IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
30 June 2017

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 2017

		2nd quarter ended			Financial period ended		
	Note	30 Jun 2017 RM'000	30 Jun 2016 RM'000	Variance %	30 Jun 2017 RM'000	30 Jun 2016 RM'000	Variance %
Revenue		2,771,826	2,473,256	12%	5,456,651	4,948,611	10%
Other operating income	1	292,337	120,219	143%	662,682	183,853	NM
Inventories and consumables		(522,069)	(435,465)	-20%	(1,024,781)	(859,794)	-19%
Purchased and contracted services		(232,118)	(212,984)	-9%	(463,266)	(453,713)	-2%
Staff costs	2	(1,140,549)	(992,802)	-15%	(2,226,974)	(1,932,820)	-15%
Depreciation and impairment losses of property, plant and equipment	3	(234,224)	(191,076)	-23%	(436,251)	(377,754)	-15%
Amortisation and impairment losses of intangible assets and prepaid lease payments		(16,559)	(12,331)	-34%	(30,124)	(25,798)	-17%
Operating lease expenses	4	(77,809)	(73,523)	-6%	(160,250)	(143,157)	-12%
Other operating expenses	4	(326,709)	(267,337)	-22%	(598,741)	(527,441)	-14%
Finance income	5	24,271	22,403	8%	67,608	40,243	68%
Finance costs	5	(130,720)	(61,301)	-113%	(314,871)	(131,392)	-140%
Share of profits of associates (net of tax)		681	380	79%	776	700	11%
Share of profits of joint ventures (net of tax)		(817)	4,395	-119%	1,180	7,596	-84%
Profit before tax		**407,541**	**373,834**	**9%**	**933,639**	**729,134**	**28%**
Income tax expense		(102,118)	(89,420)	-14%	(183,921)	(172,688)	-7%
Profit for the period		**305,423**	**284,414**	**7%**	**749,718**	**556,446**	**35%**
Other comprehensive income, net of tax							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences from foreign operations	6	(565,744)	371,554	NM	(327,857)	(740,856)	56%
Hedge of net investments in foreign operations	6	45,542	2,583	NM	29,428	257,989	-89%
Net change in fair value of available-for-sale financial instruments	7	(74,698)	(44,059)	-70%	(318,998)	(173,604)	-84%
Cash flow hedge		(735)	(3,326)	78%	(270)	(19,229)	99%
		(595,635)	326,752	NM	(617,697)	(675,700)	9%
Total comprehensive income for the period		**(290,212)**	**611,166**	**-147%**	**132,021**	**(119,254)**	**NM**
Profit attributable to:							
Owners of the Company		316,561	246,091	29%	786,607	481,569	63%
Non-controlling interests		(11,138)	38,323	-129%	(36,889)	74,877	-149%
Profit for the period		**305,423**	**284,414**	**7%**	**749,718**	**556,446**	**35%**
Total comprehensive income attributable to:							
Owners of the Company		(293,669)	565,215	-152%	179,871	(102,596)	NM
Non-controlling interests		3,457	45,951	-92%	(47,850)	(16,658)	-187%
Total comprehensive income for the period		**(290,212)**	**611,166**	**-147%**	**132,021**	**(119,254)**	**NM**
Earnings per share (sen)							
Basic		3.84	2.99	28%	9.55	5.85	63%
Diluted		3.84	2.99	28%	9.55	5.85	63%

NM: Not meaningful

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.

IHH HEALTHCARE BERHAD
Company No. 901914-V
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

SUPPLEMENTARY INFORMATION

		2nd quarter ended			Financial period ended		
		30 Jun 2017	**30 Jun 2016**	**Variance**	**30 Jun 2017**	**30 Jun 2016**	**Variance**
		RM'000	**RM'000**	**%**	**RM'000**	**RM'000**	**%**
Profit attributable to owners of the Company		**316,561**	**246,091**	**29%**	**786,607**	**481,569**	**63%**
Add back/(less): Exceptional items ("EI")							
Gain on disposal of quoted available-for-sale financial instruments[i]		(241,083)	-		(554,500)	-	
Gain on disposal of a subsidiary[ii]		-	(54,801)		-	(54,801)	
Provision for financial guarantee given to a joint venture's loan facility[iii]		782	-		782	-	
Exchange loss on net borrowings[iv]	5	20,791	(7,512)		114,842	(1,673)	
		(219,510)	(62,313)		(438,876)	(56,474)	
Add/(less): Tax effects on EI		(4,158)	1,503		(22,968)	335	
Add/(less): Non-controlling interests' share of EI		(6,654)	2,404		(36,750)	535	
		(230,322)	(58,406)		(498,594)	(55,604)	
Profit attributable to owners of the Company, excluding EI[v]		**86,239**	**187,685**	**-54%**	**288,013**	**425,965**	**-32%**
Earnings per share, excluding EI[v] (sen)							
Basic		1.05	2.28	-54%	3.50	5.18	-32%
Diluted		1.05	2.28	-54%	3.50	5.18	-32%

NM: Not meaningful

Note:

i. Gain on disposal of the Group's 4.78% and 6.07% interest in Apollo Hospital Enterprise Limited in May 2017 and March 2017 respectively
ii. Gain on disposal of the Group's 90% interest in Shenton Insurance in April 2016
iii. Proportionate share of corporate guarantee in relation to accrued interest on Khubchandani Hospital's loan
iv. Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings (As at 30 June 2017, Euro/TL=4.0030, USD/TL=3.5071)
v. Exceptional items, net of tax and non-controlling interests

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

The Group acquired Tokushukai-Sofia Eood ("Tokuda") and City Hospitals and Clinic AD ("City Clinic") on 8 June 2016. 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.

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

1. Other operating income in 2017 increased as a result of RM241.1 million and RM554.5 million gain from the disposal of the Group's interest in Apollo Hospital Enterprise Limited ("Apollo Hospitals") recognised in Q2 2017 and YTD 2017 respectively.

   Other operating income in 2016 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, ramping up of newly-opened hospitals.

3. Depreciation increased as a result of the incremental depreciation of property, plant and equipment of the Group's newly-opened hospitals in March 2017, namely, Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital. The Group commenced depreciation of these hospitals' property, plant and equipment upon completion of construction or commencement of operations.

4. Operating expenses and operating lease expenses increased with the strengthening of the USD against the currencies of the Group's home markets. Higher operating expenses were also incurred with the commencement of operations of 2 new hospitals in March 2017 as well as professional fees in relation to potential acquisitions.

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 RM20.8 million and RM114.8 million exchange losses on translation of such non-TL balances in Q2 2017 and YTD 2017 respectively, as compared to an exchange gain of RM7.5 million and RM1.7 million recognised in Q2 2016 and YTD 2016.

   Excluding the impact of above exchange gain or loss, the net financing costs of the Group increased as more borrowings and loans are taken and cash are used up for working capital, capital expenditure, acquisitions and purchase of investment properties. Finance costs also increased with commitment fees incurred on undrawn loan facilities as well as interest accrued for capital gains tax payable.

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.

   In YTD 2017, the Group recorded a net foreign currency translation loss as a result of the depreciation of the Turkish Lira ("TL") and Singapore Dollar ("SGD") against Ringgit Malaysia ("RM").

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

   During the year, the Group realised the cumulative fair value gain on its investment in Apollo Hospitals when it disposed 4.78% and 6.07% of its interest Apollo Hospitals in May 2017 and March 2017.

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

	30 June 2017	30 June 2016
1 SGD	3.1262	2.9718
1 TL	1.2077	1.4042

IHH HEALTHCARE BERHAD
Company No. 901914-V
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	30 Jun 2017 RM'000	31 Dec 2016 RM'000
Assets			
Property, plant and equipment	1	13,633,880	13,140,531
Prepaid lease payments		1,088,718	1,143,479
Investment properties	2	3,173,941	3,033,107
Goodwill on consolidation		11,006,107	11,076,000
Intangible assets		2,450,742	2,489,642
Interests in associates		6,455	7,657
Interests in joint ventures		158,095	153,154
Other financial assets	3	16,018	1,198,230
Trade and other receivables		60,613	74,013
Tax recoverable		38,734	30,379
Derivative assets		2,715	2,303
Deferred tax assets		243,404	240,596
Total non-current assets		**31,879,422**	**32,589,091**
Development properties	4	46,440	28,987
Inventories		294,899	252,589
Trade and other receivables		1,494,147	1,441,683
Tax recoverable		39,254	72,471
Other financial assets		300,419	351,674
Derivative assets		3,047	1,040
Cash and cash equivalents		4,558,362	2,443,181
		6,736,568	4,591,625
Assets classified as held for sale	5	7,309	7,240
Total current assets		**6,743,877**	**4,598,865**
Total assets		**38,623,299**	**37,187,956**
Equity			
Share capital	6	16,458,820	8,231,700
Share premium	6	-	8,185,160
Other reserves		1,909,272	2,292,652
Retained earnings		3,811,710	3,276,228
Total equity attributable to owners of the Company		**22,179,802**	**21,985,740**
Non-controlling interests		2,129,550	1,907,417
Total equity		**24,309,352**	**23,893,157**
Liabilities			
Loans and borrowings	7	7,414,349	6,852,782
Employee benefits		44,011	41,398
Trade and other payables		1,816,983	1,666,595
Derivative liabilities		14,499	24,860
Deferred tax liabilities		1,078,924	1,067,265
Total non-current liabilities		**10,368,766**	**9,652,900**
Bank overdrafts		11,325	11,348
Loans and borrowings	7	574,969	622,968
Employee benefits		75,710	71,910
Trade and other payables		2,605,592	2,612,446
Dividend payable		247,171	-
Derivative liabilities		19,572	19,173
Tax payable		410,842	304,054
Total current liabilities		**3,945,181**	**3,641,899**
Total liabilities		**14,313,947**	**13,294,799**
Total equity and liabilities		**38,623,299**	**37,187,956**
Net assets per share attributable to owners of the Company[1] (RM)		2.69	2.67

[1] Based on 8,239.0 million and 8,231.7 million shares issued as at 30 June 2017 and 31 December 2016 respectively

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2016 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

1. The increase in property, plant and equipment was attributed to the purchase of the medical equipment during the period, cost capitalised for the on-going expansion and new hospital projects.
2. Investment properties increased with the acquisition of 5 nursing homes in February 2017.
3. Other non-current financial assets decreased upon the disposal of the Group's entire 10.85% interest in Apollo Hospitals.
4. 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.
5. Assets classified as held for sale mainly comprise a piece of freehold land in India that is committed for sale.
6. In accordance with Section 618 of Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act, 2016 on 31 January 2017 to utilise the credit.
7. The increase in total loans and borrowings was attributed additional loans taken to finance working capital, capital expenditure, acquisitions and purchase of investment properties.

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

	30 June 2017	31 Dec 2016
1 SGD	3.0912	3.1066
1 TL	1.2190	1.2756
1 USD	4.2875	4.4641

IHH HEALTHCARE BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	<---- 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 2017	8,231,700	8,185,160	46,206	320,154	85,890	14,071	(1,157,882)	42,601	2,941,612	3,276,228	21,985,740	1,907,417	23,893,157
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	(297,268)	-	(297,268)	(30,589)	(327,857)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	10,491	-	10,491	18,937	29,428
Net change in fair value of available-for-sale financial instruments	-	-	-	(319,863)	-	-	-	-	-	-	(319,863)	865	(318,998)
Cash flow hedge	-	-	-	-	-	(96)	-	-	-	-	(96)	(174)	(270)
Total other comprehensive income for the period	-	-	-	(319,863)	-	(96)	-	-	(286,777)	-	(606,736)	(10,961)	(617,697)
Profit/ (loss) for the period	-	-	-	-	-	-	-	-	-	786,607	786,607	(36,889)	749,718
Total comprehensive income for the period	-	-	-	(319,863)	-	(96)	-	-	(286,777)	786,607	179,871	(47,850)	132,021
Contributions by and distributions to owners of the Company													
- Share options exercised	146	154	-	-	-	-	-	-	-	-	300	-	300
- Share-based payment	-	-	34,459	-	-	-	-	-	-	-	34,459	-	34,459
- Dividends paid to owners of Company	-	-	-	-	-	-	-	-	-	(247,171)	(247,171)	-	(247,171)
	146	154	34,459	-	-	-	-	-	-	(247,171)	(212,412)	-	(212,412)
Transfer to share capital for share options exercised	41,593	67	(41,660)	-	-	-	-	-	-	-	-	-	-
Cancellation of vested share options	-	-	(54)	-	-	-	-	-	-	54	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	2	294,111	-	(1,119)	-	292,994	372,229	665,223
Issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	39,211	39,211
Transfer per statutory requirements	-	-	-	-	-	-	-	4,008	-	(4,008)	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	-	(66,391)	-	-	-	(66,391)	(40,408)	(106,799)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(101,049)	(101,049)
Total transactions with owners of the Company	41,739	221	(7,255)	-	-	2	227,720	4,008	(1,119)	(251,125)	14,191	269,983	284,174
Transfer in accordance with Section 618(2) of the Companies Act 2016[i]	8,185,381	(8,185,381)	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2017	16,458,820	-	38,951	291	85,890	13,977	(930,162)	46,609	2,653,716	3,811,710	22,179,802	2,129,550	24,309,352

i) In accordance with Section 618 of Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act, 2016 on 31 January 2017 to utilise the credit.

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(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	<---- 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	-	-	31,711	-	-	-	-	-	-	-	31,711	-	31,711
- Dividends paid to owners of Company	-	-	-	-	-	-	-	-	-	(246,944)	(246,944)	-	(246,944)
	250	483	31,711	-	-	-	-	-	-	(246,944)	(214,500)	-	(214,500)
Transfer to share capital and share premium on share options exercised	7,865	32,128	(39,993)	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,078)	(1,078)
Changes in ownership interests 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	32,611	(8,282)	-	-	6	(116,491)	4,639	(5)	(251,583)	(330,990)	52,292	(278,698)
At 30 June 2016	8,231,461	8,183,621	24,313	457,418	35,871	9,565	(861,297)	41,308	2,446,037	3,153,855	21,722,152	2,116,602	23,838,754

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2016 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 2017

	Financial period ended	
	30 Jun 2017	**30 Jun 2016**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit before tax	933,639	729,134
Adjustments for:		
Dividend income	(1,078)	(6,807)
Finance income	(67,608)	(40,243)
Finance costs	314,871	131,392
Depreciation and impairment losses of property, plant and equipment	436,251	377,754
Amortisation and impairment losses of intangible assets and prepaid lease payments	30,124	25,798
Impairment loss (written back)/made:		
- Trade and other receivables	(10,027)	13,125
- Amounts due from associates	(902)	(588)
Write-off:		
- Property, plant and equipment	808	165
- Intangible assets	-	4,991
- Inventories	937	327
- Trade and other receivables	12,392	4,704
Gain on disposal of property, plant and equipment	(2,804)	(10,343)
Gain on disposal of subsidiary	-	(54,801)
Gain on disposal of quoted available-for-sale financial instruments	(554,500)	-
Gain on disposal of unquoted available-for-sale financial instruments	(192)	(2,565)
Provision for financial guarantee given to a joint venture's loan	782	-
Share of profits of associates (net of tax)	(776)	(700)
Share of profits of joint ventures (net of tax)	(1,180)	(7,596)
Equity-settled share-based payment	34,459	31,711
Net unrealised foreign exchange differences	41,515	7,012
Operating profit before changes in working capital	**1,166,711**	**1,202,470**
Changes in working capital:		
Trade and other receivables	(79,840)	(260,175)
Development properties	(17,453)	(8,790)
Inventories	(44,988)	(10,793)
Trade and other payables	(83,445)	46,760
Cash flows from operations	**940,985**	**969,472**
Net income tax paid	(24,034)	(102,263)
Net cash generated from operating activities	**916,951**	**867,209**
Cash flows from investing activities		
Interest received	28,183	37,050
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(7,923)	(286,131)
Acquisition of business, net of cash and cash equivalents acquired	-	(12,380)
Development and purchase of intangible assets	(3,816)	(3,322)
Purchase of property, plant and equipment	(949,909)	(877,869)
Purchase of investment properties	(201,987)	(45,775)
Net withdrawn of fixed deposits with tenor of more than 3 months	39,439	251,093
Net proceeds from disposal of subsidiary	-	9,554
Proceeds from disposal of property, plant and equipment	11,099	64,008
Proceeds from disposal of intangible assets	-	2,063
Proceeds from disposal of quoted available-for-sale financial instruments	1,257,531	-
Proceeds from disposal of unquoted available-for-sale financial instruments	11,193	92,178
Net repayment from associates	-	599
Net advances to joint ventures	-	(205)
Dividends received from available-for-sale financial instruments	1,078	6,807
Dividends received from joint ventures	991	1,264
Dividends received from associates	563	773
Net cash from/(used in) investing activities	**186,442**	**(760,293)**

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Financial period ended	
	30 Jun 2017	**30 Jun 2016**
	RM'000	**RM'000**
Cash flows from financing activities		
Interest paid	(120,684)	(123,639)
Proceeds from exercise of share options	300	733
Proceeds from loans and borrowings	1,515,255	1,056,423
Issue of fixed rate medium term notes	-	118,930
Repayment of loans and borrowings	(953,917)	(1,019,955)
Loan from non-controlling interests of a subsidiary	-	242,890
Dividends paid to non-controlling interests	(101,049)	(86,556)
Acquisition of non-controlling interests	(6,552)	(31,734)
Proceeds from dilution of interest in subsidiaries	670,621	-
Issue of shares by subsidiaries to non-controlling interest	39,211	91,440
Change in pledged deposits	2,694	(3,470)
Net cash from financing activities	**1,045,879**	**245,062**
Net increase in cash and cash equivalents	**2,149,272**	**351,978**
Effect of exchange rate fluctuations on cash and cash equivalents held	(31,374)	(961)
Cash and cash equivalents at beginning of the period	2,423,275	1,966,001
Cash and cash equivalents at end of the period	**4,541,173**	**2,317,018**

Cash and cash equivalents

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

	30 Jun 2017	**30 Jun 2016**
	RM'000	**RM'000**
Cash and bank balances	3,302,628	1,618,383
Fixed deposits with tenor of 3 months or less	1,255,734	715,515
	4,558,362	2,333,898
Less:		
- Bank overdrafts	(11,326)	(7,475)
- Deposits pledged	-	(3,243)
- Cash collateral received	(5,863)	(6,162)
Cash and cash equivalents at end of the period	**4,541,173**	**2,317,018**

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2016 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

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 2016 ("2016 Audited Financial Statements").

The 2016 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 2016 Audited Financial Statements, except for the adoption of the new, revised and amendments to MFRS effective as of 1 January 2017 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 2016 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 2017.

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 2016 Audited Financial Statements.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

A6 DEBT AND EQUITY SECURITIES

(a) Between 1 January to 30 June 2017, IHH issued:

(i) 53,000 new ordinary shares pursuant to the exercise of vested Enterprise Option Scheme ("EOS") options.

(ii) 7,290,400 new ordinary shares pursuant to the surrender of vested Long Term Incentive Plan ("LTIP") units.

(b) On 28 April 2017, the Company granted a total of 4,720,000 LTIP units to eligible employees of the Group. Out of the total 4,720,000 units granted, 58,000 units were granted under a cash option pursuant to the terms and conditions of the LTIP Bye Laws.

(c) On 1 June 2017, IHH granted 2,023,000 LTIP units to its executive directors, pursuant to the shareholders' approval obtained at IHH's 7th Annual General Meeting held on 22 May 2017.

Except as disclosed above, there were no other issuance of shares, share buy-backs, and repayments of debt and equity securities by IHH during the financial period ended 30 June 2017.

As at 30 June 2017, the issued share capital of IHH comprised of 8,239,043,639 ordinary shares.

A7 DIVIDENDS PAID

There were no dividends paid during the period ended 30 June 2017.

A8 SEGMENT REPORTING

There had been no significant changes in the basis of segmentation or in the basis of measurement of segment profit or loss from the 2016 Audited Financial Statements except for the further breakdown of the Parkway Pantai segment into regions.

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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

A8 SEGMENT REPORTING

Financial period ended 30 June 2017

	Parkway Pantai[1]					Acibadem Holdings	IMU Health				
	Singapore RM'000	Malaysia RM'000	India RM'000	North Asia RM'000	PPL Others[2] RM'000	CEEMENA[3] RM'000	Malaysia RM'000	PLife REIT[1] RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses											
Revenue from external customers	1,919,105	896,860	335,166	152,321	85,368	1,868,384	131,305	67,064	1,078	-	5,456,651
Inter-segment revenue	52,148	500	-	-	570	-	2,015	102,967	60,037	(218,237)	-
Total segment revenue	1,971,253	897,360	335,166	152,321	85,938	1,868,384	133,320	170,031	61,115	(218,237)	5,456,651
EBITDA	559,568	248,664	6,576	(128,067)	19,013	291,323	52,032	138,793	10,198	(96,693)	1,101,407
Depreciation and impairment loss of property, plant and equipment	(112,516)	(70,244)	(31,730)	(52,127)	(2,564)	(142,463)	(6,822)	(17,370)	(415)	-	(436,251)
Amortisation and impairment loss of intangible assets	(1,820)	(355)	(5,079)	(9,856)	-	(12,623)	(391)	-	-	-	(30,124)
Foreign exchange differences	16	248	(63)	(367)	(972)	(170)	(62)	3,236	(11,670)	-	(9,804)
Finance income	311	8,366	1,573	11,083	57,924	10,126	2,910	1	6,768	(31,454)	67,608
Finance costs	(6,589)	(2,425)	(21,153)	(42,572)	(78,837)	(181,768)	(97)	(12,868)	(16)	31,454	(314,871)
Share of profits of associates (net of tax)	776	-	-	-	-	-	-	-	-	-	776
Share of profits of joint ventures (net of tax)	991	-	(143)	332	-	-	-	-	-	-	1,180
Others	-	-	(782)	-	-	-	-	-	554,500	-	553,718
Profit/(loss) before tax	440,737	184,254	(50,801)	(221,574)	(5,436)	(35,575)	47,570	111,792	559,365	(96,693)	933,639
Income tax expense	(80,367)	(62,937)	5,083	(9,156)	(13,665)	2,373	(12,462)	(10,992)	(1,798)	-	(183,921)
Net profit/(loss) for period	360,370	121,317	(45,718)	(230,730)	(19,101)	(33,202)	35,108	100,800	557,567	(96,693)	749,718
Assets and liabilities											
Cash and cash equivalents	111,360	357,222	10,964	1,133,622	2,184,879	110,146	5,856	95,279	549,034	-	4,558,362
Other assets	12,438,006	4,562,042	1,944,637	3,318,168	4,551,788	6,569,813	528,915	4,466,614	1,346,134	(5,661,180)	34,064,937
Segment assets as at 30 June 2017	12,549,366	4,919,264	1,955,601	4,451,790	6,736,667	6,679,959	534,771	4,561,893	1,895,168	(5,661,180)	38,623,299
Loans and borrowings	7,026	-	361,685	1,092,465	833,767	3,666,268	265	2,027,842	-	-	7,989,318
Other liabilities	4,449,716	489,353	2,049,179	2,482,234	306,505	1,437,439	151,429	343,348	276,606	(5,661,180)	6,324,629
Segment liabilities as at 30 June 2017	4,456,742	489,353	2,410,864	3,574,699	1,140,272	5,103,707	151,694	2,371,190	276,606	(5,661,180)	14,313,947

1: Parkway Pantai Group, per the corporate structure, comprises the "Parkway Pantai" and "PLife REIT" segments
2: "PPL Others" comprises mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai
3: "CEEMENA" refers to Central and Eastern Europe, Middle East and North Africa

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

Financial period ended 30 June 2016

	Parkway Pantai[1]					Acibadem Holdings	IMU Health				
	Singapore RM'000	Malaysia RM'000	India RM'000	North Asia RM'000	PPL Others[2] RM'000	CEEMENA[3] RM'000	Malaysia RM'000	PLife REIT[1] RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses											
Revenue from external customers	1,780,873	788,943	260,721	134,342	85,776	1,703,860	124,050	63,239	6,807	-	4,948,611
Inter-segment revenue	49,200	456	-	-	599	-	1,654	96,735	32,535	(181,179)	-
Total segment revenue	1,830,073	789,399	260,721	134,342	86,375	1,703,860	125,704	159,974	39,342	(181,179)	4,948,611
EBITDA	506,955	206,275	4,666	13,053	20,703	317,367	49,964	130,072	(10,314)	(67,312)	1,171,429
Depreciation and impairment loss of property, plant and equipment	(106,358)	(71,931)	(29,895)	(3,712)	(2,215)	(139,887)	(6,413)	(16,973)	(370)	-	(377,754)
Amortisation and impairment loss of intangible assets	(1,867)	(355)	(4,937)	(1,849)	-	(16,551)	(239)	-	-	-	(25,798)
Foreign exchange differences	(252)	432	(6,510)	(4,611)	(1,999)	(371)	(72)	2,532	160	-	(10,691)
Finance income	522	10,544	2,178	4,252	8,753	14,061	2,681	6	7,952	(10,706)	40,243
Finance costs	(9,030)	(3,343)	(20,784)	(15,574)	(6,454)	(58,941)	(101)	(27,864)	(7)	10,706	(131,392)
Share of profits of associates (net of tax)	700	-	-	-	-	-	-	-	-	-	700
Share of profits of joint ventures (net of tax)	1,264	-	5,763	569	-	-	-	-	-	-	7,596
Others	-	-	-	-	54,801	-	-	-	-	-	54,801
Profit/(loss) before tax	391,934	141,622	(49,519)	(7,872)	73,589	115,678	45,820	87,773	(2,579)	(67,312)	729,134
Income tax expense	(70,566)	(35,667)	5,350	(8,475)	(12,037)	(27,188)	(12,650)	(8,566)	(2,889)	-	(172,688)
Net profit/(loss) for period	321,368	105,955	(44,169)	(16,347)	61,552	88,490	33,170	79,207	(5,468)	(67,312)	556,446
Assets and liabilities											
Cash and cash equivalents	335,776	525,284	24,549	628,971	198,068	205,771	10,327	90,963	314,189	-	2,333,898
Other assets	12,225,473	4,336,560	1,800,650	2,419,839	4,597,073	6,435,726	498,046	4,465,494	1,429,173	(4,499,534)	33,708,500
Segment assets as at 30 June 2016	12,561,249	4,861,844	1,825,199	3,048,810	4,795,141	6,641,497	508,373	4,556,457	1,743,362	(4,499,534)	36,042,398
Loans and borrowings	-	50,087	301,663	1,111,643	210,414	3,200,970	477	2,004,922	-	-	6,880,176
Other liabilities	4,414,720	448,222	1,583,793	1,295,040	118,129	1,178,085	123,524	400,380	261,109	(4,499,534)	5,323,468
Segment liabilities as at 30 June 2016	4,414,720	498,309	1,885,456	2,406,683	328,543	4,379,055	124,001	2,405,302	261,109	(4,499,534)	12,203,644

1: Parkway Pantai Group, per the corporate structure, comprises the “Parkway Pantai” and “PLife REIT” segments
2: “PPL Others” comprises mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai
3: “CEEMENA” refers to Central and Eastern Europe, Middle East and North Africa

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

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 2017	**30 Jun 2016**
	RM'000	**RM'000**
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	172,536	177,094
- Purchase and consumption of services	(37,496)	(33,824)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	6,274	5,869
- Purchase and consumption of services	(48,136)	(37,230)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

(a) On 15 February 2017, Clinical Hospital Acibadem Sistina Skopje ("Acibadem Sistina") established a wholly-owned subsidiary, Ordinacija po Interna Medicina Acibadem Sistina Bitola 24 ("Medicina Sistina") in Macedonia. Medicina Sistina has no issued and paid-up share capital and its intended principal activity is provision of outpatient medical services.

(b) On 17 February 2017, Acibadem Sistina established a wholly-owned subsidiary, Poliklinika Acibadem Sistina Bitola 27 ("Poliklinika Sistina") in Macedonia. Poliklinika Sistina has no issued and paid-up share capital and its intended principal activity is provision of outpatient medical services.

(c) On 17 February 2017, Parkway Life Japan4 Pte. Ltd. ("TK Investor") entered into a *Tokumei Kumiai* agreement (or silent partnership agreement, the "TK Agreement") with Godo Kaisha Samurai 12 ("TK Operator"). Pursuant to the TK Agreement, the purchase price of the properties amounting to JPY4,759.0 million (equivalent to RM187.3 million) will be injected into TK Operator by the TK Investor to facilitate the acquisition of one group nursing home and four nursing homes facilities 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*.

(d) On 21 March 2017, M&P Investments Pte. Ltd. ("M&P") incorporated ParkwayHealth Zifeng Nanjing OBGYN Hospital Company Limited ("ParkwayHealth Zifeng Nanjing"), a 60% owned subsidiary in The People's Republic of China. The remaining 40% equity stake in ParkwayHealth Zifeng Nanjing is owned by Jiangsu Zifeng Healthcare Co. Ltd. ParkwayHealth Zifeng Nanjing has a registered capital of RMB100,000,000 (equivalent to RM64,130,000) and its intended principal activity is the management and operation of medical and health related facilities and services.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

(e) On 10 April 2017, Parkway Group Healthcare Pte. Ltd. ("PGH") divested 29.9% equity interest in PCH Holding Pte. Ltd. (formerly known as Parkway China Holding Co. Pte. Ltd.) ("PCH") to TK Healthcare Investment Limited ("Taikang") through a combination of secondary sale and allotment of new shares by PCH to Taikang as detailed below. Consequential thereto, PGH's equity interest in PCH reduced from 100% to 70.1%.

a) the consideration paid by Taikang to PCH in respect of the allotment of new shares amounted to RMB807,113,000 (equivalent to RM518,732,000); and

b) the actual consideration paid by Taikang to PGH were RMB304,912,000 (equivalent to RM195,967,000), subject to post-closing adjustments and transactional adjustments to be determined in accordance with the Share Purchase Agreement entered into between PGH and Taikang.

On the same day, PGH, PCH and Taikang have entered into a Shareholders' Agreement to govern the relationship of PGH and Taikang as shareholders of PCH. Pursuant to the Shareholders' Agreement, Taikang has granted PGH an option exercisable at any time during a specified period to require Taikang to purchase from PGH such number of shares equivalent to 10.1% of the total issued share capital of PCH, at a consideration to be determined at a later date, subject to the relevant regulatory approvals being obtained by Taikang.

(f) On 20 April 2017, United Medical Center Varna EOOD was dissolved pursuant to members' voluntary winding-up.

(g) On 20 April 2017, Continental Hospitals Private Limited ("CHPL") allotted 3,807,106 equity shares to Gleneagles Development Pte Ltd ("GDPL"). Consequential thereto, GDPL's equity interest in CHPL was increased from 51% to 52%.

(h) On 8 May 2017, Gleneagles (Malaysia) Sdn. Bhd. ("GMSB") acquired 269,444 ordinary shares representing approximately 1.107% of the total issued shares of Pulau Pinang Clinic Sdn. Bhd. ("PPCSB") from 3 minority shareholders for a total cash consideration of RM5,928,000. Consequential thereto, GMSB's equity interest in PPCSB increased from 70.76% to 71.87%.

(i) On 9 May 2017, Magnetom Imaging Sdn Bhd ("MISB") was dissolved pursuant to members' voluntary winding-up. The dissolution of MISB is part of the Group's streamlining exercise.

(j) On 10 May 2017, Acibadem Saglik Hizmetleri ve Ticaret A.S. ("ASH") acquired 100% equity interest in ME-Dİ Sağlık Hizmetleri İthalat ve Ticaret A.Ş. ("ME-Dİ") comprising 110,000 shares from Dilaver Özturan for a total consideration of TL6,500,000 (equivalent to RM7,874,000). The principal activity of ME-Dİ is the provision of outpatient medical services.

(k) On 15 May 2017, ASH disposed 15% equity interest in Acibadem City Clinic B.V. ("ACC") to International Finance Corporation for a total consideration of EUR15,000,000 (equivalent to RM71,100,000).

(l) On 16 May 2017, ASH acquired 1.83% equity interest in ACC from Ilian Georgiev Grigorov for a total consideration of EUR1,468,000 (equivalent to RM6,957,000).

(m) On 29 May 2017, GDPL established a wholly-owned subsidiary, Northern TK Venture Pte. Ltd. ("Northern TK Venture") in Singapore. Northern TK Venture has an issued capital of SGD2.00 (equivalent to RM6.17) and its intended principal activity is investment holding.

(n) On 2 June 2017, GDPL transferred 100% equity interest in Northern TK Venture to Parkway Pantai Limited ("PPL") at a nominal consideration of SGD2.00 (equivalent to RM6.18) pursuant to an internal reorganisation exercise.

(o) On 1 June 2017, CHPL allotted 2,358,071 equity shares to GDPL. Consequential thereto, GDPL's equity interest in CHPL increased from 52% to 53%.

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 3 July 2017, City Clinic Services EOOD ("City Clinic Services") merged with Acibadem City Clinic EAD (formerly known as City Hospitals and Clinics EAD) ("Acibadem City Clinic"). All assets and liabilities of City Clinic Services were transferred to Acibadem City Clinic and City Clinic Services was subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem group structure and management.

(b) On 13 July 2017, PPL established a United States Dollar ("USD") 2,000,000,000 Multicurrency Medium Term Note Programme ("MTN Programme").

(c) On 25 July 2017, the Company issued 20,000 new ordinary shares pursuant to the exercise of vested EOS options.

(d) On 27 July 2017, PPL issued USD500,000,000 (equivalent to RM2,138,250,000) in aggregate principal amount of senior perpetual securities under the MTN Programme.

(e) On 31 July 2017, PPL subscribed for 5,104,849 ordinary shares in Angsana Holdings Pte. Ltd. ("Angsana") for a total consideration of SGD9,300,000 (equivalent to RM29,305,000) resulting in PPL holding 55% equity interest in Angsana. Upon which, Angsana and its wholly-owned subsidiaries namely Angsana Molecular & Diagnostics Laboratory Pte. Ltd., Angsana Molecular and Diagnostics Laboratory (HK) Limited and Angsana Molecular and Diagnostics Laboratory Sdn. Bhd. will be consolidated as indirect subsidiaries of IHH. The principal activity of Angsana and its subsidiaries is to provide molecular diagnostic test services, including biochemistry, chemistry, haematology and molecular blood analysis and testing.

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in the contingent liabilities or contingent assets as at 16 August 2017 from that disclosed in the 2016 Audited Financial Statements.

A14 CAPITAL COMMITMENTS

	30 Jun 2017 RM'000	31 Dec 2016 RM'000
Capital expenditure commitments not provided for		
Property, plant and equipment and investment properties		
- Authorised and contracted for	993,264	1,147,134
- Authorised but not contracted for	2,446,074	2,349,600
	3,439,338	3,496,734

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

A15 FAIR VALUE HIERARCHY

Fair value hierarchy

The table below analyses investment properties and financial instruments carried at fair value. The different levels are 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
<u>30 June 2017</u>				
Assets				
Investment properties	-	-	3,173,941	3,173,941
Unquoted available-for-sale financial instruments	-	138,938	-	138,938
Derivative assets	-	4,119	-	4,119
Liabilities				
CCPS liabilities[i]	-	-	(84,669)	(84,669)
Put option liabilities[ii]	-	-	(983,441)	(983,441)
Derivative liabilities	-	(15,769)	(18,302)	(34,071)
<u>31 December 2016</u>				
Assets				
Investment properties	-	-	3,033,107	3,033,107
Quoted available-for-sale financial instruments	1,176,638	-	-	1,176,638
Unquoted available-for-sale financial instruments	-	152,043	-	152,043
Derivative assets	-	1,691	-	1,691
Liabilities				
CCPS liabilities[i]	-	-	(82,645)	(82,645)
Put option liabilities[ii]	-	-	(864,608)	(864,608)
Derivative liabilities	-	(25,905)	(18,128)	(44,033)

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 2017

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

	2nd quarter ended			Financial period ended		
	30 Jun 2017 RM'000	30 Jun 2016 RM'000	Variance %	30 Jun 2017 RM'000	30 Jun 2016 RM'000	Variance %
REVENUE[1]						
Parkway Pantai:						
- Singapore	957,602	870,094	10%	1,919,105	1,780,873	8%
- Malaysia	455,426	397,637	15%	896,860	788,943	14%
- India	173,813	132,967	31%	335,166	260,721	29%
- North Asia	86,720	67,076	29%	152,321	134,342	13%
- PPL Others*	41,152	38,947	6%	85,368	85,776	0%
Parkway Pantai	**1,714,713**	**1,506,721**	**14%**	**3,388,820**	**3,050,655**	**11%**
Acibadem Holdings	**953,620**	**867,864**	**10%**	**1,868,384**	**1,703,860**	**10%**
IMU Health	**68,389**	**65,859**	**4%**	**131,305**	**124,050**	**6%**
Others^	**553**	**495**	**12%**	**1,078**	**6,807**	**-84%**
Group (Excluding PLife REIT)	**2,737,275**	**2,440,939**	**12%**	**5,389,587**	**4,885,372**	**10%**
PLife REIT total revenue	85,828	80,293	7%	170,031	159,974	6%
Less: PLife REIT inter-segment revenue	(51,277)	(47,976)	-7%	(102,967)	(96,735)	-6%
PLife REIT	**34,551**	**32,317**	**7%**	**67,064**	**63,239**	**6%**
Group	**2,771,826**	**2,473,256**	**12%**	**5,456,651**	**4,948,611**	**10%**
EBITDA[2]						
Parkway Pantai[3]:						
- Singapore	257,313	229,221	12%	522,875	472,178	11%
- Malaysia	119,746	99,620	20%	248,664	206,275	21%
- India	4,510	7,749	-42%	6,576	4,666	41%
- North Asia	(54,142)	2,287	NM	(128,067)	13,053	NM
- PPL Others*	7,244	4,549	59%	19,013	20,703	-8%
Parkway Pantai	**334,671**	**343,426**	**-3%**	**669,061**	**716,875**	**-7%**
Acibadem Holdings	**145,002**	**159,581**	**-9%**	**291,323**	**317,367**	**-8%**
IMU Health	**24,604**	**26,793**	**-8%**	**52,032**	**49,964**	**4%**
Others^	**(38,256)**	**(40,382)**	**5%**	**(49,802)**	**(42,849)**	**-16%**
Group (Excluding PLife REIT)	**466,021**	**489,418**	**-5%**	**962,614**	**1,041,357**	**-8%**
PLife REIT[4]	**69,810**	**65,030**	**7%**	**138,793**	**130,072**	**7%**
Group	**535,831**	**554,448**	**-3%**	**1,101,407**	**1,171,429**	**-6%**

[1]: *Relates to external revenue only*
It excludes PLife REIT's rental income earned from Parkway Pantai
Similarly, it excludes Parkway Pantai's dividend and management fee income earned from PLife REIT
[2]: *Relates to the EBITDA performance of each SBUs, after elimination of dividend income from within the Group*
[3]: *Includes rental expense incurred for lease of hospitals from PLife REIT*
[4]: *Includes rental income earned from lease of hospitals to Parkway Pantai*
* *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*

Q2 2017 vs Q2 2016

The Group achieved 12% growth in revenue while EBITDA decreased 3% in Q2 2017 over the same period last year. The increase in Q2 2017 revenue was attributed to organic growth from its existing operations, and the continuous ramp up of the hospitals opened in 2017. The acquisition of Tokuda and City Clinic Group in Bulgaria (acquired in June 2016) also contributed to the increase in the Group's Q2 2017 revenue.

EBITDA decreased 3% mainly due to start-up costs from the Gleneagles Hong Kong Hospital. EBITDA also decreased as a result of higher operating costs and staff costs.

The Group's Q2 2017 PATMI excluding exceptional items decreased 54% to RM86.2 million on the back of incremental depreciation, amortisation and finance costs with the opening of the 2 new hospitals in March 2017. Net financing costs of the Group increased as more borrowings and loans are taken and cash are used up for working capital, capital expenditure, acquisitions and purchase of investment properties. Finance costs also increased with commitment fees incurred on undrawn loan facilities as well as interest accrued for capital gains tax payable. In addition, the Group recognised additional tax provisions in Q2 2017 relating to prior-year's tax.

Parkway Pantai

Parkway Pantai's Q2 2017 revenue increased 14% to RM1,714.7 million whilst its EBITDA decreased 3% to RM334.7 million. Excluding the effects of the appreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's Q2 2017 revenues increased 9% while its EBITDA decreased 6% over corresponding period last year.

Parkway Pantai's strong revenue was the result of the continuous ramp up of Mount Elizabeth Novena Hospital in Singapore, as well as Pantai Hospital Manjung, Gleneagles Kota Kinabalu Hospital and Gleneagles Medini Hospital in Malaysia. Gleneagles Hong Kong Hospital (opened in March 2017) also started to contribute to Parkway Pantai's revenue. Parkway Pantai's existing hospitals and healthcare businesses grew.

Parkway Pantai's Singapore hospitals saw an overall 1.3% increase in inpatient admissions to 18,936 in Q2 2017, driven by increase in local patients. Revenue per inpatient admission in Singapore increased 8.7% to RM29,325. Parkway Pantai's Malaysia Hospitals' inpatient admissions increased 4.8% to 49,347 inpatient admissions in Q2 2017, while its revenue per inpatient admission increased 10.3% to RM6,548. Parkway Pantai's India Hospitals' inpatient admissions increased 15.2% to 17,194 inpatient admissions, while its revenue per inpatient admission increased 0.7% to RM8,187.

Parkway Pantai's Q2 2017 EBITDA was eroded by the RM67.8 million start-up losses of Gleneagles Hong Kong Hospital.

Acibadem Holdings

Acibadem Holdings' Q2 2017 revenue grew 10% to RM953.6 million whilst its EBITDA decreased 9% to RM145.0 million. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' Q2 2017 revenue increased 26% while its EBITDA increased 4% over corresponding period last year.

Acibadem Holdings' strong revenue growth was the result of the continuous ramp up of Acibadem Atakent University Hospital and Acibadem Altunizade Hospital (opened in March 2017. Tokuda and City Clinic Group in Bulgaria, which were acquired in June 2016, contributed to 3 months of revenue in Q2 2017 as compared to only 1 month in Q2 2016. Acibadem Holdings' existing hospitals and healthcare businesses grew, except for Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital which decanted some patients to the newly opened Acibadem Altunizade Hospital[1]. On a blended basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital revenue increased RM21.4 million in Q2 2017 as compared to Q2 2016.

Acibadem Holdings' inpatient admissions grew 40.4% to 52,995 in Q2 2017 with contribution from Acibadem Altunizade Hospital as well as Tokuda and City Clinic Group in Bulgaria. Meanwhile, its average inpatient revenue per inpatient admission grew 4.0% to RM9,490 in Q2 2017 with more complex cases taken and an increase in number of foreign patients in Q2 2017.

On a blended basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade

[1] With the opening of Acibadem Altunizade Hospital in March 2017, Acibadem Holdings restructured its existing operations whereby Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital transferred some of their medical departments especially the more complex specialties such as Neurology and Radiation Oncology and decanted some of its patients with more complex medical conditions to Acibadem Altunizade Hospital. Henceforth, Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital will focus on general medicine and outpatient services.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

Hospital EBITDA decreased RM20.1 million in Q2 2017 as compared to Q2 2016. Acibadem Holdings' Q2 2017 EBITDA also decreased as a result of higher operating costs arising from medical inflation in Turkey and further depreciation of TL against USD and Euro.

IMU Health

IMU Health's Q2 2017 revenue increased 4% to RM68.4 million due to the increase in tuition fees for some of its courses offered and shortening of the semester for some courses.

IMU Health's Q2 2017 EBITDA decreased 8% to RM24.6 million driven by increased in staff costs and the operating costs.

PLife REIT

PLife REIT's Q2 2017 external revenue increased 7% to RM34.6 million with the contribution from the nursing homes acquired in 2016 and Q1 2017.

PLife REIT's Q2 2017 EBITDA increased 7% to RM69.8 million in line with higher revenue.

Others

Revenue increased 12% to RM0.6 million in Q2 2017 due to the higher returns from the Group's investments in money market funds.

EBITDA losses decreased 5% to RM38.3 million in Q2 2017.

<u>YTD 2017 vs YTD 2016</u>

The Group achieved 10% year-on-year revenue growth while EBITDA decreased 6% over the same period last year. The increase in YTD 2017 revenue was attributed to organic growth from its existing operations, and the continuous ramp up of the hospitals opened in 2017. The acquisition of Tokuda and City Clinic Group in Bulgaria (acquired in June 2016) also contributed to the increase in the Group's YTD 2017 revenue.

EBITDA decreased 6% mainly due to pre-operating and start-up costs from the Gleneagles Hong Kong Hospital. EBITDA also decreased as a result of higher operating costs and staff costs.

The Group's YTD 2017 PATMI excluding exceptional items decreased 32% to RM288.0 million on the back of incremental depreciation, amortisation and finance costs with the opening of the 2 new hospitals in March 2017. Net financing costs of the Group increased as more borrowings and loans are taken and cash are used up for working capital, capital expenditure, acquisitions and purchase of investment properties. Finance costs also increased with commitment fees incurred on undrawn loan facilities as well as interest accrued for capital gains tax payable.

Parkway Pantai

Parkway Pantai's YTD 2017 revenue increased 11% to RM3,388.8 million whilst its EBITDA decreased 7% to RM669.1 million. Excluding the effects of the appreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's YTD 2017 revenues increased 7% while its EBITDA decreased 9% over corresponding period last year.

Parkway Pantai's strong revenue was the result of the continuous ramp up of Mount Elizabeth Novena Hospital in Singapore, as well as Pantai Hospital Manjung, Gleneagles Kota Kinabalu Hospital and Gleneagles Medini Hospital in Malaysia. Gleneagles Hong Kong Hospital also started to contribute to the Parkway Pantai's revenue. Parkway Pantai's existing hospitals and healthcare businesses grew.

Parkway Pantai's Singapore hospitals saw an overall 2.7% increase in inpatient admissions to 37,778 in YTD 2017, driven by increase in local patients. Revenue per inpatient admission in Singapore increased 5.8% to

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

RM29,161. Parkway Pantai's Malaysia Hospitals' inpatient admissions increased 3.9% to 99,888 inpatient admissions in YTD 2017, while its revenue per inpatient admission increased 10.6% to RM6,364. Parkway Pantai's India Hospitals' inpatient admissions increased 14.7% to 33,202 inpatient admissions, while its revenue per inpatient admission increased 1.9% to RM8,202.

Parkway Pantai's YTD 2017 EBITDA was eroded by the RM149.8 million pre-operating and start-up EBITDA losses of Gleneagles Hong Kong Hospital. Gleneagles Hong Kong Hospital's revenue per inpatient admission was RM28,447 for YTD 2017.

Acibadem Holdings

Acibadem Holdings' YTD 2017 revenue grew 10% to RM1,868.4 million whilst its EBITDA decreased 8% to RM291.3 million. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' YTD 2017 revenue increased 27% while its EBITDA increased 7% over corresponding period last year.

Acibadem Holdings' strong revenue growth was the result of the continuous ramp up of Acibadem Atakent University Hospital and Acibadem Altunizade Hospital, which was opened in March 2017. Tokuda and City Clinic Group in Bulgaria, which were acquired in June 2016, contributed to 6 months of revenue in YTD 2017 as compared to only 1 month in YTD 2016. Acibadem Holdings' existing hospitals and healthcare businesses grew, except for Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital which decanted some patients to the newly opened Acibadem Altunizade Hospital. On a blended basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital revenue increased RM1.5 million in YTD 2017 as compared to YTD 2016.

Acibadem Holdings' inpatient admissions grew 37.0% to 105,576 in YTD 2017 with contribution from Acibadem Altunizade Hospital as well as Tokuda and City Clinic Group in Bulgaria. Meanwhile, its average inpatient revenue per inpatient admission grew 4.0% to RM9,388 in YTD 2017 with more complex cases taken and an increase in number of foreign patients in YTD 2017.

On a blended basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital EBITDA decreased RM41.5 million in YTD 2017 as compared to YTD 2016. Acibadem Holdings' YTD 2017 EBITDA also decreased as a result of higher operating costs arising from medical inflation in Turkey and further depreciation of TL against USD and Euro.

IMU Health

IMU Health's revenue increased 6% to RM131.3 million in YTD 2017 whilst its EBITDA increased by 4% to RM52.0 million in YTD 2017.

IMU Health's revenue and EBITDA growth was driven by the increase in tuition fees for some of its courses offered and shortening of the semester for some courses.

PLife REIT

PLife REIT's YTD 2017 external revenue increased 6% to RM67.1 million with the contribution from the nursing homes acquired in 2016 and Q1 2017.

PLife REIT's YTD 2017 EBITDA increased 7% to RM138.8 million in line with higher revenue.

Others

Revenue decreased 84% to RM1.1 million in YTD 2017 due to a high base in YTD 2016 whereby the Group recognised RM5.7 million dividend income from Apollo Hospital Enterprise Limited. The Group divested its investment in Apollo Hospital Enterprise Limited during the year. EBITDA losses increased to RM49.8 million in YTD 2017 as a result of the lower revenue in YTD 2017.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	2nd quarter ended 30 Jun 2017 RM'000	1st quarter ended 31 Mar 2017 RM'000	Variance %
REVENUE[1]			
Parkway Pantai:			
- Singapore	957,602	961,503	0%
- Malaysia	455,426	441,434	3%
- India	173,813	161,353	8%
- North Asia	86,720	65,601	32%
- PPL Others*	41,152	44,216	-7%
Parkway Pantai	**1,714,713**	**1,674,107**	**2%**
Acibadem Holdings	**953,620**	**914,764**	**4%**
IMU Health	**68,389**	**62,916**	**9%**
Others^	**553**	**525**	**5%**
Group (Excluding PLife REIT)	**2,737,275**	**2,652,312**	**3%**
PLife REIT total revenue	85,828	84,203	2%
Less: PLife REIT inter-segment revenue	(51,277)	(51,690)	1%
PLife REIT	**34,551**	**32,513**	**6%**
Group	**2,771,826**	**2,684,825**	**3%**
EBITDA[2]			
Parkway Pantai[3]:			
- Singapore	257,313	265,562	-3%
- Malaysia	119,746	128,918	-7%
- India	4,510	2,066	118%
- North Asia	(54,142)	(73,925)	27%
- PPL Others*	7,244	11,769	-38%
Parkway Pantai	**334,671**	**334,390**	**0%**
Acibadem Holdings	**145,002**	**146,321**	**-1%**
IMU Health	**24,604**	**27,428**	**-10%**
Others^	**(38,256)**	**(11,546)**	**NM**
Group (Excluding PLife REIT)	**466,021**	**496,593**	**-6%**
PLife REIT[4]	**69,810**	**68,983**	**1%**
Group	**535,831**	**565,576**	**-5%**

[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 2017

Q2 2017 vs Q1 2017

The Group's revenue increased 3% quarter-on-quarter while EBITDA decreased 5%. Quarter-on-quarter revenue increased with the ramping up of Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital since their opening in March 2017. Quarter-on-quarter EBITDA decreased mainly due to accruals for professional fees in relation to potential acquisitions in Q2 2017.

The Group's PATMI excluding exceptional items decreased 57% quarter-on-quarter on the back of incremental depreciation, amortisation and finance costs with the opening of the 2 new hospitals in March 2017. Finance costs also increased with interest accrued in Q2 2017 for capital gains tax payable. In addition, the Group recognised additional tax provisions in Q2 2017 relating to prior-year's tax.

Parkway Pantai

Parkway Pantai's revenue grew 2% quarter-on-quarter. Parkway Pantai's Singapore hospitals inpatient admissions increased 0.5% quarter-on-quarter, while its revenue per inpatient admission increased 1.1% with more complex cases undertaken by the hospital. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals decreased 2.4% quarter-on-quarter and its revenue per inpatient admission grew 5.9%. Parkway Pantai India Hospitals inpatient admissions increased 7.4% quarter-on-quarter, while its revenue per inpatient admission decreased 0.4%.

Parkway Pantai's EBITDA remained flat quarter-on-quarter.

Acibadem Holdings

Acibadem Holdings' revenue increased 4% quarter-on-quarter, resulting from an increase of 0.8% inpatient admissions and 2.2% revenue per inpatient admission quarter-on-quarter respectively.

Acibadem Holding' EBITDA decreased 1% quarter-on-quarter mainly due to decline in EBITDA of Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital as a result of underutilised capacity following the decanting of patients to Acibadem Altunizade Hospital. On a blended basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital EBITDA decreased RM0.9 million quarter-on-quarter.

IMU Health

IMU Health's revenue increased 9% quarter-on-quarter due to shortening of the semester for some of its courses. Its EBITDA decreased 10% due to higher operating and staff costs.

PLife REIT

PLife REIT's external revenue increased 6% quarter-on-quarter with the contribution from the nursing homes acquired in Q1 2017.

PLife REIT's EBITDA increased 1% quarter-on-quarter due to the depreciation of SGD against RM in Q2 2017 on the translation of PLife REIT's results.

Others

Revenue increased 5% quarter-on-quarter due to higher returns from the Group's investments money market funds.

EBITDA losses increased to RM38.3 million mainly due to professional fees accrued in relation to potential acquisitions.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

B3 CURRENT FINANCIAL YEAR PROSPECTS

Parkway Pantai

Parkway Pantai expects revenue to increase with aging demographics, more complex cases undertaken in its home markets and the ramp up of its new hospitals.

Parkway Pantai continued focus on leveraging its economies of scale, investing in training and development, upgrading equipment and facilities, service excellence initiatives and improving on clinical outcomes will attract patients to its hospitals, resulting in higher revenue intensities. Parkway Pantai is also on the lookout for value-accretive opportunities in the other markets as part of its efforts to diversify its portfolio.

Gleneagles Hong Kong Hospital has gradually taken on more complex cases after its opening and is expected to increase revenue as it ramps up. It will, however, continue to incur start-up costs in its initial stage of operations before it ramps up to gain operating leverage.

As Parkway Pantai embarks on its next growth phase, it would focus on markets, such as China and India, where there is robust demand for quality healthcare services.

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, as well as the ramp up of its new hospitals. Acibadem Altunizade Hospital has taken on more complex cases after its opening and is expected to increase revenue as it ramps up. Meanwhile, Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital, will focus on general medicine and outpatient services and is expected to grow its patient base to optimise capacity.

Acibadem Holdings expects greater revenue contribution from Tokuda and City Clinic Group in Bulgaria, as it continues to integrate its Bulgaria operations into the Group.

Ongoing projects in Turkey are progressing well. Acibadem Holdings will continue to explore suitable opportunities in Turkey and its region.

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. 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 and 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 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 second half of the year.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	2nd quarter ended		Financial period ended	
	30 Jun 2017 RM'000	30 Jun 2016 RM'000	30 Jun 2017 RM'000	30 Jun 2016 RM'000
Current tax expense	84,917	86,319	165,721	153,357
Deferred tax expense	17,201	3,101	18,200	19,331
	102,118	89,420	183,921	172,688

The Group's effective tax rate, after adjusting for the share of profits of associates and joint ventures, was 25.0% for Q2 2017.

The high effective tax rate in Q2 2017 was due mainly to the unrecognised tax losses of the newly opened Gleneagles Hong Kong Hospital and additional tax provisions relating to prior-year's tax. It is partially offset by the RM241.1 million non-taxable gain arising from the disposal of quoted available-for-sale financial instruments.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

B6 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at 16 August 2017.

B7 LOANS, BORROWINGS AND OVERDRAFTS

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

	30 Jun 2017 RM'000	31 Dec 2016 RM'000
Non-current		
Secured		
Bank borrowings	434,291	430,224
Financial lease liabilities	109,976	90,356
Unsecured		
Bank borrowings	6,744,838	6,205,323
Fixed rate notes	125,244	126,879
	7,414,349	6,852,782
Current		
Secured		
Bank borrowings	31,935	65,909
Bank overdrafts	11,325	11,348
Financial lease liabilities	42,882	59,556
Unsecured		
Bank borrowings	500,152	497,503
	586,294	634,316
Total	8,000,643	7,487,098

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

	30 Jun 2017 RM'000	31 Dec 2016 RM'000
Singapore Dollar	1,240,771	1,266,584
Ringgit Malaysia	265	40,460
US Dollar	539,960	572,389
Euro	2,257,829	2,160,786
Swiss Franc	12,099	23,653
Turkish Lira	182,150	5,887
Japanese Yen	1,444,907	1,360,992
Indian Rupees	373,010	363,237
Hong Kong Dollar	1,949,648	1,693,085
Bulgarian Lev	-	19
Others	4	6
	8,000,643	7,487,098

Key exchange rates as at 30 June 2017:

1 SGD	3.0912
1 TL	1.2190
1 USD	4.2875

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 30 June 2017:

	Notional amount as at 30 Jun 2017 RM'000	Fair value amount as at 30 Jun 2017 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	309,687	3,047
- Between 1 - 3 years	27,218	1,072
	336,905	4,119
Put option*		
- Between 1 - 3 years	16,469	1,643
	353,374	5,762
Derivative liabilities		
Foreign exchange forward contracts		
- More than 3 years	42,347	(1,311)
Interest rate swaps		
- Within 1 year	506,416	(1,270)
- Between 1 - 3 years	740,059	(4,652)
	1,246,475	(5,922)
Cross currency interest rate swaps		
- More than 3 years	232,419	(8,536)
Call option granted to non-controlling interests		
- Within 1 year	33,277	(18,302)
	1,554,518	(34,071)

* Put option is stated at cost as the underlying equity instrument that will be delivered when put option 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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

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.

Put option

On disposal of the Group's controlling stake in Shenton Insurance Pte. Ltd. ("SIPL"), the Group entered into an agreement with the purchaser and is granted a put option to sell all of its remaining shares in SIPL only after April 2019 and at the higher of the prevailing market price or consideration determined pursuant to the agreement. The put option is classified as a financial derivative asset.

Call option granted to non-controlling interests

Call option granted to non-controlling interests 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 RM33.3 million) in 2017, pursuant to an option agreement entered with the non-controlling interests. The call option granted to non-controlling interests is classified as a derivative liability.

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 16 August 2017, 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 2017.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

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 2017	**30 Jun 2016**	**30 Jun 2017**	**30 Jun 2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Basic and diluted earnings per share is based on:				
Net profit attributable to ordinary shareholders	316,561	246,091	786,607	481,569
Net profit attributable to ordinary shareholders (excluding EI)	86,239	187,685	288,013	425,965
(a) Basic EPS				
	'000	**'000**	**'000**	**'000**
Weighted average number of shares	8,235,354	8,227,714	8,233,551	8,225,705
	Sen	**Sen**	**Sen**	**Sen**
Basic EPS	3.84	2.99	9.55	5.85
Basic EPS (excluding EI)	1.05	2.28	3.50	5.18

(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 2017	**30 Jun 2016**	**30 Jun 2017**	**30 Jun 2016**
	'000	**'000**	**'000**	**'000**
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,235,354	8,227,714	8,233,551	8,225,705
Weighted number of unissued ordinary shares from units under Long Term Incentive Plan	3,282	3,983	2,422	4,392
Weighted number of unissued ordinary shares from share options under Equity Participation Plan	-	-	-	3
Weighted number of unissued ordinary shares from share options under EOS	37	-	186	-
Weighted average number of dilutive ordinary shares for computation of diluted EPS	8,238,673	8,231,697	8,236,159	8,230,100
	Sen	**Sen**	**Sen**	**Sen**
Diluted EPS	3.84	2.99	9.55	5.85
Diluted EPS (excluding EI)	1.05	2.28	3.50	5.18

At 30 June 2017, 14,148,000 outstanding EOS options (30 June 2016: 13,995,000) 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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

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 2017 RM'000	**As at 31 Dec 2016 RM'000**
Total retained earnings of the Company and its subsidiaries		
- Realised	4,409,302	3,729,177
- Unrealised	(52,381)	129,553
	4,356,921	3,858,730
Total share of retained earnings from associates		
- Realised	864	651
Total share of retained earnings from joint ventures		
- Realised	62,158	61,969
Less: Consolidation adjustments	(608,233)	(645,122)
Total Group retained earnings	3,811,710	3,276,228

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2017

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 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	RM'000	RM'000	RM'000	RM'000
Dividend income	553	495	1,078	6,807
Other operating income	54,752	48,723	105,378	107,051
Foreign exchange differences	(11,223)	2,115	(9,804)	(10,691)
Impairment loss written back/(made):				
- Trade and other receivables	7,847	(1,824)	10,027	(13,125)
- Amounts due from associates	(4)	(5)	902	588
Write off:				
- Property, plant and equipment	(719)	(92)	(808)	(165)
- Intangible assets	-	(4,991)	-	(4,991)
- Inventories	(702)	(166)	(937)	(327)
- Trade and other receivables	(7,130)	(6,524)	(12,392)	(4,704)
Gain on disposal of property, plant and equipment	2,915	10,356	2,804	10,343
Gain on disposal of subsidiaries		54,801		54,801
Gain on disposal of quoted available-for-sale financial instruments	241,083	-	554,500	-
Gain on disposal of unquoted available-for-sale financial instruments	-	2,565	192	2,565
Provision for financial guarantee given to a joint venture's loan facility	(782)	-	(782)	-
Finance income				
Interest income				
- Banks and financial institutions	12,544	19,785	28,213	37,519
- Others	(303)	945	348	1,051
Exchange gain on net borrowings	12,583	1,673	36,081	1,673
Fair value (loss)/gain of financial instruments	(553)	-	2,966	-
	24,271	22,403	67,608	40,243
Finance costs				
Interest expense on loans and borrowing	(64,436)	(49,080)	(110,043)	(97,405)
Exchange loss on net borrowings	(39,025)	2,187	(167,047)	(12,415)
Fair value gain/(loss) of financial instruments	1,446	(10,148)	470	(12,645)
Other finance costs	(28,705)	(4,260)	(38,251)	(8,927)
	(130,720)	(61,301)	(314,871)	(131,392)