Quarterly rpt on consolidated results for the financial period ended 31/3/2014

IHH HEALTHCARE BERHAD

Financial Year End	31/12/2014
Quarter	1
Quarterly report for the financial period ended	31/03/2014
The figures	have not been audited

Attachments

IHH_Q12014_Quarterly_Report.pdf
198 KB

IHH_Q12014_Quarterly_Report_Press_Release_29052014.pdf
94 KB

- Default Currency
- Other Currency

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION
31/03/2014

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	**PRECEDING YEAR CORRESPONDING QUARTER**	**CURRENT YEAR TO DATE**	**PRECEDING YEAR CORRESPONDING PERIOD**
	31/03/2014	31/03/2013	31/03/2014	31/03/2013
	$$'000	**$$'000**	**$$'000**	**$$'000**
1 Revenue	1,757,612	1,624,598	1,757,612	1,624,598
2 Profit/(loss) before tax	243,047	213,588	243,047	213,588
3 Profit/(loss) for the period	188,903	167,292	188,903	167,292
4 Profit/(loss) attributable to ordinary equity holders of the parent	159,052	127,273	159,052	127,273
5 Basic earnings/(loss) per share (Subunit)	1.96	1.58	1.96	1.58
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00

	AS AT END OF CURRENT QUARTER	**AS AT PRECEDING FINANCIAL YEAR END**
7 Net assets per share attributable to ordinary equity holders of the parent ($$)	2.2500	2.2200

Definition of Subunit:

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

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

Announcement Info

Company Name	IHH HEALTHCARE BERHAD
Stock Name	IHH
Date Announced	29 May 2014
Category	Financial Results
Reference No	IH-140516-52064

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
31 MARCH 2014

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	Note	1st quarter ended 31 Mar 2014 RM'000	31 Mar 2013 RM'000	Variance %
Revenue		1,757,612	1,624,598	8%
Other operating income	1	46,132	34,644	33%
Inventories and consumables		(285,991)	(282,391)	-1%
Purchased and contracted services		(158,294)	(158,332)	0%
Staff costs	2	(681,584)	(628,902)	-8%
Depreciation and impairment losses of property, plant and equipment		(139,121)	(134,706)	-3%
Amortisation and impairment losses of intangible assets		(16,485)	(17,596)	6%
Operating lease expenses		(47,755)	(43,200)	-11%
Other operating expenses	1	(186,518)	(152,941)	-22%
Finance income	3	15,458	18,228	-15%
Finance costs	4	(64,017)	(49,518)	-29%
Share of profits of associates (net of tax)		142	71	100%
Share of profits of joint ventures (net of tax)		3,468	3,633	-5%
Profit before tax		**243,047**	**213,588**	**14%**
Income tax expense		(54,144)	(46,296)	-17%
Profit for the period		**188,903**	**167,292**	**13%**
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences from foreign operations	5	88,472	(143,721)	162%
Hedge of net investments in foreign operations	5	(16,008)	77,079	-121%
Net change in fair value of available-for-sale financial assets	6	(1,094)	45,732	-102%
Cash flow hedge		(1,521)	939	NM
		69,849	(19,971)	NM
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit liability		(703)	-	-
		(703)	-	-
Total comprehensive income for the period		**258,049**	**147,321**	**75%**
Profit attributable to:				
Owners of the Company		159,052	127,273	25%
Non-controlling interests		29,851	40,019	-25%
Profit for the period		**188,903**	**167,292**	**13%**
Total comprehensive income attributable to:				
Owners of the Company		251,330	102,280	146%
Non-controlling interests		6,719	45,041	-85%
Total comprehensive income for the period		**258,049**	**147,321**	**75%**
Earnings per share (sen)				
Basic	7	1.96	1.58	24%
Diluted	7	1.95	1.57	24%

NM: Not meaningful

Note: "Acibadem Holdings" as referred to throughout this financial report includes the wholly-owned Integrated Healthcare Turkey Yatirimlari Limited Group, which owns 60% effective interest in Acıbadem Sağlık Yatırımları Holdings A.Ş. Group

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

SUPPLEMENTARY INFORMATION

		1st quarter ended		
		31 Mar 2014 RM'000	**31 Mar 2013 RM'000**	**Variance %**
Profit attributable to owners of the Company		**159,052**	**127,273**	**25%**
Add back/(less): Exceptional items ("EI")				
Professional and consultancy fees for acquisitions		185	214	
Write off property, plant and equipment		96	21	
Gain on disposal of property, plant and equipment		(1,616)	(173)	
Exchange loss on net borrowings [i]	4	28,603	10,157	
		27,268	10,219	
Add/(less): Tax effects on EI		(5,721)	(2,031)	
Add/(less): Non-controlling interests' share of EI		(8,494)	(3,228)	
		13,053	4,960	
Profit attributable to owners of the Company, excluding EI [ii]		**172,105**	**132,233**	**30%**
Earnings per share, excluding EI [ii] (sen)				
Basic	7	2.12	1.64	29%
Diluted	7	2.11	1.63	29%

NM: Not meaningful

Note:

i. Relates to exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings

ii. Exceptional items, net of tax and non-controlling interests

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the 2013 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

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

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

1. Other operating income and other operating expenses include exceptional items as detailed on Page 2.

2. Staff costs increased as a result of higher salaries and wages with the higher demand for trained healthcare professionals. The Group also increased its headcounts to staff its new hospitals, such as the newly opened Acibadem Atakent Hospital in January 2014.

3. Finance income decreased mainly as a result of lower fair value gains on the Group's financial instruments. Refer to Section B14 for details.

4. Acibadem recognises exchange gain or loss arising from the translation of its non-Turkish Lira ("TL") denominated borrowings/payables net of its non-TL denominated cash/receivables balances as finance income or finance cost respectively. An exchange loss of RM28.6 million was recognised on translation of such non-TL balances in Q1 2014 as compared to an exchange loss of RM10.2 million recognised in Q1 2013.

5. Parkway Life Real Estate Investment Trust ("PLife REIT"), an indirect 35.78% owned subsidiary of the Group, hedges its interest in the net assets of its Japanese operations and the effective portion of the hedge is recognised as a hedge of net investments in the statement of other comprehensive income. The Group's foreign currency translation differences from foreign operations arise mainly from its Singapore and Turkish operations.

6. Fair value change of available-for-sale financial assets arose from the mark-to-market of the Group's 10.9% investment in Apollo Hospitals Enterprise Limited.

7. The Group's EPS for Q1 2014 was computed based on an enlarged share capital base in comparison to last year. Please refer to Section B12.

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

	31 Mar 2014	31 Mar 2013
1 Singapore Dollar ("SGD")	2.5994	2.4961
1 Turkish Lira ("TL")	1.4897	1.7220

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2014

	Note	31 Mar 2014 RM'000	31 Dec 2013 RM'000
Assets			
Property, plant and equipment		9,424,774	9,365,720
Investment properties	1	2,063,031	1,922,721
Goodwill on consolidation		8,919,059	8,881,234
Intangible assets		2,586,938	2,628,126
Interests in associates		4,725	4,497
Interests in joint ventures		170,288	170,069
Other financial assets		771,454	758,037
Other receivables		35,552	36,312
Derivative assets		13,897	15,949
Deferred tax assets		75,116	77,567
Total non-current assets		**24,064,834**	**23,860,232**
Inventories		159,454	152,991
Trade and other receivables	2	1,142,182	1,002,152
Tax recoverable		50,320	62,368
Other financial assets		15,715	38,476
Derivative assets		167	233
Cash and cash equivalents		2,268,536	2,144,827
Total current assets		**3,636,374**	**3,401,047**
Total assets		**27,701,208**	**27,261,279**
Equity			
Share capital		8,153,974	8,134,974
Share premium		8,021,271	7,992,299
Other reserves		356,698	265,729
Retained earnings		1,840,042	1,682,143
Total equity attributable to owners of the Company		**18,371,985**	**18,075,145**
Non-controlling interests		1,799,059	1,847,802
Total equity		**20,171,044**	**19,922,947**
Liabilities			
Loans and borrowings	3	4,240,109	4,170,246
Employee benefits		27,246	23,144
Trade and other payables		366,311	363,119
Derivative liabilities		5,357	3,566
Deferred tax liabilities		939,382	935,103
Total non-current liabilities		**5,578,405**	**5,495,178**
Loans and borrowings	3	321,872	291,035
Trade and other payables		1,379,526	1,331,175
Derivative liabilities		655	3,121
Employee benefits		32,469	38,928
Tax payable		217,237	178,895
Total current liabilities		**1,951,759**	**1,843,154**
Total liabilities		**7,530,164**	**7,338,332**
Total equity and liabilities		**27,701,208**	**27,261,279**
Net assets per share attributable to owners of the Company[1] (RM)		2.25	2.22

[1]: Based on 8,154.0 million and 8,135.0 million shares in issue as at 31 March 2014 and 31 December 2013 respectively

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2013 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENTS OF FINANCIAL POSITION

1. The increase in investment properties was mainly due to PLife REIT's acquisition of two nursing homes properties and an extended-stay lodging facility in Japan, for a consideration equivalent to almost RM100.0 million.

2. Trade and other receivables increased in line with higher revenues during the period.

3. The increase in the Group's borrowings was mainly due to PLife REIT's draw down of its loan facility to finance the above-mentioned acquisition of investment properties.

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

	31 Mar 2014	31 Dec 2013
1 Singapore Dollar ("SGD")	2.6031	2.5780
1 Turkish Lira ("TL")	1.4928	1.5277

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	<-- Attributable to owners of the Company -------------------------------------->											
	<-- Non-distributable -------------------------------------->								Distributable			
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Hedge reserve RM'000	Capital 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 2014	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
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	100,060	-	100,060	(11,588)	88,472
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	(5,723)	-	(5,723)	(10,285)	(16,008)
Net change in fair value of available-for-sale financial assets	-	-	-	(1,094)	-	-	-	-	-	(1,094)	-	(1,094)
Cash flow hedge	-	-	-	-	-	(543)	-	-	-	(543)	(978)	(1,521)
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	-	(422)	(422)	(281)	(703)
Total other comprehensive income for the period	-	-	-	(1,094)	-	(543)	-	94,337	(422)	92,278	(23,132)	69,146
Profit for the period	-	-	-	-	-	-	-	-	159,052	159,052	29,851	188,903
Total comprehensive income for the period	**-**	**-**	**-**	**(1,094)**	**-**	**(543)**	**-**	**94,337**	**158,630**	**251,330**	**6,719**	**258,049**
Contributions by and distributions to owners of the Company												
- Share options exercised	19,000	26,980	-	-	-	-	-	-	-	45,980	-	45,980
- Share-based payment	-	-	6,912	-	-	-	-	-	-	6,912	-	6,912
	19,000	26,980	6,912	-	-	-	-	-	-	52,892	-	52,892
Transfer to share capital and share premium on share options exercised	-	1,992	(1,992)	-	-	-	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	(7,382)	-	-	(7,382)	(23,973)	(31,355)
Transfer per statutory requirements	-	-	-	-	-	-	731	-	(731)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(31,489)	(31,489)
Total transactions with owners of the Company	**19,000**	**28,972**	**4,920**	**-**	**-**	**-**	**(6,651)**	**-**	**(731)**	**45,510**	**(55,462)**	**(9,952)**
At 31 March 2014	**8,153,974**	**8,021,271**	**38,215**	**214,988**	**205**	**15,607**	**(300,037)**	**387,720**	**1,840,042**	**18,371,985**	**1,799,059**	**20,171,044**

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	<--- Attributable to owners of the Company --->										
	<--- Non-distributable --->							Distributable			
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	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	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	-	-	-	-	-	-	(98,663)	-	(98,663)	(45,058)	(143,721)
Hedge of net investments in foreign operations	-	-	-	-	-	-	27,602	-	27,602	49,477	77,079
Net change in fair value of available-for-sale financial assets	-	-	-	45,732	-	-	-	-	45,732	-	45,732
Cash flow hedge	-	-	-	-	336	-	-	-	336	603	939
Total other comprehensive income for the period	-	-	-	45,732	336	-	(71,061)	-	(24,993)	5,022	(19,971)
Profit for the period	-	-	-	-	-	-	-	127,273	127,273	40,019	167,292
Total comprehensive income for the period	**-**	**-**	**-**	**45,732**	**336**	**-**	**(71,061)**	**127,273**	**102,280**	**45,041**	**147,321**
Contributions by and distributions to owners of the Company											
- Share options exercised	31,025	37,230	-	-	-	-	-	-	68,255	-	68,255
- Share-based payment	-	-	6,167	-	-	-	-	-	6,167	-	6,167
	31,025	37,230	6,167	-	-	-	-	-	74,422	-	74,422
Transfer to share capital and share premium on share options exercised	177	3,580	(3,757)	-	-	-	-	-	-	-	-
Changes in ownership interest in subsidiaries	-	-	-	-	-	(6,863)	5	-	(6,858)	(7,634)	(14,492)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(26,627)	(26,627)
Total transactions with owners of the Company	**31,202**	**40,810**	**2,410**	**-**	**-**	**(6,863)**	**5**	**-**	**67,564**	**(34,261)**	**33,303**
At 31 March 2013	**8,086,647**	**7,931,034**	**35,220**	**223,591**	**16,203**	**(253,473)**	**72,019**	**1,189,603**	**17,300,844**	**2,055,543**	**19,356,387**

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2013 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	Financial period ended	
	31 Mar 2014	**31 Mar 2013**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit before tax	243,047	213,588
Adjustments for:		
Finance income	(15,458)	(18,228)
Finance costs	64,017	49,518
Depreciation and impairment losses of property, plant and equipment	139,121	134,706
Amortisation and impairment losses of intangible assets	16,485	17,596
Write-off of:		
- Property, plant and equipment	96	21
- Inventories	90	103
- Trade and other receivables	883	-
Gain on disposal of property, plant and equipment	(1,616)	(173)
Impairment loss made/(written back) on:		
- Trade and other receivables	12,984	12,518
- Amounts due from associates	(1,029)	(1,236)
Share of profits of associates (net of tax)	(142)	(71)
Share of profits of joint ventures (net of tax)	(3,468)	(3,633)
Equity-settled share-based payment	6,912	6,167
Net unrealised foreign exchange differences	4,789	501
Operating profit before changes in working capital	**466,711**	**411,377**
Changes in working capital		
Trade and other receivables	(162,851)	(204,863)
Inventories	(8,048)	(2,573)
Trade and other payables	11,698	90,303
Cash flows from operations	**307,510**	**294,244**
Net income tax refunded/(paid)	5,310	(25,115)
Net cash generated from operating activities	**312,820**	**269,129**
Cash flows from investing activities		
Interest received	12,732	8,551
Development and purchase of intangible assets	(4,297)	(2,617)
Purchase of property, plant and equipment	(171,997)	(121,106)
Purchase of investment properties	(104,524)	-
Proceeds from disposal of property, plant and equipment	7,869	1,697
Proceeds from disposal of intangible assets	1,028	-
Net repayment from associates	849	1,218
Net repayment from/(advances to) joint ventures	9,452	(182)
Dividends received from joint ventures	494	487
Refund of deposits paid to non-controlling shareholders of subsidiaries	25,591	43,032
Net cash used in investing activities	**(222,803)**	**(68,920)**
Cash flows from financing activities		
Interest paid	(24,231)	(33,770)
Proceeds from exercise of share options	45,980	68,255
Loan from non-controlling interests of a subsidiary	5,188	-
Repayment of loans and borrowings	(142,356)	(1,111,639)
Buy-back of floating rate notes	-	(35,569)
Proceeds from loans and borrowings	217,366	1,046,309
Dividends paid to non-controlling shareholders	(31,489)	(26,627)
Acquisition of non-controlling interests	(31,355)	(15,216)
Proceeds from dilution of interest in subsidiaries	-	724
Change in pledged deposits	538	30,292
Net cash from/(used in) financing activities	**39,641**	**(77,241)**

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	Financial period ended	
	31 Mar 2014 RM'000	31 Mar 2013 RM'000
Net increase in cash and cash equivalents	**129,658**	**122,968**
Effect of exchange rate fluctuations on cash and cash equivalents held	(5,411)	(4,634)
Cash and cash equivalents at beginning of the period	2,135,609	1,552,854
Cash and cash equivalents at end of the period	**2,259,856**	**1,671,188**

Cash and cash equivalents

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

	31 Mar 2014 RM'000	31 Mar 2013 RM'000
Cash and bank balances	706,715	680,841
Fixed deposits placed with licensed banks	1,561,821	1,028,872
	2,268,536	1,709,713
Less:		
- Deposits pledged	(3,758)	(33,448)
- Cash collateral received	(4,922)	(5,077)
Cash and cash equivalents at end of the period	**2,259,856**	**1,671,188**

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2013 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

A1 BASIS OF PREPARATION

a) Basis of accounting

These condensed consolidated financial report are unaudited and prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134: Interim Financial Reporting in Malaysia and IAS 34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2013 ("2013 Audited Financial Statements").

The 2013 Audited Financial Statements were prepared under Malaysian Financial Reporting Standards ("MFRS").

b) Significant accounting policies

The accounting policies and presentation adopted for this unaudited condensed consolidated interim financial report are consistent with those adopted for the 2013 Audited Financial Statements, except for the adoption of the new, revised and amendments to MFRS effective as of 1 January 2014 as issued by the Malaysian Accounting Standards Board, which does not have any impact on the financial statements of the Group.

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements for the financial year ended 31 December 2013 was not subjected to any qualification.

A3 SEASONALITY OF OPERATIONS

Inpatient and outpatient revenue and volume are generally lower during festive periods and summer months in each of the relevant countries in which the Group operates and other holiday periods. Conversely, patient volumes and thus inpatient and outpatient revenue are highest during the winter months. As the Group is continuously expanding, the effects of seasonality may not be obvious from the Group's financial statements.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 31 March 2014.

A5 CHANGE IN ACCOUNTING ESTIMATES

There were no changes in the estimates of amounts reported in prior financial years that may have a material effect in the current quarter and financial period.

In preparing the unaudited condensed consolidated interim financial report, the significant judgments made by the management in applying the Group's accounting policies and key sources of estimating uncertainty were consistent with those applied to 2013 Audited Financial Statements.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

A6 DEBT AND EQUITY SECURITIES

Between 1 January to 31 March 2014, the Company issued 19,000,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options.

Except as disclosed above, there were no other issuance of shares, share buy-backs, and repayments of debt and equity securities by the Company during the financial period ended 31 March 2014.

As at 31 March 2014, the issued and paid-up share capital of the Company amounted to RM8,153,973,871 comprising 8,153,973,871 ordinary shares of RM1.00 each.

A7 DIVIDENDS PAID

There were no dividends paid for the financial period ended 31 March 2014.

A8 SEGMENT REPORTING

There had been no changes in the basis of segmentation or in the basis of measurement of segment profit or loss from the 2013 Audited Financial Statements.

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

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

A8 SEGMENT REPORTING

Financial period ended 31 March 2014

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	PLife REIT RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses							
Revenue from external customers	1,044,252	640,162	50,291	22,907	-	-	1,757,612
Inter-segment revenue	19,572	-	889	40,974	14	(61,449)	-
Total segment revenue	1,063,824	640,162	51,180	63,881	14	(61,449)	1,757,612
EBITDA	272,814	114,987	21,170	51,852	(10,431)	(13,900)	436,492
Depreciation and impairment losses of property, plant and equipment	(69,932)	(58,413)	(3,058)	(7,661)	(57)	-	(139,121)
Amortisation and impairment losses of intangible assets	(8,136)	(8,277)	(72)	-	-	-	(16,485)
Net foreign exchange gains	3,571	85	3	1,010	1,106	-	5,775
Finance income	2,608	6,218	1,375	7	5,250	-	15,458
Finance costs	(4,893)	(51,765)	(25)	(7,330)	(4)	-	(64,017)
Share of profits of associates (net of tax)	142	-	-	-	-	-	142
Share of profits of joint ventures (net of tax)	3,468	-	-	-	-	-	3,468
Others	(290)	1,649	(24)	-	-	-	1,335
Profit before tax	199,352	4,484	19,369	37,878	(4,136)	(13,900)	243,047
Income tax expense	(47,143)	1,847	(5,364)	(2,876)	(608)	-	(54,144)
Net profit for the period	152,209	6,331	14,005	35,002	(4,744)	(13,900)	188,903
Assets and liabilities							
Cash and cash equivalents	836,888	296,177	164,801	85,266	885,404	-	2,268,536
Other assets	15,429,107	5,255,086	408,064	3,585,764	773,052	(18,401)	25,432,672
Segment assets as at 31 March 2014	16,265,995	5,551,263	572,865	3,671,030	1,658,456	(18,401)	27,701,208
Loans and borrowings	1,063,838	2,061,035	1,259	1,435,849	-	-	4,561,981
Other liabilities	1,639,582	909,405	144,339	276,498	16,760	(18,401)	2,968,183
Segment liabilities as at 31 March 2014	2,703,420	2,970,440	145,598	1,712,347	16,760	(18,401)	7,530,164

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

Financial period ended 31 March 2013

	Parkway Pantai RM'000	Acibadem Holdings RM'000	IMU Health RM'000	PLife REIT RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses							
Revenue from external customers	917,743	637,148	49,667	20,040	-	-	1,624,598
Inter-segment revenue	19,664	-	791	37,441	-	(57,896)	-
Total segment revenue	937,407	637,148	50,458	57,481	-	(57,896)	1,624,598
EBITDA	224,718	124,516	21,362	46,680	(8,505)	(14,532)	394,239
Depreciation and impairment losses of property, plant and equipment	(67,283)	(57,132)	(3,108)	(7,159)	(24)	-	(134,706)
Amortisation and impairment losses of intangible assets	(7,990)	(9,541)	(65)	-	-	-	(17,596)
Net foreign exchange (losses)/gains	(473)	298	8	386	(920)	-	(701)
Finance income	2,133	6,310	685	5,184	3,916	-	18,228
Finance costs	(14,210)	(30,425)	(94)	(4,786)	(3)	-	(49,518)
Share of profits of associates (net of tax)	71	-	-	-	-	-	71
Share of profits of joint ventures (net of tax)	3,633	-	-	-	-	-	3,633
Others	(230)	55	113	-	-	-	(62)
Profit before tax	140,369	34,081	18,901	40,305	(5,536)	(14,532)	213,588
Income tax expense	(30,432)	(8,397)	(5,046)	(2,373)	(48)	-	(46,296)
Net profit for the period	109,937	25,684	13,855	37,932	(5,584)	(14,532)	167,292
Assets and liabilities							
Cash and cash equivalents	693,611	65,542	107,517	77,756	765,287	-	1,709,713
Other assets	14,124,150	5,512,079	430,820	3,259,251	744,953	(20,896)	24,050,357
Segment assets as at 31 March 2013	14,817,761	5,577,621	538,337	3,337,007	1,510,240	(20,896)	25,760,070
Loans and borrowings	1,064,780	1,447,083	1,957	1,133,692	-	-	3,647,512
Other liabilities	1,315,182	1,006,483	132,230	249,243	73,929	(20,896)	2,756,171
Segment liabilities as at 31 March 2013	2,379,962	2,453,566	134,187	1,382,935	73,929	(20,896)	6,403,683

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group does not adopt a revaluation policy on its property, plant and equipment.

A10 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties transactions have been entered into in the normal course of business under negotiated terms. Other than the remuneration paid to the Key Management Personnel, the significant related party transactions of the Group are as follows:

	Financial period ended	
	31 Mar 2014 RM'000	**31 Mar 2013 RM'000**
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	52,783	181
- Purchase and consumption of services	(21,569)	(55)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	7,212	75,188
- Purchase and consumption of services	(9,536)	(24,696)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

(a) On 7 January 2014, East Shore Medical Holdings Pte Ltd, Mount Elizabeth Healthcare Holdings Limited and Parkway Novena Holdings Pte Ltd were struck off from the Register of Companies of Singapore.

(b) On 30 January 2014, Acibadem Saglik Hizmetleri ve Ticaret A.S. ("ASH") acquired 82.22% equity interest in Acibadem Mobil Saglik Hizmetleri A.S. ("Acibadem Mobil"), an indirect subsidiary of ASH, from Acibadem Poliklinikleri A.S., a direct subsidiary of ASH, for a total consideration of TL3,700,000. Consequential thereto, Acibadem Mobil became a direct wholly-owned subsidiary of ASH.

(c) On 13 March 2014, Parkway Life Japan2 Pte. Ltd. ("TK Investor") entered into two *Tokumei Kumiai* agreements (or silent partnership agreements, collectively, the "TK Agreements") with Godo Kaisha Tenshi 1 and Godo Kaisha Tenshi 2 (collectively, the "TK Operators"). Pursuant to the TK Agreements, the TK Investor has injected funds into the respective TK Operators in relation to the acquisition of two nursing homes and one extended-stay lodging facility for the elderly located in Japan by the TK Operators at a total purchase price of approximately ¥3,000,000,000 (approximately RM95,820,000). Due to the nature of the arrangements under the TK Agreements, the TK Operators are under established terms that impose strict limitations on decision-making powers of the TK Operators' management, resulting in the Group receiving the majority of the benefits relating to the TK Operators' operations and net assets, being exposed to the majority of the risks incident to the TK Operators' activities and retaining the majority of the residual or ownership risks related to the TK Operators and their assets. Consequently, the TK Operators are regarded as subsidiaries of the Group pursuant to MFRS 10: Consolidated Financial Statements.

(d) 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.

(e) 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. IMU Dialysis Sdn Bhd has an initial paid-up capital of RM5.00 and its principal activities are establishing, operating and managing dialysis centre(s) for the provision of haemodialysis and its related services.

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(f) On 26 March 2014, 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 RM3,777,000. The said acquisition increased PGRSB's shareholdings in TTHSB from 85.00% to 100.00%.

(g) On 31 March 2014, Parkway Pantai Limited ("PPL") subscribed for 19,500,000 ordinary shares of SGD4.90 each in Parkway Group Healthcare Pte Ltd ("PGH"), for a total consideration of SGD95,550,000 (equivalent to RM248,229,000) ("Internal Reorganisation"). Prior to the Internal Reorganisation, PGH was a direct wholly-owned subsidiary of Parkway Holdings Limited ("PHL") which in turn is a direct wholly-owned subsidiary of PPL. Upon completion of the Internal Reorganisation, PGH has become a 70% direct owned subsidiary of PPL while the remaining 30% is held by PHL.

(h) 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 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 March 2014, ASYH's equity interest in ASH is 99.37%, following the tender of shares.

The above changes in the composition of the Group are not expected to have material effect on the earnings and net assets of the Group.

A12 SUBSEQUENT EVENTS

(a) On 1 April 2014, Pantai Premier Pathology Sdn Bhd, an indirect wholly-owned subsidiary of the Company, acquired 2 ordinary shares of RM1.00 each, representing 100% of the total issued and paid-up share capital of Orifolio Options Sdn Bhd from Mount Elizabeth Health Care Services Sdn Bhd, an indirect wholly-owned subsidiary of the Company, for a total cash consideration of RM2.00.

(b) On 9 April 2014, Acıbadem Labmed Sağlık Hizmetleri A.Ş. formed a wholly-owned subsidiary, Histogenetics Acıbadem Laboratuvar Hizmetleri A.Ş. ("Histogenetics"), in Turkey. Histogenetics has an initial paid-up capital of TL50,000 and its principal activity is provision of laboratory services.

(c) On 9 April 2014, Parkway Trust Management Limited ("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%.

(d) On 22 April 2014, Parkway (Shanghai) Hospital Management Ltd., received the business license from Suzhou New District (Hu Qiu) Administration of Industry and Commerce for establishment of a foreign wholly-owned enterprise reinvestment clinic named Suzhou Xin Hui Clinic Co., Ltd. ("Xin Hui Clinic") in the People's Republic of China with a registered capital of RMB3,000,000. The principal activity of Xin Hui Clinic is provision of medical and healthcare outpatient services. The validity period of the licence is from 22 April 2014 to 21 April 2034.

(e) On 29 April 2014, the Company granted a total of 5,424,000 LTIP units to eligible employees of the Group. Out of the total 5,424,000 units granted, 110,000 units were granted under a cash option pursuant to the terms and conditions of the LTIP Bye Laws.

(f) Between 1 April 2014 to 22 May 2014, the Company issued:
- i) 1,275,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and
- ii) 8,143,640 new ordinary shares of RM1.00 each pursuant to the surrender of vested LTIP units.

(g) As of 22 May 2014, ASYH's equity interest in ASH is 99.37%, following the tender of shares

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in the contingent liabilities or contingent assets as at 22 May 2014 from that disclosed in the 2013 Audited Financial Statements.

A14 CAPITAL COMMITMENTS

	31 Mar 2014 RM'000	31 Dec 2013 RM'000
Capital expenditure commitments not provided for in the interim financial report:		
Property, plant and equipment and investment properties		
- Authorised and contracted for	447,265	425,493
- Authorised but not contracted for	1,808,091	1,157,038
	2,255,356	1,582,531

A15 FAIR VALUE HIEARACHY

Fair value hierarchy

The table below analyses investment properties and financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
As at 31 March 2014				
Assets				
Investment properties	-	-	2,063,031	2,063,031
Quoted available-for-sale investment	757,246	-	-	757,246
Derivative assets	-	14,064	-	14,064
Liabilities				
Derivative liabilities	-	(6,012)	-	(6,012)
As at 31 December 2013				
Assets				
Investment properties	-	-	1,922,721	1,922,721
Quoted available-for-sale investment	743,887	-	-	743,887
Derivative assets	-	16,182	-	16,182
Liabilities				
Derivative liabilities	-	(6,687)	-	(6,687)

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

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

	1st quarter ended		
	31 Mar 2014	**31 Mar 2013**	**Variance**
	RM'000	**RM'000**	**%**
REVENUE[1]			
Parkway Pantai	1,044,252	917,743	14%
Acibadem Holdings	640,162	637,148	0%
IMU Health	50,291	49,667	1%
Others^	-	-	-
	1,734,705	**1,604,558**	**8%**
PLife REIT total revenue	63,881	57,481	11%
PLife REIT inter-segment revenue	(40,974)	(37,441)	-9%
Total	**1,757,612**	**1,624,598**	**8%**
EBITDA[2]			
Parkway Pantai[3]	258,928	210,186	23%
Acibadem Holdings	114,987	124,516	-8%
IMU Health	21,170	21,362	-1%
Others^	(10,445)	(8,505)	-23%
	384,640	**347,559**	**11%**
PLife REIT[4]	51,852	46,680	11%
Total	**436,492**	**394,239**	**11%**

[1]: *Relates to external revenue only*
It excludes PLife REIT's rental income earned from Parkway Pantai
Similarly, it excludes Parkway Pantai's dividend and management fee income earned from PLife REIT
[2]: *Relates to the EBITDA performance of each SBUs, after elimination of dividend income from within the Group*
[3]: *Includes rental expense incurred for lease of hospitals from PLife REIT*
[4]: *Includes rental income earned from lease of hospitals to Parkway Pantai*
^: *Others comprise mainly IHH Group's corporate office as well as other investment holding entities*

Q1 2014 vs Q1 2013

The Group achieved revenue and EBITDA growth of 8% and 11% respectively in Q1 2014 over the same period last year. The increase in Q1 2014 revenue was attributed to organic growth of existing operations and opening of Acibadem Atakent Hospital in January 2014.

As a result of its robust EBITDA growth, the Group's Q1 2014 PATMI increased 25% to RM159.1 million whilst its PATMI excluding exceptional items increased 30% to RM172.1 million over the same period last year.

Parkway Pantai

Parkway Pantai's revenue grew 14% to RM1,044.3 million in Q1 2014 whilst its EBITDA grew 23% to RM258.9 million in Q1 2014. Parkway Pantai's strong performance was the result of the continuous ramp up of its Mount Elizabeth Novena Hospital in Singapore as well as from its other hospitals and healthcare businesses. Mount Elizabeth Novena Hospital's revenue more than doubled in Q1 2014 to RM78.0 million as compared to Q1 2013, and it achieved approximately RM18.0 million EBITDA in Q1 2014 as compared to its EBITDA loss of RM3.0 million in Q1 2013.

Parkway Pantai's Singapore hospitals saw an overall 6.4% increase in inpatient admissions to 15,226 inpatient admissions in Q1 2014. The increase was attributed to local patients as well as foreign patients from non-traditional markets such as the Middle East and China. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals grew 9.3% to 44,602 inpatient admissions in Q1 2014. The healthy revenue growth at Parkway Pantai was also driven by higher revenue intensities that resulted from more complex cases undertaken by the hospitals and price increases to compensate for cost inflation. Q1 2014 revenue per inpatient admission

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

increased 7.6% to approximately RM23,187 in Singapore and increased 8.5% to RM4,757 in Malaysia.

Despite increasing cost pressures, EBITDA of Parkway Pantai's operations grew on the back of higher revenues and operating leverage from the higher patient volumes. Parkway Pantai's EBITDA growth was also driven by the significant improvements in Mount Elizabeth Novena Hospital's EBITDA as the hospital ramps up its revenue and optimises its resources with the increasing patient volumes.

Acibadem Holdings

Acibadem Holdings' revenue was approximately flat against same quarter last year whilst its EBITDA decreased by 8% to RM115.0 million in Q1 2014. Acibadem Proje Yonetimi A.S., a subsidiary of Acibadem Holdings, completed a construction project for Acibadem University in early 2014, and hence revenue contribution from this project decreased from RM17.0 million in Q1 2013 to RM3.6 million in Q1 2014. In addition, Acibadem Holdings' results were eroded when the average TL exchange rate used to translate Acibadem Holdings' results into Ringgit weakened by 13.5% in Q1 2014 as compared to Q1 2013. Excluding the effects of the depreciation of the TL, Acibadem Holdings' revenues would increase by 16% whilst its EBITDA would increase by 7%, despite the RM10.0 million startup costs incurred in Q1 2014 for Acibadem Atakent Hospital which commenced its operations in January 2014.

Acibadem Holdings' operational performance was healthy. Revenue growth against last year was driven by strong performance at its existing hospitals, the continuous ramp up of Acibadem Bodrum Hospital and Acibadem Ankara Hospital as well as revenue contribution from the newly opened Acibadem Atakent Hospital. Acibadem Holdings' inpatient admissions grew 5.9% to 32,771 in Q1 2014 whilst its average inpatient revenue per inpatient admission grew 8.2% to RM9,166 in Q1 2014. The higher patient volumes in Q1 2014 resulted in greater operating leverage.

IMU Health

IMU Health's revenue grew 1% to RM50.3 million in Q1 2014 whilst its EBITDA decreased by 1% to RM21.2 million in Q1 2014.

IMU Health's revenue growth was driven by higher student intake and increase in course fees for IMU Health's medical and nursing programmes. However, EBITDA decreased as a result of higher staff costs incurred.

PLife REIT

PLife REIT's external revenue grew 14% to RM22.9 million in Q1 2014 whilst its EBITDA grew 11% to RM51.9 million in Q1 2014.

PLife REIT's external revenue grew on the back of rental income contribution from the Japanese properties acquired in July and September 2013.

The growth in the revenue resulted in EBITDA growth.

Others

Higher expenses were incurred at the corporate office due to increased headcounts and operating costs.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	1st quarter ended 31 Mar 2014 RM'000	**4th quarter ended 31 Dec 2013 RM'000**	**Variance %**
REVENUE[1]			
Parkway Pantai	1,044,252	1,024,264	2%
Acibadem Holdings	640,162	684,298	-6%
IMU Health	50,291	48,755	3%
Others^	-	21	-100%
	1,734,705	**1,757,338**	**-1%**
PLife REIT total revenue	63,881	62,991	1%
PLife REIT inter-segment revenue	(40,974)	(40,196)	**-2%**
Total	**1,757,612**	**1,780,133**	**-1%**
EBITDA[2]			
Parkway Pantai[3]	258,928	269,981	-4%
Acibadem Holdings	114,987	128,833	-11%
IMU Health	21,170	14,883	42%
Others^	(10,445)	(7,385)	-41%
	384,640	**406,312**	**-5%**
PLife REIT[4]	51,852	44,288	17%
Total	**436,492**	**450,600**	**-3%**

[1]: *Relates to external revenue only*
It excludes PLife REIT's rental income earned from Parkway Pantai
Similarly, it excludes Parkway Pantai's dividend and management fee income earned from PLife REIT
[2]: *Relates to the EBITDA performance of each SBUs, after elimination of dividend income from within the Group*
[3]: *Includes rental expense incurred for lease of hospitals from PLife REIT*
[4]: *Includes rental income earned from lease of hospitals to Parkway Pantai*
^: *Others comprise mainly IHH Group's corporate office as well as other investment holding entities*

Q1 2014 vs Q4 2013

The Group's revenue decreased 1% whilst EBITDA decreased 3% quarter-on-quarter. This was mainly attributed to the weaker average TL exchange rate used to translate Acibadem Holdings' results into Ringgit as well as the impact of Chinese New Year in Q1 2014.

Q1 2014 PATMI excluding exceptional items decreased 9% from a high base last quarter when the Group's net profit was boosted by the recognition of approximately RM22.9 million investment tax allowances.

Parkway Pantai

Parkway Pantai's quarter-on-quarter inpatient admissions was flat in Singapore and decreased 3.7% in Malaysia due to the Chinese New Year period which falls in Q1 2014. Despite the low season, Parkway Pantai's revenue increased 2% as a result of higher revenue intensities increased in both Singapore and Malaysia, which helped to offset the annual increment in staff salaries.

Acibadem Holdings

Acibadem Holdings' revenue decreased 6% whilst EBITDA decreased 11% quarter-on-quarter, mainly as a result of the depreciation of the TL against RM for translation as well as the decrease in revenue upon the completion of the Acibadem University construction project. Revenue from this construction project decreased from approximately RM57.7 million in Q4 2013 to RM3.6 million in Q1 2014. Excluding the effects of the depreciation of the TL, Acibadem Holdings' revenues would increase by 4% whilst its EBITDA would increase by 15%.

The commencement of Acibadem Atakent Hospital in January 2014 contributed approximately RM14.7 million revenue to Acibadem Holdings in the current quarter. Acibadem Atakent Hospital incurred higher startup costs of almost RM10.0 million in Q1 2014 as compared to RM5.6 million pre-operating costs incurred in Q4 2013.

IMU Health

IMU Health's revenue increased 3% whilst EBITDA grew 42% quarter-on-quarter. IMU Health's EBITDA grew from a low base last quarter when it recognised expenses incurred for student recruitment promotional activities which took place in Q4 2013.

PLife REIT

PLife REIT's external revenue was flat whilst its EBITDA grew 17% quarter-on-quarter. PLife REIT's EBITDA grew from a low base last quarter when it recognised a RM4.4 million valuation loss on its investment properties that were rented to parties external to the Group.

B3 CURRENT YEAR PROSPECTS

Parkway Pantai

Parkway Pantai expects continued revenue, EBITDA and earnings growth for the rest of the year due to the growing demand for private healthcare services across its home markets and the region. Contribution from Mount Elizabeth Novena Hospital will increase with the introduction of new services such as obstetrics in the hospital as well as with the progressive opening of additional wards and beds during the year to meet increased growing patient demand.

The planning and construction of Parkway Pantai's new hospitals in Malaysia and Hong Kong are progressing well. Pantai Hospital Manjung commenced operations on 19 May 2014 and would contribute to the Group's revenues upon its opening.

Acibadem Holdings

Acibadem Holdings' patient volumes, and hence revenues, is expected to grow due to continued demand and increased affordability of private healthcare. The opening of Acibadem Atakent Hospital in January 2014 will also contribute to Acibadem Holdings' revenues. Ongoing hospital projects are progressing well.

Overall IHH Group Prospects

The Group expects higher staff costs and other inflationary pressures to affect the Group for the rest of the year. While such sustained cost pressures may reduce the Group's EBITDA and margins, the Group expects to mitigate these effects through price adjustments and through its operating leverage as volumes continue to grow and new hospital margins improve with the higher volume of inpatient admissions.

Given the Group's geographical footprints across Asia as well as the Central and Eastern Europe, Middle East and North Africa ("CEEMENA") regions, the Group is susceptible to currency volatility in the countries that it operates. Movements in the Singapore Dollar, TL, US Dollar, Japanese Yen, Chinese Renminbi, Indian Rupee, etc. would result in translation differences in the Group's balance sheet and income statement. In addition, significant currency volatility against the Ringgit Malaysia may affect the comparability of the Group's financial performance across periods.

The Group continues to actively monitor its currency risks and will take proactive steps to minimise such risks by borrowing in the functional currency of the borrowing entity or by borrowing in the same currency as its foreign investment (ie. hedge of net investments). Acibadem Holdings, which holds non-TL denominated loans, will

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

monitor its liquidity position to hedge its cash flows by conserving hard currency receipts from its medical travellers to service these debts and interest payments.

The Group is confident that its strong balance sheet and operating cash flows would enable it to support its expansion plans. Barring unforeseen circumstances, the Group expects that it would continue to achieve earnings growth for the year ahead.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	1st quarter ended	
	31 Mar 2014 RM'000	**31 Mar 2013 RM'000**
Current tax expense	42,343	44,484
Deferred tax expense	11,801	1,812
	54,144	46,296

The Group's effective tax rate, after adjusting for the share of profits of associates and joint ventures, was 22.6% for Q1 2014 and 22.1% for Q1 2013. It is lower than the Malaysian statutory tax rate mainly due to the effects of lower tax rate in certain countries that the Group operates and the utilisation of previously unrecognised tax losses.

B6 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at 22 May 2014.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

B7 LOANS AND BORROWINGS

a) Breakdown of the Group's loans and borrowings as at 31 March 2014:

	31 Mar 2014 RM'000	31 Dec 2013 RM'000
Non-current		
Secured		
Bank borrowings	1,120,674	1,134,517
Financial lease liabilities	149,416	160,809
Unsecured		
Bank borrowings	2,970,019	2,874,920
	4,240,109	4,170,246
Current		
Secured		
Bank borrowings	142,835	158,480
Financial lease liabilities	56,315	59,152
Unsecured		
Bank borrowings	122,722	73,403
	321,872	291,035
Total	4,561,981	4,461,281

b) Breakdown of the Group's loans and borrowings as at 31 March 2014 by the source currency of loans, in RM equivalent:

	31 Mar 2014 RM'000	31 Dec 2013 RM'000
Singapore Dollar	1,784,638	1,810,262
Ringgit Malaysia	85,143	85,425
US Dollar	1,112,507	1,159,080
Macedonian Denar	6,272	8,943
Swiss Franc	72,975	73,384
Euro	186,812	168,949
Turkish Lira	105,592	73,363
Japanese Yen	1,206,987	1,076,189
Others*	1,055	5,686
	4,561,981	4,461,281

** Others include Hong Kong Dollar and Brunei Dollar*

Key exchange rates as at 31 March 2014:
1 SGD = RM2.60308
1 TL = RM1.49282
1 USD = RM3.29876

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 31 March 2014:

	Notional amount as at 31 Mar 2014 RM'000	Fair value amount as at 31 Mar 2014 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	730	167
- Between 1 - 3 years	59,659	12,844
- More than 3 years	47,716	1,053
	108,105	14,064
Derivative liabilities		
Interest rate swaps		
- Within 1 year	386,798	(655)
- Between 1 - 3 years	453,763	(1,333)
- More than 3 years	684,949	(4,024)
	1,525,510	(6,012)

Foreign exchange forward contracts

Foreign exchange forward contracts are entered by the Group to hedge against exchange rate exposures on some balances denominated in currencies other than the functional currency of the entity that recognised the foreign currency balances. The fair value of foreign exchange forward contract is determined based on prevailing market rate. All changes in fair value of the foreign exchange forward contracts during the period were recognised in the statement of profit or loss and other comprehensive income.

Interest rate swaps

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

There are no changes to the Group's financial risk management policies and objectives in managing these derivative financial instruments and its related accounting policies. Refer to Section B14 for the fair value gain/loss recognised in the statement of profit or loss during the period.

B9 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

Other than derivatives mentioned in Section B8 the Group does not remeasure its financial liabilities at reporting date.

B10 CHANGES IN MATERIAL LITIGATIONS

There is no litigation or arbitration as at 22 May 2014, which has a material effect on the financial position of the Group and the Board is not aware of any material proceedings pending or threatening or of any fact likely to give rise to any proceedings.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

B11 DIVIDENDS

No dividends were declared or paid by the Group in the financial period ended 31 March 2014.

B12 EARNINGS PER SHARE ("EPS")

Basic earnings per share were calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period.

	1st quarter ended	
	31 Mar 2014	**31 Mar 2013**
	RM'000	**RM'000**
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	159,052	127,273
Net profit attributable to ordinary shareholders (excluding EI)	172,105	132,233
i **Basic EPS**		
	'000	**'000**
Weighted average number of shares	8,135,310	8,061,536
	Sen	**Sen**
Basic EPS	1.96	1.58
Basic EPS (excluding EI)	2.12	1.64

ii. **Diluted earnings per share**

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

	1st quarter ended	
	31 Mar 2014	**31 Mar 2013**
	'000	**'000**
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,135,310	8,061,536
Weighted number of unissued ordinary shares from units under LTIP	14,713	14,942
Weighted number of unissued ordinary shares from share options under EPP	22,528	34,957
Weighted average number of dilutive ordinary shares for computation of diluted EPS	8,172,551	8,111,435
	Sen	**Sen**
Diluted EPS	1.95	1.57
Diluted EPS (excluding EI)	2.11	1.63

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

B13 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained earnings is prepared pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at 31 Mar 2014 RM'000	**As at 31 Dec 2013 RM'000**
Total retained earnings of the Company and its subsidiaries		
- Realised	2,030,412	1,811,234
- Unrealised	148,849	183,393
	2,179,261	1,994,627
Total share of retained earnings from associates		
- Realised	(2,937)	(3,079)
- Unrealised	(24)	(24)
	(2,961)	(3,103)
Total share of retained earnings from joint ventures		
- Realised	35,892	32,918
- Unrealised	-	-
	35,892	32,918
Less consolidation adjustments	(372,150)	(342,299)
Total Group retained earnings	1,840,042	1,682,143

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

B14 NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	1st quarter ended	
	31 Mar 2014	31 Mar 2013
	RM'000	RM'000
Other operating income	38,524	34,471
Net foreign exchange gains/(losses)	5,775	(701)
Impairment loss (made)/written back on:		
- Trade and other receivables	(12,984)	(12,518)
- Amounts due from associates	1,029	1,236
Write-off:		
- Property, plant and equipment	(96)	(21)
- Inventories	(90)	(103)
- Trade and other receivables	(883)	-
Gain on disposal of property, plant and equipment	1,616	173
Professional and consultancy fees for acquisition:	(185)	(214)
Finance costs		
Interest expense on loans and borrowing	(30,433)	(28,325)
Fair value loss of financial instruments	(2,272)	-
Exchange loss on net borrowings	(28,603)	(10,157)
Other finance costs	(2,709)	(11,036)
	(64,017)	(49,518)
Finance income		
Interest income		
- Banks and financial institutions	13,135	8,172
- Others	139	88
Fair value gain of financial instruments	2,184	9,968
	15,458	18,228