTD 2012 EBITDA grew 16% to RM544.8 million. EBITDA margins improved marginally to 21%.

The newly constructed Mount Elizabeth Novena Hospital contributed RM19.2 million of revenue in YTD 2012. It's opening, together with the continued demand for quality healthcare services in the region resulted in strong inpatient admissions growth at the Parkway Pantai hospitals. Inpatient admissions increased by 8% at the Singapore hospitals from 37,999 inpatient admissions in YTD 2011 to 40,980 inpatient admissions in YTD 2012. Parkway Pantai's hospitals in Malaysia recorded 4% increase in their inpatient admissions from 113,164 in YTD 2011 to 117,722 in YTD 2012. In addition, revenue intensities at the Parkway Pantai hospitals increased to approximately RM19,550 and RM4,560 per inpatient admission in Singapore and Malaysia respectively, from RM18,324 and RM4,145 in YTD 2011. The higher revenue intensities were the result of more complex cases undertaken by the hospitals, as well as price increases to compensate for cost inflation.

Parkway Pantai incurred various pre-operating costs to prepare its newly constructed 333 bed Mount Elizabeth Novena Hospital in Singapore for commencement of operations on 28 June 2012. Such costs include the hiring and training of medical and administrative staff, marketing and promotion expenses, utilities etc. Mount Elizabeth Novena Hospital's pre-operating and startup losses amounted to RM67.8 million in YTD 2012 while the pre-operating expense in YTD 2011 was RM16.6 million. Excluding the effects of such pre-operating and start up costs and the above-mentioned sale of medical suites, Parkway Pantai's EBITDA improved 26% to RM612.6 million for YTD 2012. On that basis, EBITDA margins increased 2% to 23% for the YTD 2012. The

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

improvement in EBITDA margins was in tandem with higher revenue intensities and the result of continuous cost containment efforts.

IMU Health

IMU Health registered 8% revenue growth in YTD 2012 over the corresponding period last year due to fee increase as well as increased student enrolment in majority of its existing and new academic programs.

IMU Health's EBITDA decreased 1% in YTD 2012 as a result of increasing expenses such as staff costs. IMU Health increased its headcount in line with the increased student enrolment to maintain the ideal staff-to-student ratio. Moreover, IMU Health recognised a one-off claw back of lease rental of RM2.5 million in YTD 2012 for the lease period of 1999 till 2011 upon being notified by the Federal Lands Commissioner on 31 July 2012 that the lease of the land will be executed. Besides recognising the one-off claw back of lease rental expense, IMU Health also recognised the lease rental expense this year, whereas there was none recognised last year.

Others
Others comprise mainly IHH Group's corporate office as well as other investment holding entities.

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	3rd quarter ended 30 Sep 2012 RM'000	2nd quarter ended 30 Jun 2012 RM'000	Variance %
REVENUE			
Parkway Pantai	883,109	2,099,002	-58%
Acibadem Holdings	558,158	556,444	0%
IMU Health	44,370	42,044	6%
Others	3,363	-	NM
Total	**1,489,000**	**2,697,490**	**-45%**
EBITDA			
Parkway Pantai	167,189	427,850	-61%
Acibadem Holdings	72,229	96,855	-25%
IMU Health	15,666	16,264	-4%
Others	(1,551)	(49)	NM
Total	**253,533**	**540,920**	**-53%**

Q3 2012 vs Q2 2012

In Q2 2012, the Group's revenue and EBITDA were boosted by the recognition of the sale of medical suites. Excluding this, the Group's Q3 2012 revenue remained flat against the previous quarter and EBTIDA decreased by 16% from RM302.6 million in the previous quarter to RM253.5 million in the current quarter.

On a quarter-on-quarter basis, the Group's PATMI excluding EI decreased from RM303.3 million in Q2 2012 to RM96.1 million in Q3 2012 as a result of last quarter's results being boosted by RM193.6 million from the profit on sale of medical suites. The decrease in Q3 2012 EBITDA and the depreciation of Mount Elizabeth Novena Hospital's land and building in the current quarter also contributed to the decrease in quarter-on-quarter PATMI excluding EI.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

Parkway Pantai

Generally, quarter-on-quarter revenue and EBITDA decreased across Parkway Pantai's key markets. The weaker performance was due to the low season in Malaysia and Singapore as patients in the region tend to postpone elective medical procedures during Ramadan and the Hungry Ghost Festival which fell in Q3 2012.

Mount Elizabeth Novena Hospital's EBITDA loss was reduced from RM28.3 million in Q2 2012 to RM23.9 million in Q3 2012 as the progressive ramp up in its revenues help to offset the overheads of the new operations.

Acibadem Holdings

During Q3 2012, Acıbadem Holdings' revenues have been maintained at same levels as compared to the previous quarter. In August 2012, Acıbadem Holdings acquired four medical centers in Bodrum, Turkey, which contributed approximately RM5.6 million to revenue in Q3 2012. The revenues from these four medical centres as well as increased revenues from other healthcare services, was offset by a slight decrease in inpatient admissions from 26,278 in Q2 2012 to 25,172 in Q3 2012 due seasonal slowdown in patient volumes during the summer months in Turkey. In addition, in Q3 2012, Acibadem Holdings gave a RM6.0 million goodwill discount to secure a medical services contract with a particular group of foreign patients.

Acıbadem Holdings' Q3 2012 EBITDA was mainly affected by seasonality. In addition, pre-operating expenses of RM6.9 million was incurred during Q3 2012 for Ankara and Altunizade hospitals as compared to RM5.2 million in Q2 2012.

IMU Health

IMU Health registered 6% revenue growth in Q3 2012 as compared to Q2 2012. However, its EBITDA decreased 4% in Q3 2012 as the result of the RM2.6 million one-off claw back of lease rental expense from 1999 till June 2012.

Others

In Q3 2012, the Group earned dividend income from its investment in Apollo Hospitals Enterprise Limited whereas no dividend was declared by Apollo Hospitals Enterprise Limited in the previous quarter.

B3 CURRENT YEAR PROSPECTS

Parkway Pantai

Parkway Pantai's primary care arm in Singapore, Parkway Shenton Pte Ltd, was recently awarded a contract valued up to S$320.6 million by the Singapore Prison Service to provide general medical and healthcare services at the various prisons facilities over 8 years starting from 26 Dec 2012. Consequently, incremental staff cost is being incurred as Parkway Shenton recruits additional headcount to support this contract.

Parkway Pantai had recently embarked on a renovation project at its Mount Elizabeth Orchard Hospital and Gleneagles Hospital to upgrade wards and operating theatres to improve the amenities for patients. The temporary closure of wards and operating theatres are not expected to have a material impact on the revenues of Parkway Pantai Singapore operations as patients would be referred to Mount Elizabeth Novena Hospital for their surgical procedures. The renovation is expected to complete in the first quarter of 2013. Meanwhile, its expansion projects in Malaysia are progressing on schedule. The 450-bed Gleneagles Khubchandani Hospital in Mumbai is now expected to be completed by 2014.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

Acibadem Holdings

Acibadem Holdings' inpatient and outpatient volumes and revenues are expected to increase in Q4 2012 as the winter months approaches and with the increase in bed capacity from the opening of Ankara Hospital, which has commenced operation on 26 November 2012.

IHH and the other shareholders of Acibadem Holdings are in the process of recapitalising Acibadem Holdings. Upon recapitalisation, Acibadem Holdings would repay approximately US$257 million amounting to approximately 55% of its US-dollar denominated borrowings and also repay various other short term loans. This is expected to reduce the Group's exposure to currency fluctuations as well as reduce the overall borrowing costs in the coming year.

Overall IHH Group Prospects

Barring the effects of seasonality and unforeseen circumstances, the Group is cautiously optimistic that it would achieve satisfactory performance for the last quarter of the year.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	3rd quarter ended		Financial period ended	
	30 Sep 2012 RM'000	30 Sep 2011 RM'000	30 Sep 2012 RM'000	30 Sep 2011 RM'000
Current tax expense	31,159	16,015	156,758	73,483
Deferred tax expense	(7,835)	(157)	(11,128)	(3,005)
	23,324	15,858	145,630	70,478

The Group's effective tax rate the financial period to date of 20.1%, after adjusted for the share of profits of associates and joint ventures, was lower than the Malaysian statutory tax rate mainly due to the effects of lower tax rates in certain countries that the Group operates. In addition, most of the income in the exceptional items included in the Group's profit before tax for the financial period to date are non-taxable.

The Group's effective tax rate for the current quarter of 29.7%, after adjusted for the share of profits of associates and joint ventures, was higher than the Malaysia statutory tax rate mainly due to the non-tax deductibility of the depreciation of Mount Elizabeth Novena Hospital's land and building.

B6 STATUS OF CORPORATE PROPOSALS

a) Status of corporate proposals announced but not completed as at 21 November 2012:

i) Acquisition of 65% equity interest in Jinemed Saglik Hizmetleri ve Ticaret A.S. ("Jinemed")

Reference is made to the Company's Prospectus dated 2 July 2012 wherein it was disclosed that ASH has in January 2012 signed a share purchase agreement to acquire a 65% equity interest in Jinemed, which operates Jinemed Hospital and Jinemed Medical Centre in Istanbul, Turkey. The share transfer is still pending completion, and is expected to be completed within 2012.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

ii) Acquisition of 100% equity interest in Tolga Sağlık Hizmetleri A.Ş. ("Tolga Sağlık")

Reference is made to the Company's Prospectus dated 2 July 2012 wherein it was disclosed that Acibadem Poliklinikleri A.S., has executed a future share sale agreement and future asset transfer agreement with Tolga Saglik. The share purchase and asset transfer in respect of the acquisition of 100% equity interest in Tolga Saglik, which is the license owner of Levent Medical Centre in Istanbul, Turkey, is expected to be realised in 2012.

b) Utilisation of IPO proceeds

As at 21 November 2012, the gross proceeds of RM5,040,000,000 from the Public Issue were utilised in the following manner:

	Proposed Utilisation Amount RM'000	Actual Utilisation Amount RM'000	Deviation RM'000	Intended Timeframe for Utilisation
Repayment of bank borrowings	4,663,000	4,649,018	13,982	Note 1
Working capital and general corporate purpose[2]	189,000	23,625	165,375	Within 24 months
Estimated listing expenses	188,000	181,851	6,149	Within 12 months
	5,040,000	4,854,494	185,506	

Note
1: Actual utilisation was less than the proposed amount due to the lower outstanding principal at the date of repayments.
2: Amount set aside for working capital and general corporate purpose differs from amount set out in the IPO prospectus of RM279.0 million. The difference of RM90.0 million arose from the difference in the actual IPO price of RM2.80 per share and indicative retail price of RM2.85, times the 1.8 billion shares issued pursuant to the IPO.

B7 LOANS AND BORROWINGS

a) Breakdown of the Group's loans and borrowings as at 30 September 2012:

	30 Sep 2012 RM'000	31 Dec 2011 RM'000
Non-current		
Secured		
Bank borrowings	1,336,867	3,674,505
Financial lease liabilities	175,133	26,268
Unsecured		
Bank borrowings	1,077,634	1,290,491
	2,589,634	4,991,264
Current		
Secured		
Bank borrowings	342,943	32,961
Financial lease liabilities	54,267	13,539
Bank overdrafts	3,530	584
	400,740	47,084
Total	2,990,374	5,038,348

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

b) Breakdown of the Group's loans and borrowings as at 30 September 2012 by the source currency of loans, in RM equivalent:

	30 Sep 2012 RM'000	31 Dec 2011 RM'000
Singapore Dollar	1,077,633	4,941,799
Ringgit Malaysia	86,276	76,179
US Dollar	1,423,042	-
Macedonian Denar	28,977	-
Swiss Franc	87,058	-
Euro	90,356	-
Turkish Lira	178,221	-
Others *	18,811	20,370
	2,990,374	5,038,348

* Others include India Rupee, Hong Kong Dollar and Brunei Dollar

Key exchange rates as at 30 September 2012:

1 SGD	= RM2.5019
1 TL	= RM1.7920
1 USD	= RM3.0818

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivatives financial instruments as at 30 September 2012:

	Notional Amount as at 30 Sep 2012 RM'000	Fair value amount as at 30 Sep 2012 RM'000
Foreign exchange forward contracts		
- within 1 year	110,565	(5,036)
Interest rate swaps		
- within 1 year	58,047	(3,896)
- 1 year to 3 years	174,140	(1,541)

Foreign exchange forward contracts

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

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

Interest rate swaps

Interest rate swaps are entered by the Group to hedge against interest rate fluctuations on some floating rate borrowings. The fair value of interest rate swaps is determined based on broker quotes. All changes in fair value of the interest rate swaps during the period were recognised in the statement of comprehensive income.

There are no changes to the Group's financial risk management policies and objectives in managing these derivative financial instruments and its related accounting policies. Refer to Section B15 for the fair value gain/loss recognised in the statement of comprehensive income during the period.

B9 CONTINGENT CONSIDERATION PAYABLE

As at 30 September 2012, the Group's other payables included a contingent consideration payable of RM52.6 million in relation to the acquisition of Acibadem Holdings. Pursuant to the sale and purchase agreement, the purchase consideration of Acibadem Holding is subject to further adjustments if the TL has appreciated in value against the US Dollar ("USD") on 31 December 2012, as compared to the exchange rate used in the sales and purchase agreement, subject to a cap of TL1.65/USD1. The Group shall pay the differential sum.

This contingent consideration payable was measured at fair value on initial recognition, and marked-to-market thereafter. All changes in fair value of the contingent consideration payable during the period were recognised in the statement of comprehensive income.

The fair value of the contingent consideration payable was determined with reference to the forward rate at reporting date and the agreed formula for contingent consideration. As the USD weakens against TL as at the reporting date compared to date of acquisition of Acibadem Holding (ie. 24 January 2012), the Group recognised a fair value loss for the financial period ended 30 September 2012. Refer to Section B15 for the fair value loss recognised in the statement of comprehensive income during the period.

B10 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

Other than derivatives and contingent consideration payable, the Group does not remeasure its financial liabilities at reporting date.

B11 CHANGES IN MATERIAL LITIGATIONS

There is no litigation or arbitration as at 21 November 2012, which has a material effect on the financial position of the Group and the Board is not aware of any material proceedings pending or threatening or of any fact likely to give rise to any proceedings.

B12 DIVIDENDS

No dividends were declared or paid by the Group in the current quarter or year to date 30 September 2012.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

B13 EARNINGS PER SHARE ("EPS")

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

	3rd quarter ended		**Financial period ended**	
	30 Sep 2012	**30 Sep 2011**	**30 Sep 2012**	**30 Sep 2011**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Basic and diluted earnings per share is based on:				
Net profit attributable to ordinary shareholders	75,654	142,876	603,032	321,416
Net profit attributable to ordinary shareholders (excluding EI)	96,103	118,731	539,978	333,451

i **Basic EPS**

	'000	**'000**	**'000**	**'000**
Weighted average number of shares	7,610,643	5,500,000	6,612,243	4,227,470
	Sen	**Sen**	**Sen**	**Sen**
Basic EPS	0.99	2.60	9.12	7.60
Basic EPS (exclude EI)	1.26	2.16	8.17	7.89

ii. **Diluted earnings per share**

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

	'000	**'000**	**'000**	**'000**
Number of ordinary shares used in calculation of basic earnings per share	7,610,643	5,500,000	6,612,243	4,227,470
Weighted number of unissued ordinary shares from units under Long Term Incentive Plan	10,208	5,099	7,701	613
Weighted number of unissued ordinary shares from share options under Employee Participation Plan	35,932	-	28,133	-
Weighted average number of dilutive ordinary shares for computation of diluted EPS	7,656,783	5,505,099	6,648,077	4,228,083
	Sen	**Sen**	**Sen**	**Sen**
Diluted EPS	0.99	2.60	9.07	7.60
Diluted EPS (exclude EI)	1.26	2.16	8.12	7.89

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

B14 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

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

	As at 30 Sep 2012 RM'000	**As at 31 Dec 2011 RM'000**
Total retained earnings of the Company and its subsidiaries		
- Realised	665,769	180,973
- Unrealised	(5,720)	48,309
	660,049	229,282
Total share of retained earnings from associates		
- Realised	41,135	37,174
- Unrealised	35,218	35,197
	76,353	72,371
Total share of retained earnings from joint ventures		
- Realised	35,514	24,984
- Unrealised	3,650	3,650
	39,164	28,634
Less Consolidation adjustments	(56,044)	(30,113)
Total Group retained earnings	719,522	300,174

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

B15 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Pursuant to the amendment to paragraph 9.22 of Bursa Malaysia listing announcement which is effective from 3rd January 2012, the following amounts have been debited or credited in arriving at the Total Comprehensive Income for the period.

	3rd quarter ended		Financial period ended	
	30 Sep 2012 RM'000	30 Sep 2011 RM'000	30 Sep 2012 RM'000	30 Sep 2011 RM'000
Other operating income including investment income	32,265	57,586	232,451	149,496
Depreciation and impairment losses of property, plant and equipment	(122,219)	(42,018)	(293,285)	(119,990)
Amortisation and impairment losses of intangible assets	(17,980)	(8,331)	(50,549)	(46,572)
Net foreign exchange gain	14,491	36,608	22,081	99,672
Professional and consultancy fees:				
- Acquisitions	(2,543)	(580)	(5,094)	(580)
- Listing expenses	210	-	(54,591)	-
- Internal restructuring	(1,304)	(2,921)	(1,304)	(8,836)
Fair value loss on contingent consideration payable	(16,308)	-	(12,219)	-
Valuation gain on investment properties	-	-	132,600	-
Impairment loss on:				
- Trade and other receivables	(1,129)	(541)	(23,521)	(8,201)
- Financial assets	-	(750)	-	(2,335)
Write back of IT project expenses	-	-	4,180	-
Write (off)/back				
- Inventories	-	(89)	-	(155)
- Trade and other receivables	(34)	(181)	(343)	300
- Property, plant and equipment	(24)	(162)	(163)	(187)
Loss on disposal of property, plant and equipment	(301)	(145)	(1,370)	(97)
Gain on disposal of assets held for sale	-	-	280	-
Gain on disposal of subsidiaries	-	-	1,064	-
Finance costs				
Interest expense on loans and borrowing	(43,523)	(16,716)	(133,538)	(68,482)
Fair value loss of financial instruments	(5,205)	-	(8,149)	-
Exchange loss on borrowings	-	-	-	-
Other finance costs	(8,400)	137	(17,834)	(21,930)
	(57,128)	(16,579)	(159,521)	(90,412)
Finance income				
Interest Income				
- Banks and financial institutions	7,804	4,828	24,871	12,048
- Others	44	-	163	120
Exchange gain on borrowings	20,299	-	41,346	-
Fair value gain of financial instruments	-	8,390	1,252	11,908
	28,147	13,218	67,632	24,076