



IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

FULL-YEAR FINANCIAL REPORT
31 DECEMBER 2013

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

The following statements of profit or loss and other comprehensive income for the financial year ended 31 December 2013 are not comparable to last year due to the consolidation of Acibadem Sağlık Yatırımları Holdings A.Ş. ("Acibadem Holdings*") from 24 January 2012 onward, as well as recognition of the sale of medical suites at Mount Elizabeth Novena Specialist Centre in April 2012, details of which are set out in explanatory notes to the statement of profit or loss and other comprehensive income on Page 3 of this Full-Year Financial Report.

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

	Note	4th quarter ended			Financial year ended		
		31 Dec 2013	31 Dec 2012	Variance	31 Dec 2013	31 Dec 2012	Variance
		RM'000	RM'000 (Restated [^])	%	RM'000	RM'000 (Restated [^])	%
Revenue		1,780,133	1,527,713	17%	6,756,451	6,962,466	-3%
Other operating income	1	107,242	107,057	0%	230,948	359,097	-36%
Inventories and consumables	2	(287,714)	(296,260)	3%	(1,126,187)	(1,083,852)	-4%
Purchased and contracted services	2	(197,954)	(148,308)	-33%	(723,180)	(528,478)	-37%
Development cost of properties sold		(2,409)	26,673	-109%	(2,409)	(944,547)	100%
Staff costs		(651,361)	(569,781)	-14%	(2,541,143)	(2,196,565)	-16%
Depreciation and impairment losses of property, plant and equipment	3	(133,644)	(128,425)	-4%	(531,512)	(442,449)	-20%
Amortisation and impairment losses of intangible assets		(17,025)	(17,665)	4%	(69,346)	(66,601)	-4%
Operating lease expenses		(41,190)	(41,684)	1%	(173,795)	(145,292)	-20%
Other operating expenses	1	(183,219)	(211,533)	13%	(670,848)	(729,982)	8%
Finance income	4	7,859	14,782	-47%	59,118	82,265	-28%
Finance costs	4, 5	(84,869)	(46,669)	-82%	(328,713)	(222,209)	-48%
Share of profits/(losses) of associates (net of tax)	6	858	232	NM	(1,793)	771	NM
Share of (losses)/profits of joint ventures (net of tax)	7	(6,512)	1,522	NM	3,971	13,335	-70%
Profit before tax		290,195	217,654	33%	881,562	1,057,959	-17%
Income tax expense	8	(31,203)	(39,763)	22%	(147,703)	(198,333)	26%
Profit for the period/year		258,992	177,891	46%	733,859	859,626	-15%
Other comprehensive income, net of tax							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences from foreign operations	9	(142,475)	(94,779)	-50%	(154,425)	(14,191)	NM
Hedge of net investments	9	58,573	109,613	-47%	165,822	170,744	-3%
Net change in fair value of available-for-sale financial assets	10	16,772	35,043	-52%	38,223	155,218	-75%
Cash flow hedge		52	828	-94%	788	(190)	NM
		(67,078)	50,705	NM	50,408	311,581	-84%
Other comprehensive income, net of tax							
Items that will not be reclassified subsequently to profit or loss							
Remeasurement of defined benefit liability		(5,963)	-	-	(5,963)	-	-
Revaluation of property, plant and equipment upon reclassification to investment properties		-	-	-	205	-	-
		(5,963)	-	-	(5,758)	-	-
Total comprehensive income for the period/year		185,951	228,596	-19%	778,509	1,171,207	-34%
Profit attributable to:							
Owners of the Company		230,100	156,508	47%	631,159	750,798	-16%
Non-controlling interests		28,892	21,383	35%	102,700	108,828	-6%
Profit for the period/year		258,992	177,891	46%	733,859	859,626	-15%
Total comprehensive income attributable to:							
Owners of the Company		215,528	204,859	5%	817,054	1,016,563	-20%
Non-controlling interests		(29,577)	23,737	NM	(38,545)	154,644	-125%
Total comprehensive income for the period/year		185,951	228,596	-19%	778,509	1,171,207	-34%
Earnings per share (sen)							
Basic	11	2.83	1.94	46%	7.78	10.76	-28%
Diluted	11	2.82	1.93	46%	7.74	10.69	-28%

NM: Not meaningful

*: "Acibadem Holdings" as referred to throughout this financial report includes the wholly-owned Integrated Healthcare Turkey Yatırımları Limited Group, which owns 60% effective interest in Acibadem Sağlık Yatırımları Holdings A.Ş. Group

[^]: With the implementation of MFRS10 Consolidated Financial Statements with effect from 1 January 2013, Parkway Life REIT and Khubchandani Hospitals Private Limited (which were accounted for as an associate and a subsidiary respectively in the previous year) are now respectively being consolidated as a subsidiary and equity accounted as a joint venture. The comparative figures for FY2012 have been restated accordingly. Refer to Section A1 and A8 for details.

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

SUPPLEMENTARY INFORMATION

	4th quarter ended			Financial year ended			
	31 Dec 2013 RM'000	31 Dec 2012 RM'000 (Restated [^])	Variance %	31 Dec 2013 RM'000	31 Dec 2012 RM'000 (Restated [^])	Variance %	
Profit attributable to owners of the Company	230,100	156,508	47%	631,159	750,798	-16%	
Add back/(less): Exceptional items ("EI")							
Professional and consultancy fees:							
- Acquisitions	1,342	664		4,695	5,758		
- Listing expenses	-	(4,364)		-	50,227		
- Internal restructuring	-	4,015		-	5,319		
Change in fair value of contingent consideration payable ⁱ	57	14,065		(3,946)	26,284		
Valuation gain on investment properties ⁱⁱ	(47,268)	(31,638)		(47,268)	(164,238)		
Write back of impairment loss on financial assets ⁱⁱⁱ	(22,766)	(41,664)		(22,766)	(41,664)		
Write back of IT project expenses	-	-		-	(4,180)		
Write off property, plant and equipment	714	1,054		904	1,217		
Write off intangibles	534	-		534	-		
(Gain)/loss on disposal of property, plant and equipment	(484)	16,127		(3,698)	17,497		
Gain on disposal of assets held for sale	-	-		(67)	(280)		
Gain on disposal of subsidiaries ^{iv}	-	-		(4,376)	(1,064)		
Exchange loss/(gain) on net borrowings ^v	4	54,011		189,807	(40,333)		
	(13,860)	(40,728)		113,819	(145,457)		
Add/(less): Tax effects on EI	(10,802)	(203)		(37,961)	8,067		
Add/(less): Non-controlling interests' share of EI	(17,285)	(7,005)		(58,418)	5,728		
	(41,947)	(47,936)		17,440	(131,662)		
Profit attributable to owners of the Company, excluding EI^{vi}	188,153	108,572	73%	648,599	619,136	5%	
Earnings per share, excluding EI^{vi} (sen)							
Basic	11	2.31	1.35	71%	7.99	8.88	-10%
Diluted	11	2.30	1.34	72%	7.96	8.82	-10%

NM: Not meaningful

Note:

- Fair valuation of contingent consideration payable relates to the acquisition of Bodrum Tedavi and Acibadem Holdings, for YTD 2013 and YTD 2012 respectively
- Fair valuation gain on investment properties held for rental to third parties at Mount Elizabeth Novena Hospital and Specialist Centre
- Write back of impairment previously recognised, upon recovery of the deposit placed to increase the Group's ownership in certain subsidiaries in China
- YTD 2013 relates to gain on disposal of GCRC Pte Ltd, a 51%-owned subsidiary of the Group
YTD 2012 relates to gain on disposal of P.T. Pantai Bethany Care International, a 65%-owned subsidiary of the Group
- Relates to exchange differences arising from foreign-currency denominated borrowings net of foreign currency denominated cash, recognised by Acibadem Holdings
- Exceptional items, net of tax and non-controlling interests

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the 2012 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**EXPLANATORY NOTES TO THE STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Generally, decrease in the revenue and profit for financial year ended 31 December 2013 (“YTD 2013” or “FY2013”) were due to recognition of profit from sale of medical suites at Mount Elizabeth Novena Specialist Centre upon its completion in Q2 last year. The recognition of the sale of medical suites boosted the FY2012 financial results by increasing the Group’s revenue by RM1,209.6 million, increased earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items (“EBITDA”) by RM265.0 million and increased profit after tax by RM216.2 million. Conversely, in Q4 2013, the Group recognised RM2.4 million additional cost of medical suites sold last year upon the finalisation of construction costs.

The effect of the recognition of profit from sale of medical suites last year was partially offset by the full 12 months consolidation of Acibadem Holdings in YTD 2013 as compared to approximately 11 months consolidation for the financial year ended 31 December 2012 (“YTD 2012”) when the Group acquired Acibadem Holdings on 24 January 2012.

Refer to 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 on Page 2.
2. During the year Acibadem Proje Yonetimi A.S., a wholly-owned subsidiary of Acibadem Holdings, whose principal activities relate to the management of construction of healthcare facilities, outsourced several of its hospital and medical university construction projects to external sub-contractors while reducing its inventories and consumable expenses. Such external sub-contractor costs contributed to the increase in the Group’s purchased and contracted services expense.
3. Q4 2013 and YTD 2013 depreciation includes the incremental depreciation of land and building of the Group’s newly opened hospitals, namely, Mount Elizabeth Novena Hospital, Acibadem Bodrum Hospital and Acibadem Ankara Hospital. The Group commenced depreciation of these hospitals upon completion of construction in FY2012.
4. Acibadem Holdings recognises exchange gain or loss arising from the translation of its non-Turkish Lira (“TL”) denominated loans as finance income or finance cost. Exchange losses of RM1.0 million and exchange gains of RM40.3 million were recognised on translation of such loans in Q4 2012 and YTD 2012 respectively. Exchange losses amounting to RM54.0 million and RM189.8 million were recognised in Q4 2013 and YTD 2013 respectively.
5. Finance costs, excluding the exchange losses on translation of non-TL denominated loans, decreased mainly as a result of repayment of the Parkway and Acibadem acquisition loans in August 2012 by utilising the proceeds from the initial public offering (“IPO”) of the Company. The Group also repaid some of its loans using proceeds from the sale of Novena medical suites last year.

Acibadem Holdings repaid approximately US\$250.0 million of its US dollar-denominated borrowings and various other short term loans upon recapitalisation by its shareholders in Q4 2012. Integrated Healthcare Turkey Yatirimlari Limited, a wholly-owned Labuan subsidiary of the Group, borrowed approximately SGD222.0 million from a bank to fund the Group’s 60% share of the recapitalisation, which resulted in lower overall borrowing costs for the Group.

The savings in finance costs was offset by the above-mentioned exchange loss on the non-TL denominated loans and a write off of RM8.2 million front-end fees resulting from the refinancing of a term loan in Parkway Pantai Group in Q1 2013.

6. The Group recognised a loss on its share of results of Kyami Pty Ltd, a 30% indirectly-owned associate of the Group. Kyami Pty Ltd’s losses arose from tax paid on dividend income received from its subsidiaries.
7. The Group recognised a loss on its share of results of Apollo Gleneagles Hospital Limited, a 50% indirectly-owned joint venture of the Group. Apollo Gleneagles Hospital Limited’s loss in Q4 2013 relates to the recognition of management fees expense payable to its shareholders.

**EXPLANATORY NOTES TO THE STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

8. During FY2013, the Group recognised a tax credit of approximately RM22.0 million as a result of successful recovery of tax paid in a prior year. In addition, the Group recorded investment tax allowance claims amounting to RM22.9 million in Q4 2013.

In YTD 2012, the Group recognised tax expense amounting to RM48.8 million relating to its recognition of profits from the sale of Novena medical suites.

9. The Group recognises foreign currency translation gains or losses from its foreign operations in its statement of other comprehensive income. Parkway Life Real Estate Investment Trust (“PLife REIT”), an indirect 35.8% owned subsidiary of the Group, hedges its interest in the net assets of its Japanese operations and the effective portion of the hedge is recognised as a hedge of net investment in the statement of other comprehensive income. The Group’s remaining foreign currency translation arises mainly from its Singapore and Turkish operations.

During FY2013, the Group recorded foreign currency translation gains upon the translation of the net assets from its Singapore operations when the Singapore Dollar (“S\$”) appreciated approximately 2.8% against Ringgit Malaysia (“RM”). This is partially offset by foreign currency translation losses recognised upon the translation of the net assets from its Turkish operations when the Turkish Lira (“TL”) depreciated approximately 11.1% against the RM during the year. As the net asset base from the Group’s operations in Singapore is larger than that in Turkey, it resulted in a net foreign currency translation gain for YTD 2013.

In Q4 2013, the S\$ appreciated 0.4% against RM whilst TL depreciated 4.4% against RM, which resulted in a net foreign currency translation loss.

10. Fair value change of available-for-sale financial assets arose from the mark-to-market of the Group’s 10.9% investment in Apollo Hospital Enterprise Limited.
11. The Group’s EPS for Q4 2013 and YTD 2013 were computed based on an enlarged share capital base in comparison to last year. Please refer to Section B12.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013**

	Note	31 Dec 2013 RM'000	31 Dec 2012 RM'000 (Restated [^])
Assets			
Property, plant and equipment	1	9,365,720	8,503,359
Investment properties	2	1,922,721	1,775,054
Goodwill on consolidation		8,881,234	8,853,527
Intangible assets		2,628,126	2,837,717
Interests in associates		4,497	6,116
Interests in joint ventures		170,069	153,373
Other financial assets	3	744,673	682,748
Other receivables		36,312	31,420
Derivative assets		15,949	5,587
Deferred tax assets		77,567	61,160
Total non-current assets		23,846,868	22,910,061
Inventories		152,991	136,928
Trade and other receivables	4	1,002,152	880,921
Tax recoverable		62,368	39,060
Other financial assets		51,840	58,296
Derivative assets		233	264
Cash and bank balances		2,144,827	1,622,645
		3,414,411	2,738,114
Assets classified as held for sale		-	166
Total current assets		3,414,411	2,738,280
Total assets		27,261,279	25,648,341
Equity			
Share capital	5	8,134,974	8,055,445
Share premium	5	7,992,299	7,890,224
Other reserves		265,729	123,001
Retained earnings		1,682,143	1,062,330
Total equity attributable to owners of the Company		18,075,145	17,131,000
Non-controlling interests		1,847,802	2,044,763
Total equity		19,922,947	19,175,763
Liabilities			
Loans and borrowings	6	4,170,246	3,501,330
Employee benefits		23,144	21,205
Trade and other payables	7	363,119	76,372
Derivative liabilities		3,566	4,710
Deferred tax liabilities		935,103	967,919
Total non-current liabilities		5,495,178	4,571,536
Loans and borrowings	6	291,035	334,714
Trade and other payables	7	1,331,175	1,343,485
Derivative liabilities		3,121	11,951
Employee benefits		38,928	35,941
Tax payable		178,895	174,951
Total current liabilities		1,843,154	1,901,042
Total liabilities		7,338,332	6,472,578
Total equity and liabilities		27,261,279	25,648,341
Net assets per share attributable to owners of the Company ¹ (RM)		2.22	2.13

¹: Based on 8,135.0 million and 8,055.4 million shares in issue as at 31 December 2013 and 31 December 2012 respectively

[^]: With the implementation of MFRS10 Consolidated Financial Statements with effect from 1 January 2013, Parkway Life REIT and Khubchandani Hospitals Private Limited (which were accounted for as an associate and a subsidiary respectively in the previous year) are now respectively being consolidated as a subsidiary and equity accounted as a joint venture. The comparative figures for FY2012 have been restated accordingly. Refer to Sections A1 and A8 for details.

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2012 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENTS OF FINANCIAL POSITION

1. In 2013, the Group paid approximately RM700.0 million for a piece of land in Wong Chuk Hang, Hong Kong, upon the successful bid by a 60%-owned subsidiary, GHK Hospital Limited (“GHK”), for acquisition of the site to construct, develop and operate a 500-bed private hospital.
2. The increase in investment properties was due to the acquisition of 7 nursing homes in Japan by PLife REIT, an indirect 35.8% owned subsidiary of the Group. In addition, the Group recognised revaluation gains on its investment properties of approximately RM42.8 million in 2013.
3. The increase in the other financial assets was due mainly to the fair value gain of RM38.2 million on revaluation of the Group’s investment in Apollo Hospital Enterprise Limited.
4. Trade and other receivables increased in line with higher revenues in 2013.
5. Additional shares were issued during the year upon the exercise of vested share options under the Group’s Long Term Incentive Plan (“LTIP”) and Equity Participation Plan (“EPP”). Please refer to Section A6 and Statements of Changes in Equity for details.
6. In 2013, the Group increased its borrowings by approximately RM420.0 million to fund its 60% share of GHK’s payment for the above-mentioned land in Hong Kong. In addition, PLife REIT borrowed approximately RM230.4 million to fund its acquisitions of the above-mentioned nursing homes in Japan.
7. Non-current other payables as at 31 December 2013 included approximately RM293.7 million shareholders’ loan from GHK’s non-controlling interest for their 40% share of the payment for the above-mentioned land in Hong Kong and for GHK’s working capital and cost of construction.

As at 31 December 2012, the consideration payable of RM66.7 million in relation to the acquisition of Acibadem Holdings was recognised as current other payables. This consideration payable was settled in January 2013 and this partially offsets the increase in trade and other payables as at 31 December 2013.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Attributable to owners of the Company							Retained earnings	Total	Non-controlling interests	Total equity
	Non-distributable						Distributable				
	Share capital	Share premium	Share option reserve	Fair value reserve	Hedging reserves	Capital and legal reserves	Foreign currency fluctuation reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2012, as previously reported	5,500,000	3,885,803	16,554	22,641	15,931	14,009	35,621	300,174	9,790,733	246,618	10,037,351
Effect of adopting MFRS 10	-	-	-	-	-	78	(3,162)	(57,261)	(60,345)	1,048,285	987,940
Reclassification	-	-	-	-	-	(73,579)	-	73,579	-	-	-
At 1 January 2012, as restated	5,500,000	3,885,803	16,554	22,641	15,931	(59,492)	32,459	316,492	9,730,388	1,294,903	11,025,291
Foreign currency translation differences from foreign operations, as restated	-	-	-	-	-	-	49,472	-	49,472	(63,663)	(14,191)
Hedge of net investments	-	-	-	-	-	-	61,143	-	61,143	109,601	170,744
Net change in fair value of available-for-sale financial assets	-	-	-	155,218	-	-	-	-	155,218	-	155,218
Cash flow hedge, as restated	-	-	-	-	(68)	-	-	-	(68)	(122)	(190)
Total other comprehensive income for the year, as restated	-	-	-	155,218	(68)	-	110,615	-	265,765	45,816	311,581
Profit for the year, as restated	-	-	-	-	-	-	-	750,798	750,798	108,828	859,626
Total comprehensive income for the year, as restated	-	-	-	155,218	(68)	-	110,615	750,798	1,016,563	154,644	1,171,207
<i>Contributions by and distributions to owners of the Company</i>											
Issue of ordinary shares pursuant to the Company's IPO	1,800,000	3,240,000	-	-	-	-	-	-	5,040,000	-	5,040,000
Listing expenses	-	(132,327)	-	-	-	-	-	-	(132,327)	-	(132,327)
Share options exercised	3,800	2,778	(6,578)	-	-	-	-	-	-	-	-
Cancellation of share options	-	-	(30)	-	-	-	-	30	-	-	-
Share-based payment	-	-	22,864	-	-	-	-	-	22,864	-	22,864
Additional capital contribution into a subsidiary	-	-	-	-	-	14,949	-	-	14,949	(14,949)	-
	1,803,800	3,110,451	16,256	-	-	14,949	-	30	4,945,486	(14,949)	4,930,537
Acquisition of subsidiaries	695,442	792,804*	-	-	-	-	-	-	1,488,246	366,548	1,854,794
Disposal of a subsidiary	-	-	-	-	-	-	15	-	15	(396)	(381)
Changes in ownership interest in subsidiaries, as restated	56,203	101,166	-	-	4	(203,284)	(14)	-	(45,925)	(148,179)	(194,104)
Effects of internal restructure	-	-	-	-	-	412	-	(4,185)	(3,773)	(2,080)	(5,853)
Transfer per statutory requirements	-	-	-	-	-	805	-	(805)	-	-	-
Issue of shares to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	497,487	497,487
Dividends paid to non-controlling interests, as restated	-	-	-	-	-	-	-	-	-	(103,215)	(103,215)
Total transactions with owners of the Company	2,555,445	4,004,421	16,256	-	4	(187,118)	1	(4,960)	6,384,049	595,216	6,979,265
At 31 December 2012, as restated	8,055,445	7,890,224	32,810	177,859	15,867	(246,610)	143,075	1,062,330	17,131,000	2,044,763	19,175,763

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	----- Attributable to owners of the Company -----											
	----- Non-distributable -----							Distributable				
	Share capital	Share premium	Share option reserve	Fair value reserve	Revaluation reserves	Hedging reserves	Capital and legal reserves	Foreign currency fluctuation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2013, as previously reported	8,055,445	7,890,224	32,810	177,859	-	15,863	17,957	152,299	902,557	17,245,014	975,487	18,220,501
Effect of adopting MFRS 10	-	-	-	-	-	4	557	(9,224)	(105,351)	(114,014)	1,069,276	955,262
Reclassification	-	-	-	-	-	-	(265,124)	-	265,124	-	-	-
At 1 January 2013, as restated	8,055,445	7,890,224	32,810	177,859	-	15,867	(246,610)	143,075	1,062,330	17,131,000	2,044,763	19,175,763
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	91,100	-	91,100	(245,525)	(154,425)
Hedge of net investments	-	-	-	-	-	-	-	59,314	-	59,314	106,508	165,822
Net change in fair value of available-for-sale financial assets	-	-	-	38,223	-	-	-	-	-	38,223	-	38,223
Cash flow hedge	-	-	-	-	-	282	-	-	-	282	506	788
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	(3,229)	(3,229)	(2,734)	(5,963)
Revaluation of property, plant and equipment upon reclassification to investment properties	-	-	-	-	205	-	-	-	-	205	-	205
Total other comprehensive income for the year	-	-	-	38,223	205	282	-	150,414	(3,229)	185,895	(141,245)	44,650
Profit for the year	-	-	-	-	-	-	-	-	631,159	631,159	102,700	733,859
Total comprehensive income for the year	-	-	-	38,223	205	282	-	150,414	627,930	817,054	(38,545)	778,509
<i>Contributions by and distributions to owners of the Company</i>												
Share options exercised	72,250	86,700	-	-	-	-	-	-	-	158,950	-	158,950
Cancellation of share options	-	-	(50)	-	-	-	-	-	50	-	-	-
Share-based payment	-	-	23,189	-	-	-	-	-	-	23,189	-	23,189
	72,250	86,700	23,139	-	-	-	-	-	50	182,139	-	182,139
Transfer to share capital and share premium on share options exercised	7,279	15,375	(22,654)	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	170	(111)	-	59	(8,094)	(8,035)
Changes in ownership interest in subsidiaries	-	-	-	-	-	1	(55,113)	5	-	(55,107)	(33,501)	(88,608)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(116,821)	(116,821)
Transfer per statutory requirements	-	-	-	-	-	-	8,167	-	(8,167)	-	-	-
Total transactions with owners of the Company	79,529	102,075	485	-	-	1	(46,776)	(106)	(8,117)	127,091	(158,416)	(31,325)
At 31 December 2013	8,134,974	7,992,299	33,295	216,082	205	16,150	(293,386)	293,383	1,682,143	18,075,145	1,847,802	19,922,947

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2012 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Financial year ended	
	31 Dec 2013 RM'000	31 Dec 2012 RM'000 (Restated [^])
Cash flows from operating activities		
Profit before tax	881,562	1,057,959
Adjustments for:		
Dividend income	(4,190)	(3,363)
Finance income	(59,118)	(82,265)
Finance costs	328,713	222,209
Amortisation and impairment losses of intangible assets	69,346	66,601
Depreciation and impairment losses of property, plant and equipment	531,512	442,449
Write off		
- Property, plant and equipment	904	1,217
- Intangible assets	534	-
- Inventories	515	200
- Trade and other receivables	4,868	-
(Gain)/loss on disposal of property, plant and equipment	(3,698)	17,497
Gain on disposal of subsidiaries	(4,376)	(1,064)
Gain on disposal of assets held for sale	(67)	(280)
Impairment loss made/(written back) on:		
- Trade and other receivables	22,568	22,801
- Amounts due from associates and joint ventures	(1,247)	550
- Investment in joint ventures	2,545	-
- Financial assets	(25,311)	(41,664)
Change in fair value of contingent consideration payable	(3,946)	26,284
Net valuation gain on investment properties	(42,840)	(165,878)
Share of losses/(profits) of associates (net of tax)	1,793	(771)
Share of profits of joint ventures (net of tax)	(3,971)	(13,335)
Equity-settled share-based payment transactions	23,189	22,864
Net unrealised foreign exchange gain	(21,589)	(27,888)
Operating profit before changes in working capital	1,697,696	1,544,123
Changes in working capital		
Trade and other receivables	(159,393)	(24,217)
Inventories	(12,971)	(11,900)
Development properties	-	896,344
Trade and other payables	(14,757)	(909,866)
Cash flows from operations	1,510,575	1,494,484
Net income tax paid	(182,583)	(149,066)
Net cash generated from operating activities	1,327,992	1,345,418
Cash flows from investing activities		
Interest received	48,304	30,019
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(835,860)
Disposal of subsidiaries, net of cash and cash equivalents disposed	2,058	458
Capital injection into joint ventures	(10,875)	-
Development and purchase of intangible assets	(13,921)	(19,137)
Purchase of property, plant and equipment	(1,426,139)	(873,052)
Purchase of investment properties	(216,821)	(126,586)
Proceeds from disposal of property, plant and equipment	10,992	4,694
Proceeds from disposal of assets held for sale	233	1,578
Proceeds from disposal of intangible assets	290	29
Net repayment from/(advances to) associates	(345)	(513)
Net repayment from/(advances to) joint ventures	(186)	(2,875)
Dividends received from associates	1,166	2,216
Dividends received from joint ventures	2,088	2,343
Dividend received from available for sale instruments	4,190	3,363
Net purchase of other financial assets	-	(644)
Refund of deposits paid to non-controlling shareholders of subsidiaries	43,032	-
Net cash used in investing activities	(1,555,934)	(1,813,967)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	Financial year ended	
	31 Dec 2013 RM'000	31 Dec 2012 RM'000 (Restated [^])
Cash flows from financing activities		
Interest paid	(142,855)	(213,560)
Proceeds from issue of shares	-	5,040,000
Share issue expenses	-	(132,327)
Issue of shares by subsidiaries to non-controlling interests	-	528,038
Proceeds from exercise of share options	158,950	-
Loan from non-controlling interests of a subsidiary	292,196	-
Repayment to substantial shareholders and their related companies	-	(24,536)
Repayment of loans and borrowings	(1,852,353)	(6,706,904)
Buy-back of floating rate notes	(35,271)	(87,569)
Proceeds from loans and borrowings	2,517,808	2,644,425
Dividends paid to non-controlling shareholders	(116,821)	(103,215)
Acquisition of non-controlling interests	(89,541)	(347,347)
Proceeds from dilution of interest in subsidiaries	933	109,358
Change in pledged deposits	54,085	(13,684)
Net cash from financing activities	787,131	692,679
Net increase in cash and cash equivalents	559,189	224,130
Effect of exchange rate fluctuations on cash and cash equivalents held	18,053	43,223
Cash and cash equivalents at beginning of year	1,558,367	1,291,014
Cash and cash equivalents at end of the year	2,135,609	1,558,367
Cash and cash equivalents		
Cash and cash equivalents included in the statements of cash flows comprises of:		
	31 Dec 2013 RM'000	31 Dec 2012 RM'000 (Restated [^])
Cash and bank balances	600,515	535,722
Deposits placed with licensed banks	1,544,312	1,086,923
	2,144,827	1,622,645
Less:		
- Bank overdrafts	-	(974)
- Deposits pledged	(9,218)	(63,304)
Cash and cash equivalents at end of the year	2,135,609	1,558,367

[^]: With the implementation of MFRS10 Consolidated Financial Statements with effect from 1 January 2013, Parkway Life REIT and Khubchandani Hospitals Private Limited (which were accounted for as an associate and a subsidiary respectively in the previous year) are now respectively being consolidated as a subsidiary and equity accounted as a joint venture. The comparative figures for FY2012 have been restated accordingly. Refer to Section A1 and A8 for details.

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2012 Audited Financial Statements and the accompanying explanatory notes attached to this financial report

**A NOTES TO THE FULL-YEAR FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013**

A1 BASIS OF PREPARATION

a) Basis of accounting

These condensed consolidated financial report are unaudited and prepared in accordance with the applicable disclosure provisions of the Main Market 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 2012 (“2012 Audited Financial Statements”).

The 2012 Audited Financial Statements were prepared under Malaysian Financial Reporting Standards (“MFRS”).

b) Significant accounting policies

The accounting policies and presentation adopted for this full-year financial report are consistent with those adopted for the 2012 Audited Financial Statements, except for the adoption of the new, revised and amendments to MFRS as issued by the Malaysian Accounting Standards Board.

Other than the adoption of MFRS10: Consolidated Financial Statements, the initial application of the new, revised and amendments to MFRS is not expected to have any material impact to the current and prior year financial statements upon their first adoption.

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

Except in respect of PLife REIT and Khubchandani Hospitals Private Limited (“Khubchandani”), the Group reviewed all investees that may be impacted by this and concluded that there are no changes to the existing consolidation treatment. The effects of the adoption of MFRS 10 on the accounting for the Group’s 35.8% interest in PLife REIT and 50% interest in Khubchandani are detailed below. PLife REIT is classified as a separate reportable segment as shown in Section A8.

**A NOTES TO THE FULL-YEAR FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013**

(i) Condensed consolidated statements of financial position as at 31 December 2012:

	Previously reported RM'000	Reclass to conform with current year disclosure RM'000	Effect of adoption of MFRS 10 RM'000	Restated RM'000
Assets				
Property, plant and equipment	6,725,159	-	1,778,200	8,503,359
Investment properties	435,673	-	1,339,381	1,775,054
Goodwill on consolidation	8,723,050	-	130,477	8,853,527
Intangible assets	3,009,742	-	(172,025)	2,837,717
Interests in associates	919,929	-	(913,813)	6,116
Interests in joint ventures	37,403	-	115,970	153,373
Other financial assets	682,748	-	-	682,748
Other receivables	29,277	-	2,143	31,420
Derivative assets	-	-	5,587	5,587
Deferred tax assets	61,160	-	-	61,160
Total non-current assets	20,624,141	-	2,285,920	22,910,061
Inventories	136,928	-	-	136,928
Trade and other receivables	879,981	-	940	880,921
Tax recoverable	39,060	-	-	39,060
Other financial assets	58,296	-	-	58,296
Derivative assets	-	-	264	264
Cash and bank balances	1,554,273	-	68,372	1,622,645
	2,668,538	-	69,576	2,738,114
Assets classified as held for sale	166	-	-	166
Total current assets	2,668,704	-	69,576	2,738,280
Total assets	23,292,845	-	2,355,496	25,648,341
Equity				
Share capital	8,055,445	-	-	8,055,445
Share premium	7,890,224	-	-	7,890,224
Other reserves	396,788	(265,124)	(8,663)	123,001
Retained earnings	902,557	265,124	(105,351)	1,062,330
Total equity attributable to owners of the Company	17,245,014	-	(114,014)	17,131,000
Non-controlling interests	975,487	-	1,069,276	2,044,763
Total equity	18,220,501	-	955,262	19,175,763
Liabilities				
Loans and borrowings	2,329,553	-	1,171,777	3,501,330
Employee benefits	21,205	-	-	21,205
Trade and other payables	41,971	-	34,401	76,372
Derivative liabilities	1,481	-	3,229	4,710
Deferred tax liabilities	834,363	-	133,556	967,919
Total non-current liabilities	3,228,573	-	1,342,963	4,571,536
Loans and borrowings	298,992	-	35,722	334,714
Trade and other payables	1,324,510	-	18,975	1,343,485
Derivative liabilities	11,854	-	97	11,951
Employee benefits	35,941	-	-	35,941
Tax payable	172,474	-	2,477	174,951
Total current liabilities	1,843,771	-	57,271	1,901,042
Total liabilities	5,072,344	-	1,400,234	6,472,578
Total equity and liabilities	23,292,845	-	2,355,496	25,648,341

**A NOTES TO THE FULL-YEAR FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013**

(ii) Condensed consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 December 2012:

	Previously reported RM'000	Reclass to conform with current year disclosure RM'000	Effect of adoption of MFRS 10 RM'000	Restated RM'000
Revenue	6,981,942	(87,465)	67,989	6,962,466
Other operating income	328,065	26,465	4,567	359,097
Inventories and consumables	(1,128,119)	44,267	-	(1,083,852)
Purchased and contracted services	(545,211)	16,733	-	(528,478)
Development cost of properties sold	(944,547)	-	-	(944,547)
Staff costs	(2,207,699)	9,405	1,729	(2,196,565)
Depreciation and impairment losses of property, plant and equipment	(413,717)	-	(28,732)	(442,449)
Amortisation and impairment losses of intangible assets	(68,752)	-	2,151	(66,601)
Operating lease expenses	(286,857)	(206)	141,771	(145,292)
Other operating expenses	(696,754)	(9,199)	(24,029)	(729,982)
Finance income	72,752	-	9,513	82,265
Finance costs	(200,632)	-	(21,577)	(222,209)
Share of profits of associates (net of tax)	92,683	-	(91,912)	771
Share of profits of joint ventures (net of tax)	14,201	-	(866)	13,335
Profit before tax	997,355	-	60,604	1,057,959
Income tax expense	(179,307)	-	(19,026)	(198,333)
Profit for the year	818,048	-	41,578	859,626
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Share of other comprehensive income of associates	(68)	-	68	-
Foreign currency translation differences from foreign operations	133,947	-	(148,138)	(14,191)
Hedge of net investments	-	-	170,744	170,744
Net change in fair value of available-for- sale financial assets	155,218	-	-	155,218
Cash flow hedge	-	-	(190)	(190)
	289,097	-	22,484	311,581
Total comprehensive income for the year	1,107,145	-	64,062	1,171,207
Profit attributable to:				
Owners of the Company	798,888	-	(48,090)	750,798
Non-controlling interests	19,160	-	89,668	108,828
Profit for the year	818,048	-	41,578	859,626
Total comprehensive income attributable to:				
Owners of the Company	1,070,701	-	(54,138)	1,016,563
Non-controlling interests	36,444	-	118,200	154,644
Total comprehensive income for the year	1,107,145	-	64,062	1,171,207

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements for the financial year ended 31 December 2012 was not subjected to any qualification.

**A NOTES TO THE FULL-YEAR FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013**

A3 SEASONALITY OF OPERATIONS

Inpatient and outpatient revenue and volume are generally 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.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial year ended 31 December 2013.

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 year.

In preparing the unaudited condensed consolidated full-year 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 2012 Audited Financial Statements.

A6 DEBT AND EQUITY SECURITIES

- (a) Between 1 January to 31 December 2013, the Company issued:
 - i) 72,249,998 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and
 - ii) 7,278,705 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIPs units.
- (b) On 2 July 2013, the Company granted 3,609,000 LTIP units to the executive directors of the Company, pursuant to the shareholders' approval obtained at the Company's 3rd AGM held on 25 June 2013.
- (c) On 29 April 2013 and 4 September 2013, the Company granted a total of 4,627,610 LTIP units to eligible employees of the Group. Out of the total 4,627,610 units granted, 154,000 units were granted under a cash option pursuant to the terms and conditions of the LTIP Bye Laws.

Except as disclosed above, there were no other issuance of shares, share buy-backs, and repayments of debt and equity securities by the Company during the financial year ended 31 December 2013.

As at 31 December 2013, the issued and paid-up share capital of the Company amounted to RM8,134,973,871 comprising 8,134,973,871 ordinary shares of RM1.00 each.

A7 DIVIDENDS PAID

There were no dividends paid for the financial year ended 31 December 2013.

A8 SEGMENT REPORTING

Other than the addition of the PLife REIT as a reportable segment due to the consolidation of PLife REIT upon adoption of MFRS10 as mentioned in Section A1, there were no changes in the basis of segmentation or in the basis of measurement of segment profit or loss from the 2012 Audited Financial Statements.

Management monitors the operating results of each business unit for the purpose of making decisions on resources allocation and performance assessment. Performance is measured based on segment EBITDA.

**A NOTES TO THE FULL-YEAR FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013**

A8 SEGMENT REPORTING

Financial year ended 31 December 2013

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	PLife REIT RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<i>Revenue and expenses</i>							
Revenue from external customers	3,887,847	2,585,623	197,641	81,150	4,190	-	6,756,451
Inter-segment revenue	78,987	-	2,738	153,547	704,160	(939,432)	-
Total segment revenue	<u>3,966,834</u>	<u>2,585,623</u>	<u>200,379</u>	<u>234,697</u>	<u>708,350</u>	<u>(939,432)</u>	<u>6,756,451</u>
EBITDA	1,024,295	462,807	74,570	184,540	674,149	(762,029)	1,658,332
Depreciation and impairment losses of property, plant and equipment	(267,434)	(220,990)	(12,713)	(30,199)	(176)	-	(531,512)
Amortisation and impairment losses of intangibles	(32,386)	(36,658)	(302)	-	-	-	(69,346)
Net foreign exchange gain	2,078	1,109	767	5,456	6,107	-	15,517
Finance income	9,711	19,126	2,756	8,156	19,369	-	59,118
Finance costs	(33,956)	(273,726)	(378)	(20,642)	(11)	-	(328,713)
Share of losses of associates (net of tax)	(1,793)	-	-	-	-	-	(1,793)
Share of profits of joint ventures (net of tax)	3,971	-	-	-	-	-	3,971
Others	52,084	5,800	(953)	-	19,057	-	75,988
Profit before tax	<u>756,570</u>	<u>(42,532)</u>	<u>63,747</u>	<u>147,311</u>	<u>718,495</u>	<u>(762,029)</u>	<u>881,562</u>
Income tax (expense)/credit	(119,509)	6,958	(16,854)	(12,795)	(5,503)	-	(147,703)
Profit for the year	<u>637,061</u>	<u>(35,574)</u>	<u>46,893</u>	<u>134,516</u>	<u>712,992</u>	<u>(762,029)</u>	<u>733,859</u>
<i>Assets and liabilities</i>							
Cash and bank balances	746,279	350,613	140,759	70,829	836,347	-	2,144,827
Other assets	15,250,491	5,274,622	389,194	3,452,856	762,509	(13,219)	25,116,453
Segment assets as at 31 December 2013	<u>15,996,770</u>	<u>5,625,235</u>	<u>529,953</u>	<u>3,523,685</u>	<u>1,598,856</u>	<u>(13,219)</u>	<u>27,261,280</u>
Loans and borrowings	1,109,981	2,057,184	1,433	1,292,683	-	-	4,461,281
Other liabilities	1,575,403	917,256	115,287	263,568	18,757	(13,219)	2,877,052
Segment liabilities as at 31 December 2013	<u>2,685,384</u>	<u>2,974,440</u>	<u>116,720</u>	<u>1,556,251</u>	<u>18,757</u>	<u>(13,219)</u>	<u>7,338,333</u>

**A NOTES TO THE FULL-YEAR FINANCIAL REPORT
 FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013**

Financial year ended 31 Dec 2012

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	PLife REIT RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<u>Revenue and expenses</u>							
Revenue from external customers	4,636,040	2,058,531	174,753	89,790	3,352	-	6,962,466
Inter-segment revenue	75,868	-	-	142,903	6,059	(224,830)	-
Total segment revenue	<u>4,711,908</u>	<u>2,058,531</u>	<u>174,753</u>	<u>232,693</u>	<u>9,411</u>	<u>(224,830)</u>	<u>6,962,466</u>
EBITDA	1,055,132	330,437	63,847	189,586	(9,922)	(60,091)	1,568,989
Depreciation and impairment losses of property, plant and equipment	(211,504)	(189,793)	(12,293)	(28,856)	(3)	-	(442,449)
Amortisation and impairment losses of intangibles	(31,937)	(34,499)	(165)	-	-	-	(66,601)
Net foreign exchange (loss)/gain	(3,135)	(1,754)	(255)	(639)	24,517	-	18,734
Finance income	9,610	50,009	1,885	11,984	8,777	-	82,265
Finance costs	(57,231)	(143,180)	(377)	(21,411)	(10)	-	(222,209)
Share of profits of associates (net of tax)	771	-	-	-	-	-	771
Share of profits of joint ventures (net of tax)	13,335	-	-	-	-	-	13,335
Others	167,017	(46,456)	121	-	(15,558)	-	105,124
Profit/(loss) before tax	<u>942,058</u>	<u>(35,236)</u>	<u>52,763</u>	<u>150,664</u>	<u>7,801</u>	<u>(60,091)</u>	<u>1,057,959</u>
Income tax expense	(166,148)	(5,374)	(12,643)	(12,399)	(1,769)	-	(198,333)
Profit for the year	<u>775,910</u>	<u>(40,610)</u>	<u>40,120</u>	<u>138,265</u>	<u>6,032</u>	<u>(60,091)</u>	<u>859,626</u>
<u>Assets and liabilities</u>							
Cash and bank balances	660,508	120,113	79,523	76,706	685,795	-	1,622,645
Other assets	14,124,315	5,481,595	412,636	3,336,815	694,977	(24,642)	24,025,696
Segment assets as at 31 December 2012	<u>14,784,823</u>	<u>5,601,708</u>	<u>492,159</u>	<u>3,413,521</u>	<u>1,380,772</u>	<u>(24,642)</u>	<u>25,648,341</u>
Loans and borrowings	1,124,172	1,502,241	2,131	1,207,500	-	-	3,836,044
Other liabilities	1,273,865	1,003,877	99,733	254,355	29,346	(24,642)	2,636,534
Segment liabilities as at 31 December 2012	<u>2,398,037</u>	<u>2,506,118</u>	<u>101,864</u>	<u>1,461,855</u>	<u>29,346</u>	<u>(24,642)</u>	<u>6,472,578</u>

**A NOTES TO THE FULL-YEAR FINANCIAL REPORT
 FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013**

A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

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 year ended	
	31 Dec 2013	31 Dec 2012
	RM'000	RM'000
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	41,269	41,724
- Purchase and consumption of services	(3,135)	(56,677)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	322,285	205,937
- Purchase and consumption of services	(61,254)	(59,825)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 15 January 2013, Acibadem Saglik Hizmetleri Ve Ticaret A.S. (“ASH”) acquired the remaining 50.00% equity interest in Acibadem Labmed Saglik Hizmetleri A.S. (“Acibadem Labmed”) for a total consideration of EUR3,250,000. The said acquisition increased ASH’s shareholdings in Acibadem Labmed from 50.00% to 100.00%.
- (b) On 28 February 2013 and 18 November 2013, Parkway HK Holdings Limited (“Parkway HK”) disposed a total of 10.00% equity interest in Parkway Healthcare (Hong Kong) Limited (“Parkway Healthcare”) to its minority shareholder pursuant to the terms stipulated in the shareholder agreement, for a total consideration of HKD2.00. Consequential thereto, Parkway HK’s shareholding in Parkway Healthcare was diluted from 95.00% to 85.00%.
- (c) On 5 March 2013, ASH disposed 30.00% equity interest in BLAB Laboratuvar Hizmetleri A.S. (“BLAB”) for a total consideration of TL420,000. Consequential thereto, ASH’s shareholdings in BLAB was diluted from 100.00% to 70.00%.

On 23 December 2013, ASH acquired 30% equity interest in BLAB for a total consideration of TL420,000. Consequential thereto, BLAB became a wholly-owned subsidiary of ASH.
- (d) On 6 March 2013, Mount Elizabeth Ophthalmic Investments Pte Ltd was officially and legally dissolved pursuant to Section 308(5) of the Singapore Companies Act, Cap. 50.
- (e) On 7 March 2013, Acibadem Saglik Yatirimlari Holding A.S. (“ASYH”) merged with its direct wholly-owned subsidiary, Almond Holding A.S. (“Almond”). All assets and liabilities of Almond were transferred to ASYH and Almond was subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem group structure and management.
- (f) On 1 April 2013, Pantai Group Resources Sdn Bhd (“PGRSB”) acquired another 15.00% equity interest in Twin Towers Healthcare Sdn. Bhd. (“TTHSB”) pursuant to the Share Sale Agreement dated 31 January 2012, for a total consideration of RM2,990,183. The said acquisition increased PGRSB’s shareholdings in TTHSB from 70.00% to 85.00%.

**A NOTES TO THE FULL-YEAR FINANCIAL REPORT
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- (g) On 16 April 2013, Parkway Trust Management Limited (“PTM”) transferred 162,000 PLife REIT units that it owned to its eligible employees in accordance to PTM’s Long Term Incentive Plan. Consequential thereto, IHH Group’s effective interest in PLife REIT was diluted from 35.81% to 35.78%.
- (h) On 19 April 2013 and 22 July 2013, Gleneagles (Malaysia) Sdn. Bhd. (“GMSB”) acquired a total of 0.05% equity interest in Pulau Pinang Clinic Sdn Bhd (“PPCSB”) for a total consideration of RM93,398. The said acquisition increased GMSB’s shareholdings in PPCSB from 70.00% to 70.05%.
- (i) On 23 April 2013, Specialist Ordination in Occupational Medicine Sistina Skopje (“Specialist Ordination”) has been dissolved. The dissolution of Specialist Ordination is part of the Group’s streamlining exercise.
- (j) On 26 April 2013, Acıbadem Poliklinikleri A.Ş. (“Acıbadem Poliklinikleri”) merged with its direct wholly-owned subsidiary, Tolga Sağlık Hizmetleri A.S. (“Tolga Sağlık”). All assets and liabilities of Tolga Sağlık were transferred to Acıbadem Poliklinikleri and Tolga Sağlık was subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acıbadem group structure and management.
- (k) On 29 May 2013, Parkway (Shanghai) Hospital Management Ltd received the business licence from Jiang Su Province Suzhou Industrial Park Administration of Industry and Commerce Bureau for the establishment of a foreign wholly-owned enterprise reinvestment clinic named Suzhou Industrial Park Yuan Hui Co., Ltd (“Yuan Hui Clinic”) in the People’s Republic of China with a registered capital of RMB3,000,000. The principal activity of Yuan Hui Clinic is provision of medical and healthcare outpatient services. The validity period of the licence is from 29 May 2013 to 28 May 2033.
- (l) On 28 June 2013, Integrated Healthcare Holdings (Cayman Islands) Limited was struck off from the Register of Companies of Cayman Islands.
- (m) On 23 July 2013, Parkway Holdings Limited (“PHL”) entered into a Share Purchase Agreement (“SPA”) with Mitsui & Co., Ltd and EPS Corporation (“EPS”) to dispose its entire shareholding in Gleneagles CRC Pte. Ltd. (“GCRC”), comprising of 510,000 ordinary shares, representing 51% of the issued and paid-up share capital of GCRC, to EPS (the “GCRC Disposal”) for S\$5.1 million (“Price Consideration”). The GCRC Disposal comprises of GCRC and its 4 wholly owned subsidiaries namely, Gleneagles CRC (China) Pte. Ltd., Gleneagles CRC (Thailand) Company Limited, Gleneagles Clinical Research International Pte. Ltd. and Gleneagles CRC (Australia) Pty. Ltd., and was completed on 30 July 2013, with the Price Consideration subject to adjustment in accordance with the terms in the SPA.
- (n) On 13 August 2013 Shanghai Mai Kang Hospital Investment Management Co., Ltd (“Shanghai Mai Kang”) acquired 60% equity interest in Shanghai Hui Xing Hospital Investment Management Co. Ltd (“Shanghai Hui Xing”) for a purchase consideration of RMB12 million pursuant to the exercise of call option. Shanghai Hui Xing will be a 60% joint venture of Shanghai Mai Kang and its principal activity is investment in healthcare industry.
- (o) On 15 August 2013, Parkway Healthtech Investments Pte Ltd, Goldlink Investments Pte Ltd and Drayson Investments Pte Ltd were struck off from the Register of Companies of Singapore.
- (p) On 30 September 2013, Pantai Hospitals Sdn. Bhd. (“PHSB”) acquired 17.81% equity interest in Paloh Medical Centre Sdn. Bhd. (“Paloh”) pursuant to the Sale of Shares Agreement dated 26 September 2013, for a total consideration of RM48,000,000.00. The said acquisition increased PHSB’s shareholdings in Paloh from 77.79% to 95.60%.
- (q) On 12 November 2013, Parkway Pantai Limited (“PPL”) acquired 100% equity interest in Pantai Diagnostics Indonesia Sdn. Bhd. from Pantai Holdings Berhad, an indirect wholly owned subsidiary of PPL for a total consideration of RM2.00.

**A NOTES TO THE FULL-YEAR FINANCIAL REPORT
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- (r) On 24 December 2013, ASH merged with its direct wholly-owned subsidiaries, Yeni Saglik Hizmetleri ve Ticaret A.S. (“Yeni Saglik”) and Turuncu Grup Saglik Hizmetleri Danismanlik Insaat Ticaret A.S. (“Turuncu”). All the assets and liabilities of Yeni Saglik and Turuncu were transferred to ASH, and Yeni Saglik and Turuncu were subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem group structure and management.
- (s) ASH shares have ceased to be traded on the Istanbul Stock Exchange (“ISE”) after the second session of 4 October 2012. Following this, the delisting process has been successfully completed. Any shareholders that were unable to redeem their shares during MTO and VTO have the right to sell their shares for a three-year period from 26 July 2012, being the date ISE granted its approval of ASH’s delisting. As at 31 December 2013, ASYH’s equity interest in ASH is 99.28%, following the tender of shares.

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.

A12 SUBSEQUENT EVENTS

- (a) On 7 January 2014, East Shore Medical Holdings Pte Ltd, Mount Elizabeth Healthcare Holdings Limited and Parkway Novena Pte Ltd were struck off from the Register of Companies of Singapore.
- (b) On 30 January 2014, ASH acquired 82.22% equity interest in Acibadem Mobil Saglik Hizmetleri A.S. (“Acibadem Mobil”) from Acibadem Poliklinikleri A.S., a direct subsidiary of ASH, for a total consideration of TL3,699,961. Consequential thereto, Acibadem Mobil became a direct wholly-owned subsidiary of ASH.
- (c) As of 20 February 2014, ASYH’s equity interest in ASH is 99.30%, following the tender of shares.

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

On 15 April 2008, a suit was filed in the High Court of Malaya at Kuala Lumpur (Suit No.: D11-22-510-2008) (“Suit”) against Pantai Support Services Sdn Bhd and Pantai Holdings Berhad (collectively the “Defendants”) by Tan Sri Dato’ Dr. Awang Bin Had Salleh and Konsortium Bersatu Perkhidmatan Kesihatan Sdn Bhd (collectively the “Plaintiffs”). On 12 April 2013, the Plaintiffs withdrew the Suit against the Defendants with no order as to costs and without the liberty to file afresh. Consequently, the Court struck off the Suit with no order as to costs and no liberty to file afresh.

A14 CAPITAL COMMITMENTS

	31 Dec 2013	31 Dec 2012
	RM'000	RM'000
		(Restated)
Capital commitments not provided for in the full-year financial report:		
Property, plant and equipment and investment properties		
- Amounts authorised and contracted for	425,493	245,005
- Amounts authorised but not contracted for	1,157,038	975,884
	<u>1,582,531</u>	<u>1,220,889</u>

**A NOTES TO THE FULL-YEAR FINANCIAL REPORT
 FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013**

A15 FAIR VALUE HIEARACHY

Fair value hierarchy

The table below analyses investment properties and 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	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
<u>As at 31 December 2013</u>				
Assets				
Investment properties	-	-	1,922,721	1,922,721
Quoted available-for-sale investment	743,887	-	-	743,887
Derivative assets	-	16,182	-	16,182
<hr/> <hr/>				
Liabilities				
Derivative liabilities	-	6,687	-	6,687
<hr/> <hr/>				
<u>As at 31 December 2012</u>				
Assets				
Investment properties	-	-	1,775,054	1,775,054
Quoted available-for-sale investment	666,579	-	-	666,579
Derivative assets	-	5,851	-	5,851
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Liabilities				
Contingent consideration payable	-	82,463	-	82,463
Derivative liabilities	-	16,661	-	16,661
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B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

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

	4th quarter ended			Financial year ended		
	31 Dec 2013 RM'000	31 Dec 2012 RM'000 (Restated)	Variance %	31 Dec 2013 RM'000	31 Dec 2012 RM'000 (Restated)	Variance %
REVENUE¹						
Parkway Pantai	1,024,264	889,065	15%	3,887,847	4,636,040	-16%
Acibadem Holdings	684,298	570,574	20%	2,585,623	2,058,531	26%
IMU Health	48,755	45,835	6%	197,641	174,753	13%
Others [^]	21	(11)	NM	4,190	3,352	25%
	1,757,338	1,505,463	17%	6,675,301	6,872,676	-3%
PLife REIT total revenue	62,991	59,770	5%	234,697	232,693	1%
PLife REIT inter-segment revenue	(40,196)	(37,520)	-7%	(153,547)	(142,903)	-7%
Total	1,780,133	1,527,713	17%	6,756,451	6,962,466	-3%
EBITDA²						
Parkway Pantai ³	269,981	215,998	25%	966,426	1,001,065	-3%
Acibadem Holdings	128,833	79,832	61%	462,807	330,437	40%
IMU Health	14,883	14,678	1%	74,570	63,847	17%
Others [^]	(7,385)	(6,289)	-17%	(30,011)	(15,946)	-88%
	406,312	304,219	34%	1,473,792	1,379,403	7%
PLife REIT ⁴	44,288	50,279	-12%	184,540	189,586	-3%
Total	450,600	354,498	27%	1,658,332	1,568,989	6%

¹: Relates to external revenue only

It excludes PLife REIT's rental income earned from Parkway Pantai

Similarly, it excludes Parkway Pantai's dividend and management fee income earned from PLife REIT

²: Relates to the EBITDA performance of each SBUs, after elimination of dividend income from within the Group

³: Includes rental expense incurred for lease of hospitals from PLife REIT

⁴: Includes rental income earned from lease of hospitals to Parkway Pantai

[^]: Others comprise mainly IHH Group's corporate office as well as other investment holding entities

Q4 2013 vs Q4 2012

The Group achieved double-digit revenue and EBITDA growth of 17% and 27% respectively in Q4 2013 over the same period last year. Excluding the effects of recognition of sale of medical suites last year, the Group achieved 17% and 38% increase for revenue and EBITDA respectively in Q4 2013. Excluding the effects of recognition of the sale of medical suites and the contribution from the consolidation of PLife REIT, the Group's revenue and EBITDA grew 17% and 47% respectively in Q4 2013. The increase in Q4 2013 revenue was attributed to organic growth of existing operations and ramping up of new hospitals. Mount Elizabeth Novena Hospital and Acibadem Ankara Hospital, which commenced operations in June 2012 and November 2012 respectively, incurred significant start-up losses in Q4 2012 as compared to a positive EBITDA in Q4 2013. Acibadem Bodrum Hospital, which commenced operations in June 2012, also significantly reduced its start-up losses in Q4 2013 as compared to the same period last year.

The Group's Q4 2013 PATMI excluding the effects of recognition of sale of medical suites increased 73% to RM232.1 million. Excluding exceptional items and the effects of recognition of sale of medical suites, the Group's Q4 2013 PATMI increased 121% to RM190.2 million. The robust performance was a result of the strong EBITDA growth as well as savings in finance cost from the recapitalisation of Acibadem in Q4 2012. In addition, the Group recognised approximately RM22.9 million investment tax allowances in Q4 2013, which boosted its PATMI by RM16.0 million. Investment tax allowances is recurrent for the next few years in Malaysia.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

Parkway Pantai

Parkway Pantai's revenue grew 15% to RM1,024.3 million in Q4 2013 whilst its EBITDA grew 25% to RM270.0 million in Q4 2013.

Parkway Pantai's newly constructed Mount Elizabeth Novena Hospital in Singapore had been ramping up its revenues steadily since the commencement of its operations on 28 June 2012. The increased capacity arising from the opening of Mount Elizabeth Novena Hospital, helped to meet the continued demand for quality healthcare locally and within the region. Parkway Pantai's Singapore hospitals saw an equally strong increase in both local and foreign patients, especially medical travellers from non-traditional markets, leading to an overall 6.7% increase in inpatient admissions from 14,271 inpatient admissions in Q4 2012 to 15,224 inpatient admissions in Q4 2013. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals grew 12.2% from 41,268 inpatient admissions in Q4 2012 to 46,319 inpatient admissions in Q4 2013. The healthy revenue growth at Parkway Pantai was also driven by higher revenue intensities that resulted from more complex cases undertaken by the hospitals and price increases to compensate for cost inflation. Q4 2013 revenue per inpatient admission increased 7.7% to approximately RM21,241 in Singapore and increased 4.7% to RM4,477 in Malaysia.

Despite increasing cost pressures, EBITDA of Parkway Pantai's existing operations grew on the back of higher revenues and operating leverage from the higher patient volumes. Parkway Pantai's EBITDA growth was also driven by the significant improvements in Mount Elizabeth Novena Hospital's EBITDA as the hospital ramps up its revenue and optimises its resources with the increasing patient volumes. Excluding the effects of recognition of profit from the sale of the medical suites, Mount Elizabeth Novena Hospital achieved positive EBITDA of RM12.5 million in Q4 2013 as compared to significant start-up losses of RM16.4 million incurred in Q4 2012.

Acibadem Holdings

Notwithstanding the depreciation of TL against RM for translation, Acibadem Holdings' revenue grew 20% to RM684.3 million in Q4 2013 whilst its EBITDA grew 61% to RM128.8 million in Q4 2013.

Acibadem Holdings' performance improved with a 7.4% increase in inpatient admissions from 28,218 inpatient admissions in Q4 2012 to 30,296 inpatient admissions in Q4 2013, contributed by Acibadem Holdings' existing operations as well as the newly opened Acibadem Bodrum Hospital and Acibadem Ankara Hospital. Average revenue per inpatient admission at Acibadem Holdings' hospitals increased 10.3% to RM9,774 in Q4 2013 as a result of a higher mix of more complex cases and price increases to offset cost inflation.

Acibadem Holdings' EBITDA increased despite higher pre-operating costs of Acibadem Atakent Hospital as the hospital geared up its staff strength and marketing activities in preparation for the commencement of its operations in January 2014. The robust EBITDA growth was a result of strong operating performance for Acibadem Holdings' existing hospitals as well as higher revenue and operating leverage in Q4 2013 from Acibadem Bodrum Hospital and Acibadem Ankara Hospital, which both commenced operations in 2012, as well as from Acibadem's existing hospitals.

IMU Health

IMU Health's revenue grew 6% to RM48.8 million in Q4 2013 whilst its EBITDA grew 1% to RM14.9 million in Q4 2013.

IMU Health's revenue growth was driven by higher fee income from IMU Health's medical and nursing programmes whilst its EBITDA grew moderately as its revenues was eroded by higher marketing expenses incurred for student recruitment promotional activities in Q4 2013.

PLife REIT

PLife REIT's external revenue grew 2% to RM22.8 million in Q4 2013 whilst its EBITDA declined 12% to RM44.3 million in Q4 2013.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

PLife REIT's external revenue grew on the back of revenue contribution from its enlarged property portfolio when it completed the acquisition of 2 Japanese nursing homes in July 2013 and another 5 Japanese nursing homes in September 2013, and was being slightly offset by the translation effects of the weakening Japanese Yen.

Despite higher revenues from the newly acquired nursing homes and the increase in inter-segment rental income earned from Parkway Pantai for the lease of Mount Elizabeth Orchard Hospital, Gleneagles Hospital and Parkway East Hospital in Singapore, PLife REIT's EBITDA declined as a result of translation effect of the weakening Japanese Yen as well as a RM4.4 million valuation loss recognised for PLife REIT's investment properties that were held for rental to external parties.

Others

Others comprise mainly the IHH Group corporate office as well as other investment holding entities. EBITDA decreased in Q4 2013 due to increased headcounts at the corporate office.

YTD 2013 vs YTD 2012

The Group's YTD 2012 revenue and EBITDA were boosted by the recognition of sale of medical suites. Compared with a high base last year, the Group's YTD 2013 revenue declined 3% to RM6,756.5 million whilst its YTD 2013 EBITDA increased 6% to RM1,658.3 million. Excluding the effects of recognition of sale of medical suites, the Group's revenue and EBITDA grew 17% and 27% respectively in YTD 2013. Excluding the effects of recognition of sale of medical suites and the contribution from PLife REIT, the Group's revenue and EBITDA grew 18% and 32% respectively in YTD 2013. The strong performance was driven by organic growth of existing operations and ramping up of new hospitals. Both Mount Elizabeth Novena Hospital and Acibadem Ankara Hospital achieved positive EBITDA in YTD 2013. In addition, the Group consolidated full 12 months of Acibadem Holdings performance in YTD 2013 as compared to only 11 months consolidation in YTD 2012 when the Group acquired Acibadem Holdings on 24 January 2012.

The Group's YTD 2013 PATMI excluding the effects of recognition of sale of medical suites increased 18% to RM633.2 million. Excluding exceptional items and the effects of recognition of sale of medical suites, the Group's YTD 2013 PATMI increased 61% to RM650.6 million. The robust performance was a result of the strong EBITDA growth as well as savings in finance cost from the repayment of the Parkway and Acibadem acquisition loans from the utilisation of IPO proceeds and also from the recapitalisation of Acibadem in Q4 2012. In addition, the Group recovered approximately RM22.0 million in relation to a prior year tax as well as recorded investment tax allowances amounting to RM22.9 million. These offset the incremental depreciation and finance cost of the 3 new hospitals in Singapore and Turkey that was recognised in the income statement upon the completion of construction in 2012.

Parkway Pantai

Compared with a high base from the recognition of sale of medical suites last year, Parkway Pantai's revenue declined 16% to RM3,887.8 million in YTD 2013 whilst its EBITDA declined 3% to RM966.4 million in YTD 2013. Excluding the effects of recognition of sale of medical suites, Parkway Pantai's revenue grew 13% to RM3,887.8 million in YTD 2013 whilst its EBITDA grew 32% to RM968.8 million.

The strong growth was driven by higher inpatient admissions and day cases at both Singapore and Malaysia Hospitals. Inpatient admissions grew by 7.3% to 59,258 and 7.4% to 170,684 for the Singapore and Malaysia Hospitals respectively. Price increases and the handling of more complex cases increased revenue intensity by 5.7% to RM21,395 per inpatient admission and 6.5% to RM4,493 per inpatient admission for the Singapore and Malaysia Hospitals respectively.

The increase in EBITDA was due to better operating leverage resulting from the higher revenue in YTD 2013 and was also boosted by the improved EBITDA of the new Mount Elizabeth Novena Hospital. Mount Elizabeth Novena hospital incurred a YTD 2012 EBITDA loss of RM84.2 million when it was in its pre-operating and start-up phase, as compared to its positive YTD 2013 EBITDA contribution of RM24.0 million.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

Acibadem Holdings

Acibadem Holdings' revenue grew 26% to RM2,585.6 million in YTD 2013 whilst its EBITDA grew 40% to RM462.8 million in YTD 2013. This is the result of the Group consolidating full 12 months results of Acibadem Holdings in YTD 2013 as compared to 11 months last year.

On a like-for-like basis, assuming the Group consolidated 12 full months results of Acibadem Holdings in YTD 2012, Acibadem Holdings' revenue grew 14% from RM2,258.7 million in YTD 2012. Acibadem Holdings' performance improved with a 6.8% growth in inpatient admissions to 120,083 inpatient admissions in YTD 2013. The increase in patient volumes was contributed by Acibadem Holdings' existing operations as well as its newly opened Acibadem Bodrum Hospital and Acibadem Ankara Hospital. Average revenue per inpatient admission at Acibadem Holdings' hospitals increased 3.8% to RM9,263 in YTD 2013.

On a like-for-like basis, assuming the Group consolidated 12 full months results of Acibadem Holdings in YTD 2012, Acibadem Holdings' EBITDA increased 20% from RM384.7 million in YTD 2012 as higher revenue intensity and operating leverage offsetted higher personnel costs and rental expense as well as the pre-operating expenses for Acibadem Atakent Hospital which commenced operations in January 2014.

IMU Health

IMU Health's revenue grew 13% to RM197.6 million in YTD 2013 whilst its EBITDA grew 17% to RM74.6 million in YTD 2013.

IMU Health's revenue growth was driven by higher fee income from IMU Health's medical and nursing programmes. IMC Education Sdn. Bhd, which was transferred from Parkway Pantai to IMU Health in October 2012, also contributed to the revenue growth in YTD 2013.

IMU Health's EBITDA growth was mainly revenue driven. In addition, IMU Health's EBITDA grew a lower base last year when IMU Health recognised a one-off claw back of lease rental amounting to RM2.5 million in relation to lease period of 1999 till 2011.

PLife REIT

PLife REIT's external revenue declined 10% to RM81.2 million in YTD 2013 whilst its EBITDA declined 3% to RM184.5 million in YTD 2013.

PLife REIT's external revenue was eroded by the translation effects of the weakening Japanese Yen on PLife REIT's revenue earned from its Japanese properties and was partially offset by increase in rental income when it completed its acquisition of 2 Japanese nursing homes in July 2013 and acquisition of another 5 Japanese nursing homes in September 2013.

PLife REIT's YTD 2013 EBITDA decreased as a result of a RM4.4 million valuation loss recognised on its investment properties that were rented to parties external to the Group, compared to a valuation gain of RM1.6 million recognised in YTD 2012.

Others

The increase in expenses from the Others segment arose mainly from higher staff costs as headcount increased.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	4th quarter ended 31 Dec 2013 RM'000	3rd quarter ended 30 Sept 2013 RM'000	Variance %
<u>REVENUE</u>¹			
Parkway Pantai	1,024,264	987,252	4%
Acibadem Holdings	684,298	612,020	12%
IMU Health	48,755	48,019	2%
Others [^]	21	4,169	-99%
	1,757,338	1,651,460	6%
PLife REIT	62,991	58,967	7%
PLife REIT inter-segment revenue	(40,196)	(38,709)	-4%
Total	1,780,133	1,671,718	6%
<u>EBITDA</u>²			
Parkway Pantai ³	269,981	241,766	12%
Acibadem Holdings	128,833	91,156	41%
IMU Health	14,883	18,050	-18%
Others [^]	(7,385)	(5,333)	-38%
	406,312	345,639	18%
PLife REIT ⁴	44,288	48,279	-8%
Total	450,600	393,918	14%

¹: Relates to external revenue only

It excludes PLife REIT's rental income earned from Parkway Pantai

Similarly, it excludes Parkway Pantai's dividend and management fee income earned from PLife REIT

²: Relates to the EBITDA performance of each SBUs, after elimination of dividend income from within the Group

³: Includes rental expense incurred for lease of hospitals from PLife REIT

⁴: Includes rental income earned from lease of hospitals to Parkway Pantai

[^]: Others comprise mainly IHH Group's corporate office as well as other investment holding entities

Q4 2013 vs Q3 2013

The Group rebounded from the seasonal lows in Q3 2013 whereby patient volumes were lower during the summer months in Turkey and holiday periods in Singapore and Malaysia. As a result, the Group's revenue grew 6% whilst its EBITDA grew 14% quarter-on-quarter. Excluding the effects of the recognition of sale of medical suites, the Group's revenue and EBITDA grew 6% and 15% respectively quarter-on-quarter. Excluding the effects of the recognition of sale of medical suites and the contribution from PLife REIT, the Group's revenue and EBITDA increased 6% and 18% respectively quarter-on-quarter.

The Group's Q4 2013 PATMI excluding the effects of recognition of sale of medical suites increased 98% quarter-on-quarter. Excluding exceptional items and the effects of recognition of sale of medical suites, the Group's Q4 2013 PATMI increased 38% quarter-on-quarter. The robust quarter-on-quarter net profit growth was on the back of strong quarterly EBITDA growth. In addition, the Group recognised approximately RM22.9 million investment tax allowances in Q4 2013, which boosted its PATMI by RM16.0 million.

Parkway Pantai

Parkway Pantai's revenue increased 4% and EBITDA increased 12% quarter-on-quarter, mainly driven by higher patient volumes in Q4.

Acibadem Holdings

Notwithstanding the depreciation of TL against RM for translation, Acibadem Holdings' revenue expressed in RM increased 12% quarter-on-quarter as patient volume gradually increases with the beginning of the winter

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

season in Turkey.

Acibadem Holdings' EBITDA increased 41% quarter-on-quarter due to higher revenues as well as cost efficiencies and operating leverage achieved.

IMU Health

IMU Health's revenue increased 2% quarter-on-quarter. Its EBITDA fell 18% quarter-on-quarter as a result of expenses incurred for student recruitment promotional activities which took place in the current quarter.

PLife REIT

PLife REIT's external revenue increased 13% quarter-on-quarter mainly contributed by higher rental income earned from its enlarged property portfolio when it completed the acquisition of 5 Japanese nursing homes in September 2013

PLife REIT's increase in rental income was offset by a RM4.4 million valuation loss recognised on its investment properties that were rented to parties external to the Group. Hence, EBITDA contribution from PLife REIT decreased 8% quarter-on-quarter.

B3 NEXT FINANCIAL YEAR PROSPECTS

Parkway Pantai

Parkway Pantai expects continued revenue and EBITDA growth in the coming year due to the relatively stronger demand for private healthcare services across its home markets and the region. Mount Elizabeth Novena Hospital will progressively open additional wards and beds during the year to meet increased growing patient demand, and in particular to meet obstetrics' pent up demand for single beds. Parkway Pantai expects medical tourism revenues to continue to grow as it diversifies into non-traditional sources of foreign patients through corporate arrangements put in place in the prior year and continuous marketing efforts.

The planning and construction of Parkway Pantai's new hospitals in Malaysia and Hong Kong are progressing well. Pantai Hospital Manjung is expected to be operational in Q2 2014, whilst Gleneagles Medini is expected to market its medical suites during the latter half of 2014, subject to obtaining all necessary approvals from the authorities.

Acibadem Holdings

Acibadem Holdings' patient volume is expected to grow due to continued demand for private healthcare and the increased affordability of private medical healthcare resulting from the increase in the limits that Social Security Institution patients can claim from the Ministry of Health. As such, Acibadem Holdings' operations are expected to continue generating healthy EBITDA margins as a result of higher revenues and operating leverage. Patient volumes will be supported by the additional capacity provided by the newly opened 278-bed Acibadem Atakent Hospital. Ongoing hospital projects are progressing well.

Overall IHH Group Prospects

The Group expects to incur higher salaries and wages and other operating costs in its home markets with the increased demand for trained healthcare professionals and inflationary pressures. While such sustained cost pressures may reduce the Group's EBITDA and margins, the Group expects to mitigate these effects through price adjustments and through its operating leverage as volumes continue to grow and new hospital margins improve with the higher volume of inpatient admissions.

Given the Group's geographical footprints across Asia as well as the Central and Eastern Europe, Middle East and North Africa ("CEEMENA") regions, the Group is susceptible to currency volatility in the countries that it

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

operates. Movements in the Singapore Dollar, TL, US Dollar, Japanese Yen, Chinese Renminbi, Indian Rupee, etc. would result in translation differences in the Group's balance sheet and income statement. In addition, significant currency volatility against the Ringgit Malaysia may affect the comparability of the Group's financial performance across periods.

The Group actively monitors its currency risks and will continue to minimise such risks by borrowing in the functional currency of the borrowing entity or by borrowing in the same currency as its foreign investment (ie. hedge of net investments). Acibadem Holdings holds non-TL denominated loans and will monitor its liquidity position to hedge its cashflows by conserving hard currency receipts from its medical travellers to service these debts and interest payments.

The Group is confident that its strong balance sheet and operating cashflows would enable it to support its expansion plans.

The Group is optimistic that the demand for quality private healthcare will grow in all its home markets as a result of the demographics and the growing upper/middle classes in the regions that the Group operates. In addition, the Group's diverse geographical presence as well as the increased diversification of foreign patient mix would further enhance the Group's resilience to country-specific risks.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	4th quarter ended		Financial year ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Current tax expense	54,165	37,669	159,773	201,262
Deferred tax expense	(22,962)	2,094	(12,070)	(2,929)
	<u>31,203</u>	<u>39,763</u>	<u>147,703</u>	<u>198,333</u>

The Group's effective tax rate, after adjusting for the share of profits of associates and joint ventures, was 10.5% for Q4 2013 and 16.8% for YTD 2013. It is lower than the Malaysian statutory tax rate mainly due to the effects of lower tax rate in certain countries that the Group operates. In addition, the Group recognised a credit of approximately RM22.0 million relating to the recovery of a prior year's tax in Q2 2013 as well as RM22.9 million of investment tax allowances in Q4 2013, which reduced the Group's YTD 2013 effective tax rate.

Excluding the prior year tax credit and investment tax allowance, the effective tax rate was 18.3% for Q4 2013 and 21.9% for YTD 2013.

B6 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at 20 February 2014.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

B7 LOANS AND BORROWINGS

a) Breakdown of the Group's loans and borrowings as at 31 December 2013:

	31 Dec 2013 RM'000	31 Dec 2012 RM'000 (Restated)
Non-current		
Secured		
Bank borrowings	1,134,517	550,110
Financial lease liabilities	160,809	191,269
Unsecured		
Bank borrowings	2,874,920	2,759,951
	4,170,246	3,501,330
Current		
Secured		
Bank borrowings	158,480	239,595
Financial lease liabilities	59,152	57,599
Bank overdrafts	-	975
Unsecured		
Bank borrowings	73,403	822
Floating rate notes	-	35,723
	291,035	334,714
Total	4,461,281	3,836,044

b) Breakdown of the Group's loans and borrowings as at 31 December 2013 by the source currency of loans, in RM equivalent:

	31 Dec 2013 RM'000	31 Dec 2012 RM'000 (Restated)
Singapore Dollar	1,810,262	1,764,701
Ringgit Malaysia	85,425	81,224
US Dollar	1,159,080	604,759
Macedonian Denar	8,943	29,099
Swiss Franc	73,384	82,126
Euro	168,949	117,009
Turkish Lira	73,363	111,596
Japanese Yen	1,076,189	1,030,973
Others*	5,686	14,557
	4,461,281	3,836,044

* Others include Hong Kong Dollar and Brunei Dollar

Key exchange rates as at 31 December 2013:

1 SGD	= RM2.57798
1 TL	= RM1.52771
1 USD	= RM3.23589

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 31 December 2013:

	Notional amount as at 31 Dec 2013 RM'000	Fair value amount as at 31 Dec 2013 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	964	233
- Between 1 - 3 years	8,966	2,166
- More than 3 years	74,747	13,783
	<u>84,677</u>	<u>16,182</u>
Derivative liabilities		
Interest rate swaps		
- Within 1 year	562,003	(3,121)
- Between 1 - 3 years	442,418	(1,465)
- More than 3 years	566,780	(2,101)
	<u>1,571,201</u>	<u>(6,687)</u>

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 balances. 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 year were recognised in the statement of profit or loss and other comprehensive income.

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 bank quotes. All changes in fair value of the interest rate swaps during the year were recognised in the statement of profit or loss and other 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 B14 for the fair value gain/loss recognised in the statement of profit or loss during the year.

B9 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

Other than derivatives mentioned in Section B8 the Group does not remeasure its financial liabilities at reporting date.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

B10 CHANGES IN MATERIAL LITIGATIONS

There is no litigation or arbitration as at 20 February 2014, 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.

B11 DIVIDENDS

The Company has adopted a dividend policy to declare and pay dividends of not less than 20% of the Group's profits after tax and minority interests, excluding exceptional items, in respect of any financial year. In considering the level of dividend payments, the Board of Directors would take into account various factors including:

- i) the level of the Group's available cash and cash equivalents;
- ii) return on equity and available retained earnings; and
- iii) the Group's projected levels of capital expenditure and other investment plans.

The Board of Directors have recommended a first and final single tier cash dividend of 2 sen per ordinary share (2012: Nil) for the financial year ended 31 December 2013, subject to Shareholders' approval at the forthcoming Annual General Meeting. The book closure and the payment date in respect of the proposed dividend will be determined by the Board of Directors at a later date.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

B12 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 year.

	4th quarter ended		Financial year ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
Basic and diluted earnings per share is based on:				
Net profit attributable to ordinary shareholders	230,100	156,508	631,159	750,798
Net profit attributable to ordinary shareholders (excluding EI)	188,153	108,572	648,599	619,136
i Basic EPS				
	'000	'000	'000	'000
Weighted average number of shares	8,134,974	8,055,445	8,113,717	6,975,015
	Sen	Sen	Sen	Sen
Basic EPS	2.83	1.94	7.78	10.76
Basic EPS (excluding EI)	2.31	1.35	7.99	8.88

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.

	4th quarter ended		Financial year ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	'000	'000	'000	'000
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,134,974	8,055,445	8,113,717	6,975,015
Weighted number of unissued ordinary shares from units under LTIP	12,198	13,372	11,311	12,647
Weighted number of unissued ordinary shares from share options under EPP	20,895	43,292	26,439	34,839
Weighted average number of dilutive ordinary shares for computation of diluted EPS	8,168,067	8,112,109	8,151,467	7,022,501
	Sen	Sen	Sen	Sen
Diluted EPS	2.82	1.93	7.74	10.69
Diluted EPS (excluding EI)	2.30	1.34	7.96	8.82

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

B13 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 31 Dec 2013 RM'000	As at 31 Dec 2012 RM'000 (Restated)
Total retained earnings of the Company and its subsidiaries		
- Realised	1,823,193	995,734
- Unrealised	171,433	275,304
	<u>1,994,626</u>	<u>1,271,038</u>
Total share of retained earnings from associates		
- Realised	(3,079)	(120)
- Unrealised	(24)	(25)
	<u>(3,103)</u>	<u>(145)</u>
Total share of retained earnings from joint ventures		
- Realised	32,918	31,035
- Unrealised	-	-
	<u>32,918</u>	<u>31,035</u>
Less consolidation adjustments	(342,298)	(239,598)
Total Group retained earnings	<u><u>1,682,143</u></u>	<u><u>1,062,330</u></u>

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2013

B14 NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	4th quarter ended		Financial year ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Dividend income	21	-	4,190	3,363
Other operating income	31,724	33,143	133,310	146,099
Net foreign exchange gain/(loss)	5,057	(2,362)	15,517	18,734
Impairment loss (made)/written back on:				
- Trade and other receivables	3,922	172	(22,568)	(22,801)
- Amounts due from associates and joint ventures	8	(2)	1,247	(550)
- Investment in joint venture	(2,545)	-	(2,545)	-
- Financial assets ⁽ⁱ⁾	25,311	41,664	25,311	41,664
Write back/(write off):				
- Inventories	(216)	200	(515)	200
- Trade and other receivables	(4,868)	343	(4,868)	-
- Property, plant and equipment	(714)	(1,054)	(904)	(1,217)
- Intangibles assets	(534)	-	(534)	-
Gain/(loss) on disposal of property, plant and equipment	484	(16,127)	3,698	(17,497)
Gain on disposal of subsidiaries	-	-	4,376	1,064
Gain on disposal of assets held for sale	-	-	67	280
Professional and consultancy fees:				
- Acquisitions	(1,342)	(664)	(4,695)	(5,758)
- Listing expenses	-	4,364	-	(50,227)
- Internal restructuring	-	(4,015)	-	(5,319)
Changes in fair value of contingent consideration payable	(57)	(14,065)	3,946	(26,284)
Valuation gain on investment properties ⁽ⁱⁱ⁾	42,840	33,278	42,840	165,878
Write back of IT project expenses	-	-	-	4,180
Finance costs				
Interest expense on loans and borrowing	(26,574)	(32,507)	(117,045)	(180,266)
Fair value loss of financial instruments	-	(2,830)	-	(10,979)
Exchange loss on borrowings	(54,011)	-	(189,807)	-
Other finance costs	(4,284)	(11,332)	(21,861)	(30,964)
	(84,869)	(46,669)	(328,713)	(222,209)
Finance income				
Interest income				
- Banks and financial institutions	4,480	5,917	39,484	28,514
- Others	90	44	385	207
Exchange (loss)/gain on borrowings	-	(1,013)	-	40,333
Fair value gain of financial instruments	3,289	9,834	19,249	13,211
	7,859	14,782	59,118	82,265

Note:

- i) Includes RM22.8 million relating to a write back of impairment previously recognised, upon recovery of the deposit placed to increase the Group's ownership in certain subsidiaries in China (classified as an EI) and RM2.5 million write back of other provision for financial assets.
- ii) Includes RM4.4 million valuation loss (2012: RM1.6 million valuation gain) relating to investment properties held by PLife REIT for rental to parties external to the Group as well as valuation gain of RM47.2 million (2012: RM164.2 million) mainly relating to investment properties held for rental to external parties at Mount Elizabeth Novena Hospital and Specialist Centre (classified as an EI).