IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
30 SEPTEMBER 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 SEPTEMBER 2016

		Group 3rd quarter ended			Group Financial period ended		
	Note	30 Sept 2016 RM'000	30 Sept 2015 RM'000	Variance %	30 Sept 2016 RM'000	30 Sept 2015 RM'000	Variance %
Revenue		2,441,801	2,064,278	18%	7,390,412	6,160,600	20%
Other operating income	1	42,375	53,974	-21%	226,228	159,169	42%
Inventories and consumables		(453,867)	(347,435)	-31%	(1,313,661)	(1,024,684)	-28%
Purchased and contracted services		(205,981)	(191,708)	-7%	(659,694)	(556,877)	-18%
Staff costs	2	(931,919)	(800,465)	-16%	(2,864,739)	(2,385,631)	-20%
Depreciation and impairment losses of property, plant and equipment	3	(178,944)	(155,966)	-15%	(556,698)	(445,609)	-25%
Amortisation and impairment losses of intangible assets		(15,031)	(14,892)	-1%	(40,829)	(48,493)	16%
Operating lease expenses		(77,323)	(58,189)	-33%	(220,480)	(161,657)	-36%
Other operating expenses	4	(268,289)	(234,433)	-14%	(795,730)	(638,845)	-25%
Finance income	5	9,428	29,935	-69%	49,671	72,377	-31%
Finance costs	5	(143,269)	(270,291)	47%	(274,661)	(486,002)	43%
Share of profits of associates (net of tax)		333	315	6%	1,033	1,058	-2%
Share of profits of joint ventures (net of tax)		3,824	3,742	2%	11,420	9,344	22%
Profit before tax		**223,138**	**78,865**	**183%**	**952,272**	**654,750**	**45%**
Income tax expense		(64,382)	(8,915)	NM	(237,070)	(136,895)	-73%
Profit for the period		**158,756**	**69,950**	**127%**	**715,202**	**517,855**	**38%**
Other comprehensive income, net of tax							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences from foreign operations	6	71,614	1,970,037	-96%	(669,242)	2,500,057	-127%
Hedge of net investments in foreign operations	6	16,608	(196,815)	108%	274,597	(199,712)	NM
Net change in fair value of available-for-sale financial instruments	7	25,431	94,212	-73%	(148,173)	260,972	-157%
Cash flow hedge		2,559	(1,204)	NM	(16,670)	3,034	NM
		116,212	1,866,230	-94%	(559,488)	2,564,351	-122%
Total comprehensive income for the period		**274,968**	**1,936,180**	**-86%**	**155,714**	**3,082,206**	**-95%**
Profit attributable to:							
Owners of the Company		173,295	118,488	46%	654,864	518,077	26%
Non-controlling interests		(14,539)	(48,538)	70%	60,338	(222)	NM
Profit for the period/year		**158,756**	**69,950**	**127%**	**715,202**	**517,855**	**38%**
Total comprehensive income attributable to:							
Owners of the Company		275,083	1,865,971	-85%	172,487	2,986,874	-94%
Non-controlling interests		(115)	70,209	-100%	(16,773)	95,332	-118%
Total comprehensive income for the period		**274,968**	**1,936,180**	**-86%**	**155,714**	**3,082,206**	**-95%**
Earnings per share (sen)							
Basic		2.11	1.44	47%	7.96	6.31	26%
Diluted		2.10	1.44	46%	7.95	6.30	26%

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 PERIOD ENDED 30 SEPTEMBER 2016

SUPPLEMENTARY INFORMATION

		3rd quarter ended			Financial period ended		
		30 Sept 2016 RM'000	30 Sept 2015 RM'000	Variance %	30 Sept 2016 RM'000	30 Sept 2015 RM'000	Variance %
Profit attributable to owners of the Company		**173,295**	**118,488**	**46%**	**654,864**	**518,077**	**26%**
Add back/(less): Exceptional items ("EI")							
Gain on disposal of subsidiary[i]		-	-		(54,801)	-	
Gain on liquidation of subsidiaries[ii]		-	3		-	(4,095)	
Exchange loss on net borrowings[iii]	5	92,253	217,074		90,580	355,463	
		92,253	217,077		35,779	351,368	
Add/(less): Tax effects on EI		(18,451)	(43,415)		(18,116)	(71,093)	
Add/(less): Non-controlling interests' share of EI		(29,521)	(69,464)		(28,986)	(113,748)	
		44,281	104,198		(11,323)	166,527	
Profit attributable to owners of the Company, excluding EI[iv]		**217,576**	**222,686**	**-2%**	**643,541**	**684,604**	**-6%**
Earnings per share, excluding EI[iv] (sen)							
Basic		2.64	2.71		7.82	8.34	-6%
Diluted		2.64	2.71		7.82	8.33	-6%

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 September 2016, Euro/TL=3.3608, USD/TL=2.9959)

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. YTD 2016 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 RM92.3 million and RM90.6 million exchange losses on translation of such non-TL balances in Q3 2016 and YTD 2016 respectively, as compared to an exchange loss of RM217.1 million and RM355.5 million recognised in Q3 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 Sept 2016	30 Sept 2015
1 SGD	2.9779	2.7632
1 TL	1.3922	1.4214

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	Note	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Assets			
Property, plant and equipment	1	12,489,881	11,435,898
Prepaid lease payments	2	1,067,368	902,133
Investment properties	3	3,123,060	2,869,113
Goodwill on consolidation	4	11,064,576	11,009,274
Intangible assets		2,485,703	2,600,426
Interests in associates		6,782	6,583
Interests in joint ventures		222,487	220,006
Other financial assets	5	1,249,965	1,449,318
Trade and other receivables		155,888	113,234
Derivative assets		1,614	8,097
Deferred tax assets		219,014	233,211
Total non-current assets		**32,086,338**	**30,847,293**
Development properties	6	23,802	7,144
Inventories		246,468	218,768
Trade and other receivables		1,476,727	1,234,323
Tax recoverable		53,154	85,962
Other financial assets	7	422,409	1,119,305
Derivative assets		1,307	-
Cash and cash equivalents		2,107,854	1,977,939
		4,331,721	4,643,441
Assets classified as held for sale	8	7,148	7,156
Total current assets		**4,338,869**	**4,650,597**
Total assets		**36,425,207**	**35,497,890**
Equity			
Share capital		8,231,629	8,223,346
Share premium		8,184,752	8,151,010
Other reserves		2,250,678	2,857,513
Retained earnings		3,326,107	2,923,869
Total equity attributable to owners of the Company		**21,993,166**	**22,155,738**
Non-controlling interests		2,080,786	2,080,968
Total equity		**24,073,952**	**24,236,706**
Liabilities			
Loans and borrowings	9	6,726,904	6,322,527
Employee benefits		42,374	32,067
Trade and other payables	10	762,911	556,098
Derivative liabilities		63,838	12,521
Deferred tax liabilities		1,106,884	1,101,491
Total non-current liabilities		**8,702,911**	**8,024,704**
Loans and borrowings	9	338,027	373,923
Trade and other payables	11	3,005,035	2,555,494
Dividend payable		-	-
Derivative liabilities		2,556	-
Employee benefits		61,838	59,981
Tax payable		240,888	247,082
Total current liabilities		**3,648,344**	**3,236,480**
Total liabilities		**12,351,255**	**11,261,184**
Total equity and liabilities		**36,425,207**	**35,497,890**
Net assets per share attributable to owners of the Company[1] (RM)		2.67	2.69

[1] Based on 8,231.6 million and 8,223.3 million shares issued as at 30 September 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 September 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 prepaid lease payments mainly relates to payments for leasehold land in China that is in substance an operating lease.

3. 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.

4. The Group recorded goodwill on acquisition of approximately RM11.9 million from the acquisition of a food and beverage business in India and RM236.9 million from the acquisition of Tokuda and City Clinics. As at 30 September 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.

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

5. 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.

6. 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.

7. The decrease in the current other financial assets was attributed to the utilisation of funds placed as Money Markets Funds, Eurobonds, and fixed deposits with duration of more than 3 months. These funds were utilised for capital expenditure, acquisitions, working capital and dividend payment during the period.

8. 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.

9. 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.

10. The increase in non-current trade and other payables was mainly attributed to the recognition of put option liabilities of approximately RM176.1 million. The Group granted the put option to the non-controlling interest of Acibadem City Clinic B.V. ("Acibadem City"), a subsidiary, to sell its existing interest in Acibadem City to the Group. The put option is exercisable from June 2019 to May 2022.

11. The increase in the current trade and other payables was mainly attributed to additional loans of RM384.1 million provided by the non-controlling interest of the Company's indirect 60% owned subsidiary, GHK Hospital Limited.

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

	30 Sept 2016	31 Dec 2015
1 SGD	3.0367	3.0590
1 TL	1.3913	1.4745
1 USD	4.1330	4.3282

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	-	-	(425,752)	-	(425,752)	(243,490)	(669,242)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	99,186	-	99,186	175,411	274,597
Net change in fair value of available-for-sale financial instruments	-	-	-	(149,865)	-	-	-	-	-	-	(149,865)	1,692	(148,173)
Cash flow hedge	-	-	-	-	-	(5,946)	-	-	-	-	(5,946)	(10,724)	(16,670)
Total other comprehensive income for the period	-	-	-	(149,865)	-	(5,946)	-	-	(326,566)	-	(482,377)	(77,111)	(559,488)
Profit for the period	-	-	-	-	-	-	-	-	-	654,864	654,864	60,338	715,202
Total comprehensive income for the period	-	-	-	(149,865)	-	(5,946)	-	-	(326,566)	654,864	172,487	(16,773)	155,714
Contributions by and distributions to owners of the Company													
- Share options exercised	418	1,268	-	-	-	-	-	-	-	-	1,686	-	1,686
- Share-based payment	-	-	42,884	-	-	-	-	-	-	-	42,884	-	42,884
- Dividends paid to owners of Company	-	-	-	-	-	-	-	-	-	(246,944)	(246,944)	-	(246,944)
	418	1,268	42,884	-	-	-	-	-	-	(246,944)	(202,374)	-	(202,374)
Transfer to share capital and share premium on share options exercised	7,865	32,474	(40,339)	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,078)	(1,078)
Changes in ownership interest in subsidiaries	-	-	-	-	-	6	(50,774)	-	(5)	-	(50,773)	114,589	63,816
Issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	118	-	-	-	118	96,685	96,803
Transfer per statutory requirements	-	-	-	-	-	-	-	5,682	-	(5,682)	-	-	-
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	-	-	-	-	-	-	24,099	-	-	-	24,099	261	24,360
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(123,113)	(123,113)
Total transactions with owners of the Company	8,283	33,742	2,545	-	-	6	(132,686)	5,682	(5)	(252,626)	(335,059)	16,591	(318,468)
At 30 September 2016	8,231,629	8,184,752	35,140	484,392	35,871	10,478	(877,492)	42,351	2,519,938	3,326,107	21,993,166	2,080,786	24,073,952

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	-	-	2,274,837	-	2,274,837	225,220	2,500,057
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	(71,357)	-	(71,357)	(128,355)	(199,712)
Net change in fair value of available-for-sale financial instruments	-	-	-	264,310	-	-	-	-	-	-	264,310	(3,338)	260,972
Cash flow hedge	-	-	-	-	-	1,007	-	-	-	-	1,007	2,027	3,034
Total other comprehensive income for the period	-	-	-	264,310	-	1,007	-	-	2,203,480	-	2,468,797	95,554	2,564,351
Profit for the period	-	-	-	-	-	-	-	-	-	518,077	518,077	(222)	517,855
Total comprehensive income for the period	-	-	-	264,310	-	1,007	-	-	2,203,480	518,077	2,986,874	95,332	3,082,206
Contributions by and distributions to owners of the Company													
- Share options exercised	33,250	55,195	-	-	-	-	-	-	-	-	88,445	-	88,445
- Share-based payment	-	-	40,010	-	-	-	-	-	-	-	40,010	-	40,010
- Dividends paid to owners of Company	-	-	-	-	-	-	-	-	-	(246,645)	(246,645)	-	(246,645)
	33,250	55,195	40,010	-	-	-	-	-	-	(246,645)	(118,190)	-	(118,190)
Transfer to share capital and share premium on share options exercised	11,452	36,449	(47,901)	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	58,940	58,940
Changes in ownership interest in subsidiaries	-	-	-	-	-	1	466	-	(5)	-	462	257	719
Liquidation of subsidiaries	-	-	-	-	-	-		-	(1,030)	-	(1,030)	144	(886)
Transfer per statutory requirements	-	-	-	-	-	-	-	6,393	-	(6,393)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(131,565)	(131,565)
Total transactions with owners of the Company	44,702	91,644	(7,891)	-	-	1	466	6,393	(1,035)	(253,038)	(118,758)	(72,224)	(190,982)
At 30 September 2015	8,223,272	8,150,802	25,223	612,938	35,871	16,274	(308,840)	34,659	3,014,491	2,515,171	22,319,861	1,884,759	24,204,620

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.

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

	Financial period ended	
	30 Sept 2016	30 Sept 2015
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	952,272	654,750
Adjustments for:		
Dividend income	(7,396)	(7,145)
Finance income	(49,671)	(72,377)
Finance costs	274,661	486,002
Depreciation and impairment losses of property, plant and equipment	556,698	445,609
Amortisation and impairment losses of intangible assets	40,829	48,493
Impairment loss made/(written back):		
- Trade and other receivables	14,807	34,665
- Amounts due from associates	(590)	(1,094)
Write-off:		
- Property, plant and equipment	261	1,217
- Intangible assets	6,605	-
- Inventories	520	933
- Trade and other receivables	7,490	8,887
Gain on disposal of property, plant and equipment	(12,130)	(147)
Gain on disposal of subsidiary	(54,801)	-
Gain on liquidation of subsidiaries	-	(4,095)
Gain on disposal of unquoted available-for-sale financial instruments	(5,024)	(171)
Share of profits of associates (net of tax)	(1,033)	(1,058)
Share of profits of joint ventures (net of tax)	(11,420)	(9,344)
Equity-settled share-based payment	42,884	40,010
Net unrealised foreign exchange differences	6,029	(9,808)
Operating profit before changes in working capital	**1,760,991**	**1,615,327**
Changes in working capital:		
Trade and other receivables	(352,321)	(134,758)
Development properties	(11,939)	-
Inventories	(9,730)	(29,826)
Trade and other payables	54,761	174,673
Cash flows from operations	**1,441,762**	**1,625,416**
Net income tax paid	(188,539)	(261,373)
Net cash generated from operating activities	**1,253,223**	**1,364,043**
Cash flows from investing activities		
Interest received	49,855	39,697
Acquisition of business, net of cash and cash equivalents acquired	(12,380)	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(286,139)	(75,874)
Development and purchase of intangible assets	(4,715)	(10,074)
Purchase of property, plant and equipment	(1,444,976)	(920,042)
Purchase of investment properties	(48,905)	(308,258)
Purchase of unquoted available-for-sale financial instruments	-	(485,069)
Payment for prepaid lease	(191,491)	-
Net withdrawal/(placement) of fixed deposits with duration more than 3 months	493,919	(659,913)
Proceeds from disposal of subsidiary, net of cash and cash equivalents disposed	9,554	-
Proceeds from disposal of property, plant and equipment	42,242	14,887
Proceeds from disposal of intangible assets	2,024	63

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

	Financial period ended	
	30 Sept 2016	**30 Sept 2015**
	RM'000	**RM'000**
Proceeds from disposal of available-for-sale financial instruments	153,899	99,893
Net repayment from associates	606	1,792
Net repayment from joint ventures	3,014	428
Dividends received from available-for-sale financial instruments	7,396	7,145
Dividends received from joint ventures	1,760	1,830
Dividends received from associates	774	-
Net cash used in investing activities	**(1,223,563)**	**(2,293,495)**
Cash flows from financing activities		
Interest paid	(168,850)	(119,027)
Proceeds from exercise of share options	1,686	88,445
Proceeds from loans and borrowings	1,370,339	3,522,191
Issue of fixed rated notes	118,930	-
Repayment of loans and borrowings	(1,298,300)	(2,758,887)
Loan from non-controlling interests of a subsidiary	380,796	86,223
Dividends paid to non-controlling interests	(123,113)	(131,565)
Dividends paid to shareholders	(246,944)	(246,645)
Acquisition of non-controlling interests	(42,415)	(198)
Issue of shares by subsidiaries to non-controlling interest	96,803	-
Change in pledged deposits	(3,111)	(9,096)
Net cash from financing activities	**85,821**	**431,441**
Net increase/(decrease) in cash and cash equivalents	**115,481**	**(498,011)**
Effect of exchange rate fluctuations on cash and cash equivalents held	1,947	107,259
Cash and cash equivalents at beginning of the year	1,966,001	2,460,128
Cash and cash equivalents at end of the year	**2,083,429**	**2,069,376**

Cash and cash equivalents

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

	30 Sept 2016	**30 Sept 2015**
	RM'000	**RM'000**
Cash and bank balances	1,595,540	798,323
Fixed deposits placed with licensed banks	512,314	1,298,811
	2,107,854	2,097,134
Less:		
- Bank overdrafts	(15,379)	(10,963)
- Deposits pledged	(2,723)	(11,093)
- Cash collateral received	(6,323)	(5,702)
Cash and cash equivalents at end of the year	**2,083,429**	**2,069,376**

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 INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 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 INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

A6 DEBT AND EQUITY SECURITIES

(a) Between 1 January to 30 September 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.

(iii) 168,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested Enterprise Option Scheme ("EOS") options.

(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.

(e) 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.

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 September 2016.

As at 30 September 2016, the issued and paid-up share capital of IHH amounted to RM8,231,629,239 comprising 8,231,629,239 ordinary shares of RM1.00 each.

A7 DIVIDENDS PAID

	Sen per ordinary share	Total amount RM'000	Date of payment
First and final single tier cash dividend for financial year ended 31 December 2015	3.00	246,944	18-Jul-16

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").

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

A8 SEGMENT REPORTING

Financial period ended 30 September 2016

	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	4,593,760	2,512,546	179,090	97,620	7,396	-	7,390,412
Inter-segment revenue	83,685	-	2,671	145,988	41,971	(274,315)	-
Total segment revenue	4,677,445	2,512,546	181,761	243,608	49,367	(274,315)	7,390,412
EBITDA	1,131,469	401,153	69,476	197,861	19,993	(102,209)	1,717,743
Depreciation and impairment losses of property, plant and equipment	(313,871)	(207,122)	(9,653)	(25,486)	(566)	-	(556,698)
Amortisation and impairment losses of intangible assets	(15,425)	(25,043)	(361)	-	-	-	(40,829)
Foreign exchange differences	(13,491)	(374)	(143)	2,961	839	-	(10,208)
Finance income	19,441	17,253	3,547	8	9,422	-	49,671
Finance costs	(55,782)	(180,914)	(156)	(37,800)	(9)	-	(274,661)
Share of profits of associates (net of tax)	1,033	-	-	-	-	-	1,033
Share of profits of joint ventures (net of tax)	11,420	-	-	-	-	-	11,420
Others	54,801	-	-	-	-	-	54,801
Profit/(losses) before tax	819,595	4,953	62,710	137,544	29,679	(102,209)	952,272
Income tax expense	(195,988)	(5,903)	(19,266)	(12,304)	(3,609)	-	(237,070)
Profit/(losses) for the period	623,607	(950)	43,444	125,240	26,070	(102,209)	715,202
Assets and liabilities							
Cash and cash equivalents	1,708,732	68,026	18,024	102,213	210,859	-	2,107,854
Other assets	21,386,884	6,558,889	537,290	4,506,441	1,336,368	(8,519)	34,317,353
Segment assets as at 30 September 2016	23,095,616	6,626,915	555,314	4,608,654	1,547,227	(8,519)	36,425,207
Loans and borrowings	1,717,170	3,294,430	425	2,052,906	-	-	7,064,931
Other liabilities	3,583,207	1,152,629	160,243	409,378	(10,614)	(8,519)	5,286,324
Segment liabilities as at 30 September 2016	5,300,377	4,447,059	160,668	2,462,284	(10,614)	(8,519)	12,351,255

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

Financial period ended 30 September 2015

	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	3,768,404	2,139,725	169,184	76,142	7,145	-	6,160,600
Inter-segment revenue	76,393	-	2,312	133,717	106,847	(319,269)	-
Total segment revenue	3,844,797	2,139,725	171,496	209,859	113,992	(319,269)	6,160,600
EBITDA	1,009,296	370,993	60,618	171,312	78,269	(163,315)	1,527,173
Depreciation and impairment losses of property, plant and equipment	(233,705)	(178,493)	(8,985)	(24,044)	(382)	-	(445,609)
Amortisation and impairment losses of intangible assets	(22,839)	(25,321)	(333)	-	-	-	(48,493)
Foreign exchange differences	7,514	2,910	2,838	6,895	650	-	20,807
Finance income	46,164	8,959	4,497	31	12,726	-	72,377
Finance costs	(17,885)	(438,378)	(222)	(29,505)	(12)	-	(486,002)
Share of profits of associates (net of tax)	1,058	-	-	-	-	-	1,058
Share of profits of joint ventures (net of tax)	9,344	-	-	-	-	-	9,344
Others	4,095	-	-	-	-	-	4,095
Profit/(losses) before tax	803,042	(259,330)	58,413	124,689	91,251	(163,315)	654,750
Income tax expense	(150,161)	44,820	(15,819)	(10,494)	(5,241)	-	(136,895)
Profit/(losses) for the period	652,881	(214,510)	42,594	114,195	86,010	(163,315)	517,855
Assets and liabilities							
Cash and cash equivalents	1,314,815	573,301	94,360	89,603	25,055	-	2,097,134
Other assets	19,403,326	5,799,710	451,331	4,278,117	1,954,680	(30,885)	31,856,279
Segment assets as at 30 September 2015	20,718,141	6,373,011	545,691	4,367,720	1,979,735	(30,885)	33,953,413
Loans and borrowings	877,485	3,381,325	318	1,851,232	-	-	6,110,360
Other liabilities	2,350,325	808,013	173,365	319,433	18,182	(30,885)	3,638,433
Segment liabilities as at 30 September 2015	3,227,810	4,189,338	173,683	2,170,665	18,182	(30,885)	9,748,793

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 Sept 2016	**30 Sept 2015**
	RM'000	**RM'000**
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	248,079	176,918
- Purchase and consumption of services	(39,232)	(37,714)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	17,220	17,557
- Purchase and consumption of services	(44,925)	(43,056)

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.

(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.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

(f) On 23 March 2016, Mount Elizabeth Health Care Services Sdn. Bhd. was struck off from the Register of Companies pursuant to Section 308(4) of the Companies Act, 1965. The striking off of Mount Elizabeth Health Care Services Sdn. Bhd. is part of the Group's streamlining exercise.

(g) 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.

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

(i) 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.

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

(k) 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%.

(l) 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.

(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 PCH Holding Pte. Ltd., (formerly known as Parkway China Holding Co. Pte. Ltd.) ("PCH") with effect from 31 May 2016 pursuant to an internal reorganization exercise. The consideration was settled by way of issuance of 10,000 new PCH ordinary shares valued at SGD1,384,000 (equivalent to approximately RM4,133,000) to PGH. PGH, PSHM and PCH are indirect wholly-owned subsidiaries of IHH.

(n) On 8 June 2016, Acibadem City 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 of the Q2 2016 Interim Financial Report announcement for further information on the acquisition.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

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	333,448
Equity instruments	104,631
	438,079

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	-
Deferred tax assets	7,484
Inventories	19,989
Trade and other receivables	60,365
Cash and cash equivalents	47,309
Assets classified as held for sale	540
Trade and other payables	(124,856)
Employee benefits	(1,835)
Loans and borrowings	(85,161)
Deferred tax liabilities	(2,277)
Net identifiable assets acquired	200,133

Net cash outflow arising from acquisition of subsidiaries

	RM'000
Purchase consideration settled in cash and cash equivalents	333,448
Cash and cash equivalents acquired	(47,309)
	286,139

Goodwill

	RM'000
Fair value of consideration transferred	438,079
Fair value of net identified assets acquired	(200,133)
Non-controlling interests, based on their proportionate interest in the net identifiable assets acquired	(1,078)
Goodwill	236,868

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 September 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 Acibadem City and an internal restructuring, the shareholdings of Acibadem City 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.

Upon the completion of the Acquisition of City Clinic Group, IHH Group's effective interest in Acibadem City has been diluted from 59.63% to 41.16%.

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

(p) On 3 August 2016, Parkway Pantai Limited ("PPL") had subscribed for 11,000,000 ordinary shares in the share capital of PGH for a total consideration of SGD11,000,000 (equivalent to RM32,777,000), pursuant to a recapitalisation exercise. Consequential thereto, PPL's equity interest in PGH has increased from 70% to 78.52%, and PHL's equity interest was reduced from 30% to 21.48%.

(q) On 15 September 2016, Pantai Group Resources Sdn Bhd acquired the remaining 15% equity interest in Pantai Integrated Rehab Services Sdn Bhd for total consideration of RM7,540,000.

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) Between 1 October 2016 to 17 November 2016, IHH issued:

(i) 46,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested EOS options; and

(ii) 25,000 new ordinary shares of RM1.00 each pursuant to the surrender of vested Long Term Incentive Plan ("LTIP") units.

(b) On 24 October 2016, ASH acquired 100% equity interest in A Plus Saglik Hizmetleri A.S. ("APSH") comprising of 1,250,000 ordinary shares for a total consideration of TL6,500,000 (equivalent to RM8,798,400). The intended principal activity of APSH is provision of healthcare services.

(c) On 25 October 2016, PCH received the approval from Shanghai Pudong New Area Market Supervision and Administration Bureau for the transfer of 100% equity interest in Shanghai Gleneagles Hospital Management Co., Ltd. ("SGHM") to PGH with effect from 14 October 2016 pursuant to an internal reorganisation exercise. PCH, PGH and SGHM are indirect wholly-owned subsidiaries of IHH.

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in the contingent liabilities or contingent assets as at 17 November 2016 from that disclosed in the 2015 Audited Financial Statements.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

A14 CAPITAL COMMITMENTS

	30 Sept 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	1,457,411	2,159,183
- Authorised but not contracted for	1,648,124	1,407,287
	3,105,535	3,566,470

A15 FAIR VALUE HIERARCHY

Fair value hierarchy

The table below analyses investment properties and financial instruments carried at fair value. 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 Sept 2016				
Assets				
Investment properties	-	-	3,123,060	3,123,060
Quoted available-for-sale financial instruments	1,229,009	-	-	1,229,009
Unquoted available-for-sale financial instruments	-	220,411	-	220,411
Derivative assets	-	1,307	-	1,307
Liabilities				
CCPS liabilities[i]	-	-	(55,529)	(55,529)
Put option liabilities[ii]	-	-	(554,229)	(554,229)
Derivative liabilities	-	(64,536)	(1,858)	(66,394)
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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

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

	3rd quarter ended			Financial period ended		
	30 Sept 2016	30 Sept 2015	Variance	30 Sept 2016	30 Sept 2015	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
REVENUE[1]						
Parkway Pantai:						
- Singapore	882,141	817,397	8%	2,668,610	2,361,796	13%
- Malaysia	417,572	357,280	17%	1,206,515	1,079,466	12%
- India	149,265	17,909	NM	409,986	33,277	NM
- North Asia	56,271	57,368	-2%	190,613	186,415	2%
- PPL Others*	37,856	39,806	-5%	118,036	107,450	10%
Parkway Pantai	**1,543,105**	**1,289,760**	**20%**	**4,593,760**	**3,768,404**	**22%**
Acibadem Holdings	**808,686**	**686,687**	**18%**	**2,512,546**	**2,139,725**	**17%**
IMU Health	**55,040**	**54,147**	**2%**	**179,090**	**169,184**	**6%**
Others^	**589**	**5,804**	**-90%**	**7,396**	**7,145**	**4%**
Group (Excluding PLife REIT)	**2,407,420**	**2,036,398**	**18%**	**7,292,792**	**6,084,458**	**20%**
PLife REIT total revenue	83,634	74,746	12%	243,608	209,859	16%
Less: PLife REIT inter-segment revenue	(49,253)	(46,866)	-5%	(145,988)	(133,717)	-9%
PLife REIT	**34,381**	**27,880**	**23%**	**97,620**	**76,142**	**28%**
Group	**2,441,801**	**2,064,278**	**18%**	**7,390,412**	**6,160,600**	**20%**
EBITDA[2]						
Parkway Pantai[3]:						
- Singapore	213,727	186,494	15%	667,873	542,088	23%
- Malaysia	129,003	101,136	28%	335,278	329,861	2%
- India	8,657	(216)	NM	13,323	(2,415)	NM
- North Asia	(12,127)	5,865	NM	926	34,986	-97%
- PPL Others*	15,096	16,953	-11%	53,831	48,308	11%
Parkway Pantai	**354,356**	**310,232**	**14%**	**1,071,231**	**952,828**	**12%**
Acibadem Holdings	**83,786**	**93,429**	**-10%**	**401,153**	**370,993**	**8%**
IMU Health	**19,512**	**17,819**	**10%**	**69,476**	**60,618**	**15%**
Others^	**20,871**	**(5,767)**	**NM**	**(21,978)**	**(28,578)**	**23%**
Group (Excluding PLife REIT)	**478,525**	**415,713**	**15%**	**1,519,882**	**1,355,861**	**12%**
PLife REIT[4]	**67,789**	**60,692**	**12%**	**197,861**	**171,312**	**15%**
Group	**546,314**	**476,405**	**15%**	**1,717,743**	**1,527,173**	**12%**

[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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

Q3 2016 vs Q3 2015

The Group achieved 18% and 15% growth for revenue and EBITDA respectively in Q3 2016 over the same period last year. The increase in Q3 2016 revenue was attributed to organic growth of most of its existing operations, and the ramp up of operations at 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 Q3 2016 revenue.

The Group's Q3 2016 EBITDA growth of 15% was mainly revenue-driven. It is partially 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 Q3 2016 PATMI increased 46% from a low base in Q3 2015 with higher exchange loss of RM217.1 million recognised on Acibadem Holdings' non-TL denominated borrowings in Q3 2015 as compared to an exchange loss of RM92.3 million in Q3 2016. The Group's Q3 2016 PATMI excluding exceptional items decreased 2% to RM217.6 million due to incremental depreciation from new hospitals and higher net financing costs.

Parkway Pantai

Parkway Pantai's revenue increased 20% to RM1,543.1 million whilst its EBITDA increased 14% to RM354.4 million in Q3 2016. Excluding the effects of the appreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's Q3 2016 revenues increased 18% while its EBITDA increased 13% 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 13.6% increase in inpatient admissions to 19,153 in Q3 2016, driven by increase in local patients. Revenue per inpatient admission in Singapore decreased 3% to RM26,038. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia Hospitals increased 9% to 49,702 inpatient admissions, while its revenue per inpatient admission increased 10.2% to RM6,000 in Q3 2016.

Parkway Pantai's Q3 2016 EBITDA increased 14% on the back of higher revenue and higher operating leverage from the higher patient volumes. It was partially eroded by higher operating expenses and staff costs, start-up losses of RM2.3 million from its new hospitals in Malaysia as well as pre-opening expenses of RM19.7 million incurred to prepare Gleneagles Hong Kong for its opening next year.

Acibadem Holdings

Acibadem Holdings' revenue grew 18% to RM808.7 million whilst its EBITDA reduced 10% to RM83.8 million in Q3 2016. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' Q3 2016 revenues increased 22% while its EBITDA reduced 6% 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 Q3 2016. Acibadem Holdings' existing hospitals also grew.

Acibadem Holdings' inpatient admissions grew 47.9% to 44,067 in Q3 2016 with contribution from Acibadem City Group. Meanwhile, its average inpatient revenue per inpatient admission decreased by 9.7% to RM9,406 in Q3 2016 due to the lower revenue per inpatient admission at Acibadem City Group.

Acibadem Holdings' Q3 2016 EBITDA decreased 10% due to higher staff costs arising from the Turkish government's implementation of higher minimum wages with effect from 1 January 2016, as well as higher operating costs and rental expenses with the further depreciation of TL against USD. It is also eroded by start-up losses of Acibadem Taksim Hospital.

IMU Health

IMU Health's Q3 2016 revenue grew 2% to RM55.0 million due to increase in tuition fees for the courses offered and higher student intake for certain courses.

IMU Health's Q3 2016 EBITDA increased 10% to RM19.5 million on the back of higher revenue as well as cost containment.

PLife REIT

PLife REIT's external revenue increased 23% to RM34.4 million whilst its EBITDA increased 12% to RM67.8 million in Q3 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 decreased as a result of a high base in Q3 2015 when the Group recognised dividend income of RM4.9 million from its investments in Apollo Hospitals Enterprise Limited. In addition, then Group recognised lower dividends on cash placed in Money Market Funds due to lower placement of funds.

EBITDA increased to RM20.9 million mainly due to a reversal of one-off staff costs previously recognised in Q2 2016.

YTD 2016 vs YTD 2015

The Group achieved 20% growth for revenue and 12% 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.

The Group's YTD 2016 EBITDA growth of 12% was mainly revenue-driven. It is partially 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 26% due to recognition of RM54.8 million gain from disposal of 90% equity interest of SIPL. In addition, the Group recognised higher exchange loss of RM355.5 million on Acibadem Holdings' non-TL denominated borrowings in YTD 2015 as compared to an exchange loss of RM90.6 million in YTD 2016. The Group's YTD 2016 PATMI excluding exceptional items decreased 6% to RM643.5 million due to incremental depreciation from new hospitals and higher net financing costs.

Parkway Pantai

Parkway Pantai's revenue grew 22% to RM4,593.8 million whilst its EBITDA grew 12% to RM1,071.2 million

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

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 16% while its EBITDA increased 7% 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 10.6% increase in inpatient admissions to 55,945 in YTD 2016, driven by increase in local patients. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals increased 6.0% to 145,795 in YTD 2016. YTD 2016 revenue per inpatient admission decreased 1.1% to RM26,719 in Singapore and increased 6.2% to RM5,839 in Malaysia.

Parkway Pantai's YTD 2016 EBITDA increased 12% on the back of higher revenue and higher operating leverage from the higher patient volumes. It was partially eroded by higher operating expenses and staff costs, start-up losses of RM16.2 million from its new hospitals in Malaysia as well as pre-opening expenses of RM34.2 million incurred to prepare Gleneagles Hong Kong for its opening next year.

Acibadem Holdings

Acibadem Holdings' revenue grew 17% to RM2,512.5 million whilst its EBITDA increased 8% to RM401.2 million in YTD 2016. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' YTD 2016 revenues increased 20% and its EBITDA increased 10%.

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 YTD 2016. Acibadem Holdings' existing hospitals also grew.

Acibadem Holdings' inpatient admissions grew 26.1% to 121,113 in YTD 2016. Meanwhile, its average inpatient revenue per inpatient admission reduced by 0.5% to RM9,974 in YTD 2016.

Acibadem Holdings' YTD 2016 EBITDA increased 8% on the back of higher revenues and operating leverage from the higher patient volumes. It was partially eroded by higher staff costs arising from the Turkish government's implementation of higher minimum wages with effect from 1 January 2016, as well as higher operating costs and rental expenses with the further depreciation of TL against USD. It is also eroded by start-up losses of Acibadem Taksim Hospital.

IMU Health

IMU Health's YTD 2016 revenue grew 6% to RM179.1 million due to increase in tuition fees for the courses offered and higher student intake for certain courses.

IMU Health's YTD 2016 EBITDA increased 15% to RM69.5 million on the back of higher revenue as well as cost containment.

PLife REIT

PLife REIT's external revenue increased 28% to RM97.6 million whilst its EBITDA increase 15% to RM197.9 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.

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

Others

The increase in revenue was attributed to higher dividend income from Apollo Hospitals Enterprises Limited in YTD 2016 as compared to YTD 2015.

EBITDA losses decreased to RM22.0 million in YTD 2016. In YTD 2015, the Group recognised a one-off share-based expense on the acceleration and vesting of LTIPs of a resigned employee.

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	3rd quarter ended 30 Sept 2016 RM'000	2nd quarter ended 30 June 2016 RM'000	Variance %
REVENUE[1]			
Parkway Pantai:			
- Singapore	882,141	873,014	1%
- Malaysia	417,572	397,637	5%
- India	149,265	132,967	12%
- North Asia	56,271	67,076	-16%
- PPL Others*	37,856	36,027	5%
Parkway Pantai	**1,543,105**	**1,506,721**	**2%**
Acibadem Holdings	**808,686**	**867,864**	**-7%**
IMU Health	**55,040**	**65,859**	**-16%**
Others^	**589**	**495**	**19%**
Group (Excluding PLife REIT)	**2,407,420**	**2,440,939**	**-1%**
PLife REIT total revenue	83,634	80,293	4%
Less: PLife REIT inter-segment revenue	(49,253)	(47,976)	-3%
PLife REIT	**34,381**	**32,317**	**6%**
Group	**2,441,801**	**2,473,256**	**-1%**
EBITDA[2]			
Parkway Pantai[3]:			
- Singapore	213,727	216,820	-1%
- Malaysia	129,003	99,620	29%
- India	8,657	7,749	12%
- North Asia	(12,127)	2,288	NM
- PPL Others*	15,096	16,930	-11%
Parkway Pantai	**354,356**	**343,407**	**3%**
Acibadem Holdings	**83,786**	**159,581**	**-47%**
IMU Health	**19,512**	**26,793**	**-27%**
Others^	**20,871**	**(40,363)**	**152%**
Group (Excluding PLife REIT)	**478,525**	**489,418**	**-2%**
PLife REIT[4]	**67,789**	**65,030**	**4%**
Group	**546,314**	**554,448**	**-1%**

[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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

Q3 2016 vs Q2 2016

Q3 is typically a slow quarter for the Group due to summer months in Turkey and long periods of holidays in Singapore, Malaysia, China and Turkey. As such, the Group's revenue and EBITDA decreased 1% 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 Q3 2016 revenue and EBITDA decreased 2% quarter-on-quarter.

The Group's Q3 2016 PATMI excluding exceptional items increased 15.9% due to lower depreciation expenses and lower profits attributable to non-controlling interests.

Parkway Pantai

Parkway Pantai's revenue and EBITDA increased 2% and 3% 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 increased 2% and 3% quarter-on-quarter.

Parkway Pantai's Singapore hospitals' inpatient admissions increased 2.4% quarter-on-quarter while its revenue per inpatient admission decreased 1.7%. Parkway Pantai's Malaysia hospitals' inpatient admission increased 5.6% quarter-on-quarter and its revenue per inpatient admission increased 1.1% quarter-on-quarter.

Parkway Pantai's quarter-on-quarter increase in EBITDA was mainly revenue driven. It also increased from a low base in Q2 2016 with the immediate vesting of the first tranche of the 2016 LTIPs granted in Q2 2016. The increase is partially 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 Holding' revenue and EBITDA decreased 7% and 47% respectively quarter-on-quarter. Excluding the effects of the depreciation of TL on translation of Acibadem Holdings' results, Acibadem Holdings' revenue and EBITDA decreased 6% and 46% quarter-on-quarter

Acibadem Holdings' inpatient admissions increased by 16.7% quarter-on-quarter while revenue per inpatient admission decreased 9.7% quarter-on-quarter. Tokuda Group and City Clinic Group, which were acquired in June 2016, contributed 3 months revenue in Q3 2016 as compared to only 1 month revenue in Q2 2016. Notwithstanding that, Acibadem Holdings' revenue decreased 7% quarter-on-quarter as a result of the seasonality impact of summer months and long period of holidays in Q3 2016 to celebrate Eid festivities.

Acibadem Holdings' EBITDA decreased 47% quarter-on-quarter as a result of the lower revenue and patient volumes during the summer months in Q3 2016 whilst certain costs remained fixed. EBITDA decreased from a high base in Q2 2016 where Acibadem Holdings recorded a gain of RM10.5 million from sales of property, plant and equipment.

IMU Health

IMU Health's revenue decreased 16% decline quarter-on-quarter as Q3 usually coincided with the semester breaks for some of its major medical courses. As a result EBITDA decreased.

PLife REIT

PLife REIT's external revenue increased 6% and its EBITDA grew 4% quarter-on-quarter due mainly to the effects of the strengthening of the SGD on translation of PLife REIT's results.

Others
EBITDA increased to RM20.9 million in Q3 2016 as compared to a loss of RM40.4 million in Q2 2016. The Group recognised a one-off staff cost in Q2 2016, which was reversed in Q3 2016. EBITDA also increased from a low base in Q2 2016 with the immediate vesting of the first tranche of the 2016 LTIPs granted in Q2 2016.

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

B3 CURRENT FINANCIAL YEAR PROSPECTS

Parkway Pantai

Parkway Pantai expects revenue to increase, driven by patient demographics and 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 are 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 nearing completion and Parkway Pantai would incur increasing pre-operating costs as it staffs up the hospital and prepares for its scheduled opening in first half of 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 stalled negotiations with the joint venture partner. We are currently reviewing all of our options with respect to this project.

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 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.

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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 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 foreign exchange 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. In view of the current economic environment, we expect to see more currency volatility and cost pressures.

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

	3rd quarter ended		Financial period ended	
	30 Sept 2016 RM'000	30 Sept 2015 RM'000	30 Sept 2016 RM'000	30 Sept 2015 RM'000
Current tax expense	58,356	52,241	211,713	182,291
Deferred tax expense	6,026	(43,326)	25,357	(45,396)
	64,382	8,915	237,070	136,895

The Group's effective tax rate, after adjusting for the share of profits of associates and joint ventures, was 29.4% for Q3 2016. It is higher than the Malaysian statutory tax rate mainly due to the RM6.0 million withholding tax incurred on dividend income from the Group's overseas subsidiaries.

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

B6 STATUS OF CORPORATE PROPOSALS

Proposed divestment of 29.9% of the shares in the capital of PCH to TK Healthcare Investment Limited ("Taikang") through a combination of secondary sale and proposed allotment of shares by PCH to Taikang

(i) On 11 November 2016, PGH entered into a Share Purchase Agreement ("SPA") with Taikang, an indirect wholly-owned subsidiary of Taikang Insurance Group Inc., to divest 20,690,131 shares in the capital of PCH to Taikang for a consideration of RMB291,145,000 (equivalent to RM182,810,000) in cash ("Secondary Proceeds") ("Proposed Share Sale"), subject to post-closing adjustments and transactional adjustments to be determined upon the completion of the Proposed Share Sale ; and

(ii) On 11 November 2016, contemporaneously with the entry by PGH and Taikang into the SPA, PCH has entered into a Share Subscription Agreement ("SSA") with Taikang, to allot and issue to Taikang, 57,357,343 new shares in the capital of PCH for a consideration of RMB807,113,000 (equivalent to RM506,786,000) in cash, subject to closing adjustments ("Primary Proceeds"), which will be retained with PCH to finance its future expansion activities in China,

(individually, the "Proposed Transaction" and collectively, the "Proposed Transactions").

Upon the completion of the Proposed Transactions, PGH and Taikang will hold 70.1% and 29.9% of the entire issued share capital in PCH respectively. Accordingly, on completion of the Proposed Transactions, PCH will become an indirect 70.1% subsidiary of IHH and the financials of PCH will continue to be consolidated under IHH.

Under the terms of the SPA and the SSA, the completion of each Proposed Transaction shall be conditional upon and contemporaneous with each other, and subject to the satisfaction of certain conditions precedent, including the receipt of the customary regulatory approvals.

There were no other corporate proposals announced but not completed as at 17 November 2016.

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

B7 LOANS AND BORROWINGS

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

	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Non-current		
Secured		
Bank borrowings	521,491	303,915
Financial lease liabilities	97,457	135,913
Unsecured		
Bank borrowings	5,972,912	5,882,699
Fixed rate notes	135,044	-
	6,726,904	6,322,527
Current		
Secured		
Bank borrowings	187,501	239,424
Bank overdrafts	15,378	5,935
Financial lease liabilities	64,094	75,808
Unsecured		
Bank borrowings	71,054	52,689
Bank overdrafts	-	67
	338,027	373,923
Total	7,064,931	6,696,450

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

	30 Sept 2016 RM'000	31 Dec 2015 RM'000
Singapore Dollar	1,504,165	2,025,882
Ringgit Malaysia	45,513	60,672
US Dollar	534,206	558,122
Macedonian Denar	17,841	9,211
Euro	2,020,929	1,903,550
Swiss Franc	32,924	45,549
Turkish Lira	24,428	21,863
Japanese Yen	1,486,149	1,260,017
Indian Rupees	337,447	318,859
Hong Kong Dollar	1,061,329	492,725
Bulgarian Lev	-	-
	7,064,931	6,696,450

Key exchange rates as at 30 September 2016:

1 SGD	3.0367
1 TL	1.3913
1 USD	4.1330

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

B8 FINANCIAL DERIVATIVE INSTRUMENTS

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

	Notional amount as at 30 Sept 2016 RM'000	Fair value amount as at 30 Sept 2016 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	9,557	1,307
Put option right*		
- Between 1 - 3 years	16,179	1,614
	25,736	2,921
Derivative liabilities		
Foreign exchange forward contracts		
- Between 1 - 3 years	11,012	(572)
- More than 3 years	76,369	(9,562)
	87,381	(10,134)
Interest rate swaps		
- Within 1 year	492,117	(2,556)
- Between 1 - 3 years	838,158	(9,623)
- More than 3 years	317,484	(4,538)
	1,647,759	(16,717)
Cross currency interest rate swaps		
- More than 3 years	228,325	(37,685)
Call option right		
- Between 1 - 3 years	30,960	(1,858)
	1,994,425	(66,394)

* Put option right is stated at cost as the underlying equity instrument that will be delivered when put option right is being exercised does not have a quoted market price in an active market

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.

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

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 RM31.0 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 17 November 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 by the Company in the financial period ended 30 September 2016.

For details of the dividends paid during the period, refer to Section A7.

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

	3rd quarter ended		Financial period ended	
	30 Sept 2016	**30 Sept 2015**	**30 Sept 2016**	**30 Sept 2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Basic and diluted earnings per share is based on:				
Net profit attributable to ordinary shareholders	173,295	118,488	654,864	518,077
Net profit attributable to ordinary shareholders (excluding EI)	217,576	222,686	643,541	684,604
(a) Basic EPS				
	'000	**'000**	**'000**	**'000**
Weighted average number of shares	8,231,600	8,216,866	8,227,684	8,205,517
	Sen	**Sen**	**Sen**	**Sen**
Basic EPS	2.11	1.44	7.96	6.31
Basic EPS (excluding EI)	2.64	2.71	7.82	8.34

(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.

	3rd quarter ended		Financial period ended	
	30 Sept 2016	**30 Sept 2015**	**30 Sept 2016**	**30 Sept 2015**
	'000	**'000**	**'000**	**'000**
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,231,600	8,216,866	8,227,684	8,205,517
Weighted number of unissued ordinary shares from units under LTIP	4,073	5,439	5,052	8,403
Weighted number of unissued ordinary shares from share options under EPP	-	267	2	7,040
Weighted average number of dilutive ordinary shares for computation of diluted EPS	8,235,673	8,222,572	8,232,738	8,220,960
	Sen	**Sen**	**Sen**	**Sen**
Diluted EPS	2.10	1.44	7.95	6.30
Diluted EPS (excluding EI)	2.64	2.71	7.82	8.33

At 30 September 2016, 22,486,000 outstanding EOS options (30 September 2015: 8,742,000) 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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 Sept 2016 RM'000	**As at 31 Dec 2015 RM'000**
Total retained earnings of the Company and its subsidiaries		
- Realised	3,652,474	3,049,893
- Unrealised	324,688	474,610
	3,977,162	3,524,503
Total share of retained earnings from associates		
- Realised	(58)	(316)
Total share of retained earnings from joint ventures		
- Realised	58,824	49,165
Less: Consolidation adjustments	(709,821)	(649,483)
Total Group retained earnings	3,326,107	2,923,869

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

	3rd quarter ended		**Financial period ended**	
	30 Sept 2016	**30 Sept 2015**	**30 Sept 2016**	**30 Sept 2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Dividend income	589	5,804	7,396	7,145
Other operating income	38,670	41,808	145,721	128,346
Foreign exchange differences	483	9,620	(10,208)	20,807
Impairment loss (made)/written back:				
- Trade and other receivables	(1,682)	(14,679)	(14,807)	(34,665)
- Amounts due from associates	2	26	590	1,094
Write off				
- Property, plant and equipment	(96)	(490)	(261)	(1,217)
- Intangibles	(1,614)	-	(6,605)	-
- Inventories	(193)	(561)	(520)	(933)
- Trade and other receivables	(2,786)	(1,857)	(7,490)	(8,887)
Gain on disposal of property, plant and equipment	1,787	342	12,130	147
(Loss)\Gain on liquidation of subsidiaries	-	(3)	-	4,095
Gain on disposal of subsidiary	-	-	54,801	-
Gain on disposal of unquoted available-for-sale financial instruments	2,459	150	5,024	171
Finance costs				
Interest expense on loans and borrowing	(47,572)	(39,035)	(144,977)	(108,993)
Exchange gain/(loss) on net borrowings	(88,513)	(217,074)	(100,928)	(355,463)
Fair value loss of financial instruments	(2,650)	(10,850)	(15,295)	(11,392)
Other finance costs	(4,534)	(3,332)	(13,461)	(10,154)
	(143,269)	(270,291)	(274,661)	(486,002)
Finance income				
Interest income				
- Banks and financial institutions	10,940	14,841	48,459	42,950
- Others	161	54	1,212	323
Exchange gain/(loss) on net borrowings	(1,673)	15,040	-	29,104
	9,428	29,935	49,671	72,377