IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
30 JUNE 2016

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 PERIOD ENDED 30 JUNE 2016

		Group 2nd quarter ended			Group Financial period ended		
	Note	30 Jun 2016 RM'000	30 Jun 2015 RM'000	Variance %	30 Jun 2016 RM'000	30 Jun 2015 RM'000	Variance %
Revenue		2,473,256	2,093,351	18%	4,948,611	4,096,322	21%
Other operating income	1	120,219	44,619	169%	183,853	105,195	75%
Inventories and consumables		(435,465)	(345,325)	-26%	(859,794)	(677,249)	-27%
Purchased and contracted services		(212,984)	(185,757)	-15%	(453,713)	(365,169)	-24%
Staff costs	2	(992,802)	(779,334)	-27%	(1,932,820)	(1,585,166)	-22%
Depreciation and impairment losses of property, plant and equipment	3	(191,076)	(147,263)	-30%	(377,754)	(289,643)	-30%
Amortisation and impairment losses of intangible assets		(12,331)	(16,569)	26%	(25,798)	(33,601)	23%
Operating lease expenses		(73,523)	(51,535)	-43%	(143,157)	(103,468)	-38%
Other operating expenses	4	(267,337)	(224,396)	-19%	(527,441)	(404,412)	-30%
Finance income	5	22,403	11,482	95%	40,243	42,442	-5%
Finance costs	5	(61,301)	(60,203)	-2%	(131,392)	(215,711)	39%
Share of profits of associates (net of tax)		380	373	2%	700	743	-6%
Share of profits of joint ventures (net of tax)		4,395	3,505	25%	7,596	5,602	36%
Profit before tax		**373,834**	**342,948**	**9%**	**729,134**	**575,885**	**27%**
Income tax expense		(89,420)	(75,700)	-18%	(172,688)	(127,980)	-35%
Profit for the period		**284,414**	**267,248**	**6%**	**556,446**	**447,905**	**24%**
Other comprehensive income, net of tax							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences from foreign operations	6	371,554	473,405	-22%	(740,856)	530,020	NM
Hedge of net investments in foreign operations	6	2,583	117,478	-98%	257,989	(2,897)	NM
Net change in fair value of available-for-sale financial instruments	7	(44,059)	(58,014)	24%	(173,604)	166,760	NM
Cash flow hedge		(3,326)	1,511	NM	(19,229)	4,238	NM
		326,752	534,380	-39%	(675,700)	698,121	-197%
Total comprehensive income for the period		**611,166**	**801,628**	**-24%**	**(119,254)**	**1,146,026**	**-110%**
Profit attributable to:							
Owners of the Company		246,091	228,107	8%	481,569	399,589	21%
Non-controlling interests		38,323	39,141	-2%	74,877	48,316	55%
Profit for the period/year		**284,414**	**267,248**	**6%**	**556,446**	**447,905**	**24%**
Total comprehensive income attributable to:							
Owners of the Company		565,215	728,173	-22%	(102,596)	1,120,903	-109%
Non-controlling interests		45,951	73,455	-37%	(16,658)	25,123	-166%
Total comprehensive income for the period		**611,166**	**801,628**	**-24%**	**(119,254)**	**1,146,026**	**-110%**
Earnings per share (sen)							
Basic		2.99	2.78	8%	5.85	4.88	20%
Diluted		2.99	2.77	8%	5.85	4.86	20%

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

SUPPLEMENTARY INFORMATION

		2nd quarter ended			Financial period ended		
		30 Jun 2016 RM'000	**30 Jun 2015 RM'000**	**Variance %**	**30 Jun 2016 RM'000**	**30 Jun 2015 RM'000**	**Variance %**
Profit attributable to owners of the Company		**246,091**	**228,107**	**8%**	**481,569**	**399,589**	**21%**
Add back/(less): Exceptional items ("EI")							
Gain on disposal of subsidiary[i]		(54,801)	-		(54,801)	-	
Gain on liquidation of subsidiaries[ii]		-	(4,098)		-	(4,098)	
Exchange (gain)/loss on net borrowings[iii]	5	(7,512)	21,965		(1,673)	138,389	
		(62,313)	17,867		(56,474)	134,291	
Add/(less): Tax effects on EI		1,503	(4,393)		335	(27,678)	
Add/(less): Non-controlling interests' share of EI		2,404	(7,028)		535	(44,284)	
		(58,406)	6,446		(55,604)	62,329	
Profit attributable to owners of the Company, excluding EI[iv]		**187,685**	**234,553**	**-20%**	**425,965**	**461,918**	**-8%**
Earnings per share, excluding EI[iv] (sen)							
Basic		2.28	2.86		5.18	5.64	-8%
Diluted		2.28	2.85		5.18	5.62	-8%

NM: Not meaningful

Note:
i. Gain on disposal of 90% equity interest of Shenton Insurance Pte Ltd.
ii. Gain on liquidation of Gleneagles Hospital (UK) Limited and the Heart Hospital Limited, both 65%-owned subsidiaries of the Group.
iii. Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings. (As at 30 June 2016, Euro/TL=3.2044, USD/TL=2.8936)
iv. Exceptional items, net of tax and non-controlling interests.

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

Generally, the consolidation of these newly acquired entities resulted in an increase in current period's revenue and expenses as compared to the corresponding period last year. The Group acquired Tokushukai-Sofia Eood ("Tokuda") and City Hospitals and Clinic AD ("City Clinic") on 8 June 2016, while Continental Hospitals Limited ("Continental"), and Ravindranath GE Medical Associates Pte Ltd ("Global Hospitals") were acquired on 23 March 2015 and 3 December 2015 respectively. The increase in revenue and expenses as a result of acquisitions is offset by the disposal of the Group's 90% equity interest in Shenton Insurance Pte Ltd ("SIPL") on 14 April 2016.

Refer to Section B1 for performance review of the Group's major operating segments.

1. Other operating income included the gain on disposal of 90% equity interest of Shenton Insurance Pte Ltd amounting to RM54.8 million.

2. Staff costs increased as a result of higher headcount and salary increase driven by the higher demand for trained healthcare professionals. The Group increased its headcount to meet staffing requirements with the opening of new wards in existing hospitals and ramping up of new hospitals.

   In addition, Acibadem Holdings' staff costs increased with the Turkish government's implementation of higher minimum wages with effect from 1 January 2016.

3. Depreciation increased as a result of the incremental depreciation of property, plant and equipment of the Group's newly opened hospitals in 2015, namely, Gleneagles Kota Kinabalu, Gleneagles Medini, and Acibadem Taksim Hospital. The Group commenced depreciation of these hospitals' property, plant and equipment upon completion of construction or commencement of operations.

4. Other operating expense increased as a result of higher volume. In addition, pre-operating and start-up costs were incurred by the new hospitals.

5. Acibadem Holdings recognised 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. The Group recognised RM7.5 million and RM1.7 million exchange gain on translation of such non-TL balances in Q2 2016 and YTD 2016 respectively, as compared to an exchange loss of RM22.0 million and RM138.4 million recognised in Q2 2015 and YTD 2015 respectively.

   Excluding the impact of above exchange gain or loss, the net financing costs of the Group had increased as more borrowings and loans are taken and cash are used up for working capital, capital expenditure, acquisitions as well as purchase of investment properties.

6. 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, which offsets the foreign currency translation differences from the translation of the net assets of its Japanese operations. The Group's remaining foreign currency translation differences from foreign operations arise mainly from the translation of the net assets of its Singapore and Turkish operations, as well as from the Group's investment in Integrated Healthcare Holdings (Bharat) Limited, which holds the Group's stake in Apollo Hospital Enterprise Limited.

   In YTD 2016, the Group recorded a net foreign currency translation loss as a result of the depreciation of Singapore Dollar ("SGD"), TL and United States Dollars ("USD") against Ringgit Malaysia ("RM").

7. Fair value change of available-for-sale financial instruments arose from the mark-to-market of the Group's 10.85% investment in Apollo Hospitals Enterprise Limited, investments in Eurobonds, and investment in Money Market Fund units.

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

	30 June 2016	30 June 2015
1 SGD	2.9718	2.6961
1 TL	1.4042	1.4230

IHH HEALTHCARE BERHAD
Company No. 901914-V
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	30 Jun 2016 RM'000	31 Dec 2015 RM'000
Assets			
Property, plant and equipment	1	12,001,694	11,435,898
Prepaid lease payments		844,228	902,133
Investment properties	2	3,074,191	2,869,113
Goodwill on consolidation	3	11,021,258	11,009,274
Intangible assets		2,502,211	2,600,426
Interests in associates		6,438	6,583
Interests in joint ventures		216,444	220,006
Other financial assets	4	1,210,505	1,449,318
Trade and other receivables		112,605	113,234
Derivative assets		1,612	8,097
Deferred tax assets		217,214	233,211
Total non-current assets		**31,208,400**	**30,847,293**
Development properties	5	20,653	7,144
Inventories		247,330	218,768
Trade and other receivables		1,427,707	1,234,323
Tax recoverable		56,941	85,962
Other financial assets	6	738,270	1,119,305
Derivative assets		2,275	-
Cash and cash equivalents		2,333,898	1,977,939
		4,827,074	4,643,441
Assets classified as held for sale	7	6,924	7,156
Total current assets		**4,833,998**	**4,650,597**
Total assets		**36,042,398**	**35,497,890**
Equity			
Share capital		8,231,461	8,223,346
Share premium		8,183,621	8,151,010
Other reserves		2,153,215	2,857,513
Retained earnings		3,153,855	2,923,869
Total equity attributable to owners of the Company		**21,722,152**	**22,155,738**
Non-controlling interests		2,116,602	2,080,968
Total equity		**23,838,754**	**24,236,706**
Liabilities			
Loans and borrowings	8	6,533,680	6,322,527
Employee benefits		38,092	32,067
Trade and other payables	9	736,438	556,098
Derivative liabilities		59,487	12,521
Deferred tax liabilities		1,097,586	1,101,491
Total non-current liabilities		**8,465,283**	**8,024,704**
Loans and borrowings		353,970	373,923
Trade and other payables		2,801,779	2,555,494
Dividend payable		246,944	-
Derivative liabilities		2,005	-
Employee benefits		62,594	59,981
Tax payable		271,069	247,082
Total current liabilities		**3,738,361**	**3,236,480**
Total liabilities		**12,203,644**	**11,261,184**
Total equity and liabilities		**36,042,398**	**35,497,890**
Net assets per share attributable to owners of the Company[1] (RM)		2.64	2.69

[1] Based on 8,231.5 million and 8,223.3 million shares issued as at 30 June 2016 and 31 December 2015 respectively

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2015 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

The increase in the balances on the statement of financial position as at 30 June 2016 was due to the consolidation of Tokuda and City Clinics, which were acquired during the year. The increase was partially offset by the depreciation of SGD, TL and USD against the RM as compared to 31 December 2015.

1. The increase in property, plant and equipment was attributed to the purchase of the medical equipment during the period, cost capitalised for the on-going expansion and new hospital projects, as well as the additions from the acquisition of Tokuda and City Clinics.

2. The increase in the investment properties was attributed to acquisition of nursing home on 31 March 2016, offset by the depreciation of SGD against RM.

3. The Group recorded goodwill on acquisition of approximately RM11.9 million from the acquisition of a food and beverage business in India and RM236.1 million from the acquisition of Tokuda and City Clinics. As at 30 June 2016, the Group is in the midst of performing the purchase price allocation ("PPA") for these acquisitions, and would adjust the goodwill amount accordingly upon the completion of PPA. Refer to section A11(l) and A11(n) for more details.

   The increase in goodwill on acquisition as a result of the above was partially offset by translation loss on existing goodwill on acquisition balances.

4. The decrease in non-current other financial assets was attributed to the fair valuation loss on the Group's 10.85% investment in Apollo Hospitals Enterprise Limited.

5. Development properties comprise medical suites developed for sale at Gleneagles Medini. The increase in development properties was attributed to the capitalisation of construction costs during the period.

6. The decrease in the current other financial assets was attributed to the utilisation of funds placed as Money Markets Funds and Eurobonds for capital expenditure, acquisitions and working capital.

7. Assets classified as held for sale mainly comprise a piece of freehold land in India that is committed for sale but is still pending the approval from the Foreign Investment Promotion Board of India for the transfer of the title deed.

8. The increase in total borrowings was attributed to the consolidation of Tokuda and City Clinics' borrowings, and loans taken to finance working capital, capital expenditure, acquisitions and purchase of investment properties.

9. The increase in non-current trade and other payables was mainly attributed to the recognition of put option liabilities of approximately RM176.9 million. The Group granted the put option to the non-controlling interest of Acibadem City Clinic B.V. ("ACCBV"), a subsidiary, to sell its existing interest in ACC to the Group. The put option is exercisable from June 2019 to May 2022.

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

	30 Jun 2016	31 Dec 2015
1 SGD	3.0312	3.0590
1 TL	1.3974	1.4745
1 USD	4.0988	4.3282

IHH HEALTHCARE BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	<------- 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 2016	8,223,346	8,151,010	32,595	634,257	35,871	16,418	(744,806)	36,669	2,846,509	2,923,869	22,155,738	2,080,968	24,236,706
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	(493,668)	-	(493,668)	(247,188)	(740,856)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	93,201	-	93,201	164,788	257,989
Net change in fair value of available-for-sale financial instruments	-	-	-	(176,839)	-	-	-	-	-	-	(176,839)	3,235	(173,604)
Cash flow hedge	-	-	-	-	-	(6,859)	-	-	-	-	(6,859)	(12,370)	(19,229)
Total other comprehensive income for the period	-	-	-	(176,839)	-	(6,859)	-	-	(400,467)	-	(584,165)	(91,535)	(675,700)
Profit for the period	-	-	-	-	-	-	-	-	-	481,569	481,569	74,877	556,446
Total comprehensive income for the period	-	-	-	(176,839)	-	(6,859)	-	-	(400,467)	481,569	(102,596)	(16,658)	(119,254)
Contributions by and distributions to owners of the Company													
- Share options exercised	250	483	-	-	-	-	-	-	-	-	733	-	733
- Share-based payment	-	-	-	-	-	-	-	-	-	-	-	-	-
- Dividends paid to owners of Company	-	-	-	-	-	-	-	-	-	(246,944)	(246,944)	-	(246,944)
	250	483	-	-	-	-	-	-	-	(246,944)	(246,211)	-	(246,211)
Transfer to share capital and share premium on share options exercised	7,865	417	(8,282)	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,078)	(1,078)
Changes in ownership interest in subsidiaries	-	-	-	-	-	6	(45,020)	-	(5)	-	(45,019)	119,700	74,681
Issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	118	-	-		118	91,322	91,440
Transfer per statutory requirements	-	-	-	-	-	-	-	4,639	-	(4,639)	-	-	-
Recognition of put option liabilities granted to non-controlling interests	-	-	-	-	-	-	(106,129)	-	-	-	(106,129)	(70,753)	(176,882)
Net changes in fair value of put options liabilities	-	-	-	-	-	-	34,540	-	-	-	34,540	(343)	34,197
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(86,556)	(86,556)
Total transactions with owners of the Company	8,115	900	(8,282)	-	-	6	(116,491)	4,639	(5)	(251,583)	(362,701)	52,292	(310,409)
At 30 June 2016	8,231,461	8,151,910	24,313	457,418	35,871	9,565	(861,297)	41,308	2,446,037	3,153,855	21,690,441	2,116,602	23,807,043

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(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	<------ 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 2015	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
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	554,112	-	554,112	(24,092)	530,020
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	(1,035)	-	(1,035)	(1,862)	(2,897)
Net change in fair value of available-for-sale financial instruments	-	-	-	166,760	-	-	-	-	-	-	166,760	-	166,760
Cash flow hedge	-	-	-	-	-	1,477	-	-	-	-	1,477	2,761	4,238
Total other comprehensive income for the period	-	-	-	166,760	-	1,477	-	-	553,077	-	721,314	(23,193)	698,121
Profit for the period	-	-	-	-	-	-	-	-	-	399,589	399,589	48,316	447,905
Total comprehensive income for the period	-	-	-	166,760	-	1,477	-	-	553,077	399,589	1,120,903	25,123	1,146,026
Contributions by and distributions to owners of the Company													
- Share options exercised	32,250	53,535	-	-	-	-	-	-	-	-	85,785	-	85,785
- Share-based payment	-	-	25,729	-	-	-	-	-	-	-	25,729	-	25,729
	32,250	53,535	25,729	-	-	-	-	-	-	-	111,514	-	111,514
Transfer to share capital and share premium on share options exercised	9,157	27,946	(37,103)	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	58,940	58,940
Changes in ownership interest in subsidiaries	-	-	-	-	-	1	515	-	(5)	-	511	289	800
Liquidation of subsidiaries	-	-	-	-	-	-		-	(1,070)	-	(1,070)	149	(921)
Transfer per statutory requirements	-	-	-	-	-	-	-	6,027	-	(6,027)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(79,191)	(79,191)
Total transactions with owners of the Company	41,407	81,481	(11,374)	-	-	1	515	6,027	(1,075)	(6,027)	110,955	(19,813)	91,142
At 30 June 2015	8,219,977	8,140,639	21,740	515,388	35,871	16,744	(308,791)	34,293	1,364,048	2,643,694	20,683,603	1,866,961	22,550,564

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2015 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

IHH HEALTHCARE BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Financial period ended	
	30 Jun 2016	**30 Jun 2015**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit before tax	729,134	575,885
Adjustments for:		
Dividend income	(6,807)	(1,341)
Finance income	(40,243)	(42,442)
Finance costs	131,392	215,711
Depreciation and impairment losses of property, plant and equipment	377,754	289,643
Amortisation and impairment losses of intangible assets	25,798	33,601
Impairment loss made/(written back):		
- Trade and other receivables	13,125	19,986
- Amounts due from associates	(588)	(1,068)
Write-off/ (write back):		
- Property, plant and equipment	165	727
- Intangible assets	4,991	-
- Inventories	327	372
- Trade and other receivables	4,704	7,030
(Gain)/loss on disposal of property, plant and equipment	(10,343)	195
Gain on disposal of subsidiary	(54,801)	-
Gain on liquidation of subsidiaries	-	(4,098)
Gain on disposal of unquoted available-for-sale financial instruments	(2,565)	(21)
Share of profits of associates (net of tax)	(700)	(743)
Share of profits of joint ventures (net of tax)	(7,596)	(5,602)
Equity-settled share-based payment	31,711	25,729
Net unrealised foreign exchange differences	7,012	(1,607)
Operating profit before changes in working capital	**1,202,470**	**1,111,957**
Changes in working capital:		
Trade and other receivables	(260,175)	(288,808)
Development properties	(8,790)	-
Inventories	(10,793)	(27,111)
Trade and other payables	46,760	304,384
Cash flows from operations	**969,472**	**1,100,422**
Net income tax paid	(102,263)	(131,072)
Net cash generated from operating activities	**867,209**	**969,350**
Cash flows from investing activities		
Interest received	37,050	26,749
Acquisition of business, net of cash and cash equivalents acquired	(12,380)	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(286,131)	(75,874)
Development and purchase of intangible assets	(3,322)	(8,158)
Purchase of property, plant and equipment	(877,869)	(632,471)
Purchase of investment properties	(45,775)	(298,814)
Purchase of unquoted available-for-sale financial instruments	-	(170,000)
Net withdrawal/(placement) of fixed deposits with duration more than 3 months	251,093	(316,902)
Proceeds from disposal of subsidiary, net of cash and cash equivalents disposed	9,554	-
Proceeds from disposal of property, plant and equipment	64,008	11,622
Proceeds from disposal of intangible assets	2,063	112

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Financial period ended	
	30 Jun 2016	**30 Jun 2015**
	RM'000	**RM'000**
Proceeds from disposal of available-for-sale financial instruments	92,178	59,853
Net repayment from associates	599	1,432
Net advances to joint ventures	(205)	-
Dividends received from available-for-sale financial instruments	6,807	1,341
Dividends received from joint ventures	1,264	1,293
Dividends received from associates	773	-
Net cash used in investing activities	**(760,293)**	**(1,399,817)**
Cash flows from financing activities		
Interest paid	(123,639)	(78,970)
Proceeds from exercise of share options	733	85,785
Proceeds from loans and borrowings	1,056,423	2,859,648
Issue of fixed rated notes	118,930	-
Repayment of loans and borrowings	(1,019,955)	(2,375,526)
Loan from non-controlling interests of a subsidiary	242,890	44,662
Dividends paid to non-controlling interests	(86,556)	(79,191)
Acquisition of non-controlling interests	(31,734)	(117)
Issue of shares by subsidiaries to non-controlling interest	91,440	-
Change in pledged deposits	(3,470)	(12,485)
Net cash from financing activities	**245,062**	**443,806**
Net increase in cash and cash equivalents	**351,978**	**13,339**
Effect of exchange rate fluctuations on cash and cash equivalents held	(961)	34,278
Cash and cash equivalents at beginning of the year	1,966,001	2,460,128
Cash and cash equivalents at end of the year	**2,317,018**	**2,507,745**

Cash and cash equivalents

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

	30 Jun 2016	**30 Jun 2015**
	RM'000	**RM'000**
Cash and bank balances	1,618,383	972,385
Fixed deposits placed with licensed banks	715,515	1,557,889
	2,333,898	2,530,274
Less:		
- Bank overdrafts	(7,475)	(2,345)
- Deposits pledged	(3,243)	(15,425)
- Cash collateral received	(6,162)	(4,759)
Cash and cash equivalents at end of the year	**2,317,018**	**2,507,745**

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2015 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

A NOTES TO THE FULL YEAR FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

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 2015 ("2015 Audited Financial Statements").

The 2015 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 2015 Audited Financial Statements, except for the adoption of the new, revised and amendments to MFRS effective as of 1 January 2016 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 2015 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 period ended 30 June 2016.

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 2015 Audited Financial Statements.

A NOTES TO THE FULL YEAR FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

A6 DEBT AND EQUITY SECURITIES

(a) Between 1 January to 30 June 2016, IHH issued:

(i) 250,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested Equity Participation Plan ("EPP") options; and

(ii) 7,865,205 new ordinary shares of RM1.00 each pursuant to the surrender of vested Long Term Incentive Plan ("LTIP") units.

(b) On 29 April 2016, IHH granted a total of 4,322,000 LTIP units to eligible employees of the Group. Out of the total 4,322,000 units granted, 49,000 units were granted under a cash option pursuant to the terms and conditions of the LTIP Bye Laws.

(c) On 3 June 2016, IHH granted a total of 6,105,000 options to an executive director under the Enterprise Option Scheme ("EOS") of IHH.

(d) On 15 June 2016, IHH granted 1,791,000 LTIP units to its executive directors, pursuant to the shareholders' approval obtained at IHH's 6th Annual General Meeting ("AGM") held on 27 May 2016.

Except as disclosed above, there was no other issuance of shares, share buy-backs, and repayments of debt and equity securities by IHH during the financial period ended 30 June 2016.

As at 30 June 2016, the issued and paid-up share capital of IHH amounted to RM8,231,461,239 comprising 8,231,461,239 ordinary shares of RM1.00 each.

A7 DIVIDENDS PAID

There were no dividends paid during the period ended 30 June 2016.

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 2015 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, amortisation, exchange differences and other non-operational items ("EBITDA").

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

A NOTES TO THE FULL YEAR FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

A8 SEGMENT REPORTING

Financial period ended 30 June 2016

	Parkway Pantai	Acibadem Holdings	IMU Health	PLife REIT	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue and expenses							
Revenue from external customers	3,050,655	1,703,860	124,050	63,239	6,807	-	4,948,611
Inter-segment revenue	56,286	-	1,654	96,735	41,971	(196,646)	-
Total segment revenue	3,106,941	1,703,860	125,704	159,974	48,778	(196,646)	4,948,611
EBITDA	757,683	317,367	49,964	130,072	(878)	(82,779)	1,171,429
Depreciation and impairment loss of property, plant and equipment	(214,111)	(139,887)	(6,413)	(16,973)	(370)	-	(377,754)
Amortisation and impairment loss of intangible assets	(9,008)	(16,551)	(239)	-	-	-	(25,798)
Foreign exchange differences	(12,940)	(371)	(72)	2,532	160	-	(10,691)
Finance income	13,870	15,734	2,681	6	7,952	-	40,243
Finance costs	(42,806)	(60,614)	(101)	(27,864)	(7)	-	(131,392)
Share of profits of associates (net of tax)	700	-	-	-	-	-	700
Share of profits of joint ventures (net of tax)	7,596	-	-	-	-	-	7,596
Others	54,801	-	-	-	-	-	54,801
Profit/(loss) before tax	555,785	115,678	45,820	87,773	6,857	(82,779)	729,134
Income tax expense	(121,395)	(27,188)	(12,650)	(8,566)	(2,889)	-	(172,688)
Net profit/(loss) for period	434,390	88,490	33,170	79,207	3,968	(82,779)	556,446
Assets and liabilities							
Cash and cash equivalents	1,712,648	205,771	10,327	90,963	314,189	-	2,333,898
Other assets	20,892,327	6,435,726	498,046	4,465,494	1,429,173	(12,266)	33,708,500
Segment assets as at 30 June 2016	22,604,975	6,641,497	508,373	4,556,457	1,743,362	(12,266)	36,042,398
Loans and borrowings	1,681,281	3,200,970	477	2,004,922	-	-	6,887,650
Other liabilities	3,365,162	1,178,085	123,524	400,380	261,109	(12,266)	5,315,994
Segment liabilities as at 30 June 2016	5,046,443	4,379,055	124,001	2,405,302	261,109	(12,266)	12,203,644

A NOTES TO THE FULL YEAR FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

Financial period ended 30 June 2015

	Parkway Pantai	Acibadem Holdings	IMU Health	PLife REIT	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue and expenses							
Revenue from external customers	2,478,644	1,453,038	115,037	48,262	1,341	-	4,096,322
Inter-segment revenue	48,515	-	1,439	86,851	106,831	(243,636)	-
Total segment revenue	2,527,159	1,453,038	116,476	135,113	108,172	(243,636)	4,096,322
EBITDA	678,186	277,564	42,799	110,620	84,020	(142,421)	1,050,768
Depreciation and impairment loss of property, plant and equipment	(150,495)	(117,145)	(5,958)	(15,801)	(244)	-	(289,643)
Amortisation and impairment loss of intangible assets	(16,483)	(16,896)	(222)	-	-	-	(33,601)
Foreign exchange differences	4,525	149	404	5,680	429	-	11,187
Finance income	24,736	4,974	3,850	25	8,857	-	42,442
Finance costs	(10,357)	(192,717)	(154)	(12,475)	(8)	-	(215,711)
Share of profits of associates (net of tax)	743	-	-	-	-	-	743
Share of profits of joint ventures (net of tax)	5,602	-	-	-	-	-	5,602
Others	4,098	-	-	-	-	-	4,098
Profit/(loss) before tax	540,555	(44,071)	40,719	88,049	93,054	(142,421)	575,885
Income tax expense	(112,486)	6,184	(10,933)	(6,892)	(3,853)	-	(127,980)
Net profit/(loss) for period	428,069	(37,887)	29,786	81,157	89,201	(142,421)	447,905
Assets and liabilities							
Cash and cash equivalents	1,151,266	811,145	94,379	66,776	406,708	-	2,530,274
Other assets	17,555,832	5,230,814	387,584	3,879,949	1,526,078	(28,876)	28,551,381
Segment assets as at 30 June 2015	18,707,098	6,041,959	481,963	3,946,725	1,932,786	(28,876)	31,081,655
Loans and borrowings	712,481	2,879,660	385	1,561,449	-	-	5,153,975
Other liabilities	2,176,699	799,624	122,379	292,364	14,926	(28,876)	3,377,116
Segment liabilities as at 30 June 2015	2,889,180	3,679,284	122,764	1,853,813	14,926	(28,876)	8,531,091

A NOTES TO THE FULL YEAR FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

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 period ended	
	30 Jun 2016	**30 Jun 2015**
	RM'000	**RM'000**
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	177,094	125,752
- Purchase and consumption of services	(33,824)	(30,105)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	5,869	6,983
- Purchase and consumption of services	(37,230)	(29,254)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

(a) On 25 January 2016, Parkway Healthcare Indo-China Pte. Ltd ("PHIC") incorporated a 52% owned subsidiary in Myanmar, named Andaman Alliance Healthcare Limited ("AAHL"). The remaining 48% equity stake in AAHL is owned by Macondray Holdings Pte Ltd (10.5%), AMMK Medicare Company Limited (21.5%) and Global Star Company Limited (16%).

On 25 January, AAHL was issued a Form of Permit (Temporary) and a Certificate of Incorporation (Temporary) by the Company Registration Office of Myanmar to allow it to carry on business in Myanmar pending issuance of the Permanent Form of Permit and Permanent Certificate of Incorporation.

The intended principal activity of AAHL is the provision of medical and health related facilities and services.

(b) On 29 January 2016, Suzhou Xin Hui Clinic Co., Ltd ("Suzhou Xin Hui") was dissolved pursuant to the Company Law of the People's Republic of China and the Regulations of the People's Republic of China on Administration of Registration of Companies. The dissolution of Suzhou Xin Hui is part of the Group's streamlining exercise.

(c) On 2 February 2016, Pantai Hospitals Sdn Bhd acquired 1,852,500 ordinary shares of RM1.00 each, representing approximately 7.72% of the total issued and paid-up share capital of Syarikat Tunas Pantai Sdn Bhd ("STPSB") from Koperasi Tunas Muda Sungai Ara Berhad for a total consideration of RM25.9 million. Consequential thereto, IHH Group's effective interest in STPSB has increased from 92.28% to 100%.

(d) On 5 February 2016, Ravindranath GE Medical Associates Private Limited ("Global Hospitals") allotted a total of 1,344,280 equity shares with a par value of INR10 each in the capital of Global Hospitals to Dr. K. Ravindranath and Global Hospitals Private Limited, an entity affiliated to Dr. K. Ravindranath upon the conversion of certain compulsory convertible preference shares ("CCPS") issued by Global Hospitals held by them.

IHH Group's interest in Global Hospitals was unchanged at 76.25% based on shareholdings interests that give rise to present access to the rights and rewards of ownership in Global Hospitals.

A NOTES TO THE FULL YEAR FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

(e) On 18 February 2016, PMC Radio-Surgery Sdn Bhd ("PMC") and Angiography Sdn Bhd ("ASB") were dissolved pursuant to members' voluntary winding up. The dissolutions of PMC and ASB are part of the Group's streamlining exercise.

(f) On 24 March 2016, Parkway Life Japan4 Pte. Ltd. ("TK Investor") entered into a *Tokumei Kumiai* agreement (or silent partnership agreement, the "TK Agreement") with Godo Kaisha Samurai 11 ("TK Operator"). Pursuant to the TK Agreement, the purchase price of the property amounting to JPY1,100 million (equivalent to RM39.3 million) will be injected into TK Operator by the TK Investor to facilitate the acquisition of one nursing home facility located in Japan by the TK Operator. The Company does not have any direct or indirect equity in the TK Operator. However due to the nature of the arrangements under the TK Agreement, the TK Operator is under established terms that impose strict limitations on decision-making powers of the TK Operator's management, resulting in the Group receiving the majority of the benefits relating to the TK Operator's operations and net assets, being exposed to the majority of the risks incident to the TK Operator's activities and retaining the majority of the residual or ownership risks related to the TK Operator and their assets. As such the TK Operator is regarded as subsidiary of the Group pursuant to MFRS 10: Consolidated Financial Statements.

(g) On 24 March 2016, Parkway HK Holdings Limited acquired the remaining 15% equity interest in Parkway Healthcare Hong Kong Limited from MediOne (Hong Long) Limited for a total consideration of HKD11,250,000 (equivalent to RM5.9 million).

(h) On 14 April 2016, Parkway Holdings Limited ("PHL") had disposed 90% equity interest in SIPL to FWD Group Financial Services Pte. Ltd. ("FWD") for a total consideration of approximately SGD33.7 million (equivalent to RM100.1 million).

Pursuant to the Shareholders Agreement signed on 14 April 2016, PHL may sell and FWD may buy the Group's remaining equity interest in SIPL through a put and call option.

(i) On 19 April 2016, Acibadem Saglik Hizmetleri ve Ticaret A.S. ("ASH") established a wholly-owned subsidiary, ACCBV in Amsterdam, Netherlands. ACCBV has an issued capital of EUR100,000 and its intended principal activity is investment holding.

(j) On 4 May 2016, Parkway Trust Management Limited ("PTM") transferred 145,900 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 35.74% to 35.72%.

(k) On 31 May 2016, Shanghai Mai Kang Hospital Investment Management Co., Ltd. had received the Business License from Huangpu District Administration for Industry and Commerce for the establishment of a wholly-owned domestic company named Shanghai Rui Ying Clinic Co., Ltd ("SRYC") in The People's Republic of China. The validity period of the licence is from 31 May 2016 to 30 May 2036. SRYC has a registered capital of RMB5,000,000 (equivalent to RM3,129,000) and its intended principal activity is the provision of medical and healthcare outpatient services.

A NOTES TO THE FULL YEAR FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

(l) On 1 June 2016, the Group acquired a food and beverage business in India for approximately INR200,000,000 (equivalent to RM12,380,000).

Fair value of consideration transferred

The following summarises the acquisition date fair value of each major class of consideration transferred or payable:

	RM'000
Cash and cash equivalents	12,380

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	RM'000
Inventories	94
Trade and other receivables	415
Net identifiable assets acquired	509

Net cash outflow arising from acquisition of subsidiary

	RM'000
Purchase consideration settled in cash and cash equivalents	12,380
Cash and cash equivalents acquired	-
	12,380

Goodwill

	RM'000
Fair value of consideration transferred	12,380
Fair value of net identifiable assets acquired	(509)
Goodwill	11,871

(m) On 3 June 2016, Parkway Group Healthcare Pte Ltd ("PGH") received the approval from Shanghai Administration of Industry and Commerce Bureau for the transfer of 100% equity interest in Parkway (Shanghai) Hospital Management Ltd ("PSHM") to Parkway China Holding Co. Pte Ltd ("PCHC") with effect from 31 May 2016 pursuant to an internal reorganization exercise. The consideration was settled by way of issuance of 10,000 new PCHC ordinary shares valued at SGD1,384,000 (equivalent to approximately RM4,133,000) to PGH. PGH, PSHM and PCHC are indirect wholly-owned subsidiaries of IHH.

A NOTES TO THE FULL YEAR FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

(n) On 8 June 2016, ACCBV acquired 100% of Tokuda and its subsidiaries (collectively "Tokuda Group") and City Clinic and its subsidiaries (collectively "City Clinic Group"). Consequential thereto, both Tokuda Group and City Clinic Group were consolidated as subsidiaries of IHH. Please refer to Note B6 for further information on the same.

Fair value of consideration transferred

The following summarises the acquisition date fair value of each major class of consideration transferred or payable:

	RM'000
Cash and cash equivalents	333,440
Equity instruments	104,631
	438,071

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	RM'000
Property, plant and equipment	275,969
Intangible assets	2,606
Other financial assets	540
Deferred tax assets	7,484
Inventories	19,989
Trade and other receivables	60,032
Cash and cash equivalents	47,309
Assets classified as held for sale	333
Trade and other payables	(124,865)
Employee benefits	(1,835)
Loans and borrowings	(84,415)
Deferred tax liabilities	(2,277)
Net identifiable assets acquired	200,870

Net cash outflow arising from acquisition of subsidiaries

	RM'000
Purchase consideration settled in cash and cash equivalents	333,440
Cash and cash equivalents acquired	(47,309)
	286,131

Goodwill

	RM'000
Fair value of consideration transferred	438,071
Fair value of net identified assets acquired	(200,870)
Non-controlling interests, based on their proportionate interest in the net identifiable assets acquired	(1,078)
Goodwill	236,123

The consolidation of Tokuda Group and City Clinic Group is regarded as a business combination in accordance to *MFRS 3: Business Combinations*. As at 30 June 2016, the fair value of the identifiable assets acquired, liabilities assumed, non-controlling interest in the acquisition and the resulting goodwill is provisional, pending completion of the PPA exercise.

On 8 June 2016, following the partial settlement of the purchase consideration of City Clinic Group through the issue of new shares in ACCBV and an internal restructuring, the shareholdings of ACCBV was reconstituted as follows: a) 23.5% by minority shareholders; b) 15% by Clinical Hospital Acibadem Sistina Skopje (a 50.3% owned subsidiary of ASH); and c) 61.4% by ASH. As a result, ASH's effective interest in ACCBV was diluted from 100% to 69.0%.

A NOTES TO THE FULL YEAR FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

(o) On 28 June 2016, Pantai Medical Centre Sdn Bhd ("PMCSB") had transferred 100% equity interest in HPAK Lithotripsy Services Sdn Bhd ("HPAK Litho") to Pantai Group Resources Sdn Bhd ("PGRSB"), at a nominal consideration of RM2.00 pursuant to an internal reorganization exercise. PMCSB, PGRSB and HPAK Litho are indirect wholly-owned subsidiaries of IHH.

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 1 July 2016, IHH granted a total of 8,756,000 options to eligible employees of the Group under the EOS. Out of the 8,756,000 options granted, 4,253,000 options were granted to the executive directors of the Company.

(b) Between 1 July 2016 to 18 August 2016, the Company issued 151,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested EOS options.

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in the contingent liabilities or contingent assets as at 18 August 2016 from that disclosed in the 2015 Audited Financial Statements.

A14 CAPITAL COMMITMENTS

	30 Jun 2016 RM'000	31 Dec 2015 RM'000
Capital expenditure commitments not provided for		
Property, plant and equipment and investment properties		
- Authorised and contracted for	1,707,453	2,159,183
- Authorised but not contracted for	1,777,927	1,407,287
	3,485,380	3,566,470

A NOTES TO THE FULL YEAR FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

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
30 June 2016				
Investment properties	-	-	3,074,191	3,074,191
Quoted available-for-sale financial instruments	1,188,236	-	-	1,188,236
Unquoted available-for-sale financial instruments	-	284,474	-	284,474
Derivative assets	-	2,275	1,612	3,887
Liabilities				
CCPS liabilities[i]	-	-	(53,824)	(53,824)
Put option liabilities[ii]	-	-	(543,393)	(543,393)
Derivative liabilities	-	(59,691)	(1,801)	(61,492)
31 December 2015				
Assets				
Investment properties	-	-	2,869,113	2,869,113
Quoted available-for-sale financial instruments	1,446,623	-	-	1,446,623
Unquoted available-for-sale financial instruments	-	382,282	-	382,282
Derivative assets	-	8,097	-	8,097
Liabilities				
CCPS liabilities[i]	-	-	(58,433)	(58,433)
Put option liabilities[ii]	-	-	(405,249)	(405,249)
Derivative liabilities	-	(10,573)	(1,948)	(12,521)

i) Fair value through profit or loss

ii) Initial and subsequent remeasurements recognised through equity

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

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

	2nd quarter ended			Financial period ended		
	30 Jun 2016	**30 Jun 2015**	**Variance**	**30 Jun 2016**	**30 Jun 2015**	**Variance**
	RM'000	**RM'000**	**%**	**RM'000**	**RM'000**	**%**
REVENUE[1]						
Parkway Pantai:						
- Singapore	873,014	792,123	10%	1,786,469	1,544,399	16%
- Malaysia	397,637	375,138	6%	788,943	722,186	9%
- India	132,967	15,368	NM	260,721	15,368	NM
- North Asia	67,076	72,201	-7%	134,342	129,047	4%
- PPL Others*	36,027	37,197	-3%	80,180	67,644	19%
Parkway Pantai	**1,506,721**	**1,292,027**	**17%**	**3,050,655**	**2,478,644**	**23%**
Acibadem Holdings	**867,864**	**716,483**	**21%**	**1,703,860**	**1,453,038**	**17%**
IMU Health	**65,859**	**57,958**	**14%**	**124,050**	**115,037**	**8%**
Others^	**495**	**1,341**	**-63%**	**6,807**	**1,341**	**NM**
Group (Excluding PLife REIT)	**2,440,939**	**2,067,809**	**18%**	**4,885,372**	**4,048,060**	**21%**
PLife REIT total revenue	80,293	69,397	16%	159,974	135,113	18%
Less: PLife REIT inter-segment revenue	(47,976)	(43,855)	-9%	(96,735)	(86,851)	-11%
PLife REIT	**32,317**	**25,542**	**27%**	**63,239**	**48,262**	**31%**
Group	**2,473,256**	**2,093,351**	**18%**	**4,948,611**	**4,096,322**	**21%**
EBITDA[2]						
Parkway Pantai[3]:						
- Singapore	216,820	189,310	15%	454,146	355,594	28%
- Malaysia	99,620	122,785	-19%	206,275	228,725	-10%
- India	7,749	(2,190)	NM	4,666	(2,199)	NM
- North Asia	2,288	18,087	-87%	13,053	29,121	-55%
- PPL Others*	16,930	17,553	-4%	38,735	31,355	24%
Parkway Pantai	**343,407**	**345,545**	**-1%**	**716,875**	**642,596**	**12%**
Acibadem Holdings	**159,581**	**130,026**	**23%**	**317,367**	**277,564**	**14%**
IMU Health	**26,793**	**19,697**	**36%**	**49,964**	**42,799**	**17%**
Others^	**(40,363)**	**(6,822)**	**NM**	**(42,849)**	**(22,811)**	**-88%**
Group (Excluding PLife REIT)	**489,418**	**488,446**	**0%**	**1,041,357**	**940,148**	**11%**
PLife REIT[4]	**65,030**	**57,028**	**14%**	**130,072**	**110,620**	**18%**
Group	**554,448**	**545,474**	**2%**	**1,171,429**	**1,050,768**	**11%**

[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*
* *PPL Others comprise mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai*
^: *Others comprise mainly IHH Group's corporate office as well as other investment holding entities*

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

Q2 2016 vs Q2 2015

The Group achieved 18% and 2% growth for revenue and EBITDA respectively in Q2 2016 over the same period last year. The increase in Q2 2016 revenue was attributed to organic growth of most of its existing operations, and the commencement of operations of Gleneagles Kota Kinabalu Hospital (opened in May 2015), Acibadem Taksim Hospital (opened in October 2015) and Gleneagles Medini Hospital (opened in November 2015). The acquisition of Global Hospitals (acquired in December 2015), as well as the acquisition of Tokuda Group and City Clinic Group (acquired in June 2016) contributed to the increase in the Group's Q2 2016 revenue.

EBITDA grew by only 2% due to start-up losses from the new hospitals, higher operating and staff costs as well as pre-opening expenses incurred to prepare Gleneagles Hong Kong for its opening next year.

The Group's Q2 2016 PATMI increased 8% from a low base in Q2 2015 due to recognition of RM54.8 million gain from disposal of 90% equity interest of SIPL. In addition, the Group recognised exchange gain of RM7.5 million on Acibadem Holdings' non-TL denominated borrowings in Q2 2016 as compared to an exchange loss of RM22.0 million in Q2 2015. The Group's Q2 2016 PATMI excluding exceptional items decreased 20% to RM187.7 million due to incremental depreciation from new hospitals and higher net financing costs.

Parkway Pantai

Parkway Pantai's revenue grew 17% to RM1,506.7 million in Q2 2016 whilst its EBITDA reduced by 1% to RM343.4 million in Q2 2016. Excluding the effects of the appreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's Q2 2016 revenues increased 11% while its EBITDA reduced 6% over corresponding period last year.

Parkway Pantai's strong revenue was the result of the continuous ramp up of its Mount Elizabeth Novena Hospital in Singapore as well as contribution from its newly opened hospitals and acquisitions made in 2015. Parkway Pantai's existing hospitals and healthcare businesses also grew.

Parkway Pantai's Singapore hospitals saw an overall 7.5% increase in inpatient admissions to 18,698 in Q2 2016, driven mostly by increase in local patients. Revenue per inpatient admission in Singapore was flat at RM26,447. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia Hospitals remained flat at to 47,067 inpatient admissions, while its revenue per inpatient admission increased 5.5% to RM5,936 in Q2 2016.

Parkway Pantai's Q2 2016 EBITDA reduced by 1% on the back of higher operating expenses, and staff costs as well as start-up losses of RM7.6 million from its new hospitals in Malaysia. Gleneagles Hospital Hong Kong, which is currently under construction, incurred pre-opening expenses of about RM8.7 million.

Acibadem Holdings

Acibadem Holdings' revenue grew 21% to RM867.9 million in Q2 2016 whilst its EBITDA grew 23% to RM159.6 million in Q2 2016. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' Q2 2016 revenues increased 21% while its EBITDA increase 22% over corresponding period last year.

Acibadem Holdings' strong revenue growth was the result of the continuous ramp up of Acibadem Atakent Hospital as well as contribution from its newly opened Acibadem Taksim Hospital. The newly acquired Tokuda Group and City Clinic Group also contributed to the revenue in Q2 2016.

Acibadem Holdings' inpatient admissions grew 15.7% to 37,750 in Q2 2016. Meanwhile, its average inpatient revenue per inpatient admission increased by 1.3% to RM10,463 in Q2 2016 as a result of price increases to compensate for cost inflation and case mix where more complex cases were undertaken.

Acibadem Holdings' Q2 2016 EBITDA grew on the back of higher revenues and operating leverage from the higher patient volumes. However, the growth was eroded by higher staff costs as a result of the Turkish government's implementation of higher minimum wages with effect from 1 January 2016. Start-up EBITDA

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

losses at Acibadem Taksim Hospital also eroded EBITDA.

IMU Health

IMU Health's Q2 2016 revenue grew 14% to RM65.9 million in Q2 2016 due to increase in tuition fees for the courses offered, and higher student intake for certain courses.

IMU Health's EBITDA increased 36% to RM26.8 million Q2 2016 on the back of higher revenue.

PLife REIT

PLife REIT's external revenue increased by 27% to RM32.3 million in Q2 2016 whilst its EBITDA increase 14% to RM65.0 million in Q2 2016.

PLife REIT's external revenue and EBITDA increased with the contribution from the nursing homes acquired in 2016. PLife REIT's EBITDA also increased with higher rental income from its properties in Singapore which were rented to Parkway.

Others

Revenue reduced by 63% to RM0.5 million in Q2 2016 was mainly due to decrease in dividends received from cash placed in Money Market Funds as a result of lower placement of funds in the Money Market Funds in Q2 2016.

EBITDA losses increased to RM40.4 million mainly due to one-off staff costs.

<u>YTD 2016 vs YTD 2015</u>

The Group achieved 21% growth for revenue and 11% growth for EBITDA in YTD 2016 over the same period last year. The increase in YTD 2016 revenue was attributed to organic growth of existing operations, and the commencement of operations of Gleneagles Kota Kinabalu Hospital (opened in May 2015), Acibadem Taksim Hospital (opened in October 2015) and Gleneagles Medini Hospital (opened in November 2015). The acquisition of Continental (acquired in March 2015), Global Hospitals (acquired in December 2015), as well as the acquisition of Tokuda Group and City Clinic Group (acquired in June 2016) contributed to the increase in the Group's YTD 2016 revenue.

EBITDA growth was eroded by start-up losses from the new hospitals, higher operating and staff costs as well as pre-opening expenses incurred to prepare Gleneagles Hong Kong for its opening next year.

The Group's YTD 2016 PATMI increased 21% due to recognition of RM54.8 million gain from disposal of 90% equity interest of SIPL. In addition, the Group recognised exchange gain of RM1.7 million on Acibadem Holdings' non-TL denominated borrowings in YTD 2016 as compared to an exchange loss of RM138.4 million in YTD 2015. The Group's YTD 2016 PATMI excluding exceptional items decreased 8% to RM426.0 million due to incremental depreciation from new hospitals, exchange loss and higher net financing costs.

Parkway Pantai

Parkway Pantai's revenue grew 23% to RM3,050.7 million in YTD 2016 whilst its EBITDA grew 12% to RM716.9 million in YTD 2016. Excluding the effects of the appreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's YTD 2016 revenues increased 15% while its EBITDA increased 5% over corresponding period last year.

Parkway Pantai's strong revenue was the result of the continuous ramp up of its Mount Elizabeth Novena Hospital in Singapore as well as contribution from its newly opened hospitals and acquisitions made in 2015. Parkway Pantai's existing hospitals and healthcare businesses also grew.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

Parkway Pantai's Singapore hospitals saw an overall 9.1% increase in inpatient admissions to 36,792 in YTD 2016, driven by increase in local patients. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals increased 4.5% to 96,093 in YTD 2016. 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 2016 revenue per inpatient admission remains flat at RM27,025 in Singapore and increased 4.2% to RM5,756 in Malaysia.

Parkway Pantai's YTD 2016 EBITDA was eroded by higher operating expenses and staff costs. YTD 2016 EBITDA was also eroded by RM14.0 million start-up losses from its new hospitals in Malaysia and RM14.5 million pre-opening expense of Gleneagles Hospital Hong Kong, which is currently under construction.

Acibadem Holdings

Acibadem Holdings' revenue grew by 17% to RM1,703.9 million in YTD 2016 whilst its EBITDA increased 14% to RM317.4 million. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' YTD 2016 revenues increased by 19% and its EBITDA increased by 16%.

Acibadem Holdings' strong revenue was the result of the continuous ramp up of Acibadem Atakent Hospital as well as contribution from its newly opened Acibadem Taksim Hospital. The newly acquired Tokuda Group and City Clinic Group also contributed to the revenue in YTD 2016.

Acibadem Holdings' inpatient admissions grew 16.3% to 77,046 in YTD 2016. Meanwhile, its average inpatient revenue per inpatient admission increased by 4.6% to RM10,344 in YTD 2016 as a result of price increases to compensate for cost inflation and case mix where more complex cases were undertaken.

Acibadem Holdings' YTD 2016 EBITDA grew on the back of higher revenues and operating leverage from the higher patient volumes. However, the growth was eroded by higher staff costs as a result of the Turkish government's implementation of higher minimum wages with effect from 1 January 2016. Start-up EBITDA losses at Acibadem Taksim Hospital also eroded EBITDA.

IMU Health

IMU Health's revenue grew 8% to RM124.1 million in YTD 2016 whilst its EBITDA increased by 17% to RM50.0 million in YTD 2016.

IMU Health's revenue growth was driven by increase in tuition fees for the courses offered, and higher student intake for certain courses.

PLife REIT

PLife REIT's external revenue increased by 31% to RM63.2 million in YTD 2016 whilst its EBITDA increase 18% to RM130.1 million in YTD 2016.

PLife REIT's external revenue and EBITDA increased with the contribution from the nursing homes acquired in 2015 and 2016. PLife REIT's EBITDA also increased with higher rental income from its properties in Singapore which were rented to Parkway.

Others

The increase in revenue was attributed to RM5.7 million dividend income from the Group's investment in Apollo Hospital Enterprise Ltd.

EBITDA losses increased to RM42.8 million mainly due to one-off staff costs in YTD 2016.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	2nd quarter ended 30 Jun 2016 RM'000	1st quarter ended 31 Mar 2016 RM'000	Variance %
REVENUE[1]			
Parkway Pantai:			
- Singapore	873,014	913,455	-4%
- Malaysia	397,637	391,306	2%
- India	132,967	127,754	4%
- North Asia	67,076	67,266	0%
- PPL Others*	36,027	44,153	-18%
Parkway Pantai	**1,506,721**	**1,543,934**	**-2%**
Acibadem Holdings	**867,864**	**835,996**	**4%**
IMU Health	**65,859**	**58,191**	**13%**
Others^	**495**	**6,312**	**-92%**
Group (Excluding PLife REIT)	**2,440,939**	**2,444,433**	**0%**
PLife REIT total revenue	80,293	79,681	1%
Less: PLife REIT inter-segment revenue	(47,976)	(48,759)	2%
PLife REIT	**32,317**	**30,922**	**5%**
Group	**2,473,256**	**2,475,355**	**0%**
EBITDA[2]			
Parkway Pantai[3]:			
- Singapore	216,820	237,326	-9%
- Malaysia	99,620	106,655	-7%
- India	7,749	(3,083)	NM
- North Asia	2,288	10,765	-79%
- PPL Others*	16,930	21,805	-22%
Parkway Pantai	**343,407**	**373,468**	**-8%**
Acibadem Holdings	**159,581**	**157,786**	**1%**
IMU Health	**26,793**	**23,171**	**16%**
Others^	**(40,363)**	**(2,486)**	**NM**
Group (Excluding PLife REIT)	**489,418**	**551,939**	**-11%**
PLife REIT[4]	**65,030**	**65,042**	**0%**
Group	**554,448**	**616,981**	**-10%**

[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*
* *PPL Others comprise mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai*
^: *Others comprise mainly IHH Group's corporate office as well as other investment holding entities*

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

Q2 2016 vs Q1 2016

The Group's revenue remained flat at RM2,473.3 million while its EBITDA decreased 10% quarter-on-quarter. Excluding the effects of the depreciation of SGD and TL on translation of Parkway Pantai's and Acibadem Holdings' results, The Group's Q2 2016 revenue increased 2% and EBITDA decreased 8% quarter-on-quarter.

Parkway Pantai

Parkway Pantai's revenue and EBITDA decreased 2% and 8% respectively quarter-on-quarter. Excluding the effects of the depreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's revenue and EBITDA reduced 1% and 7% respective quarter-on-quarter.

Parkway Pantai's Singapore hospitals' inpatient admissions increased 3.3% quarter-on-quarter while its revenue per inpatient admission reduced by 4.3%, resulting in lower revenue from the Singapore hospitals quarter-on-quarter. Parkway Pantai's Malaysia hospitals' inpatient admission decreased 4.0% quarter-on-quarter while its revenue per inpatient admission increased 6.3% quarter-on-quarter.

Parkway Pantai's EBITDA decreased quarter-on-quarter on the back of increasing cost pressures and higher staff costs as a result from the immediate vesting of the first tranche of the 2016 LTIP grant and incremental share-based expense from the 2016 EOS grant. Quarter-on-quarter EBITDA was also eroded by increasing pre-opening expense incurred by Gleneagles Hong Kong as it ramped up its preparations for its opening in 2017.

Acibadem Holdings

Acibadem Holdings' revenue increased 4% while its EBITDA increased 1% quarter-on-quarter. Excluding the effects of the depreciation of TL on translation of Acibadem Holdings' results, Acibadem Holdings' Q2 2016 revenue and EBITDA increased 7% and 4% respectively quarter-on-quarter.

Acibadem Holdings' inpatient admissions decreased by 3.9% quarter-on-quarter while revenue per inpatient admission increased 2.3% quarter-on-quarter. The newly acquired Tokuda Group and City Clinic Group also contributed to Acibadem Holdings' quarter-on-quarter increase in revenue.

Acibadem Holdings' EBITDA increased 1% quarter-on-quarter despite higher staff costs as a result from the immediate vesting of the first tranche of the 2016 LTIP grant.

IMU Health

IMU Health's revenue increased 13% while EBITDA increased 16% quarter-on-quarter a result of increase in student intake for certain courses.

PLife REIT

PLife REIT's external revenue increased by 5% quarter-on-quarter with the inclusion of the rental income from the nursing home acquired in March 2016.

PLife REIT's EBITDA remained flat at RM65.0 million due mainly to the effects of the depreciation of SGD against RM on translation of PLife REIT's results.

Others

The Group recognised RM5.7 million dividend income from Apollo Hospital Enterprise Ltd in Q1 2016 but no such dividend income was recognised in Q2 2016.

In addition, the Group recognised higher EBITDA losses in quarter-on-quarter resulting from one-off staff costs in Q2 2016.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

B3 CURRENT FINANCIAL YEAR PROSPECTS

Parkway Pantai

Parkway Pantai expects revenue to continue to increase, driven by revenue intensity in its home markets, opening of new wards and contribution from hospitals which were opened during 2015. The consolidation of Continental and Global Hospitals would also add to the Parkway Pantai's revenue, as it integrates these 2 new acquisitions into the Group.

Parkway Pantai's operations in Malaysia is facing some headwinds from its slowing economy. The slowing economic growth in the region and fluctuation of regional currencies may result in postponement of non-critical and elective surgeries, especially by medical travelers. In addition, Parkway Pantai expects increasing competition with the opening of new private and public hospitals in its home markets and the region. Whilst the environment remains challenging, Parkway Pantai will continue to focus leveraging on its economies of scale, on investing in training and development, upgrading equipment and facilities, service excellence initiatives and improving on clinical outcomes to attract patients to its hospitals. Parkway Pantai is also on the lookout for value-accretive opportunities in the other markets as part of its efforts to diversify its portfolio.

The construction of Gleneagles Hong Kong is progressing well and Parkway Pantai would incur increasing pre-operating costs as it staffs up the hospital and prepares for its scheduled opening in early 2017. Other ongoing projects in Malaysia are progressing well. The construction of Parkway Pantai's joint venture greenfield hospital in Mumbai has been put on hold as a result of ongoing negotiations with the joint venture partner.

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.

Acibadem Holdings

Acibadem Holdings expects its patient volumes, and hence revenues in TL, to grow with the continued demand and increased affordability of private healthcare. Acibadem Holdings is well-poised to tap this demand with its strong pipeline of beds on stream especially with the opening Acibadem Taksim Hospital in October 2015 and the completion of the expansion of Acibadem Sistina Hospital in December 2015. In addition, Acibadem Atakent Hospital's capacity is currently being expanded to include more outpatient clinics in order to cater to the high demand.

On 8 June 2016, Acibadem Holdings completed its acquisition of Tokuda Group and City Clinic Group, thereby becoming a leading private healthcare operator in Bulgaria with four hospitals totaling approximately 750 beds and four medical centres. The acquisitions would increase Acibadem Holdings' footprints in Eastern Europe and increase its access to the medical tourism market within Russia and the European Union region. The results of Tokuda Group and City Group are consolidated from June 2016 onwards.

Acibadem Holdings is expected to face continued headwinds from the uncertainty of the geopolitical turmoil in Turkey and the region, which may result in fewer medical travelers from the Middle East region seeking medical treatment in Turkey. Notwithstanding that, Acibadem Holdings will continue to expand its reach to other non-traditional sources of medical travellers by opening new representation offices in neighbouring geographies. Acibadem Holdings will continue to explore suitable hospitals for acquisitions in Turkey and its region.

Acibadem Holdings expects its staff costs to increase with the Turkish government's implementation of higher minimum wages with effect from 1 January 2016. Acibadem Holdings expects to mitigate such rising costs by optimising its personnel costs and increasing productivity, whilst still maintaining quality patient service.

Ongoing projects in Turkey, including Acibadem Altunizade Hospital which will be Acibadem's largest facility in Istanbul when construction completes by early 2017, are progressing well.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

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 meet demand, which would drive revenue growth. While the Group expects the pre-operating costs and start-up costs of 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, and from higher minimum wages in Turkey. In addition, the Group is mindful of rising costs of purchases if USD continues to strengthen against the currencies of its home markets. While such sustained cost pressures may potentially reduce the Group's EBITDA and margins, the Group expects to mitigate these effects through higher revenue intensity procedures, cost optimisation and tight cost control.

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 geopolitical risks and 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 Group's reporting currency may affect the comparability of the Group's financial performance across periods.

The Group had grown rapidly in the last few years through the opening of new hospitals and acquisitions. Going forward, the Group would focus on consolidating and enhancing its service offerings in existing hospitals, ramping up of hospitals that were opened in 2014 and 2015 to achieve optimal operating leverage and integrating its new acquisitions. In addition, the Group would also focus on staff training, equipping and preparing several of its new greenfield hospitals that are currently under construction for their expected opening in 2017 and 2018. In addition, the Group constantly reviews its portfolio of investments with a view of rebalancing it to optimise returns.

The Group is confident that its strong brands and network of hospitals, backed with its strong balance sheet and operating cash flows, would enable it to tide through the challenging operating environment expected for the year ahead.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	2nd quarter ended		**Financial period ended**	
	30 Jun 2016 RM'000	**30 Jun 2015 RM'000**	**30 Jun 2016 RM'000**	**30 Jun 2015 RM'000**
Current tax expense	86,319	74,018	153,357	130,050
Deferred tax expense	3,101	1,682	19,331	(2,070)
	89,420	75,700	172,688	127,980

The Group's effective tax rate, after adjusting for the share of profits of associates and joint ventures, was 24.2% for Q2 2016. 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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

B6 STATUS OF CORPORATE PROPOSALS

(i) Proposed renewal of authority for IHH to purchase its own shares of up to ten percent (10%) of the prevailing issued and paid-up share capital of the Company ("Proposed Renewal of Share Buy-Back Authority")

On 27 May 2016, the shareholders had at the Company's Sixth AGM approved the Proposed Renewal of Share Buy-Back Authority.

(ii) Proposed acquisition of Tokushukai-Sofia Eood by ASH ("Proposed Acquisition of Tokuda Group") and Proposed Acquisition of City Clinic Group by ASH ("Proposed Acquisition of City Clinic Group")

(a) Proposed Acquisition of Tokuda Group

On 20 April 2016, ASH entered into a Share Purchase Agreement ("Tokuda Group SPA") with Dr. Torao Tokuda and Tokushukai Incorporated to buy the entire issued and outstanding share capital of Tokuda Group, for a consideration of EUR65.0 million (equivalent to RM286.13 million) minus the outstanding amount as at completion that is owed by Tokuda Group to Tokushukai Incorporated, which will be settled in cash.

Tokushukai Incorporated has agreed to guarantee the obligations of Dr. Torao Tokuda pursuant to the Tokuda Group SPA.

ASH had incorporated a fully controlled company under the laws of The Netherlands, Acibadem City Clinic B.V. ("Acibadem SPV") to undertake the Proposed Acquisition of Tokuda Group and ASH will guarantee the obligations of Acibadem SPV pursuant to the Tokuda Group SPA.

The completion of Proposed Acquisition of Tokuda Group is subject to satisfaction of certain conditions precedent, which includes the competition clearance decision having been obtained for joint filing on acquisition of Tokuda Group and City Clinic Group.

On 8 June 2016, ASH had completed the acquisition of Tokuda Group. The total consideration for the acquisition of Tokuda Group was EUR65.0 million. However the cash consideration paid to Dr. Torao Tokuda in connection with the Proposed Acquisition of Tokuda Group after deducting the amount outstanding owed by Tokuda Group to Tokushukai Incorporated as at completion date was EUR4.029 million.

(b) Proposed Acquisition of City Clinic Group

On 20 April 2016, ASH and Clinical Hospital Acibadem Sistina Skopje ("Acibadem Sistina") entered into a Share Sale Purchase Agreement ("City Clinic Group SPA") with the following persons/entities to buy the share capital of City Hospitals and Clinics AD ("City Clinic Group") and its subsidiaries:

(1) Andrey Parvanov Markov;
(2) Ivo Sprassov Petrov;
(3) Ilian Georgiev Grigorov;
(4) Venelina Filipova Atanasova;
(5) Petar Tzvetanov Dudolenski;
(6) Anguel Ivanov Anguelov;
(7) Luka Angelov Angelov;
(8) Saccoria Inc.;
(9) Aneta Ivanova Dimitrova;
(10) Empower Capital Fund Cooperatief U.A.; and
(11) Alexander Dmitrievich Minov.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

(The persons and entity listed from (1) through (9) above shall be collectively referred to as the "SPV Sellers", and individually as an "SPV Seller". The persons and entities listed in (8) through (11) shall be collectively referred to as the "Cash-out Sellers", and individually as a "Cash-out Seller", The SPV Sellers and the Cash-out Sellers shall be collectively referred to as the "Sellers", and individually as a "Seller". The persons listed in (1) through (7) shall be collectively referred to as the "Roll-over Sellers", and individually as a "Roll-over Seller").

The aggregate consideration for the Proposed Acquisition of City Clinic Group that is payable to the Cash-out Sellers is EUR10.97 million (equivalent to RM48.29 million). As consideration for the contribution and transfer of the respective City Clinic Group Shares by the Roll-over Sellers to Acibadem SPV, Acibadem SPV shall issue and allot to the Roll-over Sellers such number of shares in Acibadem SPV valued at EUR23.37 million (equivalent to RM102.87 million) (which excludes the cash subscription from the Roll-over Sellers) representing an aggregate of 23.5% of the total share capital of Acıbadem SPV.

The completion of this transaction is subject to satisfaction of certain conditions precedent, which includes the competition clearance decision having been obtained for joint filing on the acquisitions of Tokuda Group and City Clinic Group.

On 8 June 2016, ASH had completed the acquisition of City Clinic Group.

There were no other corporate proposals announced but not completed as at 18 August 2016.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

B7 LOANS AND BORROWINGS

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

	30 Jun 2016 RM'000	31 Dec 2015 RM'000
Non-current		
Secured		
Bank borrowings	456,652	303,915
Financial lease liabilities	96,036	135,913
Unsecured		
Bank borrowings	5,849,400	5,882,699
Fixed rate notes	131,592	-
	6,533,680	6,322,527
Current		
Secured		
Bank borrowings	182,641	239,424
Bank overdrafts	7,474	5,935
Financial lease liabilities	69,175	75,808
Unsecured		
Bank borrowings	94,680	52,689
Bank overdrafts	-	67
	353,970	373,923
Total	6,887,650	6,696,450

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

	30 Jun 2016 RM'000	31 Dec 2015 RM'000
Singapore Dollar	1,713,648	2,025,882
Ringgit Malaysia	50,565	60,672
US Dollar	520,715	558,122
Macedonian Denar	15,417	9,211
Euro	1,897,526	1,903,550
Swiss Franc	32,886	45,549
Turkish Lira	59,997	21,863
Japanese Yen	1,447,829	1,260,017
Indian Rupees	309,137	318,859
Hong Kong Dollar	838,833	492,725
Bulgarian Lev	1,097	-
	6,887,650	6,696,450

Key exchange rates as at 30 June 2016:

1 SGD	3.0312
1 TL	1.3974
1 USD	4.0988

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 30 June 2016:

	Notional amount as at 30 Jun 2016 RM'000	Fair value amount as at 30 Jun 2016 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	14,309	2,275
Put option right		
- Between 1 - 3 years	16,150	1,612
	30,459	3,887
Derivative liabilities		
Foreign exchange forward contracts		
- Between 1 - 3 years	1,604	(19)
- More than 3 years	90,915	(8,397)
	92,519	(8,416)
Interest rate swaps		
- Within 1 year	303,122	(2,005)
- Between 1 - 3 years	532,149	(5,044)
- More than 3 years	777,665	(13,016)
	1,612,936	(20,065)
Cross currency interest rate swaps		
- More than 3 years	227,910	(31,210)
Call option right		
- Between 1 - 3 years	30,009	(1,801)
	1,963,374	(61,492)

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.

Call option right

Call option right relates to a call option granted by the Group to non-controlling interests of Ravindranath GE Medical Associates Pte Ltd ("RGE") to purchase the Group's 3% interest in RGE on a fully diluted basis at a fixed price of INR500.0 million (equivalent to RM30.2 million) in 2017, pursuant to an option agreement entered with the non-controlling interests. The call option is classified as a derivative liability.

Put option right

Put option right relates to a put option granted to the Group by FWD for the Group to sell the Group's remaining equity interest in SIPL after April 2019 to FWD at the higher of the prevailing market price or consideration determined pursuant to the Shareholders Agreement signed. The put option is classified as a derivative asset.

B9 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

Other than as disclosed in Section A15 the Group does not remeasure its financial liabilities and derivatives at reporting date. The changes in fair value recognised through profit or loss is disclosed in section B14.

B10 CHANGES IN MATERIAL LITIGATIONS

There is no litigation or arbitration as at 18 August 2016, 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

No dividends were declared or paid by the Company during the period ended 30 June 2016.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

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.

	2nd quarter ended		**Financial period ended**	
	30 Jun 2016	**30 Jun 2015**	**30 Jun 2016**	**30 Jun 2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Basic and diluted earnings per share is based on:				
Net profit attributable to ordinary shareholders	246,091	228,107	481,569	399,589
Net profit attributable to ordinary shareholders (excluding EI)	187,685	234,553	425,965	461,918
(a) Basic EPS				
	'000	**'000**	**'000**	**'000**
Weighted average number of shares	8,227,714	8,213,721	8,225,705	8,196,639
	Sen	**Sen**	**Sen**	**Sen**
Basic EPS	2.99	2.78	5.85	4.88
Basic EPS (excluding EI)	2.28	2.86	5.18	5.64

(b) Diluted earnings per share

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

	2nd quarter ended		**Financial period ended**	
	30 Jun 2016	**30 Jun 2015**	**30 Jun 2016**	**30 Jun 2015**
	'000	**'000**	**'000**	**'000**
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,227,714	8,213,721	8,225,705	8,196,639
Weighted number of unissued ordinary shares from units under LTIP	3,983	6,062	4,392	8,194
Weighted number of unissued ordinary shares from share options under EPP	-	3,478	3	10,302
Weighted average number of dilutive ordinary shares for computation of diluted EPS	8,231,697	8,223,261	8,230,100	8,215,135
	Sen	**Sen**	**Sen**	**Sen**
Diluted EPS	2.99	2.77	5.85	4.86
Diluted EPS (excluding EI)	2.28	2.85	5.18	5.62

At 30 June 2016, 13,995,000 outstanding EOS options (30 June 2015: Nil) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

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 30 Jun 2016 RM'000	**As at 31 Dec 2015 RM'000**
Total retained earnings of the Company and its subsidiaries		
- Realised	3,400,562	3,049,893
- Unrealised	422,547	474,610
	3,823,109	3,524,503
Total share of retained earnings from associates		
- Realised	(390)	(316)
Total share of retained earnings from joint ventures		
- Realised	55,496	49,165
Less: Consolidation adjustments	(724,360)	(649,483)
Total Group retained earnings	3,153,855	2,923,869

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016

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:

	2nd quarter ended		Financial period ended	
	30 Jun 2016	**30 Jun 2015**	**30 Jun 2016**	**30 Jun 2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Dividend income	495	1,341	6,807	1,341
Other operating income	48,723	35,729	107,051	86,538
Foreign exchange differences	2,115	2,051	(10,691)	11,187
Impairment loss (made)/written back:				
- Trade and other receivables	(1,824)	(15,723)	(13,125)	(19,986)
- Amounts due from associates	(5)	1,068	588	1,068
Write off				
- Property, plant and equipment	(92)	(182)	(165)	(727)
- Intangibles	(4,991)	-	(4,991)	-
- Inventories	(166)	(251)	(327)	(372)
- Trade and other receivables	(6,524)	(7,030)	(4,704)	(7,030)
Gain/(loss) on disposal of property, plant and equipment	10,356	(417)	10,343	(195)
Gain on liquidation of subsidiaries	-	4,098	-	4,098
Gain on disposal of subsidiary	54,801	-	54,801	-
Gain on disposal of unquoted available-for-sale financial instruments	2,565	21	2,565	21
Finance costs				
Interest expense on loans and borrowing	(49,080)	(37,637)	(97,405)	(69,958)
Exchange gain/(loss) on net borrowings	2,187	(21,965)	(12,415)	(138,389)
Fair value loss of financial instruments	(10,148)	3,550	(12,645)	(542)
Other finance costs	(4,260)	(4,151)	(8,927)	(6,822)
	(61,301)	(60,203)	(131,392)	(215,711)
Finance income				
Interest income				
- Banks and financial institutions	19,785	15,644	37,519	28,109
- Others	945	151	1,051	269
Exchange gain/(loss) on net borrowings	1,673	(4,313)	1,673	14,064
	22,403	11,482	40,243	42,442