IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

FULL YEAR FINANCIAL REPORT
31 DECEMBER 2014

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	4th quarter ended			Financial year ended		
		31 Dec 2014	31 Dec 2013	Variance	31 Dec 2014	31 Dec 2013	Variance
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue		1,937,411	1,780,133	9%	7,344,019	6,756,451	9%
Other operating income	1	138,434	107,242	29%	266,669	230,948	15%
Inventories and consumables		(325,728)	(287,714)	-13%	(1,224,245)	(1,126,187)	-9%
Purchased and contracted services		(177,478)	(197,954)	10%	(669,097)	(723,180)	7%
Development cost of properties sold	2	-	(2,409)	100%	-	(2,409)	100%
Staff costs	3	(724,358)	(651,361)	-11%	(2,822,131)	(2,541,143)	-11%
Depreciation and impairment losses of property, plant and equipment		(126,584)	(133,644)	5%	(540,553)	(531,512)	-2%
Amortisation and impairment losses of intangible assets		(17,089)	(17,025)	0%	(66,927)	(69,346)	3%
Operating lease expenses		(51,278)	(41,190)	-24%	(198,895)	(173,795)	-14%
Other operating expenses	1	(208,827)	(183,219)	-14%	(753,332)	(670,848)	-12%
Finance income	4	22,563	7,859	187%	65,623	59,118	11%
Finance costs	4	(36,265)	(84,869)	57%	(189,806)	(328,713)	42%
Share of profits/(losses) of associates (net of tax)	5	386	858	-55%	1,702	(1,793)	195%
Share of (lossses)/profits of joint ventures (net of tax)		(2,188)	(6,512)	66%	8,149	3,971	105%
Profit before tax		**428,999**	**290,195**	**48%**	**1,221,176**	**881,562**	**39%**
Income tax expense	6	(93,857)	(31,203)	NM	(277,892)	(147,703)	-88%
Profit for the period/year		**335,142**	**258,992**	**29%**	**943,284**	**733,859**	**29%**
Other comprehensive income, net of tax							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences from foreign operations	7	682,138	(142,475)	NM	409,569	(154,425)	NM
Hedge of net investments in foreign operations	7	62,819	58,573	7%	103,036	165,822	-38%
Net change in fair value of available-for-sale financial assets	8	(21,594)	16,772	NM	132,546	38,223	NM
Cash flow hedge		(866)	52	NM	(2,541)	788	NM
		722,497	(67,078)	NM	642,610	50,408	NM
Items that will not be reclassified subsequently to profit or loss							
Remeasurement of defined benefit liability		(5,219)	(5,963)	12%	(5,927)	(5,963)	1%
Revaluation of property, plant and equipment upon reclassification to investment properties	9	(157)	-	-	35,666	205	NM
		(5,376)	(5,963)		29,739	(5,758)	
Total comprehensive income for the period/year		**1,052,263**	**185,951**	**NM**	**1,615,633**	**778,509**	**108%**
Profit attributable to:							
Owners of the Company		239,228	230,100	4%	754,291	631,159	20%
Non-controlling interests		95,914	28,892	NM	188,993	102,700	84%
Profit for the period/year		**335,142**	**258,992**	**29%**	**943,284**	**733,859**	**29%**
Total comprehensive income attributable to:							
Owners of the Company		894,588	215,528	NM	1,436,535	817,054	76%
Non-controlling interests		157,675	(29,577)	NM	179,098	(38,545)	NM
Total comprehensive income for the period/year		**1,052,263**	**185,951**	**NM**	**1,615,633**	**778,509**	**108%**
Earnings per share (sen)							
Basic	10	2.93	2.83	3%	9.24	7.78	19%
Diluted	10	2.92	2.82	3%	9.21	7.74	19%

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

SUPPLEMENTARY INFORMATION

		4th quarter ended			Financial year ended		
		31 Dec 2014 RM'000	**31 Dec 2013 RM'000**	**Variance %**	**31 Dec 2014 RM'000**	**31 Dec 2013 RM'000**	**Variance %**
Profit attributable to owners of the Company		**239,228**	**230,100**	**4%**	**754,291**	**631,159**	**20%**
Add back/(less): Exceptional items ("EI")							
Professional and consultancy fees for acquisitions		2,629	1,342		3,770	4,695	
Change in fair value of contingent consideration payable[i]		-	57		-	(3,946)	
Change in fair value of investment properties[ii]		227	(47,268)		227	(47,268)	
Write back of impairment loss on financial assets[iii]		-	(22,766)		-	(22,766)	
Property, plant and equipment written off		1,713	714		2,116	904	
Intangible assets written off		140	534		140	534	
Gain on disposal of property, plant and equipment		(706)	(484)		(2,939)	(3,698)	
Gain on disposal of assets held for sale		-	-		-	(67)	
Gain on disposal of subsidiaries[iv]		(336)	-		(336)	(4,376)	
Exchange loss on net borrowings[v]	4	4,637	54,011		58,369	189,807	
Tax refund relating to a prior year[vi]		-	-		-	(22,000)	
Investment tax allowance [vii]		-	(22,900)		-	(22,900)	
		8,304	(36,760)		61,347	68,919	
Less: Tax effects on EI		(928)	(10,802)		(11,674)	(37,961)	
Less: Non-controlling interests' share of EI		(2,380)	(10,420)		(18,946)	(51,553)	
		4,996	(57,982)		30,727	(20,595)	
Profit attributable to owners of the Company, excluding EI[viii]		**244,224**	**172,118**	**42%**	**785,018**	**610,564**	**29%**
Earnings per share, excluding EI[viii] (sen)							
Basic	10	2.99	2.12	41%	9.61	7.53	28%
Diluted	10	2.98	2.11	41%	9.58	7.49	28%

NM: Not meaningful

Note:
i. Fair valuation of contingent consideration payable relate to the acquisition of Bodrum Tedavi
ii. Fair valuation gain on investment properties held for rental to third parties at Mount Elizabeth Novena Hospital and Specialist Centre
iii. Write back of impairment previously recognised, upon recovery of the deposit placed to increase the Group's ownership in certain subsidiaries in China
iv. Gain on disposal of GCRC Pte. Ltd, an indirect 51% owned subsidiary of the Group in 2013. Additional gain was recognised upon finalisation of the price consideration in 2014.
v. Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings
vi. Tax credit in 2013 as a result of successful recovery of tax paid in a prior year.
vii. Investment tax allowance granted in relation to the Group's hospital construction projects and capital investments in Malaysia.
viii. Exceptional items, net of tax and non-controlling interests

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

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.

   Parkway Life Real Estate Investment Trust ("PLife REIT"), an indirect 35.8% owned subsidiary of the Group, recognised valuation gain of RM52.7 million arising from its investment properties that are held for rental to external parties. PLife REIT also recognised divestment gain of RM36.4million from its sale of 7 Japanese nursing homes in December 2014. PLife REIT's valuation and divestment gains are recognised as other operating income. In YTD 2013, PLife REIT recognised RM4.4 million valuation loss on its investment properties as other operating expense.

2. In Q4 2013, the Group recognised RM2.4 million additional cost of medical suites sold in 2012 upon the finalization of construction costs.

3. Staff costs increased as a result of salary and wage increase driven by the higher demand for trained healthcare professionals. The Group also increased its headcount to staff Acibadem Atakent Hospital and Pantai Hospital Manjung, which commenced operations in January 2014 and May 2014 respectively.

4. Acibadem recognises exchange gain or loss arising from the translation of its non-Turkish Lira ("TL") denominated borrowings/payables net of its non-TL denominated cash/receivables as finance income or finance cost respectively.

   Exchange losses of RM4.6 million and RM58.4 million were recognised on translation of such non-TL balances in the finance costs in Q4 2014 and YTD 2014 respectively. RM54.0 million and RM189.8 million exchange loss were recognised in finance cost in Q4 2013 and YTD 2013 respectively.

   Refer to section B14 for details.

5. In 2013, 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.

6. During 2013, 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.

7. PLife REIT 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 investments in the statement of other comprehensive income. The Group's foreign currency translation differences from foreign operations arise mainly from the translation of the net assets of its Singapore and Turkish operations.

   During 2014, the Group recorded foreign currency translation gains upon the translation of the net assets from its Singapore operations as the Singapore Dollar ("S$") appreciated approximately 4.1% against the 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 TL depreciated approximately 2.9% against the RM during the year. As the asset base from the Group's operations in Singapore is larger than that in Turkey, it resulted in a net foreign currency exchange gain for YTD 2014.

8. Fair value change of available-for-sale financial assets arose from the mark-to-market of the Group's 10.8% investment in Apollo Hospitals Enterprise Limited.

9. In Q2 2014, the Group re-designated the use of a few medical suites units at Mount Elizabeth Novena Specialist Centre from held for own use to held for rental and had accordingly reclassified them from property, plant and equipment to investment properties. The difference in the carrying value of these medical suites units immediately prior to the transfer and their fair value was recognised directly in equity as a revaluation of property, plant and equipment.

10. The Group's EPS was computed based on an enlarged share capital base in comparison to last year. Refer to Section B12 for details.

Note:
Key average exchange rates used to translate the YTD results of overseas subsidiaries into RM:

	31 Dec 2014	31 Dec 2013
1 Singapore Dollar ("SGD")	2.5813	2.5191
1 Turkish Lira ("TL")	1.4959	1.6498

IHH HEALTHCARE BERHAD
Company No. 901914-V
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Note	31 Dec 2014 RM'000	31 Dec 2013 RM'000
Assets			
Property, plant and equipment	1	9,148,483	8,662,671 *
Prepaid lease payments	2	746,061	703,049 *
Investment properties	3	2,028,438	1,922,721
Goodwill on consolidation	4	9,154,565	8,881,234
Intangible assets		2,537,802	2,628,126
Interests in associates		4,239	4,497
Interests in joint ventures		179,175	170,069
Other financial assets	5	956,035	758,037
Other receivables		48,235	36,312
Derivative assets		28,213	15,949
Deferred tax assets		68,327	77,567
Total non-current assets		**24,899,573**	**23,860,232**
Inventories		171,718	152,991
Trade and other receivables		1,027,535	1,002,152
Tax recoverable		59,005	62,368
Other financial assets		13,581	38,476
Derivative assets		1,067	233
Cash and cash equivalents		2,467,827	2,144,827
Total current assets		**3,740,733**	**3,401,047**
Total assets		**28,640,306**	**27,261,279**
Equity			
Share capital		8,178,570	8,134,974
Share premium		8,059,158	7,992,299
Other reserves		963,885	265,729
Retained earnings		2,250,132	1,682,143
Total equity attributable to owners of the Company		**19,451,745**	**18,075,145**
Non-controlling interests		1,861,651	1,847,802
Total equity		**21,313,396**	**19,922,947**
Liabilities			
Loans and borrowings	6	3,592,776	4,170,246
Employee benefits		23,312	23,144
Trade and other payables		408,501	363,119
Derivative liabilities		6,536	3,566
Deferred tax liabilities		938,045	935,103
Total non-current liabilities		**4,969,170**	**5,495,178**
Loans and borrowings	6	676,542	291,035
Trade and other payables		1,390,641	1,331,175
Derivative liabilities		517	3,121
Employee benefits		43,492	38,928
Tax payable		246,548	178,895
Total current liabilities		**2,357,740**	**1,843,154**
Total liabilities		**7,326,910**	**7,338,332**
Total equity and liabilities		**28,640,306**	**27,261,279**
Net assets per share attributable to owners of the Company[1] (RM)		2.38	2.22

[1]: Based on 8,178.6 million and 8,135.0 million shares in issue as at 31 December 2014 and 31 December 2013 respectively

*: The comparative balances in the statement of financial position had been restated to conform with the current year's presentation and classification, which more accurately reflects the nature of the transactions.

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2013 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

1. The increase in property, plant and equipment was attributed to the purchase of medical equipment during the year as well as cost capitalised for the on-going expansion and new hospital construction projects.

   Translation gain, as a result of the weakening of Malaysian Ringgit ("RM") against Singapore Dollars ("SGD") as at 31 December 2014, also resulted in the increase when the Group translated the property, plant and equipment balance of its subsidiaries in Singapore.

2. Prepaid lease payment relates to land which was awarded in FY2013 to GHK Hospital Limited, a 60%-owned subsidiary. Translation gain, as a result of the weakening of RM against Hong Kong Dollar as at 31 Dec 2014, resulted in the increase in the prepaid lease payment when the Group translated the Hong Kong Dollar denominated amount to RM.

3. The increase in investment properties was mainly due to PLife REIT's acquisition of 4 Japanese properties during the year at a consideration equivalent to approximately RM212.9 million, and the recognition of revaluation gains of RM52.7 million on its investment properties that are held for rental to external parties. The increase was offset by PLife REIT's divestment of 7 Japanese properties from its portfolio in December 2014 for a total sales consideration of approximately RM236.2 million.

   In addition, the Group re-designated the use of a few medical suites units at Mount Elizabeth Novena Specialist Centre from held for own use to held for rental and had accordingly reclassified them from property, plant and equipment to investment properties.

4. Translation gain, as a result of the weakening of RM against SGD as at 31 December 2014, resulted in the increase in the goodwill on consolidation balance when the Group translated the goodwill on consolidation balance of its subsidiaries in Singapore.

5. The increase in the non-current other financial assets was mostly due to the fair valuation gain of RM132.5 million for the Group's available for sale financial instruments in Apollo Hospitals Enterprise Limited.

6. During the year, borrowings decreased as Parkway Pantai Limited repaid approximately RM646.8 million of borrowings, which was partly offset by Parkway Hong Kong, PLife REIT's and Acibadem's draw down of their loan facilities to finance the above-mentioned acquisition of investment properties, capital expenditure and working capital.

Note:
Key closing exchange rates used to translate the financial position of overseas subsidiaries into RM:

	31 Dec 2014	31 Dec 2013
1 Singapore Dollar ("SGD")	2.6831	2.5780
1 Turkish Lira ("TL")	1.4830	1.5277

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	<------ 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	Revaluation reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2014	8,134,974	7,992,299	33,295	216,082	205	16,150	(302,406)	9,020	293,383	1,682,143	18,075,145	1,847,802	19,922,947
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	481,658	-	481,658	(72,089)	409,569
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	36,815	-	36,815	66,221	103,036
Net change in fair value of available-for-sale financial assets	-	-	-	132,546	-	-	-	-	-	-	132,546	-	132,546
Cash flow hedge	-	-	-	-	-	(885)	-	-	-	-	(885)	(1,656)	(2,541)
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	-	(3,556)	(3,556)	(2,371)	(5,927)
Revaluation of property, plant and equipment upon reclassification to investment properties	-	-	-	-	35,666	-	-	-	-	-	35,666	-	35,666
Total other comprehensive income for the year	-	-	-	132,546	35,666	(885)	-	-	518,473	(3,556)	682,244	(9,895)	672,349
Profit for the year	-	-	-	-	-	-	-	-	-	754,291	754,291	188,993	943,284
Total comprehensive income for the year	**-**	**-**	**-**	**132,546**	**35,666**	**(885)**	**-**	**-**	**518,473**	**750,735**	**1,436,535**	**179,098**	**1,615,633**
Contributions by and distributions to owners of the Company													
- Share options exercised	34,000	48,574	-	-	-	-	-	-	-	-	82,574	-	82,574
- Share-based payment	-	-	27,700	-	-	-	-	-	-	-	27,700	-	27,700
- Cancellation of share options	-	13	(13)	-	-	-	-	-	-	-	-	-	-
- Dividends to owners of the Company	-	-	-	-	-	-	-	-	-	(163,500)	(163,500)	-	(163,500)
	34,000	48,587	27,687	-	-	-	-	-	-	(163,500)	(53,226)	-	(53,226)
Transfer to share capital and share premium on share options exercised	9,596	18,272	(27,868)	-	-	-	-	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	-	-	1	(6,900)	-	190	-	(6,709)	(24,293)	(31,002)
Issue of shares by subsidiary to non-controlling interest	-	-	-	-	-	-	-		-	-	-	400	400
Transfer per statutory requirements	-	-	-	-	-	-	-	19,246	-	(19,246)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(141,356)	(141,356)
Total transactions with owners of the Company	**43,596**	**66,859**	**(181)**	**-**	**-**	**1**	**(6,900)**	**19,246**	**190**	**(182,746)**	**(59,935)**	**(165,249)**	**(225,184)**
At 31 December 2014	**8,178,570**	**8,059,158**	**33,114**	**348,628**	**35,871**	**15,266**	**(309,306)**	**28,266**	**812,046**	**2,250,132**	**19,451,745**	**1,861,651**	**21,313,396**

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	<---- 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	Revaluation reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2013	8,055,445	7,890,224	32,810	177,859	-	15,867	(247,463)	853	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 in foreign operations	-	-	-	-	-	-	-	-	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**
Contributions by and distributions to owners of the Company													
- 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 a subsidiary	-	-	-	-	-	-	170	-	(111)	-	59	(8,094)	(8,035)
Changes in ownership interest in subsidiaries	-	-	-	-	-	1	(55,113)	-	5	-	(55,107)	(33,501)	(88,608)
Transfer per statutory requirements	-	-	-	-	-	-	-	8,167	-	(8,167)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(116,821)	(116,821)
Total transactions with owners of the Company	**79,529**	**102,075**	**485**	**-**	**-**	**1**	**(54,943)**	**8,167**	**(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**	**(302,406)**	**9,020**	**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 2013 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

IHH HEALTHCARE BERHAD
Company No. 901914-V
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Financial year ended		
	31 Dec 2014	31 Dec 2013	
	RM'000	RM'000	
Cash flows from operating activities			
Profit before tax	1,221,176	881,562	
Adjustments for:			
Dividend income	(4,687)	(4,190)	
Finance income	(65,623)	(59,118)	
Finance costs	189,806	328,713	
Depreciation and impairment losses of property, plant and equipment	540,553	531,512	
Amortisation and impairment losses of intangible assets	66,927	69,346	
Write-off:			
- Property, plant and equipment	2,116	904	
- Intangible assets	140	534	
- Inventories	662	515	
- Trade and other receivables	9,331	5,469	
Gain on disposal of property, plant and equipment	(2,939)	(3,698)	
Gain on disposal of subsidiaries	(336)	(4,376)	
Gain on disposal of assets held for sale	-	(67)	
Gain on divestment of investment properties	(36,425)	-	
Impairment loss made/(written back):			
- Trade and other receivables	18,275	21,967	
- Amounts due from associates	(1,022)	(1,247)	
- Investment in joint ventures	-	2,545	
- Other financial assets	-	(25,311)	
Change in fair value of contingent consideration payable	-	(3,946)	
Change in fair value of investment properties	(52,453)	(42,840)	
Share of (profits)/losses of associates (net of tax)	(1,702)	1,793	
Share of profits of joint ventures (net of tax)	(8,149)	(3,971)	
Equity-settled share-based payment	27,700	23,189	
Net unrealised foreign exchange differences	(58,535)	(21,589)	
Operating profit before changes in working capital	**1,844,815**	**1,697,696**	
Changes in working capital			
Trade and other receivables	(94,624)	(149,708)	
Inventories	(26,097)	(12,971)	
Trade and other payables	109,367	(14,542)	
Cash flows from operations	**1,833,461**	**1,520,475**	
Net income tax paid	(202,861)	(182,583)	
Net cash generated from operating activities	**1,630,600**	**1,337,892**	
Cash flows from investing activities			
Interest received	48,493	38,983	
Capital injection into joint ventures	-	(10,875)	
Disposal of subsidiary, net of cash and cash equivalents disposed	-	2,058	
Development and purchase of intangible assets	(11,167)	(13,921)	
Purchase of property, plant and equipment	(908,842)	(720,061)	*
Purchase of prepaid lease payments	-	(706,441)	*
Purchase of investment properties	(212,485)	(217,048)	
Other financial assets purchased	(1,050)	-	
Proceeds from disposal of property, plant and equipment	54,733	10,994	
Proceeds from divestment of investment properties	236,156	-	
Proceeds from disposal of assets held for sale	-	233	
Proceeds from disposal of intangible assets	1,015	290	
Net repayment from/(to) associates	976	(338)	
Net repayment from/(to) joint ventures	11,722	(186)	
Dividends received from available for sale instruments	4,687	4,190	
Dividends received from joint ventures	2,197	2,088	
Dividends received from associates	516	1,166	
Capital distributions from associates	1,588	-	
Refund of deposits paid to non-controlling shareholders of subsidiaries	25,591	43,032	
Net cash used in investing activities	**(745,870)**	**(1,565,836)**	

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

	Financial year ended	
	31 Dec 2014	**31 Dec 2013**
	RM'000	**RM'000**
Cash flows from financing activities		
Interest paid	(128,567)	(142,853)
Proceeds from exercise of share options	82,574	158,950
Proceeds from loans and borrowings	1,006,815	2,517,808
Repayment of loans and borrowings	(1,185,924)	(1,852,353)
Buy-back of floating rate notes	-	(35,271)
Loan from non-controlling interests of a subsidiary	35,618	292,196
Dividends paid to non-controlling interests	(141,356)	(116,821)
Dividends paid to owners of Company	(163,500)	-
Acquisition of non-controlling interests	(32,080)	(89,541)
Proceeds from dilution of interest in subsidiaries	-	933
Issue of shares by subsidiary to non-controlling interest	400	-
Change in pledged deposits	1,519	59,598
Net cash (used in)/from financing activities	**(524,501)**	**792,646**
Net increase in cash and cash equivalents	**360,229**	**564,702**
Effect of exchange rate fluctuations on cash and cash equivalents held	(35,710)	18,053
Cash and cash equivalents at beginning of the year	2,135,609	1,552,854
Cash and cash equivalents at end of the year	**2,460,128**	**2,135,609**

Cash and cash equivalents

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

	31 Dec 2014	**31 Dec 2013**
	RM'000	**RM'000**
Cash and bank balances	971,481	600,515
Fixed deposits placed with licensed banks	1,496,346	1,544,312
	2,467,827	2,144,827
Less:		
- Deposits pledged	(3,127)	(4,420)
- Cash collateral received	(4,572)	(4,798)
Cash and cash equivalents at end of the year	**2,460,128**	**2,135,609**

*: The comparative balances in the statement of cash flows had been restated to conform with the current year's presentation and classification, which more accurately reflects the nature of the transactions.

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2013 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 2013 ("2013 Audited Financial Statements").

The 2013 Audited Financial Statements were prepared under Malaysian Financial Reporting Standards ("MFRS").

b) Significant accounting policies

The accounting policies and presentation adopted for this unaudited condensed consolidated interim financial report are consistent with those adopted for the 2013 Audited Financial Statements, except for the adoption of the new, revised and amendments to MFRS effective as of 1 January 2014 as issued by the Malaysian Accounting Standards Board, which does not have any impact on the financial statements of the Group.

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements for the financial year ended 31 December 2013 were not subjected to any qualification.

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 2014.

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 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 2013 Audited Financial Statements.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

A6 DEBT AND EQUITY SECURITIES

(a) Between 1 January to 31 December 2014, the Company issued:

i) 34,000,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and

ii) 9,596,018 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIPs units.

(b) On 29 April 2014, the Company granted a total of 5,424,000 LTIP units to eligible employees of the Group. Out of the total 5,424,000 units granted, 110,000 units were granted under a cash option pursuant to the terms and conditions of the LTIP Bye Laws.

(c) On 2 July 2014, the Company granted 2,451,000 LTIP units to the executive directors of the Company, pursuant to the shareholders' approval obtained at the Company's 4th AGM held on 20 June 2014.

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 2014.

As at 31 December 2014, the issued and paid-up share capital of the Company amounted to RM8,178,569,889 comprising 8,178,569,889 ordinary shares of RM1.00 each.

A7 DIVIDENDS PAID

	Per ordinary share	Total amount	
	Sen	**RM'000**	**Date of payment**
First and final single tier cash dividend for financial year ended 31 December 2013	2.0	163,500	16-Jul-14

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 2013 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 earnings before interest, tax, depreciation, amortization, exchange differences and other non-operational items ("EBITDA").

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014**

A8 SEGMENT REPORTING

Financial year ended 31 December 2014

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	PLife REIT RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses							
Revenue from external customers	4,374,837	2,652,289	217,884	94,322	4,687	-	7,344,019
Inter-segment revenue	87,961	-	3,028	164,436	34,149	(289,574)	-
Total segment revenue	4,462,798	2,652,289	220,912	258,758	38,836	(289,574)	7,344,019
EBITDA	1,180,470	477,103	76,680	298,324	4,377	(97,982)	1,938,972
Depreciation and impairment losses of property, plant and equipment	(270,270)	(227,077)	(12,087)	(30,688)	(431)	-	(540,553)
Amortisation and impairment losses of intangible assets assets	(32,559)	(33,993)	(375)	-	-	-	(66,927)
Foreign exchange gain/(loss)	1,123	764	(77)	5,413	(227)	-	6,996
Finance income	26,781	10,107	4,889	108	23,738	-	65,623
Finance costs	(16,992)	(151,081)	(243)	(21,473)	(17)	-	(189,806)
Share of profits of associates (net of tax)	1,702	-	-	-	-	-	1,702
Share of profits of joint ventures (net of tax)	8,149	-	-	-	-	-	8,149
Others	(1,112)	(669)	(259)	-	(940)	-	(2,980)
Profit/(loss) before tax	897,292	75,154	68,528	251,684	26,500	(97,982)	1,221,176
Income tax expense	(206,407)	(16,730)	(18,947)	(29,982)	(5,826)	-	(277,892)
Profit for the year	690,885	58,424	49,581	221,702	20,674	(97,982)	943,284
Assets and liabilities							
Cash and cash equivalents	855,217	241,658	180,332	392,825	797,795	-	2,467,827
Other assets	16,008,756	5,330,311	384,250	3,512,877	958,066	(21,781)	26,172,479
Segment assets as at 31 December 2014	16,863,973	5,571,969	564,582	3,905,702	1,755,861	(21,781)	28,640,306
Loans and borrowings	509,219	2,191,855	735	1,567,509	-	-	4,269,318
Other liabilities	1,850,606	800,876	127,634	286,128	14,129	(21,781)	3,057,592
Segment liabilities as at 31 December 2014	2,359,825	2,992,731	128,369	1,853,637	14,129	(21,781)	7,326,910

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

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
Revenue and expenses							
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	3,966,834	2,585,623	200,379	234,697	708,350	(939,432)	6,756,451
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 intangible assets	(32,386)	(36,658)	(302)	-	-	-	(69,346)
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 profits 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	756,570	(42,532)	63,747	147,311	718,495	(762,029)	881,562
Income tax (expense)/credit	(119,509)	6,958	(16,854)	(12,795)	(5,503)	-	(147,703)
Profit for the year	637,061	(35,574)	46,893	134,516	712,992	(762,029)	733,859
Assets and liabilities							
Cash and cash equivalents	746,279	350,613	140,759	70,829	836,347	-	2,144,827
Other assets	15,250,490	5,274,622	389,194	3,452,856	762,509	(13,219)	25,116,452
Segment assets as at 31 December 2013	15,996,769	5,625,235	529,953	3,523,685	1,598,856	(13,219)	27,261,279
Loans and borrowings	1,109,981	2,057,184	1,433	1,292,683	-	-	4,461,281
Other liabilities	1,575,402	917,256	115,287	263,568	18,757	(13,219)	2,877,051
Segment liabilities as at 31 December 2013	2,685,383	2,974,440	116,720	1,556,251	18,757	(13,219)	7,338,332

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014**

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 2014 RM'000	**31 Dec 2013 RM'000**
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	221,169	41,269
- Purchase and consumption of services	(43,487)	(3,135)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	47,233	322,285
- Purchase and consumption of services	(42,404)	(61,254)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

(a) On 7 January 2014, East Shore Medical Holdings Pte Ltd, Mount Elizabeth Healthcare Holdings Limited and Parkway Novena Holdings Pte Ltd were struck off from the Register of Companies of Singapore as part of the Group's streamlining exercise.

(b) On 30 January 2014, Acibadem Saglik Hizmetleri ve Ticaret A.S. ("ASH") acquired 82.22% equity interest in Acibadem Mobil Saglik Hizmetleri A.S. ("Acibadem Mobil"), an indirect subsidiary of ASH, from Acibadem Poliklinikleri A.S., a direct subsidiary of ASH, for a total consideration of TL3,700,000. Consequential thereto, Acibadem Mobil became a direct wholly-owned subsidiary of ASH.

(c) On 13 March 2014, Parkway Life Japan2 Pte. Ltd. ("TK Investor") entered into two *Tokumei Kumiai* agreements (or silent partnership agreements, collectively, the "TK Agreements") with Godo Kaisha Tenshi 1 and Godo Kaisha Tenshi 2 (collectively, the "TK Operators"). Pursuant to the TK Agreements, the TK Investor has injected funds into the respective TK Operators in relation to the acquisition of two nursing homes and one extended-stay lodging facility for the elderly located in Japan by the TK Operators at a total purchase price of approximately ¥3,000,000,000 (approximately RM95,820,000). Due to the nature of the arrangements under the TK Agreements, the TK Operators are under established terms that impose strict limitations on decision-making powers of the TK Operators' management, resulting in the Group receiving the majority of the benefits relating to the TK Operators' operations and net assets, being exposed to the majority of the risks incident to the TK Operators' activities and retaining the majority of the residual or ownership risks related to the TK Operators and their assets. Consequently, the TK Operators are regarded as subsidiaries of the Group pursuant to MFRS 10: Consolidated Financial Statements.

(d) On 17 March 2014, Swiss Zone Sdn Bhd ("Swiss Zone"), an indirect wholly-owned subsidiary of IHH, was dissolved pursuant to members' voluntary winding up. The dissolution of Swiss Zone is part of the Group's streamlining exercise.

(e) On 18 March 2014, IMU Healthcare Sdn Bhd ("IMU Healthcare"), an indirect wholly-owned subsidiary of IHH, formed a 60%-owned company, IMU Dialysis Sdn Bhd, pursuant to the Joint Venture Agreement dated 4 March 2014 entered into between IMU Healthcare and Advance Renal Care (Asia) Pte Ltd ("ARCA"). The remaining 40% equity stake in IMU Dialysis Sdn Bhd is owned by ARCA. IMU Dialysis Sdn Bhd has an initial paid-up capital of RM5.00 and its principal activities are establishing, operating and managing dialysis centre(s) for the provision of haemodialysis and its related services.

(f) On 26 March 2014, 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 RM3,777,000. The said acquisition increased PGRSB's shareholdings in TTHSB from 85.00% to 100.00%.

(g) On 31 March 2014, Parkway Pantai Limited ("PPL") subscribed for 19,500,000 ordinary shares of SGD4.90 each in Parkway Group Healthcare Pte Ltd ("PGH"), for a total consideration of SGD95,550,000 (equivalent to RM248,229,000) ("Internal Reorganisation"). Prior to the Internal Reorganisation, PGH was a direct wholly-owned subsidiary of Parkway Holdings Limited ("PHL") which in turn is a direct wholly-owned subsidiary of PPL. Upon completion of the Internal Reorganisation, PGH has become a 70% direct owned subsidiary of PPL while the remaining 30% is held by PHL.

(h) On 1 April 2014, Pantai Premier Pathology Sdn Bhd, an indirect wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1.00 each, representing 100% of the total issued and paid-up share capital of Orifolio Options Sdn Bhd from Mount Elizabeth Health Care Services Sdn Bhd, an indirect wholly-owned subsidiary of the Company, for a total cash consideration of RM2.00.

(i) On 9 April 2014, Acıbadem Labmed Sağlık Hizmetleri A.Ş. ("Acibadem Labmed") formed a wholly-owned subsidiary, Histogenetics Acıbadem Laboratuvar Hizmetleri A.Ş. ("Histogenetics"), in Turkey. Histogenetics has an initial paid-up capital of TL50,000 and its principal activity is provision of laboratory services.

(j) On 9 April 2014, Parkway Trust Management Limited ("PTM") transferred 146,000 PLife REIT units that it owned to its eligible employees in accordance to PTM's Long Term Incentive Plan. Consequential thereto, IHH Group's effective interest in PLife REIT was diluted from 35.78% to 35.76%.

(k) On 22 April 2014, Parkway (Shanghai) Hospital Management Ltd. received the business license from Suzhou New District (Hu Qiu) Administration of Industry and Commerce for the establishment of a foreign wholly-owned enterprise reinvestment clinic named Suzhou Xin Hui Clinic Co., Ltd. ("Xin Hui Clinic") in the People's Republic of China with a registered capital of RMB3,000,000. The principal activity of Xin Hui Clinic is provision of medical and healthcare outpatient services. The validity period of the licence is from 22 April 2014 to 21 April 2034.

(l) On 29 May 2014, Shanghai Mai Kang Hospital Investment Management Co., Ltd ("Shanghai Mai Kang") acquired the remaining 15% equity interest in Shanghai Rui Hong Clinic Co. Ltd ("Shanghai Rui Hong") for a purchase consideration of RMB4,050,000 (equivalent to RM2,085,000). Upon completion of the acquisition, Shanghai Rui Hong became an indirect wholly-owned subsidiary of the Company with 70% equity interest held through Medical Resources International Pte Ltd ("MRI") and the remaining 30% held through Shanghai Mai Kang.

(m) On 30 May 2014, Shanghai Mai Kang acquired the remaining 15% equity interest in Shanghai Xin Rui Healthcare Co. Ltd ("Shanghai Xin Rui") for a purchase consideration of RMB41,210,000 (equivalent to RM21,215,000). Upon completion of the acquisition, Shanghai Xin Rui became an indirect wholly-owned subsidiary of the Company with 70% equity interest held through MRI and the remaining 30% held through Shanghai Mai Kang.

(n) On 21 July 2014, PPL acquired 100% equity interest in Pantai Holdings Berhad ("PHB") from Pantai Irama Ventures Sdn Bhd ("PIVSB") ("Internal Reorganisation 2"). Prior to the Internal Reorganisation 2, PHB was a direct wholly-owned subsidiary of PIVSB which in turn is a direct wholly-owned subsidiary of PPL.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

(o) On 30 September 2014, Acibadem Poliklinikleri merged with its direct wholly-owned subsidiary, Konur Saglik Hizmetleri A.S. ("Konur Saglik"). All assets and liabilities of Konur Saglik were transferred to Acibadem Poliklinikleri and Konur Saglik was subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem group structure and management.

(p) On 13 October 2014, PGH incorporated a foreign wholly-owned subsidiary named Parkway China Holding Co. Pte. Ltd. ("Parkway China") in Singapore. Parkway China has a paid-up capital of RMB6,165,000 (equivalent to RM3,282,246) and its principal activity is investment holding.

(q) On 30 October 2014, Parkway China acquired 100% equity interest in M&P Investments Pte Ltd ("M&P"), an indirect wholly-owned subsidiary of the Company, from PHL, for a total consideration of SGD2.00 (equivalent to RM5.15). Consequential thereto, M&P became a direct wholly-owned subsidiary of Parkway China.

(r) On 31 October 2014, Parkway China subscribed for 99% equity interest in MRI, at the subscription price of RMB10 (equivalent to RM5.37). Upon completion of the subscription, MRI has become a 99% direct owned subsidiary of Parkway China while the remaining 1% is held by PGH.

(s) On 20 November 2014, Acibadem Labmed acquired 3,400,000 shares representing 100% equity interest in Blab Laboratuvar Hizmetleri A.S. ("Blab Laboratuvar") from ASH for a total consideration of TL3,400,000 (equivalent to RM5,114,620) ("Internal Reorganisation 3"). Upon completion of the Internal Reorganisation 3, Blab Laboratuvar became a direct wholly-owned subsidiary of Acibadem Labmed, which in turn is a direct wholly-owned subsidiary of ASH.

(t) On 28 November 2014, Parkway Life Japan4 Pte. Ltd. ("TK Investor 2") entered into a *Tokumei Kumiai* agreement (or silent partnership agreement, the "TK Agreement 2") with Godo Kaisha Samurai 9 ("TK Operator 2"). Pursuant to the TK Agreement 2, the TK Investor 2 has injected fund into the TK Operator 2 in relation to the acquisition of a nursing home located in Japan by the TK Operator 2 at a total purchase price of approximately ¥3,535,000,000 (approximately RM100,652,055). Due to the nature of the arrangements under the TK Agreement 2, the TK Operator 2 is under established terms that impose strict limitations on decision-making powers of the TK Operator 2's management, resulting in the Group receiving the majority of the benefits relating to the TK Operator 2's operations and net assets, being exposed to the majority of the risks incident to the TK Operator 2's activities and retaining the majority of the residual or ownership risks related to the TK Operator 2 and its assets. Consequently, the TK Operator 2 is regarded as subsidiary of the Group pursuant to MFRS 10: Consolidated Financial Statements.

(u) On 11 December 2014, Acibadem Labmed merged with its direct wholly-owned subsidiaries, Blab Laboratuvar and Histogenetics. All assets and liabilities of Blab Laboratuvar and Histogenetics were transferred to Acibadem Labmed and Blab Laboratuvar and Histogenetics were subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem group structure and management.

(v) ASH shares have ceased to be traded on the Istanbul Stock Exchange ("ISE") after the second session of 4 October 2012. Following this, the delisting process has been successfully completed. Any shareholders that were unable to redeem their shares during Mandatory Takeover Offer ("MTO") and Voluntary Takeover Offer ("VTO") have the right to sell their shares for a three-year period from 26 July 2012, being the date ISE granted its approval of ASH's delisting. As at 31 December 2014, ASYH's equity interest in ASH is 99.38%, following the tender of shares.

The 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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

A12 SUBSEQUENT EVENTS

On 16 February 2015, ASH established a foreign wholly-owned subsidiary named Acibadem International Medical Center B.V. ("AIMC") in Rotterdam, Netherlands. AIMC has an initial paid-up capital of EUR100,000 and its intended principal activity is to establish and operate medical clinics, and to provide home treatment and care services.

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

In November 2014, ASH received notification from the tax authorities in Turkey that ASH had under-withheld the value added tax ("VAT") amounting to approximately TL25.2 million (equivalent to RM37.4 million) between FY2008 to FY2013 for services rendered by doctors who are partners or employees of another company. This is the result of a difference in interpretation between the Turkish private healthcare industry and the tax authorities of the VAT rates applicable to such services. The related penalty and interest amounts to TL38.0 million (RM56.4 million) and TL12.1 million (RM17.9 million) respectively.

ASH had initiated discussions with the tax authorities to resolve the matter. Based on consultation with its tax advisors, the Board is of the opinion that no provision is required to be made in these financial statements.

A14 CAPITAL COMMITMENTS

	31 Dec 2014 RM'000	31 Dec 2013 RM'000
Capital expenditure commitments not provided for in the full-year financial report:		
Property, plant and equipment and investment properties		
- Authorised and contracted for	2,478,972	425,493
- Authorised but not contracted for	1,246,703	1,157,038
	3,725,675	1,582,531

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

A15 FAIR VALUE HIERARCHY

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 assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
As at 31 Dec 2014				
Assets				
Investment properties	-	-	2,028,438	2,028,438
Quoted available-for-sale investment	938,167	-	-	938,167
Derivative assets	-	29,280	-	29,280
Liabilities				
Derivative liabilities	-	(7,053)	-	(7,053)
As at 31 December 2013				
Assets				
Investment properties	-	-	1,922,721	1,922,721
Quoted available-for-sale investment	743,887	-	-	743,887
Derivative assets	-	16,182	-	16,182
Liabilities				
Derivative liabilities	-	(6,687)	-	(6,687)

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

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

	4th quarter ended			Financial year ended		
	31 Dec 2014 RM'000	31 Dec 2013 RM'000	Variance %	31 Dec 2014 RM'000	31 Dec 2013 RM'000	Variance %
REVENUE[1]						
Parkway Pantai	1,138,704	1,024,264	11%	4,374,837	3,887,847	13%
Acibadem Holdings	719,894	684,298	5%	2,652,289	2,585,623	3%
IMU Health	55,888	48,755	15%	217,884	197,641	10%
Others^	33	21	57%	4,687	4,190	12%
	1,914,519	**1,757,338**	**9%**	**7,249,697**	**6,675,301**	**9%**
PLife REIT total revenue	64,828	62,991	3%	258,758	234,697	10%
PLife REIT inter-segment revenue	(41,936)	(40,196)	-4%	(164,436)	(153,547)	-7%
Total	**1,937,411**	**1,780,133**	**9%**	**7,344,019**	**6,756,451**	**9%**
EBITDA[2]						
Parkway Pantai[3]	291,716	269,981	8%	1,116,637	966,426	16%
Acibadem Holdings	149,328	128,833	16%	477,103	462,807	3%
IMU Health	12,140	14,883	-18%	76,680	74,570	3%
Others^	(6,561)	(7,385)	11%	(29,772)	(30,011)	1%
	446,623	**406,312**	**10%**	**1,640,648**	**1,473,792**	**11%**
PLife REIT[4]	140,866	44,288	NM	298,324	184,540	62%
Total	**587,489**	**450,600**	**30%**	**1,938,972**	**1,658,332**	**17%**

[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 2014 vs Q4 2013

The Group achieved revenue and EBITDA growth of 9% and 30% respectively in Q4 2014 over the same period last year. The increase in Q4 2014 revenue was attributed to year-on-year growth in patient volume and revenue intensity of existing operations and the commencement of operations of Acibadem Atakent Hospital and Pantai Hospital Manjung in January 2014 and May 2014 respectively.

EBITDA growth was driven by revenue. In addition, the Group's Q4 2014 EBITDA included RM52.7 million revaluation gain arising from PLife REIT's investment properties that are held for rental to external parties as compared to RM4.4 million revaluation loss recognised last year. Moreover, PLife REIT recognised divestment gain of RM36.4 million from its sale of 7 Japanese nursing homes in December 2014.

The Group's Q4 2014 PATMI increased 4% over the same period last year. Q4 2013 PATMI was boosted by exceptional gains such as valuation gain on investment properties at Mount Elizabeth Novena Hospital and Specialist Centre, write back of impairment loss on financial assets and investment tax allowance claims. Excluding exceptional items, Q4 2014 PATMI increased 42% to RM244.2 million over the last same period year. For details of exceptional items, refer to page 2 of this report.

Parkway Pantai

Parkway Pantai's revenue grew 11% to RM1,138.7 million in Q4 2014 whilst its EBITDA grew 8% to RM291.7 million in Q4 2014. Parkway Pantai's strong performance was the result of the continuous ramp up of its Mount Elizabeth Novena Hospital in Singapore as well as from its other hospitals and healthcare businesses. Mount Elizabeth Novena Hospital's revenue increased by 59% in Q4 2014 to RM97.6 million as compared to Q4 2013, and it achieved an EBITDA of RM25.7 million in Q4 2014 as compared to an EBITDA of RM10.1 million in Q4 2013.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

Parkway Pantai's Singapore hospitals saw an overall 6.8% increase in inpatient admissions to 16,264 inpatient admissions in Q4 2014. The increase was attributed mainly to local patients as well as foreign patients from non-traditional market such as the Middle East. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals grew 1.9% to 47,188 inpatient admissions in Q4 2014. 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 2014 revenue per inpatient admission increased 7.4% to RM23,736 in Singapore and increased 11.5% to RM4,993 in Malaysia compared to Q4 2013.

Despite the increase in nurses' salaries and benefits in Q4 2014, Parkway Pantai's EBITDA from operations grew on the back of higher revenues and operating leverage from the higher patient volumes. EBITDA growth was also driven by the significant improvement in Mount Elizabeth Novena Hospital's EBITDA as the hospital ramps up its revenue and optimises its resources with the increasing patient volumes. Parkway Pantai achieved strong EBITDA growth despite the RM0.4 million start-up loss incurred by Pantai Hospital Manjung in Q4 2014 and RM1.6 million pre-operating loss of Gleneagles Hospital Hong Kong.

Acibadem Holdings

Acibadem Holdings' revenue grew 5% to RM719.9 million in Q4 2014 whilst its EBITDA grew 16% to RM149.3 million in Q4 2014. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' Q4 2014 revenues increased 12% whilst its Q4 2014 EBITDA increased 24% over last year. The strong growth is attributed to existing hospital operations as well as to the newly opened Acibadem Atakent Hospital, which contributed positive EBITDA of RM8.0 million in Q4 2014 as compared to pre-operating losses of RM5.6 million in Q4 2013.

Revenue growth against last year was driven by strong performance at its existing hospitals, the continuous ramp up of Acibadem Bodrum Hospital and Acibadem Ankara Hospital as well as revenue contribution from the newly opened Acibadem Atakent Hospital. Acibadem Holdings' inpatient admissions grew 12.7% to 34,139 in Q4 2014, which resulted in greater operating leverage. Acibadem Holdings' average inpatient revenue per inpatient admission also increased by 8.4% to RM10,286 in Q4 2014 as a result of case mix where more complex cases were undertaken. Acibadem Holdings' revenue growth was partially eroded due to the fall in construction-related revenue upon the completion of the Acibadem University construction project in early 2014. Revenue from external construction projects decreased from RM62.3 million in Q4 2013 to RM15.9 million in Q4 2014.

IMU Health

IMU Health's revenue grew 15% to RM55.9 million in Q4 2014 whilst its EBITDA reduced 18% to RM12.1 million in Q4 2014.

IMU Health's revenue growth was driven by higher student intake and increase in course fees for its medical programmes. However, IMU Health's EBITDA decreased due to higher expenses incurred in Q4 2014 for marketing activities, recruitment activities and maintenance expenses to cope with the increase in student intake. Staff costs had also increased as IMU Health increased its headcount pursuant to its increased student enrolment in order to maintain the ideal staff-to-student ratio.

PLife REIT

PLife REIT's external revenue was flat against Q4 2013 whilst its EBITDA grew from RM44.3 million in Q4 2013 to RM140.9 million in Q4 2014.

PLife REIT's external revenue grew on the back of revenue contribution from its enlarged property portfolio when it completed the acquisition of 4 Japanese nursing homes during the year. However, the higher rental income was offset by the translation effects of the weakening Japanese Yen.

PLife REIT's Q4 2014 EBITDA included RM52.7 million revaluation gain arising from PLife REIT's investment properties that are held for rental to external parties as compared to RM4.4 million revaluation loss recognised

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

last year. In addition, PLife REIT recognised divestment gain of RM36.4million from its sale of 7 Japanese nursing homes in December 2014.

Others

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

YTD 2014 vs YTD 2013

The Group achieved revenue and EBITDA growth of 9% and 17% respectively in YTD 2014 over last financial year. The increase in YTD 2014 revenue was attributed to year-on-year growth in patient volume and revenue intensity of existing operations and commencement of Acibadem Atakent Hospital and Pantai Hospital Manjung in January 2014 and May 2014 respectively.

EBITDA growth was driven by revenue. In addition, the Group's YTD 2014 EBITDA included RM52.7 million revaluation gain arising from PLife REIT's investment properties that are held for rental to external parties as compared to RM4.4 million revaluation loss recognised last year. Moreover, PLife REIT recognised divestment gain of RM36.4million from its sale of 7 Japanese nursing homes in December 2014.

The Group's YTD 2014 PATMI increased 20% over the same period last year on the back of EBITDA growth. Excluding exceptional items, YTD 2014 PATMI increased 29% to RM785.0 million over the last financial year.

Parkway Pantai

Parkway Pantai's revenue grew 13% to RM4,374.8 million in YTD 2014 whilst its EBITDA grew 16% to RM1,116.6 million in YTD 2014. Parkway Pantai's strong performance was the result of the continuous ramp up of its Mount Elizabeth Novena Hospital in Singapore as well as from its other hospitals and healthcare businesses. Mount Elizabeth Novena Hospital's revenue increased by 78% in YTD 2014 to RM352.6 million as compared to YTD 2013, and it achieved an EBITDA of RM87.1 million in YTD 2014 as compared to RM21.6 million EBITDA in YTD 2013.

Parkway Pantai's Singapore hospitals saw an overall 9.2% increase in inpatient admissions to 64,723 inpatient admissions in YTD 2014. The increase was attributed mainly to local patients as well as foreign patients from non-traditional markets such as the Middle East and Myanmar. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals grew 8.4% to 185,000 inpatient admissions in YTD 2014. 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. YTD 2014 revenue per inpatient admission increased 4.4% to RM23,255 in Singapore and increased 9.2% to RM4,906 in Malaysia compared to YTD 2013.

Despite increasing cost pressures, Parkway Pantai's EBTIDA from operations grew on the back of higher revenues and operating leverage from the higher patient volumes. EBITDA growth was also driven by the significant improvement in Mount Elizabeth Novena Hospital's EBITDA as the hospital ramps up its revenue and optimises its resources with the increasing patient volumes. Parkway Pantai achieved strong EBITDA growth despite the RM4.5 million start-up loss incurred by Pantai Hospital Manjung in YTD 2014 and RM5.3 million pre-operating loss of Gleneagles Hospital Hong Kong.

Acibadem Holdings

Acibadem Holdings' revenue grew 3% to RM2,652.3 million in YTD 2014 whilst its EBITDA grew 3% to RM477.1 million in YTD 2014. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' YTD 2014 revenues increased 13% whilst its YTD 2014 EBITDA increased 14% over last year. The strong growth is attributed to existing hospital operations as well as to the newly opened Acibadem Atakent Hospital, which reduced its start-up losses from RM8.7 million in YTD 2013 to RM5.0 million in YTD 2014. Acibadem Holdings' revenue growth was partially eroded by the fall in construction-related revenue upon the completion of the Acibadem University construction project in early 2014.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

Revenue from external construction projects decreased from RM177.5 million in YTD 2013 to RM43.3 million in YTD 2014.

Revenue growth against last year was driven by strong performance at its existing hospitals, the continuous ramp up of Acibadem Bodrum Hospital and Acibadem Ankara Hospital as well as revenue contribution from the newly opened Acibadem Atakent Hospital. Acibadem Holdings' inpatient admissions grew 9.2% to 131,176 in YTD 2014, which resulted in greater operating leverage. Acibadem Holdings' average inpatient revenue per inpatient admission grew 4.2% to RM9,373 in YTD 2014 as a result of case mix where more complex cases were undertaken.

IMU Health

IMU Health's revenue grew 10% to RM217.9 million in YTD 2014 whilst its EBITDA increased 3% to RM76.7 million in YTD 2014.

IMU Health's revenue growth was driven by higher student intake and increase in course fees for its medical programmes.

IMU Health's EBITDA growth was mainly revenue driven but offset by higher operating costs such as staff costs. IMU Health increased its headcount pursuant to its increased student enrolment in order to maintain the ideal staff-to-student ratio.

PLife REIT

PLife REIT's external revenue grew 16% to RM94.3 million in YTD 2014 whilst its EBITDA grew 62% to RM298.3 million in YTD 2014.

PLife REIT's external revenue grew on the back of rental income contribution from the Japanese nursing homes acquired in the second half of 2013 and during 2014. However, the higher rental income was partially offset by the translation effects of the weakening of Japanese Yen.

PLife REIT's YTD 2014 EBITDA included RM52.7 million revaluation gain arising from PLife REIT's investment properties that are held for rental to external parties as compared to RM4.4 million revaluation loss recognised last year. In addition, PLife REIT recognised divestment gain of RM36.4million from its sale of 7 Japanese nursing homes in December 2014.

Others

Higher dividend income received from the Group's investment in Apollo Hospitals Enterprise Pte Ltd was partially offset by higher expenses were incurred at the corporate office due to increased headcounts and operating costs.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	4th quarter ended 31 Dec 2014 RM'000	3rd quarter ended 30 Sept 2014 RM'000	Variance %
REVENUE[1]			
Parkway Pantai	1,138,704	1,084,762	5%
Acibadem Holdings	719,894	616,621	17%
IMU Health	55,888	54,057	3%
Others^	33	4,654	-99%
	1,914,519	**1,760,094**	**9%**
PLife REIT total revenue	64,828	64,595	0%
PLife REIT inter-segment revenue	(41,936)	(40,746)	**-3%**
Total	**1,937,411**	**1,783,943**	**9%**
EBITDA[2]			
Parkway Pantai[3]	291,716	269,291	8%
Acibadem Holdings	149,328	89,171	67%
IMU Health	12,140	19,577	-38%
Others^	(6,561)	(3,509)	-87%
	446,623	**374,530**	**19%**
PLife REIT[4]	140,866	52,432	169%
Total	**587,489**	**426,962**	**38%**

[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 2014 vs Q3 2014

The Group rebounded from the seasonal lows in Q3 2014 and recorded 9% quarter-on-quarter increase in revenue. In addition, the Group recorded 38% growth in EBITDA following the recognition of RM52.7 million revaluation gain arising from PLife REIT's investment properties that are held for rental to external parties as well as RM36.4 million divestment gain from PLife REIT's sale of 7 Japanese nursing homes in December 2014.

The Group's PATMI increased 63% quarter-on-quarter as a result of significantly lower exchange loss recognised Acibadem Holdings' foreign currency denominated borrowings and cash balances. Excluding exceptional items, the Group's PATMI increased 38% quarter-on-quarter.

Parkway Pantai

Parkway Pantai's revenue grew 5% quarter-on-quarter, driven by a mix of higher inpatient admissions and higher revenue per inpatient admission. Although Parkway Pantai's Singapore hospitals inpatient admissions decreased 2.8% quarter-on-quarter, its revenue per inpatient admission increased 3.0% with more complex cases undertaken by the hospitals and price increases to compensate for cost inflation. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals grew 3.2% quarter-on-quarter and its revenue per inpatient admission grew 0.5%.

Parkway Pantai's EBITDA increased by 8% quarter-on-quarter mainly driven by the higher revenue.

Acibadem Holdings

Acibadem Holdings' revenue grew 17% whilst its EBITDA grew 67% quarter-on-quarter. Acibadem Holdings' patient volumes increased with the beginning of the winter season in Turkey, which enabled it to achieve operating leverage. Moreover, the newly opened Acibadem Atakent Hospital, contributed positive EBITDA of RM8.0 million in Q4 2014 as compared to start-up losses of RM0.3 million in the previous quarter.

IMU Health

IMU Health's registered 3% increase in its quarter-on-quarter revenue. It grew from a lower base in the previous quarter, which coincided with the semester breaks for some of its major medical courses.

IMU Health's EBITDA decreased 38% quarter-on-quarter as a result of expenses incurred for student recruitments promotional activities which took place in the current quarter.

PLife REIT

PLife REIT's external revenue decreased 4%, whilst its EBITDA increased 169% quarter-on-quarter. The reduction in revenue was mostly due to the depreciation of the Japanese Yen.

PLife REIT's Q4 2014 EBITDA included RM52.7 million revaluation gain arising from PLife REIT's investment properties that are held for rental to external parties as well as RM36.4 million divestment gain from PLife REIT's sale of 7 Japanese nursing homes in December 2014.

B3 NEXT FINANCIAL YEAR PROSPECTS

Parkway Pantai

Parkway Pantai expects continued revenue growth for the year ahead as demand for quality private healthcare services across its home markets and the region remains strong. Parkway Pantai would be able to tap on this demand with its strong pipeline of beds coming onstream in 2015. Mount Elizabeth Novena Hospital and Pantai Hospital Manjung will continue to ramp up its operations and progressively open additional wards. The expansion projects at Gleneagles Hospital Kuala Lumpur and Pantai Hospital Kuala Lumpur are expected to complete during the year. The construction of both Gleneagles Medini and Gleneagles Kota Kinabalu hospitals are expected to complete during the year and would open up their wards progressively. With the exception of Parkway Pantai's joint venture greenfield hospital in Mumbai, other ongoing projects in Malaysia and Hong Kong are progressing well. The robust demand for healthcare services in the region, especially in China and India, continues to present growth opportunities for Parkway Pantai to expand its footprints. Gleneagles Medini is expected to market its medical suites when all necessary approvals are obtained from the authorities.

Acibadem Holdings

Acibdem Holdings expects its patient volumes, and hence revenues in TL, to grow with the continued demand and increased affordability of private healthcare. Acibadem Holdings would be able to tap on this demand with its strong pipeline of beds coming onstream in 2015. Acibadem Bodrum Hospital, Acibadem Ankara Hospital as well as Acibadem Atakent Hospital will continue to ramp up its operations and progressively open additional wards. The cancer care centre at Acibadem Bodrum Hospital as well as the expansion of Acibadem Sistina Skopje are both expected to complete in 2015. The construction of Acibadem Taksim Hospital is expected to complete in 2015, and it would open up its wards progressively. Zekeriyakoy Medical Centre, which is located close to Acibadem Maslak Hospital, is expected to open during the year and would also contribute to Acibadem Holdings' revenues. Other ongoing projects in Turkey are progressing well.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

Overall IHH Group Prospects

With the expansion of existing facilities and opening of new facilities across the Group's home markets, the Group has sufficient capacity to support the increasing demand, which would drive revenue growth. While the Group expects the pre-operating costs and start-up costs of these new operations to partially erode its profitability during the initial stages, the Group seeks to mitigate the effects by ramping up on patient volumes in tandem with phasing in opening of wards at these new facilities in order to achieve optimal operating leverage.

The Group expects higher costs of operations arising from wage inflation as a result of increased competition for trained healthcare personnel in its home markets. In addition, the implementation of 6% Goods and Services Tax ("GST") in Malaysia is expected to increase the operating costs of the Group's Malaysian operations as healthcare services are GST-exempt and GST incurred on its expenses cannot be recovered. While such sustained cost pressures may reduce the Group's EBITDA and margins, the Group expects to mitigate these effects through achieving operating leverage as patient volumes continues to grow.

Given the Group's geographical footprints across Asia as well as the Central and Eastern Europe, Middle East and North Africa ("CEEMENA"), the Group is susceptible to currency volatility in the countries that it operates, which 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 is confident that its strong pipeline of new beds, backed with its strong balance sheet and operating cash flows, would enable it to tide through the challenging operating environment expected in the year ahead.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	4th quarter ended		Financial year ended	
	31 Dec 2014 RM'000	31 Dec 2013 RM'000	31 Dec 2014 RM'000	31 Dec 2013 RM'000
Current tax expense	88,845	54,165	261,500	159,773
Deferred tax expense	5,012	(22,962)	16,392	(12,070)
	93,857	31,203	277,892	147,703

The Group's effective tax rate, after adjusting for the share of profits of associates and joint ventures, was 21.8% for Q4 2014 and 22.9% for YTD 2014. 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.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

B6 STATUS OF CORPORATE PROPOSALS

On 12 September 2014, Medi-Rad Associates Ltd ("Medi-Rad"), an indirect wholly-owned subsidiary of IHH, entered into a Sale and Purchase Agreement ("SPA") with Fortis Healthcare Singapore Pte. Limited to acquire 100% equity interest in Radlink-Asia Pte Ltd ("Radlink") comprising of 29,382,081 ordinary shares at a purchase consideration of SGD137,000,000 (equivalent to RM346,527,800) ("Proposed Acquisition"). The purchase consideration is subject to transactional adjustments which will only be determined upon completion of the Proposed Acquisition.

Under the terms of the SPA, the completion of the Proposed Acquisition is subject to satisfaction of certain conditions precedent, which includes the Competition Commission of Singapore making a favourable decision in respect of the Proposed Acquisition.

Upon completion of the Proposed Acquisition, Radlink, its subsidiaries and associate company will be consolidated as subsidiaries and associate of IHH. Radlink has an issued and paid-up capital of SGD18,307,904.36. Radlink is an investment holding company and its principal activity (through its subsidiaries) is the provision of healthcare services including the provision of outpatient diagnostic and molecular imaging services in Singapore.

Except as disclosed above, there were no other corporate proposals announced but not completed as at 18 February 2015.

B7 LOANS AND BORROWINGS

(a) Breakdown of the Group's loans and borrowings:

	31 Dec 2014 RM'000	31 Dec 2013 RM'000
Non-current		
Secured		
Bank borrowings	1,102,616	1,134,517
Financial lease liabilities	110,648	160,809
Unsecured		
Bank borrowings	2,379,512	2,874,920
	3,592,776	4,170,246
Current		
Secured		
Bank borrowings	167,734	158,480
Financial lease liabilities	53,196	59,152
Unsecured		
Bank borrowings	455,612	73,403
	676,542	291,035
Total	4,269,318	4,461,281

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

(b) Breakdown of the Group's loans and borrowings by the source currency of loans, in RM equivalent:

	31 Dec 2014 RM'000	31 Dec 2013 RM'000
Singapore Dollar	1,436,624	1,810,262
Ringgit Malaysia	76,085	85,425
US Dollar	1,095,907	1,159,080
Macedonian Denar	5,776	8,943
Swiss Franc	53,585	73,384
Euro	195,084	168,949
Turkish Lira	246,390	73,363
Japanese Yen	1,101,510	1,076,189
Hong Kong Dollar	58,357	15
Others*	-	5,671
	4,269,318	4,461,281

** Others include Brunei Dollar*

Key exchange rates as at 31 December 2014:

1 SGD	= RM2.6813
1 TL	= RM1.4830
1 USD	= RM3.5044

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 31 December 2014:

	Notional amount as at 31 Dec 2014 RM'000	Fair value amount as at 31 Dec 2014 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	3,506	1,067
- Between 1 - 3 years	38,588	11,047
- More than 3 years	46,187	5,064
	88,281	17,178
Cross currency interest rate swaps		
- Within 1 year	-	-
- Between 1 - 3 years	-	-
- More than 3 years	201,737	12,102
	201,737	12,102
	290,018	29,280
Derivative liabilities		
Interest rate swaps		
- Within 1 year	606,652	(517)
- Between 1 - 3 years	136,260	(816)
- More than 3 years	702,330	(5,720)
	1,445,242	(7,053)

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

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.

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.

Cross currency interest rate swaps

Cross currency interest rate swaps are entered by the Group to hedge the interest rate fluctuations on the floating rate borrowings, and to realign certain borrowings to the same currency of the Group's foreign investments to achieve a natural hedge. The fair value of cross currency interest rate swaps is determined based on bank quotes.

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 period.

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.

B10 CHANGES IN MATERIAL LITIGATIONS

There is no litigation or arbitration as at 18 February 2015, 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 Board of Directors recommends a first and final single tier cash dividend of 3 sen per ordinary share (2013: 2 sen) for the financial year ended 31 December 2014, 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.

For details of the dividends paid during the year, refer to section A7.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 2014	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Basic and diluted earnings per share is based on:				
Net profit attributable to ordinary shareholders	239,228	230,100	754,291	631,159
Net profit attributable to ordinary shareholders (excluding EI)	244,224	172,118	785,018	610,564
i **Basic EPS**				
	'000	**'000**	**'000**	**'000**
Weighted average number of shares	8,178,570	8,134,974	8,164,530	8,113,717
	Sen	**Sen**	**Sen**	**Sen**
Basic EPS	2.93	2.83	9.24	7.78
Basic EPS (excluding EI)	2.99	2.12	9.61	7.53

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 2014	**31 Dec 2013**	**31 Dec 2014**	**31 Dec 2013**
	'000	**'000**	**'000**	**'000**
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,178,570	8,134,974	8,164,530	8,113,717
Weighted number of unissued ordinary shares from units under LTIP	10,245	12,198	10,092	11,311
Weighted number of unissued ordinary shares from share options under EPP	13,684	20,895	18,435	26,439
Weighted average number of dilutive ordinary shares for computation of diluted EPS	8,202,499	8,168,067	8,193,057	8,151,467
	Sen	**Sen**	**Sen**	**Sen**
Diluted EPS	2.92	2.82	9.21	7.74
Diluted EPS (excluding EI)	2.98	2.11	9.58	7.49

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 2014 RM'000	**As at 31 Dec 2013 RM'000**
Total retained earnings of the Company and its subsidiaries		
- Realised	2,496,263	1,811,234
- Unrealised	248,207	183,393
	2,744,470	1,994,627
Total share of retained earnings from associates		
- Realised	(1,893)	(3,079)
- Unrealised	(24)	(24)
	(1,917)	(3,103)
Total share of retained earnings from joint ventures		
- Realised	38,870	32,918
- Unrealised	-	-
	38,870	32,918
Less consolidation adjustments	(531,291)	(342,299)
Total Group retained earnings	2,250,132	1,682,143

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2014

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 3 January 2012, the following amounts have been (debited)/credited in arriving at the Total Comprehensive Income for the period:

	4th quarter ended		Financial year ended	
	31 Dec 2014 RM'000	31 Dec 2013 RM'000	31 Dec 2014 RM'000	31 Dec 2013 RM'000
Dividend income	33	21	4,687	4,190
Other operating income	42,953	31,724	157,156	133,310
Net foreign exchange gain	4,356	5,057	6,996	15,517
Impairment loss (made)/written back:				
- Trade and other receivables	(2,320)	4,523	(18,275)	(21,967)
- Amounts due from associates	1	8	1,022	1,247
- Investment in joint ventures	-	-	-	(2,545)
- Other financial assets[i]	-	22,766	-	25,311
Write (off)/ back				
- Property, plant and equipment	(1,713)	(714)	(2,116)	(904)
- Intangible assets	(140)	(534)	(140)	(534)
- Inventories	(198)	(216)	(662)	(515)
- Trade and other receivables	(6,081)	(5,469)	(9,331)	(5,469)
Gain on disposal of property, plant and equipment	706	484	2,939	3,698
Gain on disposal of investment properties	36,425	-	36,425	-
Gain on disposal of subsidiary	336	-	336	4,376
Gain on disposal of assets held for sale	-	-	-	67
Professional and consultancy fees for acquisitions	(2,629)	(1,342)	(3,770)	(4,695)
Change in fair value of contingent consideration payable	-	(57)	-	3,946
Change in fair value of investment properties[ii]	52,453	42,840	52,453	42,840
Finance costs				
Interest expense on loans and borrowing	(30,703)	(26,574)	(120,230)	(117,045)
Exchange loss on net borrowings	(4,637)	(54,011)	(58,369)	(189,807)
Fair value gain of financial instruments	1,806	-	-	-
Other finance costs	(2,731)	(4,284)	(11,207)	(21,861)
	(36,265)	(84,869)	(189,806)	(328,713)
Finance income				
Interest income				
- Banks and financial institutions	12,824	4,480	48,833	39,484
- Others	214	90	650	385
Exchange (loss)/gain on net borrowings	9,438	-	13,853	-
Fair value gain of financial instruments	87	3,289	2,287	19,249
	22,563	7,859	65,623	59,118

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 RM52.7 million valuation gain (2013: RM4.4 million valuation loss) relating to investment properties held by PLife REIT for rental to parties external to the Group as well as valuation loss of RM0.2 million (2013: RM47.2 million valuation gain) mainly relating to investment properties held for rental to external parties at Mount Elizabeth Novena Hospital and Specialist Centre (classified as an EI).