

IHH Healthcare Berhad

(Company No. 901914-V)

(Incorporated in Malaysia)

and its subsidiaries

**Financial statements for the financial
year ended 31 December 2013**

IHH Healthcare Berhad

(Company No. 901914-V)
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Directors' report for the year ended 31 December 2013

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 46 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	631,159	689,605
Non-controlling interests	102,700	-
	<u>733,859</u>	<u>689,605</u>

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, no dividend was paid.

The Directors have proposed a first and final single tier cash dividend of 2 sen per ordinary share for the financial year ended 31 December 2013, which is subject to shareholders approval at the forthcoming Annual General Meeting.

Directors of the Company

Directors who served since the date of the last report are:

Tan Sri Dato' Dr. Abu Bakar Bin Suleiman
 Dato' Mohammed Azlan Bin Hashim
 Dr. Tan See Leng
 Mehmet Ali Aydinlar
 Satoshi Tanaka
 Chang See Hiang
 Rossana Annizah Binti Ahmad Rashid
 Kuok Khoon Ean
 YM Tengku Dato' Sri Azmil Zahrudin Bin Raja Abdul Aziz
 Ahmad Shahizam Bin Mohd Shariff (Alternate Director to
 Dr. Tan See Leng)
 Kaichi Yokoyama (Alternate Director to Satoshi Tanaka)
 Quek Pei Lynn (Alternate Director to YM Tengku Dato'
 Sri Azmil Zahrudin Bin Raja Abdul Aziz)
 Dr. Lim Cheok Peng

(Resigned on 31 December 2013)

Directors' interests

The interest and deemed interest in the ordinary shares, options over ordinary shares, units convertible into ordinary shares and other units of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00 each				
	At 1 January 2013	Options exercised	Bought	Sold	At 31 December 2013
Interests in the Company					
Tan Sri Dato’ Dr. Abu Bakar Bin Suleiman					
- Direct	1,374,000	2,033,000	-	(300,000)	3,107,000
Dato' Mohammed Azlan Bin Hashim					
- Direct	250,000	-	-	(250,000)	-
Dr. Tan See Leng					
- Direct	5,504,000	20,234,000	-	(10,818,000)	14,920,000
Mehmet Ali Aydinlar					
- Direct	103,500,000	-	-	-	103,500,000
- Deemed	160,790,861	-	-	-	160,790,861
Chang See Hiang					
- Direct	100,000	-	-	-	100,000
Rossana Annizah Binti Ahmad Rashid					
- Direct	3,148,300	-	-	(3,148,300)	-
Kuok Khoon Ean					
- Direct	250,000	-	-	-	250,000

Directors' interests (continued)

	Number of ordinary shares of RM1.00 each			
	At 1 January 2013	Options exercised	Bought	Sold
Interests in the Company (continued)				
Ahmad Shahizam Bin Mohd Shariff				
- Direct	1,160,000	3,138,000	-	(2,450,000)
				1,848,000

	Number of ordinary shares of TL1.00 each			
	At 1 January 2013	Options exercised	Bought	Sold
Interests in subsidiaries				
Acıbadem Sağlık Yatırımları Holding A.Ş.				
Mehmet Ali Aydınlar				
- Direct	354,533,087	-	-	-
- Deemed	27,466,913	-	-	-
				354,533,087
				27,466,913
Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş.				
Mehmet Ali Aydınlar				
- Direct	30,001	-	-	-
- Deemed	1	-	-	-
				30,001
				1
Acıbadem Poliklinikleri A.Ş.				
Mehmet Ali Aydınlar				
- Direct	1	-	-	-
- Deemed	3	-	-	-
				1
				3
Acıbadem Ortadoğu Sağlık Yatırımları A.Ş.				
Mehmet Ali Aydınlar				
- Direct	5	-	-	-
				5
Acıbadem Mobil Sağlık Hizmetleri A.Ş.				
Mehmet Ali Aydınlar				
- Direct	13	-	-	-
- Deemed	26	-	-	-
				13
				26
Acıbadem Labmed Sağlık Hizmetleri A.Ş.				
Mehmet Ali Aydınlar				
- Direct	1	-	-	-
- Deemed	1	-	-	-
				1
				1

Directors' interests (continued)

	Number of ordinary shares of TL1.00 each				
	At 1 January 2013	Options exercised	Bought	Sold	At 31 December 2013
Interests in subsidiaries (continued)					
Yeni Sağlık Hizmetleri ve Ticaret A.Ş.					
Mehmet Ali Aydınlar					
- Direct	1	-	-	(1)	-
- Deemed	2	-	-	(2)	-
Bodrum Tedavi Hizmetleri A.Ş.					
Mehmet Ali Aydınlar					
- Deemed	3	-	-	-	3
Acıbadem Proje Yönetimi A.Ş.					
Mehmet Ali Aydınlar					
- Direct	1	-	-	-	1
Aplus Hastane Otelcilik Hizmetleri A.Ş.					
Mehmet Ali Aydınlar					
- Direct	1	-	-	-	1
- Deemed	3	-	-	-	3
Number of ordinary shares of TL250.00 each					
	At 1 January 2013	Options exercised	Bought	Sold	At 31 December 2013
Interests in a subsidiary					
Konur Sağlık Hizmetleri A.Ş.					
Mehmet Ali Aydınlar					
- Deemed	1	-	-	-	1
Number of ordinary shares of TL2.00 each					
	At 1 January 2013	Options exercised	Bought	Sold	At 31 December 2013
Interests in a subsidiary					
International Hospital Istanbul A.Ş.					
Mehmet Ali Aydınlar					
- Direct	1	-	-	-	1
- Deemed	1	-	-	-	1
Number of units					
	At 1 January 2013	Options exercised	Bought	Sold	At 31 December 2013
Interests in a subsidiary					
Parkway Life Real Estate Investment Trust					
Chang See Hiang					
- Direct	300,000	-	-	-	300,000

Directors' interests (continued)

	Number of options over ordinary shares of RM1.00 each				
	At 1 January 2013	Granted	Exercised	Lapsed/ cancelled	At 31 December 2013
Interests in the Company					
Equity Participation Plan ("EPP")					
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman	4,000,000	-	(2,000,000)	-	2,000,000
Dr. Tan See Leng	37,500,000	-	(18,750,000)	-	18,750,000
Ahmad Shahizam Bin Mohd Shariff	5,500,000	-	(2,750,000)	-	2,750,000

	Number of units convertible into ordinary shares of RM1.00 each				
	At 1 January 2013	Granted	Exercised	Lapsed/ cancelled	At 31 December 2013
Interests in the Company					
Long Term Incentive Plan ("LTIP")					
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman	90,000	60,000	(33,000)	-	117,000
Dr. Tan See Leng	3,651,000	1,144,000	(1,484,000)	-	3,311,000
Ahmad Shahizam Bin Mohd Shariff	955,000	403,000	(388,000)	-	970,000
Mehmet Ali Aydinlar	-	724,000	-	-	724,000

By virtue of their interests in the ordinary shares of the Company, Tan Sri Dato' Dr. Abu Bakar Bin Suleiman, Dr. Tan See Leng, Mehmet Ali Aydinlar, Kuok Khoo Ean, Chang See Hiang and Ahmad Shahizam Bin Mohd Shariff are also deemed interested in the shares of the subsidiaries during the financial year to the extent that IHH Healthcare Berhad has an interest.

Except as disclosed above, none of the other Directors holding office at 31 December 2013 had any interest in the ordinary shares, options over ordinary shares, units convertible into ordinary shares and other units of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business in which a Director is a member as disclosed in Note 41 to the financial statements.

Directors' benefits (continued)

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate apart from the issue of the LTIP as disclosed in Note 22.

Issue of shares and debentures

During the financial year, the Company issued:

- i) 72,249,998 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and
- ii) 7,278,705 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIP units.

Upon completion of the above, the issued and fully paid ordinary shares of the Company as at 31 December 2013 amounted to RM8,134,973,871.

There were no other changes in the authorised, issued and paid-up capital of the Company and no debenture was issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of share options pursuant to the following scheme:

LTIP

At a Board of Directors meeting held on 25 March 2011, the Board approved the LTIP for the granting of not more than 2% of the issued share capital of the Company, non-transferrable convertible units to eligible employees of the Group.

The salient features and the other terms of the LTIP are, *inter alia*, as follows:

- i. Eligible employees are employees that are in the full time employment and in the payroll of the Group including contract employees for at least 6 months or persons that fall within other categories or criteria that the Board may determine from time to time, at its absolute discretion.

Options granted over unissued shares (continued)

LTIP (continued)

- ii. The aggregate number of shares to be issued under the LTIP shall not exceed 2 percent of the issued and paid-up ordinary share capital of the Company.
- iii. The LTIP shall be in force for a period of 10 years from 25 March 2011.
- iv. The LTIP units granted in each year will vest in the participants over a three-year period, in equal proportions each year.
- v. Each unit of LTIP is entitled to be converted to 1 ordinary share of the Company after listing of the Company.
- vi. Eligible employees who are offered LTIP units but have elected to opt out of the scheme will receive cash LTIP units instead which will be redeemed by the Company over a period of 3 years, in equal proportions each year.
- vii. Options granted but not yet vested will be cancelled with immediate effect and cease to be exercisable if the participant is no longer in employment with the Group, by way of termination, disqualification or resignation.

Since the commencement of the scheme, until the end of the current financial year, no options had been granted to substantial shareholders or its associates and no options that entitle the holders of the options, by virtue of such holding, to any rights to participate in any share issue of other corporations had been granted.

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Options granted over unissued shares (continued)

According to Section 169(11) of the Companies Act, 1965, the Company is required to disclose the name of persons to whom any options has been granted during the financial year. Pursuant to Section 169A of the Companies Act, 1965, the Company has applied and has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted less than 122,000 options in financial year ended 31 December 2013.

The employees that were granted 122,000 and above LTIP units during the financial year are as follows:

Name of person to whom the option has been granted	Grant Date	Number of options that has been granted	Number of options that has been exercised	Number of options that has been cancelled	Balance as at 31 December 2013
Dr. Lim Suet Wun	29 April 2013	445,000	-	-	445,000
Tan See Haw	29 April 2013	420,000	-	-	420,000
Fong Choon Khin	29 April 2013	154,000	-	-	154,000
Alvin Lee Swee Hee	29 April 2013	150,000	-	-	150,000
Loh Chi-Keon Kelvin	29 April 2013	130,000	-	-	130,000
Jamaluddin Bin Bakri	29 April 2013	128,000	-	(128,000)	-
Tan Kang Fun	29 April 2013	122,000	-	-	122,000
Dr. Tan See Leng	2 July 2013	1,144,000	-	-	1,144,000
Dr. Lim Cheok Peng	2 July 2013	1,278,000	-	-	1,278,000
Mehmet Ali Aydinlar	2 July 2013	724,000	-	-	724,000
Ahmad Shahizam Bin Mohd Shariff	2 July 2013	403,000	-	-	403,000

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts, or the amount of provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for those disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events during the financial year

The significant events during the financial year are as disclosed in Note 43 to the financial statements.

Events subsequent to the end of the reporting period

The events subsequent to the end of the reporting period are disclosed in Note 44 to the financial statements.

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Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman



.....
Dr. Tan See Leng

Date: 15 April 2014

IHH Healthcare Berhad

(Company No. 901914-V)

(Incorporated in Malaysia)

and its subsidiaries

Statements of financial position as at 31 December 2013

	Note	/----- Group -----/ 31.12.2013 RM'000	31.12.2012 RM'000 (Restated)	1.1.2012 RM'000 (Restated)	/----- Company -----/ 31.12.2013 RM'000	31.12.2012 RM'000
Assets						
Property, plant and equipment	3	9,365,720	8,503,359	6,523,548	926	26
Investment properties	4	1,922,721	1,775,054	1,339,817	-	-
Goodwill on consolidation	5	8,881,234	8,853,527	6,546,453	-	-
Intangible assets	5	2,628,126	2,837,717	1,435,745	-	-
Investment in subsidiaries	6	-	-	-	16,142,113	15,408,549
Interests in associates	7	4,497	6,116	7,727	-	-
Interests in joint ventures	8	170,069	153,373	151,921	-	-
Other financial assets	9	758,037	682,748	529,881	-	-
Other receivables	14	36,312	31,420	2,447	-	-
Derivative assets	26	15,949	5,587	-	-	-
Deferred tax assets	10	77,567	61,160	24,279	-	-
Total non-current assets		23,860,232	22,910,061	16,561,818	16,143,039	15,408,575
Development properties	12	-	-	1,121,195	-	-
Inventories	13	152,991	136,928	78,784	-	-
Trade and other receivables	14	1,002,152	880,921	511,205	2,376	3,482
Amounts due from subsidiaries	17	-	-	-	12,560	23,186
Tax recoverable		62,368	39,060	20,422	-	-
Other financial assets	9	38,476	58,296	27,066	-	-
Derivative assets	26	233	264	-	-	-
Cash and cash equivalents	18	2,144,827	1,622,645	1,341,218	835,642	682,087
		3,401,047	2,738,114	3,099,890	850,578	708,755
Assets classified as held for sale	11	-	166	1,463	-	-
Total current assets		3,401,047	2,738,280	3,101,353	850,578	708,755
Total assets		27,261,279	25,648,341	19,663,171	16,993,617	16,117,330

Statements of financial position as at 31 December 2013 (continued)

		/----- Group -----/			/----- Company -----/	
	Note	31.12.2013 RM'000	31.12.2012 RM'000 (Restated)	1.1.2012 RM'000 (Restated)	31.12.2013 RM'000	31.12.2012 RM'000
Equity						
Share capital	19	8,134,974	8,055,445	5,500,000	8,134,974	8,055,445
Share premium	20	7,992,299	7,890,224	3,885,803	7,992,299	7,890,224
Other reserves	20	265,729	123,001	28,093	32,763	32,700
Retained earnings		1,682,143	1,062,330	316,492	817,647	127,992
Total equity attributable to owners of the Company		18,075,145	17,131,000	9,730,388	16,977,683	16,106,361
Non-controlling interests		1,847,802	2,044,763	1,294,903	-	-
Total equity		19,922,947	19,175,763	11,025,291	16,977,683	16,106,361
Liabilities						
Loans and borrowings	21	4,170,246	3,501,330	6,183,057	-	-
Employee benefits	22	23,144	21,205	15,544	234	446
Trade and other payables	25	363,119	76,372	40,805	-	-
Deferred tax liabilities	10	935,103	967,919	579,305	-	-
Derivative liabilities	26	3,566	4,710	9,125	-	-
Total non-current liabilities		5,495,178	4,571,536	6,827,836	234	446
Loans and borrowings	21	291,035	334,714	61,215	-	-
Trade and other payables	25	1,331,175	1,343,485	1,593,135	11,930	9,745
Derivative liabilities	26	3,121	11,951	1,252	-	-
Amounts due to subsidiaries	17	-	-	-	1,518	61
Employee benefits	22	38,928	35,941	41,935	515	582
Tax payable		178,895	174,951	112,507	1,737	135
Total current liabilities		1,843,154	1,901,042	1,810,044	15,700	10,523
Total liabilities		7,338,332	6,472,578	8,637,880	15,934	10,969
Total equity and liabilities		27,261,279	25,648,341	19,663,171	16,993,617	16,117,330

The notes on pages 22 to 165 are an integral part of these financial statements.

IHH Healthcare Berhad

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(Incorporated in Malaysia)

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Statements of profit or loss and other comprehensive income for the year ended 31 December 2013

	Note	Group		Company	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
			(Restated)		
Revenue	27	6,756,451	6,962,466	710,732	6,024
Other operating income		230,948	359,097	2,658	24,546
Inventories and consumables		(1,126,187)	(1,083,852)	-	-
Purchases and contracted services		(723,180)	(528,478)	-	-
Development cost of properties sold	12	(2,409)	(944,547)	-	-
Staff costs	28	(2,541,143)	(2,196,565)	(21,031)	(12,843)
Depreciation and impairment losses of property, plant and equipment	3	(531,512)	(442,449)	(176)	(3)
Amortisation and impairment losses of intangible assets	5	(69,346)	(66,601)	-	-
Operating lease expenses		(173,795)	(145,292)	(1,067)	(439)
Other operating expenses		(670,848)	(729,982)	(15,371)	(62,099)
Finance income	29	59,118	82,265	19,369	8,777
Finance costs	29	(328,713)	(222,209)	(6)	(5)
Share of (losses)/profits of associates (net of tax)		(1,793)	771	-	-
Share of profits of joint ventures (net of tax)		3,971	13,335	-	-
Profit/(loss) before tax	30	881,562	1,057,959	695,108	(36,042)
Income tax expense	33	(147,703)	(198,333)	(5,503)	(1,821)
Profit/(loss) for the year		<u>733,859</u>	<u>859,626</u>	<u>689,605</u>	<u>(37,863)</u>
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences from foreign operations		(154,425)	(14,191)	(422)	(110)
Hedge of net investments in foreign operations		165,822	170,744	-	-
Net change in fair value of available-for-sale financial assets		38,223	155,218	-	-
Cash flow hedge		788	(190)	-	-
	31	<u>50,408</u>	<u>311,581</u>	<u>(422)</u>	<u>(110)</u>
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		(5,963)	-	-	-
Revaluation of property, plant and equipment upon reclassification to investment properties		205	-	-	-
	31	<u>(5,758)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>778,509</u>	<u>1,171,207</u>	<u>689,183</u>	<u>(37,973)</u>

Statements of profit or loss and other comprehensive income for the year ended 31 December 2013 (continued)

	Note	Group		Company	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
			(Restated)		
Profit/(loss) attributable to:					
Owners of the Company		631,159	750,798	689,605	(37,863)
Non-controlling interests		102,700	108,828	-	-
Profit/(loss) for the year		<u>733,859</u>	<u>859,626</u>	<u>689,605</u>	<u>(37,863)</u>
Total comprehensive income attributable to:					
Owners of the Company		817,054	1,016,563	689,183	(37,973)
Non-controlling interests		(38,545)	154,644	-	-
Total comprehensive income for the year		<u>778,509</u>	<u>1,171,207</u>	<u>689,183</u>	<u>(37,973)</u>
Earnings per ordinary share (sen) :					
Basic	34	<u>7.78</u>	<u>10.76</u>		
Diluted	34	<u>7.74</u>	<u>10.69</u>		

The notes on pages 22 to 165 are an integral part of these financial statements.

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Statements of changes in equity for the year ended 31 December 2013

/----- Attributable to owners of the Company -----/												
/----- Non-distributable -----/ Distributable												
Group	Note	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Hedge reserve RM'000	Capital and 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 2012, previously reported		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
Effect of adopting MFRS 10		-	-	-	-	-	78	(3,162)	(57,261)	(60,345)	1,048,285	987,940
Reclassification		-	-	-	-	-	(73,579)	-	73,579	-	-	-
At 1 January 2012, as restated		5,500,000	3,885,803	16,554	22,641	15,931	(59,492)	32,459	316,492	9,730,388	1,294,903	11,025,291
Foreign currency translation differences from foreign operations (restated)		-	-	-	-	-	-	49,472	-	49,472	(63,663)	(14,191)
Hedge of net investments in foreign operations (restated)		-	-	-	-	-	-	61,143	-	61,143	109,601	170,744
Net change in fair value of available-for-sale financial assets		-	-	-	155,218	-	-	-	-	155,218	-	155,218
Cash flow hedge (restated)		-	-	-	-	(68)	-	-	-	(68)	(122)	(190)
Total other comprehensive income for the year (restated)	31	-	-	-	155,218	(68)	-	110,615	-	265,765	45,816	311,581
Profit for the year (restated)		-	-	-	-	-	-	-	750,798	750,798	108,828	859,626
Total comprehensive income for the year (restated)		-	-	-	155,218	(68)	-	110,615	750,798	1,016,563	154,644	1,171,207
<i>Contributions by and distributions to owners of the Company</i>												
- Issue of ordinary shares pursuant to the Company's IPO		1,800,000	3,240,000	-	-	-	-	-	-	5,040,000	-	5,040,000
- Listing expenses		-	(132,327)	-	-	-	-	-	-	(132,327)	-	(132,327)
- Cancellation of share options		-	-	(30)	-	-	-	-	30	-	-	-
- Share-based payment	22	-	-	22,864	-	-	-	-	-	22,864	-	22,864
- Additional capital contribution into a subsidiary		-	-	-	-	-	14,949	-	-	14,949	(14,949)	-
		1,800,000	3,107,673	22,834	-	-	14,949	-	30	4,945,486	(14,949)	4,930,537
Transfer to share capital and share premium on share options exercised		3,800	2,778	(6,578)	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	42	695,442	792,804*	-	-	-	-	-	-	1,488,246	366,548	1,854,794
Disposal of a subsidiary	42	-	-	-	-	-	-	15	-	15	(396)	(381)
Changes in ownership interests in subsidiaries (restated)	42	56,203	101,166	-	-	4	(203,284)	(14)	-	(45,925)	(148,179)	(194,104)
Effects of internal restructuring	42	-	-	-	-	-	412	-	(4,185)	(3,773)	(2,080)	(5,853)
Transfer per statutory requirements		-	-	-	-	-	805	-	(805)	-	-	-
Issue of shares to non-controlling interests of subsidiaries	42	-	-	-	-	-	-	-	-	-	497,487	497,487
Dividends paid to non-controlling interests (restated)		-	-	-	-	-	-	-	-	-	(103,215)	(103,215)
Total transactions with owners of the Company		2,555,445	4,004,421	16,256	-	4	(187,118)	1	(4,960)	6,384,049	595,216	6,979,265
At 31 December 2012, as restated		8,055,445	7,890,224	32,810	177,859	15,867	(246,610)	143,075	1,062,330	17,131,000	2,044,763	19,175,763

*: included in this amount is fair value adjustment of RM250,545,000 set off against RM1,043,349,000 gross share premium arising from shares issued to acquire a subsidiary.

Company No. 901914-V

Statements of changes in equity for the year ended 31 December 2013 (continued)

/----- Attributable to owners of the Company -----/													
/----- Non-distributable -----/											Distributable		
Group	Note	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 and legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2013, previously reported		8,055,445	7,890,224	32,810	177,859	-	15,863	17,957	152,299	902,557	17,245,014	975,487	18,220,501
Effect of adopting MFRS 10	45	-	-	-	-	-	4	557	(9,224)	(105,351)	(114,014)	1,069,276	955,262
Reclassification	45	-	-	-	-	-	-	(265,124)	-	265,124	-	-	-
At 1 January 2013, as restated		8,055,445	7,890,224	32,810	177,859	-	15,867	(246,610)	143,075	1,062,330	17,131,000	2,044,763	19,175,763
Foreign currency translation differences from foreign operations		-	-	-	-	-	-	-	91,100	-	91,100	(245,525)	(154,425)
Hedge of net investments in foreign operations		-	-	-	-	-	-	-	59,314	-	59,314	106,508	165,822
Net change in fair value of available-for-sale financial assets		-	-	-	38,223	-	-	-	-	-	38,223	-	38,223
Cash flow hedge		-	-	-	-	-	282	-	-	-	282	506	788
Remeasurement of defined benefit liability		-	-	-	-	-	-	-	-	(3,229)	(3,229)	(2,734)	(5,963)
Revaluation of property, plant and equipment upon reclassification to investment properties	3	-	-	-	-	205	-	-	-	-	205	-	205
Total other comprehensive income for the year	31	-	-	-	38,223	205	282	-	150,414	(3,229)	185,895	(141,245)	44,650
Profit for the year		-	-	-	-	-	-	-	-	631,159	631,159	102,700	733,859
Total comprehensive income for the year		-	-	-	38,223	205	282	-	150,414	627,930	817,054	(38,545)	778,509
<i>Contributions by and distributions to owners of the Company</i>													
- Share options exercised	19	72,250	86,700	-	-	-	-	-	-	-	158,950	-	158,950
- Cancellation of share options		-	-	(50)	-	-	-	-	-	50	-	-	-
- Share-based payment	22	-	-	23,189	-	-	-	-	-	-	23,189	-	23,189
		72,250	86,700	23,139	-	-	-	-	-	50	182,139	-	182,139
Transfer to share capital and share premium on share options exercised	19	7,279	15,375	(22,654)	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	42	-	-	-	-	-	-	170	(111)	-	59	(8,094)	(8,035)
Changes in ownership interests in subsidiaries	42	-	-	-	-	-	1	(55,113)	5	-	(55,107)	(33,501)	(88,608)
Transfer per statutory requirements		-	-	-	-	-	-	8,167	-	(8,167)	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(116,821)	(116,821)
Total transactions with owners of the Company		79,529	102,075	485	-	-	1	(46,776)	(106)	(8,117)	127,091	(158,416)	(31,325)
At 31 December 2013		8,134,974	7,992,299	33,295	216,082	205	16,150	(293,386)	293,383	1,682,143	18,075,145	1,847,802	19,922,947

Company No. 901914-V

Statements of changes in equity for the year ended 31 December 2013 (continued)

		/----- Attributable to owners of the Company -----/				
		/----- Non-distributable -----/			Distributable	
Company	Note	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Foreign currency translation reserve RM'000	Total equity RM'000
1 January 2012		5,500,000	3,885,803	16,554	-	9,568,182
Foreign currency translation differences from foreign operations		-	-	-	(110)	(110)
Total other comprehensive income for the year		-	-	-	(110)	(110)
Loss for the year		-	-	-	-	(37,863)
Total comprehensive income for the year		-	-	-	(110)	(37,973)
<i>Contributions by and distributions to owners of the Company</i>						
- Issue of ordinary shares pursuant to the Company's IPO		1,800,000	3,240,000	-	-	5,040,000
- Listing expenses		-	(132,327)	-	-	(132,327)
- Cancellation of share options		-	-	(30)	-	30
- Share-based payment		-	-	22,864	-	22,864
Transfer to share capital and share premium on share options exercised		1,800,000	3,107,673	22,834	-	4,930,537
Acquisition of subsidiaries	42	3,800	2,778	(6,578)	-	-
Acquisition of additional interest in subsidiaries	42	695,442	792,804*	-	-	1,488,246
		56,203	101,166	-	-	157,369
Total transactions with owners of the Company		2,555,445	4,004,421	16,256	-	6,576,152
At 31 December 2012		8,055,445	7,890,224	32,810	(110)	16,106,361

*: included in this amount is fair value adjustment of RM250,545,000 set off against RM1,043,349,000 gross share premium arising from shares issued to acquire a subsidiary.

Company No. 901914-V

Statements of changes in equity for the year ended 31 December 2013 (continued)

		/----- Attributable to owners of the Company -----/				
		/----- Non-distributable -----/			Distributable	
Company	Note	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Foreign currency translation reserve RM'000	Total equity RM'000
1 January 2013		8,055,445	7,890,224	32,810	(110)	16,106,361
Foreign currency translation differences from foreign operations		-	-	-	(422)	(422)
Total other comprehensive income for the year		-	-	-	(422)	(422)
Profit for the year		-	-	-	689,605	689,605
Total comprehensive income for the year		-	-	-	(422)	689,183
<i>Contributions by and distributions to owners of the Company</i>						
- Share options exercised	19	72,250	86,700	-	-	158,950
- Cancellation of share options		-	-	(50)	-	-
- Share-based payment		-	-	23,189	-	23,189
		72,250	86,700	23,139	-	182,139
Transfer to share capital and share premium on share options exercised	19	7,279	15,375	(22,654)	-	-
Total transactions with owners of the Company		79,529	102,075	485	-	182,139
At 31 December 2013		8,134,974	7,992,299	33,295	(532)	16,977,683

The notes on pages 22 to 165 are an integral part of these financial statements.

IHH Healthcare Berhad

(Company No. 901914-V)

(Incorporated in Malaysia)

and its subsidiaries

Statements of cash flows for the year ended 31 December 2013

		Group		Company	
	Note	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Cash flows from operating activities					
Profit/(loss) before tax		881,562	1,057,959	695,108	(36,042)
Adjustment for:					
Dividend income	27	(4,190)	(3,363)	(710,732)	(6,024)
Finance income		(59,118)	(82,265)	(19,369)	(8,777)
Finance costs		328,713	222,209	6	5
Amortisation and impairment losses of intangible assets	5	69,346	66,601	-	-
Depreciation and impairment losses of property, plant and equipment	3	531,512	442,449	176	3
Write-off:					
- Property, plant and equipment	30	904	1,217	3	-
- Intangible assets	30	534	-	-	-
- Inventories	30	515	200	-	-
- Trade and other receivables	30	5,469	8,936	50	-
(Gain)/Loss on disposal of property, plant and equipment	30	(3,698)	17,497	-	-
Gain on disposal of subsidiaries	30	(4,376)	(1,064)	-	-
Gain on disposal of assets held for sale	30	(67)	(280)	-	-
Impairment loss made/(written back):					
- Trade and other receivables	30	21,967	15,291	-	-
- Amounts due from associates	30	(1,247)	-	-	-
- Amounts due from joint ventures	30	-	550	-	-
- Investment in joint venture	30	2,545	-	-	-
- Other financial assets	30	(25,311)	(41,664)	-	-
Change in fair value of contingent consideration payable	30	(3,946)	26,284	-	-
Change in fair value of investment properties	4,30	(42,840)	(165,878)	-	-
Share of losses/(profits) of associates (net of tax)		1,793	(771)	-	-
Share of profits of joint ventures (net of tax)		(3,971)	(13,335)	-	-
Equity-settled share-based payment	22	23,189	22,864	5,425	5,286
Net unrealised foreign exchange differences		(21,589)	(27,888)	(2,584)	(24,615)
Operating profit/(loss) before changes in working capital		1,697,696	1,545,549	(31,917)	(70,164)
Changes in working capital					
Trade and other receivables		(149,708)	(25,643)	1,299	(1,954)
Inventories		(12,971)	(11,900)	-	-
Development properties		-	896,344	-	-
Trade and other payables		(14,542)	(909,866)	2,179	(28,530)
Cash generated from/(used in) operations		1,520,475	1,494,484	(28,439)	(100,648)
Income tax paid		(182,583)	(149,066)	(3,929)	(1,964)
Net cash from/(used in) operating activities		1,337,892	1,345,418	(32,368)	(102,612)

Statements of cash flows for the year ended 31 December 2013 (continued)

		Group		Company	
	Note	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Cash flows from investing activities					
Interest received		38,983	30,019	19,126	8,402
Capital injection into subsidiaries	6	-	-	(36,199)	(4,718,448)
Capital injection into joint ventures		(10,875)	-	-	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	42	-	(835,860)	-	-
Disposal of subsidiary, net of cash and cash equivalents disposed	42	2,058	458	-	-
Development and purchase of intangible assets	5	(13,921)	(19,138)	-	-
Purchase of property, plant and equipment		(1,426,502)	(873,051)	(1,079)	(29)
Purchase of investment properties		(217,048)	(126,586)	-	-
Proceeds from disposal of property, plant and equipment		10,994	4,694	-	-
Proceeds from sale of assets classified as held for sale		233	1,578	-	-
Proceeds from disposal of intangible assets		290	29	-	-
Net advances to associates		(338)	(513)	-	-
Net advances to joint ventures		(186)	(2,875)	-	-
Dividends received from available for sale financial assets	27	4,190	3,363	-	-
Dividends received from subsidiaries		-	-	30,520	6,024
Dividends received from associates		1,166	2,216	-	-
Dividends received from joint ventures		2,088	2,343	-	-
Net purchase of other financial assets		-	(644)	-	-
Refund of deposits paid to non-controlling interest of subsidiaries		43,032	-	-	-
Repayment from/(advances given to) subsidiaries		-	-	12,021	(3,687)
Net cash (used in)/from investing activities		(1,565,836)	(1,813,967)	24,389	(4,707,738)
Cash flows from financing activities					
Interest paid		(142,853)	(213,560)	-	-
Proceeds from issue of shares		-	5,040,000	-	5,040,000
Share issue expenses		-	(132,327)	-	(132,327)
Proceeds from exercise of share options		158,950	-	158,950	-
Loan from non-controlling interest of a subsidiary		292,196	-	-	-
Repayment to substantial shareholder and its related companies		-	(24,536)	-	(9,095)
Repayment of loans and borrowings		(1,852,353)	(6,706,904)	-	-
Buy back floating rate notes		(35,271)	(87,569)	-	-
Proceeds from loans and borrowings		2,517,808	2,644,425	-	-
Dividends paid to non-controlling interests		(116,821)	(103,215)	-	-
Acquisition of non-controlling interests		(89,541)	(347,347)	-	-
Proceeds from dilution of interest in a subsidiary to non-controlling shareholder		933	109,358	-	-
Issue of shares by subsidiaries to non-controlling interests		-	528,038	-	-
Changes in pledged deposits		59,598	(19,197)	-	-
Net cash from financing activities		792,646	687,166	158,950	4,898,578

Statements of cash flows for the year ended 31 December 2013 (continued)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Net increase in cash and cash equivalents	564,702	218,617	150,971	88,228
Effect of exchange rate fluctuations on cash held	18,053	43,223	2,584	24,505
Cash and cash equivalents at 1 January	1,552,854	1,291,014	682,087	569,354
Cash and cash equivalents at 31 December	2,135,609	1,552,854	835,642	682,087

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
Cash and bank balances	18	600,515	535,722	43,761	11,944
Fixed deposits placed with licensed banks	18	1,544,312	1,086,923	791,881	670,143
		2,144,827	1,622,645	835,642	682,087
Less:					
- Bank overdrafts	21	-	(974)	-	-
- Deposits pledged	18	(4,420)	(63,304)	-	-
- Cash collateral received	18	(4,798)	(5,513)	-	-
Cash and cash equivalent		2,135,609	1,552,854	835,642	682,087

The notes on pages 22 to 165 are an integral part of these financial statements.

IHH Healthcare Berhad

(Company No. 901914-V)

(Incorporated in Malaysia)

and its subsidiaries

Notes to the financial statements

IHH Healthcare Berhad is a company incorporated and domiciled in Malaysia. It is listed on Bursa Malaysia Securities Berhad and Singapore Exchange Securities Trading Limited. The address of the Company's principal place of business and registered office is as follows:

28th Floor, Mercu UEM
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470, Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2013 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 46 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 15 April 2014.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Amendments and interpretations effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

MFRSs, Amendments and interpretations effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Property (Annual Improvements 2011-2013 Cycle)*

MFRSs, Amendments and interpretations effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The initial application of the accounting standards, amendments and interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - measurement of residual value of property, plant and equipment
- Note 4 - measurement of the fair value of investment properties
- Note 5 - measurement of the recoverable amounts of cash-generating units
- Note 22 - measurement of share-based payments
- Note 42 - business combination

(e) Changes in accounting policies

(i) *Offsetting financial assets and financial liabilities*

On 1 January 2013, the Group adopted amendments to MFRS 7, *Financial Instruments - Offsetting of Financial Assets and Financial Liabilities*. As a result, the Group has expanded its disclosure on the offsetting of financial assets and liabilities as set out in Note 14.

1. Basis of preparation (continued)

(e) Changes in accounting policies (continued)

(ii) *Accounting for consolidated financial statements*

On 1 January 2013, the Group adopted MFRS 10, *Consolidated Financial Statements*. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- Investees are consolidated when there is control on the basis of *de facto* circumstances. The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy were made retrospectively and in accordance with the transitional provision of MFRS 10. Except for Parkway Life Real Estate Investment Trust ("PLife REIT") and Khubchandani Hospitals Private Limited ("Khubchandani"), the Group reviewed all investees that may be impacted by MFRS 10 and concluded that there are no changes to the existing consolidation treatment. The effects of the adoption of MFRS 10 on the accounting for the Group's 35.8% interest in PLife REIT and 50% interest in Khubchandani are disclosed in Note 45.

(iii) *Accounting for joint arrangements*

On 1 January 2013, the Group adopted MFRS 11, *Joint Arrangements*. The Group has reassessed and classified its joint arrangements as joint ventures based on its rights and obligations arising from these arrangements.

There is no impact to the financial statements as the Group already accounts for its interest in joint ventures using the equity method.

(iv) *Disclosures of interests in other entities*

On 1 January 2013, the Group adopted MFRS 112, *Disclosures of Interests in Other Entities*, which requires the disclosure of information about the nature, risks and financial effects of an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. There is no impact on the results and financial position of the Group. The additional disclosures necessary as a result of this adoption of this standard has been included in Notes 6, 7, 8, 46, 47, and 48.

1. Basis of preparation (continued)

(e) Changes in accounting policies (continued)

(v) *Fair value measurement*

MFRS 13, *Fair Value Measurement*, establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other MFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other MFRSs, including MFRS 7, *Financial Instruments: Disclosures*.

From 1 January 2013, in accordance with the transitional provisions of MFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard have been included in Notes 4 and 37.

(vi) *Employee benefits*

On 1 January 2013, the Group adopted MFRS 119 (2011), *Employee Benefits*. As a result, the Group changed its accounting policy in respect of the basis for determining the income or expense relating to its non-funded defined benefit plan and employee termination benefits, primary in the treatment on actuarial gains and losses. Under MFRS 119 (2011), the actuarial gains and losses are presented under other comprehensive income in the statements of profit or loss and other comprehensive income. In prior years, the actuarial gains and losses are presented as part of profit or loss in the same statement.

The change in accounting policy were made retrospectively. The adoption of MFRS 119 (2011) does not have any significant impact to the financial statements of the Group.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

(a) Basis of consolidation

(i) **Business combinations**

Business combinations are accounted for using the acquisition method in accordance to MFRS 3, *Business Combinations*, as at the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Business combinations (continued)

- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10 in the current financial year and the resulting changes are mentioned in Notes 1(e)(ii) and 45.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses and includes transaction costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(iii) Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Associates (continued)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that investment including any long-term interests is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the associate's operations or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment include transaction costs.

(iv) Joint arrangement

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vi) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary. Any difference between the Group's share of net assets in relation to the acquisition and the fair value of consideration paid is recognised directly in the Group's reserves.

(vii) Acquisitions from entities under common control

The assets and liabilities acquired under business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group, are recognised at the carrying amounts recognised previously in the Group controlling shareholders' consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

(viii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ix) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity instruments (except for impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of operations denominated in functional currencies other than Ringgit Malaysia ("RM"), including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Foreign operations (continued)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve (“FCTR”) in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liabilities simultaneously.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement

The Group categorises financial instruments as follows:

Financial assets

(a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) *Held-to-maturity investments*

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) *Loans and receivables*

Loans and receivables category comprises debt instruments and financial assets with fixed or determinable payments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(d) *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(m)(i)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Other financial liabilities comprise loans and borrowings, and trade and other payables, excluding deferred income.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

Cash flow hedge (continued)

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

Hedge of a net investment

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other cost directly attributable to bringing the asset to working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing cost is capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement costs when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property and measured at fair value.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction (construction-in-progress) are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Leasehold land	remaining term of the lease
• Buildings	5 - 50 years
• Hospital and medical equipment, renovation and furniture, fittings and equipment	3 - 25 years
• Laboratory and teaching equipment	2 - 10 years
• Motor vehicles	4 - 7 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(i) Finance lease (continued)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

2. Significant accounting policies (continued)

(f) Goodwill on consolidation

Goodwill is measured at cost less any accumulated impairment losses. In respect of equity accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates and joint ventures.

(g) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to prepare the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) Other intangible assets

Customer relationships that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Brand names and hospital licenses that have indefinite lives and other intangible assets that are not yet available for use are stated at cost less impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(g) Intangible assets (continued)

(iv) Amortisation

Amortisation is calculated based on the cost of an asset less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

- Customer relationships 5 - 10 years
- Capitalised development costs & other intangibles 3 - 20 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(h) Investment properties

(i) Recognition and measurement

Investment properties are properties which are held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise.

The fair value is determined based on internal valuation or independent professional valuation. Independent professional valuation is obtained annually for material investment properties.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the investment property is recognised in profit or loss in the period in which the item is derecognised.

2. Significant accounting policies (continued)

(h) Investment properties (continued)

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(i) Assets classified as held for sale

Assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and joint ventures ceases once classified as held for sale or distribution.

(j) Development property

Development property is stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less cost to be incurred in selling the property.

The cost of property under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure that can be allocated on a reasonable basis to the property under development. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

2. Significant accounting policies (continued)

(k) Inventories

Inventories are measured at the lower of cost or net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make sale.

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(m) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries, associates and joint ventures) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

2. Significant accounting policies (continued)

(m) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, development properties and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time and whenever there is an indication that they may be impaired.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its values in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (a group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

2. Significant accounting policies (continued)

(m) Impairment (continued)

(ii) Other assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(n) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of shares and share options classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Distributions of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(o) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2. Significant accounting policies (continued)

(o) Employee benefits (continued)

(i) Short-term employee benefits (continued)

The Group's contributions to defined contribution plans are charged to the profit or loss in the year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payment is available.

(ii) Defined benefits plan

The Group has non-funded defined benefits plans given to employees of certain subsidiaries within the Group.

The Group's net obligation in respect of defined benefits retirement plan and termination plan are calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest), if any, and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Previously, the Group determined interest income on plan assets, if any, based on their long-term rate of expected return.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

2. Significant accounting policies (continued)

(o) Employee benefits (continued)

(iii) Employment termination benefits

In accordance with the existing labour law in Turkey, the group entities operating in Turkey are required to make lump sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire, are called up for military service or die. The Group accounts for the non-funded employment termination benefits in the same manner as set out in Note 2(o)(ii).

(iv) Share-based payments transactions

The grant date fair value of share-based payments granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of the employee share options is measured using binomial lattice model, and market value approach on a minority, non-marketable basis for EPP and LTIP granted before 25 July 2012, and trinomial option pricing model for LTIP granted after 25 July 2012. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average cost of capital, earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items ("EBITDA") multiples, expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

(p) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2. Significant accounting policies (continued)

(q) Revenue and other income

(i) Services rendered

Revenue from provision of medicine and medical services, including healthcare support services rendered is recognised in profit or loss net of service tax and discount as and when the services are performed.

(ii) Goods sold

Revenue from the sale of pharmaceutical products is measured at fair value of the consideration received or receivable, net of returns and allowances and trade discounts.

Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(iii) Rental income

Rental income receivable under operating lease is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rentals are recognised as income in the reporting period in which they are earned.

(iv) Dividend income

Dividend income from investments is recognised in profit or loss on the date that the right to receive payment is established.

(v) Sale of development property

The Group recognises income on property development projects when the significant risks and rewards of ownership have been transferred to the purchasers. Revenue and associated expenses will be recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers i.e. upon the completion of the construction and when the rest of the purchase price is paid.

Revenue excludes goods and services or other sale taxes and is after deduction of any trade discounts. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of unit sold.

(vi) Finance income

Finance income comprises interest income from bank deposits and debt securities, net gain of financial derivatives that are recognised in profit or loss, and net exchange gain from foreign currency denominated bank borrowings.

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is capitalised.

2. Significant accounting policies (continued)

(r) Finance costs

Finance costs comprises interest expense on borrowings, finance lease liabilities and bonds, amortisation of borrowing transaction costs and discount on bonds, bank charges, net losses on financial derivatives that are recognised in profit or loss, and net exchange losses from foreign currency denominated bank borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(s) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

2. Significant accounting policies (continued)

(s) Income tax (continued)

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time rather than through sale. In other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(t) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own share held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

2. Significant accounting policies (continued)

(v) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not probable that there is an inflow of economic benefits, or the amount cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as a contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(w) Fair value measurements

From 1 January 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

3. Property, plant and equipment

Group	Note	Land and buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction-in-progress RM'000	Total RM'000
Cost							
At 1 January 2012, previously reported		3,436,908	1,461,712	35,113	14,533	915,084	5,863,350
Effect of adoption of MFRS 10		1,991,200	115,960	-	32	(49,973)	2,057,219
At 1 January 2012, as restated		5,428,108	1,577,672	35,113	14,565	865,111	7,920,569
Additions (restated)		48,630	364,460	7,735	4,045	533,940	958,810
Disposals/write off		(22,436)	(111,053)	(796)	(3,333)	(279)	(137,897)
Reclassification (restated)		660,075	714,765	-	331	(1,375,171)	-
Acquisition of subsidiaries	42	496,678	1,615,052	-	10,749	53,719	2,176,198
Disposal of subsidiaries	42	-	(2,044)	-	(124)	-	(2,168)
Transfer to intangible assets	5	-	(39)	-	-	-	(39)
Transfer from development properties	12	41,685	-	-	-	-	41,685
Transfer to investment properties	4	(57,772)	-	-	-	(23,497)	(81,269)
Translation differences (restated)		116,113	49,548	1	249	12,921	178,832
At 31 December 2012, as restated		6,711,081	4,208,361	42,053	26,482	66,744	11,054,721
At 1 January 2013, previously reported		4,712,223	4,044,332	42,053	26,527	153,906	8,979,041
Effect of adoption of MFRS 10		1,998,858	164,029	-	(45)	(87,162)	2,075,680
At 1 January 2013, as restated		6,711,081	4,208,361	42,053	26,482	66,744	11,054,721
Additions		37,248	316,725	5,061	3,588	1,096,844	1,459,466
Disposals/write off		(235)	(59,286)	(298)	(3,253)	(2,453)	(65,525)
Reclassification		2,466	59,244	-	-	(61,710)	-
Transfer to investment properties							
- Offset of accumulated depreciation		(54)	-	-	-	-	(54)
- Revaluation of property transferred		205	-	-	-	-	205
- Transfer of carrying amount	4	(1,350)	-	-	-	-	(1,350)
Disposal of subsidiaries	42	-	(2,713)	-	-	-	(2,713)
Cost adjustments*		(39,368)	-	-	-	-	(39,368)
Translation differences		47,366	(156,210)	(1)	(998)	(1,446)	(111,289)
At 31 December 2013		6,757,359	4,366,121	46,815	25,819	1,097,979	12,294,093

*: Relates to adjustments made upon the finalisation of construction costs for property, plant and equipment during the year.

3. Property, plant and equipment (continued)

Group	Note	Land and buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction- in-progress RM'000	Total RM'000
Accumulated depreciation and impairment loss							
At 1 January 2012, previously reported		165,439	951,380	10,248	9,530	-	1,136,597
Effect of adoption of MFRS 10		225,179	35,243	-	2	-	260,424
At 1 January 2012, as restated		390,618	986,623	10,248	9,532	-	1,397,021
Depreciation charge for the year (restated)		73,826	359,759	5,531	3,333	-	442,449
Disposals/write off		(5,672)	(105,457)	(698)	(2,662)	-	(114,489)
Acquisition of subsidiaries	42	43,169	748,399	-	4,783	-	796,351
Disposal of subsidiaries	42	-	(1,251)	-	(124)	-	(1,375)
Translation differences (restated)		8,040	23,201	-	164	-	31,405
At 31 December 2012, as restated		509,981	2,011,274	15,081	15,026	-	2,551,362
At 1 January 2013, previously reported		265,296	1,958,439	15,081	15,066	-	2,253,882
Effect of adoption of MFRS 10		244,685	52,835	-	(40)	-	297,480
At 1 January 2013, as restated		509,981	2,011,274	15,081	15,026	-	2,551,362
Depreciation charge for the year		92,499	430,109	5,375	3,867	-	531,850
Impairment loss reversed		(338)	-	-	-	-	(338)
Disposals/write off		(90)	(54,379)	(289)	(2,567)	-	(57,325)
Disposal of subsidiaries	42	-	(2,537)	-	-	-	(2,537)
Offset of accumulated depreciation on property transferred to investment properties		(54)	-	-	-	-	(54)
Translation differences		(791)	(93,337)	-	(457)	-	(94,585)
At 31 December 2013		601,207	2,291,130	20,167	15,869	-	2,928,373

3. Property, plant and equipment (continued)

Group	Land and buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction- in-progress RM'000	Total RM'000
Net carrying amount						
At 1 January 2012, as restated	5,037,490	591,049	24,865	5,033	865,111	6,523,548
At 31 December 2012/1 January 2013, as restated	6,201,100	2,197,087	26,972	11,456	66,744	8,503,359
At 31 December 2013	6,156,152	2,074,991	26,648	9,950	1,097,979	9,365,720

3. Property, plant and equipment (continued)

Company	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2012	-	-	-
Additions	29	-	29
At 31 December 2012/1 January 2013	29	-	29
Additions	429	650	1,079
Disposals/write off	(3)	-	(3)
At 31 December 2013	455	650	1,105
Accumulated depreciation			
At 1 January 2012	-	-	-
Depreciation charge for the year	3	-	3
At 31 December 2012/1 January 2013	3	-	3
Depreciation charge for the year	57	119	176
At 31 December 2013	60	119	179
Net carrying amount			
At 31 December 2012/1 January 2013	26	-	26
At 31 December 2013	395	531	926

3. Property, plant and equipment (continued)

Land and buildings of the Group

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 January 2012, previously reported	240,863	2,459,407	736,638	3,436,908
Effect of adoption of MFRS 10	90,293	773,605	1,127,302	1,991,200
At 1 January 2012, as restated	331,156	3,233,012	1,863,940	5,428,108
Additions (restated)	-	1,940	46,690	48,630
Disposals/write off	-	-	(22,436)	(22,436)
Reclassification	-	-	660,075	660,075
Acquisition of subsidiaries	163,480	-	333,198	496,678
Transfer from development properties	-	17,092	24,593	41,685
Transfer to investment properties	-	(57,772)	-	(57,772)
Translation differences (restated)	3,800	76,997	35,316	116,113
At 31 December 2012, as restated	498,436	3,271,269	2,941,376	6,711,081
At 1 January 2013, previously reported	406,171	2,493,805	1,812,247	4,712,223
Effect of adoption of MFRS 10	92,265	777,464	1,129,129	1,998,858
At 1 January 2013, as restated	498,436	3,271,269	2,941,376	6,711,081
Additions	-	652	36,596	37,248
Disposals/write off	-	-	(235)	(235)
Reclassification	-	-	2,466	2,466
Transfer to investment properties	-	-	-	-
- Offset of accumulated depreciation	-	-	(54)	(54)
- Revaluation of property transferred	205	-	-	205
- Transfer of carrying amount	(1,239)	-	(111)	(1,350)
Cost adjustments*	-	-	(39,368)	(39,368)
Translation differences	(16,133)	76,665	(13,166)	47,366
At 31 December 2013	481,269	3,348,586	2,927,504	6,757,359
Accumulated depreciation and impairment loss				
At 1 January 2012, previously reported	339	8,154	156,946	165,439
Effect of adoption of MFRS 10	56	89,650	135,473	225,179
At 1 January 2012, as restated	395	97,804	292,419	390,618
Depreciation charge for the year (restated)	-	26,070	47,756	73,826
Disposals/write off	-	-	(5,672)	(5,672)
Acquisition of subsidiaries	-	-	43,169	43,169
Translation differences (restated)	(59)	2,538	5,561	8,040
At 31 December 2012, as restated	336	126,412	383,233	509,981
At 1 January 2013, previously reported	336	22,806	242,154	265,296
Effect of adoption of MFRS 10	-	103,606	141,079	244,685
At 1 January 2013, as restated	336	126,412	383,233	509,981
Depreciation charge for the year	-	38,570	53,929	92,499
Impairment loss reversed	(338)	-	-	(338)
Disposals/write off	-	-	(90)	(90)
Offset of accumulated depreciation on property transferred to investment properties	-	-	(54)	(54)
Translation differences	2	3,523	(4,316)	(791)
At 31 December 2013	-	168,505	432,702	601,207

*: Relates to adjustments made upon the finalisation of construction costs for property, plant and equipment during the year.

3. Property, plant and equipment (continued)

Land and buildings of the Group (continued)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Total RM'000
Net carrying amount				
At 1 January 2012, as restated	330,761	3,135,208	1,571,521	5,037,490
At 31 December 2012/1 January 2013, as restated	498,100	3,144,857	2,558,143	6,201,100
At 31 December 2013	481,269	3,180,081	2,494,802	6,156,152

Leasehold land

Included in the net carrying amount of leasehold land is RM3,180,081,000 (2012: RM3,144,857,000) pertaining to leasehold land with unexpired lease period of more than 50 years.

Securities

As at 31 December 2013, property, plant and equipment with carrying amounts of RM201,591,000 (2012: RM567,524,000) are charged to licensed financial institutions for credit facilities and term loans granted to the Group.

Assets under finance lease arrangements

Included in the net carrying amount of property, plant and equipment are motor vehicles and equipment with net carrying amounts of RM141,595,000 (2012: RM202,519,000) that are held under finance lease arrangements.

Borrowing costs

Included in additions during the year are capitalised borrowing costs amounting to RM5,443,000 (2012: RM8,228,000).

4. Investment properties

	Note	Group 2013 RM'000	Group 2012 RM'000 (Restated)
At 1 January, previously reported		435,673	-
Effect of adoption of MFRS 10		1,339,381	1,339,817
At 1 January, as restated		1,775,054	1,339,817
Additions		219,520	126,586
Transfer from property, plant and equipment	3	1,350	81,269
Transfer from development properties	12	-	184,814
Cost adjustments*		(597)	-
Change in fair value recognised in profit or loss	30	42,840	165,878
Translation differences		(115,446)	(123,310)
At 31 December		1,922,721	1,775,054

*: Relates to adjustments made upon the finalisation of construction costs for the investment properties during the year.

4. Investment properties (continued)

Included in the above are:

	Group	
	2013	2012
	RM'000	RM'000
		(Restated)
At fair value		
Freehold land	407,786	382,167
Leasehold land with unexpired lease period of less than 50 years	8,541	8,030
Buildings	1,506,394	1,384,857
	<u>1,922,721</u>	<u>1,775,054</u>

Investment properties includes retail units and medical suites within hospitals, nursing homes with care services and a pharmaceutical product distributing and manufacturing facility leased or intended to be leased to external parties.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2013	2012
	RM'000	RM'000
		(Restated)
Rental income	107,902	109,481
Direct operating expenses:		
- income generating investment properties	(12,605)	(13,547)
- non-income generating investment properties	(1,597)	(2,325)
	<u>93,700</u>	<u>93,609</u>

Determination of fair value

Investment properties are stated at fair value based on independent professional valuations. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market corroborated capitalised yield, terminal yield, discount rate and average growth rate.

4. Investment properties (continued)

The valuers have considered valuation techniques including the direct comparison method, the capitalisation approach, the discounted cash flow approach and the cost approach in arriving at the open market value as at the balance sheet date. The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow approach involves the estimation and the projection of an income stream over a period and discounting the income stream with an approximate rate of return. The cost approach involves the estimation of the replacement cost of improvements and the market value of the land.

Fair value hierarchy

The different levels of fair value are defined as follows:

- Level 1: Derived from quoted prices (unadjusted) in active markets for identical investment properties that the Group can access at the measurement date.
- Level 2: Estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.
- Level 3: Estimated using unobservable inputs for the investment property.

The fair value of the investment properties are categories as follows:

	2013			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
Land	-	-	416,327	416,327
Buildings	-	-	1,506,394	1,506,394
	-	-	1,922,721	1,922,721

Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Transfer between Level 1 and 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

4. Investment properties (continued)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow and capitalisation approach	• Risk-adjusted discount rates range from 5.5% to 8% • Capitalisation rates range from 4.5% to 8%	The estimated fair value would increase / (decrease) if: • the risk-adjusted discount rates were lower / (higher); or • the capitalisation rates were lower / (higher).
Sales comparison approach	• Premium made for differences in type of development (including design, use and proximity to complementary businesses) range from 8% to 10%	The estimated fair value would increase / (decrease) if: • premium made for differences in type of development was higher / (lower).

Key unobservable inputs

Key unobservable inputs correspond to:

- Capitalisation rate, based on the rate of return on investment properties on the expected income that the properties will generate.
- Discount rates, based on the risk-free rate for bonds issued by government in the relevant market, adjusted for a risk premium to reflect the increased risk of investing in the asset class.

5. Goodwill on consolidation and intangible assets

Group

	Note	Land use rights RM'000	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Development cost and other intangibles RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
Cost									
At 1 January 2012, previously reported		159,826	1,261,173	-	141,400	108,198	1,670,597	6,418,337	8,088,934
Effect of adoption of MFRS 10		(159,826)	-	-	-	(25,895)	(185,721)	130,477	(55,244)
At 1 January 2012, as restated		-	1,261,173	-	141,400	82,303	1,484,876	6,548,814	8,033,690
Additions		-	-	12,893	-	6,245	19,138	-	19,138
Disposals		-	-	-	-	(37)	(37)	-	(37)
Acquisition of subsidiaries	42	-	810,888	299,772	250,388	83,113	1,444,161	2,083,234	3,527,395
Transfer from property, plant and equipment	3	-	-	-	-	39	39	-	39
Translation differences (restated)		-	9,064	3,216	2,799	2	15,081	223,908	238,989
At 31 December 2012, as restated		-	2,081,125	315,881	394,587	171,665	2,963,258	8,855,956	11,819,214
At 1 January 2013, previously reported		151,227	2,081,125	315,881	394,587	197,482	3,140,302	8,725,479	11,865,781
Effect of adoption of MFRS 10		(151,227)	-	-	-	(25,817)	(177,044)	130,477	(46,567)
At 1 January 2013, as restated		-	2,081,125	315,881	394,587	171,665	2,963,258	8,855,956	11,819,214
Additions		-	-	4,125	-	9,796	13,921	-	13,921
Disposals/write off		-	-	-	-	(1,159)	(1,159)	-	(1,159)
Translation differences		-	(91,159)	(35,425)	(28,149)	(5,060)	(159,793)	27,777	(132,016)
At 31 December 2013		-	1,989,966	284,581	366,438	175,242	2,816,227	8,883,733	11,699,960

5. Goodwill on consolidation and intangible assets (continued)

Group

	Note	Land use rights RM'000	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Development cost and other intangibles RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
Accumulated amortisation and impairment losses									
At 1 January 2012, previously reported		-	-	-	33,185	18,814	51,999	2,361	54,360
Effect of adoption of MFRS 10		-	-	-	-	(2,868)	(2,868)	-	(2,868)
At 1 January 2012, as restated		-	-	-	33,185	15,946	49,131	2,361	51,492
Amortisation charge for the year (restated)		-	-	-	48,280	18,321	66,601	-	66,601
Disposals		-	-	-	-	(7)	(7)	-	(7)
Acquisition of subsidiaries	42	-	-	-	-	9,886	9,886	-	9,886
Translation differences (restated)		-	-	-	(2)	(68)	(70)	68	(2)
At 31 December 2012, as restated		-	-	-	81,463	44,078	125,541	2,429	127,970
At 1 January 2013, previously reported		-	-	-	81,463	49,097	130,560	2,429	132,989
Effect of adoption of MFRS 10		-	-	-	-	(5,019)	(5,019)	-	(5,019)
At 1 January 2013, as restated		-	-	-	81,463	44,078	125,541	2,429	127,970
Amortisation charge for the year		-	-	-	49,379	19,967	69,346	-	69,346
Disposals/write off		-	-	-	-	(335)	(335)	-	(335)
Translation differences		-	-	-	(4,413)	(2,038)	(6,451)	70	(6,381)
At 31 December 2013		-	-	-	126,429	61,672	188,101	2,499	190,600

5. Goodwill on consolidation and intangible assets (continued)

	Note	Land use rights RM'000	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Development cost and other intangibles RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
At 1 January 2012, as restated		-	1,261,173	-	108,215	66,357	1,435,745	6,546,453	7,982,198
At 31 December 2012, as restated		-	2,081,125	315,881	313,124	127,587	2,837,717	8,853,527	11,691,244
At 31 December 2013		-	1,989,966	284,581	240,009	113,570	2,628,126	8,881,234	11,509,360

Goodwill, brand names and hospital licences are allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill, brand names and hospital licences are monitored for internal management purposes.

The aggregate carrying amounts of goodwill, brand names and hospital licences allocated to each unit are as follows:

Group	Goodwill		Brand names		Hospital licences	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Singapore-based hospital and healthcare services	4,882,892	4,705,207	1,145,173	1,145,173	-	-
Malaysia-based hospital and healthcare services	1,754,034	1,714,073	116,000	116,000	-	-
Turkey-based hospital and healthcare services	1,895,100	2,100,220	728,793	819,952	284,581	315,881
PLife REIT	124,232	109,051	-	-	-	-
Education	224,976	224,976	-	-	-	-
	8,881,234	8,853,527	1,989,966	2,081,125	284,581	315,881

5. Intangible assets and goodwill on consolidation (continued)

Impairment testing for cash generating units containing goodwill, brand names and hospital licences

(a) Hospital and healthcare services, and Education CGUs

Key assumptions used in recoverable amount

For the purpose of impairment testing, the carrying amounts are allocated to the Group's operating divisions which are the cash-generating units ("CGU"). Recoverable amount of each CGU is estimated based on its value-in-use. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on past experience, actual operating results, approved financial budgets for 2014 and 5 to 10 year business plan.

The key assumptions for the computation of value-in-use of goodwill, brand names and hospital licences include the following:

- (i) Revenue growth assumptions in the 10-year cash flow projections:
 - Hospital and healthcare services CGUs: 9% - 28% (2012: 9% - 28%) per annum in the first 3 years with declining revenue trend in subsequent years from 2% - 12% (2012: 2% - 10%) per annum; and
 - Education CGU: 7% - 12% (2012: 7% - 17%) per annum for the first 3 years with 3% - 9% (2012: 3% - 8%) revenue growth for subsequent years
- (ii) EBITDA margins assumptions:
 - Hospital and healthcare services CGUs: 21% - 32% (2012: 20% - 28%); and
 - Education CGU: 31% - 32% (2012: 33% - 34%)

The projections are in line with the proposed expansion plans for the respective investees.
- (iii) Terminal value was estimated using the perpetuity growth model:
 - Hospital and healthcare services CGUs: 2% - 7.5% (2012: 2% - 5%) per annum; and
 - Education CGU: 3% (2012: 3%) for per annum

The terminal values were applied to steady-state estimate earnings at the end of the projected period.
- (iv) Discount rates of approximately 7.5% - 14.2% (2012: 7.5% - 12.0%) which are based on the pre-tax cost of capital plus an appropriate risk premium at the date of assessment of the respective CGUs.
- (v) There will be no other significant changes in the government policies and regulations which will directly affect the investees' businesses. The inflation for the operating expenses is in line with the estimated gross domestic product growth rate for the country based on the past trends.

The values assigned to the key assumptions represent the Group's assessment of future trends in the healthcare and education market and are based on both external sources and internal sources (historical data).

5. Intangible assets and goodwill on consolidation (continued)

Impairment testing for cash generating units containing goodwill, brand names and hospital licences (continued)

(a) Hospital and healthcare services, and education CGUs (continued)

The Group believes that no reasonably foreseeable changes in the above key assumptions that would cause the carrying values of these CGUs to materially exceed their recoverable amounts other than changes in the prevailing operating environment of which the impact is not ascertainable.

(b) PLife REIT CGU

Recoverable amount of PLife REIT is based on fair value less cost to sell, using the open market price of this CGU as at reporting date.

6. Investment in subsidiaries

	Company	
	2013	2012
	RM'000	RM'000
At cost:		
Unquoted shares in Malaysia	15,652,137	14,918,573
Unquoted shares outside Malaysia	489,976	489,976
	<u>16,142,113</u>	<u>15,408,549</u>

The movement of cost of investment in subsidiaries are as follows:

	Company	
	2013	2012
	RM'000	RM'000
At 1 January	15,408,549	9,044,486
Share subscription in subsidiaries	53,352	6,364,063
Redeemable shares subscription in a subsidiary	680,212	-
At 31 December	<u>16,142,113</u>	<u>15,408,549</u>

Details of the investment in subsidiaries are as disclosed in Note 46.

Acquisition of /additional interest in subsidiaries

In 2013, the Company:

- Increased its investment in its wholly-owned subsidiary, Integrated Healthcare Turkey Yatirimlari Limited ("IHTYL"), through subscription of 14,512,501 shares for a total cash consideration of approximately RM36,199,000;
- Increased its investment in its wholly-owned subsidiary, Integrated Healthcare Capital Sdn. Bhd. ("IHCSB"), through subscription of 1,517,348 shares by way of capitalisation of approximately RM1,517,000 debts owed by IHCSB to the Company; and

6. Investment in subsidiaries (continued)

Acquisition of / additional interest in subsidiaries (continued)

- Increased its investment in its wholly-owned subsidiary, Integrated Healthcare Holdings Limited (“IHHL”), through subscription of 211,102,424 redeemable preference shares, and 5,302,900 ordinary shares of IHHL by way of capitalisation of RM695,848,000 debts owed by IHHL to the Company.

In 2012, the Company:

- Increased its investment in IHHL through subscription of 1,209,209,713 shares for a total cash consideration of approximately RM3,790,713,000; and
- Increased its investment in IHTYL through subscription of 1,141,979,073 shares for a total consideration of approximately RM2,573,350,000, of which approximately RM927,735,000 was settled in cash, while the remaining amount was settled through issue of new Company shares.

Although the Group owns less than half of the ownership interest in, and less than half of the voting power of PLife REIT, the Group has determined that it controls PLife REIT. The Group has *de facto* control over PLife REIT, on the basis that the remaining voting rights in the PLife REIT are widely dispersed and that there is no indication that all other shareholders exercise their votes collectively.

The Group via PLife REIT, does not hold any ownership interest in the special purpose entities (“SPEs”) listed in Note 46. The SPEs were established under terms that impose strict limitations on the decision-making powers of the SPEs’ management, resulting in the Group receiving the majority of the benefits related to the SPEs’ operations and net assets, being exposed to the majority of risks incident to the SPEs’ activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets. Consequently, the SPEs are regarded as subsidiaries of the Group.

Non-controlling interests in subsidiaries

The Group’s subsidiaries that have material non-controlling interests (“NCI”) are as follows:

	2013			
	/----- Material NCI -----/		Other individually immaterial subsidiaries	Total
	PLife REIT RM’000	ASYH* RM’000	RM’000	RM’000
NCI percentage of ownership interest and voting interest	64.22%	40.00%		
Carrying amount of NCI	1,183,481	419,776	244,545	1,847,802
Profit allocated to NCI	86,400	(12,222)	28,522	102,700
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	3,438,396	4,426,579		
Current assets	85,289	906,595		
Non-current liabilities	(1,512,855)	(1,602,376)		
Current liabilities	(43,396)	(798,958)		
Net assets	1,967,434	2,931,840		

6. Investment in subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

	2013			
	/----- Material NCI -----/		Other individually immaterial subsidiaries	Total
	PLife REIT RM'000	ASYH* RM'000	RM'000	RM'000
Year ended 31 December				
Revenue	234,697	2,585,623		
Profit for the year	134,516	(27,721)		
Total comprehensive income	135,027	(32,720)		
Cash flows from operating activities	192,541	358,820		
Cash flows from investing activities	(226,818)	(464,772)		
Cash flows from financing activities	38,363	444,425		
Net increase in cash and cash equivalent	4,086	338,473		
Dividends paid to NCI	103,930	7,265		
	2012			
	/----- Material NCI -----/		Other individually immaterial subsidiaries	Total
	PLife REIT RM'000	ASYH* RM'000	RM'000	RM'000
NCI percentage of ownership interest and voting interest	64.19%	40.00%		
Carrying amount of NCI	1,182,858	598,000	263,905	2,044,763
Profit allocated to NCI	88,804	1,398	18,626	108,828
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	3,324,975	4,748,307		
Current assets	88,546	529,968		
Non-current liabilities	(1,399,989)	(1,082,864)		
Current liabilities	(61,866)	(797,801)		
Net assets	1,951,666	3,397,610		
Year ended 31 December				
Revenue	232,693	2,249,944		
Profit for the year	138,265	68,992		
Total comprehensive income	139,326	68,874		
Cash flows from operating activities	182,826	366,778		
Cash flows from investing activities	(150,069)	(447,861)		
Cash flows from financing activities	(34,116)	86,311		
Net (decrease)/increase in cash and cash equivalent	(1,359)	5,228		
Dividends paid to NCI	97,078	-		

*: Acıbadem Sağlık Yatırımları Holding A.Ş. ("ASYH")

6. Investment in subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

Significant restrictions

Parkway Life Real Estate Investment Trust

The Group does not have significant restrictions on its ability to access or use the assets and settle the liabilities of PLife REIT other than those resulting from the regulatory framework within which the subsidiary operates. PLife REIT is regulated by the Monetary Authority of Singapore (“MAS”) and is supervised by the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with PLife REIT are either subject to review by PLife REIT’s Trustee or must be approved by a majority of votes by the remaining holders of Units in PLife REIT (“Unitholders”) at a meeting of Unitholders.

The assets of PLife REIT are held in trust by a Trustee for the Unitholders. As at 31 December 2013, the carrying amounts of PLife REIT’s assets and liabilities are RM3,523,685,000 and RM1,556,251,000 respectively (2012: RM3,413,521,000 and RM1,461,855,000 respectively).

Shenton Insurance Pte. Ltd.

Shenton Insurance Pte. Ltd., being an insurer registered with the Monetary Authority of Singapore, is required to satisfy with the fund solvency and capital adequacy requirements prescribed by the authority. This poses a restriction on the use of the cash and cash equivalents of the subsidiary amounting to RM45,630,000 (2012: RM42,868,000) at the reporting date.

7. Interests in associates

	Group	
	2013	2012
	RM’000	RM’000
		(Restated)
At cost:		
Unquoted shares in Malaysia	1,302	1,300
Unquoted shares outside Malaysia	2,060	2,003
	3,362	3,303
Share of post-acquisition reserves	1,112	14,427
	4,474	17,730
Amounts due from associates	3,323	4,460
Allowance for impairment loss	(3,297)	(4,447)
	26	13
Amounts due to associates	(3)	(11,627)
	23	(11,614)
	4,497	6,116

Details of the associates are disclosed in Note 47.

7. Interests in associates (continued)

Amounts due from/(to) associates

The amounts due from associates are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Group's net investments in the associates, they are stated at cost less accumulated impairment loss.

The amounts due to associates include are unsecured and interest-free.

The Group does not have any material associates. The following table summarises the information of the Group's associates, adjusted for any differences in accounting policies.

	Individually immaterial associates	
	2013	2012
	RM'000	RM'000
Summarised financial information		
As at 31 December		
Non-current assets	7,786	43,783
Current assets	28,623	45,691
Non-current liabilities	(10,784)	(14,829)
Current liabilities	(6,267)	(7,468)
Net assets	<u>19,358</u>	<u>67,177</u>
Year ended 31 December		
Revenue	22,243	20,417
Profit for the year, representing total comprehensive income for the year	<u>(5,910)</u>	<u>4,266</u>
The Group's share of profit or loss from continuing operations, representing share of total comprehensive income for the year	<u>(1,793)</u>	<u>771</u>

8. Interests in joint ventures

	Group	
	2013	2012
	RM'000	RM'000
		(Restated)
At cost:		
Unquoted shares outside Malaysia	234,455	210,210
Share of post-acquisition reserves	(77,513)	(60,220)
	<u>156,942</u>	<u>149,990</u>
Amounts due from joint ventures	30,678	20,607
Allowance for impairment loss	(17,285)	(16,846)
	<u>13,393</u>	<u>3,761</u>
Amounts due to joint ventures	(266)	(378)
	<u>13,127</u>	<u>3,383</u>
	<u>170,069</u>	<u>153,373</u>

Details of the joint ventures are disclosed in Note 48.

Amounts due from/(to) joint ventures

The amounts due from joint ventures are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Group's net investments in these joint ventures, they are stated at cost less accumulated impairment loss.

The amounts due to joint ventures are unsecured and interest-free, and settlement is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a return of equity by the joint ventures to the Group, they are stated at cost.

The Group do not have any material joint ventures. The following table summarises the information of the Group's joint ventures, adjusted for any differences in accounting policies.

	Individually immaterial joint ventures	
	2013	2012
	RM'000	RM'000
Summarised financial information		
As at 31 December		
Non-current assets	317,481	304,728
Current assets	123,096	76,660
Non-current liabilities	(101,361)	(61,090)
Current liabilities	(81,658)	(62,074)
Net assets	<u>257,558</u>	<u>258,224</u>
Year ended 31 December		
Revenue	178,474	166,283
Profit for the year, representing total comprehensive income for the year	<u>7,955</u>	<u>26,668</u>
The Group's share of profit or loss from continuing operations, representing share of total comprehensive income for the year	<u>3,971</u>	<u>13,335</u>

9. Other financial assets

	Group	
	2013	2012
	RM'000	RM'000
Non-current		
<i>Available-for-sale financial assets</i>		
At market value:		
Quoted shares outside Malaysia	743,887	666,579
At cost:		
Unquoted shares in Malaysia	80	80
	<u>743,967</u>	<u>666,659</u>
<i>Held-to-maturity investments</i>		
Singapore government debt securities, at amortised cost	13,364	15,364
<i>Others</i>		
Club membership and other investments	706	725
	<u>758,037</u>	<u>682,748</u>
Current		
<i>Held-to-maturity investments</i>		
Singapore government debt securities, at amortised cost	15,613	12,661
<i>Others</i>		
Deposit for option to purchase interest in an investment	-	3,447
Deposit paid to non-controlling shareholders of subsidiaries	22,863	64,234
	<u>22,863</u>	<u>67,681</u>
Accumulated impairment loss	-	(22,046)
	<u>22,863</u>	<u>45,635</u>
	<u>38,476</u>	<u>58,296</u>

Non-current investments in available-for-sale unquoted equity securities are stated at cost as their fair values cannot be reliably measured in view that they do not have a quoted market price in an active market, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reliably assessed.

The option to purchase interest in an investment was exercised in 2012. The purchase was completed in 2013 and the investment was recognised as interest in joint ventures.

The deposits paid to non-controlling shareholders of subsidiaries relates to an option agreement entered by Parkway Holdings Limited and its subsidiaries ("PHL Group") in 2008, whereby the non-controlling shareholders granted PHL Group call options to acquire the remaining 30% equity interest each in certain subsidiaries for an aggregate consideration of USD21,000,000 upon the terms and conditions set out thereon. The deposits will either be refunded or applied towards the purchase consideration for the additional equity interest in these subsidiaries in accordance with the terms set out in the option agreement.

In 2012, the Group increased its equity interest in these subsidiaries and the deposit of USD13,900,000 was refunded in January 2013, with the remaining deposit of USD7,100,000 refunded in January 2014. As a result, the Group reversed the allowance for impairment loss of USD7,100,000 and USD13,900,000 in 2013 and 2012, respectively, for the impairment loss previously recognised in relation to the USD21,000,000.

10. Deferred tax assets and liabilities

Group

	Note	Unutilised tax losses and unabsorbed capital allowances RM'000	Unutilised investment allowance RM'000	Intangible assets RM'000	Receivables/ Provisions RM'000	Others RM'000	Total RM'000
Deferred tax assets							
At 1 January 2012, previously reported		912	-	-	6,268	1,997	9,177
Effects of adoption of MFRS 10		-	-	-	15,059	-	15,059
At 1 January 2012, as restated		912	-	-	21,327	1,997	24,236
Acquisition of subsidiaries	42	6,881	-	2,191	14,288	5,573	28,933
Recognised in the profit or loss	33	13,364	-	457	2,141	(7,831)	8,131
Translation differences (restated)		(8)	-	25	895	261	1,173
At 31 December 2012, as restated		21,149	-	2,673	38,651	-	62,473
At 1 January 2013, previously reported		21,149	-	2,673	23,156	-	46,978
Effects of adoption of MFRS 10		-	-	-	15,495	-	15,495
At 1 January 2013, as restated		21,149	-	2,673	38,651	-	62,473
Recognised in the profit or loss	33	16,454	17,520	(2,466)	3,691	4,491	39,690
Recognised in the other comprehensive income	31	-	-	-	1,456	-	1,456
Translation differences		(2,818)	-	(115)	(3,367)	780	(5,520)
At 31 December 2013		34,785	17,520	92	40,431	5,271	98,099

10. Deferred tax assets and liabilities (continued)**Group**

	Note	Property, plant and equipment RM'000	Investment properties RM'000	Intangible assets RM'000	Interests in associates RM'000	Receivables/ Provisions RM'000	Others RM'000	Total RM'000
Deferred tax liabilities								
At 1 January 2012, previously reported		(130,063)	-	(285,535)	(16,824)	-	1,397	(431,025)
Effects of adoption of MFRS 10		(175,171)	(15,300)	25,410	16,824	-	-	(148,237)
At 1 January 2012, as restated		(305,234)	(15,300)	(260,125)	-	-	1,397	(579,262)
Acquisition of subsidiaries	42	(90,189)	-	(284,345)	-	(3,680)	(2,789)	(381,003)
Recognised in the profit or loss (restated)	33	(10,678)	(5,065)	13,935	-	(2,059)	(1,335)	(5,202)
Translation differences (restated)		(1,948)	2,234	(2,951)	-	(318)	(782)	(3,765)
At 31 December 2012, as restated		(408,049)	(18,131)	(533,486)	-	(6,057)	(3,509)	(969,232)
At 1 January 2013, previously reported		(235,697)	-	(558,530)	(16,388)	(6,057)	(3,509)	(820,181)
Effects of adoption of MFRS 10		(172,352)	(18,131)	25,044	16,388	-	-	(149,051)
At 1 January 2013, as restated		(408,049)	(18,131)	(533,486)	-	(6,057)	(3,509)	(969,232)
Recognised in the profit or loss	33	(19,289)	(6,596)	8,598	-	(11,226)	893	(27,620)
Translation differences		6,830	2,530	30,209	-	1,456	192	41,217
At 31 December 2013		(420,508)	(22,197)	(494,679)	-	(15,827)	(2,424)	(955,635)

10. Deferred tax assets and liabilities (continued)

The amounts determined after appropriate offsetting is included in the statements of financial position are as follows:

	Group	
	2013	2012
	RM'000	RM'000
		(Restated)
Deferred tax assets		
Unutilised tax losses and unabsorbed capital allowances	34,785	21,149
Unutilised investment allowance	17,520	-
Intangible assets	92	2,673
Receivables/Provisions	40,431	38,651
Others	5,271	-
	<u>98,099</u>	<u>62,473</u>
Set-off	(20,532)	(1,313)
Net deferred tax assets	<u>77,567</u>	<u>61,160</u>
Deferred tax liabilities		
Property, plant and equipment	(420,508)	(408,049)
Investment properties	(22,197)	(18,131)
Intangible assets	(494,679)	(533,486)
Receivables/Provisions	(15,827)	(6,057)
Others	(2,424)	(3,509)
	<u>(955,635)</u>	<u>(969,232)</u>
Set-off	20,532	1,313
Net deferred tax liabilities	<u>(935,103)</u>	<u>(967,919)</u>

Deferred tax assets and liabilities are offset above where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2013	2012
	RM'000	RM'000
Deductible temporary differences	-	92
Unutilised tax losses	51,794	52,083
Others	299	266
	<u>52,093</u>	<u>52,441</u>

The unutilised tax losses carried forward do not expire under current tax legislations, except for amount of RM50.2 million (2012: RM51.7 million), equivalent of TL32.9 million (2012: TL30.1 million), representing tax losses that can be carried forward to offset against future taxable income for five years. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the respective subsidiaries can utilise the benefits there from.

11. Assets classified as held for sale

The RM166,000 assets classified as held for sale as at 31 December 2012 pertains to land and building for which the Group had sold off during the year with net profit of RM67,000 recognised in profit or loss.

12. Development properties

		Group	
	Note	2013 RM'000	2012 RM'000
At 1 January		-	1,121,195
Additions		-	49,951
Disposals		-	(944,547)
Transfer to property, plant and equipment	3	-	(41,685)
Transfer to investment properties	4	-	(184,814)
Translation differences		-	(100)
At 31 December		-	-

Included in 2012 additions was capitalised borrowing costs amounting to RM1,648,000.

13. Inventories

	Group	
	2013 RM'000	2012 RM'000
Pharmaceuticals, surgical and medical supplies	152,991	136,928

14. Trade and other receivables

		Group		Company	
	Note	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
Non-current					
Non-trade					
Other receivables	16	1,056	786	-	-
Prepayments		20,451	22,663	-	-
Deposits		14,805	7,971	-	-
		36,312	31,420	-	-
Current					
Trade					
Trade receivables		882,904	811,949	-	-
Amounts due from related parties		113,326	62,494	-	-
	15	996,230	874,443	-	-
Allowance for impairment losses		(120,042)	(101,063)	-	-
		876,188	773,380	-	-
Non-trade					
Other receivables		43,054	44,695	369	730
Amount due from related parties		486	2,504	-	-
		43,540	47,199	369	730
Allowance for impairment losses		(603)	(949)	-	-
	16	42,937	46,250	369	730
Interest receivables		1,972	1,086	618	375
Prepayments		44,111	39,325	1,351	2,372
Deposits		36,944	20,880	38	5
		125,964	107,541	2,376	3,482
		1,002,152	880,921	2,376	3,482

Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

			Balances that	Net carrying
	Note	Gross amount	are set off	amount in the
		RM'000	RM'000	statement of
				financial
				position
				RM'000
Group				
2013				
Trade receivables		894,426	(18,238)	876,188
Trade payables	25	(581,856)	18,238	(563,618)
2012				
Trade receivables		784,881	(11,501)	773,380
Trade payables	25	(492,298)	11,501	(480,797)

14. Trade and other receivables (continued)

Certain trade receivables and trade payables were set off for presentation purpose as the Group has enforceable rights to set off the amounts and intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

15. Trade receivables and trade amounts due from related parties

The Group's primary exposure to credit risk, arises through its trade receivables and trade amounts due from related parties. Concentration of the credit risk relating to trade receivables and trade amounts due from related parties are limited and the Group's historical experience of collection of accounts receivables falls within the record allowances. Due to these factors, the Group believes that no additional credit risks beyond amounts provided for collection losses is inherent in the Group's trade receivables and trade amounts due from related parties.

Credit risk

The exposure to credit risk for trade receivables and trade amounts due from related parties at the date of reporting (by geographical distribution) is:

		Group	
	Note	2013 RM'000	2012 RM'000
Malaysia		161,276	158,085
Singapore		272,232	242,621
North Asia		23,171	22,786
South Asia and Middle East		23,963	16,680
South East Asia		68,707	72,659
Central Eastern Europe, Middle East and North Africa ("CEEMENA")		443,511	354,209
Others		3,370	7,403
	14	996,230	874,443
Allowance for impairment losses		(120,042)	(101,063)
		<u>876,188</u>	<u>773,380</u>

15. Trade receivables and trade amounts due from related parties (continued)***Impairment losses***

The ageing of trade receivables and trade amounts due from related parties at the reporting date is:

Group	Individual and collective			Individual and collective		
	Gross 2013 RM'000	impairment 2013 RM'000	Net 2013 RM'000	Gross 2012 RM'000	impairment 2012 RM'000	Net 2012 RM'000
Not past due	566,829	(5,466)	561,363	502,783	(7,942)	494,841
Past due 0 – 30 days	93,846	(1,694)	92,152	84,638	(648)	83,990
Past due 31 – 180 days	211,369	(19,840)	191,529	183,376	(19,461)	163,915
Past due 181 days – 1 year	44,989	(18,156)	26,833	35,493	(12,930)	22,563
Past due more than 1 year	79,197	(74,886)	4,311	68,153	(60,082)	8,071
	<u>996,230</u>	<u>(120,042)</u>	<u>876,188</u>	<u>874,443</u>	<u>(101,063)</u>	<u>773,380</u>

15. Trade receivables and trade amounts due from related parties (continued)

Impairment losses (continued)

The movement in allowance for impairment loss in respect of trade receivables and trade amounts due from related parties during the year is:

		Group	
	Note	2013 RM'000	2012 RM'000
At 1 January		101,063	73,633
Impairment loss recognised	30	21,967	15,573
Impairment loss written off		(2,599)	(3,118)
Acquisition of subsidiaries		-	13,329
Disposal of subsidiaries		(779)	-
Translation differences		390	1,646
At 31 December	14	<u>120,042</u>	<u>101,063</u>

The Group provides for impairment allowance in respect of trade receivables and trade amounts due from related parties based on the historical default rates. Specific impairment allowance is provided on a case-by-case basis depending on the circumstances.

16. Other receivables

		Group	
	Note	2013 RM'000	2012 RM'000 (Restated)
Non-current			
Other receivables	14	1,056	786
Current			
Other receivables	14	43,054	44,695
Amounts due from related parties	14	<u>486</u>	<u>2,504</u>
		43,540	47,199
Allowance for impairment losses	14	<u>(603)</u>	<u>(949)</u>
		<u>42,937</u>	<u>46,250</u>
		<u>43,993</u>	<u>47,036</u>

Other receivables are unsecured and interest-free.

16. Other receivables (continued)

Credit risk

There are no significant concentration of credit risk that may arise from the Group's other receivables. The exposure to credit risk for other receivables at the reporting date (by geographical distribution) is:

	Group	
	2013	2012
	RM'000	RM'000
		(Restated)
Malaysia	9,608	8,676
Singapore	10,241	8,596
North Asia	3,813	6,071
South Asia and Middle East	-	10
South East Asia	1,075	573
CEEMENA	19,859	23,983
Others	-	76
	44,596	47,985
Allowance for impairment losses	(603)	(949)
	43,993	47,036
	Company	
	2013	2012
	RM'000	RM'000
Malaysia	369	730

16. Other receivables (continued)***Impairment losses***

The ageing of other receivables at the reporting date is:

Group	Gross 2013 RM'000	Individual and collective impairment 2013 RM'000	Net 2013 RM'000	Gross 2012 RM'000 (Restated)	Individual and collective impairment 2012 RM'000 (Restated)	Net 2012 RM'000 (Restated)
Not past due	38,834	-	38,834	35,214	(13)	35,201
Past due 0 – 30 days	4,831	-	4,831	3,438	-	3,438
Past due 31 – 180 days	28	-	28	8,084	-	8,084
Past due 181 days – 1 year	58	-	58	52	(2)	50
Past due more than 1 year	845	(603)	242	1,197	(934)	263
	44,596	(603)	43,993	47,985	(949)	47,036

16. Other receivables (continued)

Impairment losses (continued)

The movements in allowance for impairment loss in respect of other receivables during the year are as follows:

		Group	
	Note	2013 RM'000	2012 RM'000
At 1 January		949	1,221
Disposal of subsidiaries		(2)	-
Impairment loss reversed	30	-	(282)
Impairment loss written off		(349)	(111)
Translation differences		5	121
	14	<u>603</u>	<u>949</u>

The Group provides for impairment allowance in respect of other receivables based on the historical default rates. Specific impairment allowance is provided on a case-by-case basis depending on the circumstances.

17. Amounts due from/(to) subsidiaries

The amount due from/(to) subsidiaries are unsecured, interest free and are repayable on demand.

18. Cash and cash equivalents

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
	(Restated)			
Cash and bank balances	600,515	535,722	43,761	11,944
Fixed deposits with financial institutions	1,544,312	1,086,923	791,881	670,143
	<u>2,144,827</u>	<u>1,622,645</u>	<u>835,642</u>	<u>682,087</u>
Bank overdrafts (secured) (Note 21)	-	(974)	-	-
Deposits pledged	(4,420)	(63,304)	-	-
Cash collateral received	(4,798)	(5,513)	-	-
Cash and cash equivalents in statement of cash flows	<u>2,135,609</u>	<u>1,552,854</u>	<u>835,642</u>	<u>682,087</u>

Fixed deposits with licenced banks included RM4,420,000 (2012: RM63,304,000) pledged to banks and finance companies for credit facilities granted to certain subsidiaries.

In respect of the Japan properties acquired by PLife REIT, in July 2010, the vendor has provided a rental income guarantee ("the Rental Income Guarantee"), in which it agrees to indemnify PLife REIT in the event that the actual revenue in respect of any of the properties in any month is less than the initial revenue at acquisition, for a maximum duration of seven years and subject to a maximum aggregate claim of 5% of the purchase price (which is equivalent to approximately JPY154.4 million (RM4.8 million)).

18. Cash and cash equivalents (continued)

To further support the Rental Income Guarantee, a cash deposit of JPY154.4 million, approximately RM4.8 million, (2012: JPY154.4 million, approximately RM5.5 million) was placed with PLife REIT, for withdrawal in respect of valid claims under the Rental Income Guarantee. Any balance left in the account upon termination of the Rental Income Guarantee will be returned to the vendor.

19. Share capital

Group and Company	Amount 2013 RM'000	Number of shares 2013 '000	Amount 2012 RM'000	Number of shares 2012 '000
Authorised:				
Ordinary shares of RM1.00 each				
At 1 January and 31 December	18,000,000	18,000,000	18,000,000	18,000,000
Issued and fully paid:				
Ordinary shares of RM1.00 each				
At 1 January	8,055,445	8,055,445	5,500,000	5,500,000
Issued during the year	79,529	79,529	2,555,445	2,555,445
At 31 December	8,134,974	8,134,974	8,055,445	8,055,445

Issue of shares

In 2013, the Company issued:

- i) 72,249,998 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and
- ii) 7,278,705 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIP units.

Upon completion of the above, the issued and fully paid ordinary shares of the Company as at 31 December 2013 amounted to RM8,134,973,871.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing ordinary shares of the Company.

20. Other reserves

The movements in each category of the other reserves are disclosed in the consolidated statements of changes in equity.

The nature and purpose of each category of reserves are as follows:

(a) Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares net of share listing expenses and fair value adjustments for the purpose of accounting for share consideration issued in connection with acquisition of a subsidiary.

(b) Share option reserve

Share option reserve comprises the cumulative value of employee services received for the issue of share options and conditional award of performance shares. When the options are exercised, the amount from the share option reserves is transferred to share capital and the excess value above the par value of the ordinary shares issued is transferred to share premium. When the share options expire, the amount from the share option reserve is transferred to retained earnings. Details of the share options are disclosed in Note 22.

(c) Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

(d) Revaluation reserve

The revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification as investment property.

(f) Hedge reserve

Hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges relating to hedged transactions that have not yet occurred.

(g) Capital reserve

The capital reserve comprises:

- (i) non-cash contribution from, or distribution to, holding companies within the Group for the common control transfer of subsidiaries;
- (ii) difference between the consideration paid and net assets acquired in acquisition of non-controlling interests;
- (iii) capital gain or loss arising from the payment of a non-controlling interest's subscription to the share capital of a subsidiary;

20. Other reserves (continued)

(g) Capital reserve (continued)

- (iv) capital gain or loss arising from the Group's subscription to additional shares of non-wholly owned subsidiaries; and
- (v) difference between consideration received and net assets disposed when the Group disposed its interest in subsidiaries without losing control of the subsidiaries.

(h) Legal reserve

Legal reserves consist of first and second legal reserves in accordance to the Turkish Commercial Code ("TCC"). The first legal reserves are generated by annual appropriations amounting to 5 percent of income disclosed in the Group's Turkish-based subsidiaries' statutory accounts until it reaches 20 percent of the issued and paid-up share capital of these subsidiaries. If the dividend distribution is made in accordance with Turkish Capital Market Board ("CMB") regulation, a further 1/11 of dividend distribution, in excess of 5 percent of paid-in capitals are to be appropriated to increase second legal reserve. Under the TCC applicable as at 31 December 2013, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50 percent of paid-in capital.

(i) Foreign currency translation reserve

The foreign currency translation reserve of the Group comprises:

- (i) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company;
- (ii) the exchange differences on monetary items which form part of the Group's net investment in the foreign operations, provided certain conditions are met; and
- (iii) the effective portion of any foreign currency differences arising from hedges of the Group's net investment in a foreign operation.

21. Loans and borrowings

	Group	
	2013 RM'000	2012 RM'000 (Restated)
Non-current		
Secured		
Bank borrowings	1,134,517	550,110
Finance lease liabilities	160,809	191,269
Unsecured		
Bank borrowings	2,874,920	2,759,951
	<u>4,170,246</u>	<u>3,501,330</u>
Current		
Secured		
Bank borrowings	158,480	239,598
Finance lease liabilities	59,152	57,599
Bank overdrafts	-	974
Unsecured		
Bank borrowings	73,403	821
Floating rate notes	-	35,722
	<u>291,035</u>	<u>334,714</u>
	<u>4,461,281</u>	<u>3,836,044</u>

Bank borrowings and bank overdraft

Included in the loans and borrowings:

- (a) Unsecured SGD denominated loan of RM12.4 million (2012: RM1,030.5 million) representing a 5-year term loan obtained in 2010 with repayments due by 2015, and bears interest rates of Singapore Swap Offer Rate ("SOR")+1.05% per annum.
- (b) Unsecured SGD denominated bank borrowings of RM1,007.9 million, representing a 5-year term loan obtained in 2013, with repayments due in 2018, and bear interests at rate of SOR+1.05% per annum.
- (c) Unsecured SGD denominated loan of RM573.5 million (2012: RM557.7 million) representing a 5-year term loan obtained in December 2012 with repayments due by 2017, and bears an interest rate of SOR+1.05% per annum.
- (d) Following bank borrowings and interest rate associated with the subsidiaries of the Group in Turkey:
 - i) Secured USD denominated loans of RM1,132.5 million (2012: RM584.8 million), bear interests at the rate of 3-month London Interbank Offer Rate ("LIBOR")+1.75% to 6.5% (2012: 3-month LIBOR+1.75% to 6.35%) and have repayment periods ranging from 2014 – 2019 (2012: 2013 – 2019).

21. Loans and borrowings (continued)

Bank borrowings and bank overdraft (continued)

- ii) Secured Macedonian Denar ("MKD") denominated loans of RM8.9 million (2012: RM29.1 million), bears interests at 6.5% (2012: 5.5% - 6.0%) with repayments due by 2014 (2012: repayment period ranging from 2013 – 2016).
- iii) Secured Euro denominated loans of RM68.2 million (2012: Nil), bear interests at the rate of Euro Interbank Offer Rate ("Euribor")+0.7% (2012: Nil), and is due for repayment in 2018 (2012: Nil).
- iv) Unsecured Turkish Lira ("TL") denominated bank borrowings of RM61.9 million (2012: RM104.7 million, consisting of RM103.9 million secured loan and unsecured loans of RM0.8 million), bear interests at rate of 0% - 10.3% (2012: 0% - 9%), and have repayment periods ranging from 2014 – 2015 (2012: 2013 – 2018).

The above secured bank borrowings are secured by first degree mortgages over certain land and buildings of the subsidiaries, and shares investment in certain subsidiaries and charge over trade receivables of the subsidiaries. Besides the above mentioned, in 2012, these secured bank borrowings were also secured by charges over certain deposits placed with licensed banks.

- (e) Unsecured JPY denominated loans of RM1,076.2 million (2012: RM1,026.5 million), bear interest at rate of 3-month LIBOR+0.80% to 1.20% (2012: LIBOR+0.88 to 1.20%), and have repayment periods ranging from 2014 - 2019 (2012: 2014 - 2017).
- (f) The remaining secured bank borrowings, representing term loans, revolving credit and bank overdraft facilities granted to the subsidiaries, are secured by:
 - (i) first fixed charge over certain freehold and leasehold land of certain subsidiaries;
 - (ii) fixed and floating charge over assets and receivables of certain subsidiaries;
 - (iii) charge over certain fixed deposits of certain subsidiaries; and
 - (iv) corporate guarantees by certain subsidiaries and Company.

Unsecured floating rate notes

On 18 August 2008, PLife REIT, through its wholly-owned subsidiary, Parkway Life MTN Pte Ltd (the "Issuer"), established a SGD500 million Multi-currency Medium Term Note Programme (the "MTN Programme"). Under the MTN Programme, the Issuer may, subject to the compliance with all relevant laws, regulations and directives, from time to time issue notes in series or tranches in Singapore dollars, United States dollars or any other currency (the "Notes").

Each series or tranche of notes may be issued in varying amounts and tenors, and may bear fixed, floating or variable rates of interest. Hybrid notes or zero coupon notes may also be issued under the MTN Programme.

The Notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer ranking *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by laws) of the Issuer. All sums payable in respect of the Notes will be unconditionally and irrevocably guaranteed by PLife REIT.

21. Loans and borrowings (continued)

Unsecured floating rate notes (continued)

On 23 March 2010, the Issuer issued a SGD50 million 3-year Floating Rate Notes ("FRN") under the MTN Programme, bearing a floating interest rate per annum equal to the sum of 1.05 per cent and the six-month Singapore dollar swap offer rate payable semi-annually in arrears, which matured on 23 March 2013. The Issuer has on-lent the proceeds from the issuance of the above FRN to the PLife REIT, who in turn, has used such proceeds to refinance short term borrowings, as well as for general working capital purposes.

In June 2012, the Group has successfully completed the buy-back and cancellation of the SGD35.75 million FRN which was funded via a 4-year unsecured SGD80 million revolving credit facility. In March 2013, the outstanding principal amount of SGD14.25 million FRN had matured and was fully redeemed.

As at 31 December 2013, there were no outstanding notes issued under the MTN Programme.

Interest rate swaps

The Group entered into interest rate swaps with various counterparties to provide fixed rate funding for certain unsecured bank borrowings. Details of these interest swaps are set out in Note 26.

Finance lease liabilities

Group

	Payments 2013 RM'000	Interest 2013 RM'000	Principal 2013 RM'000	Payments 2012 RM'000	Interest 2012 RM'000	Principal 2012 RM'000
Less than 1 year	69,667	(10,515)	59,152	69,242	(11,643)	57,599
Between 1 and 5 years	167,344	(15,055)	152,289	199,775	(21,063)	178,712
More than 5 years	8,872	(352)	8,520	13,542	(985)	12,557
	<u>245,883</u>	<u>(25,922)</u>	<u>219,961</u>	<u>282,559</u>	<u>(33,691)</u>	<u>248,868</u>

The Group has finance lease and hire purchase contracts for various items of property, plant and equipment. There are no restrictions placed upon the Group by entering into these leases and no arrangements have been entered into for contingent rental payments.

22. Employee benefits

		Group	
	Note	2013 RM'000	2012 RM'000
Non-current			
Cash-settled LTIP		234	446
Retirement benefits	23	12,400	12,444
Employment termination benefits	24	10,510	8,315
		<u>23,144</u>	<u>21,205</u>
Current			
Performance incentive scheme		-	5,770
Cash-settled LTIP		495	582
PTM long term incentive plan (cash-settled)		887	915
Defined contribution plan		21,812	15,736
Provision for unconsumed leave		15,734	12,938
		<u>38,928</u>	<u>35,941</u>
Company			
		2013 RM'000	2012 RM'000
Non-current			
Cash-settled LTIP		<u>234</u>	<u>446</u>
Current			
Provision for unconsumed leave		20	-
Cash-settled LTIP		<u>495</u>	<u>582</u>
		515	582

Performance incentive scheme

In 2010, the Group's subsidiary, Parkway Holdings Limited ("PHL"), has a Performance Share Plan in which eligible employees of PHL and its subsidiaries will be awarded with fully paid-up ordinary shares of PHL upon the expiry of the vesting period when certain prescribed performance targets are met. Following the privatisation of PHL in November 2010, the terms of the Performance Share Plan were modified whereby eligible employees will be awarded with cash and this apply to the remaining tranches of performance shares granted in 2008, 2009 and 2010 that were not vested as at November 2010. Liabilities for the scheme have been fully paid during the year.

Cash-settled LTIP

The LTIP of the Company was approved and adopted by its Board on 25 March 2011 with the aim to make total employee remuneration sufficiently competitive to recruit, reward, retain and motivate outstanding employees.

Cash-settled LTIP balances refers to the amount that the Group has to pay out in the next few years to eligible personnel who are offered LTIP units but have elected to opt out of the scheme and receive cash instead of share options.

During the year, 154,000 (2012: 386,000) cash-settled LTIP units were granted to eligible staff.

22. Employee benefits (continued)

PTM long term incentive scheme (cash-settled)

In 2007, the long term incentive (“LTI”) plan of a subsidiary, Parkway Trust Management Limited (“PTM”) was approved to award eligible employees with units in PLife REIT currently held by PTM when certain prescribed performance targets are met. The LTI plan is administered by the remuneration committee of PTM.

Provision for unconsumed leave

The amount represent the cash value amount of the unconsumed leave balance entitlement payable to the employees at the end of the reporting period.

Share based payment scheme

On 25 March 2011, the Group established the LTIP and EPP schemes to grant share options to eligible personnel.

The LTIP units granted will vest in the participants over a 3-year period, in equal proportions each year. All LTIP units that have been granted and vested must be surrendered to the Company for allotment of new shares of the Company on the basis of one new share for each LTIP unit. The LTIP units have no exercise price and shall be in force for a period of 10 years from 25 March 2011.

The EPP options granted in each year will vest in the participants over a 4-year period, with two-thirds of the options to be vested in equal proportions on a yearly basis on each anniversary of the date of grant over such 4-year period and the remaining one-third to be vested in equal proportions on the same basis upon the Group meeting the performance target for each grant, as determined by the Board at its own discretion on a yearly basis. The exercise price as at the initial grant of the EPP option shall be RM2.00 only, which shall be increased by 10% over each subsequent 12 months period based on compound annual growth rate. The EPP shall be in force for a period of 5 years from 25 March 2011.

During the year, a total of 8,082,610 equity settled LTIP units (2012: 11,589,229) were granted to eligible staff. The movement in the number of options outstanding under the respective schemes as at 31 December 2013 and the details of the schemes are as follows:

22. Employee benefits (continued)

LTIP

Date of grant	Number of units outstanding at 1.1.2012	Reclassification	Number of units granted	Number of units lapsed/cancelled	Number of units exercised	Number of units outstanding at 31.12.2012	Number of holders at 31.12.2012
Key Management Personnel							
21 April 2011	2,697,000	3,044,000	-	-	(1,913,000)	3,828,000	3
1 September 2011	27,000	-	-	-	(9,000)	18,000	1
2 April 2012	-	-	4,930,000	-	-	4,930,000	4
	2,724,000	3,044,000	4,930,000	-	(1,922,000)	8,776,000	8
Other eligible employees							
21 April 2011	8,554,000	(3,044,000)	-	(625,000)	(1,680,000)	3,205,000	48
30 June 2011	439,376	-	-	(28,385)	(137,614)	273,377	19
1 August 2011	104,795	-	-	-	(34,582)	70,213	1
1 September 2011	76,134	-	-	-	(25,378)	50,756	5
2 April 2012	-	-	6,659,229	(494,000)	-	6,165,229	92
	9,174,305	(3,044,000)	6,659,229	(1,147,385)	(1,877,574)	9,764,575	165
Total for the year							
21 April 2011	11,251,000	-	-	(625,000)	(3,593,000)	7,033,000	51
30 June 2011	439,376	-	-	(28,385)	(137,614)	273,377	19
1 August 2011	104,795	-	-	-	(34,582)	70,213	1
1 September 2011	103,134	-	-	-	(34,378)	68,756	6
2 April 2012	-	-	11,589,229	(494,000)	-	11,095,229	96
	11,898,305	-	11,589,229	(1,147,385)	(3,799,574)	18,540,575	173

As at 31 December 2012, no outstanding LTIP units are vested and exercisable.

22. Employee benefits (continued)

LTIP (continued)

Date of grant	Number of units outstanding at 1.1.2013	Conversion from cash-settled LTIP to equity settled LTIP *	Number of units granted	Number of units lapsed/cancelled	Number of units exercised	Number of units outstanding at 31.12.2013	Number of holders at 31.12.2013
Key Management Personnel							
21 April 2011	3,828,000	-	-	-	(1,913,000)	1,915,000	3
1 September 2011	18,000	-	-	-	(9,000)	9,000	1
2 April 2012	4,930,000	-	-	-	(1,642,000)	3,288,000	4
2 July 2013	-	-	3,609,000	-	-	3,609,000	5
	8,776,000	-	3,609,000	-	(3,564,000)	8,821,000	13
Other eligible employees							
21 April 2011	3,205,000	80,000	-	(194,000)	(1,563,000)	1,528,000	42
30 June 2011	273,377	-	-	(105,623)	(119,392)	48,362	8
1 August 2011	70,213	-	-	-	(34,582)	35,631	1
1 September 2011	50,756	-	-	-	(25,378)	25,378	5
2 April 2012	6,165,229	102,000	-	(804,774)	(1,972,353)	3,490,102	71
29 April 2013	-	-	4,372,610	(374,717)	-	3,997,893	80
4 September 2013	-	-	101,000	-	-	101,000	3
	9,764,575	182,000	4,473,610	(1,479,114)	(3,714,705)	9,226,366	210
Total for the year							
21 April 2011	7,033,000	80,000	-	(194,000)	(3,476,000)	3,443,000	45
30 June 2011	273,377	-	-	(105,623)	(119,392)	48,362	8
1 August 2011	70,213	-	-	-	(34,582)	35,631	1
1 September 2011	68,756	-	-	-	(34,378)	34,378	6
2 April 2012	11,095,229	102,000	-	(804,774)	(3,614,353)	6,778,102	75
29 April 2013	-	-	4,372,610	(374,717)	-	3,997,893	80
2 July 2013	-	-	3,609,000	-	-	3,609,000	5
4 September 2013	-	-	101,000	-	-	101,000	3
	18,540,575	182,000	8,082,610	(1,479,114)	(7,278,705)	18,047,366	223

As at 31 December 2013, no outstanding LTIP units are vested and exercisable.

*: Per the bye-laws of the LTIP Scheme, all unvested cash-settled LTIPs of employees who are promoted to Vice President will be converted into unvested equity-settled LTIPs.

22. Employee benefits (continued)

EPP

Date of grant	Number of options outstanding at 1.1.2012	Reclassification	Number of options granted	Number of options lapsed/cancelled	Number of options exercised	Number of options outstanding at 31.12.2012	Number of holders at 31.12.2012
<i>Key Management Personnel</i>							
31 March 2011	37,500,000	37,500,000	-	-	-	75,000,000	2
1 June 2011	-	5,500,000	-	-	-	5,500,000	1
27 July 2011	4,000,000	-	-	-	-	4,000,000	1
	41,500,000	43,000,000	-	-	-	84,500,000	4
<i>Other eligible employees</i>							
31 March 2011	37,500,000	(37,500,000)	-	-	-	-	-
1 June 2011	55,500,000	(5,500,000)	-	(3,000,000)	-	47,000,000	12
27 July 2011	6,000,000	-	-	-	-	6,000,000	3
1 September 2011	7,500,000	-	-	-	-	7,500,000	2
1 December 2011	1,000,000	-	-	-	-	1,000,000	1
	107,500,000	(43,000,000)	-	(3,000,000)	-	61,500,000	18
<i>Total for the year</i>							
31 March 2011	75,000,000	-	-	-	-	75,000,000	2
1 June 2011	55,500,000	-	-	(3,000,000)	-	52,500,000	13
27 July 2011	10,000,000	-	-	-	-	10,000,000	4
1 September 2011	7,500,000	-	-	-	-	7,500,000	2
1 December 2011	1,000,000	-	-	-	-	1,000,000	1
	149,000,000	-	-	(3,000,000)	-	146,000,000	22

As at 31 December 2012, no outstanding EPP options are exercisable.

22. Employee benefits (continued)

EPP (continued)

Date of grant	Number of options outstanding at 1.1.2013	Number of options granted	Number of options lapsed/cancelled	Number of options exercised	Number of options outstanding at 31.12.2013	Number of holders at 31.12.2013
<i>Key Management Personnel</i>						
31 March 2011	75,000,000	-	-	(37,500,000)	37,500,000	2
1 June 2011	5,500,000	-	-	(2,750,000)	2,750,000	1
27 July 2011	4,000,000	-	-	(2,000,000)	2,000,000	1
	84,500,000	-	-	(42,250,000)	42,250,000	4
<i>Other eligible employees</i>						
1 June 2011	47,000,000	-	(3,750,000)	(23,000,000)	20,250,000	9
27 July 2011	6,000,000	-	-	(2,999,998)	3,000,002	3
1 September 2011	7,500,000	-	(1,250,000)	(3,750,000)	2,500,000	1
1 December 2011	1,000,000	-	-	(250,000)	750,000	1
	61,500,000	-	(5,000,000)	(29,999,998)	26,500,002	14
<i>Total for the year</i>						
31 March 2011	75,000,000	-	-	(37,500,000)	37,500,000	2
1 June 2011	52,500,000	-	(3,750,000)	(25,750,000)	23,000,000	10
27 July 2011	10,000,000	-	-	(4,999,998)	5,000,002	4
1 September 2011	7,500,000	-	(1,250,000)	(3,750,000)	2,500,000	1
1 December 2011	1,000,000	-	-	(250,000)	750,000	1
	146,000,000	-	(5,000,000)	(72,249,998)	68,750,002	18

As at 31 December 2013, 750,000 EPP outstanding options are vested and exercisable.

22. Employee benefits (continued)

The fair value of services received in return for the share options granted is determined based on:

- i) Granted before 25 July 2012
 - LTIP: Market value approach on a minority, non-marketable basis, and
 - EPP: Binomial lattice model.
- ii) Granted after 25 July 2012
 - LTIP: Trinomial option pricing model.

taking into account the terms and conditions under which the units/options were granted. The inputs to the models used for the units/options granted are shown below:

Fair value of share options and assumptions

	LTIP granted in 2013	LTIP granted in 2012	LTIP granted in 2011	EPP granted in 2011
Fair value at grant date	RM3.69 - RM3.98	RM2.34	RM1.73 - RM1.75	RM0.0791 - RM0.1110
Enterprise value to EBITDA multiple				
- Singapore-based hospital and healthcare services	n/a	14.4x–15.2x	16.6x–17.4x	n/a
- Malaysia-based hospital and healthcare services	n/a	8.8x–9.6x	9.3x–10.1x	n/a
- Turkey-based hospital and healthcare services	n/a	17.0x–18.0x	n/a	n/a
- Education services	n/a	7.2x–8.0x	8.0x–8.8x	n/a
Weighted average cost of capital	n/a	7.0%–15.0%	10%–11%	n/a
Share price at grant date	RM3.75 - RM4.00	n/a	n/a	n/a
Expected volatility (average volatility)	17.33% - 18.65%	n/a	n/a	20.0% - 25.0%
Option life (expected average life)	7.5 - 7.92 years	n/a	n/a	5 years
Expected dividends yield	0.50% - 0.53%	n/a	n/a	3.0%
Risk free rate	3.19% - 3.58%	n/a	n/a	3.50% - 3.65%

n/a – not applicable

Value of employee services received for issue of share options

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Share based payment expenses included in staff costs (Note 28)	23,189	22,864	5,425	5,286

23. Retirement benefits

Certain Malaysia-based subsidiaries of the Group have defined benefits plans that provide pension benefits for employee upon retirement. The plans entitle a retired employee to receive one lump sum payment upon retirement. At the end of the reporting period, the present values of the unfunded obligations are:

	Group	
	2013	2012
	RM'000	RM'000
Present value of unfunded obligations	12,400	12,444
Movements in the liability for defined benefits obligations		
At 1 January	12,444	11,572
Included in profit or loss		
Current service costs	751	1,073
Interest on obligation	697	663
Transition amount	-	(30)
	1,448	1,706
Included in other comprehensive income		
Remeasurement gain		
- Actuarial loss/(gain) arising from financial assumptions		
- Changes in demographic assumptions	26	-
- Changes in financial assumptions	(926)	-
- Experience adjustments	(222)	-
	(1,122)	-
Other		
Benefits paid	(370)	(834)
At 31 December	12,400	12,444

Actuarial assumptions

Principal actuarial assumptions at the end of reporting period (expressed as weighted averages):

	Group	
	2013	2012
Discount rate	6.3% – 6.8%	6.2% – 6.8%
Future salary increases	5.0% – 6.0%	5.0% – 6.0%

23. Retirement benefits (continued)

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the retirement benefits obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by 1%, holding other assumptions constant.

	Retirement benefits	
	1% increase	1% decrease
	RM'000	RM'000
Discount rate	(1,441)	1,719
Future salary growth	1,929	(1,636)
Future mortality	(3)	4

Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

24. Employment termination benefits

Certain Turkish-based subsidiaries of the Group are required by local laws to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military services, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 years for women and 60 years for men).

The termination benefits is calculated as one month gross salary for every employment year and as at 31 December 2013, the ceiling amount has been limited to TL3,254 (2012: TL3,034), approximately RM4,971 (2012: RM5,215). The reserves has been calculated by estimating the present value of future probable obligations of these subsidiaries arising from retirement. The calculation was based upon the retirement pay ceiling announced by the local government.

	Group	
	2013	2012
	RM'000	RM'000
Present value of unfunded obligations	10,510	8,315

Movements in the liability for defined benefits obligations

At 1 January	8,315	-
Acquisition of subsidiaries (Note 42)	-	6,467
Included in profit or loss		
Current service costs	4,146	1,710
Interest on obligation	633	423
Actuarial gains	-	9,786
	4,779	11,919
Included in other comprehensive income		
Remeasurement loss		
- Actuarial loss arising from financial assumptions	8,541	-

24. Employment termination benefits (continued)

	Group	
	2013	2012
	RM'000	RM'000
Other		
Benefits paid	(9,952)	(10,143)
Effect of movements in exchange rate	(1,173)	72
	<u>(11,125)</u>	<u>(10,071)</u>
At 31 December	<u>10,510</u>	<u>8,315</u>

Actuarial assumptions

Principal actuarial assumptions at the end of reporting period (expressed as weighted averages):

	Group	
	2013	2012
Annual inflation rate	6.0%	5.1%
Discount rate	10.0%	8.0%
Retirement pay ceiling amount	<u>TL3,254</u>	<u>TL3,034</u>

Sensitivity analysis

No sensitivity analysis is presented as any reasonably possible changes in the above key assumptions are not expected to materially affect the employment termination benefits obligation.

25. Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Non-current				
Trade payables	21,478	11,998	-	-
Other payables	7,383	29,973	-	-
Loans from a non-controlling interest	297,851	-	-	-
	326,712	41,971	-	-
Deposits	36,407	34,401	-	-
	363,119	76,372	-	-
Current				
Trade payables	542,140	468,799	-	-
Accrued operating expenses	379,791	402,182	11,538	5,961
Other payables	236,755	254,048	202	3,784
Interest payables	12,180	15,104	-	-
Amounts due to related parties (trade)	52,767	24,647	-	-
Amounts due to related parties (non-trade)	2,410	6,934	190	-
Financial liability at fair value through profit or loss				
- Contingent consideration payable	-	82,463	-	-
	1,226,043	1,254,177	11,930	9,745
Deposits and advance billings	105,132	89,308	-	-
	1,331,175	1,343,485	11,930	9,745

The amounts due to related parties are subject to normal trade terms, and are unsecured, interest free and repayable on demand.

The loans from a non-controlling interest are unsecured and bear interests at 6-month Hong Kong Interbank Offer Rate+1.30% per annum. The loans are in relation to the non-controlling interest's share of the financing to a subsidiary, GHK Hospital Limited, for the purchase of land and construction of a hospital in Hong Kong.

26. Derivative assets and liabilities

	Group	
	2013	2012
	RM'000	RM'000
		(Restated)
Non-current assets		
Foreign exchange forward contracts held at fair value through profit or loss ("FVTPL")	15,949	6,768
Interest rate swaps used for hedging	-	(1,181)
	<u>15,949</u>	<u>5,587</u>
Current assets		
Foreign exchange forward contracts held at FVTPL	<u>233</u>	<u>264</u>
Non-current liabilities		
Interest rate swaps		
- held at FVTPL	-	(1,481)
- used for hedging	(3,566)	(3,871)
Foreign exchange forward contracts held at FVTPL	-	642
	<u>(3,566)</u>	<u>(4,710)</u>
Current liabilities		
Interest rate swaps		
- held at FVTPL	(2,239)	(4,406)
- used for hedging	(882)	(57)
Foreign exchange forward contracts held at FVTPL	-	(7,488)
	<u>(3,121)</u>	<u>(11,951)</u>
Net derivative assets and liabilities	<u>9,495</u>	<u>(10,810)</u>

	Nominal value		Fair value	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Derivatives held at FVTPL				
- Foreign exchange forward contracts	84,677	209,980	16,182	186
- Interest rate swaps	184,876	212,330	(2,239)	(5,887)
Derivatives used for hedging				
- Interest rate swaps	1,386,325	1,067,009	(4,448)	(5,109)
	<u>1,655,878</u>	<u>1,489,319</u>	<u>9,495</u>	<u>(10,810)</u>

The Group enters into interest rate swaps and foreign exchange forward contracts to manage interest rate fluctuations and exchange rate fluctuations respectively.

26. Derivative assets and liabilities (continued)

Offsetting financial assets and financial liabilities

The Group's derivative transactions are entered into under International Swaps and Derivatives Association Master Agreements ("ISDA Master Agreements") or long-form confirmation with various bank counterparties. The derivative financial instruments presented above are not offset in the statements of financial position as the right of set-off of recognised amounts is not enforceable as set out in such ISDA Master Agreements or confirmation. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

27. Revenue

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Hospital and healthcare services income	6,383,391	5,414,173	-	-
Education services income	203,223	183,091	-	-
Rental income	149,640	147,240	-	-
Management and acquisition fees	16,007	4,999	-	-
Dividend income	4,190	3,363	710,732	6,024
Sale of development properties	-	1,209,600	-	-
	<u>6,756,451</u>	<u>6,962,466</u>	<u>710,732</u>	<u>6,024</u>

28. Staff costs

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
			(Restated)		
Wages, salaries and others		2,422,513	2,084,232	15,272	7,430
Contribution to defined contribution plans		95,441	89,469	334	127
Equity-settled share-based payments	22	23,189	22,864	5,425	5,286
		<u>2,541,143</u>	<u>2,196,565</u>	<u>21,031</u>	<u>12,843</u>

29. Finance income and costs

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
	(Restated)			
<i>Finance income</i>				
Interest income				
- Banks and financial institutions	39,484	28,513	19,369	8,777
- Others	385	207	-	-
Exchange gain on loans	-	40,333	-	-
Fair value gain on financial derivatives	19,249	13,212	-	-
	<u>59,118</u>	<u>82,265</u>	<u>19,369</u>	<u>8,777</u>
	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
	(Restated)			
<i>Finance costs</i>				
Interest expense on loans and borrowings	(117,045)	(180,266)	-	-
Exchange losses on loans	(189,807)	-	-	-
Fair value loss on financial derivatives	-	(10,979)	-	-
Other finance cost	(21,861)	(30,964)	(6)	(5)
	<u>(328,713)</u>	<u>(222,209)</u>	<u>(6)</u>	<u>(5)</u>

30. Profit/(loss) before tax**(a) Auditors' remuneration charged to profit or loss comprises:**

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
	(Restated)			
Audit fees				
Current year				
- KPMG Malaysia	(879)	(863)	(320)	(304)
- Affiliates of KPMG Malaysia	(2,964)	(2,694)	(81)	(77)
- Other auditors	(718)	(737)	-	-
Over/(under) provision for prior years				
- KPMG Malaysia	31	(289)	-	(190)
- Affiliates of KPMG Malaysia	(79)	(344)	-	-
Non-audit fees paid to				
- KPMG Malaysia	(283)	(282)	(103)	(260)
- Affiliates of KPMG Malaysia	(997)	(2,290)	(170)	-
Reporting Accountants' fees for IPO				
- KPMG Malaysia	-	(4,634)	-	(4,634)
- Affiliates of KPMG Malaysia	-	(5,509)	-	(5,509)

30. Profit/(loss) before tax (continued)**(b) Profit/(loss) before tax is arrived at after crediting/(charging):**

		Group		Company	
	Note	2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
			(Restated)		
Exchange gains		15,517	18,734	2,588	24,505
Impairment loss (made)/written back on:					
- Trade and other receivables	15,16	(21,967)	(15,291)	-	-
- Amounts due from associates		1,247	-	-	-
- Amounts due from joint ventures		-	(550)	-	-
- Investment in joint ventures		(2,545)	-	-	-
- Other financial assets		25,311	41,664	-	-
Write-off					
- Property, plant and equipment		(904)	(1,217)	(3)	-
- Intangible assets		(534)	-	-	-
- Inventories		(515)	(200)	-	-
- Trade and other receivables		(5,469)	(8,936)	(50)	-
Rental of premises		(149,261)	(134,740)	(1,049)	(435)
Rental of machinery and equipment		(24,534)	(10,552)	(18)	(4)
Gain/(loss) on disposal of property, plant and equipment		3,698	(17,497)	-	-
Professional and consultancy fee for:					
- Acquisitions ⁽¹⁾		(4,695)	(5,758)	(3,706)	(915)
- Listing expenses ⁽²⁾		-	(50,227)	-	(50,227)
- Internal restructuring ⁽³⁾		-	(5,319)	-	(5,315)
Change in fair value of contingent consideration payable		3,946	(26,284)	-	-
Change in fair value of investment properties	4	42,840	165,878	-	-
Write back of I.T. project expenses		-	4,180	-	-
Gain on disposal of assets held for sale		67	280	-	-
Gain on disposal of subsidiaries	42	4,376	1,064	-	-

⁽¹⁾ Acquisition expenses of the Group in 2012 includes non-audit fees of RM171,000 paid to affiliates of KPMG Malaysia, which has been included in Note 30(a) disclosure.

⁽²⁾ Listing expenses of the Group and Company in 2012 includes Reporting Accountants' fees of RM4,634,000 and RM5,509,000 paid to KPMG Malaysia and affiliates of KPMG Malaysia respectively, as disclosed in Note 30(a).

⁽³⁾ Internal restructuring expenses of the Group and Company in 2012 includes non-audit fees of RM544,000 paid to affiliates of KPMG Malaysia, which has been included in Note 30(a) disclosure.

31. Other comprehensive income

	Before tax RM'000	2013 Tax benefit RM'000 (Note 10)	Net of tax RM'000	Before tax RM'000	2012 Tax expense RM'000	Net of tax RM'000
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences from foreign operations	(154,425)	-	(154,425)	(14,191)	-	(14,191)
Hedge of net investments in foreign operations	165,822	-	165,822	170,744	-	170,744
Net change in fair value of available-for-sale financial assets	38,223	-	38,223	155,218	-	155,218
Cash flow hedge	788	-	788	(190)	-	(190)
	<u>50,408</u>	<u>-</u>	<u>50,408</u>	<u>311,581</u>	<u>-</u>	<u>311,581</u>
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	(7,419)	1,456	(5,963)	-	-	-
Revaluation of property, plant and equipment upon reclassification to investment properties (Note 3)	205	-	205	-	-	-
	<u>(7,214)</u>	<u>1,456</u>	<u>(5,758)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>43,194</u>	<u>1,456</u>	<u>44,650</u>	<u>311,581</u>	<u>-</u>	<u>311,581</u>

32. Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers the directors of the Company to be key management personnel in accordance with MFRS 124, *Related Party Disclosures*.

The key management personnel compensation is as follows:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Directors:				
- Fees	6,068	6,102	1,880	1,894
- Remuneration and other benefits	15,538	12,993	6,518	5,620
- Share-based payment	11,139	11,512	5,069	5,286
Total short term employee benefits	32,745	30,607	13,467	12,800

The estimated monetary value of Directors' benefit-in-kind is RM239,000 (2012: RM229,000).

33. Income tax expense

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Current tax expense				
Current year	194,616	200,232	5,943	1,821
(Over)/under provided in prior years	(34,843)	1,030	(440)	-
	159,773	201,262	5,503	1,821
Deferred tax expense				
Origination and reversal of temporary differences	(1,097)	4,765	-	-
Over provided in prior years	(10,973)	(7,694)	-	-
	(12,070)	(2,929)	-	-
	147,703	198,333	5,503	1,821
Reconciliation of effective tax rate				
Profit/(loss) before tax	881,562	1,057,959	695,108	(36,042)
Less:				
Share of losses/(profits) of associates (net of tax)	1,793	(771)	-	-
Share of profits of joint ventures (net of tax)	(3,971)	(13,335)	-	-
	879,384	1,043,853	695,108	(36,042)
Tax at Malaysia tax rate of 25%	219,846	260,964	173,777	(9,011)
Effect of different tax rates in foreign jurisdictions	(29,902)	(55,332)	(123)	74
Income not subject tax	(63,044)	(102,213)	(178,331)	(7,630)
Expenses not deductible for tax purposes	66,768	95,378	10,620	18,388
Utilisation of previously unrecognised deferred tax assets	(2,552)	(420)	-	-
Deferred tax assets not recognised	2,403	6,620	-	-
Over provided in prior years	(45,816)	(6,664)	(440)	-
	147,703	198,333	5,503	1,821

34. Earnings per share

	2013	Group 2012 (Restated)
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders (RM'000)	631,159	750,798

Basic earnings per share

Weighted average number of shares ('000)	8,113,717	6,975,015
Basic earnings per share (sen)	7.78	10.76

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.

Weighted average number of ordinary shares used in calculation of basic earnings per share ('000)	8,113,717	6,975,015
Weighted average number of unissued ordinary shares from units under LTIP ('000)	11,311	12,647
Weighted average number of unissued ordinary shares from share options under EPP ('000)	26,439	34,839
Weighted average number of ordinary shares used in calculation of diluted earnings per share ('000)	8,151,467	7,022,501
Diluted earnings per share (sen)	7.74	10.69

35. Dividends

No dividend was paid during the financial year ended 31 December 2013 and 31 December 2012.

The Directors have proposed a first and final single tier cash dividend of 2 sen per ordinary share for the financial year ended 31 December 2013, which is subject to shareholders approval at the forthcoming Annual General Meeting.

Based on 8,134,973,871 ordinary shares as at 31 December 2013, the proposed dividend amounts to RM162.7 million.

36. Segment reporting

Operating segments

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services in different locations, and are managed separately. For each of the strategic business units, the Group's Board of Directors reviews internal management reports on at least a quarterly basis.

The Group's reportable segments comprise:

- *Parkway Pantai* : Hospital operator and healthcare service provider in Asia
- *Acibadem Holdings* : Hospital operator and healthcare service provider in CEEMENA and investment holding companies owning ASYH
- *IMU Health* : Education service provider in Malaysia
- *PLife REIT* : Real estate investment trust
- *Others* : Includes the corporate office

Management monitors the operating results of each of its business units for the purpose of making decisions on resource allocation and performance assessment. Performance is measured based on segment EBITDA.

Inter-segment pricing is determined on negotiated basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Geographical segment capital expenditure is the total costs incurred during the year to acquire property, plant and equipment, investment properties, and intangible assets other than goodwill.

36. Segment reporting (continued)

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	PLife REIT RM'000	Others RM'000	Eliminations RM'000	Total RM'000
2013							
<i>Revenue and expenses</i>							
Revenue from external customers	3,887,847	2,585,623	197,641	81,150	4,190	-	6,756,451
Inter-segment revenue	78,987	-	2,738	153,547	704,160	(939,432)	-
Total segment revenue	3,966,834	2,585,623	200,379	234,697	708,350	(939,432)	6,756,451
EBITDA	1,024,295	462,807	74,570	184,540	674,149	(762,029)	1,658,332
Depreciation and impairment loss of property, plant and equipment	(267,434)	(220,990)	(12,713)	(30,199)	(176)	-	(531,512)
Amortisation and impairment loss of intangible assets	(32,386)	(36,658)	(302)	-	-	-	(69,346)
Foreign exchange gains	2,078	1,109	767	5,456	6,107	-	15,517
Finance income	9,711	19,126	2,756	8,156	19,369	-	59,118
Finance costs	(33,956)	(273,726)	(378)	(20,642)	(11)	-	(328,713)
Share of losses of associates (net of tax)	(1,793)	-	-	-	-	-	(1,793)
Share of profits of joint ventures (net of tax)	3,971	-	-	-	-	-	3,971
Others	52,084	5,800	(953)	-	19,057	-	75,988
Profit before tax	756,570	(42,532)	63,747	147,311	718,495	(762,029)	881,562
Income tax (expense)/credit	(119,509)	6,958	(16,854)	(12,795)	(5,503)	-	(147,703)
Profit for the year	637,061	(35,574)	46,893	134,516	712,992	(762,029)	733,859
<i>Assets and liabilities</i>							
Cash and bank balances	746,279	350,613	140,759	70,829	836,347	-	2,144,827
Other assets	15,250,490	5,274,622	389,194	3,452,856	762,509	(13,219)	25,116,452
Segment assets as at 31 December 2013	15,996,769	5,625,235	529,953	3,523,685	1,598,856	(13,219)	27,261,279
Loans and borrowings	1,109,981	2,057,184	1,433	1,292,683	-	-	4,461,281
Other liabilities	1,575,402	917,256	115,287	263,568	18,757	(13,219)	2,877,051
Segment liabilities as at 31 December 2013	2,685,383	2,974,440	116,720	1,556,251	18,757	(13,219)	7,338,332

36. Segment reporting (continued)

2012 (Restated)	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	PLife REIT RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<i>Revenue and expenses</i>							
Revenue from external customers	4,636,040	2,058,531	174,753	89,790	3,352	-	6,962,466
Inter-segment revenue	75,868	-	-	142,903	6,059	(224,830)	-
Total segment revenue	4,711,908	2,058,531	174,753	232,693	9,411	(224,830)	6,962,466
EBITDA	1,055,132	330,437	63,847	189,586	(9,922)	(60,091)	1,568,989
Depreciation and impairment loss of property, plant and equipment	(211,504)	(189,793)	(12,293)	(28,856)	(3)	-	(442,449)
Amortisation and impairment loss of intangible assets	(31,937)	(34,499)	(165)	-	-	-	(66,601)
Foreign exchange (losses)/gains	(3,135)	(1,754)	(255)	(639)	24,517	-	18,734
Finance income	9,610	50,009	1,885	11,984	8,777	-	82,265
Finance costs	(57,231)	(143,180)	(377)	(21,411)	(10)	-	(222,209)
Share of profits of associates (net of tax)	771	-	-	-	-	-	771
Share of profits of joint ventures (net of tax)	13,335	-	-	-	-	-	13,335
Others	167,017	(46,456)	121	-	(15,558)	-	105,124
Profit before tax	942,058	(35,236)	52,763	150,664	7,801	(60,091)	1,057,959
Income tax (expense)/credit	(166,148)	(5,374)	(12,643)	(12,399)	(1,769)	-	(198,333)
Profit for the year	775,910	(40,610)	40,120	138,265	6,032	(60,091)	859,626
<i>Assets and liabilities</i>							
Cash and bank balances	660,508	120,113	79,523	76,706	685,795	-	1,622,645
Other assets	14,124,315	5,481,595	412,636	3,336,815	694,977	(24,642)	24,025,696
Segment assets as at 31 December 2012	14,784,823	5,601,708	492,159	3,413,521	1,380,772	(24,642)	25,648,341
Loans and borrowings	1,124,172	1,502,241	2,131	1,207,500	-	-	3,836,044
Other liabilities	1,273,865	1,003,877	99,733	254,355	29,346	(24,642)	2,636,534
Segment liabilities as at 31 December 2012	2,398,037	2,506,118	101,864	1,461,855	29,346	(24,642)	6,472,578

36. Segment reporting (continued)

Geographical segment

	Singapore RM'000	Malaysia RM'000	China RM'000	Japan RM'000	CEEMENA RM'000	Other regions RM'000	Others [#] RM'000	Eliminations RM'000	Total RM'000
2013									
Revenue from external customers	2,445,128	1,362,088	178,130	80,931	2,585,623	104,079	472	-	6,756,451
Revenue from inter-segment	-	-	-	-	-	-	710,672	(710,672)	-
Total segment revenue	2,445,128	1,362,088	178,130	80,931	2,585,623	104,079	711,144	(710,672)	6,756,451
Non-current assets [^]	12,421,543	3,584,618	971,773	1,170,028	4,610,291	36,646	2,902	-	22,797,801
Capital expenditure [*]	111,007	188,647	731,912	219,513	437,005	2,146	2,677	-	1,692,907
2012 (Restated)									
Revenue from external customers	3,355,214	1,218,563	162,284	89,672	2,058,530	78,203	-	-	6,962,466
Revenue from inter-segment	-	-	-	-	-	-	6,059	(6,059)	-
Total segment revenue	3,355,214	1,218,563	162,284	89,672	2,058,530	78,203	6,059	(6,059)	6,962,466
Non-current assets [^]	12,190,831	3,456,346	216,677	1,100,133	4,964,132	39,786	1,752	-	21,969,657
Capital expenditure [*]	483,226	210,837	9,430	126,586	271,968	2,458	29	-	1,104,534

[#]: Others include balances relating to corporate offices, which is unallocated.

[^]: Non-current assets consist of property, plant and equipment, investment properties, intangible assets and goodwill.

^{*}: Capital expenditure consist of additions to property, plant and equipment, investment properties, and intangible assets other than goodwill.

37. Financial instruments

(i) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (“L&R”);
- (b) Available-for-sale financial assets (“AFS”);
- (c) Held-to-maturity investments (“HTM”);
- (d) Financial liabilities measured at amortised cost (“FL”);
- (e) Fair value through profit or loss (“FVTPL”); and
- (f) Fair value of derivatives held as hedging instruments (“FVHI”).

2013	Carrying amount RM'000	L&R/FL RM'000	AFS RM'000	HTM RM'000	FVTPL RM'000	FVHI RM'000
Financial assets						
Group						
Other financial assets	796,513	23,569	743,967	28,977	-	-
Trade and other receivables ⁽¹⁾	922,153	922,153	-	-	-	-
Derivative assets	16,182	-	-	-	16,182	-
Cash and cash equivalents	2,144,827	2,144,827	-	-	-	-
	<u>3,879,675</u>	<u>3,090,549</u>	<u>743,967</u>	<u>28,977</u>	<u>16,182</u>	<u>-</u>
Company						
Trade and other receivables ⁽¹⁾	987	987	-	-	-	-
Amounts due from subsidiaries	12,560	12,560	-	-	-	-
Cash and cash equivalents	835,642	835,642	-	-	-	-
	<u>849,189</u>	<u>849,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Group						
Trade and other payables ⁽²⁾	(1,552,755)	(1,552,755)	-	-	-	-
Loans and borrowings	(4,461,281)	(4,461,281)	-	-	-	-
Derivative liabilities	(6,687)	-	-	-	(2,239)	(4,448)
	<u>(6,020,723)</u>	<u>(6,014,036)</u>	<u>-</u>	<u>-</u>	<u>(2,239)</u>	<u>(4,448)</u>
Company						
Trade and other payables ⁽²⁾	(11,930)	(11,930)	-	-	-	-
Amounts due to subsidiaries	(1,518)	(1,518)	-	-	-	-
	<u>(13,448)</u>	<u>(13,448)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

37. Financial instruments (continued)

(i) Categories of financial instruments (continued)

2012 (Restated) Financial assets Group	Carrying amount RM'000	L&R/FL RM'000	AFS RM'000	HTM RM'000	FVTPL RM'000	FVHI RM'000
Other financial assets	741,044	46,360	666,659	28,025	-	-
Trade and other receivables ⁽¹⁾	821,502	821,502	-	-	-	-
Derivative assets	5,851	-	-	-	7,032	(1,181)
Cash and cash equivalents	1,622,645	1,622,645	-	-	-	-
	<u>3,191,042</u>	<u>2,490,507</u>	<u>666,659</u>	<u>28,025</u>	<u>7,032</u>	<u>(1,181)</u>
Company						
Trade and other receivables ⁽¹⁾	1,105	1,105	-	-	-	-
Amounts due from subsidiaries	23,186	23,186	-	-	-	-
Cash and cash equivalents	682,087	682,087	-	-	-	-
	<u>706,378</u>	<u>706,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities						
Group						
Trade and other payables ⁽²⁾	(1,296,148)	(1,213,685)	-	-	(82,463)	-
Loans and borrowings	(3,836,044)	(3,836,044)	-	-	-	-
Derivative liabilities	(16,661)	-	-	-	(12,733)	(3,928)
	<u>(5,148,853)</u>	<u>(5,049,729)</u>	<u>-</u>	<u>-</u>	<u>(95,196)</u>	<u>(3,928)</u>
Company						
Trade and other payables ⁽²⁾	(9,745)	(9,745)	-	-	-	-
Amounts due to subsidiaries	(61)	(61)	-	-	-	-
	<u>(9,806)</u>	<u>(9,806)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

⁽¹⁾:Excludes prepayments and deposits

⁽²⁾:Excludes deposits and advance billings

37 Financial instruments (continued)

(i) Categories of financial instruments (continued)

Net gains/(losses) arising from financial instruments

	Group	
	2013	2012
	RM'000	RM'000
		(Restated)
Available-for-sale financial assets		
- recognised in other comprehensive income	38,223	155,218
- dividend income	4,190	3,363
HTM investments	62	83
Loans and receivables	37,682	46,074
Financial liability measured at FVTPL	3,946	(26,284)
Financial liabilities measured at amortised cost	(138,906)	(211,230)
Derivative liabilities		
- recognised in other comprehensive income	788	(190)
- recognised in profit or loss	19,249	2,233
	<u>(34,766)</u>	<u>(30,733)</u>
	Company	
	2013	2012
	RM'000	RM'000
Loans and receivables	<u>19,319</u>	<u>8,777</u>

(ii) Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(iii) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables and amounts due from related parties.

The Company does not have any significant exposure to credit risk.

Receivables

Risk management objectives, policies and processes for managing the risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on major customers requiring credit over a certain amount. For the hospital operations, the Group does not grant credit to non-corporate customers. Instead, a non-corporate customer is requested to place an initial deposit at the time of admission to the hospital. Additional deposit is requested from the customer when the hospital charges exceed a certain level.

37. Financial instruments (continued)

(iii) Credit risk (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statement of financial position.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

At the end of the reporting period, there is 1 customer with balances amounting to RM47,494,000 (2012: 1 customer amounting to RM48,967,000), which is 5% or more than 5% of the Group's gross trade receivables. Allowance for impairment of RM1,915,000 (2012: RM730,000) has been recognised.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group trade and other receivables and amounts due from related parties by country are disclosed in Notes 15 and 16 respectively.

Impairment losses

Trade and other receivables and amounts due from related parties that are neither past due nor impaired are creditworthy with good payment record with the Group. Cash and fixed deposits are placed with reputable financial institutions which are regulated.

Similarly, the Group only enters into investments and transactions involving financial instruments with counterparties who have sound credit ratings. As such, except for the impairment loss recognised as disclosed in Notes 15 and 16 of the financial statements, the Group does not expect any counterparty to fail to meet their obligations.

37. Financial instruments (continued)

(iii) Credit risk (continued)

Information regarding the ageing and allowance of impairment of trade receivables and other receivables and amounts due from related parties are disclosed in Notes 15 and 16 respectively.

The Group provides for impairment allowance in respect of trade receivables based on historical default rates. Specific impairment allowance is provided on a case-by-case basis depending on the circumstances.

The following shows the gross amount of the trade and other receivables which are individually assessed for impairment, and specific impairment allowance are made on a case-by-case basis.

	Individually assessed balance RM'000	Specific allowances made RM'000	Net RM'000
2013			
Trade receivables	150,087	(72,366)	77,721
Other receivables	603	(603)	-
2012			
Trade receivables	188,145	(72,070)	116,075
Other receivables	898	(898)	-

The individually impaired receivables relate to debtors that were in financial difficulties and the Group assessed that portion of the debt may be unrecoverable.

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company provide unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the amounts due from related companies and subsidiaries are not recoverable. The Group and the Company do not specifically monitor the ageing of the amount due from related companies and subsidiaries, but would assess for impairment periodically.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its payables and loans and borrowings.

37. Financial instruments (continued)

(iv) Liquidity risk (continued)

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash and available undrawn credit facilities to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Interest rate	Contractual cash flows RM'000	Within 1 year RM'000	After 1 year but within 5 years RM'000	After 5 years RM'000
2013						
Group						
Non-derivative financial liabilities						
Secured bank borrowings	1,292,997	1.75% - 7.50%	1,446,183	201,535	1,243,098	1,550
Unsecured bank borrowings	2,948,323	0% - 10.25%	3,151,748	107,345	2,890,704	153,699
Finance lease liabilities	219,961	0% - 17.17%	245,884	69,668	167,344	8,872
Loans from a non-controlling interest	297,851	1.84% - 1.87%	312,724	-	312,724	-
Trade and other payables ⁽¹⁾	1,254,904		1,254,904	1,226,043	28,861	-
	<u>6,014,036</u>		<u>6,411,443</u>	<u>1,604,591</u>	<u>4,642,731</u>	<u>164,121</u>
Derivative financial liabilities						
Foreign exchange forward contracts	(16,182)		(16,948)	(6,154)	(10,663)	(131)
Interest rate swaps	6,687		6,883	3,715	3,024	144
	<u>(9,495)</u>		<u>(10,065)</u>	<u>(2,439)</u>	<u>(7,639)</u>	<u>13</u>
Company						
Non-derivative financial liabilities						
Amounts due to subsidiaries	1,518		1,518	1,518	-	-
Trade and other payables ⁽¹⁾	11,930		11,930	11,930	-	-
	<u>13,448</u>		<u>13,448</u>	<u>13,448</u>	<u>-</u>	<u>-</u>

37. Financial instruments (continued)**(iv) Liquidity risk (continued)*****Maturity analysis (continued)***

	Carrying amount RM'000	Interest rate	Contractual cash flows RM'000	Within 1 year RM'000	After 1 year but within 5 years RM'000	After 5 years RM'000
2012 (Restated)						
Group						
Non-derivative financial liabilities						
Secured bank borrowings	789,708	2.47%-15.25%	856,985	316,480	514,550	25,955
Unsecured bank borrowings	2,760,772	1.23%-2.55%	2,909,632	35,948	2,873,684	-
Unsecured floating notes	35,722	1.659%	35,859	35,859	-	-
Finance lease liabilities	248,868	0%-19.09%	282,559	69,242	199,775	13,542
Bank overdrafts	974	7.60%	974	974	-	-
Trade and other payables ⁽¹⁾	1,296,148		1,296,148	1,254,177	41,971	-
	<u>5,132,192</u>		<u>5,382,157</u>	<u>1,712,680</u>	<u>3,629,980</u>	<u>39,497</u>
Derivative financial liabilities						
Foreign exchange forward contracts	(186)		(699)	5,603	(6,302)	-
Interest rate swaps	10,996		11,219	6,968	4,251	-
	<u>10,810</u>		<u>10,520</u>	<u>12,571</u>	<u>(2,051)</u>	<u>-</u>
Company						
Non-derivative financial liabilities						
Amounts due to subsidiaries	61		61	61	-	-
Trade and other payables ⁽¹⁾	9,745		9,745	9,745	-	-
	<u>9,806</u>		<u>9,806</u>	<u>9,806</u>	<u>-</u>	<u>-</u>

⁽¹⁾:Excludes deposits, advance billings and loans from a non-controlling interest.

37. Financial instruments (continued)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

(a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange risk on sales, purchases, cash and cash equivalents, receivables and payables, and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the British Pound, Chinese Renminbi, Malaysian Ringgit, Singapore Dollar, United States Dollar, Swiss Franc, Euro, and Japanese Yen.

Risk management objectives, policies and processes for managing the risk

The Group uses foreign exchange forward contracts to manage its exposure to foreign currency movements on its net income denominated in Japanese Yen from its investment in Japan. Where necessary, the foreign exchange forward contracts are rolled over at maturity.

The Group actively monitors its foreign currency risk and minimises such risk by borrowing in the functional currency of the borrowing entity or by borrowing in the same currency as the foreign investment (i.e. natural hedge of net investments).

In respect of other monetary assets and liabilities held in currencies other than the functional currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rate where necessary to address short term imbalances.

As at the end of the financial year, foreign exchange forward contracts of Group is as follows:

	2013		2012	
	Nominal value RM'000	Fair value/ book value RM'000	Nominal value RM'000 (Restated)	Fair value/ book value RM'000 (Restated)
Group				
Foreign exchange forward contract	84,677	16,182	209,980	186

37. Financial instruments (continued)

(v) Market risk (continued)

(a) Foreign currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	British Pound RM'000	Chinese Renminbi RM'000	Malaysia Ringgit RM'000	Singapore Dollar RM'000	United States Dollar RM'000	Swiss Franc RM'000	Euro RM'000	Japanese Yen RM'000	Others* RM'000
2013									
Other financial assets	-	-	-	-	22,869	-	-	-	-
Trade and other receivables	8,042	180	532,669	12,352	17,520	-	6,836	4,558	9,406
Cash and cash equivalents	235	-	24,341	109,758	344,959	-	531	67,033	1,360
Loans and borrowings	-	-	-	(350,606)	(1,159,080)	(73,384)	(168,949)	-	-
Trade and other payables	(10)	(165)	(36,006)	(205,731)	(58,486)	(3,131)	(33,162)	(46,784)	(214)
Derivative liabilities	-	-	-	-	(2,240)	-	-	-	-
	8,267	15	521,004	(434,227)	(834,458)	(76,515)	(194,744)	24,807	10,552
2012 (Restated)									
Other financial assets	-	-	-	-	63,583	-	-	-	-
Trade and other receivables	6,726	6,104	551,806	26,747	6,385	-	65	5,084	9,046
Cash and cash equivalents	234	-	1,107	153,416	40,068	-	-	69,945	171
Loans and borrowings	-	-	-	-	(604,759)	-	(117,009)	-	-
Trade and other payables	(16)	(267)	(31,384)	(146,396)	(230,272)	(5,217)	(3,502)	(52,241)	(11,669)
Derivative liabilities	-	-	-	-	(13,334)	-	-	-	-
	6,944	5,837	521,529	33,767	(738,329)	(5,217)	(120,446)	22,788	(2,452)

*: Others include mainly Turkish Lira, Australia Dollars, Philippine Peso, Hong Kong Dollar, Indian Rupee and Thai Baht.

37. Financial instruments (continued)

(v) Market risk (continued)

(a) Foreign currency risk (continued)

Company	2013			2012	
	Singapore Dollar RM'000	Malaysia Ringgit RM'000	United States Dollar RM'000	Singapore Dollar RM'000	United States Dollar RM'000
Trade and other receivables	146	-	-	-	-
Amounts due from subsidiaries	-	-	-	20,701	304
Cash and cash equivalents	106,644	-	7,140	152,925	654
Trade and other payables	-	-	-	(1,932)	(91)
Amounts due to subsidiaries	(18,674)	(3,800)	-	(60)	-
	88,116	(3,800)	7,140	171,634	867

Sensitivity analysis

A 10% strengthening of the following currencies against the respective functional currencies of the Group entities at the end of the reporting period would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Group		Company	
	2013 RM'000	2012 RM'000 (Restated)	2013 RM'000	2012 RM'000
British Pound	827	694	-	-
Chinese Renminbi	2	584	-	-
Malaysian Ringgit	52,100	52,153	(380)	-
Singapore Dollar	(43,423)	3,377	8,812	17,163
United States Dollar	(83,446)	(73,833)	714	87
Swiss Franc	(7,652)	(522)	-	-
Euro	(19,474)	(12,045)	-	-
Japanese Yen	2,481	2,279	-	-
Others*	1,055	(245)	-	-
	(97,530)	(27,558)	9,146	17,250

* Others include mainly Turkish Lira, Australia Dollar, Philippine Peso, Hong Kong Dollar, Indian Rupee and Thai Baht.

A 10% weakening of the above currencies against the respective functional currencies of the Group entities at the end of the reporting period would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

37. Financial instruments (continued)

(v) Market risk (continued)

(b) Interest rate risk

This relates to changes in interest rates which affect mainly the Group's fixed deposits and its debt obligations with banks and financial institutions. The Group's fixed-rate financial assets and borrowings are exposed to a risk of change in their fair value while the variable-rate financial assets and borrowings are exposed to a risk of change in cash flows. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group has no significant concentration of interest rate risk that may arise from exposure to Group's fixed deposits and its obligations with banks and financial institutions.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts as well as by rolling over its fixed deposits and variable rate borrowings on a short-term basis. In respect of long-term borrowings, the Group may enter into interest rate derivatives to manage its exposure to adverse movements in interest rates.

Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy. See Note 26 for the nominal value and fair value of the interest rate swap.

37. Financial instruments (continued)

(v) Market risk (continued)

(b) Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	2013 RM'000	2012 RM'000 (Restated)
Group		
Fixed rate instruments		
Government debt securities held to maturity	28,977	28,025
Fixed deposits placed with licensed banks	1,544,312	1,086,923
Bank borrowings	(141,259)	(219,314)
Finance lease liabilities	(219,961)	(248,868)
Variable rate instruments		
Bank borrowings and overdrafts	(4,100,061)	(3,332,140)
Floating rate notes	-	(35,722)
Interest rate swaps	(6,687)	(10,996)
Company		
Fixed rate instruments		
Fixed deposits with licensed banks	791,881	670,143

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

37. Financial instruments (continued)

(v) Market risk (continued)

(b) Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting period would increase/(decrease) amounts charged or credited to assets, profit or loss or equity as shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Group	Assets*		Equity		Profit before tax	
	100bp increase RM'000	100bp decrease RM'000	100bp increase RM'000	100bp decrease RM'000	100bp increase RM'000	100bp decrease RM'000
2013						
Bank borrowings and overdrafts	6,453	(6,453)	-	-	(33,484)	33,484
Interest rate swaps	-	-	23,931	(26,966)	11,429	(11,429)
	6,453	(6,453)	23,931	(26,966)	(22,055)	22,055
2012 (Restated)						
Bank borrowings, overdrafts and floating rate notes	-	-	-	-	(33,679)	33,679
Interest rate swaps	-	-	18,824	(20,539)	13,913	(12,852)
	-	-	18,824	(20,539)	(19,766)	20,827

*: Relates to interest capitalised in construction-in-progress.

37. Financial instruments (continued)

(v) Market risk (continued)

(c) Equity price risk

Equity price risk mainly arises from the Group's investment in quoted equity securities classified as available-for-sale financial assets.

The equity investments are held for long term strategic purposes. Their performance is assessed periodically together with assessment if their relevance to the Group's long term strategic plans.

As at 31 December 2013, it is estimated that an increase/(decrease) of 10% in the market price of the quoted securities, with all other variables held constant, would have increased/(decreased) the group's equity by RM74,389,000 (2012: RM66,658,000).

(vi) Hedging activities

Cash flow hedge

The Group has entered into interest rate swaps to hedge the cash flow risk in relation to the floating interest rate of some bank loans. As at 31 December 2013, the Group had interest rate swaps with nominal value of RM1,386.3 million (2012: RM1,067.0 million).

Details of the cash flow of the interest rate swaps are shown in Note 37(iv).

As at 31 December 2013, where the interest rate swaps were designated as hedging instruments in qualifying cash flow hedges, the effective portion of the changes in fair value of the interest rate swaps amounting to RM788,000 gain (2012: RM190,000 loss) was recognised in other comprehensive income.

Hedge of net investments in a foreign operation

The Group's Japanese Yen denominated unsecured bank loans has been designated as a hedge of the Group's net investments in Japan. The carrying amount of the loan as at end of reporting period was RM1,076.2 million (2012: RM1,026.5 million). An effective foreign exchange gain of RM165,822,000 (2012: gain of RM170,744,000) was recognised in other comprehensive income.

(vii) Fair value information

The notional amounts of financial assets and liabilities with a maturity of less than one year including trade and other receivables, cash and cash equivalents, trade and other payables approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

It is not practicable to reliably estimate the fair value of unquoted equity shares, club membership and other investments due to the lack of quoted market prices in an active market, significant range of reasonable fair value estimates, and the inability to reasonably assess the probabilities of the various estimates.

37. Financial instruments (continued)

(viii) Fair value of financial instruments

	Note	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2013											
Group											
Financial assets											
Non-current receivables ⁽¹⁾	14	-	-	-	-	-	-	1,056	1,056	1,056	1,056
Other financial assets ⁽²⁾											
- AFS - quoted equity shares	9	743,887	-	-	743,887	-	-	-	-	743,887	743,887
- HTM - government debt securities	9	-	-	-	-	28,961	-	-	28,961	28,961	28,977
Foreign exchange forward contracts held at FVTPL	26	-	16,182	-	16,182	-	-	-	-	16,182	16,182
		<u>743,887</u>	<u>16,182</u>	<u>-</u>	<u>760,069</u>	<u>28,961</u>	<u>-</u>	<u>1,056</u>	<u>30,017</u>	<u>790,086</u>	<u>790,102</u>
Financial liabilities											
Non-current trade and other payables ⁽³⁾	25	-	-	-	-	-	-	(326,712)	(326,712)	(326,712)	(326,712)
Bank loans and overdrafts	21	-	-	-	-	-	-	(4,241,581)	(4,241,581)	(4,241,581)	(4,241,320)
Financial lease liabilities	21	-	-	-	-	-	-	(219,961)	(219,961)	(219,961)	(219,961)
Interest rate swaps used for hedging	26	-	(4,448)	-	(4,448)	-	-	-	-	(4,448)	(4,448)
Interest rate swaps held at FVTPL	26	-	(2,239)	-	(2,239)	-	-	-	-	(2,239)	(2,239)
		<u>-</u>	<u>(6,687)</u>	<u>-</u>	<u>(6,687)</u>	<u>-</u>	<u>-</u>	<u>(4,788,254)</u>	<u>(4,788,254)</u>	<u>(4,794,941)</u>	<u>(4,794,680)</u>

37. Financial instruments (continued)

(viii) Fair value of financial instruments (continued)

	Note	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value *	Total fair value	Carrying amount
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total RM'000	RM'000	RM'000
2012 (Restated)								
Group								
Financial assets								
Non-current receivables ⁽¹⁾	14	-	-	-	-	786	786	786
Other financial assets ⁽²⁾								
-AFS - quoted equity shares	9	666,579	-	-	666,579	-	666,579	666,579
-HTM - government debt securities	9	-	-	-	-	27,989	27,989	28,025
Foreign exchange forward contracts held at FVTPL	26	-	7,032	-	7,032	-	7,032	7,032
Interest rate swaps used for hedging	26	-	(1,181)	-	(1,181)	-	(1,181)	(1,181)
		666,579	5,851	-	672,430	28,775	701,205	701,241
Financial liabilities								
Non-current trade and other payables ⁽³⁾	25	-	-	-	-	(41,971)	(41,971)	(41,971)
Bank loans, overdrafts and floating notes	21	-	-	-	-	(3,587,525)	(3,587,525)	(3,587,176)
Financial lease liabilities	21	-	-	-	-	(248,409)	(248,409)	(248,868)
Contingent consideration payable	25	-	(82,463)	-	(82,463)	-	(82,463)	(82,463)
Foreign exchange forward contracts held at FVTPL	26	-	(6,846)	-	(6,846)	-	(6,846)	(6,846)
Interest rate swaps used for hedging	26	-	(3,928)	-	(3,928)	-	(3,928)	(3,928)
Interest rate swaps held at FVTPL	26	-	(5,887)	-	(5,887)	-	(5,887)	(5,887)
		-	(99,124)	-	(99,124)	(3,877,905)	(3,977,029)	(3,977,139)

⁽¹⁾: Exclude prepayments and deposits

⁽²⁾: Exclude available for sale unquoted equity shares, club membership and other investments

⁽³⁾: Exclude deposits and advance billings

*: Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13

37. Financial instruments (continued)

(viii) Fair value of financial instruments (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Quoted investments

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted closing bid prices at the end of the reporting period.

Government debt securities

The fair values of government debt securities are determined by reference to their quoted closing bid price at the end of the reporting period.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities either directly or indirectly.

Derivatives

The fair value of foreign exchange forward contracts and interest rate swaps is based on banker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year. (2012: no transfer in either direction).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Non-derivative financial assets and liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

37. Financial instruments (continued)

(viii) Fair value of financial instruments (continued)

Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2013	2012
Bank borrowings	1.75% - 10.25%	1.23% - 15.25%
Finance leases	0% - 17.17%	0% - 19.09%

38. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

	Note	Group 2013 RM'000	2012 RM'000 (Restated)
Loans and borrowings	21	4,461,281	3,836,044
Less: Cash and cash equivalents	18	(2,144,827)	(1,622,645)
Net debt		2,316,454	2,213,399
Total equity		19,922,947	19,175,763
Debt-to-equity ratio		0.12	0.12

There were no changes in the Group's approach to capital management during the financial year.

As at 31 December 2013, the Group's subsidiaries:

- PHL has two Murabaha facilities, which includes a Murabaha term facility of SGD500 million due for repayment in 2015, under which the group net debt to group tangible net worth ratio of PHL and its subsidiaries, cannot exceed 1.5:1.
- PPL and Parkway HK Holdings Limited ("Parkway HK") have a joint term and revolving facility, comprising a term facility of SGD500 million due for repayment in 2018, under which the group net debt to group tangible net worth ratio of PPL and its subsidiaries, cannot exceed 1.5:1.
- PLife REIT is subjected to the Aggregate Leverage limit as defined in the Property Fund Appendix of the Singapore Collective Investment Scheme Code ("CIS Code"). The CIS Code stipulates that the total borrowings (the "Aggregate Leverage") of a property fund should not exceed 35.0% of the fund's Deposited Property. The Aggregate Leverage of a property fund may exceed 35.0% of the fund's Deposited Property (up to a maximum of 60.0%) only if a credit rating of the property fund from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 2013 and 2012.

39. Operating leases

Leases as lessee

	Group	
	2013	2012
	RM'000	RM'000
		(Restated)
Non-cancellable operating lease payable:		
- Within 1 year	267,425	121,407
- After 1 year but within 5 years	913,759	387,946
- After 5 years	1,398,364	700,435
	<u>2,579,548</u>	<u>1,209,788</u>
Lease land premium		
- Less than 1 year	-	350

Based on the agreement between the Federal Government and the Group in 1994 for the use of Ministry of Health facilities, the agreement allows the Group to construct buildings in connection with the use of facilities for the training of students. The land was leased to the Group for a period of 30 years, commencing 1 January 1999.

In July 2012, the Group was informed by Pesuruhjaya Tanah Persekutuan (Federal Land Commission) on the lease premium payable for the period from 1 January 1999 to 31 December 2013, of which RM350,000 is in relation to the lease premium payable for the year ended 31 December 2013.

The Group is unable to ascertain the amount of the lease premium from 2014 to 2029 as the lease amount payable is yet to be determined as at date of these financial statements.

Leases as lessor

The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2013	2012
	RM'000	RM'000
		(Restated)
Non-cancellable operating lease receivable:		
- Within 1 year	139,997	129,796
- After 1 year but within 5 years	384,695	385,793
- After 5 years	821,877	789,952
	<u>1,346,569</u>	<u>1,305,541</u>

40. Capital and other commitments

	Group	
	2013 RM'000	2012 RM'000 (Restated)
(a) Capital expenditure commitments		
<i>Property, plant and equipment and investment properties</i>		
- Authorised and contracted for	425,493	245,773
- Authorised but not contracted for	1,157,038	972,023
	<u>1,582,531</u>	<u>1,217,796</u>
(b) Joint venture		
Share of capital commitment of joint venture	<u>118,260</u>	<u>90,193</u>
(c) Banker guarantees		
Amount of banker guarantees obtained	<u>21,810</u>	<u>915</u>

41. Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subjected to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined in Note 32.

Related party transactions

Other than disclosed elsewhere in the financial statements, transactions carried out on terms agreed with the related parties are as follows:

	Group	
	2013 RM'000	2012 RM'000 (Restated)
<u><i>With key management personnel and their associates</i></u>		
Sales and provision of services	322,285	205,937
Purchases and consumption of services	(61,254)	(59,825)
<u><i>With associates</i></u>		
Rental income	174	223
<u><i>With substantial shareholders and their subsidiaries</i></u>		
Sales and provision of services	41,269	41,724
Purchases and consumption of services	(3,135)	(56,677)
<u><i>With non-controlling interest of a subsidiary</i></u>		
Interest expenses paid or payable	(3,884)	-
Purchases and consumption of services	<u>-</u>	<u>(211)</u>

41. Related parties (continued)

	Company	
	2013	2012
	RM'000	RM'000
<i>With subsidiaries</i>		
Dividend income	710,732	6,024
Share based payment transactions	(17,764)	(17,578)

Significant related party balances related to the above transactions are disclosed in Notes 7, 8, 14 and 25. As at 31 December 2013, trade receivables due from key management personnel and their associates amounted to RM88.6 million (2012: RM47.8 million).

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

From time to time, directors and key management personnel of the Group, or their related entities, may receive services and purchase goods from the Group. These services and purchases are on an arm's length basis.

42. Acquisitions and disposals

The external legal fees and due diligence costs related to acquisition activities are included in other operating expenses in the Group's consolidated statement of profit or loss and other comprehensive income and are disclosed in Note 30.

Disposal of subsidiaries in 2013

On 23 July 2013, PHL entered into a Share Purchase Agreement ("SPA") with Mitsui & Co., Ltd and EPS Corporation to dispose its entire shareholding in Gleneagles CRC Pte Ltd ("GCRC"), comprising of 510,000 ordinary shares which represent 51% of the issued and paid-up share capital of GCRC, to EPS Corporation (the "GCRC Disposal") for SGD\$5.1 million ("Price Consideration"). The GCRC Disposal comprises of GCRC and its 4 wholly-owned subsidiaries namely, Gleneagles CRC (China) Pte. Ltd., Gleneagles CRC (Thailand) Company Limited, Gleneagles Clinical Research International Pte. Ltd. and Gleneagles CRC (Australia) Pty Ltd., and was completed on 30 July 2013. The consideration is subjected to adjustment in accordance to with the terms in the SPA and is yet to be finalised as at 31 December 2013.

The effects of the disposal are as follows:

	Note	RM'000
Property, plant and equipment	3	176
Trade and other receivables		7,904
Cash and cash equivalents		10,802
Trade and other payables		(1,505)
Tax payable		(858)
Other reserves		59
Non-controlling interest		(8,094)
Net assets disposed		8,484
Gain on disposal		4,376
Cash consideration received		12,860
Disposal proceeds discharged by cash		12,860
Cash and cash equivalents of subsidiaries disposed		(10,802)
Net cash inflows		2,058

42. Acquisitions and disposals (continued)

Changes in ownership interests in subsidiaries in 2013

- (a) On 15 January 2013, Acibadem Saglik Hizmetleri Ve Ticaret A.S. (“ASH”) acquired the remaining 50.00% equity interest in Acibadem Labmed Saglik Hizmetleri A.S. (“Acibadem Labmed”) for a total consideration of EUR3,250,000. The said acquisition increased ASH’s shareholdings in Acibadem Labmed from 50.00% to 100.00%.

The transaction resulted in a decrease in capital reserve and non-controlling interest of RM6,023,000 and RM7,955,000 respectively.

- (b) On 28 February 2013 and 18 November 2013, Parkway HK disposed a total of 10.00% equity interest in Parkway Healthcare (Hong Kong) Limited (“Parkway Healthcare”) to its minority shareholder pursuant to the terms stipulated in the shareholder agreement, for a total consideration of HKD2.00. Consequential thereto, Parkway HK’s shareholding in Parkway Healthcare was diluted from 95.00% to 85.00%.

The transaction resulted in a decrease in capital reserve of RM205,000, an increase in foreign currency translation reserves of RM9,000 and an increase in non-controlling interest of RM196,000 respectively.

- (c) On 5 March 2013, ASH disposed 30.00% equity interest in BLAB Laboratuvar Hizmetleri A.S. (“BLAB Laboratuvar”) for a total consideration of TL420,000. Consequential thereto, ASH’s shareholdings in BLAB Laboratuvar has diluted from 100.00% to 70.00%.

On 23 December 2013, ASH acquired 30% equity interest in BLAB Laboratuvar for a total consideration of TL420,000. Consequential thereto, BLAB Laboratuvar became a wholly-owned subsidiary of the Group.

The above 2 transactions had no effects on the Group’s reserves.

- (d) On 1 April 2013, Pantai Group Resources Sdn. Bhd. (“PGRSB”) acquired another 15.00% equity interest in Twin Towers Healthcare Sdn. Bhd. (“TTHSB”) pursuant to the Share Sale Agreement dated 31 January 2012, for a total consideration of RM2,990,000. The said acquisition increased PGRSB’s shareholdings in TTHSB from 70.00% to 85.00%.

The transaction resulted in a decrease in capital reserve and non-controlling interest of RM2,282,000 and RM708,000 respectively.

- (e) On 19 April 2013 and 22 July 2013, Gleneagles (Malaysia) Sdn. Bhd. (“GMSB”) acquired a total of 0.05% equity interest in Pulau Pinang Clinic Sdn. Bhd. (“PPCSB”) for a total consideration of RM93,000. The said acquisition increased GMSB’s shareholdings in PPCSB from 70.00% to 70.05%.

The transaction resulted in a decrease in capital reserve and non-controlling interest of RM29,000 and RM65,000 respectively.

42. Acquisitions and disposals (continued)

Changes in ownership interests in subsidiaries in 2013 (continued)

- (f) On 30 September 2013, Pantai Hospitals Sdn. Bhd. (“PHSB”) acquired 17.81% equity interest in Paloh Medical Centre Sdn. Bhd. (“Paloh”) pursuant to the Sale of Shares Agreement dated 26 September 2013, for a total consideration of RM48,000,000. The said acquisition increased PHSB’s shareholdings in Paloh from 77.79% to 95.60%.

The transaction resulted in a decrease in capital reserve and non-controlling interest of RM32,810,000 and RM15,190,000 respectively.

- (g) ASH shares have ceased to be traded on the Istanbul Stock Exchange (“ISE”) after the second session of 4 October 2012. Following this, the delisting process has been successfully completed. Any shareholders that were unable to redeem their shares during mandatory tender offer (“MTO”) and voluntary tender offer (“VTO”) have the right to sell their shares for a three-year period from 26 July 2012, being the date ISE granted its approval of ASH’s delisting. As at 31 December 2013, ASYH’s equity interest in ASH is 99.28%, following the tender of shares.

The transaction resulted in a decrease in capital reserve and non-controlling interest of RM14,474,000 and RM10,005,000 respectively.

- (h) During the year, PTM transferred 162,000 PLife REIT units that it owned to its eligible employees in accordance to PTM’s long term incentive plan. Consequential thereto, the Group’s effective interest in PLife REIT was diluted from 35.81% to 35.78%.

The transaction resulted in an increase in capital reserve, non-controlling interest and hedge reserve of RM710,000, RM226,000 and RM1,000 respectively, and a decrease in foreign currency translation reserve of RM4,000.

Acquisitions of subsidiaries in 2012

- (a) On 24 January 2012, Integrated Healthcare Hastaneler Turkey Sdn. Bhd (“IHHTSB”), an indirect subsidiary of the Company, acquired 60% equity interest in ASYH and its subsidiaries for a total fair value consideration of approximately USD826,315,000. The purchase consideration is partially satisfied by net cash payment of USD262,949,000, and issuance of the Company’s shares of a total value of approximately USD550,477,000.

The outstanding USD12,889,000 contingent consideration payable is subjected to further adjustments if the TL appreciated in value against the USD on 31 December 2012, as compared to the exchange rate used in the Sales and Purchase Agreement dated 23 December 2011, subjected to a cap of TL1.65/USD1. An amount of RM66,684,000 contingent consideration payable had been recognised in other payables at the end of the reporting period.

As a result of the acquisition, for the 11-month to 31 December 2012, ASYH and its subsidiaries contributed revenue of RM2,058,530,000 and net profit after tax and non-controlling interests of RM2,097,000.

42. Acquisitions and disposals (continued)

Acquisitions of subsidiaries in 2012 (continued)

Pursuant to the Shareholder's Agreement dated 23 December 2011 between the Company, IHHTSB and two other non-controlling shareholders of ASYH, the non-controlling shareholders each have the option to convert up to 15% equity interest in ASYH into ordinary shares of the Company, within 10 years from 24 January 2012. The options are exercisable after the IPO of the Company. The relative prices in which ASYH shares are converted to shares of the Company are based on the fair market values of the respective shares at the time the options are exercised.

- (b) On 31 January 2012, PGRSB entered into share sale agreement to acquire 100% equity interest in Twin Towers Healthcare Sdn. Bhd. ("TTHSB") in three phases: 70% equity interest of TTHSB in Phase 1 and 15% equity interest of TTHSB each in Phase 2 and Phase 3. The total cash consideration for the 70% equity interest in TTHSB in Phase 1 was RM14,344,000. Phase 2 and 3 are not completed as at the end of the reporting period.
- (c) On 14 May 2012, ASYH through its subsidiaries acquired 99.99% equity interest of Acıbadem Ortadoğu Sağlık Yatırımları A.S. (formerly known as Acıbadem Dış Sağlık Hizmetleri A.Ş.) for a total consideration of TL535,000. Acıbadem Ortadoğu Sağlık Yatırımları A.S.'s principal activity is the provision of design, construction and management of hospitals and medical centres.
- (d) On 7 August 2012, Bodrum Tedavi Hizmetleri A.S. ("Bodrum Tedavi") acquired equity interest in the following subsidiaries in Turkey:

Name of subsidiary acquired	Equity interest	Purchase consideration	Principal activity
Medlife Clinic Ambulance ve Özel Sağlık Hizmetleri İthalat ve İhracat A.Ş.	99.99%	TL8,270,000	Provision of outpatient services
Bodrum Medikal Özel Sağlık Hizmetleri Turizm Gıda İnş. Paz. İth. İhr. San ve Ticaret A.Ş.	99.99%	TL6,832,000	Provision of outpatient services
Özel Turgutreis Poliklinik Hizmetleri Ticaret A.Ş.	99.99%	TL100,000	Provision of outpatient services
Sesu Özel Sağlık Hizmetleri Tıbbi Malzemeler Ticaret Sanayi ve Ticaret A.Ş.	99.71%	TL2,717,000	Provision of outpatient services

Beside the above cash consideration, new shares of Bodrum Tedavi were issued for no consideration as part of the acquisition deal. The fair value of these Bodrum Tedavi shares issued was TL7.2 million.

- (e) On 5 November 2012, ASH acquired 100% equity interest of Turuncu Grup Sağlık Hizmetleri Danışmanlık İnşaat Ticaret A.Ş. ("Turuncu Grup") for a total cash consideration TL5.0 million. Turuncu Grup's principal activity is the provision of healthcare services.

42. Acquisitions and disposals (continued)

Acquisitions of subsidiaries in 2012 (continued)

- (f) On 1 December 2012, Acibadem Poliklinikleri A.S. (“Acibadem Poliklinikleri”) acquired 100% equity interest in Tolga Saglik Hizmetleri A.S. (“Tolga Saglik”) for a total consideration of USD1,500,000. Tolga Saglik’s principal activity is the provision of healthcare services.
- (g) On 14 December 2012, ASH acquired 100% equity interest in BLAB Laboratuvar Hizmetleri A.S. (“BLAB Laboratuvar”) for a total consideration of TL50,000. BLAB Laboratuvar’s principal activity is the provision of laboratory services.

The effect on net profit and net assets contributed by the subsidiaries acquired in (b) to (g) are not material in relation to the consolidated net profit and net assets of the Group for the year.

The fair value of the purchase considerations relating to the above acquisitions are:

	RM'000
Cash payments	867,213
Contingent consideration payable	56,179
Issue of shares	1,500,675
	<u>2,424,067</u>

The effects of the above acquisitions are as follows:

	Note	Recognised values RM'000
Property, plant and equipment	3	1,379,847
Intangible assets	5	1,434,275
Deferred tax assets	10	28,933
Inventories		41,124
Trade and other receivables		365,063
Tax recoverable		9,991
Derivative assets		4,194
Cash and cash equivalents		31,353
Employee benefits	24	(6,467)
Deferred tax liabilities	10	(381,003)
Bank borrowings		(1,740,233)
Trade and other payables		(449,851)
Tax payable		(3,247)
Derivative liabilities		(6,598)
Fair value of net assets acquired		<u>707,381</u>
Non-controlling interests, based on their proportionate interest in the recognised values of the net assets		(366,548)
Goodwill on acquisition	5	<u>2,083,234</u>
Total purchase consideration		2,424,067
Purchase consideration settled through		
-issue of Company shares		(1,488,246)
-issue of a subsidiary’s shares		(12,429)
Less: Contingent consideration payable		(56,179)
Less: Cash and cash equivalents acquired		<u>(31,353)</u>
Net cash outflow		<u>(835,860)</u>

42. Acquisitions and disposals (continued)

Disposals of subsidiaries in 2012

On 20 June 2012, Pantai Diagnostics Indonesia Sdn. Bhd. (“PDISB”) disposed off its entire 65% equity interest in PT Pantai Bethany Care International (“PTPBCI”) for a consideration of USD200,000.

The effects of the disposal are as follows:

	Note	RM'000
Property, plant and equipment	3	793
Inventories		23
Trade and other receivables		223
Cash and cash equivalents		171
Trade and other payables		(1,211)
Tax payable		(53)
Other reserves		15
Non-controlling interests		(396)
Net assets disposed		(435)
Gain on disposal		1,064
Cash consideration received		629
Disposal proceeds discharged by cash		629
Cash and cash equivalents disposed		(171)
Net cash inflows		458

Internal restructure in 2012

- (a) On 27 August 2012, Shanghai Shu Kang Hospital Investment Management Co., Ltd. (“Shanghai Shu Kang”) had entered into the following transactions:
- (i) Shanghai Property Right Exchange Contract with Shanghai International Trust Co., Ltd (“SIT”) to acquire the remaining 70% equity interest in Shanghai Rui Pu Clinic Co., Ltd. (“Shanghai Rui Pu”) for a total cash consideration of RMB37,769,000;
 - (ii) Shanghai Property Right Exchange Contract with SIT to acquire 98% equity interest in Shanghai Rui Xiang Clinic Co., Ltd. (“Shanghai Rui Xiang”) for a total cash consideration of RMB27,772,000; and
 - (iii) Shanghai Property Right Exchange Contract with Shanghai International Group Assets Management Co., Ltd. to acquire the remaining 2% equity interest in Shanghai Rui Xiang for a total cash consideration of RMB567,000.

(The acquisitions are collectively referred to as the “Proposed Internal Reorganisation”)

On 11 September 2012, Shanghai Industrial and Commercial Bureau (“SICB”) issued a revised business licence to Shanghai Rui Pu for the shareholder alteration of Shanghai Rui Pu. The validity period of the licence is from 11 September 2012 to 26 July 2025.

42. Acquisitions and disposals (continued)

Internal restructure in 2012 (continued)

On 12 September 2012, SICB issued a revised business licence to Shanghai Rui Xiang for the shareholder alteration of Shanghai Rui Xiang. The validity period of the licence is from 12 September 2012 to 15 August 2020.

Upon the completion of the Proposed Internal Reorganisation, Shanghai Rui Pu and Shanghai Rui Xiang became wholly-owned subsidiaries of Shanghai Shu Kang.

- (b) On 25 September 2012, Shanghai Shu Kang received the business licence from SICB for the establishment of a 100% owned special purpose vehicle named Shanghai Mai Kang Hospital Investment Management Co., Ltd. (“Shanghai Mai Kang”) in the People’s Republic of China with an initial registered capital of RMB41,319,000. The intended principal activity of Shanghai Mai Kang is investment holding. The validity period of the licence is from 24 September 2012 to 23 September 2020.
- (c) On 6 November 2012, Shanghai Shu Kang received the approval from SICB for the transfer of Shanghai Rui Pu and Shanghai Rui Xiang to Shanghai Mai Kang for RMB53,955,000 and RMB28,339,000 respectively.

Thereafter, Shanghai Rui Pu and Shanghai Rui Xiang on 6 November 2012 became wholly-owned subsidiaries of Shanghai Mai Kang.

- (d) On 29 November 2012, Shanghai Shu Kang received the approval from Chengdu High Tech Zone Administration Bureau of Industry and Commerce for the transfer of 100% equity interest in Chengdu Rui Rong Clinic Co., Ltd. to Shanghai Mai Kang for a total consideration of RMB810,000.

The above internal restructuring resulted in an increase in capital and legal reserve of RM412,000, a decrease in retained earnings of RM4,185,000 and a decrease in non-controlling interests of RM2,080,000.

Changes in ownership interests in subsidiaries in 2012

- (a) In February 2012, the Group disposed off its 4.64% equity interest in a wholly-owned subsidiary, IHHTSB, to Symphony Healthcare Holdings Limited (“Symphony”) for a cash consideration of RM109.4 million.

IHHTSB also issued new shares to Symphony for a cash consideration of RM43.0 million. As a result, the Group’s effective equity interest in IHHTSB was diluted from 95.36% to 93.65%.

The above transactions resulted in an increase in non-controlling interests and capital and legal reserve of RM152,317,000 and RM56,000 respectively.

- (b) In February 2012, TTHSB acquired additional 2.5% of Twin Towers Medical Centre KLCC Sdn. Bhd. (“TTMC”), a subsidiary of TTHSB for a cash consideration of RM257,000, increasing TTHSB’s equity interest in TTMC from 97.5% to 100%.

The transactions resulted in a decrease in non-controlling interests and retained earnings of RM77,000 and RM176,000 respectively.

42. Acquisitions and disposals (continued)

Changes in ownership interests in subsidiaries in 2012 (continued)

- (c) On 9 April 2012, Almond Holding A.S. (“Almond”) completed the MTO for the balance of the publicly traded shares of ASH. Upon the completion of the MTO, Almond holds 97.3% equity interest in ASH.

On 16 August 2012, Almond completed the VTO for the balance of 2.7% of the shares of ASH. Upon the completion of the VTO, Almond increased its equity interest in ASH from 97.3% to 98.4%.

Subsequently, the Istanbul Stock Exchange (“ISE”) has approved the delisting of ASH and ASH shares have ceased to be traded on the ISE after the second session of 4 October 2012. Following this, the delisting process has been successfully completed.

Any shareholders that were unable to redeem their shares during MTO and VTO have the right to sell their shares for a three-year period from 26 July 2012, being the date ISE granted its approval of ASH’s delisting.

As at 31 December 2012, Almond’s equity interest in ASH is 98.65%, following the tender of additional shares subsequent to ASH’s delisting.

The MTO and VTO exercises resulted in a decrease in non-controlling interests and retained earnings of RM137,909,000 and RM165,835,000 respectively.

- (d) On 1 June 2012, IHHTSB issued 75,113,933 new shares to IHTYL for a cash consideration of RM75,114,000, resulting in Symphony’s equity interest in IHHTSB to decrease from 6.35% to 6.16%.

On 23 July 2012, 56,203,299 new ordinary shares of the Company were issued to Symphony as consideration for the acquisition of Symphony’s 6.16% equity interest in IHHTSB, pursuant to the shareholders agreement between the Company, IHTYL, IHHTSB and Symphony dated 8 February 2012.

After the acquisition, IHHTSB became a wholly-owned subsidiary of the Group.

The transactions resulted in an increase of share capital and share premium of RM56,203,000 and RM101,166,000 respectively and a decrease in retained earnings and non-controlling interests of RM25,296,000 and RM132,073,000 respectively.

- (e) On 16 October 2012, ASYH acquired the remaining 0.01% equity interest in Almond for a total consideration of TL4. The said acquisition increased ASYH’s shareholdings in Almond from 99.99% to 100.00%.

The effect of the transaction is not material in relation to the consolidated net profit and net assets of the Group.

- (f) On 1 December 2012, Konur Saglik Hizmetleri A.S. (“Konur Saglik”) acquired 10.00% equity interest in Gemtip Ozel Saglik Hizmetleri Sanayi ve Ticaret Ltd. Sti. (“Gemtip Ozel”) for a total consideration of TL30,000. The said acquisition increased Konur Saglik’s shareholdings in Gemtip Özel from 58% to 68%.

The transactions resulted in a decrease in non-controlling interests of RM37,000 and an increase in retained earnings of RM23,000.

42. Acquisitions and disposals (continued)

Changes in ownership interests in subsidiaries in 2012 (continued)

- (g) During the year, Acibadem Poliklinikleri acquired 7.45% equity interest in Konur Saglik for a total consideration of approximately TL429,000. The said acquisition increased Acibadem Poliklinikleri's shareholdings in Konur Saglik from 92.50% to 99.95%.

The transaction resulted in a decrease in non-controlling interests and retained earnings of RM477,000 and RM261,000 respectively.

- (h) On 17 December 2012, Shanghai Mai Kang has acquired the following entities in the People's Republic of China:

Name of Entity	Purchase consideration	Equity interest	The Group's effective equity interest in the Entity
Shanghai Rui Xin Healthcare Co., Ltd.	RMB41,780,000	30%	100% [#]
Shanghai Xin Rui Healthcare Co., Ltd.	RMB38,500,000	15%	85% [#]
Shanghai Rui Hong Clinic Co., Ltd.	RMB6,760,000	15%	85% [#]

[#] The balance of the equity interests are held by Medical Resources International Pte Ltd, an indirect wholly-owned subsidiary of the Company.

The transactions resulted in a decrease in capital and legal reserve and non-controlling interests of RM12,274,000 and RM30,324,000 respectively.

- (i) In 2012, PTM transferred 197,000 PLife REIT units that it owned to its eligible employees in accordance to PTM's long term incentive plan, and received 31,972 newly issued PLife REIT units from PLife REIT as settlement of the acquisition fee due to PTM. Consequential thereto, the Group's effective interest in PLife REIT was diluted from 35.84% to 35.81%.

The transactions resulted in an increase in capital reserve, non-controlling interest and hedge reserve of RM479,000, RM401,000 and RM4,000 respectively, and a decrease in foreign currency translation reserve of RM14,000 respectively.

43. Significant events during the financial year

In addition to the events mentioned in Note 42, other significant events during the year are as follows:

- a) Reference is made to the Company's Prospectus dated 2 July 2012 wherein it was disclosed that ASH, an indirect subsidiary of the Company, has signed a share purchase agreement to acquire a 65% equity interest in Jinemed Saglik Hizmetleri A.S. ("Jinemed") which operates Jinemed Hospital and Jinemed Medical Centre in Istanbul Turkey ("Proposed Acquisition").

43. Significant events during the financial year (continued)

On 10 January 2013, the Proposed Acquisition was terminated in view of non-fulfilment of certain conditions precedent as stipulated in the share purchase agreement dated 1 February 2012 executed between ASH and the shareholders of Jinemed.

There will not be any material effect on the earnings or net assets of the Group for the financial year ended 31 December 2013 following the termination of the Proposed Acquisition.

- b) On 6 March 2013, Mount Elizabeth Ophthalmic Investments Pte Ltd was officially and legally dissolved pursuant to Section 308(5) of the Singapore Companies Act, Cap. 50.
- c) On 7 March 2013, the merger of ASYH and its wholly-owned subsidiary, Almond, was completed. All assets and liabilities of Almond were transferred to ASYH, and Almond was subsequently dissolved.
- d) On 13 March 2013, GHK Hospital Limited (“GHK”), a 60%-owned indirect subsidiary of the Company, signed a definitive Memorandum of Agreement and Conditions of Sale (Land Grant) and a Service Deed with the Government of Hong Kong Special Administrative Region, to purchase a parcel of land and for the construction, development and operation of a private hospital at Wong Chuk Hang, Hong Kong. The estimated capital investment for the hospital development project is approximately HKD5.0 billion (equivalent to RM1,993.0 million) which is inclusive of land cost of HKD1.7 billion (equivalent to RM673.0 million). The construction is expected to be completed in late 2016.
- e) On 23 April 2013, Specialist Ordination in Occupational Medicine Sistina Skopje (“Specialist Ordination”) was dissolved. The dissolution of Specialist Ordination is part of the Group’s streamlining exercise.
- f) On 26 April 2013, Acibadem Poliklinikleri merged with its direct wholly-owned subsidiary, Tolga Saglik Hizmetleri A.S. (“Tolga Saglik”). All assets and liabilities of Tolga Saglik were transferred to Acibadem Poliklinikleri and Tolga Saglik was subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem group structure and management.
- g) On 29 May 2013, Parkway (Shanghai) Hospital Management Ltd formed a wholly-owned subsidiary, Suzhou Industrial Park Yuan Hui Co., Ltd (“Yuan Hui Clinic”), in the People’s Republic of China. Yuan Hui Clinic has an initial paid-up capital of RMB3,000,000 and its principal activity is provision of medical and healthcare outpatient services.
- h) On 28 June 2013, Integrated Healthcare Holdings (Cayman Islands) Limited was struck off from the Register of Companies of Cayman Islands.
- i) On 15 August 2013, Parkway Healthtech Investments Pte Ltd, Goldlink Investments Pte. Ltd. and Drayson Investments Pte. Ltd. were struck off from the Register of Companies of Singapore.
- j) On 24 December 2013, ASH merged with its direct wholly-owned subsidiaries, Yeni Saglik Hizmetleri ve Ticaret A.S. (“Yeni Saglik”) and Turuncu Grup. All the assets and liabilities of Yeni Saglik and Turuncu Grup were transferred to ASH, and Yeni Saglik and Turuncu Grup were subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem group structure and management.

44. Events subsequent to the end of the reporting period

- a) On 7 January 2014, East Shore Medical Holdings Pte. Ltd., Mount Elizabeth Healthcare Holdings Limited and Parkway Novena Pte. Ltd. were struck off from the Register of Companies of Singapore.
- b) On 13 March 2014, the Group through its subsidiary, Parkway Life Japan2 Pte. Ltd., executed two agreements to participate as an investor in relation to the acquisition of 2 nursing home properties and 1 extended-stay lodging facility for the elderly, Maison des Centenaire Hannan, Maison des Centenaire Ohhama and Sunhill Miyako, located in Osaka, Japan for a total cash consideration of JPY3.0 billion (approximately RM95.7 million). The acquisition of these properties was made through special purpose vehicles, Goda Kaisha Tenshi1 and Goda Kaisha Tenshi 2, in which Parkway Life Japan2 Pte. Ltd. had made a *Tokumei Kumiai investment*. The investment was fully funded by a 6 year committed and unsecured JPY denominated revolving credit facility of up to JPY3.5 billion (approximately RM111.6 million).
- c) On 17 March 2014, Swiss Zone Sdn. Bhd. (“Swiss Zone”), an indirect wholly-owned subsidiary of IHH, was dissolved pursuant to members' voluntary winding up. The dissolution of Swiss Zone is part of the Group's streamlining exercise.
- d) On 18 March 2014, IMU Healthcare Sdn. Bhd. (“IMU Healthcare”), an indirect wholly-owned subsidiary of IHH, formed a 60%-owned company, IMU Dialysis Sdn Bhd, pursuant to the Joint Venture Agreement dated 4 March 2014 entered into between IMU Healthcare and Advance Renal Care (Asia) Pte. Ltd. (“ARCA”). The remaining 40% equity stake in IMU Dialysis Sdn Bhd is owned by ARCA. The principal activities of IMU Dialysis Sdn Bhd are establishing, operating and managing dialysis centre(s) for the provision of haemodialysis and its related services.
- e) On 26 March 2014, PGRSB acquired another 15.00% equity interest in TTHSB pursuant to the Share Sale Agreement dated 31 January 2012, for a total consideration of RM3,777,000. The said acquisition increased PGRSB's shareholdings in TTHSB from 85.00% to 100.00%.
- f) On 9 April 2014, Acibadem Labmed formed a wholly-owned subsidiary, Histogenetics Acibadem Laboratuvar Hizmetleri A.S. (“Histogenetics”), in Turkey. Histogenetics has an initial paid-up capital of TL50,000 and its principal activity is provision of laboratory services.
- g) On 9 April 2014, PTM transferred 146,000 PLife REIT units that it owned to its eligible employees in accordance to PTM's long term incentive plan. Consequential thereto, IHH Group's effective interest in PLife REIT was diluted from 35.78% to 35.76%.
- h) As at 15 April 2014, ASYH's equity interest in ASH is 99.37%, following the tender of shares.
- i) Between 1 January to 15 April 2014, the Company issued:
 - i) 19,000,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and
 - ii) 3,332,353 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIPs units.

45. Prior years' adjustments

The comparative figures in the statement of financial position and statement of profit or loss and other comprehensive income have been restated to reflect the effect of adoption of MFRS10, *Consolidated Financial Statements*, and to conform with the current year classification and presentation.

The financial impact arising from the adjustments are as follows:

Consolidated statement of financial position as at 31 December 2012

	31 December 2012 RM'000 (Previously reported)	Reclass to conform with current year disclosure RM'000	Effect of adoption of MFRS 10 RM'000	31 December 2012 RM'000 (Restated)
Assets				
Property, plant and equipment	6,725,159	-	1,778,200	8,503,359
Investment properties	435,673	-	1,339,381	1,775,054
Goodwill on consolidation	8,723,050	-	130,477	8,853,527
Intangible assets	3,009,742	-	(172,025)	2,837,717
Interests in associates	919,929	-	(913,813)	6,116
Interests in joint ventures	37,403	-	115,970	153,373
Other financial assets	682,748	-	-	682,748
Other receivables	29,277	-	2,143	31,420
Derivative assets	-	-	5,587	5,587
Deferred tax assets	61,160	-	-	61,160
Total non-current assets	20,624,141	-	2,285,920	22,910,061
Inventories	136,928	-	-	136,928
Trade and other receivables	879,981	-	940	880,921
Tax recoverable	39,060	-	-	39,060
Other financial assets	58,296	-	-	58,296
Derivative assets	-	-	264	264
Cash and bank balances	1,554,273	-	68,372	1,622,645
	2,668,538	-	69,576	2,738,114
Assets classified as held for sale	166	-	-	166
Total current assets	2,668,704	-	69,576	2,738,280
Total assets	23,292,845	-	2,355,496	25,648,341
Equity				
Share capital	8,055,445	-	-	8,055,445
Share premium	7,890,224	-	-	7,890,224
Other reserves	396,788	(265,124)	(8,663)	123,001
Retained earnings	902,557	265,124	(105,351)	1,062,330
Total equity attributable to owners of the Company	17,245,014	-	(114,014)	17,131,000
Non-controlling interests	975,487	-	1,069,276	2,044,763
Total equity	18,220,501	-	955,262	19,175,763

45. Prior years' adjustments (continued)

	31 December 2012 RM'000 (Previously reported)	Reclass to conform with current year disclosure RM'000	Effect of adoption of MFRS 10 RM'000	31 December 2012 RM'000 (Restated)
Liabilities				
Loans and borrowings	2,329,553	-	1,171,777	3,501,330
Employee benefits	21,205	-	-	21,205
Trade and other payables	41,971	-	34,401	76,372
Derivative liabilities	1,481	-	3,229	4,710
Deferred tax liabilities	834,363	-	133,556	967,919
Total non-current liabilities	3,228,573	-	1,342,963	4,571,536
Loans and borrowings	298,992	-	35,722	334,714
Trade and other payables	1,324,510	-	18,975	1,343,485
Derivative liabilities	11,854	-	97	11,951
Employee benefits	35,941	-	-	35,941
Tax payable	172,474	-	2,477	174,951
Total current liabilities	1,843,771	-	57,271	1,901,042
Total liabilities	5,072,344	-	1,400,234	6,472,578
Total equity and liabilities	23,292,845	-	2,355,496	25,648,341

Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012

	2012 RM'000 (Previously reported)	Reclass to conform with current year disclosure RM'000	Effect of adoption of MFRS 10 RM'000	2012 RM'000 (Restated)
Revenue	6,981,942	(87,465)	67,989	6,962,466
Other operating income	328,065	26,465	4,567	359,097
Inventories and consumables	(1,128,119)	44,267	-	(1,083,852)
Purchases and contracted services	(545,211)	16,733	-	(528,478)
Development cost of properties sold	(944,547)	-	-	(944,547)
Staff costs	(2,207,699)	9,405	1,729	(2,196,565)
Depreciation and impairment losses of property, plant and equipment	(413,717)	-	(28,732)	(442,449)
Amortisation and impairment losses of intangible assets	(68,752)	-	2,151	(66,601)
Operating lease expenses	(286,857)	(206)	141,771	(145,292)
Other operating expenses	(696,754)	(9,199)	(24,029)	(729,982)
Finance income	72,752	-	9,513	82,265
Finance costs	(200,632)	-	(21,577)	(222,209)

45. Prior years' adjustments (continued)

	2012 RM'000 (Previously reported)	Reclass to conform with current year disclosure RM'000	Effect of adoption of MFRS 10 RM'000	2012 RM'000 (Restated)
Share of profits of associates (net of tax)	92,683	-	(91,912)	771
Share of profits of joint ventures (net of tax)	14,201	-	(866)	13,335
Profit before tax	997,355	-	60,604	1,057,959
Income tax expense	(179,307)	-	(19,026)	(198,333)
Profit for the year	818,048	-	41,578	859,626
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences from foreign operations	133,947	-	(148,138)	(14,191)
Hedge of net investments in foreign operations	-	-	170,744	170,744
Net change in fair value of available-for-sale financial assets	155,218	-	-	155,218
Cash flow hedge	-	-	(190)	(190)
Share of other comprehensive income of associates	(68)	-	68	-
	289,097	-	22,484	311,581
Total comprehensive income for the year	1,107,145	-	64,062	1,171,207
Profit attributable to:				
Owners of the Company	798,888	-	(48,090)	750,798
Non-controlling interests	19,160	-	89,668	108,828
Profit for the year	818,048	-	41,578	859,626
Total comprehensive income attributable to:				
Owners of the Company	1,070,701	-	(54,138)	1,016,563
Non-controlling interests	36,444	-	118,200	154,644
Total comprehensive income for the year	1,107,145	-	64,062	1,171,207

45. Prior years' adjustments (continued)

Consolidated statement of financial position as at 1 January 2012

	1 January 2012 RM'000 (Previously reported)	Reclass to conform with current year disclosure RM'000	Effect of adoption of MFRS 10 RM'000	1 January 2012 RM'000 (Restated)
Assets				
Property, plant and equipment	4,726,753	-	1,796,795	6,523,548
Investment properties	-	-	1,339,817	1,339,817
Goodwill on consolidation	6,415,976	-	130,477	6,546,453
Intangible assets	1,618,598	-	(182,853)	1,435,745
Interests in associates	862,273	-	(854,546)	7,727
Interests in joint ventures	28,009	-	123,912	151,921
Other financial assets	529,881	-	-	529,881
Other receivables	-	-	2,447	2,447
Deferred tax assets	24,279	-	-	24,279
Total non-current assets	14,205,769	-	2,356,049	16,561,818
Development properties	1,121,195	-	-	1,121,195
Inventories	78,784	-	-	78,784
Trade and other receivables	518,496	-	(7,291)	511,205
Tax recoverable	20,422	-	-	20,422
Other financial assets	27,066	-	-	27,066
Cash and bank balances	1,310,803	-	30,415	1,341,218
	3,076,766	-	23,124	3,099,890
Assets classified as held for sale	1,463	-	-	1,463
Total current assets	3,078,229	-	23,124	3,101,353
Total assets	17,283,998	-	2,379,173	19,663,171
Equity				
Share capital	5,500,000	-	-	5,500,000
Share premium	3,885,803	-	-	3,885,803
Other reserves	104,756	(73,579)	(3,084)	28,093
Retained earnings	300,174	73,579	(57,261)	316,492
Total equity attributable to owners of the Company	9,790,733	-	(60,345)	9,730,388
Non-controlling interests	246,618	-	1,048,285	1,294,903
Total equity	10,037,351	-	987,940	11,025,291
Liabilities				
Loans and borrowings	4,991,264	-	1,191,793	6,183,057
Employee benefits	15,544	-	-	15,544
Trade and other payables	8,580	-	32,225	40,805
Deferred tax liabilities	446,127	-	133,178	579,305
Derivative liabilities	-	-	9,125	9,125
Total non-current liabilities	5,461,515	-	1,366,321	6,827,836

45. Prior years' adjustment (continued)

	1 January 2012	Reclass to conform with current year disclosure	Effect of adoption of MFRS 10	1 January 2012
	RM'000 (Previously reported)	RM'000	RM'000	RM'000 (Restated)
Loans and borrowings	47,084	-	14,131	61,215
Trade and other payables	1,576,158	-	16,977	1,593,135
Derivative liabilities	1,252	-	-	1,252
Employee benefits	41,935	-	-	41,935
Tax payable	118,703	-	(6,196)	112,507
Total current liabilities	1,785,132	-	24,912	1,810,044
Total liabilities	7,246,647	-	1,391,233	8,637,880
Total equity and liabilities	17,283,998	-	2,379,173	19,663,171

46. Subsidiaries

Details of subsidiaries are as follows:

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Direct subsidiaries</u>				
IMU Health Sdn. Bhd.	Malaysia	Investment holding	100	100
Integrated Healthcare Holdings Limited [#]	Federal Territory of Labuan Malaysia	Investment holding	100	100
Integrated Healthcare Holdings (Bharat) Limited [#]	Mauritius	Investment holding	100	100
Integrated Healthcare Holdings (Cayman Islands) Limited	Cayman Islands	Struck off in 2013	-	100
Integrated Healthcare Turkey Yatirimlari Limited	Federal Territory of Labuan Malaysia	Investment holding	100	100
Integrated Healthcare Capital Sdn. Bhd.	Malaysia	Investment holding	100	100

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	2012 %
<u>Indirect subsidiaries</u>				
Held through IMU Health Sdn. Bhd.:				
IMU Education Sdn. Bhd.	Malaysia	Management of educational institutions and other centres of learning	100	100
IMU Healthcare Sdn. Bhd.	Malaysia	Dormant	100	100
IMC Education Sdn. Bhd. (formerly known as Pantai Education Sdn. Bhd.)	Malaysia	Provision of educational programs and training courses for healthcare and related fields	100	100
Held through Integrated Healthcare Holdings Limited:				
Parkway Pantai Limited [#]	Singapore	Investment holding	100	100
Held through Integrated Healthcare Holdings (Bharat) Limited:				
Integrated (Mauritius) Healthcare Holdings Limited [#]	Mauritius	Investment holding	100	100
Held through Integrated Healthcare Turkey Yatirimlari Limited:				
Integrated Healthcare Hastaneler Turkey Sdn. Bhd.	Malaysia	Investment holding	100	100
Held through Parkway Pantai Limited:				
Pantai Irama Ventures Sdn. Bhd.	Malaysia	Investment holding	100	100
Parkway HK Holdings Limited ^{(1)#}	Hong Kong	Investment holding	100	100
Parkway Holdings Limited [#]	Singapore	Investment holding	100	100
Pantai Diagnostics Indonesia Sdn. Bhd.	Malaysia	Investment holding	100 ^{^^}	—
Held through Integrated Healthcare Hastaneler Turkey Sdn. Bhd.:				
Acıbadem Sağlık Yatırımları Holding A.Ş. [#]	Turkey	Investment holding	60	60

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
Held through Acıbadem Sağlık Yatırımları Holding A.Ş.:				
Almond Holding A.Ş. [#]	Turkey	Struck off in 2013	-	60
APlus Hastane Otelcilik Hizmetleri A.Ş. [#]	Turkey	Provision of catering, laundry and cleaning services for hospitals	60	60
Acıbadem Proje Yönetimi A.Ş. [#]	Turkey	Supervise and manage the construction of healthcare facilities	60	60
Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. [#]	Turkey	Provision of medical, surgical and hospital services	59.6^^	-
Held through Almond Holding A.Ş.:				
Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. [#]	Turkey	Provision of medical, surgical and hospital services	-^^	59.2
Held through Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş.:				
Acıbadem Poliklinikleri A.Ş. [#]	Turkey	Provision of outpatient and surgical (in certain clinics only) services	59.6	59.2
Acıbadem Labmed Sağlık Hizmetleri A.Ş. [#]	Turkey	Provision of laboratory services	59.6	29.6
International Hospital İstanbul A.Ş. [#]	Turkey	Provision of medical, surgical and hospital services	53.6	53.3
Acıbadem Mobil Sağlık Hizmetleri A.Ş. ^{(5)#}	Turkey	Provision of emergency, home and ambulatory care services	59.6	59.2
Yeni Sağlık Hizmetleri ve Ticaret A.Ş. [#]	Turkey	Struck off	-	59.2
PZU Clinical Hospital Acıbadem Sistina Skopje [#]	Macedonia	Provision of medical, surgical and hospital services	30.0	29.8

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect subsidiaries (continued)</u>				
Acıbadem Sistina Medikal Kompani Doo Skopje [#]	Macedonia	Provision of medical equipment and import and wholesale of drug and medical materials	29.8	29.6
Acıbadem Ortadoğu Sağlık Yatırımları A.Ş. ^{(6)#}	Turkey	Construction and planning of healthcare facilities, provision of operation and management services to healthcare institutions and secondary logistic services such as catering cleaning, laundry services	59.6	59.2
Turuncu Grup Sağlık Hizmetleri Danışmanlık İnşaat Ticaret A.Ş. [#]	Turkey	Struck off	-	59.2
BLAB Laboratuvar Hizmetleri A.S. [#]	Turkey	Provision of laboratory services	59.6	59.2
Held through Acıbadem Poliklinikleri A.Ş.:				
Konur Sağlık Hizmetleri A.Ş. [#]	Turkey	Provision of outpatient and surgical services	59.6	59.2
Bodrum Tedavi Hizmetleri A.Ş. [#]	Turkey	Provision of medical, surgical and hospital services	35.7	35.5
Tolga Sağlık Hizmetleri A.Ş. [#]	Turkey	Struck off in 2013	-	59.2
Held through Konur Sağlık Hizmetleri A.Ş.:				
Gemtip Özel Sağlık Hizmetleri Sanayi ve Ticaret Ltd. Şti. [#]	Turkey	Provision of outpatient services	40.5	40.2
Held through Bodrum Tedavi Hizmetleri A.Ş.:				
Medlife Clinic Ambulance ve Özel Sağlık Hizmetleri İthalat ve İhracat A.S. [#]	Turkey	Provision of outpatient services	35.7	35.5

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect subsidiaries (continued)</u>				
Bodrum Medikal Özel Sağlık Hizmetleri Turizm Gıda İnşaat Pazarlama İthalat İhracat Sanayi ve Ticaret A.Ş. [#]	Turkey	Provision of outpatient services	35.7	35.5
Özel Turgutreis Reis Poliklinik Hizmetleri Ticaret A.Ş. [#]	Turkey	Provision of outpatient services	35.7	35.5
Sesu Özel Sağlık Hizmetleri Tıbbi Malzemeler ve Ticaret A.Ş. [#]	Turkey	Provision of outpatient services	35.6	35.4
Held through PZU Clinical Hospital Acıbadem Sistina Skopje:				
Specialist Ordination in Occupational Medicine Sistina Skopje [#]	Macedonia	Struck off in 2013	-	29.8
Clinical Hospital Acıbadem Sistina Skopje [#]	Kosovo	Provision of patient administrative assistance	30.0	29.8
Held through Pantai Irama Ventures Sdn. Bhd.:				
Pantai Holdings Berhad	Malaysia	Investment holding	100	100
Held through Pantai Holdings Berhad:				
Pantai Group Resources Sdn. Bhd.	Malaysia	Investment holding	100	100
Pantai Hospitals Sdn. Bhd.	Malaysia	Investment holding and provision of management and consultation services to hospitals and medical centres	100	100
Pantai Management Resources Sdn. Bhd.	Malaysia	Provision of administration support, training, research and development services	100	100

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect subsidiaries (continued)</u>				
Pantai Diagnostics Indonesia Sdn. Bhd.	Malaysia	Investment holding	-^^	100
Gleneagles (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100
Held through Pantai Group Resources Sdn. Bhd.:				
Credit Enterprise Sdn. Bhd.	Malaysia	Dormant	100	100
P.T. Pantai Healthcare Consulting ^{(3)#}	Indonesia	Provision of healthcare consulting services in Indonesia	100	100
Pantai Premier Pathology Sdn. Bhd.	Malaysia	Provision of medical laboratory services	100	100
Pantai Integrated Rehab Services Sdn. Bhd.	Malaysia	Provision of rehabilitation services	85	85
Mount Elizabeth Health Care Services Sdn. Bhd.	Malaysia	Provision of laboratory services	100	100
Twin Towers Healthcare Sdn. Bhd.	Malaysia	Investment holding and provision of management services	85	70
Held through Twin Towers Healthcare Sdn. Bhd.:				
Twin Towers Medical Centre KLCC Sdn. Bhd.	Malaysia	Operation of an outpatient and day care medical centre	85	70

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect subsidiaries (continued)</u>				
Held through Pantai Hospitals Sdn. Bhd.:				
Pantai Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Cheras Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Pantai Klang Specialist Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Syarikat Tunas Pantai Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	80.7	80.7
Paloh Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	95.6	77.8
Hospital Pantai Ayer Keroh Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Hospital Pantai Indah Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Pantai Hospital Sungai Petani Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Pantai Screening Services Sdn. Bhd.	Malaysia	Provision of management and administration of health screening services	100	100
Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. ⁽⁴⁾	Malaysia	Investment and provision of medical surgical and hospital services	100	100
Pantai Hospital Manjung Sdn. Bhd.	Malaysia	Dormant	100	100

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect subsidiaries (continued)</u>				
Pantai Hospital Johor Sdn. Bhd.	Malaysia	Dormant	100	100
Kuala Lumpur Medical Centre (Asia Pacific) Sdn. Bhd.	Malaysia	Dormant	51	51
Held through Pantai Medical Centre Sdn. Bhd.:				
Angiography Sdn. Bhd.	Malaysia	Provision of cardiac catheterisation services	100	100
Magnetom Imaging Sdn. Bhd.	Malaysia	Provision of medical diagnostic services and other related ventures	100	100
PMC Radio-Surgery Sdn. Bhd.	Malaysia	Provision of radiotherapy facilities	100	100
Pantai-ARC Dialysis Services Sdn. Bhd.	Malaysia	Provision of haemodialysis services	51	51
Held through Hospital Pantai Ayer Keroh Sdn. Bhd.:				
HPAK Lithotripsy Services Sdn. Bhd.	Malaysia	Provision of lithotripter services	100	100
HPAK Cancer Centre Sdn. Bhd.	Malaysia	Provision of medical services for cancer diseases	100	100
Held through Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.:				
Oncology Centre (KL) Sdn. Bhd.	Malaysia	Provision of comprehensive professional oncological services, inclusive of diagnostic, radiotherapy and chemotherapy treatment	100	100
Held through Mount Elizabeth Health Care Services Sdn. Bhd.:				
Orifolio Options Sdn. Bhd.	Malaysia	Letting of property	100	100

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2013 %	2012 %
<u>Indirect subsidiaries (continued)</u>				
Held through Gleneagles (Malaysia) Sdn. Bhd.:				
Pulau Pinang Clinic Sdn. Bhd.	Malaysia	Rendering of hospital services	70.05	70
GEH Management Services (M) Sdn. Bhd.	Malaysia	Provision of advisory, administrative, management and consultancy services to healthcare facilities	100	100
Held through Parkway HK Holdings Limited:				
Parkway Healthcare (Hong Kong) Limited [#]	Hong Kong	Provision of medical and healthcare outpatient services	85	95
GHK Hospital Limited [#]	Hong Kong	Private hospital ownership, development and management	60	60
Held through Parkway Holdings Limited:				
M & P Investments Pte Ltd [#]	Singapore	Investment holding	100	100
Parkway Hospitals Singapore Pte. Ltd. [#]	Singapore	Private hospitals ownership and management	100	100
Parkway Trust Management Limited [#]	Singapore	Provision of management services to PLife REIT	100	100
Parkway Group Healthcare Pte Ltd [#]	Singapore	Investment holding and provision of management and consultancy services	100	100
Parkway Investments Pte. Ltd. [#]	Singapore	Investment holding	100	100
Parkway Novena Holdings Pte. Ltd. [#]	Singapore	In the process of striking off	100	100

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect subsidiaries (continued)</u>				
Parkway Novena Pte. Ltd. [#]	Singapore	Hospital construction and development	100	100
Parkway Irrawaddy Pte. Ltd. [#]	Singapore	Medical centre construction and development	100	100
Parkway Shenton Pte Ltd [#]	Singapore	Investment holding and operation of a network of clinics and provision of comprehensive medical and surgical advisory services	100	100
Medi-Rad Associates Ltd [#]	Singapore	Operation of radiology clinics	100	100
Parkway Laboratory Services Ltd. [#]	Singapore	Provision of comprehensive diagnostic laboratory services	100	100
Gleneagles Medical Holdings Limited [#]	Singapore	Investment holding	100	100
Parkway College of Nursing and Allied Health Pte. Ltd. [#]	Singapore	Provision of courses in nursing and allied health	100	100
iXchange Pte. Ltd. [#]	Singapore	Agent and administrator for managed care and related services	100	100
Shenton Insurance Pte. Ltd. [#]	Singapore	Underwrite accident and healthcare insurance policies	100	100
Gleneagles CRC Pte Ltd ^{(7)#}	Singapore	Operation of a clinical research centre	-	51

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect subsidiaries (continued)</u>				
Gleneagles JPMC Sdn Bhd [#]	Brunei Darussalam	Management and operation of a cardiac and cardiothoracic care centre	75	75
Gleneagles Management Services Pte Ltd [#]	Singapore	Provision of advisory, administrative, management and consultancy services to healthcare facilities	100	100
Held through Parkway Hospitals Singapore Pte. Ltd.:				
Parkway Promotions Pte Ltd [#]	Singapore	Promoters and organisers of healthcare events	100	100
MENA Services Pte Ltd [#]	Singapore	Nursing agency	100	100
Held through Parkway Group Healthcare Pte Ltd:				
Parkway-Healthcare (Mauritius) Ltd ^{##}	Mauritius	Investment holding	100	100
Mount Elizabeth Healthcare Holdings Ltd [#]	Singapore	In the process of striking off	100	100
Parkway Healthtech Investments Pte Ltd [#]	Singapore	Struck off in 2013	-	100
Gleneagles International Pte. Ltd. [#]	Singapore	Investment holding	100	100

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect subsidiaries (continued)</u>				
Medical Resources International Pte Ltd [#]	Singapore	Investment holding	100	100
Swiss Zone Sdn. Bhd.	Malaysia	In liquidation	100	100
Shanghai Gleneagles International Medical and Surgical Center [#]	People’s Republic of China	Provision of medical and healthcare services	70	70
Parkway (Shanghai) Hospital Management Ltd. [#]	People’s Republic of China	Provision of management and consultancy services to healthcare facilities	100	100
Parkway Education Pte. Ltd. [#]	Singapore	Dormant	100	100
Held through Mount Elizabeth Medical Holding Ltd.:				
East Shore Medical Holdings Pte. Ltd. [#]	Singapore	In process of striking off	100	100
Mount Elizabeth Ophthalmic Investments Pte Ltd [#]	Singapore	Liquidated in 2013	-	66.48
Held through Parkway Healthtech Investments Pte Ltd:				
Goldlink Investments Pte. Ltd. [#]	Singapore	Struck off in 2013	-	100
Drayson Investments Pte. Ltd. [#]	Singapore	Struck off in 2013	-	100
Held through Medi-Rad Associates Ltd:				
Radiology Consultants Pte Ltd [#]	Singapore	Radiology consultancy and interpretative services	100	100

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect subsidiaries (continued)</u>				
Held through Gleneagles CRC Pte Ltd:				
Gleneagles CRC (Thailand) Company Limited ^{(7)##}	Thailand	To conduct global and local clinical trials	-	51
Gleneagles CRC (China) Pte. Ltd. ^{(7)##}	People’s Republic of China	To conduct global and local clinical trials	-	51
Gleneagles Clinical Research International Pte. Ltd. ^{(7)#}	Singapore	Operation of a clinical research centre	-	51
Gleneagles CRC Pty Ltd. ^{(7)##}	Australia	To conduct global and local clinical trials	-	51
Held through Gleneagles International Pte. Ltd.:				
Gleneagles Development Pte Ltd [#]	Singapore	Developing and managing turnkey hospital projects and investment holding	100	100
Gleneagles Hospital (UK) Limited ^{##}	United Kingdom	In liquidation	65	65
Held through Gleneagles Hospital (UK) Limited:				
The Heart Hospital Limited ^{##}	United Kingdom	In liquidation	65	65
Held through Parkway Shenton Pte Ltd:				
Nippon Medical Care Pte Ltd [#]	Singapore	Operation of clinics	70	70
Parkway Shenton International Holdings Pte. Ltd. [#]	Singapore	Investment holding	100	100
Shenton Family Medical Clinics Pte Ltd [#]	Singapore	To provide, establish and carry on the business of clinics	100	100

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect subsidiaries (continued)</u>				
Held through Parkway Shenton International Holdings Pte. Ltd.:				
Parkway Shenton Vietnam Limited ⁺	Vietnam	Dormant	100	100
Held through Medical Resources International Pte Ltd:				
Shanghai Rui Xin Healthcare Co., Ltd. ^{(8)#}	People’s Republic of China	Provision of medical and healthcare outpatient services	100	100
Shanghai Rui Hong Clinic Co., Ltd. ^{(10)#}	People’s Republic of China	Provision of medical and healthcare outpatient services	85	85
Shanghai Xin Rui Healthcare Co., Ltd. ^{(9)#}	People’s Republic of China	Provision of medical and healthcare outpatient services	85	85
Shanghai Gleneagles Hospital Management Co., Ltd. [#]	People’s Republic of China	Provision of management and consultancy services to healthcare facilities	100	100
Held through Parkway (Shanghai) Hospital Management Ltd.:				
Shanghai Shu Kang Hospital Investment Management Co., Ltd. [#]	People’s Republic of China	Investment holding	100	100
Suzhou Industrial Park Yuan Hui Clinic Co., Ltd. [#]	People’s Republic of China	Provision of medical and healthcare outpatient services	100	-
Held through Shanghai Shu Kang Hospital Investment Management Co., Ltd.:				
Shanghai Mai Kang Hospital Investment Management Co., Ltd. [#]	People’s Republic of China	Investment holding	100	100

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %

Indirect subsidiaries (continued)**Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd.:**

Chengdu Rui Rong Clinic Co., Ltd. [#]	People's Republic of China	Provision of medical and healthcare outpatient services	100	100
Shanghai Rui Pu Clinic Co., Ltd. [#]	People's Republic of China	Provision of medical and healthcare outpatient services	100	100
Shanghai Rui Xiang Clinic Co., Ltd. [#]	People's Republic of China	Provision of medical and healthcare outpatient services	100	100

Held through Parkway Investments Pte. Ltd.:

Gleneagles Technologies Services Pte Ltd [#]	Singapore	Dormant	100	100
Gleneagles Medical Centre Ltd. [#]	Singapore	Dormant	100	100
Gleneagles Pharmacy Pte Ltd [#]	Singapore	Dormant	100	100
Mount Elizabeth Medical Holdings Ltd. [#]	Singapore	Investment holding	100	100
Parkway Life Real Estate Investment Trust ^{(2)#}	Singapore	Real estate investment trust	35.78	35.81

Held through Parkway Life Real Estate Investment Trust:

Matsudo Investment Pte. Ltd. [#]	Singapore	Investment holding	35.78	35.81
Godo Kaisha Phoebe ⁽¹¹⁾	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Parkway Life Japan2 Pte. Ltd. [#]	Singapore	Investment holding	35.78	35.81
Godo Kaisha Urbino ⁽¹¹⁾	Japan	Special purpose entity - Investment in real estate	35.78	35.81

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect subsidiaries (continued)</u>				
Godo Kaisha Del Monte ⁽¹¹⁾	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Parkway Life MTN Pte. Ltd.	Singapore	Provision of financial and treasury services	35.78	35.81
Parkway Life Japan3 Pte. Ltd.	Singapore	Investment holding	35.78	35.81
Godo Kaisha Healthcare 1 ^{(11)#}	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Healthcare 2 ⁽¹¹⁾	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Healthcare 3 ⁽¹¹⁾	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Healthcare 4 ^{(11)#}	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Healthcare 5 ^{(11)#}	Japan	Special purpose entity - Investment in real estate	35.78	-
Parkway Life Japan4 Pte. Ltd. [#]	Singapore	Investment holding	35.78	35.81
Godo Kaisha Samurai ⁽¹¹⁾	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Samurai 2 ^{(11)#}	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Samurai 3 ⁽¹¹⁾	Japan	Special purpose entity - Investment in real estate	35.78	35.81

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect subsidiaries (continued)</u>				
Godo Kaisha Samurai 4 ⁽¹¹⁾	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Samurai 5 ^{(11)#}	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Samurai 6 ⁽¹¹⁾	Japan	Special purpose entity - Investment in real estate	35.78	35.81
Godo Kaisha Samurai 7 ^{(11)#}	Japan	Special purpose entity - Investment in real estate	35.78	-
Godo Kaisha Samurai 8 ⁽¹¹⁾	Japan	Special purpose entity - Investment in real estate	35.78	-
Parkway Life Malaysia Pte. Ltd. [#]	Singapore	Investment holding	35.78	35.81
Parkway Life Malaysia Sdn. Bhd. ^{##}	Malaysia	Special purpose entity - Investment in real estate	35.78	35.81

¹ Parkway Pantai Limited holds 99.99% (2012: 50%) shares in Parkway HK Holdings Limited. The other 0.01% (2012: 50%) shares is held by Parkway Holdings Limited.

² Parkway Investment Pte. Ltd., Parkway Trust Management Limited and Integrated Healthcare Holdings Limited hold 35.25% (2012: 35.25%), 0.49% (2012: 0.52%) and 0.04% (2012: 0.04%) of the units in PLife REIT respectively.

³ Pantai Group Resources Sdn. Bhd. holds 50% shares in P.T. Pantai Healthcare Consulting. The other 50% is held by Pantai Hospitals Sdn. Bhd.

⁴ Pantai Hospitals Sdn. Bhd. holds 70% shares in Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd. The other 30% is held by Gleneagles (Malaysia) Sdn. Bhd.

⁵ ASH and Acıbadem Poliklinikleri holds 17.78% and 82.22% equity interest in Acıbadem Mobil Sağlık Hizmetleri A.Ş. respectively.

⁶ Acıbadem Ortadogu Saglik Yatirimlari A.Ş.'s shares are owned by ASH (75.0%), Acıbadem Mobil Sağlık Hizmetleri A.Ş. (5%), Acıbadem Poliklinikleri (10%), APlus Hastane ve Otelcilik Hizmetleri A.Ş.(4.998%) and Acıbadem Proje Yonetimi A.Ş. (5%).

⁷ Equity interest in the companies were disposed off during the year.

46. Subsidiaries (continued)

- ⁸ Medical Resources International Pte Ltd holds 70% shares in Shanghai Rui Xin Healthcare Co., Ltd. The other 30% is held by Shanghai Mai Kang Hospital Investment Management Co., Ltd.
- ⁹ Medical Resources International Pte Ltd holds 70% shares in Shanghai Xin Rui Healthcare Co., Ltd. The other 15% is held by Shanghai Mai Kang Hospital Investment Management Co., Ltd.
- ¹⁰ Medical Resources International Pte Ltd holds 70% shares in Shanghai Rui Hong Clinic Co., Ltd. The other 15% is held by Shanghai Mai Kang Hospital Investment Management Co., Ltd.
- ¹¹ Not required to be audited under the laws of country of incorporation. These special purpose entities have been consolidated in the financial statements in accordance with MFRS 10, as the Group primarily bears the risks and enjoys the benefits of the investments held by these special purpose entities.
- ^{^^} Shares were transferred within the Group pursuant to an internal restructuring during the year.
- [#] Audited by other member firms of KPMG International.
- ^{##} Audited by firms other than member firms of KPMG International.
- ⁺ Audit is not required.

47. Associates

Details of associates are as follows:

Name of associate	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect associates</u>				
Held through Parkway Holdings Ltd:				
Kyami Pty Ltd ⁺	Australia	In liquidation	30	30
Held through Kyami Pty Ltd:				
Royalmist Properties Pty Ltd ⁺	Australia	Struck off in 2013	-	30
Held through Gleneagles (Malaysia) Sdn. Bhd.:				
Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. ^{##}	Malaysia	In liquidation	30	30
Held through Gleneagles Medical Holdings Limited:				
PT Tritunggal Sentra Utama Surabaya ^{##}	Indonesia	Provision of medical diagnostic services	30	30
Asia Renal Care Mount Elizabeth Pte Ltd ^{##}	Singapore	Provision of medical services	20	20
Asia Renal Care (Katong) Pte Ltd ^{##}	Singapore	Provision of medical services	20	20

47. Associates (continued)

Name of associates	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %

Indirect associates**Held through Medi-Rad Associates Ltd:**

Positron Tracers Pte. Ltd. [#]	Singapore	Ownership and operation of a cyclotron	33	33
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[#] Audited by other member firms of KPMG International.

^{##} Audited by firms other than member firms of KPMG International.

⁺ Audit is not required.

48. Joint ventures

Details of joint ventures are as follows:

Name of joint venture	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %

Indirect joint ventures**Held through Gleneagles Development Pte. Ltd.:**

Apollo Gleneagles Hospital Ltd ^{##}	India	Private hospital ownership and management	50	50
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Held through Parkway-Healthcare (Mauritius) Ltd:

Apollo Gleneagles PET-CT Limited ^{##}	India	Operation of PET-CT radio imaging centre	50	50
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Held through Shenton Family Medical Clinics Pte Ltd:

Shenton Family Medical Clinic (Ang Mo Kio) ⁺	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Bedok Reservoir) ⁺	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Bukit Gombak) ⁺	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Clementi) ⁺	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Duxton) ⁺	Singapore	Operation of medical clinic	50	50

48. Joint ventures (continued)

Name of joint ventures	Place of incorporation and business	Principal activities	Effective equity interest held	
			2013 %	2012 %
<u>Indirect joint ventures (continued)</u>				
Shenton Family Medical Clinic (Jurong East) ⁺	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Serangoon) ⁺	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Tampines) ⁺	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Yishun) ⁺	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Towner) ⁺	Singapore	Operation of medical clinic	50	50
Held through Parkway Shenton Pte Ltd:				
Hale Medical Clinic (Concourse) Pte Ltd ^{##}	Singapore	Operation of medical clinic	50	50
Held through Parkway Group Healthcare Pte Ltd:				
Khubchandani Hospitals Private Limited ^{##}	India	Private hospital ownership	50	50
Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd.:				
Shanghai Hui Xing Hospital Investment Management Co., Ltd. ^{(1)#}	People’s Republic of China	Investment in healthcare industry, hospital management and hospital management consulting	60	-
Held through Shanghai Hui Xing Hospital Investment Management Co., Ltd.:				
Shanghai Hui Xing Jinpu Clinic Co., Ltd. ^{(1)#}	People’s Republic of China	Provision of medical and healthcare outpatient services	60	-

¹ Notwithstanding that the equity interest is more than 50%, the Group had accounted for the Shanghai Hui Xing Hospital Management Co., Ltd., and its subsidiary, Shanghai Hui Xing Jinpu Clinic Co., Ltd. as a joint venture in accordance to MFRS 10 on the basis that the Group does not have control over the entity's operating activities.

[#] Audited by other member firms of KPMG International.

^{##} Audited by firms other than member firms of KPMG International.

⁺ Audit is not required

49. Supplementary information on the breakdown of realised and unrealised profits and losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Total retained earnings of the Company and its subsidiaries				
- realised	1,811,234	983,775	705,871	18,800
- unrealised	183,393	287,263	111,776	109,192
	<u>1,994,627</u>	<u>1,271,038</u>	<u>817,647</u>	<u>127,992</u>
Total share of retained earnings of associates				
- realised	(3,079)	(120)	-	-
- unrealised	(24)	(25)	-	-
	<u>(3,103)</u>	<u>(145)</u>	<u>-</u>	<u>-</u>
Total share of retained earnings of joint ventures				
- realised	32,918	31,035	-	-
- unrealised	-	-	-	-
	<u>32,918</u>	<u>31,035</u>	<u>-</u>	<u>-</u>
Consolidation adjustments	(342,299)	(239,598)	-	-
Total retained earnings	<u>1,682,143</u>	<u>1,062,330</u>	<u>817,647</u>	<u>127,992</u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

IHH Healthcare Berhad

(Company No. 901914-V)

(Incorporated in Malaysia)

and its subsidiaries**Statement by Directors pursuant to Section 169(15)
of the Companies Act, 1965**

In the opinion of the Directors, the financial statements set out on pages 11 to 164 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company at 31 December 2013 and of their financial performances and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 49 on page 165 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:



.....
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman



.....
Dr. Tan See Leng

Date: 15 April 2014

IHH Healthcare Berhad

(Company No. 901914-V)

(Incorporated in Malaysia)

and its subsidiaries**Statutory declaration pursuant to
Section 169(16) of the Companies Act, 1965**

I, Tan See Haw, the officer primarily responsible for the financial management of IHH Healthcare Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 165 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 15 April 2014.


.....

Before me:


Commissioner for Oaths
Kuala Lumpur, Malaysia

149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

KPMG (Firm No. AF 0758)
Chartered Accountants
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Independent Auditors' Report to the members of IHH Healthcare Berhad

(Company No. 901914-V)
(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of IHH Healthcare Berhad which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 164.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Company No. 901914-V

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 46 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 49 on page 165 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Company No. 901914-V

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG**

Firm Number: AF 0758
Chartered Accountants

**Lee Yee Keng**

Approval Number: 2880/04/15(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 15 April 2014