Company Announcements

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Annual Audited Accounts

IHH HEALTHCARE BERHAD

Subject	Annual Audited Accounts - 31 Dec 2014

Please refer attachment below.

Attachments

IHH Healthcare Berhad_Audited Financial Statements for the year ended 31 Dec 2014.pdf
1.8 MB

Announcement Info

Company Name	IHH HEALTHCARE BERHAD
Stock Name	IHH
Date Announced	20 Apr 2015
Category	Document Submission
Reference Number	DCS-20042015-00010

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IHH Healthcare Berhad

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

and its subsidiaries

Financial statements for the financial year ended 31 December 2014

IHH Healthcare Berhad
(Company No. 901914-V)
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 December 2014

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 2014.

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	754,291	19,547
Non-controlling interests	188,993	-
	943,284	19,547

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, the Company paid a first and final single tier cash dividend of 2 sen per ordinary share amounting to RM163,500,000 for the financial year ended 31 December 2013 on 16 July 2014.

The Directors have proposed a first and final single tier cash dividend of 3 sen per ordinary share for the financial year ended 31 December 2014, 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 Zahruddin Bin Raja Abdul Aziz
Kaichi Yokoyama (Alternate Director to Satoshi Tanaka)
Quek Pei Lynn (Alternate Director to YM Tengku Dato' Sri Azmil Zahruddin Bin Raja Abdul Aziz)
Shirish Moreshwar Apte (Appointed on 3 September 2014)
Ahmad Shahizam Bin Mohd Shariff (Alternate Director to Dr. Tan See Leng) (Resigned on 28 August 2014)

Directors' interests

The interests and deemed interests 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 2014	**Options exercised**	**Bought**	**Sold**	**At 31 December 2014**
Interests in the Company					
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman					
- Direct	3,107,000	1,053,000	-	(1,400,000)	2,760,000
Dr. Tan See Leng					
- Direct	14,920,000	11,241,000	-	(10,410,600)	15,750,400
Mehmet Ali Aydinlar					
- Direct	103,500,000	241,000	25,000,000	-	128,741,000
- Deemed	160,790,861	-	-	(26,880,000)	133,910,861
Chang See Hiang					
- Direct	100,000	-	-	-	100,000
Kuok Khoon Ean					
- Direct	250,000	-	-	-	250,000

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Directors' interests (continued)

	Number of ordinary shares of TL1.00 each				
	At 1 January 2014	**Options exercised**	**Bought**	**Sold**	**At 31 December 2014**
Interests in subsidiaries					
Acıbadem Sağlık Yatirimlari Holding A.Ş. ("ASYH")					
Mehmet Ali Aydinlar					
- Direct	354,533,087	-	-	-	354,533,087
- Deemed	27,466,913	-	-	-	27,466,913
Acıbadem Sağlık Hizmetleri ve Ticaret A.Ş. ("ASH")					
Mehmet Ali Aydinlar					
- Direct	30,001	-	-	(30,000)	1
- Deemed	1	-	-	-	1
Acıbadem Poliklinikleri A.Ş.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
- Deemed	3	-	-	-	3
Acıbadem Ortadoğu Sağlık Yatirimlari A.Ş.					
Mehmet Ali Aydinlar					
- Direct	5	-	-	-	5
Acıbadem Mobil Sağlık Hizmetleri A.Ş.					
Mehmet Ali Aydinlar					
- Direct	13	-	-	-	13
- Deemed	26	-	-	-	26
Acıbadem Labmed Sağlık Hizmetleri A.Ş.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
- Deemed	1	-	-	-	1

Directors' interests (continued)

	Number of ordinary shares of TL1.00 each				
	At 1 January 2014	**Options exercised**	**Bought**	**Sold**	**At 31 December 2014**
Interests in subsidiaries (continued)					
Bodrum Tedavi Hizmetleri A.Ş.					
Mehmet Ali Aydinlar					
- Deemed	3	-	-	-	3
Acıbadem Proje Yönetimi A.Ş.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
Aplus Hastane Otelcilik Hizmetleri A.Ş.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
- Deemed	3	-	-	-	3

	Number of ordinary shares of TL250.00 each				
	At 1 January 2014	**Options exercised**	**Bought**	**Sold**	**At 31 December 2014**
Interests in a subsidiary					
Konur Sağlık Hizmetleri A.Ş.					
Mehmet Ali Aydinlar					
- Deemed	1	-	-	(1)	-

	Number of ordinary shares of TL2.00 each				
	At 1 January 2014	**Options exercised**	**Bought**	**Sold**	**At 31 December 2014**
Interests in a subsidiary					
International Hospital Istanbul A.Ş.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
- Deemed	1	-	-	-	1

	Number of units				
	At 1 January 2014	**Options exercised**	**Bought**	**Sold**	**At 31 December 2014**
Interests in a subsidiary					
Parkway Life Real Estate Investment Trust ("PLife REIT")					
Chang See Hiang					
- Direct	300,000	-	-	-	300,000

Directors' interests (continued)

	Number of options over ordinary shares of RM1.00 each				
	At 1 January 2014	Granted	Exercised	Lapsed/ cancelled	At 31 December 2014
Interests in the Company					
Equity Participation Plan ("EPP")					
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman	2,000,000	-	(1,000,000)	-	1,000,000
Dr. Tan See Leng	18,750,000	-	(9,375,000)	-	9,375,000

	Number of units convertible into ordinary shares of RM1.00 each				
	At 1 January 2014	Granted	Exercised	Lapsed/ cancelled	At 31 December 2014
Interests in the Company					
Long Term Incentive Plan ("LTIP")					
Tan Sri Dato' Dr. Abu Bakar Bin Suleiman	117,000	76,000	(53,000)	-	140,000
Dr. Tan See Leng	3,311,000	1,326,000	(1,866,000)	-	2,771,000
Mehmet Ali Aydinlar	724,000	712,000	(241,000)	-	1,195,000

Except as disclosed above, none of the other Directors holding office at 31 December 2014 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 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 21.

Issue of shares and debentures

During the financial year, the Company issued:

i) 34,000,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and

ii) 9,596,018 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 2014 amounted to RM8,178,569,889.

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% 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 82,000 options in financial year ended 31 December 2014.

The employees that were granted 82,000 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 2014
Dr. Tan See Leng	2 July 2014	1,326,000	-	-	1,326,000
Dr. Lim Cheok Peng	29 April 2014	1,130,000	-	-	1,130,000
Mehmet Ali Aydinlar	2 July 2014	712,000	-	-	712,000
Lim Suet Wun	29 April 2014	421,000	-	-	421,000
Tan See Haw	29 April 2014	377,000	-	-	377,000
Ahmad Shahizam Bin Mohd Shariff	2 July 2014	337,000	-	-	337,000
Lee Swee Hee	29 April 2014	135,000	-	(135,000)	-
Loh Chi-Keon Kelvin	29 April 2014	125,000	-	-	125,000
Fong Choon Khin	29 April 2014	108,000	-	-	108,000
Lee Hong Huei	29 April 2014	84,000	-	-	84,000
Tan Kang Fun	29 April 2014	82,000	-	-	82,000

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 2014 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 event during the financial year

The significant event during the financial year is as disclosed in Note 43 to the financial statements.

Event subsequent to the end of the financial year

The event subsequent to the end of the financial year is disclosed in Note 45 to the financial statements.

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: 30 March 2015

IHH Healthcare Berhad

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

and its subsidiaries

Statements of financial position as at 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Assets					
Property, plant and equipment	3	9,148,483	8,662,671	2,025	926
Prepaid lease payments	4	746,061	703,049	-	-
Investment properties	5	2,028,438	1,922,721	-	-
Goodwill on consolidation	6	9,154,565	8,881,234	-	-
Intangible assets	6	2,537,802	2,628,126	-	-
Investment in subsidiaries	7	-	-	16,141,113	16,142,113
Interests in associates	8	4,239	4,497	-	-
Interests in joint ventures	9	179,175	170,069	-	-
Other financial assets	10	956,035	758,037	69	-
Other receivables	13	48,235	36,312	-	-
Derivative assets	25	28,213	15,949	-	-
Deferred tax assets	11	68,327	77,567	-	-
Total non-current assets		24,899,573	23,860,232	16,143,207	16,143,039
Inventories	12	171,718	152,991	-	-
Trade and other receivables	13	1,027,535	1,002,152	2,374	2,376
Amounts due from subsidiaries	16	-	-	11,132	12,560
Tax recoverable		59,005	62,368	-	-
Other financial assets	10	13,581	38,476	-	-
Derivative assets	25	1,067	233	-	-
Cash and cash equivalents	17	2,467,827	2,144,827	797,076	835,642
Total current assets		3,740,733	3,401,047	810,582	850,578
Total assets		28,640,306	27,261,279	16,953,789	16,993,617

Statements of financial position as at 31 December 2014 (continued)

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Equity					
Share capital	18	8,178,570	8,134,974	8,178,570	8,134,974
Share premium	19	8,059,158	7,992,299	8,059,158	7,992,299
Other reserves	19	963,885	265,729	32,661	32,763
Retained earnings		2,250,132	1,682,143	673,694	817,647
Total equity attributable to owners of the Company		19,451,745	18,075,145	16,944,083	16,977,683
Non-controlling interests		1,861,651	1,847,802	-	-
Total equity		21,313,396	19,922,947	16,944,083	16,977,683
Liabilities					
Loans and borrowings	20	3,592,776	4,170,246	-	-
Employee benefits	21	23,312	23,144	181	234
Trade and other payables	24	408,501	363,119	-	-
Deferred tax liabilities	11	938,045	935,103	-	-
Derivative liabilities	25	6,536	3,566	-	-
Total non-current liabilities		4,969,170	5,495,178	181	234
Loans and borrowings	20	676,542	291,035	-	-
Trade and other payables	24	1,390,641	1,331,175	6,854	11,930
Derivative liabilities	25	517	3,121	-	-
Amounts due to subsidiaries	16	-	-	1,526	1,518
Employee benefits	21	43,492	38,928	469	515
Tax payable		246,548	178,895	676	1,737
Total current liabilities		2,357,740	1,843,154	9,525	15,700
Total liabilities		7,326,910	7,338,332	9,706	15,934
Total equity and liabilities		28,640,306	27,261,279	16,953,789	16,993,617

IHH Healthcare Berhad

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

and its subsidiaries

Statements of profit or loss and other comprehensive income for the year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	26	7,344,019	6,756,451	38,123	710,732
Other operating income		266,669	230,948	209	2,658
Inventories and consumables		(1,224,245)	(1,126,187)	-	-
Purchases and contracted services		(669,097)	(723,180)	-	-
Development cost of properties sold		-	(2,409)	-	-
Staff costs	27	(2,822,131)	(2,541,143)	(21,057)	(21,031)
Depreciation and impairment losses of property, plant and equipment	3	(540,553)	(531,512)	(431)	(176)
Amortisation and impairment losses of intangible assets	6	(66,927)	(69,346)	-	-
Operating lease expenses		(198,895)	(173,795)	(1,542)	(1,067)
Other operating expenses		(753,332)	(670,848)	(13,656)	(15,371)
Finance income	28	65,623	59,118	23,738	19,369
Finance costs	28	(189,806)	(328,713)	(11)	(6)
Share of profits/(losses) of associates (net of tax)		1,702	(1,793)	-	-
Share of profits of joint ventures (net of tax)		8,149	3,971	-	-
Profit before tax	29	1,221,176	881,562	25,373	695,108
Income tax expense	32	(277,892)	(147,703)	(5,826)	(5,503)
Profit for the year		943,284	733,859	19,547	689,605
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences from foreign operations		409,569	(154,425)	79	(422)
Hedge of net investments in foreign operations		103,036	165,822	-	-
Net change in fair value of available-for-sale financial assets		132,546	38,223	-	-
Cash flow hedge		(2,541)	788	-	-
	30	642,610	50,408	79	(422)
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		(5,927)	(5,963)	-	-
Revaluation of property, plant and equipment upon reclassification to investment properties		35,666	205	-	-
	30	29,739	(5,758)	-	-
Total comprehensive income for the year		1,615,633	778,509	19,626	689,183

Statements of profit or loss and other comprehensive income for the year ended 31 December 2014 (continued)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Profit attributable to:					
Owners of the Company		754,291	631,159	19,547	689,605
Non-controlling interests		188,993	102,700	-	-
Profit for the year		943,284	733,859	19,547	689,605
Total comprehensive income attributable to:					
Owners of the Company		1,436,535	817,054	19,626	689,183
Non-controlling interests		179,098	(38,545)	-	-
Total comprehensive income for the year		1,615,633	778,509	19,626	689,183
Earnings per ordinary share (sen):					
Basic	33	9.24	7.78		
Diluted	33	9.21	7.74		

The notes on pages 22 to 144 are an integral part of these financial statements.

IHH Healthcare Berhad

(Company No. 901914-V)
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Statements of changes in equity for the year ended 31 December 2014

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 reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the Company												
		Non-distributable									Distributable			
At 1 January 2013		8,055,445	7,890,224	32,810	177,859	-	15,867	(247,463)	853	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	30	-	-	-	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
Contributions by and distributions to owners of the Company														
- Share options exercised	18	72,250	86,700	-	-	-	-	-	-	-	-	158,950	-	158,950
- Cancellation of share options		-	-	(50)	-	-	-	-	-	-	50	-	-	-
- Share-based payment	21	-	-	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	18	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	(54,943)	8,167	(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	(302,406)	9,020	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 2014 (continued)

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 reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		/---------- Attributable to owners of the Company										----------/		
		/---------- Non-distributable								----------/	Distributable			
At 1 January 2014		8,134,974	7,992,299	33,295	216,082	205	16,150	(302,406)	9,020	293,383	1,682,143	18,075,145	1,847,802	19,922,947
Foreign currency translation differences from foreign operations		-	-	-	-	-	-	-	-	481,658	-	481,658	(72,089)	409,569
Hedge of net investments in foreign operations		-	-	-	-	-	-	-	-	36,815	-	36,815	66,221	103,036
Net change in fair value of available-for-sale financial assets		-	-	-	132,546	-	-	-	-	-	-	132,546	-	132,546
Cash flow hedge		-	-	-	-	-	(885)	-	-	-	-	(885)	(1,656)	(2,541)
Remeasurement of defined benefit liability		-	-	-	-	-	-	-	-	-	(3,556)	(3,556)	(2,371)	(5,927)
Revaluation of property, plant and equipment upon reclassification to investment properties	3	-	-	-	-	35,666	-	-	-	-	-	35,666	-	35,666
Total other comprehensive income for the year	30	-	-	-	132,546	35,666	(885)	-	-	518,473	(3,556)	682,244	(9,895)	672,349
Profit for the year		-	-	-	-	-	-	-	-	-	754,291	754,291	188,993	943,284
Total comprehensive income for the year		-	-	-	132,546	35,666	(885)	-	-	518,473	750,735	1,436,535	179,098	1,615,633
Contributions by and distributions to owners of the Company														
- Share options exercised	18	34,000	48,574	-	-	-	-	-	-	-	-	82,574	-	82,574
- Cancellation of share options		-	13	(13)	-	-	-	-	-	-	-	-	-	-
- Share-based payment	21	-	-	27,700	-	-	-	-	-	-	-	27,700	-	27,700
- Dividends to owners of the Company		-	-	-	-	-	-	-	-	-	(163,500)	(163,500)	-	(163,500)
		34,000	48,587	27,687	-	-	-	-	-	-	(163,500)	(53,226)	-	(53,226)
Transfer to share capital and share premium on share options exercised	18	9,596	18,272	(27,868)	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	42	-	-	-	-	-	1	(6,900)	-	190	-	(6,709)	(24,293)	(31,002)
Transfer per statutory requirements		-	-	-	-	-	-	-	19,246	-	(19,246)	-	-	-
Issue of shares by subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	400	400
Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(141,356)	(141,356)
Total transactions with owners of the Company		43,596	66,859	(181)	-	-	1	(6,900)	19,246	190	(182,746)	(59,935)	(165,249)	(225,184)
At 31 December 2014		8,178,570	8,059,158	33,114	348,628	35,871	15,266	(309,306)	28,266	812,046	2,250,132	19,451,745	1,861,651	21,313,396

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Statements of changes in equity for the year ended 31 December 2014 (continued)

Company	Note	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
		/------------- Attributable to owners of the Company				---------------/	
		/--------------------- Non-distributable			-----------------/	Distributable	
1 January 2013		8,055,445	7,890,224	32,810	(110)	127,992	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)	689,605	689,183
Contributions by and distributions to owners of the Company							
- Share options exercised	18	72,250	86,700	-	-	-	158,950
- Cancellation of share options		-	-	(50)	-	50	-
- Share-based payment		-	-	23,189	-	-	23,189
		72,250	86,700	23,139	-	50	182,139
Transfer to share capital and share premium on share options exercised	18	7,279	15,375	(22,654)	-	-	-
Total transactions with owners of the Company		79,529	102,075	485	-	50	182,139
At 31 December 2013		8,134,974	7,992,299	33,295	(532)	817,647	16,977,683

Company No. 901914-V

Statements of changes in equity for the year ended 31 December 2014 (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**	**Retained earnings RM'000**	**Total equity RM'000**
1 January 2014		8,134,974	7,992,299	33,295	(532)	817,647	16,977,683
Foreign currency translation differences from foreign operations		-	-	-	79	-	79
Total other comprehensive income for the year		-	-	-	79	-	79
Profit for the year		-	-	-	-	19,547	19,547
Total comprehensive income for the year		-	-	-	79	19,547	19,626
Contributions by and distributions to owners of the Company							
- Share options exercised	18	34,000	48,574	-	-	-	82,574
- Cancellation of share options		-	13	(13)	-	-	-
- Share-based payment		-	-	27,700	-	-	27,700
- Dividends to owners of the Company		-	-	-	-	(163,500)	(163,500)
		34,000	48,587	27,687	-	(163,500)	(53,226)
Transfer to share capital and share premium on share options exercised	18	9,596	18,272	(27,868)	-	-	-
Total transactions with owners of the Company		43,596	66,859	(181)	-	(163,500)	(53,226)
At 31 December 2014		8,178,570	8,059,158	33,114	(453)	673,694	16,944,083

The notes on pages 22 to 144 are an integral part of these financial statements.

IHH Healthcare Berhad

(Company No. 901914-V)
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and its subsidiaries

Statements of cash flows for the year ended 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		1,221,176	881,562	25,373	695,108
Adjustment for:					
Dividend income	26	(4,687)	(4,190)	(38,123)	(710,732)
Finance income		(65,623)	(59,118)	(23,738)	(19,369)
Finance costs		189,806	328,713	11	6
Depreciation and impairment losses of property, plant and equipment	3	540,553	531,512	431	176
Amortisation and impairment losses of intangible assets	6	66,927	69,346	-	-
Write-off:					
- Property, plant and equipment	29	2,116	904	-	3
- Intangible assets	29	140	534	-	-
- Inventories	29	662	515	-	-
- Trade and other receivables	29	9,331	5,469	13	50
Gain on disposal of property, plant and equipment	29	(2,939)	(3,698)	-	-
Gain on disposal of subsidiaries	29	(336)	(4,376)	-	-
Gain on disposal of assets held for sale	29	-	(67)	-	-
Gain on divestment of investment properties		(36,425)	-	-	-
Impairment loss made/(written back):					
- Investment in subsidiaries	29	-	-	1,000	-
- Trade and other receivables	29	18,275	21,967	-	-
- Amounts due from associates	29	(1,022)	(1,247)	-	-
- Investment in joint ventures	29	-	2,545	-	-
- Other financial assets	29	-	(25,311)	-	-
Change in fair value of contingent consideration payable	29	-	(3,946)	-	-
Change in fair value of investment properties	5, 29	(52,453)	(42,840)	-	-
Share of (profits)/losses of associates (net of tax)		(1,702)	1,793	-	-
Share of profits of joint ventures (net of tax)		(8,149)	(3,971)	-	-
Equity-settled share-based payment	21	27,700	23,189	6,767	5,425
Net unrealised foreign exchange differences		(58,535)	(21,589)	(66)	(2,584)
Operating profit/(loss) before changes in working capital		1,844,815	1,697,696	(28,332)	(31,917)
Changes in working capital					
Inventories		(26,097)	(12,971)	-	-
Trade and other receivables		(94,624)	(149,708)	370	1,299
Trade and other payables		109,367	(14,542)	(5,186)	2,179
Cash generated from/(used in) operations		1,833,461	1,520,475	(33,148)	(28,439)
Income tax paid		(202,861)	(182,583)	(6,980)	(3,929)
Net cash from/(used in) operating activities		1,630,600	1,337,892	(40,128)	(32,368)

Statements of cash flows for the year ended 31 December 2014 (continued)

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash flows from investing activities					
Interest received		48,493	38,983	23,357	19,126
Capital injection into subsidiaries	7	-	-	-	(36,199)
Capital injection into joint ventures		-	(10,875)	-	-
Disposal of subsidiary, net of cash and cash equivalents disposed	42	-	2,058	-	-
Development and purchase of intangible assets	6	(11,167)	(13,921)	-	-
Purchase of property, plant and equipment		(908,842)	(720,061)	(1,481)	(1,079)
Payments for prepaid lease		-	(706,441)	-	-
Purchase of investment properties		(212,485)	(217,048)	-	-
Other financial assets purchased		(1,050)	-	(69)	-
Proceeds from disposal of property, plant and equipment		54,733	10,994	2	-
Proceeds from divestment of investment properties		236,156	-	-	-
Proceeds from disposal of assets held for sale		-	233	-	-
Proceeds from disposal of intangible assets		1,015	290	-	-
Net repayment from/(to) associates		976	(338)	-	-
Net repayment from/(to) joint ventures		11,722	(186)	-	-
Dividends received from available-for-sale financial assets	26	4,687	4,190	-	-
Dividends received from subsidiaries		-	-	38,123	30,520
Dividends received from joint ventures		2,197	2,088	-	-
Dividends received from associates		516	1,166	-	-
Capital distributions from associates		1,588	-	-	-
Refund of deposits paid to non-controlling interests of subsidiaries		25,591	43,032	-	-
Repayment from subsidiaries		-	-	22,369	12,021
Net cash (used in)/from investing activities		(745,870)	(1,565,836)	82,301	24,389
Cash flows from financing activities					
Interest paid		(128,567)	(142,853)	-	-
Proceeds from exercise of share options		82,574	158,950	82,574	158,950
Proceeds from loans and borrowings		1,006,815	2,517,808	-	-
Repayment of loans and borrowings		(1,185,924)	(1,852,353)	-	-
Buy back floating rate notes		-	(35,271)	-	-
Loan from non-controlling interest of a subsidiary		35,618	292,196	-	-
Dividends paid to non-controlling interests		(141,356)	(116,821)	-	-
Dividends paid to owners of the Company		(163,500)	-	(163,500)	-
Acquisition of non-controlling interests		(32,080)	(89,541)	-	-
Proceeds from dilution of interest in subsidiaries		-	933	-	-
Issue of shares by subsidiary to non-controlling interests		400	-	-	-
Changes in pledged deposits		1,519	59,598	-	-
Net cash (used in)/from financing activities		(524,501)	792,646	(80,926)	158,950

Company No. 901914-V

Statements of cash flows for the year ended 31 December 2014 (continued)

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Net increase/(decrease) in cash and cash equivalents	360,229	564,702	(38,753)	150,971
Effect of exchange rate fluctuations on cash held	(35,710)	18,053	187	2,584
Cash and cash equivalents at 1 January	2,135,609	1,552,854	835,642	682,087
Cash and cash equivalents at 31 December	2,460,128	2,135,609	797,076	835,642

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	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	17	971,481	600,515	25,196	43,761
Fixed deposits placed with licensed banks	17	1,496,346	1,544,312	771,880	791,881
		2,467,827	2,144,827	797,076	835,642
Less:					
- Deposits pledged	17	(3,127)	(4,420)	-	-
- Cash collateral received	17	(4,572)	(4,798)	-	-
Cash and cash equivalents		2,460,128	2,135,609	797,076	835,642

The notes on pages 22 to 144 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:

Level 11, Block A
Pantai Hospital Kuala Lumpur
8 Jalan Bukit Pantai
59100 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2014 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 2014 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 30 March 2015.

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 requirements of the Companies Act, 1965 in Malaysia.

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

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- 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)*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014 (continued)

- 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, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to MFRS 10, *Consolidated Financial Statements,* MFRS 12, *Disclosure of Interest in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements* - *Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiatives*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

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 except as mentioned below:

(i) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(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 5 - measurement of the fair value of investment properties
- Note 6 - measurement of the recoverable amounts of cash-generating units
- Note 21 - measurement of share-based payment
- Note 42 - business combination

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 from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of 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
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net 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 controls an entity when it 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Subsidiaries (continued)

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

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

(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.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments 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 includes 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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Joint arrangement (continued)

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 account 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. Investments in joint venture are measured in the Company's statements of financial position at cost less any impairment losses and includes transaction costs.

(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) Changes in 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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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.

(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.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

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.

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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Initial recognition and measurement (continued)

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.

(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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

(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.

(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(k)(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.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

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

(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 operating 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, renovations, furniture and 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.

Prepayment for leasehold land which in substance is an operating lease is classified as prepaid lease payments, and are amortised over the term of the lease.

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 and 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) Inventories

Inventories are measured at the lower of cost and 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.

(j) 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.

2. Significant accounting policies (continued)

(k) 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.

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.

2. Significant accounting policies (continued)

(k) Impairment (continued)

(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 value 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.

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.

2. Significant accounting policies (continued)

(l) 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.

(m) 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.

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.

2. Significant accounting policies (continued)

(m) Employee benefits (continued)

(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.

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.

(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(m)(ii).

2. Significant accounting policies (continued)

(m) Employee benefits (continued)

(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.

(n) 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)

(o) 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.

2. Significant accounting policies (continued)

(o) Revenue and other income (continued)

(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.

(p) 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.

(q) 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.

2. Significant accounting policies (continued)

(q) Income tax (continued)

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.

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.

(r) 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.

2. Significant accounting policies (continued)

(s) 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.

(t) 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.

(u) Fair value measurements

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.

2. Significant accounting policies (continued)

(u) Fair value measurements (continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Company No. 901914-V

3. Property, plant and equipment

Group	Note	Freehold land RM'000	Leasehold land RM'000	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 2013		498,436	3,271,269	2,941,376	4,208,361	42,053	26,482	66,744	11,054,721
Additions		-	652	36,596	316,725	5,061	3,588	402,014	764,636
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	5	(1,239)	-	(111)	-	-	-	-	(1,350)
Disposal of subsidiaries	42	-	-	-	(2,713)	-	-	-	(2,713)
Cost adjustments*		-	-	(39,368)	-	-	-	-	(39,368)
Translation differences		(16,133)	76,665	(13,166)	(156,210)	(1)	(998)	(9,665)	(119,508)
At 31 December 2013/1 January 2014		481,269	3,348,586	2,927,504	4,366,121	46,815	25,819	394,930	11,591,044
Additions		-	-	29,342	353,854	4,579	9,323	546,515	943,613
Disposals/write off		-	-	-	(87,561)	(615)	(4,016)	(25,727)	(117,919)
Reclassification		-	-	7,677	314,429	981	-	(323,087)	-
Transfer to intangible assets	6	-	-	-	(112)	-	-	-	(112)
Transfer to investment properties									
- Offset of accumulated depreciation		-	(447)	(439)	(325)	-	-	-	(1,211)
- Revaluation of property transferred		-	35,666	-	-	-	-	-	35,666
- Transfer of carrying amount	5	-	(58,521)	(5,452)	(3,611)	-	-	-	(67,584)
Transfer from investment properties		-	6,982	1,588	354	-	-	-	8,924
Translation differences		(990)	112,735	37,944	22,329	-	(16)	9,595	181,597
At 31 December 2014		480,279	3,445,001	2,998,164	4,965,478	51,760	31,110	602,226	12,574,018

*: 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	Freehold land RM'000	Leasehold land RM'000	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 losses									
At 1 January 2013		336	126,412	383,233	2,011,274	15,081	15,026	-	2,551,362
Depreciation charge for the year		-	38,570	53,929	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		2	3,523	(4,316)	(93,337)	-	(457)	-	(94,585)
At 31 December 2013/1 January 2014		-	168,505	432,702	2,291,130	20,167	15,869	-	2,928,373
Depreciation charge for the year		-	39,689	54,063	438,047	5,368	4,088	-	541,255
Impairment loss reversed		-	-	-	(702)	-	-	-	(702)
Disposals/write off		-	-	-	(60,378)	(507)	(3,123)	-	(64,008)
Reclassification		-	-	-	(747)	747	-	-	-
Offset of accumulated depreciation on property transferred to investment properties		-	(447)	(439)	(325)	-	-	-	(1,211)
Translation differences		-	6,623	7,282	7,890	-	33	-	21,828
At 31 December 2014		-	214,370	493,608	2,674,915	25,775	16,867	-	3,425,535

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Leasehold land RM'000	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 2013	498,100	3,144,857	2,558,143	2,197,087	26,972	11,456	66,744	8,503,359
At 31 December 2013/1 January 2014	481,269	3,180,081	2,494,802	2,074,991	26,648	9,950	394,930	8,662,671
At 31 December 2014	480,279	3,230,631	2,504,556	2,290,563	25,985	14,243	602,226	9,148,483

3. Property, plant and equipment (continued)

Company	Note	Renovations, furniture and fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2013		29	-	29
Additions		429	650	1,079
Disposals/write off	29	(3)	-	(3)
At 31 December 2013/1 January 2014		455	650	1,105
Additions		19	1,462	1,481
Disposals/write off		(2)	-	(2)
Translation differences		-	58	58
At 31 December 2014		472	2,170	2,642
Accumulated depreciation				
At 1 January 2013		3	-	3
Depreciation charge for the year		57	119	176
At 31 December 2013/1 January 2014		60	119	179
Depreciation charge for the year		106	325	431
Translation differences		-	7	7
At 31 December 2014		166	451	617
Net carrying amount				
At 1 January 2013		26	-	26
At 31 December 2013/1 January 2014		395	531	926
At 31 December 2014		306	1,719	2,025

Leasehold land

Included in the net carrying amount of leasehold land of the Group is RM3,230,631,000 (2013: RM3,180,081,000) pertaining to leasehold land with unexpired lease period of more than 50 years.

Securities

As at 31 December 2014, property, plant and equipment of the Group with carrying amounts of RM156,101,000 (2013: RM201,591,000) are charged to licensed financial institutions for credit facilities and term loans granted to the Group.

3. Property, plant and equipment (continued)

Assets under finance lease arrangements

Included in the net carrying amount of property, plant and equipment of the Group are motor vehicles and equipment with net carrying amounts of RM92,175,000 (2013: RM141,595,000) that are held under finance lease arrangements.

Borrowing costs

Included in additions of the Group during the year are capitalised borrowing costs amounting to RM14,830,000 (2013: RM5,443,000).

Prepaid lease payments amortisation capitalised

Included in additions of the Group during the year are capitalised amortisation expenses of prepaid lease payments amounting to RM14,424,000 (2013: RM11,611,000).

4. Prepaid lease payments

	Group	
	2014 RM'000	**2013 RM'000**
Cost		
At 1 January	714,965	-
Additions	-	706,441
Translation difference	59,493	8,524
At 31 December	774,458	714,965
Accumulated amortisation		
At 1 January	11,916	-
Amortisation charge for the year	14,424	11,611
Translation difference	2,057	305
At 31 December	28,397	11,916
Net carrying amount		
At 1 January	703,049	-
At 31 December	746,061	703,049

Prepaid lease payments relate to a leasehold land of an overseas subsidiary which was acquired in 2013 and is, in substance, an operating lease. Such leasehold land is reclassified in current year from property, plant and equipment to prepaid lease payments to better reflect the nature of the transaction. The comparative balances are also restated to conform with the current year’s presentation and classification.

The prepaid lease payments are amortised on a straight-line basis over the lease term of 50 years. The amortisation charge for the year ended 31 December 2014 of RM14,424,000 (2013: RM11,611,000) is capitalised in property, plant and equipment.

5. Investment properties

	Note	Group 2014 RM'000	Group 2013 RM'000
At 1 January		1,922,721	1,775,054
Additions		212,887	219,520
Transfer from property, plant and equipment	3	67,584	1,350
Transfer to property, plant and equipment	3	(8,924)	-
Disposals		(190,509)	-
Cost adjustments*		-	(597)
Change in fair value recognised in profit or loss	29	52,453	42,840
Translation differences		(27,774)	(115,446)
At 31 December		2,028,438	1,922,721

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

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 2014 RM'000	Group 2013 RM'000
Rental income	126,009	107,902
Direct operating expenses:		
- income generating investment properties	(15,369)	(12,605)
- non-income generating investment properties	(1,353)	(1,597)
	109,287	93,700

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.

5. Investment properties (continued)

Determination of fair value (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 categorised as follows:

	2014			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Group				
Freehold land	-	-	405,262	405,262
Buildings	-	-	1,623,176	1,623,176
	-	-	2,028,438	2,028,438

	2013			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Group				
Freehold land	-	-	407,786	407,786
Leasehold land with unexpired lease period of less than 50 years	-	-	8,541	8,541
Buildings	-	-	1,506,394	1,506,394
	-	-	1,922,721	1,922,721

5. Investment properties (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.

Transfer between Level 1 and 2 fair values

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

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 5.3% to 8.0% (2013: 5.5% to 8.0%) • Capitalisation rates range from 5.0% to 7.9% (2013: 4.5% to 8.0%)	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% (2013: 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.

6. Goodwill on consolidation and intangible assets

Group

	Note	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 2013		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 January 2014		1,989,966	284,581	366,438	175,242	2,816,227	8,883,733	11,699,960
Additions		-	-	-	11,167	11,167	-	11,167
Transfer from property, plant and equipment	3	-	-	-	112	112	-	112
Disposals/write off		-	-	-	(1,524)	(1,524)	(2,501)	(4,025)
Translation differences		(21,348)	(8,336)	(6,591)	1,703	(34,572)	273,333	238,761
At 31 December 2014		1,968,618	276,245	359,847	186,700	2,791,410	9,154,565	11,945,975

6. Goodwill on consolidation and intangible assets (continued)

Group

	Note	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 2013		-	-	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 2013/1 January 2014		-	-	126,429	61,672	188,101	2,499	190,600
Amortisation charge for the year		-	-	47,094	19,833	66,927	-	66,927
Disposals/write off		-	-	-	(369)	(369)	(2,501)	(2,870)
Translation differences		-	-	(1,465)	414	(1,051)	2	(1,049)
At 31 December 2014		-	-	172,058	81,550	253,608	-	253,608
Net carrying amount								
At 1 January 2013		2,081,125	315,881	313,124	127,587	2,837,717	8,853,527	11,691,244
At 31 December 2013/1 January 2014		1,989,966	284,581	240,009	113,570	2,628,126	8,881,234	11,509,360
At 31 December 2014		1,968,618	276,245	187,789	105,150	2,537,802	9,154,565	11,692,367

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.

6. Goodwill on consolidation and intangible assets (continued)

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

	Goodwill		Brand names		Hospital licences	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Group						
Singapore-based hospital and healthcare services	5,138,123	4,882,892	1,145,173	1,145,173	-	-
Malaysia-based hospital and healthcare services	1,813,134	1,754,034	116,000	116,000	-	-
Turkey-based hospital and healthcare services	1,847,801	1,895,100	707,445	728,793	276,245	284,581
PLife REIT	130,531	124,232	-	-	-	-
Education	224,976	224,976	-	-	-	-
	9,154,565	8,881,234	1,968,618	1,989,966	276,245	284,581

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 determining the 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 2015 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: 7% - 23% (2013: 9% - 28%) per annum in the first 3 years with declining revenue trend in subsequent years from 2% - 11% (2013: 2% - 12%) per annum; and
- Education CGU: 3.0% - 11.5% (2013: 7% - 12%) per annum for the first 3 years with 3% (2013: 3% - 9%) revenue growth for subsequent years

(ii) EBITDA margins assumptions:

- Hospital and healthcare services CGUs: 19% - 30% (2013: 21% - 32%); and
- Education CGU: 33% (2013: 31% - 32%)

The projections are in line with the proposed expansion plans for the respective investees.

6. Goodwill on consolidation and intangible assets (continued)

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

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

Key assumptions used in determining the recoverable amount (continued)

(iii) Terminal value was estimated using the perpetuity growth model:

- Hospital and healthcare services CGUs: 2% - 5% (2013: 2% - 7.5%) per annum; and
- Education CGU: 3% (2013: 3%) per annum

The terminal values were applied to steady-state estimated earnings at the end of the projected period.

(iv) Discount rates of approximately 7.5% - 13% (2013: 7.5% - 14.2%) which were 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).

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.

7. Investment in subsidiaries

	Company	
	2014	**2013**
	RM'000	**RM'000**
At cost:		
Unquoted shares in Malaysia	15,652,137	15,652,137
Unquoted shares outside Malaysia	489,976	489,976
	16,142,113	16,142,113
Allowance for impairment loss	(1,000)	-
	16,141,113	16,142,113

7. Investment in subsidiaries (continued)

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

	Company	
	2014	**2013**
	RM'000	**RM'000**
At 1 January	16,142,113	15,408,549
Share subscription in subsidiaries	-	53,352
Redeemable shares subscription in a subsidiary	-	680,212
At 31 December	16,142,113	16,142,113

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
- 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.

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

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.

7. Investment in subsidiaries (continued)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	/----- Material NCI -----/		Other individually immaterial subsidiaries	Total
	PLife REIT RM'000	ASYH RM'000	RM'000	RM'000
2014				
NCI percentage of ownership interest and voting interest	64.24%	40.00%		
Carrying amount of NCI	1,234,073	400,919	226,659	1,861,651
Profit allocated to NCI	140,823	25,331	22,839	188,993
Summarised financial information before intra-group elimination				
As at 31 December				
Non-current assets	3,496,890	4,404,243		
Current assets	408,812	875,254		
Non-current liabilities	(1,588,127)	(1,481,004)		
Current liabilities	(265,510)	(917,732)		
Net assets	2,052,065	2,880,761		
Year ended 31 December				
Revenue	258,758	2,652,289		
Profit for the year	221,702	66,663		
Total comprehensive income	216,318	60,308		
Cash flows from operating activities	205,604	259,454		
Cash flows from/(used in) investing activities	11,970	(370,284)		
Cash flows from financing activities	100,715	8,699		
Net increase/(decrease) in cash and cash equivalents	318,289	(102,131)		
Dividends paid to NCI	114,759	7,304		
2013				
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/(Loss) 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		

7. Investment in subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

	/----- Material NCI -----/		Other individually immaterial subsidiaries	Total
	PLife REIT RM'000	**ASYH RM'000**	**RM'000**	**RM'000**
2013				
Year ended 31 December				
Revenue	234,697	2,585,623		
Profit/(Loss) for the year	134,516	(27,721)		
Total comprehensive income/(expense)	135,027	(32,720)		
Cash flows from operating activities	192,541	358,820		
Cash flows used in investing activities	(226,818)	(464,772)		
Cash flows from financing activities	38,363	444,425		
Net increase in cash and cash equivalents	4,086	338,473		
Dividends paid to NCI	103,930	7,265		

Significant restrictions

Parkway Life Real Estate Investment Trust ("PLife REIT")

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 2014, the carrying amounts of PLife REIT's assets and liabilities are RM3,905,702,000 (2013: RM3,523,685,000) and RM1,853,637,000 (2013: RM1,556,251,000) respectively.

8. Interests in associates

	Group	
	2014 RM'000	**2013 RM'000**
At cost:		
Unquoted shares in Malaysia	3	1,302
Unquoted shares outside Malaysia	1,969	2,060
	1,972	3,362
Share of post-acquisition reserves	2,211	1,112
	4,183	4,474

8. Interests in associates (continued)

	Group 2014 RM'000	Group 2013 RM'000
Amounts due from associates	2,441	3,323
Allowance for impairment loss	(2,385)	(3,297)
	56	26
Amounts due to associates	-	(3)
	56	23
	4,239	4,497

Details of the associates are disclosed in Note 47.

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 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 2014 RM'000	Individually immaterial associates 2013 RM'000
Summarised financial information		
As at 31 December		
Non-current assets	7,491	7,786
Current assets	19,482	28,623
Non-current liabilities	(7,599)	(10,784)
Current liabilities	(4,025)	(6,267)
Net assets	15,349	19,358
Year ended 31 December		
Revenue	18,456	22,243
Profit/(Loss) for the year, representing total comprehensive income/(expense) for the year	6,143	(5,910)
The Group's share of profit or loss from continuing operations, representing share of total comprehensive income/(expense) for the year	1,702	(1,793)

9. Interests in joint ventures

	Group 2014 RM'000	Group 2013 RM'000
At cost:		
Unquoted shares outside Malaysia	246,042	234,455
Share of post-acquisition reserves	(75,387)	(77,513)
	170,655	156,942
Amounts due from joint ventures	26,963	30,678
Allowance for impairment loss	(17,990)	(17,285)
	8,973	13,393
Amounts due to joint ventures	(453)	(266)
	8,520	13,127
	179,175	170,069

Details of the joint ventures are disclosed in Note 48.

Amounts due from/(to) joint ventures

The amounts due from/(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 part of the Group's net investments in these joint ventures, they are stated at cost less accumulated impairment loss.

The Group does 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 2014 RM'000	Individually immaterial joint ventures 2013 RM'000
Summarised financial information		
As at 31 December		
Non-current assets	384,022	317,481
Current assets	95,326	123,096
Non-current liabilities	(99,388)	(101,361)
Current liabilities	(95,712)	(81,658)
Net assets	284,248	257,558
Year ended 31 December		
Revenue	206,270	178,474
Profit for the year, representing total comprehensive income for the year	16,273	7,955
The Group's share of profit or loss from continuing operations, representing share of total comprehensive income for the year	8,149	3,971

10. Other financial assets

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-current				
Available-for-sale financial assets				
At market value:				
Quoted shares outside Malaysia	938,167	743,887	-	-
At cost:				
Unquoted shares in Malaysia	80	80	-	-
	938,247	743,967	-	-
Held-to-maturity investments				
Singapore government debt securities, at amortised cost	16,984	13,364	-	-
Others				
Club membership and other investments	804	706	69	-
	956,035	758,037	69	-
Current				
Held-to-maturity investments				
Singapore government debt securities, at amortised cost	13,581	15,613	-	-
Others				
Deposit paid to non-controlling shareholders of subsidiaries	-	22,863	-	-
	13,581	38,476	-	-

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.

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11. 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 2013		21,149	-	2,673	38,651	-	62,473
Recognised in the profit or loss		16,454	17,520	(2,466)	3,691	4,491	39,690
Recognised in the other comprehensive income	30	-	-	-	1,456	-	1,456
Translation differences		(2,818)	-	(115)	(3,367)	780	(5,520)
At 31 December 2013/1 January 2014		34,785	17,520	92	40,431	5,271	98,099
Recognised in the profit or loss		(5,473)	(4,094)	5	1,801	(2,115)	(9,876)
Recognised in the other comprehensive income	30	-	-	-	1,482	-	1,482
Translation differences		(904)	-	(3)	(989)	206	(1,690)
At 31 December 2014		28,408	13,426	94	42,725	3,362	88,015

	Note	Property, plant and equipment RM'000	Investment properties RM'000	Intangible assets RM'000	Receivables/ Provisions RM'000	Others RM'000	Total RM'000
Deferred tax liabilities							
At 1 January 2013		(408,049)	(18,131)	(533,486)	(6,057)	(3,509)	(969,232)
Recognised in the profit or loss		(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 2013/1 January 2014		(420,508)	(22,197)	(494,679)	(15,827)	(2,424)	(955,635)
Recognised in the profit or loss		(12,158)	(8,916)	11,745	2,635	178	(6,516)
Translation differences		(2,477)	(243)	6,665	410	63	4,418
At 31 December 2014		(435,143)	(31,356)	(476,269)	(12,782)	(2,183)	(957,733)

11. Deferred tax assets and liabilities (continued)

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

	Group 2014 RM'000	Group 2013 RM'000
Deferred tax assets		
Unutilised tax losses and unabsorbed capital allowances	28,408	34,785
Unutilised investment allowance	13,426	17,520
Intangible assets	94	92
Provisions	42,725	40,431
Others	3,362	5,271
	88,015	98,099
Set off	(19,688)	(20,532)
Net deferred tax assets	68,327	77,567
Deferred tax liabilities		
Property, plant and equipment	(435,143)	(420,508)
Investment properties	(31,356)	(22,197)
Intangible assets	(476,269)	(494,679)
Receivables	(12,782)	(15,827)
Others	(2,183)	(2,424)
	(957,733)	(955,635)
Set off	19,688	20,532
Net deferred tax liabilities	(938,045)	(935,103)

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 2014 RM'000	Group 2013 RM'000
Unutilised tax losses	49,326	51,794
Others	292	299
	49,618	52,093

The unutilised tax losses carried forward do not expire under current tax legislations, except for amount of RM48,001,000 (2013: RM50,212,000) which can be carried forward to offset against future taxable income for five years only. 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.

12. Inventories

	Group 2014 RM'000	Group 2013 RM'000
Pharmaceuticals, surgical and medical supplies	171,718	152,991

13. Trade and other receivables

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-current					
Other receivables	15	1,326	1,056	-	-
Prepayments		17,852	20,451	-	-
Deposits		29,057	14,805	-	-
		48,235	36,312	-	-
Current					
Trade receivables	14	910,269	876,188	-	-
Other receivables	15	40,643	42,937	14	369
Interest receivables		2,962	1,972	999	618
Prepayments		40,683	44,111	1,322	1,351
Deposits		32,978	36,944	39	38
		1,027,535	1,002,152	2,374	2,376

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:

	Note	Group Gross amount RM'000	Group Balances that are set off RM'000	Group Net carrying amount in the statements of financial position RM'000
2014				
Trade receivables		935,343	(25,074)	910,269
Trade payables	24	(568,917)	25,074	(543,843)
2013				
Trade receivables		894,426	(18,238)	876,188
Trade payables	24	(581,856)	18,238	(563,618)

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.

14. Trade receivables

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current					
Trade					
Trade receivables		986,241	882,904	-	-
Amounts due from related parties		56,084	113,326	-	-
		1,042,325	996,230	-	-
Allowance for impairment losses		(132,056)	(120,042)	-	-
	13	910,269	876,188	-	-

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:

	Note	Group 2014 RM'000	Group 2013 RM'000
Malaysia		178,204	161,276
Singapore		202,797	272,232
North Asia		21,747	23,171
South Asia and Middle East		62,206	23,963
South East Asia		59,938	68,707
Central Eastern Europe, Middle East and North Africa ("CEEMENA")		512,104	443,511
Others		5,329	3,370
		1,042,325	996,230
Allowance for impairment losses		(132,056)	(120,042)
	13	910,269	876,188

14. Trade receivables (continued)

Impairment losses

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

	Gross 2014 RM'000	Individual and collective impairment 2014 RM'000	Net 2014 RM'000	Gross 2013 RM'000	Individual and collective impairment 2013 RM'000	Net 2013 RM'000
Group						
Not past due	610,740	(12,608)	598,132	566,829	(5,466)	561,363
Past due 0 – 30 days	119,632	(7,001)	112,631	93,846	(1,694)	92,152
Past due 31 – 180 days	169,418	(29,801)	139,617	211,369	(19,840)	191,529
Past due 181 days – 1 year	63,848	(19,499)	44,349	44,989	(18,156)	26,833
Past due more than 1 year	78,687	(63,147)	15,540	79,197	(74,886)	4,311
	1,042,325	(132,056)	910,269	996,230	(120,042)	876,188

The movements in allowance for impairment losses in respect of trade receivables and trade amounts due from related parties during the year are as follows:

	Note	Group 2014 RM'000	Group 2013 RM'000
At 1 January		120,042	101,063
Impairment loss recognised	29	18,251	21,967
Impairment loss written off		(9,702)	(2,599)
Disposal of subsidiaries		-	(779)
Translation differences		3,465	390
At 31 December		132,056	120,042

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.

15. Other receivables

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-current					
Other receivables	13	1,326	1,056	-	-
Current					
Other receivables		40,516	43,054	14	369
Amounts due from related parties		335	486	-	-
		40,851	43,540	14	369
Allowance for impairment losses		(208)	(603)	-	-
	13	40,643	42,937	14	369
		41,969	43,993	14	369

Other receivables are unsecured and interest-free.

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 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Malaysia	6,596	9,608	14	369
Singapore	4,146	10,241	-	-
North Asia	665	3,813	-	-
South East Asia	2,498	1,075	-	-
CEEMENA	28,272	19,859	-	-
	42,177	44,596	14	369
Allowance for impairment losses	(208)	(603)	-	-
	41,969	43,993	14	369

15. Other receivables (continued)

Impairment losses

The ageing of other receivables at the reporting date is:

	Gross 2014 RM'000	Individual and collective impairment 2014 RM'000	Net 2014 RM'000	Gross 2013 RM'000	Individual and collective impairment 2013 RM'000	Net 2013 RM'000
Group						
Not past due	37,704	-	37,704	38,834	-	38,834
Past due 0 – 30 days	3,009	-	3,009	4,831	-	4,831
Past due 31 – 180 days	477	-	477	28	-	28
Past due 181 days – 1 year	152	-	152	58	-	58
Past due more than 1 year	835	(208)	627	845	(603)	242
	42,177	(208)	41,969	44,596	(603)	43,993

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

	Note	Group 2014 RM'000	Group 2013 RM'000
At 1 January		603	949
Disposal of subsidiaries		-	(2)
Impairment loss recognised	29	24	-
Impairment loss written off		(428)	(349)
Translation differences		9	5
At 31 December		208	603

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.

16. Amounts due from/(to) subsidiaries

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

17. Cash and cash equivalents

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	971,481	600,515	25,196	43,761
Fixed deposits with financial institutions	1,496,346	1,544,312	771,880	791,881
	2,467,827	2,144,827	797,076	835,642
Deposits pledged	(3,127)	(4,420)	-	-
Cash collateral received	(4,572)	(4,798)	-	-
Cash and cash equivalents in statements of cash flows	2,460,128	2,135,609	797,076	835,642

Fixed deposits with licenced banks included RM3,127,000 (2013: RM4,420,000) 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 JPY154,400,000 (RM4,572,000)).

To further support the Rental Income Guarantee, a cash deposit of JPY154,400,000 (2013: JPY154,400,000), approximately RM4,572,000 (2013: RM4,798,000), 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.

18. Share capital

	Amount 2014 RM'000	Number of shares 2014 '000	Amount 2013 RM'000	Number of shares 2013 '000
Group and Company				
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	8,134,974	8,134,974	8,055,445	8,055,445
Issued during the year	43,596	43,596	79,529	79,529
At 31 December	8,178,570	8,178,570	8,134,974	8,134,974

18. Share capital (continued)

Issue of shares

In 2014, the Company issued:

i) 34,000,000 new ordinary shares of RM1.00 each pursuant to the exercise of vested EPP options; and

ii) 9,596,018 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 2014 amounted to RM8,178,569,889.

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

19. 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 mainly 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 21.

(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.

19. Other reserves (continued)

(e) 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.

(f) 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;

(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.

(g) Legal reserve

The legal reserve comprises:

i) 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 2014, 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.

ii) statutory reserve fund ("SRF") for the Group's subsidiaries in the People's Republic of China ("PRC") who are required by the Foreign Enterprise Law to allocate 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations to the SRF annually. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

19. Other reserves (continued)

(h) 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.

20. Loans and borrowings

	Group	
	2014	**2013**
	RM'000	**RM'000**
Non-current		
Secured		
Bank borrowings	1,102,616	1,134,517
Finance lease liabilities	110,648	160,809
Unsecured		
Bank borrowings	2,379,512	2,874,920
	3,592,776	4,170,246
Current		
Secured		
Bank borrowings	167,734	158,480
Finance lease liabilities	53,196	59,152
Unsecured		
Bank borrowings	455,612	73,403
	676,542	291,035
	4,269,318	4,461,281

20. Loans and borrowings (continued)

Bank borrowings and bank overdraft

Included in the loans and borrowings:

(a) Unsecured SGD denominated loan of RMNil (2013: RM12.4 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. This loan was fully repaid in June 2014.

(b) Unsecured SGD denominated bank borrowings of RM375.5 million (2013: 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% (2013: SOR+1.05%) per annum.

(c) Unsecured SGD denominated loan of RM595.1 million (2013: RM573.5 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% (2013: SOR+1.05%) per annum.

(d) Unsecured SGD denominated loans of RM466.0 million (2013: RM216.5 million) bear interest at the rate of SOR+0.9% and bank's cost of funds (2013: SOR+0.9% and bank's cost of funds) per annum and have repayment periods ranging from 2015 – 2020 (2013: 2014 – 2016).

(e) Following bank borrowings and interest rate associated with the subsidiaries of the Group in Turkey:

i) Secured USD denominated loans of RM1,095.9 million (2013: RM1,132.5 million) bear interests at the rate of 3-month London Interbank Offer Rate ("LIBOR")+1.75% - 6.35% (2013: 3-month LIBOR+1.75% - 6.5%) per annum and have repayment periods ranging from 2015 – 2019 (2013: 2014 – 2019).

ii) Secured Macedonian Denar ("MKD") denominated loan of RM5.8 million (2013: RM8.9 million), bears interest at 6.5% (2013: 6.5%) per annum with repayments due by 2015 (2013: 2014).

iii) Secured Euro denominated loans of RM195.1 million (2013: RM68.2 million), bear interests at the rate of 6 month Euro Interbank Offer Rate ("Euribor")+0.7% and 5% (2013: 6 month Euribor + 0.7%) per annum, and are due for repayment in 2017 (2013: 2018).

iv) Unsecured Turkish Lira ("TL") denominated bank borrowings of RM246.4 million (2013: RM61.9 million), bear interests at rate of 0% - 12.5% (2013: 0% - 10.3%) per annum, and have repayment periods ranging from 2015 – 2017 (2013: 2014 – 2015).

The above secured bank borrowings are secured by shares investment in certain subsidiaries and charge over assets of certain subsidiaries. Besides the above mentioned, in 2013, these secured bank borrowings were also secured by first degree mortgages over certain land and buildings of the subsidiaries.

20. Loans and borrowings (continued)

(f) Unsecured JPY denominated loans of RM1,101.5 million (2013: RM1,076.2 million), bear interests at rate of 3-month LIBOR+0.80% - 1.10% and bank's cost of funds (2013: 3-month LIBOR+0.80% - 1.20% and bank's cost of funds), and have repayment periods ranging from 2015 - 2020 (2013: 2014 – 2019).

(g) 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.

Interest rate swaps and cross currency interest rate swaps

The Group entered into interest rate swaps and cross currency 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 25.

Finance lease liabilities

Group	Payments 2014 RM'000	Interest 2014 RM'000	Principal 2014 RM'000	Payments 2013 RM'000	Interest 2013 RM'000	Principal 2013 RM'000
Less than 1 year	60,739	(7,543)	53,196	69,667	(10,515)	59,152
Between 1 and 5 years	116,327	(8,670)	107,657	167,344	(15,055)	152,289
More than 5 years	3,058	(67)	2,991	8,872	(352)	8,520
	180,124	(16,280)	163,844	245,883	(25,922)	219,961

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.

21. Employee benefits

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-current					
Cash-settled LTIP		181	234	181	234
Retirement benefits	22	13,818	12,400	-	-
Employment termination benefits	23	9,313	10,510	-	-
		23,312	23,144	181	234
Current					
Cash-settled LTIP		395	495	395	495
PTM long term incentive plan (cash-settled)		939	887	-	-
Defined contribution plan		23,540	21,812	22	-
Provision for unconsumed leave		18,618	15,734	52	20
		43,492	38,928	469	515

21. Employee benefits (continued)

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, 110,000 (2013: 154,000) cash-settled LTIP units were granted to eligible staff.

PTM long term incentive scheme (cash-settled)

In 2009, 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 represents the cash value amount of the unconsumed leave balance entitlement payable to the employees at the end of the financial year.

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 7,765,000 equity-settled LTIP units (2013: 8,082,610) were granted to eligible staff. The movement in the number of options outstanding under the respective schemes as at 31 December 2014 and the details of the schemes are as follows:

21. Employee benefits (continued)

LTIP

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 LTIP of employees who are promoted to Vice President will be converted into unvested equity-settled LTIP.

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21. Employee benefits (continued)

LTIP (continued)

Date of grant	Number of units outstanding at 1.1.2014	Reclassification	Number of units granted	Number of units lapsed/cancelled	Number of units exercised	Number of units outstanding at 31.12.2014	Number of holders at 31.12.2014
Key Management Personnel							
21 April 2011	1,915,000	(1,110,000)	-	-	(805,000)	-	-
1 September 2011	9,000	-	-	-	(9,000)	-	-
2 April 2012	3,288,000	(1,878,000)	-	-	(704,000)	706,000	2
2 July 2013	3,609,000	(1,681,000)	-	-	(642,000)	1,286,000	3
2 July 2014	-	-	2,114,000	-	-	2,114,000	3
	8,821,000	(4,669,000)	2,114,000	-	(2,160,000)	4,106,000	8
Other eligible employees							
21 April 2011	1,528,000	1,110,000	-	(12,000)	(2,626,000)	-	-
30 June 2011	48,362	-	-	-	(48,362)	-	-
1 August 2011	35,631	-	-	-	(35,631)	-	-
1 September 2011	25,378	-	-	-	(25,378)	-	-
2 April 2012	3,490,102	1,878,000	-	(164,000)	(2,711,353)	2,492,749	63
29 April 2013	3,997,893	-	-	(174,000)	(1,396,294)	2,427,599	71
2 July 2013	-	1,681,000	-	-	(560,000)	1,121,000	2
4 September 2013	101,000	-	-	-	(33,000)	68,000	3
29 April 2014	-	-	5,314,000	(403,000)	-	4,911,000	98
2 July 2014	-	-	337,000	-	-	337,000	1
	9,226,366	4,669,000	5,651,000	(753,000)	(7,436,018)	11,357,348	238
Total for the year							
21 April 2011	3,443,000	-	-	(12,000)	(3,431,000)	-	-
30 June 2011	48,362	-	-	-	(48,362)	-	-
1 August 2011	35,631	-	-	-	(35,631)	-	-
1 September 2011	34,378	-	-	-	(34,378)	-	-
2 April 2012	6,778,102	-	-	(164,000)	(3,415,353)	3,198,749	65
29 April 2013	3,997,893	-	-	(174,000)	(1,396,294)	2,427,599	71
2 July 2013	3,609,000	-	-	-	(1,202,000)	2,407,000	5
4 September 2013	101,000	-	-	-	(33,000)	68,000	3
29 April 2014	-	-	5,314,000	(403,000)	-	4,911,000	98
2 July 2014	-	-	2,451,000	-	-	2,451,000	4
	18,047,366	-	7,765,000	(753,000)	(9,596,018)	15,463,348	246

As at 31 December 2014, no outstanding LTIP units are vested and exercisable.

Company No. 901914-V

21. Employee benefits (continued)

EPP

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
Key Management Personnel						
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
Other eligible employees						
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
Total for the year						
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.

21. Employee benefits (continued)

EPP (continued)

Date of grant	Number of options outstanding at 1.1.2014	Reclassification	Number of options granted	Number of options lapsed/cancelled	Number of options exercised	Number of options outstanding at 31.12.2014	Number of holders at 31.12.2014
Key Management Personnel							
31 March 2011	37,500,000	(18,750,000)	-	-	(9,375,000)	9,375,000	1
1 June 2011	2,750,000	(2,750,000)	-	-	-	-	-
27 July 2011	2,000,000	-	-	-	(1,000,000)	1,000,000	1
	42,250,000	(21,500,000)	-	-	(10,375,000)	10,375,000	2
Other eligible employees							
31 March 2011	-	18,750,000	-	-	(9,375,000)	9,375,000	1
1 June 2011	20,250,000	2,750,000	-	-	(11,250,000)	11,750,000	10
27 July 2011	3,000,002	-	-	-	(1,500,000)	1,500,002	3
1 September 2011	2,500,000	-	-	(1,250,000)	(1,250,000)	-	-
1 December 2011	750,000	-	-	-	(250,000)	500,000	1
	26,500,002	21,500,000	-	(1,250,000)	(23,625,000)	23,125,002	15
Total for the year							
31 March 2011	37,500,000	-	-	-	(18,750,000)	18,750,000	2
1 June 2011	23,000,000	-	-	-	(11,250,000)	11,750,000	10
27 July 2011	5,000,002	-	-	-	(2,500,000)	2,500,002	4
1 September 2011	2,500,000	-	-	(1,250,000)	(1,250,000)	-	-
1 December 2011	750,000	-	-	-	(250,000)	500,000	1
	68,750,002	-	-	(1,250,000)	(34,000,000)	33,500,002	17

As at 31 December 2014, 750,000 EPP outstanding options are vested and exercisable.

21. 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 2014	**LTIP granted in 2013**	**LTIP granted in 2012**	**LTIP granted in 2011**	**EPP granted in 2011**
Fair value at grant date	RM3.89 – RM4.39	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	n/a	14.4x–15.2x	16.6x-17.4x	n/a
- Malaysia-based hospital and healthcare services	n/a	n/a	8.8x–9.6x	9.3x-10.1x	n/a
- Turkey-based hospital and healthcare services	n/a	n/a	17.0x–18.0x	n/a	n/a
- Education services	n/a	n/a	7.2x–8.0x	8.0x-8.8x	n/a
Weighted average cost of capital	n/a	n/a	7.0%–15.0%	10%-11%	n/a
Share price at grant date	RM3.95 – RM4.39	RM3.75 - RM4.00	n/a	n/a	n/a
Expected volatility (average volatility)	16.60%	17.33% - 18.65%	n/a	n/a	20.0% - 25.0%
Option life (expected average life)	6.5 – 6.92 years	7.5 - 7.92 years	n/a	n/a	5 years
Expected dividends yield	0.51%	0.50% - 0.53%	n/a	n/a	3.0%
Risk free rate	3.39% - 3.74%	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**	
	Note	**2014 RM'000**	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Share based payment expenses included in staff costs	27	27,700	23,189	6,767	5,425

22. 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 financial year, the present values of the unfunded obligations are:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Present value of unfunded obligations	13,818	12,400
Movements in the liability for defined benefits obligations		
At 1 January	12,400	12,444
Included in profit or loss		
Current service costs	1,159	746
Past service credit	-	5
Interest on obligation	673	697
	1,832	1,448
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	(414)	(370)
At 31 December	13,818	12,400

Actuarial assumptions

Principal actuarial assumptions at the end of the financial year (expressed as weighted averages):

	Group	
	2014	**2013**
	%	**%**
Discount rate	5.0 – 5.5	6.3 – 6.8
Future salary increases	5.0 – 6.0	5.0 – 6.0

22. 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 financial year would have increased/(decreased) as a result of a change in the respective assumptions by 1%, holding other assumptions constant.

	Group	
	Increase RM'000	**Decrease RM'000**
2014		
Discount rate (1% movement)	(1,587)	1,897
Future salary growth (1% movement)	2,286	(1,923)
Future mortality (10% movement)	(6)	7
2013		
Discount rate (1% movement)	(1,441)	1,719
Future salary growth (1% movement)	1,929	(1,636)
Future mortality (10% movement)	(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.

23. 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 2014, the ceiling amount has been limited to TL3,438 (2013: TL3,254), approximately RM5,098 (2013: RM4,971). The reserve 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	
	2014 RM'000	**2013 RM'000**
Present value of unfunded obligations	9,313	10,510

23. Employment termination benefits (continued)

	Group	
	2014	2013
	RM'000	RM'000
Movements in the liability for defined benefits obligations		
At 1 January	10,510	8,315
Included in profit or loss		
Current service costs	1,838	4,146
Interest on obligation	1,252	633
	3,090	4,779
Included in other comprehensive income		
Remeasurement loss		
- Actuarial loss arising from financial assumptions	7,409	8,541
Other		
Benefits paid	(11,393)	(9,952)
Effect of movements in exchange rate	(303)	(1,173)
	(11,696)	(11,125)
At 31 December	9,313	10,510

Actuarial assumptions

Principal actuarial assumptions at the end of the financial year (expressed as weighted averages):

	Group	
	2014	2013
Annual inflation rate	5.0%	6.0%
Discount rate	9.0%	10.0%
Retirement pay ceiling amount	TL3,438	TL3,254

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.

24. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Non-current				
Trade payables	2,503	21,478	-	-
Other payables	5,528	7,383	-	-
Loans from a non-controlling interest	367,027	297,851	-	-
	375,058	326,712	-	-
Deposits	33,443	36,407	-	-
	408,501	363,119	-	-

24. Trade and other payables (continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Trade payables	541,340	542,140	-	-
Accrued operating expenses	456,535	379,791	6,680	11,538
Other payables	247,711	236,755	174	202
Interest payables	12,629	12,180	-	-
Amounts due to related parties (trade)	9,611	52,767	-	-
Amounts due to related parties (non-trade)	247	2,410	-	190
	1,268,073	1,226,043	6,854	11,930
Deposits and advance billings	122,568	105,132	-	-
	1,390,641	1,331,175	6,854	11,930

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% (2013: 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 ("GHK"), for the purchase of land and construction of a hospital in Hong Kong.

25. Derivative assets and liabilities

	Group	
	2014 RM'000	2013 RM'000
Non-current assets		
Foreign exchange forward contracts held at fair value through profit or loss ("FVTPL")	16,111	15,949
Cross currency interest rate swaps used for hedging	12,102	-
	28,213	15,949
Current assets		
Foreign exchange forward contracts held at FVTPL	1,067	233
Non-current liabilities		
Interest rate swaps used for hedging	(6,536)	(3,566)
Current liabilities		
Interest rate swaps		
- held at FVTPL	-	(2,239)
- used for hedging	(517)	(882)
	(517)	(3,121)
Net derivative assets and liabilities	22,227	9,495

25. Derivative assets and liabilities (continued)

	Nominal value 2014 RM'000	Nominal value 2013 RM'000	Fair value 2014 RM'000	Fair value 2013 RM'000
Derivatives held at FVTPL				
- Foreign exchange forward contracts	88,282	84,677	17,178	16,182
- Interest rate swaps	-	184,876	-	(2,239)
Derivatives used for hedging				
- Interest rate swaps	1,445,242	1,386,325	(7,053)	(4,448)
- Cross currency interest rate swaps	201,737	-	12,102	-
	1,735,261	1,655,878	22,227	9,495

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

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.

26. Revenue

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Hospital and healthcare services income	6,936,791	6,383,391	-	-
Education services income	223,403	203,223	-	-
Rental income	165,696	149,640	-	-
Management fees	13,442	16,007	-	-
Dividend income	4,687	4,190	38,123	710,732
	7,344,019	6,756,451	38,123	710,732

27. Staff costs

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Wages, salaries and others		2,688,964	2,422,513	13,872	15,272
Contribution to defined contribution plans		105,467	95,441	418	334
Equity-settled share-based payments	21	27,700	23,189	6,767	5,425
		2,822,131	2,541,143	21,057	21,031

28. Finance income and costs

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Finance income				
Interest income				
- Banks and financial institutions	48,833	39,484	23,738	19,369
- Others	650	385	-	-
Exchange gain on loans	13,853	-	-	-
Fair value gain on financial derivatives	2,287	19,249	-	-
	65,623	59,118	23,738	19,369
Finance costs				
Interest expense on loans and borrowings	(120,230)	(117,045)	-	-
Exchange losses on loans	(58,369)	(189,807)	-	-
Other finance costs	(11,207)	(21,861)	(11)	(6)
	(189,806)	(328,713)	(11)	(6)

29. Profit before tax

(a) Auditors' remuneration charged to profit or loss comprises:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Audit fees				
Current year				
- KPMG Malaysia	(982)	(879)	(336)	(320)
- Affiliates of KPMG Malaysia	(2,820)	(2,964)	(87)	(81)
- Other auditors	(609)	(718)	-	-
(Under)/over provision for prior years				
- KPMG Malaysia	(72)	31	-	-
- Affiliates of KPMG Malaysia	(1)	(79)	-	-
Non-audit fees paid to				
- KPMG Malaysia	(455)	(283)	(412)	(103)
- Affiliates of KPMG Malaysia	(1,274)	(997)	(288)	(170)

29. Profit before tax (continued)

(b) Profit before tax is arrived at after crediting/(charging):

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Exchange gains/(loss)		6,996	15,517	(227)	2,588
Impairment losses (made)/written back on:					
- Investment in subsidiary		-	-	(1,000)	-
- Trade and other receivables	14,15	(18,275)	(21,967)	-	-
- Amounts due from associates		1,022	1,247	-	-
- Investment in joint ventures		-	(2,545)	-	-
- Other financial assets		-	25,311	-	-
Write-off					
- Property, plant and equipment		(2,116)	(904)	-	(3)
- Intangible assets		(140)	(534)	-	-
- Inventories		(662)	(515)	-	-
- Trade and other receivables		(9,331)	(5,469)	(13)	(50)
Rental of premises		(174,379)	(149,261)	(1,511)	(1,049)
Rental of machinery and equipment		(24,516)	(24,534)	(31)	(18)
Gain on disposal of property, plant and equipment		2,939	3,698	-	-
Gain on divestment of investment properties		36,425	-	-	-
Professional and consultancy fee for acquisitions		(3,770)	(4,695)	(940)	(3,706)
Change in fair value of contingent consideration payable		-	3,946	-	-
Change in fair value of investment properties	5	52,453	42,840	-	-
Gain on disposal of assets held for sale		-	67	-	-
Gain on disposal of subsidiaries	42	336	4,376	-	-

30. Other comprehensive income

	2014 Before tax RM'000	2014 Tax benefit RM'000 (Note 11)	2014 Net of tax RM'000	2013 Before tax RM'000	2013 Tax benefit RM'000 (Note 11)	2013 Net of tax RM'000
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation differences from foreign operations	409,569	-	409,569	(154,425)	-	(154,425)
Hedge of net investments in foreign operations	103,036	-	103,036	165,822	-	165,822
Net change in fair value of available-for-sale financial assets	132,546	-	132,546	38,223	-	38,223
Cash flow hedge	(2,541)	-	(2,541)	788	-	788
	642,610	-	642,610	50,408	-	50,408
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	(7,409)	1,482	(5,927)	(7,419)	1,456	(5,963)
Revaluation of property, plant and equipment upon reclassification to investment properties (Note 3)	35,666	-	35,666	205	-	205
	28,257	1,482	29,739	(7,214)	1,456	(5,758)
Total	670,867	1,482	672,349	43,194	1,456	44,650

31. 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	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Non-executive Directors:				
- Fees	4,061	3,615	1,991	1,880
Executive Directors:				
- Fees	2,524	2,453	-	-
- Remuneration and other benefits	10,390	15,538	4,182	6,518
- Share-based payment	8,286	11,139	1,273	5,069
	21,200	29,130	5,455	11,587
Total short term employee benefits	25,261	32,745	7,446	13,467

The estimated monetary value of Directors' benefit-in-kind is RM35,000 (2013: RM239,000).

32. Income tax expense

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Current tax expense				
Current year	262,910	194,616	5,837	5,943
Over provided in prior years	(1,410)	(34,843)	(11)	(440)
	261,500	159,773	5,826	5,503
Deferred tax expense				
Origination and reversal of temporary differences	11,844	(1,097)	-	-
Under/(over) provided in prior years	4,548	(10,973)	-	-
	16,392	(12,070)	-	-
	277,892	147,703	5,826	5,503

32. Income tax expense (continued)

Reconciliation of tax expense

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Profit before tax	1,221,176	881,562	25,373	695,108
Less:				
Share of (profits)/losses of associates (net of tax)	(1,702)	1,793	-	-
Share of profits of joint ventures (net of tax)	(8,149)	(3,971)	-	-
	1,211,325	879,384	25,373	695,108
Income tax calculated using Malaysian tax rate of 25% (2013: 25%)	302,831	219,846	6,343	173,777
Effect of tax rates in foreign jurisdictions	(31,548)	(29,902)	(55)	(123)
Tax exempt income	(40,601)	(63,044)	(9,538)	(178,331)
Non-deductible expenses	45,091	66,768	9,087	10,620
Recognition of previously unrecognised deferred tax assets	(1,934)	(2,552)	-	-
Deferred tax assets not recognised	915	2,403	-	-
Under/(over) provided in prior years	3,138	(45,816)	(11)	(440)
	277,892	147,703	5,826	5,503

33. Earnings per share

	Group 2014	Group 2013
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders (RM'000)	754,291	631,159

Basic earnings per share

	2014	2013
Weighted average number of shares ('000)	8,164,530	8,113,717
Basic earnings per share (sen)	9.24	7.78

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.

	2014	2013
Weighted average number of ordinary shares used in calculation of basic earnings per share ('000)	8,164,530	8,113,717
Weighted average number of unissued ordinary shares from units under LTIP ('000)	10,092	11,311
Weighted average number of unissued ordinary shares from share options under EPP ('000)	18,435	26,439
Weighted average number of ordinary shares used in calculation of diluted earnings per share ('000)	8,193,057	8,151,467
Diluted earnings per share (sen)	9.21	7.74

34. Dividends

Dividends recognised by the Company:

	Per ordinary share Sen	Total amount RM'000	Date of payment
First and final single tier cash dividend for financial year ended 31 December 2013	2.0	163,500	16 July 2014

The Directors have proposed the following dividends which is subject to shareholders approval at the forthcoming Annual General Meeting:

	Per ordinary share Sen	Total amount RM'000
First and final single tier cash dividend for financial year ended 31 December 2014	3.0	245,357*

*: Based on 8,178,569,889 shares as at 31 December 2014.

35. 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, prepaid lease payments, investment properties, and intangible assets.

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35. Segment reporting (continued)

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	4,374,837	2,652,289	217,884	94,322	4,687	-	7,344,019
Inter-segment revenue	87,961	-	3,028	164,436	34,149	(289,574)	-
Total segment revenue	4,462,798	2,652,289	220,912	258,758	38,836	(289,574)	7,344,019
EBITDA	1,180,470	477,103	76,680	298,324	4,377	(97,982)	1,938,972
Depreciation and impairment losses of property, plant and equipment	(270,270)	(227,077)	(12,087)	(30,688)	(431)	-	(540,553)
Amortisation and impairment losses of intangible assets	(32,559)	(33,993)	(375)	-	-	-	(66,927)
Foreign exchange gains/(losses)	1,123	764	(77)	5,413	(227)	-	6,996
Finance income	26,781	10,107	4,889	108	23,738	-	65,623
Finance costs	(16,992)	(151,081)	(243)	(21,473)	(17)	-	(189,806)
Share of profits of associates (net of tax)	1,702	-	-	-	-	-	1,702
Share of profits of joint ventures (net of tax)	8,149	-	-	-	-	-	8,149
Others	(1,112)	(669)	(259)	-	(940)	-	(2,980)
Profit before tax	897,292	75,154	68,528	251,684	26,500	(97,982)	1,221,176
Income tax expense	(206,407)	(16,730)	(18,947)	(29,982)	(5,826)	-	(277,892)
Profit for the year	690,885	58,424	49,581	221,702	20,674	(97,982)	943,284
Assets and liabilities							
Cash and bank balances	855,217	241,658	180,332	392,825	797,795	-	2,467,827
Other assets	16,008,756	5,330,311	384,250	3,512,877	958,066	(21,781)	26,172,479
Segment assets as at 31 December 2014	16,863,973	5,571,969	564,582	3,905,702	1,755,861	(21,781)	28,640,306
Loans and borrowings	509,219	2,191,855	735	1,567,509	-	-	4,269,318
Other liabilities	1,850,606	800,876	127,634	286,128	14,129	(21,781)	3,057,592
Segment liabilities as at 31 December 2014	2,359,825	2,992,731	128,369	1,853,637	14,129	(21,781)	7,326,910

Company No. 901914-V

35. Segment reporting (continued)

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	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 losses of property, plant and equipment	(267,434)	(220,990)	(12,713)	(30,199)	(176)	-	(531,512)
Amortisation and impairment losses 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/(Loss) 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/(Loss) for the year	637,061	(35,574)	46,893	134,516	712,992	(762,029)	733,859
Assets and liabilities							
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

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35. 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[1] RM'000	Eliminations RM'000	Total RM'000
2014									
Revenue from external customers	2,742,340	1,528,561	201,900	94,085	2,652,289	124,844	-	-	7,344,019
Revenue from inter-segment	-	-	-	-	-	-	38,318	(38,318)	-
Total segment revenue	2,742,340	1,528,561	201,900	94,085	2,652,289	124,844	38,318	(38,318)	7,344,019
Non-current assets[2]	12,834,026	3,834,361	1,151,502	1,177,047	4,581,233	34,100	3,080	-	23,615,349
Capital expenditure[3]	122,688	290,378	123,245	212,887	413,236	2,488	2,745	-	1,167,667
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[2]	12,421,543	3,584,618	971,773	1,170,028	4,610,291	36,646	2,902	-	22,797,801
Capital expenditure[3]	111,007	188,647	743,523	219,513	437,005	2,146	2,677	-	1,704,518

1: Others include balances relating to corporate offices, which is unallocated.
2: Non-current assets consist of property, plant and equipment, prepaid lease payments, investment properties, goodwill and intangible assets.
3: Capital expenditure consist of additions to property, plant and equipment, prepaid lease payments, investment properties and intangible assets.

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36. 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").

2014	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	969,616	804	938,247	30,565	-	-
Trade and other receivables [(1)]	955,200	955,200	-	-	-	-
Derivative assets	29,280	-	-	-	17,178	12,102
Cash and cash equivalents	2,467,827	2,467,827	-	-	-	-
	4,421,923	3,423,831	938,247	30,565	17,178	12,102
Company						
Other financial assets	69	69	-	-	-	-
Trade and other receivables [(1)]	1,013	1,013	-	-	-	-
Amounts due from subsidiaries	11,132	11,132	-	-	-	-
Cash and cash equivalents	797,076	797,076	-	-	-	-
	809,290	809,290	-	-	-	-
Financial liabilities						
Group						
Trade and other payables [(2)]	(1,643,131)	(1,643,131)	-	-	-	-
Loans and borrowings	(4,269,318)	(4,269,318)	-	-	-	-
Derivative liabilities	(7,053)	-	-	-	-	(7,053)
	(5,919,502)	(5,912,449)	-	-	-	(7,053)
Company						
Trade and other payables [(2)]	(6,854)	(6,854)	-	-	-	-
Amounts due to subsidiaries	(1,526)	(1,526)	-	-	-	-
	(8,380)	(8,380)	-	-	-	-

36. Financial instruments (continued)

(i) Categories of financial instruments (continued)

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	-	-	-	-
	3,879,675	3,090,549	743,967	28,977	16,182	-
Company						
Trade and other receivables [(1)]	987	987	-	-	-	-
Amounts due from subsidiaries	12,560	12,560	-	-	-	-
Cash and cash equivalents	835,642	835,642	-	-	-	-
	849,189	849,189	-	-	-	-
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)
	(6,020,723)	(6,014,036)	-	-	(2,239)	(4,448)
Company						
Trade and other payables [(2)]	(11,930)	(11,930)	-	-	-	-
Amounts due to subsidiaries	(1,518)	(1,518)	-	-	-	-
	(13,448)	(13,448)	-	-	-	-

[(1)]: Excludes prepayments and deposits
[(2)]: Excludes deposits and advance billings

36. Financial instruments (continued)

(i) Categories of financial instruments (continued)

Net gains/(losses) arising from financial instruments

	Group	
	2014	**2013**
	RM'000	**RM'000**
Available-for-sale financial assets		
- recognised in other comprehensive income	132,546	38,223
- dividend income	4,687	4,190
HTM investments	87	62
Loans and receivables	21,790	37,682
Financial liability measured at FVTPL	-	3,946
Financial liabilities measured at amortised cost	(131,437)	(138,906)
Derivative liabilities		
- recognised in other comprehensive income	9,478	788
- recognised in profit or loss	2,287	19,249
	39,438	(34,766)

	Company	
	2014	**2013**
	RM'000	**RM'000**
Loans and receivables	23,725	19,319

(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.

36. Financial instruments (continued)

(iii) Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the financial year, the maximum exposure to credit risk arising from receivables and financial assets is represented by the carrying amounts in the statements 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 financial year, the Group has outstanding trade receivables from three significant customers with a total balance amounting to RM163,269,000 (2013: one significant customer with balance of RM47,494,000), which is individually 5% or more of the Group's gross trade receivables. Allowance for impairment of RM9,699,000 (2013: RM1,915,000) 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 14 and 15 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 14 and 15 of the financial statements, the Group does not expect any counterparty to fail to meet their obligations.

36. Financial instruments (continued)

(iii) Credit risk (continued)

Receivables (continued)

Impairment losses (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 14 and 15 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
2014			
Trade receivables	151,016	(80,621)	70,395
Other receivables	208	(208)	-
2013			
Trade receivables	150,087	(72,366)	77,721
Other receivables	603	(603)	-

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

Amount due from subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provides 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 financial year, 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 financial year, there was no indication that the amounts due from subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the amount due from subsidiaries, but would assess for impairment periodically.

36. Financial instruments (continued)

(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.

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 financial year based on undiscounted contractual payments:

2014	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
Group						
Non-derivative financial liabilities						
Secured bank borrowings	1,270,350	1.75% - 6.50%	1,401,887	217,717	1,129,542	54,628
Unsecured bank borrowings	2,835,124	0% - 12.50%	2,974,792	481,877	2,185,681	307,234
Finance lease liabilities	163,844	2.40% - 17.17%	180,124	60,739	116,328	3,057
Loans from a non-controlling interest	367,027	1.83% - 1.85%	377,258	-	377,258	-
Trade and other payables*	1,276,104		1,276,104	1,268,073	8,031	-
	5,912,449		6,210,165	2,028,406	3,816,840	364,919
Derivative financial instruments						
Foreign exchange forward contracts	(17,178)		(17,841)	(6,931)	(10,719)	(191)
Cross currency interest rate swaps	(12,102)		(12,544)	(2,206)	(8,819)	(1,519)
Interest rate swaps	7,053		7,309	2,034	5,251	24
	(22,227)		(23,076)	(7,103)	(14,287)	(1,686)
Company						
Non-derivative financial liabilities						
Amounts due to subsidiaries	1,526		1,526	1,526	-	-
Trade and other payables*	6,854		6,854	6,854	-	-
	8,380		8,380	8,380	-	-

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36. Financial instruments (continued)

(iv) Liquidity risk (continued)

Maturity analysis (continued)

2013	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
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*	1,254,904		1,254,904	1,226,043	28,861	-
	6,014,036		6,411,443	1,604,591	4,642,731	164,121
Derivative financial instruments						
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
	(9,495)		(10,065)	(2,439)	(7,639)	13
Company						
Non-derivative financial liabilities						
Amounts due to subsidiaries	1,518		1,518	1,518	-	-
Trade and other payables*	11,930		11,930	11,930	-	-
	13,448		13,448	13,448	-	-

*: Excludes deposits, advance billings and loans from a non-controlling interest.

36. 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). The Group also enters in cross currency interest swaps to realign borrowings to the same currency of the Group's foreign investments to achieve a natural hedge.

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.

See Note 25 for the nominal value and fair value of the foreign exchange forward contracts and cross currency interest rate swaps as at 31 December 2014.

36. 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 financial year 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
2014									
Trade and other receivables	8,351	6,866	4,193	10,719	11,292	-	3,509	-	5,086
Cash and cash equivalents	237	-	2,248	4,120	226,075	2	1,460	137,741	46
Loans and borrowings	-	-	-	(364,905)	(1,095,907)	(53,585)	(195,084)	-	-
Trade and other payables	(6)	(3,925)	(12,605)	(187,833)	3,076	(2,236)	(21,972)	-	(131)
Foreign exchange forward contracts	-	-	-	-	-	-	-	17,178	-
	8,582	2,941	(6,164)	(537,899)	(855,464)	(55,819)	(212,087)	154,919	5,001
2013									
Other financial assets	-	-	-	-	22,869	-	-	-	-
Trade and other receivables	8,042	180	532,669	12,352	17,520	-	6,836	-	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)	-	(214)
Foreign exchange forward contracts	-	-	-	-	-	-	-	16,182	-
Interest rate swaps	-	-	-	-	(2,240)	-	-	-	-
	8,267	15	521,004	(434,227)	(834,458)	(76,515)	(194,744)	83,215	10,552

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

36. Financial instruments (continued)

(v) Market risk (continued)

(a) Foreign currency risk (continued)

Company	Singapore Dollar RM'000	Malaysia Ringgit RM'000	United States Dollar RM'000
2014			
Cash and cash equivalents	1,918	-	3,915
Amounts due to subsidiaries	(5,025)	(4,992)	-
	(3,107)	(4,992)	3,915
2013			
Trade and other receivables	146	-	-
Cash and cash equivalents	106,644	-	7,140
Amounts due to subsidiaries	(18,674)	(3,800)	-
	88,116	(3,800)	7,140

Sensitivity analysis

A 10% strengthening of the following currencies against the respective functional currencies of the Group entities at the end of the financial year 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
British Pound	858	827	-	-
Chinese Renminbi	294	2	-	-
Malaysian Ringgit	(616)	52,100	(499)	(380)
Singapore Dollar	(53,790)	(43,423)	(311)	8,812
United States Dollar	(85,546)	(83,446)	392	714
Swiss Franc	(5,582)	(7,652)	-	-
Euro	(21,209)	(19,474)	-	-
Japanese Yen	6,917	(46)	-	-
Others*	500	1,055	-	-
	(158,174)	(100,057)	(418)	9,146

*: Others include mainly Turkish Lira, Australia Dollars, Hong Kong Dollar and Indian Rupee

On the outstanding forward foreign exchange contracts as at 31 December 2014, a 10% strengthening of Japanese Yen against Malaysia Ringgit would have a RM6,857,000 loss (2013: RM6,749,000 loss) charged to profit or loss. However, this would have no significant impact to the Group as the Group would have a corresponding gain in its net future income from Japan as a result of the weakening of Malaysia Ringgit.

36. Financial instruments (continued)

(v) Market risk (continued)

(a) Foreign currency risk (continued)

A 10% (2013: 10%) weakening of the above currencies against the respective functional currencies of the Group entities at the end of the financial year 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.

(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 25 for the nominal value and fair value of the interest rate swaps.

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 financial year are as follows:

36. Financial instruments (continued)

(v) Market risk (continued)

(b) Interest rate risk (continued)

	2014 RM'000	2013 RM'000
Group		
Fixed rate instruments		
Government debt securities held to maturity	30,565	28,977
Fixed deposits placed with licensed banks	1,496,346	1,544,312
Bank borrowings	(305,733)	(141,259)
Finance lease liabilities	(163,844)	(219,961)
Variable rate instruments		
Bank borrowings and overdrafts	(3,799,741)	(4,100,061)
Loans from a non-controlling interest	(367,027)	(297,851)
Interest rate swaps	(7,053)	(6,687)
Cross currency interest rate swaps	12,102	-
Company		
Fixed rate instruments		
Fixed deposits with licensed banks	771,880	791,881

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 financial year would not affect profit or loss.

36. Financial instruments (continued)

(v) Market risk (continued)

(b) Interest rate risk (continued)

Sensitivity analysis (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date 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.

	Assets*		**Equity**		**Profit or loss**	
Group	**100bp increase RM'000**	**100bp decrease RM'000**	**100bp increase RM'000**	**100bp decrease RM'000**	**100bp increase RM'000**	**100bp decrease RM'000**
2014						
Interest rate swaps	-	-	28,060	(34,615)	8,726	(8,726)
Cross currency interest rate swaps	-	-	11,041	(11,790)	2,018	(2,018)
Other variable rate instruments	7,695	(7,695)	-	-	(34,016)	34,016
	7,695	(7,695)	39,101	(46,405)	(23,272)	23,272
2013						
Interest rate swaps	-	-	23,931	(26,966)	11,429	(11,429)
Other variable rate instruments	6,453	(6,453)	-	-	(33,484)	33,484
	6,453	(6,453)	23,931	(26,966)	(22,055)	22,055

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

36. 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 2014, 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 RM93,817,000 (2013: RM74,389,000).

(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 2014, the Group had interest rate swaps and cross currency interest rate swaps with nominal value of RM1,445,242,000 and RM201,737,000 respectively (2013: RM1,386,325,000 and RM Nil). Details of the cash flow of the interest rate swaps are shown in Note 36(iv).

As at 31 December 2014, where the interest rate swaps and cross currency interest rate swaps were designated as hedging instruments in qualifying cash flow hedges, the effective portion of the changes in fair value of the swaps amounting to RM2,541,000 losses (2013: RM788,000 gain) 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 financial year was RM1,101,510,000 (2013: RM1,076,189,000). The Group also entered in cross currency interest rate swaps to realign certain SGD borrowings to Japanese Yen to act as a hedge for its foreign investment in Japan. A total effective hedge of foreign exchange gain of RM103,036,000 (2013: RM165,822,000) 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.

36. Financial instruments (continued)

(viii) Fair value of financial instruments

	Note	Fair value of financial instruments carried at fair value Level 1	Level 2	Level 3	Total	Fair value of financial instruments not carried at fair value Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
2014		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group											
Financial assets											
Non-current receivables[(1)]	15	-	-	-	-	-	-	1,326	1,326	1,326	1,326
Other financial assets[(2)]											
- AFS - quoted equity shares	10	938,167	-	-	938,167	-	-	-	-	938,167	938,167
- HTM - government debt securities	10	-	-	-	-	30,496	-	-	30,496	30,496	30,565
Foreign exchange forward contracts held at FVTPL	25	-	17,178	-	17,178	-	-	-	-	17,178	17,178
Cross currency interest rate swaps	25	-	12,102	-	12,102	-	-	-	-	12,102	12,102
		938,167	29,280	-	967,447	30,496	-	1,326	31,822	999,269	999,338
Financial liabilities											
Non-current trade and other payables[(3)]	24	-	-	-	-	-	-	(375,058)	(375,058)	(375,058)	(375,058)
Loans and borrowings	20	-	-	-	-	-	-	(4,269,971)	(4,269,971)	(4,269,971)	(4,269,318)
Interest rate swaps used for hedging	25	-	(7,053)	-	(7,053)	-	-	-	-	(7,053)	(7,053)
		-	(7,053)	-	(7,053)	-	-	(4,645,029)	(4,645,029)	(4,652,082)	(4,651,429)

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36. Financial instruments (continued)

(viii) Fair value of financial instruments (continued)

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair	Carrying
	Note	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	value	amount
2013		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group											
Financial assets											
Non-current receivables[1]	15	-	-	-	-	-	-	1,056	1,056	1,056	1,056
Other financial assets[2]											
- AFS - quoted equity shares	10	743,887	-	-	743,887	-	-	-	-	743,887	743,887
- HTM - government debt securities	10	-	-	-	-	28,961	-	-	28,961	28,961	28,977
Foreign exchange forward contracts held at FVTPL	25	-	16,182	-	16,182	-	-	-	-	16,182	16,182
		743,887	16,182	-	760,069	28,961	-	1,056	30,017	790,086	790,102
Financial liabilities											
Non-current trade and other payables[3]	24	-	-	-	-	-	-	(326,712)	(326,712)	(326,712)	(326,712)
Loans and borrowings	20	-	-	-	-	-	-	(4,461,542)	(4,461,542)	(4,461,542)	(4,461,281)
Interest rate swaps used for hedging	25	-	(4,448)	-	(4,448)	-	-	-	-	(4,448)	(4,448)
Interest rate swaps held at FVTPL	25	-	(2,239)	-	(2,239)	-	-	-	-	(2,239)	(2,239)
		-	(6,687)	-	(6,687)	-	-	(4,788,254)	(4,788,254)	(4,794,941)	(4,794,680)

(1): Exclude prepayments and deposits
(2): Exclude available for sale unquoted equity shares, club membership and other investments
(3): Exclude deposits and advance billings

36. 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 financial year.

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 financial year.

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, cross currency interest rate swaps and interest rate swaps are 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 (2013: no transfer in either direction).

Level 3 fair value

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

36. Financial instruments (continued)

(viii) Fair value of financial instruments (continued)

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 financial year. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

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

	2014	2013
Bank borrowings	1.75% - 12.5%	1.75% - 10.25%
Finance leases	2.40% - 17.17%	0% - 17.17%

37. 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.

		Group	
		2014	2013
	Note	RM'000	RM'000
Loans and borrowings	20	4,269,318	4,461,281
Less: Cash and cash equivalents	17	(2,467,827)	(2,144,827)
Net debt		1,801,491	2,316,454
Total equity		21,313,396	19,922,947
Debt-to-equity ratio		0.08	0.12

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

The Group is in compliance with all externally imposed capital requirements for the financial years ended 2014 and 2013.

38. Operating leases

(i) Leases as lessee

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Non-cancellable operating lease payable:				
- Within 1 year	187,426	267,425	41	-
- After 1 year but within 5 years	511,642	913,759	-	-
- After 5 years	1,618,857	1,398,364	-	-
	2,317,925	2,579,548	41	-

Land lease premium

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 only, and had accordingly made payments.

The Group is unable to ascertain the amount of the lease premium from 2015 to 2028 as the lease amount payable is yet to be determined as at date of these financial statements.

(ii) Leases as lessor

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

	Group	
	2014	2013
	RM'000	RM'000
Non-cancellable operating lease receivable:		
- Within 1 year	136,692	139,997
- After 1 year but within 5 years	372,737	384,695
- After 5 years	705,624	821,877
	1,215,053	1,346,569

39. Capital and other commitments

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(a) Capital expenditure commitments				
Property, plant and equipment and investment properties				
- Authorised and contracted for	2,478,972	425,493	-	-
- Authorised but not contracted for	1,246,703	1,157,038	6,660	-
	3,725,675	1,582,531	6,660	-
(b) Joint venture				
Share of capital commitment of joint venture	124,419	118,260	-	-
(c) Banker guarantees				
Amount of banker guarantees obtained	22,605	21,810	-	-

40. Contingencies (unsecured)

In November 2014, ASH received notification from the tax authorities in Turkey that ASH had under-withheld the value added tax ("VAT") amounting to approximately TL25,210,000 (equivalent to RM37,386,000) between 2008 to 2013 for services rendered by doctors who are partners or employees of another company. This is the result of a difference in interpretation between the Turkish private healthcare industry and the tax authorities of the VAT rates applicable to such services. The related penalty and interest amounts approximately to TL38,021,000 (equivalent to RM56,384,000) and TL12,100,000 (equivalent to RM17,944,000) respectively.

ASH had initiated discussions with the tax authorities to resolve the matter. Based on consultation with its tax advisors, the Group is of the opinion that no provision is required to be made in these financial statements.

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 31.

41. Related parties (continued)

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 2014 RM'000	Group 2013 RM'000
With key management personnel and their associates		
Sales and provision of services	47,233	322,285
Purchases and consumption of services	(42,404)	(61,254)
With associates		
Rental income	235	174
With substantial shareholders and their subsidiaries		
Sales and provision of services	221,169	41,269
Purchases and consumption of services	(43,487)	(3,135)

	Company 2014 RM'000	Company 2013 RM'000
With subsidiaries		
Dividend income	38,123	710,732
Share based payment transactions	(20,933)	(17,764)

Significant related party balances related to the above transactions are disclosed in Notes 14, 15, and 24. As at 31 December 2014, trade receivables due from key management personnel and their associates amounted to RM17,651,000 (2013: RM88,568,000).

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 statements of profit or loss and other comprehensive income and are disclosed in Note 29.

42. Acquisitions and disposals (continued)

Changes in ownership interests in subsidiaries in 2014

(a) On 17 March 2014, Swiss Zone Sdn. Bhd. ("Swiss Zone"), an indirect wholly-owned subsidiary of the Company, was dissolved pursuant to members' voluntary winding up. The dissolution of Swiss Zone is part of the Group's streamlining exercise.

The transaction resulted in a increase in foreign currency translation reserve of RM194,000.

(b) 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%.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM2,602,000 and RM1,175,000 respectively.

(c) 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, the Group's effective interest in PLife REIT was diluted from 35.78% to 35.76%.

The transaction resulted in an increase in capital reserve, non-controlling interests and hedge reserve of RM680,000, RM207,000 and RM1,000 respectively, and a decrease in foreign currency translation reserve of RM4,000.

(d) On 29 May 2014, Shanghai Mai Kang Hospital Investment Management Co., Ltd ("Shanghai Mai Kang") acquired the remaining 15% equity interest in Shanghai Rui Hong Clinic Co. Ltd ("Shanghai Rui Hong") for a purchase consideration of RMB4,050,000 (equivalent to RM2,085,000). Upon completion of the acquisition, Shanghai Rui Hong became an indirect wholly-owned subsidiary of the Company with 70% equity interest held through Medical Resources International Pte Ltd ("MRI") and the remaining 30% held through Shanghai Mai Kang.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM213,000 and RM1,872,000 respectively.

(e) On 30 May 2014, Shanghai Mai Kang acquired the remaining 15% equity interest in Shanghai Xin Rui Healthcare Co. Ltd ("Shanghai Xin Rui") for a purchase consideration of RMB41,210,000 (equivalent to RM21,215,000). Upon completion of the acquisition, Shanghai Xin Rui became an indirect wholly-owned subsidiary of the Company with 70% equity interest held through MRI and the remaining 30% held through Shanghai Mai Kang.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM2,602,000 and RM18,613,000 respectively.

42. Acquisitions and disposals (continued)

Changes in ownership interests in subsidiaries in 2014 (continued)

(f) 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 Takeover Offer ("MTO") and Voluntary Takeover 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 2014, ASYH's equity interest in ASH is 99.38%, following the tender of shares.

The transaction resulted in a decrease in capital reserve and non-controlling interests of RM2,163,000 and RM2,840,000 respectively.

Disposal of subsidiaries in 2013

On 23 July 2013, Parkway Holdings Limited ("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$5,138,000 ("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 interests		(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

The consideration for the above was fixed at RM13,196,000 in 2014 in accordance to the terms in the SPA and an additional gain of RM336,000 was recognised in the profit and loss. The consideration of RM336,000 was received in January 2015.

42. Acquisitions and disposals (continued)

Changes in ownership interests in subsidiaries in 2013

(a) On 15 January 2013, 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 interests of RM6,023,000 and RM7,955,000 respectively.

(b) On 28 February 2013 and 18 November 2013, Parkway HK Holdings Limited ("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 interests 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, PGRSB acquired another 15.00% equity interest in 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 interests 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 interests 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 interests 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 interests of RM14,474,000 and RM10,005,000 respectively.

(h) In 2013, 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 interests and hedge reserve of RM710,000, RM226,000 and RM1,000 respectively, and a decrease in foreign currency translation reserve of RM4,000.

43. Significant event during the financial year

On 24 November 2014, GHK, an indirect 60% owned subsidiary of the Company, had awarded the main contract for superstructure works for GHK to Hip Hing-Chun Wo Joint Venture (GH) for a contract sum of HKD2,484,033,000 (equivalent to RM1,070,847,000) upon the terms and conditions as set out in the Letter of Award dated 24 November 2014.

The superstructure works comprise the design, completion and maintenance of the main contract works for the development of a private hospital at Lot No. 458, Nam Fung Path, Aberdeen Inland, Hong Kong which was acquired via public tender on 13 March 2013.

44. Comparative figures

Prepaid lease payments relate to a leasehold land which was acquired in 2013 and is, in substance, an operating lease. Such leasehold land is reclassified in current year from property, plant and equipment to prepaid lease payments to reflect the nature of the transaction. Accordingly, the comparative balances have been restated to conform with current year's presentation as disclosed below.

	2013		
	As previously stated RM'000	**Reclassification RM'000**	**As restated RM'000**
Statement of financial position			
Property, plant and equipment	9,365,720	(703,049)	8,662,671
Prepaid lease payments	-	703,049	703,049
Statement of cash flows – investing activities			
Purchase of property, plant and equipment	(1,426,502)	706,441	(720,061)
Payments for prepaid lease	-	(706,441)	(706,441)

45. Event subsequent to the end of the financial year

On 18 February 2015, Gleneagles Development Pte Ltd, an indirect wholly-owned subsidiary of the Company, entered into a Share Purchase Agreement and Share Subscription Agreement to acquire and subscribe to 51.0% equity interest in Continental Hospitals Limited, for a total consideration of INR2,818,830,000 (equivalent to RM166,731,000). The consideration was satisfied by cash payment and the acquisition was completed on 23 March 2015. As at the date of this report, the Group is in the midst of performing the purchase price allocation exercise on this acquisition.

46. Subsidiaries

Details of subsidiaries are as follows:

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	2013 %
<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 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 2014 %	2013 %
Indirect subsidiaries				
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	Investment holding	100	100
IMC 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 IMU Healthcare Sdn. Bhd.:				
IMU Dialysis Sdn. Bhd.	Malaysia	Establishing, operating and managing dialysis centre(s) for the provision of haemodialysis and its related services	60	-
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	In liquidation	100	100
Parkway HK Holdings Limited (1)#	Hong Kong	Investment holding	100	100
Parkway Holdings Limited #	Singapore	Investment holding	100	100

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	Effective equity interest held 2013 %
Pantai Diagnostics Indonesia Sdn. Bhd.	Malaysia	Investment holding	100	100
Pantai Holdings Berhad	Malaysia	Investment holding	100(13)	-
Parkway Group Healthcare Pte Ltd	Singapore	Investment holding and provision of management and consultancy services	70(7)	-
Held through Integrated Healthcare Hastaneler Turkey Sdn. Bhd.:				
Acıbadem Sağlık Yatırımları Holding A.Ş. #	Turkey	Investment holding	60	60
Held through Acıbadem Sağlık Yatırımları Holding A.Ş.:				
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	59.6
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	59.6
Acıbadem Labmed Sağlık Hizmetleri A.Ş.#	Turkey	Provision of laboratory services	59.6	59.6
International Hospital İstanbul A.Ş. #	Turkey	Provision of medical, surgical and hospital services	53.6	53.6
Acıbadem Mobil Sağlık Hizmetleri A.Ş. (5)#	Turkey	Provision of emergency, home and ambulatory care services	59.6	59.6

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	Effective equity interest held 2013 %
PZU Clinical Hospital Acıbadem Sistina Skopje #	Macedonia	Provision of medical, surgical and hospital services	30.0	30.0
Acıbadem Sistina Medikal Kompani Doo Skopje #	Macedonia	Provision of medical equipment and import and wholesale of drug and medical materials	29.8	29.8
Acıbadem Ortadogu Saglik Yatirimlari 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	59.6
BLAB Laboratuvar Hizmetleri A.S. #	Turkey	Struck off in 2014	-	59.6
Held through Acıbadem Poliklinikleri A.Ş.:				
Konur Sağlık Hizmetleri A.Ş. #	Turkey	Struck off in 2014	-	59.6
Bodrum Tedavi Hizmetleri A.Ş. #	Turkey	Provision of medical, surgical and hospital services	35.7	35.7
Gemtip Özel Sağlık Hizmetleri Sanayi ve Ticaret Ltd. Şti. #	Turkey	Provision of outpatient services	40.5	-(13)
Held through Konur Sağlık Hizmetleri A.Ş.:				
Gemtip Özel Sağlık Hizmetleri Sanayi ve Ticaret Ltd. Şti. #	Turkey	Provision of outpatient services	-(13)	40.5

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46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	Effective equity interest held 2013 %
Held through Bodrum Tedavi Hizmetleri A.Ş.:				
Medlife Clinic Ambulance ve Özel Sağlık Hizmetleri İthalat ve İhracat A.Ş. #	Turkey	Provision of outpatient services	35.7	35.7
Bodrum Medikal Özel Sağlık Hizmetleri Turizm Gıda İnşaat Pazarlama İthalat İhracat Sanayi ve Ticaret A.Ş. #	Turkey	Provision of outpatient services	35.7	35.7
Özel Turgutreis Reis Poliklinik Hizmetleri Ticaret A.Ş. #	Turkey	Provision of outpatient services	35.7	35.7
Sesu Özel Sağlık Hizmetleri Tıbbi Malzemeler ve Ticaret A.Ş. #	Turkey	Provision of outpatient services	35.6	35.6
Held through PZU Clinical Hospital Acıbadem Sistina Skopje:				
Clinical Hospital Acıbadem Sistina Skopje #	Kosovo	Provision of patient administrative assistance	30.0	30.0
Held through Pantai Irama Ventures Sdn. Bhd.:				
Pantai Holdings Berhad	Malaysia	Investment holding	-(13)	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
Gleneagles (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	2013 %
Held through Pantai Group Resources Sdn. Bhd.:				
Credit Enterprise Sdn. Bhd.	Malaysia	In the process of liquidation	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	In the process of striking off	100	100
Twin Towers Healthcare Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	85
Held through Twin Towers Healthcare Sdn. Bhd.:				
Twin Towers Medical Centre KLCC Sdn. Bhd.	Malaysia	Operation of an outpatient and day care medical centre	100	85
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

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	2013 %
Paloh Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	95.6	95.6
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
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	In the process of liquidation	100	100
Magnetom Imaging Sdn. Bhd.	Malaysia	In the process of liquidation	100	100
PMC Radio-Surgery Sdn. Bhd.	Malaysia	In the process of liquidation	100	100

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	2013 %
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	-(13)	100
Held through Pantai Premier Pathology Sdn. Bhd.:				
Orifolio Options Sdn. Bhd.	Malaysia	Letting of property	100	-(13)
Held through Gleneagles (Malaysia) Sdn. Bhd.:				
Pulau Pinang Clinic Sdn. Bhd.	Malaysia	Rendering of hospital services	70.05	70.05
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	85
GHK Hospital Limited #	Hong Kong	Private hospital ownership, development and management	60	60

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	2013 %
Held through Parkway Holdings Limited:				
M & P Investments Pte Ltd #	Singapore	Investment holding	-(13)	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	- (7)	100
Parkway Investments Pte. Ltd. #	Singapore	Investment holding	100	100
Parkway Novena Holdings Pte. Ltd. #	Singapore	Struck off in 2014	-	100
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

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	2013 %
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 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	Struck off in 2014	-	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 2014 %	Effective equity interest held 2013 %
Medical Resources International Pte Ltd #	Singapore	Investment holding	-[11]	100
Swiss Zone Sdn. Bhd.	Malaysia	Liquidated in 2014	-	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
Parkway China Holdings Co. Pte. Ltd. #	Singapore	Investment holding	100	-
Held through Parkway China Holding Co. Pte. Ltd.:				
Medical Resources International Pte Ltd #	Singapore	Investment holding	100[11]	-
M & P Investments Pte Ltd #	Singapore	Investment holding	100[13]	-
Held through Mount Elizabeth Medical Holding Ltd.:				
East Shore Medical Holdings Pte. Ltd. #	Singapore	Struck off in 2014	-	100
Held through Medi-Rad Associates Ltd:				
Radiology Consultants Pte Ltd #	Singapore	Radiology consultancy and interpretative services	100	100
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

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	2013 %
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
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	100	85
Shanghai Xin Rui Healthcare Co., Ltd. (9)#	People's Republic of China	Provision of medical and healthcare outpatient services	100	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	100
Suzhou Xin Hui Clinic Co., Ltd.	People's Republic of China	Provision of medical and healthcare outpatient services	100	-

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	2013 %
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
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	35.76	35.78
Held through Parkway Life Real Estate Investment Trust:				
Matsudo Investment Pte. Ltd.#	Singapore	Investment holding	35.76	35.78
Godo Kaisha Phoebe (12)	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Parkway Life Japan2 Pte. Ltd.#	Singapore	Investment holding	35.76	35.78

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	2013 %
Godo Kaisha Urbino [(12)]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Godo Kaisha Del Monte [(12)]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Godo Kaisha Tenshi 1 [(12)]	Japan	Special purpose entity - Investment in real estate	35.76	-
Godo Kaisha Tenshi 2 [(12)]	Japan	Special purpose entity - Investment in real estate	35.76	-
Parkway Life MTN Pte. Ltd.	Singapore	Provision of financial and treasury services	35.76	35.78
Parkway Life Japan3 Pte. Ltd.	Singapore	Investment holding	35.76	35.78
Godo Kaisha Healthcare 1 [(12) #]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Godo Kaisha Healthcare 2 [(12)]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Godo Kaisha Healthcare 3 [(12)]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Godo Kaisha Healthcare 4 [(12)#]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Godo Kaisha Healthcare 5 [(12)#]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Parkway Life Japan4 Pte. Ltd. [#]	Singapore	Investment holding	35.76	35.78
Godo Kaisha Samurai [(12)]	Japan	Special purpose entity - Investment in real estate	35.76	35.78

46. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	2013 %
Godo Kaisha Samurai 2 [(12)#]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Godo Kaisha Samurai 3 [(12)]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Godo Kaisha Samurai 4 [(12)]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Godo Kaisha Samurai 5 [(12)#]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Godo Kaisha Samurai 6 [(12)]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Godo Kaisha Samurai 7 [(12)#]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Godo Kaisha Samurai 8 [(12)]	Japan	Special purpose entity - Investment in real estate	35.76	35.78
Godo Kaisha Samurai 9 [(12)]	Japan	Special purpose entity - Investment in real estate	35.76	-
Parkway Life Malaysia Pte. Ltd. [#]	Singapore	Investment holding	35.76	35.78
Parkway Life Malaysia Sdn. Bhd. [##]	Malaysia	Special purpose entity - Investment in real estate	35.76	35.78

[1] Parkway Pantai Limited holds 99.99% (2013: 50%) shares in Parkway HK Holdings Limited. The other 0.01% (2013: 50%) shares are held by PHL.

[2] Parkway Investment Pte. Ltd., PTM and Integrated Healthcare Holdings Limited hold 35.25% (2013: 35.25%), 0.47% (2013: 0.49%) and 0.04% (2013: 0.04%) of the units in PLife REIT respectively.

46. Subsidiaries (continued)

[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. ("PHSB").

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

[5] ASH holds 100% (2013: 17.78%) shares in Acıbadem Mobil Sağlık Hizmetleri A.Ş. ("Acibadem Mobil"), while the remaining 0% (2013: 82.22%) equity interest is held by Acibadem Poliklinikleri A.S. ("Acibadem Poliklinikleri").

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

[7] Pursuant to an internal group restructuring, the PHL's interest in Parkway Group Healthcare Pte Ltd ("PGH") and its subsidiaries has been diluted from 100% to 30%. The other 70% is now held by PPL.

[8] Medical Resources International Pte Ltd ("MRI") holds 70% shares in Shanghai Rui Xin Healthcare Co., Ltd.. The other 30% is held by Shanghai Mai Kang Hospital Investment Management Co., Ltd. ("Shanghai Mai Kang").

[9] MRI holds 70% shares in Shanghai Xin Rui Healthcare Co. Ltd.. The other 30% (2013: 15%) is held by Shanghai Mai Kang.

[10] MRI holds 70% shares in Shanghai Rui Hong Clinic Co. Ltd.. The other 30% (2013: 15%) is held by Shanghai Mai Kang.

[11] Pursuant to an internal group restructuring, the PGH's interest in MRI and its subsidiaries had been diluted from 100% to 1%. The remaining 99% share is held by Parkway China Holding Co. Pte. Ltd..

[12] 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.

[13] 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 2014 %**	**2013 %**
<u>Indirect associates</u>				
Held through Parkway Holdings Ltd:				
Kyami Pty Ltd [+]	Australia	In liquidation	30	30
Held through Gleneagles (Malaysia) Sdn. Bhd.:				
Gleneagles Medical Centre (Kuala Lumpur) Sdn. Bhd. [##]	Malaysia	In liquidation	30	30

47. Associates (continued)

Name of associates	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	2013 %
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
Held through Medi-Rad Associates Ltd:				
Positron Tracers Pte. Ltd. #	Singapore	Ownership and operation of a cyclotron	33	33

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 2014 %	2013 %
<u>**Indirect joint ventures**</u>				
Held through Gleneagles Development Pte. Ltd.:				
Apollo Gleneagles Hospital Ltd ##	India	Private hospital ownership and management	50	50
Held through Parkway-Healthcare (Mauritius) Ltd:				
Apollo Gleneagles PET-CT Limited ##	India	Operation of PET-CT radio imaging centre	50	50
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

Company No. 901914-V

48. Joint ventures (continued)

Name of joint ventures	Place of incorporation and business	Principal activities	Effective equity interest held 2014 %	2013 %
Shenton Family Medical Clinic (Clementi) +	Singapore	Operation of medical clinic	50	50
Shenton Family Medical Clinic (Duxton) +	Singapore	Operation of medical clinic	50	50
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	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	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	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiaries				
- realised	2,496,263	1,811,234	562,211	705,871
- unrealised	248,207	183,393	111,483	111,776
	2,744,470	1,994,627	673,694	817,647
Total share of retained earnings of associates				
- realised	(1,893)	(3,079)	-	-
- unrealised	(24)	(24)	-	-
	(1,917)	(3,103)	-	-
Total share of retained earnings of joint ventures				
- realised	38,870	32,918	-	-
- unrealised	-	-	-	-
	38,870	32,918	-	-
Consolidation adjustments	(531,291)	(342,299)	-	-
Total retained earnings	2,250,132	1,682,143	673,694	817,647

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 143 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 as of 31 December 2014 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 144 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: 30 March 2015

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 144 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 30 March 2015.

....

Before me:

PESURUHJAYA SUMPAH
No. W656
MANOHARAN
A/L SELLAMUTHU
MALAYSIA

Commissioner for Oaths
Kuala Lumpur, Malaysia

No. 17, Tingkat 1, Jalan 1/68E,
Off Jalan Sentul Manis,
51000 Kuala Lumpur.

KPMG (Firm No. AF 0758)
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47800 Petaling Jaya
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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 2014 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 143.

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 2014 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 all 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 144 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

Datuk Johan Idris
Approval Number: 2585/10/16(J)
Chartered Accountant

Petaling Jaya, Malaysia

Date: 30 March 2015