

Quarterly rpt on consolidated results for the financial period ended 30/6/2012

IHH HEALTHCARE BERHAD

28/08/2012 05:24:28 PM

Financial Year End 31/12/2012
 Quarter 2
 Quarterly report for the financial period ended 30/06/2012
 The figures have not been audited
 Attachments

[IHH - Q2 2012 Quarterly Report.pdf](#)
 430 KB

[Q2 2012 Quarterly Report \(Press Release\).pdf](#)
 216 KB

- Default Currency
- Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION

	30/06/2012		30/06/2012	
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2012 SS'000	30/06/2011 SS'000	30/06/2012 SS'000	30/06/2011 SS'000
1 Revenue	2,697,490	815,966	3,973,682	1,675,893
2 Profit/(loss) before tax	483,598	109,618	678,102	241,900
3 Profit/(loss) for the period	403,495	81,735	555,796	187,280
4 Profit/(loss) attributable to ordinary equity holders of the parent	403,539	76,665	527,378	178,540
5 Basic earnings/(loss) per share (Subunit)	6.51	1.74	8.63	4.97
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
7 Net assets per share attributable to ordinary equity holders of the parent (SS)	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
		1.9200		1.7800

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.
 Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Announcement Info

Company Name IHH HEALTHCARE BERHAD
 Stock Name IHH
 Date Announced 28 Aug 2012
 Category Financial Results
 Reference No IH-120814-45175



IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT
30 JUNE 2012

The following statements of comprehensive income for the 2nd quarter and financial period ended 30 June 2012 are not comparable to the corresponding period last year due to the consolidation of Acibadem Holdings from 24 January 2012 onwards as well as the recognition from sale of medical suites at Mount Elizabeth Novena Specialist Centre, details of which are set out in explanatory notes to the statement of comprehensive income on Page 3 of this Interim Financial Report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

	Note	2nd quarter ended			Financial period ended		
		30 Jun 2012	30 Jun 2011	Variance	30 Jun 2012	30 Jun 2011	Variance
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue		2,697,490	815,966	NM	3,973,682	1,675,893	137%
Other operating income	1	181,231	43,046	NM	200,186	91,910	118%
Inventories and consumables		(322,394)	(160,853)	-100%	(574,726)	(349,872)	-64%
Purchases and contracted services		(118,157)	(92,986)	-27%	(249,339)	(206,846)	-21%
Development cost of properties sold		(971,220)	-	NM	(971,220)	-	NM
Staff costs		(586,490)	(273,180)	-115%	(1,046,834)	(540,070)	-94%
Depreciation and impairment losses of property, plant and equipment		(96,699)	(39,624)	-144%	(171,066)	(77,972)	-119%
Amortisation and impairment losses of intangible assets	2	(17,919)	(8,330)	-115%	(32,569)	(38,241)	15%
Operating lease expenses		(72,239)	(44,982)	-61%	(132,092)	(89,632)	-47%
Other operating expenses	1	(154,881)	(100,939)	-53%	(288,681)	(191,266)	-51%
Finance income	3	(15,925)	626	NM	39,485	10,858	NM
Finance costs	4	(54,989)	(45,195)	-22%	(102,393)	(73,833)	-39%
Share of profits of associates (net of tax)		11,475	11,518	0%	25,947	23,678	10%
Share of profits of joint ventures (net of tax)		4,315	4,551	-5%	7,722	7,293	6%
Profit before tax		483,598	109,618	NM	678,102	241,900	180%
Income tax expense		(80,103)	(27,883)	-187%	(122,306)	(54,620)	-124%
Profit for the period		403,495	81,735	NM	555,796	187,280	197%
Other comprehensive income, net of tax							
Foreign currency translation differences from foreign operations		250,505	123,146	103%	259,161	145,884	78%
Share of other comprehensive income of associates		(192)	(258)	26%	(328)	169	NM
Net change in fair value of available-for-sale financial assets	5	(89,833)	477	NM	(13,539)	477	NM
		160,480	123,365	30%	245,294	146,530	67%
Total comprehensive income for the period		563,975	205,100	175%	801,090	333,810	140%
Profit attributable to:							
Owners of the Company		403,539	76,665	NM	527,378	178,540	195%
Non-controlling interests		(44)	5,070	-101%	28,418	8,740	NM
Profit for the period		403,495	81,735	NM	555,796	187,280	197%
Total comprehensive income attributable to:							
Owners of the Company		536,810	205,156	162%	727,725	333,963	118%
Non-controlling interests		27,165	(56)	NM	73,365	(153)	NM
Total comprehensive income for the period		563,975	205,100	175%	801,090	333,810	140%
Earnings per share (sen)							
Basic		6.51	1.74	NM	8.63	4.97	74%
Diluted		6.47	1.74	NM	8.60	4.97	73%

NM: Not meaningful

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the 2011 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR
THE FINANCIAL PERIOD ENDED 30 JUNE 2012**

SUPPLEMENTARY INFORMATION

	2nd quarter ended			Financial period ended		
	30 Jun 2012	30 Jun 2011	Variance	30 Jun 2012	30 Jun 2011	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Profit attributable to owners of the Company	403,539	76,665	NM	527,378	178,540	195%
Add back/(less): Exceptional items ("EI")						
Professional and consultancy fees:						
- Acquisitions ⁱ	(3,713)	-		2,551	-	
- Listing expenses	54,801	-		54,801	-	
- Internal restructuring	-	3,971		-	5,915	
Fair value gain on contingent consideration payable ⁱⁱ	(14,861)	-		(4,089)	-	
Valuation gain on investment properties ⁱⁱⁱ	(132,600)	-		(132,600)	-	
Impairment loss on financial assets ^{iv}	-	1,585		-	1,585	
Write back of IT project expenses	(4,180)	-		(4,180)	-	
Write off of property, plant and equipment	6	17		139	25	
Loss/(gain) on disposal of property, plant and equipment	823	379		1,069	(48)	
Gain on disposal of assets held for sale	(280)	-		(280)	-	
Gain on disposal of subsidiary ^v	(1,064)	-		(1,064)	-	
	<u>(101,068)</u>	<u>5,952</u>		<u>(83,653)</u>	<u>7,477</u>	
Non-controlling interest's share of EI	<u>833</u>	<u>-</u>		<u>150</u>	<u>-</u>	
Profit attributable to owners of the Company, excluding EI^{vi}	<u>303,304</u>	<u>82,617</u>	NM	<u>443,875</u>	<u>186,017</u>	139%
Earnings per share, excluding EIⁱ (sen)						
Basic	4.90	1.88	161%	7.27	5.18	40%
Diluted	4.87	1.88	159%	7.24	5.18	40%

NM: Not meaningful

i: Professional fees relating to the acquisition of Acibadem Holdings

ii: Fair valuation of contingent consideration payable in relation to acquisition of Acibadem Holdings

iii: Fair valuation of investment properties held for rental to third parties at Mount Elizabeth Novena Hospital and Specialist Centre

iv: Impairment of deposit placed to operate a clinic in China

v: Gain on disposal of P.T. Pantai Bethany Care International, a 65% owned subsidiary of the Group

vi: Exceptional items, net of non-controlling interests' share

EXPLANATORY NOTES TO THE STATEMENTS OF COMPREHENSIVE INCOME

Generally, the increase in revenue and operating expenses for the 2nd quarter and financial period ended 30 June 2012 ("Q2 2012" and "YTD 2012") were due to the consolidation of Acibadem Holdings from 24 January 2012 onwards as well as the recognition of profit from sale of medical suites at Mount Elizabeth Novena Specialist Centre.

Refer to Section A4 for details of the effects of recognition of profit from sale of medical suites and Section B1 for performance review of the Group's major operating segments.

1. Other operating income and other operating expense include exceptional items as detailed above.
2. In Q2 2012, amortisation increased 115% compared to Q2 2011 as the Group recognised the amortisation of intangible assets upon the acquisition of Acibadem Holdings. However, amortisation expense decreased for YTD 2012 due to 3 months amortisation of concession rights relating to the Group's operations in Malaysia. The concession rights were disposed in March 2011.
3. Acibadem Holdings recognises exchange gain arising from the translation of its loans which are not denominated in Turkish Lira ("TL") as finance income on the statement of comprehensive income. For YTD 2012, Acibadem Holdings recognised an exchange gain of RM21.0 million on translation of such loans. However, there was an exchange loss of approximately RM20.7 million recognised in Q2 2012.
4. In Q2 2011, a subsidiary of the Group wrote off the upfront fees of RM18.9 million upon the novation to another subsidiary the S\$1.9 billion loan facility that was taken up for the acquisition of Parkway in 2010. As a result, finance costs increased only 22% for Q2 2012, notwithstanding the consolidation of Acibadem's finance cost in Q2 2012.
5. Fair value change of available-for-sale financial assets arose from the mark-to-market of the Group's investment in Apollo Hospital Enterprise Limited.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Note	30 Jun 2012 RM'000	31 Dec 2011 RM'000
Assets			
Property, plant and equipment	1	6,626,498	4,726,753
Investment properties	1	409,835	-
Goodwill on consolidation	2	8,726,187	6,415,976
Intangible assets	2	3,048,657	1,618,598
Interest in associates		879,264	862,273
Interest in joint ventures		32,466	28,009
Other financial assets		524,975	529,881
Other receivables		42,589	-
Deferred tax assets		58,831	24,279
Total non-current assets		20,349,302	14,205,769
Assets classified as held for sale		166	1,463
Development properties	1	-	1,121,195
Inventories		126,618	78,784
Trade and other receivables	3	883,585	518,496
Tax recoverable		29,826	20,422
Other financial assets		28,009	27,066
Derivative assets		4,405	-
Cash and bank balances		1,446,716	1,310,803
Total current assets		2,519,325	3,078,229
Total assets		22,868,627	17,283,998
Equity			
Share capital	4	6,195,442	5,500,000
Share premium	4	4,678,607	3,885,803
Other reserves		332,098	104,756
Retained earnings		702,751	300,174
Total equity attributable to owners of the Company		11,908,898	9,790,733
Non-controlling interests		803,694	246,618
Total equity		12,712,592	10,037,351
Liabilities			
Loans and borrowings	5	7,183,126	4,991,264
Employee benefits		19,048	15,544
Trade and other payables		65,134	8,580
Derivative liabilities		632	-
Deferred tax liabilities		841,140	446,127
Total non-current liabilities		8,109,080	5,461,515
Loans and borrowings	5	334,816	47,084
Trade and other payables	6	1,504,612	1,576,158
Derivative liabilities		7,366	1,252
Employee benefits		27,028	41,935
Tax payable		173,133	118,703
Total current liabilities		2,046,955	1,785,132
Total liabilities		10,156,035	7,246,647
Total equity and liabilities		22,868,627	17,283,998
Net assets per share attributable to owners of the Company ¹ (RM)		1.92	1.78

¹: Based on 6,195.4 million and 5,500.0 million shares in issued as at 30 June 2012 and 31 December 2011 respectively

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2011 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENTS OF FINANCIAL POSITION

Generally, the increases in the balances on the statement of financial position as at 30 June 2012 were due to the consolidation of Acibadem Holdings from 24 January 2012.

1. Upon receipt of temporary occupancy permit ("TOP") for the Mount Elizabeth Novena Specialist Centre on 23 April 2012, the capitalised cost of medical suites which were previously classified as development properties and sold was expensed off to the statement of comprehensive income.

The capitalised cost of the medical suites units that are designated as Centres of Excellences for use by Mount Elizabeth Novena Hospital was reclassified from development properties to property, plant and equipment.

The capitalised cost of the remaining medical suites units that are held for rental to doctors was reclassified from development properties to investment properties and carried at fair value.

Refer to Section A4 for details.

2. The increase in goodwill and intangible assets arose from the Group's acquisition of Acibadem Holdings on 24 January 2012. The Group performed a purchase price allocation exercise to identify the fair value of the tangible and intangible assets acquired, and the remaining purchase price that was not allocated to assets acquired was recognised as goodwill on consolidation.
3. As at 30 June 2012, accrued income of RM123.6 million relating to the remaining 10% of the total contracted amount from the sale of medical suites was included in trade and other receivables. This remaining 10% will be due 12 months after the receipt of TOP.
4. The consideration for the acquisition of Acibadem Holdings on 24 January 2012 was satisfied by cash and issue of the Company's shares. The increase in share capital and share premium relates to the portion of the consideration that was paid in shares.
5. The increase in borrowings was mainly due to the consolidation of Acibadem Holdings and the additional loans drawn to acquire that group. It was offset by partial repayment of bank loans amounting to approximately RM300.0 million that was taken up to finance the construction of Mount Elizabeth Novena Hospital and Specialist Centre, using the proceeds from the sale of the medical suites.
6. As at 31 December 2011, progress billings of RM621.1 million in respect of amounts billed for work performed on the medical suites that were sold was included as part of trade and other payables. These progress billings were recognised as revenue upon receipt of TOP. This reduction in trade and other payables was offset by the consolidation of Acibadem Holdings' trade and other payables, as well as the fair value of the contingent consideration payable for the acquisition of Acibadem Holdings amounting to RM36.3 million.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

	Attributable to owners of the Company					Distributable				
	Non-distributable					Foreign currency fluctuation reserve				
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Equity contribution from owner RM'000	Hedging reserves RM'000	Capital Reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000
At 1 January 2011	2,782,410	-	-	-	124,911	16,039	11,466	290	2,871,739	259,545
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	154,777	(8,893)
Net change in fair value of available-for-sale financial assets	-	-	-	-	477	-	-	-	477	-
Share of other comprehensive income of associates	-	-	-	-	-	169	-	-	169	-
Profit for the period	-	-	-	-	-	-	-	178,540	178,540	8,740
Total comprehensive income for the period	-	-	-	-	477	169	-	178,540	333,963	(153)
Issue of ordinary shares	2,717,590	3,885,803	-	-	-	-	-	-	6,603,393	-
Share-based payment	-	-	5,838	-	-	-	-	-	5,838	-
Distribution of subsidiary to holding company	-	-	-	-	-	-	-	(198,490)	(198,490)	(7,241)
Distribution to shareholders	-	-	-	-	(124,911)	-	-	124,911	-	-
Dividends to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,201)
Total transactions with owners of the Company	2,717,590	3,885,803	5,838	-	(124,911)	-	-	(73,579)	6,410,741	(8,442)
At 30 June 2011	5,500,000	3,885,803	5,838	477	-	16,208	11,466	105,251	9,616,443	250,950
										9,867,393

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

	Attributable to owners of the Company						Distributable					
	Non-distributable			Foreign currency			Non-controlling interests			Total equity		
	Share capital	Share premium	Share option reserve	Fair value reserve	Equity contribution from owner	Hedging reserves	Capital Reserves	Fluctuation reserve	Retained earnings	Total RM'000	RM'000	RM'000
At 1 January 2012	5,500,000	3,885,803	16,554	22,641	-	15,931	14,009	35,621	300,174	9,790,733	246,618	10,037,351
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	214,214	-	214,214	44,947	259,161
Net change in fair value of available-for-sale financial assets	-	-	-	(13,539)	-	-	-	-	-	(13,539)	-	(13,539)
Share of other comprehensive income of associates	-	-	-	-	-	(328)	-	-	-	(328)	-	(328)
Profit for the period	-	-	-	-	-	-	-	-	527,378	527,378	28,418	555,796
Total comprehensive income for the period	-	-	-	(13,539)	-	(328)	-	214,214	527,378	727,725	73,365	801,090
Issue of ordinary shares	695,442	792,804	-	-	-	-	-	-	-	1,488,246	-	1,488,246
Share-based payment	-	-	11,239	-	-	-	-	-	-	11,239	-	11,239
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	366,547	366,547
Additional capital contribution into a subsidiary	-	-	-	-	-	-	(144)	-	-	(144)	144	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(124,065)	(124,065)	(107,652)	(231,717)
Disposal of subsidiaries	-	-	-	-	-	-	-	15	-	15	(396)	(381)
Partial disposal and dilution of interest in subsidiary to non-controlling shareholder	-	-	-	-	-	-	15,109	-	-	15,109	94,249	109,358
Issue of shares by subsidiaries to non-controlling shareholder	-	-	-	-	-	-	40	-	-	40	134,566	134,606
Transfer per statutory requirements	-	-	-	-	-	-	736	-	(736)	-	-	-
Dividends to minority equity holders	-	-	-	-	-	-	-	-	-	-	(3,747)	(3,747)
Total transactions with owners of the Company	695,442	792,804	11,239	-	-	-	15,741	15	(124,801)	1,390,440	483,711	1,874,151
At 30 June 2012	6,195,442	4,678,607	27,793	9,102	-	15,603	29,750	249,850	702,751	11,908,898	803,694	12,712,592

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2011 Audited Financial Statements and the accompanying explanatory notes attached to this financial report

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**

	Financial period ended	
	30 Jun 2012	30 Jun 2011
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	678,102	241,900
Adjustment for:		
Finance income	(39,485)	(10,858)
Finance costs	102,393	73,833
Amortisation and impairment loss of intangibles	32,569	38,241
Depreciation and impairment loss of property, plant and equipment	171,066	77,972
Write off of property, plant and equipment	139	25
Loss/(gain) on disposal of property, plant and equipment	1,069	(48)
Gain on disposal of subsidiary	(1,064)	-
Gain on disposal of assets held for sale	(280)	-
Impairment loss on:		
- Trade and other receivables	22,392	7,660
- Financial assets	-	1,585
Fair value gain on the contingent consideration payable	(4,089)	-
Valuation gain on investment properties	(132,600)	-
Share of profits of associates (net of tax)	(25,947)	(23,678)
Share of profits of joint ventures (net of tax)	(7,722)	(7,293)
Equity-settled share-based payment transactions	11,239	4,538
Net unrealised foreign exchange gain	(21,507)	(60,138)
Operating profit before changes in working capital	786,275	343,739
Changes in working capital		
Trade and other receivables	(38,682)	(65,901)
Inventories	(1,204)	(2,755)
Development properties	910,955	(27,366)
Trade and other payables	(547,847)	268,671
Cash flows from operations	1,109,497	516,388
Income tax paid	(84,924)	(67,572)
Net cash generated from operating activities	1,024,573	448,816
Cash flows from investing activities		
Interest received	19,055	8,832
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(810,549)	-
Disposal of subsidiary, net of cash and cash equivalents disposed	458	(136,797)
Development of intellectual property	(3,134)	(59)
Purchase of property, plant and equipment	(586,822)	(229,520)
Proceeds from disposal of property, plant and equipment	1,330	4,063
Proceeds from disposal of assets held for sale	1,578	8,006
Net advances to associates	(300)	(733)
Net advances to joint ventures	(611)	(20,999)
Dividend received from associates	23,130	25,204
Dividend received from joint ventures	1,119	438
Purchase of quoted financial assets	-	(353,759)
Net cash used in investing activities	(1,354,746)	(695,324)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**

	Financial period ended	
	30 Jun 2012	30 Jun 2011
	RM'000	RM'000
Cash flows from financing activities		
Interest paid	(101,427)	(90,725)
Proceeds from issue of share capital	-	1,978,000
Acceptance fee for share options granted	-	326
(Repayment to)/advances from holding company and related companies	(24,781)	513,052
Repayment of loans and borrowings	(679,361)	(599,484)
Proceeds from loans and borrowings	1,220,436	12,994
Dividend paid to non-controlling shareholders	(3,747)	(1,201)
Acquisition of non-controlling interests	(231,717)	-
Proceeds from partial disposal and dilution of interest in subsidiary to non-controlling shareholder	109,358	-
Issue of shares by subsidiaries to non-controlling shareholder	134,606	-
Additional payment for a prior year acquisition of non-controlling interest	-	(15,361)
Change in pledged deposits	(55,414)	1,486
Net cash from financing activities	367,953	1,799,087
Net increase in cash and cash equivalents	37,780	1,552,579
Effect of exchange rate fluctuations on cash held	43,303	19,920
Cash and cash equivalents at beginning of period	1,251,485	1,158,109
Cash and cash equivalents at end of the period	1,332,568	2,730,608

Cash and cash equivalents

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

	Financial period ended	
	30 Jun 2012	30 Jun 2011
	RM'000	RM'000
Cash and bank balances	515,279	1,757,568
Deposits placed with licenced banks	931,437	1,012,361
	1,446,716	2,769,929
Less: Deposits pledged	(114,148)	(39,321)
Cash and cash equivalents at end of the period	1,332,568	2,730,608

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2011 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 2012**

A1 BASIS OF PREPARATION

a) Basis of accounting

These condensed consolidated interim financial report are unaudited and prepared in accordance with the applicable disclosure provisions of the 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 2011 ("2011 Audited Financial Statements").

The 2011 Audited Financial Statements which were prepared under Financial Reporting Standards ("FRS"), are available upon request from the Company's registered office at:

Suite 17-01, Level 17, The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200, Kuala Lumpur

b) Significant accounting policies

The 2011 Audited Financial Statements of the Group were prepared in accordance with FRS. Since the previous annual audited financial statement as at 31 December 2011 were issued, the Group has adopted Malaysian Financial Reporting Standards ('MFRS') framework issued by the Malaysian Accounting Standard Board ('MASB') with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to converge Malaysia's existing Financial Reporting Standards framework with the International Financial Reporting Standards ('IFRS') framework issued by the International Accounting Standards Board.

These condensed consolidated interim financial report are part of the period covered by the Group's first MFRS framework annual financial statements. The Group applied MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards, in the transition from FRSs framework to MFRS framework on 1 January 2012. The adoption of MFRSs did not result in any material financial impact to the Group in preparing its opening MFRS statement of financial position.

The Group early adopted the amendments to MFRS 101: Presentation of Financial statements, which is originally effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 did not have any impact on the financial statements other than the presentation format of the statement of comprehensive income.

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements for the financial year ended 31 December 2011 was not subjected to any qualification.

A3 SEASONALITY OF OPERATIONS

Inpatient and outpatient revenue and volume are 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.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

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

On 23 April 2012, Mount Elizabeth Novena Hospital and Specialist Centre received its temporary occupation permits ("TOP"). As a result:

- The total contracted amounts for the sale of medical suites located in Mount Elizabeth Novena Specialist Centre had been recognised in the Group's statement of comprehensive income upon receiving TOP whereby the risk of ownership of the medical suites was transferred to the purchasers. Total revenue from the 216 medical suites units sold amounting to approximately RM1,209.6 million, equivalent of S\$493.8 million, was recognised in the current quarter and financial period to date.
- The capitalised cost of construction and development relating to the medical suites that have been sold, of approximately RM971.3 million, equivalent of S\$396.5 million, had been expensed in the statement of comprehensive income upon receiving TOP. The recognition of profits from sale of medical suites boosted the Group's EBITDA and PATMI by RM238.3 million and RM193.6 million respectively.
- 90% of the total contracted amount had been billed for the medical suites sold up till the date of receipt of TOP and the remaining 10% will be due 12 months after the receipt of TOP and was recorded as other receivable.
- The capitalised cost of construction and development relating to the medical suites held for rental to third parties was recorded as investment properties in the statement of financial position upon receiving TOP. In accordance with the Group's accounting policy, the Group fair valued its investment properties and recognised a fair value gain of RM132.6 million, equivalent of S\$54.1 million, in the statement of comprehensive income for the current quarter and financial period to date.
- The capitalised cost of construction and development relating to the medical suites that were designated as Centres of Excellences for use by Mount Elizabeth Novena Hospital was reclassified as property, plant and equipment upon receiving TOP and will be depreciated over its useful life.

There were no other 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 2012 other than as mentioned above and in Section A12 and Section B6 of this interim financial report.

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 period to date.

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 as those applied to 2011 Audited Financial Statements.

A6 DEBT AND EQUITY SECURITIES

There has been no issuance of shares, share buy-backs, and repayments of debt and equity securities by the Company for the 2nd quarter ended 30 June 2012.

A7 DIVIDENDS PAID

There were no dividends declared for the 2nd quarter ended 30 June 2012.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

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 2011 Audited Financial Statements.

Management monitors the operating results of each of its business units 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")

Financial period ended 30 June 2012

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses						
Revenue from external customers	2,944,536	944,598	84,548	-	-	3,973,682
Inter-segment revenue	-	-	-	6,024	(6,024)	-
Total segment revenue	2,944,536	944,598	84,548	6,024	(6,024)	3,973,682
EBITDA	615,960	178,376	33,503	(2,082)	(6,024)	819,733
Depreciation and impairment losses of property, plant and equipment						(171,066)
Amortisation and impairment loss of intangibles						(32,569)
Net foreign exchange gain						7,590
Finance income						39,485
Finance costs						(102,393)
Share of profits of associates (net of tax)						25,947
Share of profits of joint ventures (net of tax)						7,722
Professional and consultancy fees:						
- Acquisitions						(2,551)
- Listing expenses						(54,801)
Fair value gain on contingent consideration payable						4,089
Valuation gain on investment properties						132,600
Write back of IT project expenses						4,180
Write off of property, plant and equipment						(139)
Loss on disposal of property, plant and equipment						(1,069)
Gain on disposal of assets held for sale						280
Gain on disposal of subsidiary						1,064
Profit before tax						678,102
Income tax expense						(122,306)
Profit for period						555,796

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

A8 SEGMENT REPORTING

Financial period ended 30 June 2011

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<u>Revenue and expenses</u>						
Revenue from external customers	1,595,184	-	80,688	21	-	1,675,893
Inter-segment revenue	-	-	-	-	-	-
Total segment revenue	1,595,184	-	80,688	21	-	1,675,893
EBITDA	311,005	-	35,455	(11,930)	-	334,530
Depreciation and impairment losses of property, plant and equipment						(77,972)
Amortisation and impairment loss of intangibles						(38,241)
Net foreign exchange gain						63,064
Finance income						10,858
Finance costs						(73,833)
Share of profits of associates (net of tax)						23,678
Share of profits of joint ventures (net of tax)						7,293
Professional and consultancy fees:						
- Internal restructuring						(5,915)
Impairment loss on financial assets						(1,585)
Write off of property, plant and equipment						(25)
Gain on disposal of property, plant and equipment						48
Profit before tax						241,900
Income tax expense						(54,620)
Profit for period						187,280

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:

	<u>Financial period ended</u>	
	<u>30 Jun 2012</u>	<u>30 Jun 2011</u>
	<u>RM'000</u>	<u>RM'000</u>
Transactions with major shareholders and their related companies		
- Sales and provision of services	39,377	32,192
- Purchase and consumption of services	(16,413)	(13,748)
- Purchase of quoted available-for-sale financial assets	-	(353,759)
Transactions with associates		
- Rental expenses	11,089	9,349
- Management and acquisition fees earned	(69,124)	(64,843)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	97,146	-
- Purchase and consumption of services	(30,781)	-

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

A11 SUBSEQUENT EVENTS

- a) On 23 July 2012, the Company issued:
- i) 3,765,196 new ordinary shares pursuant to the surrender of all Long Term Incentive Plan ("LTIP") units granted and vested prior to the Company's listing on 25 July 2012.
 - ii) 56,203,299 new ordinary shares to Symphony Healthcare Limited ("Symphony") for RM2.80 per share. Pursuant to the shareholders agreement and supplemental letters that the Company had with Symphony, Symphony must convert all of its shares in Integrated Healthcare Hastaneler Turkey Sdn Bhd ("IHH Turkey") into shares of the Company if there is an initial public offering ("IPO") of the Company, based on the IPO price. Prior to Symphony's share conversion, the Group had 93.84% effective equity interest in IHH Turkey. Upon Symphony's share conversion, the Group would own 100% equity interest in IHH Turkey. IHH Turkey owns 60% of Acibadem Holdings.
 - iii) 1,800,000,000 new ordinary shares pursuant to the IPO on 25 July 2012.
- b) On 25 July 2012, the entire issued and paid-up ordinary share capital of the Company was listed on the Main Market of Bursa Malaysia Securities Berhad (primary listing) and the Main Board of Singapore Exchange Securities Trading Limited (secondary listing).
- c) On 27 July 2012, the Group submitted a bid for one of the 2 greenfield sites available for tender by the Hong Kong Government to build a tertiary hospital. The result of the tender is expected to be announced within the next 12 months.
- d) As disclosed in the 2011 Audited Financial Statements, IMU Education Sdn Bhd ("IMU Education"), a wholly owned subsidiary of the Group, had an agreement with the Malaysia Federal Government in 1994 for the use of the Ministry of Health's facilities. Under the Agreement, IMU Education was allowed to construct buildings in connection with the use of facilities for the training of students on a designated piece of land. As the lease requires the consent of the Cabinet, it was not executed.
- On 31 July 2012, IMU Education received a notification from the Federal Lands Commissioner that the lease of the land will be executed and the lease period would be 30 years from 1999. The rental payable is not expected to have a material effect to the Group.
- e) On 2 August 2012, Acibadem Saglik Hizmetleri ve Ticaret A.S. ("ASH"), a 58.39% indirect subsidiary of IHH, signed an agreement with a foundation established in Turkey, to rent a piece of land measuring approximately 16,646 square metres in Istanbul for a period of 30 years effective from 1 September 2012, to construct a new hospital.

Other than as disclosed in this interim financial report, there were no significant subsequent events that require disclosures or adjustment as at 21 August 2012.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

A12 CHANGES IN THE COMPOSITION OF THE GROUP

In addition to the changes in the composition of the Group for the 1st quarter ended 31 March 2012 as disclosed in the Company's Prospectus dated 2 July 2012, changes in the composition of the Group for the 2nd quarter ended 30 June 2012 were as follows:

- a) On 9 April 2012, Almond Holdings A.S. ("Almond"), a subsidiary of the Group completed the mandatory tender offer ("MTO") for the balance 8% of the shares of ASH. Upon the completion of the MTO, Almond increased its equity interest in ASH from 92.0% to 97.3%.
- b) On 27 April 2012, Pantai Diagnostics Indonesia Sdn. Bhd, a subsidiary of the Group executed a Conditional Sale and Purchase Agreement to dispose of its existing 65% equity interest in PT Pantai Bethany Care International ("PTPBCI") to Aswin Tanuseputra, a party affiliated to the other 35% shareholder of PTPBCI, for a consideration of USD200,000. The disposal was completed on 20 June 2012.
- c) On 14 May 2012, Acıbadem Sağlık Yatırımları Holdings A.Ş. ("Acıbadem Holdings") through its subsidiaries acquired 99.99% equity interest of Acıbadem Ortadoğu A.S. (formerly known as Acıbadem Dış Sağlık Hizmetleri A.Ş.). Acıbadem Ortadoğu A.S.'s principal activity is the provision of design, construction and management of hospitals and medical centres.
- d) On 1 June 2012, the Group increased its equity interest in IHH Turkey from 93.65% to 93.84%.
- e) On 25 June 2012, the Group incorporated a 60% owned new subsidiary, GHK Hospital Limited ("GHK"). The initial paid up capital of GHK is HKD10. GHK's intended principal activity is provision of healthcare services.

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.

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Other than as mentioned in Section A11d of this interim financial report, there were no material changes in the contingent liabilities or contingent assets as at 21 August 2012 from that disclosed in the 2011 Audited Financial Statements.

A14 CAPITAL COMMITMENTS

	30 Jun 2012	31 Dec 2011
	RM'000	RM'000
Capital commitments not provided for in the interim financial report:		
Property, plant and equipment		
- Amounts authorised and contracted for	539,567	523,971
- Amounts authorised but not contracted for	682,563	542,443
	<u>1,222,130</u>	<u>1,066,414</u>

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012

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

	2nd quarter ended			Financial period ended		
	30 Jun 2012	30 Jun 2011	Variance	30 Jun 2012	30 Jun 2011	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
REVENUE						
Parkway Pantai	2,099,002	776,652	170%	2,944,536	1,595,184	85%
Acibadem Holdings	556,444	-	100%	944,598	-	100%
IMU Health	42,044	39,293	7%	84,548	80,688	5%
Others	-	21	-100%	-	21	-100%
Total	2,697,490	815,966	NM	3,973,682	1,675,893	137%
EBITDA						
Parkway Pantai	427,850	155,416	175%	615,960	311,005	98%
Acibadem Holdings	96,855	-	100%	178,376	-	100%
IMU Health	16,264	16,558	-2%	33,503	35,455	-6%
Others	(49)	(9,199)	99%	(8,106)	(11,930)	32%
Total	540,920	162,775	NM	819,733	334,530	145%

Q2 2012 vs Q2 2011

The Group achieved outstanding revenue and EBITDA growth for the 2nd quarter ended 30 June 2012 ("Q2 2012"). Both revenue and EBITDA more than doubled as compared to the corresponding prior year quarter upon the consolidation of Acibadem Holdings from 24 January 2012 onwards as well as the recognition of profits from the sale of the 216 medical suites units at the Mount Elizabeth Novena Specialist Centre. Improved performance in the Group's existing operations also contributed to the outstanding revenue and EBITDA growth.

As a result, the Group's profit after tax ("PAT") improved significantly from RM81.7 million in Q2 2011 to RM403.5 million in Q2 2012. In addition, valuation gain on the investment properties held for rental to third parties at Mount Elizabeth Novena Hospital and Specialist Centre contributed RM132.6 million to the Group's PAT in Q2 2012. Refer to Supplementary Information to the Statement of Comprehensive Income for details of exceptional items that contributed to the Group's PAT.

Parkway Pantai

Parkway Pantai achieved record quarter-to-date performance with revenue of RM2,099.0 million and EBITDA and RM427.9 million, following the recognition of profit from sale of medical suites upon receipt of TOP.

Excluding the effects of the sale of medical suites, Parkway Pantai's revenue grew 15% to RM889.4 million in Q2 2012 whilst its EBITDA grew 22% to RM189.6 million for Q2 2012 and EBITDA margins were maintained at above 20%.

The strong growth was driven by higher inpatient admissions at both the Malaysia and Singapore hospitals. Demand for quality healthcare services in the region continued to grow and there were more local and foreign patients seeking medical treatment at the Parkway Pantai hospitals. Inpatient admissions increased by 8% at the 3 hospitals in Singapore from 12,749 inpatient admissions in Q2 2011 to 13,768 inpatient admissions in Q2 2012. Parkway Pantai's 11 hospitals in Malaysia recorded 4% increase in their inpatient admissions from 38,424 in Q2 2011 to 40,053 in Q2 2012. In addition, revenue intensities at the Parkway Pantai hospitals increased to approximately RM19,287 and RM4,669 per inpatient admission in Singapore and Malaysia respectively, an increase from RM18,498 and RM4,181 in Q2 2011. The higher revenue intensities were the result of more complex cases undertaken by the hospitals, as well as driven by price increases.

Parkway Pantai incurred various pre-operating costs to prepare its newly constructed 333 bed Mount Elizabeth Novena Hospital in Singapore for commencement of operations on 28 June 2012. Such costs include the hiring

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

and training of medical and administrative staff, marketing and promotion expenses, utilities etc. Mount Elizabeth Novena Hospital's pre-operating costs amounted to RM28.3 million in Q2 2012 as compared to RM5.5 million in Q2 2011. Excluding the effects of such pre-operating costs and the above-mentioned sale of medical suites, Parkway Pantai's EBITDA improved 35% to RM217.9 million for Q2 2012. On that basis, EBITDA margins improved 4% to 24% for the Q2 2012. The improvement in EBITDA is in tandem with higher revenue intensities and the result of continuous cost containment efforts.

IMU Health

IMU Health registered 7% revenue growth in Q2 2012 over the corresponding quarter last year due to fee increase as well as increased student enrolment in majority of its existing and new academic programs.

IMU Health's EBITDA decreased 2% in Q2 2012 as a result of increasing expenses such as staff costs. IMU Health increased its headcount in line with the increased student enrollment to maintain the ideal staff-to-student ratio.

Others

Others comprise mainly IHH Group's corporate office as well as other investment holding entities. In Q2 2012, there was a reclassification from other operating expense to exceptional items of certain IPO-related expenses amounting to RM3.8 million.

YTD 2012 vs YTD 2011

The Group achieved outstanding revenue and EBITDA growth for the financial period ended 30 June 2012 ("YTD 2012"). Both revenue and EBITDA more than doubled as compared to the corresponding prior year period upon the consolidation of Acibadem Holdings from 24 January 2012 onwards as well as the recognition of profits from the sale of the 216 medical suites units at the Mount Elizabeth Novena Specialist Centre. Improved performance in the Group's existing operations also contributed to the outstanding revenue and EBITDA growth.

As a result, the Group's PAT improved 197% from RM187.3 million in YTD 2011 to RM555.8 million in YTD 2012. In addition, valuation gain on the investment properties held for rental to third parties at Mount Elizabeth Novena Hospital and Specialist Centre contributed RM132.6 million to the Group's PAT in YTD 2012. Refer to Supplementary Information to the Statement of Comprehensive Income for details of exceptional items that contributed to the Group's PAT.

Parkway Pantai

Parkway Pantai achieved YTD revenue of RM2,944.5 million and EBITDA and RM616.0 million, following the recognition of profit from sale of medical suites upon receipt of TOP.

Excluding the effects of the sale of medical suites, Parkway Pantai's revenue grew 9% to RM1,735.0 million in YTD 2012 whilst its EBITDA grew 21% to RM377.7 million for YTD 2012 and EBITDA margins were maintained at above 20%.

The strong growth was driven by higher inpatient admissions at both the Malaysia and Singapore hospitals. Demand for quality healthcare services in the region continued to grow and there were more local and foreign patients seeking medical treatment at the Parkway Pantai hospitals. Inpatient admissions increased by 7% at the 3 hospitals in Singapore from 25,304 inpatient admissions in YTD 2011 to 27,029 inpatient admissions in YTD 2012. Parkway Pantai's 11 hospitals in Malaysia recorded 6% increase in their inpatient admissions from 75,152 in YTD 2011 to 79,639 in YTD 2012. In addition, revenue intensities at the Parkway Pantai hospitals increased to approximately RM19,467 and RM4,520 per inpatient admission in Singapore and Malaysia respectively, an increase from RM18,297 and RM4,131 in YTD 2011. The higher revenue intensities were the result of more complex cases undertaken by the hospitals, as well as driven by price increases.

Parkway Pantai incurred various pre-operating costs to prepare its newly constructed 333 bed Mount Elizabeth Novena Hospital in Singapore for commencement of operations on 28 June 2012. Such costs include the hiring

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012

and training of medical and administrative staff, marketing and promotion expenses, utilities etc. Mount Elizabeth Novena Hospital's pre-operating costs amounted to RM43.8 million in YTD 2012 as compared to RM9.7 million in YTD 2011. Excluding the effects of such pre-operating costs and the above-mentioned sale of medical suites, Parkway Pantai's EBITDA improved 31% to RM421.5 million for YTD 2012. On that basis, EBITDA margins increased 4% to 24% for the YTD 2012. The improvement in EBITDA is in tandem with higher revenue intensities and the result of continuous cost containment efforts.

IMU Health

IMU Health registered 5% revenue growth in YTD 2012 over the corresponding quarter last year due to fee increase as well as increased student enrolment in majority of its existing and new academic programs.

IMU Health's EBITDA decreased 6% in YTD 2012 as a result of increasing expenses such as staff costs. IMU Health increased its headcount in line with the increased student enrolment to maintain the ideal staff-to-student ratio.

Others

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

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	2nd quarter ended 30 Jun 2012 RM'000	1st quarter ended 31 Mar 2012 RM'000	Variance %
<u>REVENUE</u>			
Parkway Pantai	2,099,002	845,534	148%
Acibadem Holdings	556,444	388,154	43%
IMU Health	42,044	42,504	-1%
Others	-	-	-
Total	2,697,490	1,276,192	111%
<u>EBITDA</u>			
Parkway Pantai	427,850	188,110	127%
Acibadem Holdings	96,855	81,521	19%
IMU Health	16,264	17,239	-6%
Others	(49)	(8,057)	99%
Total	540,920	278,813	94%

Q2 2012 vs Q1 2012

The Group continued its revenue and EBITDA growth in Q2 2012 as compared to Q1 2012. Revenue more than doubled compared to Q1 2012, whilst EBITDA grew 94% upon the recognition of profits from the sale of the medical suites and the consolidation of 3 months of Acibadem Holdings' results in Q2 2012 as compared with 2 months results in Q1 2012.

On a quarter-on-quarter basis, the Group's PAT improved 165% from RM152.3 million in Q1 2012 to RM403.5 million in Q2 2012. The improvement in PAT was mainly due to the valuation gain on the investment properties held for rental to third parties at Mount Elizabeth Novena Hospital and Specialist Centre of RM132.6 million, and the recognition of profits from sale of medical suites, which offsets the higher pre-operating expenses incurred for Mount Elizabeth Novena Hospital and foreign exchange loss recognised by Acibadem Holdings in Q2 2012 as compared to an foreign exchange gain recognised in Q1 2012.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

Parkway Pantai

Parkway Pantai's growth was boosted by the recognition of profit from sale of medical suites upon receipt of TOP as mentioned above.

Excluding the effects of the sale of medical suites, Parkway Pantai's revenue grew 5% to RM889.5 million in Q2 2012, and EBITDA grew marginally to RM189.6 million. Parkway Pantai's modest EBITDA growth was due to the increased pre-operating expenses incurred as Mount Elizabeth Novena Hospital gears up preparations for its commencement on 28 June 2012. Excluding pre-operating expenses of RM28.3 million in Q2 2012 and RM15.5 million in Q1 2012, EBITDA grew by 16% to RM217.9 million and margins maintained at 24%.

Acibadem Holdings

Acibadem Holdings was acquired on 24 January 2012 and hence only contributed 2 months results to IHH Group for Q1 2012 as compared to full 3 months results in Q2 2012.

IMU Health

IMU Health's revenue remained stable compared to the previous quarter. However, its EBITDA decreased 6% due to higher expenses incurred in Q2 2012. IMU Health generally incurs lower teaching expenses in Q1 when the academic year starts.

B3 CURRENT YEAR PROSPECTS

Upon the successful public listing of IHH on 25 July 2012, the Group's balance sheet has been significantly strengthened through the use of IPO proceeds to repay the Group's debt, which improved the Group's gearing ratio and resulted in savings in interest expense.

With additional bed capacity from the opening of Mount Elizabeth Novena Hospital, Bodrum and Ankara Hospitals to meet the growing demand for quality healthcare in the Group's home markets, the Group expects higher inpatient admissions which will support revenue growth.

The Group is exposed to currency fluctuations and is actively monitoring and deliberating avenues to manage this risk.

Barring the effects of seasonality and unforeseen circumstances, the Group expects to achieve satisfactory performance for the rest of the year.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012

B5 TAXATION

	2nd quarter ended		Financial period ended	
	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011
	RM'000	RM'000	RM'000	RM'000
Current tax expense	81,890	30,105	125,599	57,468
Deferred tax expense	(1,787)	(2,222)	(3,293)	(2,848)
	80,103	27,883	122,306	54,620

The Group's effective tax rate for the current quarter of 17.1% and the financial period to date of 19.0%, after adjusted for the share of profits of associates and joint ventures, was lower than the Malaysian statutory tax rate mainly due to the effects of lower tax rates in certain countries that the Group operates. In addition, most of the exceptional items included in the Group's profit before tax are non-taxable.

B6 STATUS OF CORPORATE PROPOSALS

a) Status of corporate proposals announced but not completed as at 21 August 2012:

i) Acquisition of 65% equity interest in Jinemed Saglik Hizmetleri ve Ticaret A.S. ("Jinemed")

Reference is made to the Company's Prospectus dated 2 July 2012 wherein it was disclosed that ASH has in January 2012 signed a share purchase agreement to acquire a 65% equity interest in Jinemed, which operates Jinemed Hospital and Jinemed Medical Centre in Istanbul, Turkey. The share transfer is still pending completion, and is expected to be completed within 2012.

ii) De-listing of ASH

The Board of Directors of ASH had resolved to delist ASH from the Istanbul Stock Exchange ("ISE") and has applied to the Capital Market Boards of Turkey ("CMB") and ISE for voluntary delisting, which is conditional upon the approval of the general assembly of shareholders of ASH as well as the approval of the relevant regulators.

Pursuant to approval received from CMB on 26 July 2012, Almond commenced the voluntary tender offer ("VTO") for the remaining 2.7% publicly held shares of ASH that it does not own.

Upon the close of the VTO on 16 August 2012, a total of 1,086,152 shares were tendered for a total consideration of TL27.0 million, based on a price of TL24.90 per share. Acibadem Holding's shareholding in ASH increased from 97.3% to 98.4% after the VTO.

IHH's 60.0% pro-rata share of the above-mentioned VTO is TL16.2 million and its effective interest in ASH increased to 59.0%.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012

b) Utilisation of IPO proceeds

As at 21 August 2012, the gross proceeds of RM5,040,000,000 from the Public Issue were utilised in the following manner:

	Proposed Utilisation Amount RM'000	Actual Utilisation Amount RM'000	Deviation RM'000	Intended Timeframe for Utilisation
Repayment of bank borrowings	4,663,000	4,649,018	13,982	Note 1
Working capital and general corporate purpose ²	189,000	-	189,000	Within 24 months
Estimated listing expenses	188,000	158,321	29,679	Within 12 months
	<u>5,040,000</u>	<u>4,807,339</u>	<u>232,661</u>	

Note

- 1: Actual utilisation was less than the proposed amount due to the lower outstanding principal at the date of repayments.
2: Amount set aside for working capital and general corporate purpose differs from amount set out in the IPO prospectus of RM279.0 million. The difference of RM90.0 million arose from the difference in the actual IPO price of RM2.80 per share and indicative retail price of RM2.85, times the 1.8 billion shares issued pursuant to the IPO.

B7 LOANS AND BORROWINGS

a) Breakdown of the Group's loans and borrowings as at 30 June 2012:

	30 Jun 2012 RM'000	31 Dec 2011 RM'000
Non-current		
Secured		
Bank borrowings	5,165,376	3,674,505
Financial lease liabilities	169,410	26,268
Unsecured		
Bank borrowings	1,848,340	1,290,491
	<u>7,183,126</u>	<u>4,991,264</u>
Current		
Secured		
Bank borrowings	281,458	32,961
Financial lease liabilities	53,358	13,539
Bank overdrafts	-	584
	<u>334,816</u>	<u>47,084</u>
Total	<u>7,517,942</u>	<u>5,038,348</u>

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012

- b) Breakdown of the Group's loans and borrowings as at 30 June 2012 by the source currency of loans, in RM equivalent:

	30 Jun 2012 RM'000	31 Dec 2011 RM'000
Singapore Dollar	5,364,671	4,941,799
Ringgit Malaysia	306,948	76,179
US Dollar	1,535,939	-
Macedonian denar	30,086	-
Swiss Franc	89,039	-
Euro	81,321	-
Turkish Lira	93,901	-
Others *	16,037	20,370
	<u>7,517,942</u>	<u>5,038,348</u>

* Others include India Rupee, Hong Kong Dollar and Brunei Dollar

Key exchange rates as at 30 June 2012:

1 SGD = RM2.5025

1 TL = RM1.7613

1 USD = RM3.1942

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivatives financial instruments as at 30 June 2012:

	Notional Amount as at 30-Jun-12 RM'000	Fair value amount as at 30-Jun-12 RM'000
Foreign exchange forward contracts		
- within 1 year	65,034	4,405
- 1 year to 3 years	32,517	(632)
Interest rate swaps		
- within 1 year	136,571	(7,366)

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 balance. The fair value of foreign exchange forward contract is determined based on prevailing market rate. All changes in fair value of the foreign exchange forward contracts during the period were recognised in the statement of comprehensive income.

Interest rate swaps

Interest rate swaps are entered by the Group to hedge against interest rate fluctuations on some floating rate borrowings. The fair value of interest rate swaps is determined based on broker quotes. All changes in fair value of the interest rate swaps during the period were recognised in the statement of comprehensive income.

There are no changes to the Group's financial risk management policies and objectives in managing these derivative financial instruments and its related accounting policies. Refer to Section B15 for the fair value gain/loss recognised in the statement of comprehensive income during the period.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

B9 CONTINGENT CONSIDERATION PAYABLE

As at 30 June 2012, the Group's other payables included a contingent consideration payable of RM36.3 million in relation to the acquisition of Acibadem Holdings. Pursuant to the sale and purchase agreement, the purchase consideration of Acibadem Holding is subject to further adjustments if the TL has appreciated in value against the US Dollar ("USD") on 31 December 2012, as compared to the exchange rate used in the sales and purchase agreement, subject to a cap of TL1.65/USD1. The Group shall pay the differential sum.

This contingent consideration payable was measured at fair value on initial recognition, and marked-to-market thereafter. All changes in fair value of the contingent consideration payable during the period were recognised in the statement of comprehensive income.

The fair value of the contingent consideration payable was determined with reference to the forward rate at reporting date and the agreed formula for contingent consideration. As the USD strengthen against TL as at the reporting date compared to date of acquisition of Acibadem Holding (ie. 24 January 2012), the Group recognised a fair value gain for the financial period ended 30 June 2012. Refer to Section B15 for the fair value gain recognised in the statement of comprehensive income during the period.

B10 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

Other than derivatives and contingent consideration payables, the Group does not remeasure its financial liabilities at reporting date.

B11 CHANGES IN MATERIAL LITIGATIONS

There is no litigation or arbitration as at 21 August 2012, 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.

B12 DIVIDENDS

No dividends were declared or paid by the Group in the current quarter or year to date 30 June 2012.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

B13 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 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011
	RM'000	RM'000	RM'000	RM'000
Basic and diluted earnings per share is based on:				
Net profit attributable to ordinary shareholders	403,539	76,665	527,378	178,540
Net profit attributable to ordinary shareholders (excluding EI)	303,304	82,617	443,875	186,017
i Basic EPS				
	'000	'000	'000	'000
Weighted average number of shares	6,195,442	4,400,000	6,107,557	3,591,205
	Sen	Sen	Sen	Sen
Basic EPS	6.51	1.74	8.63	4.97
Basic EPS (exclude EI)	4.90	1.88	7.27	5.18
ii. Diluted earnings per share				
For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.				
	'000	'000	'000	'000
Number of ordinary shares used in calculation of basic earnings per share	6,195,442	4,400,000	6,107,557	3,591,205
Weighted number of unissued ordinary shares from units under Long Term Incentive Plan	25,502	-	16,216	-
Weighted number of unissued ordinary shares from share options under Employee Participation Plan	12,117	2,326	5,667	-
Weighted average number of dilutive ordinary shares for computation of diluted EPS	6,233,061	4,402,326	6,129,440	3,591,205
	Sen	Sen	Sen	Sen
Diluted EPS	6.47	1.74	8.60	4.97
Diluted EPS (exclude EI)	4.87	1.88	7.24	5.18

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

**B14 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-12 RM'000	As at 31-Dec-11 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	432,619	180,973
- Unrealised	218,238	48,309
	650,857	229,282
Total share of retained earnings from associates		
- Realised	39,970	37,174
- Unrealised	35,218	35,197
	75,188	72,371
Total share of retained earnings from joint ventures		
- Realised	31,587	24,984
- Unrealised	3,650	3,650
	35,237	28,634
Less Consolidation adjustments	(58,531)	(30,113)
Total Group retained earnings	702,751	300,174

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2012**

B15 NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

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

	2nd quarter ended		Financial period ended	
	30 Jun 2012	30 Jun 2011	30 Jun 2012	30 Jun 2011
	RM'000	RM'000	RM'000	RM'000
Other operating income including investment income	39,018	43,046	57,973	91,910
Depreciation and impairment losses of property, plant and equipment	(96,699)	(39,624)	(171,066)	(77,972)
Amortisation and impairment losses of intangible assets	(17,919)	(8,330)	(32,569)	(38,241)
Net foreign exchange gain	11,352	29,249	7,590	63,064
Professional and consultancy fees:				
- Internal restructuring	-	(3,971)	-	(5,915)
- Acquisitions	3,713	-	(2,551)	-
- Listing expenses	(54,801)	-	(54,801)	-
Fair value gain on contingent consideration payable	14,861	-	4,089	-
Valuation gain on investment properties	132,600	-	132,600	-
Impairment loss on:				
- Trade and other receivables	(9,491)	(2,537)	(22,392)	(7,660)
- Financial assets	-	(1,585)	-	(1,585)
Write (off)/back				
- Inventories	-	(42)	-	(66)
- Trade and other receivables	(584)	385	(309)	481
- Property, plant and equipment	(6)	(17)	(139)	(25)
Write back on IT project expenses	4,180	-	4,180	-
(Loss)/gain on disposal of property, plant and equipment	(823)	(379)	(1,069)	48
Gain on disposal of subsidiaries	1,064	-	1,064	-
Gain on disposal of assets held for sale	280	-	280	-
Finance costs				
Interest expense on loans and borrowing	(53,858)	(25,882)	(90,015)	(51,766)
Fair value gain/(loss) of financial instruments	588	-	(2,944)	-
Exchange loss on borrowings	-	-	-	-
Other finance costs	(1,719)	(19,313)	(9,434)	(22,067)
	(54,989)	(45,195)	(102,393)	(73,833)
Finance income				
Interest Income				
- Banks and financial institutions	7,332	3,207	17,067	7,220
- Others	21	-	119	120
Exchange (loss)/gain on borrowings	(20,719)	-	21,047	-
Fair value (loss)/gain of financial instruments	(2,559)	(2,581)	1,252	3,518
	(15,925)	626	39,485	10,858