Financial Statements

Directors' Report

The Directors are pleased to submit their annual report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are mainly the operation of specialist hospitals.

Details of the principal activities of the subsidiaries are set out in Note 20 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Net profit for the financial year	155,875	108,632
Profit attributable to:		
Owners of the Company	149,195	108,632
Non-controlling interest	6,680	-
	155,875	108,632

DIVIDENDS

The dividends paid or declared by the Company since 31 December 2015 are as follows:

	RM'000
In respect of the financial year ended 31 December 2015:	
Fourth interim single tier dividend of 1.75 sen per share on 1,040,687,247 ordinary shares, declared on 29 February 2016 and paid on 15 April 2016.	18,212
In respect of the financial year ended 31 December 2016:	
First interim single tier dividend of 1.80 sen per share on 1,043,764,179 ordinary shares, declared on 19 May 2016 and paid on 21 July 2016.	18,788
Second interim single tier dividend of 1.50 sen per share on 1,046,704,826 ordinary shares, declared on 29 August 2016 and paid on 18 October 2016.	15,701
Third interim single tier dividend of 1.50 sen per share on 1,047,978,551 ordinary shares, declared on 21 December 2016 and paid on 11 January 2017.	15,720
	68,421

The Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2016.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM527,246,303 to RM531,784,276 as follows:

(a) RM66 through the issuance of 132 ordinary shares of RM0.50 each by way of the conversion of Warrants 2014/2019 at an exercise price of RM4.01 per warrant.

(b) RM4,537,907 through the issuance of 9,075,814 ordinary shares of RM0.50 each pursuant to the exercise of the Employee Share Option Scheme ("ESOS") at an exercise price of RM3.64 per option.

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

TREASURY SHARES

The Company did not purchase any ordinary shares from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

The Company implemented an employee's share option scheme ("ESOS") in 2015 for a period of 5 years for eligible employees and Directors of the Group. Details of ESOS are set out in Note 34 to the financial statements.

The Company was granted an exemption by the Companies Commission of Malaysia via a letter dated 20 February 2017 from having to disclose in this report the names of the persons to whom less than 195,000 options have been granted and details of their holdings pursuant to Section 169(11) of the Companies Act, 1965. Other than the Directors, the persons to whom 195,000 and more options have been granted comprise the following:

	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH				
	AT 1.1.2016	GRANTED	(EXERCISED)	AT 31.12.2016	GRANTED OPTIONS AT 31.12.2016
Mohd Sahir bin Rahmat	**250,000**	-	-	**250,000**	**250,000**
Jasimah bt Hassan	**225,000**	-	(35,000)	**190,000**	**250,000**
Dato' Abdol Wahab bin Baba	**225,000**	-	(90,000)	**135,000**	**225,000**
Sabariah Fauziah bte Jamaluddin	**200,000**	20,000	(14,000)	**206,000**	**220,000**
Ahmad Nasirruddin bin Harun	**200,000**	-	-	**200,000**	**200,000**
Mohd Nasir bin Mohamed	**200,000**	-	(50,000)	**150,000**	**200,000**
Mah Lai Heng	**200,000**	-	(10,000)	**190,000**	**200,000**
Roslan bin Ahmad	**175,000**	20,000	-	**195,000**	**195,000**
Norita binti Ahmad	**175,000**	20,000	-	**195,000**	**195,000**
Tan Sri Dato' Dr. Yahya Awang	**50,000**	-	-	**50,000**	**200,000**

A complete list is filed with the Companies Commission of Malaysia.

DIRECTORS

The Directors in office during the period since the date of the last report are as follows:

Dato' Kamaruzzaman bin Abu Kassim	(Chairman)
Dato' Amiruddin bin Abdul Satar	(Managing Director)
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir	
Aminudin bin Dawam	(Executive Director)
Datuk Azzat bin Kamaludin	
Zainah binti Mustafa	
Ahamad bin Mohamad	
Dr Kok Chin Leong	
Dr Yoong Fook Ngian	
Zulkifli bin Ibrahim	
Prof Dato' Dr Azizi bin Haji Omar	

In accordance with Article 96 of the Company's Articles of Association, Dato' Amiruddin bin Abdul Satar, Aminudin bin Dawam, Zulkifli bin Ibrahim and Dr Kok Chin Leong, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects 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, other than the Company's ESOS (see Note 34 to the financial statements).

Since the end of the previous financial year, no Director has received become entitled to receive a benefit (other than Directors' remuneration as disclosed in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES AND IN OPTIONS

According to the Register of Directors' Shareholdings, particulars of interest of Directors who held office at the end of the financial year in shares, warrants and options over ordinary shares in the Company and its related corporation during the financial year are as follows:

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.1.2016	ACQUIRED	(SOLD)	AT 31.12.2016
KPJ Healthcare Berhad				
Dato' Amiruddin bin Abdul Satar	**6,266**	-	-	**6,266**
Aminudin bin Dawam	**11,197**	-	-	**11,197**
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir				
- Direct	**1,147,124**	200,000	(147,124)	**1,200,000**
- Indirect (Amy Nadzlina binti Mohamed)	**19,583**	-	(17,500)	**2,083**
Datuk Azzat bin Kamaludin	**94,000**	-	-	**94,000**
Zainah binti Mustafa	**-**	200,000	-	**200,000**
Ahamad bin Mohamad	**1,125**	-	-	**1,125**
Dr Kok Chin Leong	**249,100**	51,000	(20,000)	**280,100**
Dr Yoong Fook Ngian				
- Maybank Noms (T) Sdn Bhd	**370,666**	-	(77,000)	**293,666**

	NUMBER OF ORDINARY SHARES OF RM0.50 EACH			
	AT 1.1.2016	ACQUIRED	(SOLD)	AT 31.12.2016
Kulim (Malaysia) Berhad				
Dato' Kamaruzzaman bin Abu Kassim				
- Maybank Noms (T) Sdn Bhd	**200,000**	800,000	(1,000,000)	**-**
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir	**378,000**	84,750	(462,750)	**-**
Datuk Azzat bin Kamaludin	**-**	10,000	(10,000)	**-**
Ahamad bin Mohamad	**963,400**	-	(963,400)	**-**
Dr Kok Chin Leong	**40,000**	-	(40,000)	**-**
Dr Yoong Fook Ngian				
- Maybank Noms (T) Sdn Bhd	**20,000**	-	(20,000)	**-**

DIRECTORS' INTERESTS IN SHARES AND IN OPTIONS (CONTINUED)

	NUMBER OF WARRANTS OF 2014/2019			
	AT 1.1.2016	GRANTED	(EXERCISED)/ (LAPSED)	AT 31.12.2016
KPJ Healthcare Berhad				
Dato' Kamaruzzaman bin Abu Kassim	-	24,000	-	24,000
Dato' Amiruddin bin Abdul Satar	532	-	-	532
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir				
- Direct	109,498	-	-	109,498
- Indirect (Amy Nadzlina binti Mohamed)	1,666	-	-	1,666
Datuk Azzat bin Kamaludin	8,000	-	-	8,000
Dr Kok Chin Leong	21,200	-	-	21,200
Dr Yoong Fook Ngian				
- Maybank Noms (T) Sdn Bhd	37,332	-	-	37,332

	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM0.50 EACH			
	AT 1.1.2016	GRANTED	(EXERCISED)	AT 31.12.2016
KPJ Healthcare Berhad				
Dato' Amiruddin bin Abdul Satar	500,000	-	-	500,000
Aminudin bin Dawam	200,000	-	-	200,000
Dr Yoong Fook Ngian	200,000	-	-	200,000
Datuk Azzat bin Kamaludin	200,000	-	-	200,000
Dr Kok Chin Leong	200,000	-	(51,000)	149,000
Zainah binti Mustafa	200,000	-	(200,000)	-
Tan Sri Datin Paduka Siti Sa'diah binti Sh Bakir	200,000	-	(200,000)	-

Other than as disclosed above, according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares, warrants and options over ordinary shares in the Company or shares, options over ordinary shares and debentures of its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets other than debts, which were unlikely to be realised at their book value in the ordinary course of business had been written down to an amount which they might be expected so to realise.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

(a) which would render the amounts written-off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

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

(a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liabilities of the Group or of the Company which have arisen since the end of the financial year.

No contingent or other liability 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 affect the ability of the Group or of the Company to meet their obligations when they fall due.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statement, which would render any amount stated in the financial statements of the Group or of the Company misleading.

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; other than as disclosed in the financial statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made, other than as disclosed in the financial statements.

ULTIMATE HOLDING CORPORATION

The Directors regard Johor Corporation, a body corporate established under the Johor Corporation Enactment (No. 4 of 1968) (as amended by Enactment No. 5 of 1995), as the ultimate holding corporation.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 February 2017.

DATO' KAMARUZZAMAN BIN ABU KASSIM
DIRECTOR

DATO' AMIRUDDIN BIN ABDUL SATAR
DIRECTOR

Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Kamaruzzaman bin Abu Kassim and Dato' Amiruddin bin Abdul Satar, two of the Directors of KPJ Healthcare Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 196 to 279 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2016 and of the results and cash flows of the Group and the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965.

The supplementary information set out in Note 42 on page 280 to the financial statements have been prepared in accordance with 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, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 February 2017.

DATO' KAMARUZZAMAN BIN ABU KASSIM
DIRECTOR

DATO' AMIRUDDIN BIN ABDUL SATAR
DIRECTOR

Statutory Declaration

Pursuant to Section 169(16) of the Companies Act, 1965

I, Mohd Sahir bin Rahmat, the officer primarily responsible for the financial management of KPJ Healthcare Berhad, do solemnly and sincerely declare that the financial statements set out on pages 196 to 280 are, in my opinion, 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.

MOHD SAHIR BIN RAHMAT

Subscribed and solemnly declared by the abovenamed Mohd Sahir bin Rahmat

At:

On: 20 February 2017

Before me:

COMMISSIONER FOR OATHS

Independent Auditors' Report

To the Members of KPJ Healthcare Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of KPJ Healthcare Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their 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.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 196 to 279.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company for the current year. This matter was addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of property, plant and equipment and investment properties Refer to Notes 2.8, 2.9, 2.35, 5, 16 and 17 to the financial statements. The Group carries its land and buildings at values approximating its fair value and investment properties at fair value at year end. As at 31 December 2016, the carrying amounts of property, plant and equipment amounted to RM1,966.5 million, of which RM1,038.6 million is carried at valuation approximating its fair value. Investment properties carried at fair value as at 31 December 2016 amounted to RM280.4 million. The valuation of the Group's land and buildings and investment properties is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future income for that particular property. The existence of significant estimation uncertainty, coupled with the fact that only a small percentage difference in individual property valuation assumptions, when aggregated, could result in material misstatement, is why we have given specific audit focus and attention to this area. The valuations were carried out by independent professional valuers which were engaged by the Group.	**External valuations** We read the valuation reports for selected land and buildings and investment properties and discussed the reports with each of the valuers. We found that the valuation approach for each property was performed in accordance with MFRS 13 "Fair value measurement" and suitable for use in determining the fair values of land and buildings and investment properties as at 31 December 2016. From our discussions with management and the valuers, and our understanding of the valuation reports, we noted that the valuers have considered factors related to each property's individual characteristics and its overall quality, geographic location and desirability as a whole in arriving at the fair value. There was no evidence of management bias or influence on the valuers in relation to these factors. We evaluated the valuers' competence, capabilities, and objectivity by checking the valuers' qualifications and their registration to the Board of Valuers, Appraisers and Estate Agents Malaysia website. We read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We also considered other engagements which might exist between the Group and the valuers. We found no evidence to suggest that the objectivity of any valuers in their performance of the valuations was compromised. **Assumptions** ***Land and buildings*** For the land and buildings revalued this year, the fair values were determined based on the Cost Method which entails separate valuations of the land and buildings to arrive at the fair value. The land was valued by reference to transactions of similar lands in the surrounding area with adjustments made for difference in location, terrain, size and shape of the land, tenure, title restrictions, if any, and other relevant characteristics. The buildings were valued by reference to their depreciated replacement costs, i.e. the replacement cost less an appropriate adjustments for depreciation or obsolescence to reflect the existing condition of the buildings at the date of valuation. We tested a sample of land valued for reasonableness of comparisons made by the valuers by comparing the fair values with the average values of several similar land in and around the area. We found the comparisons to be within a reasonable range.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matter (continued)

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of property, plant and equipment and investment properties (continued)	**Assumptions (continued)** ***Land and buildings (continued)*** For a sample of buildings valued, we obtained an understanding of the basis of adjustments with the valuers and checked the reasonableness of the adjustments made to the current replacement cost. We found the adjustments to be reasonable. ***Investment properties*** The valuations of the Group's investment properties were primarily based on the Investment Method. We carried out procedures to test the data inputs underpinning the valuations by agreeing them back to tenancy agreements to confirm the lettable area and average rental; and agreeing outgoings to actual expenses incurred during the financial year. We also checked the term yield used by the valuer to comparable peers. We have also checked the adequacy of disclosures in the financial statements. Based on the procedures performed, we did not identify any material exceptions.

There are no key audit matters in relation to the financial statements of the Company.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and contents in the 2016 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that 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 of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 20 to the financial statements.

(c) We are satisfied that the financial statements 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 auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 42 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on 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, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

SHIRLEY GOH
01778/08/2018 J
Chartered Accountant

Kuala Lumpur
20 February 2017

Statements of Comprehensive Income

For the Financial Year Ended 31 December 2016

		GROUP		COMPANY	
		2016	2015	2016	2015
	NOTE	RM'000	RM'000	RM'000	RM'000
Revenue	7	**3,021,094**	2,847,593	**188,121**	158,715
Cost of sales		**(2,123,062)**	(2,021,222)	**-**	-
Gross profit		**898,032**	826,371	**188,121**	158,715
Administrative expenses		**(687,844)**	(644,617)	**(64,652)**	(42,893)
Other income		**33,175**	39,082	**-**	-
Operating profit		**243,363**	220,836	**123,469**	115,822
Finance income	8	**16,298**	13,731	**-**	-
Finance costs	8	**(83,137)**	(64,157)	**(15,011)**	(22,625)
Finance costs - net		**(66,839)**	(50,426)	**(15,011)**	(22,625)
Share of results of associates		**33,647**	39,198	**-**	-
Profit before zakat and tax	9	**210,171**	209,608	**108,458**	93,197
Zakat	12	**(3,807)**	(2,280)	**(280)**	(277)
Taxation	13	**(50,489)**	(62,199)	**454**	(454)
Net profit for the financial year		**155,875**	145,129	**108,632**	92,466
Other comprehensive income:					
Item that may be subsequently reclassified to profit or loss:					
Currency translation differences		**(71)**	(3,923)	**-**	-
Item that will not be reclassified to profit or loss:					
Gains on revaluation of land and building	16	**19,692**	58,114	**-**	-
Deferred tax on revaluation surplus	13	**(4,172)**	(10,629)	**-**	-
Other comprehensive income for the financial year, net of tax		**15,449**	43,562	**-**	-
Total comprehensive income for the financial year		**171,324**	188,691	**108,632**	92,466
Profit for the financial year attributable to:					
Owners of the Company		**149,195**	135,330	**108,632**	92,466
Non-controlling interests		**6,680**	9,799	**-**	-
		155,875	145,129	**108,632**	92,466
Total comprehensive income for the financial year attributable to:					
Owners of the Company		**164,644**	178,892	**108,632**	92,466
Non-controlling interests		**6,680**	9,799	**-**	-
		171,324	188,691	**108,632**	92,466
Earnings per share attributable to Owners of the Company:					
- Basic (sen)	15(a)	**13.69**	13.04		
- Diluted (sen)	15(b)	**11.93**	11.16		

Statements of Financial Position

As at 31 December 2016

		GROUP		COMPANY	
		2016	2015	2016	2015
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	16	**1,966,535**	1,831,949	**-**	-
Investment properties	17	**280,436**	279,833	**-**	-
Intangible assets	18	**245,567**	252,126	**-**	-
Investments in subsidiaries	20	**-**	-	**1,016,201**	981,496
Investments in associates	21	**391,540**	475,495	**-**	-
Available-for-sale financial assets	22	**2,146**	282	**1,864**	-
Deferred tax assets	23	**18,757**	18,956	**-**	-
Trade and other receivables	24	**34,621**	32,661	**-**	-
		2,939,602	2,891,302	**1,018,065**	981,496
Current assets					
Inventories	25	**47,119**	48,053	**-**	-
Trade and other receivables	24	**555,518**	517,375	**35,384**	427
Amounts due from subsidiaries	24	**-**	-	**390,355**	370,193
Tax recoverable		**33,861**	25,646	**7,724**	6,924
Deposits, bank and cash balances	26	**359,399**	433,206	**4,112**	1,866
		995,897	1,024,280	**437,575**	379,410
Total assets		**3,935,499**	3,915,582	**1,455,640**	1,360,906
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	28	**490,922**	616,883	**16,233**	9,188
Amounts due to subsidiaries	28	**-**	-	**174,280**	197,905
Current tax liabilities		**12,047**	18,225	**-**	-
Borrowings	29	**333,445**	359,149	**160,000**	130,000
Deferred revenue	30	**76,804**	78,849	**-**	-
Dividend payable		**15,720**	18,181	**15,720**	18,181
		928,938	1,091,287	**366,233**	355,274
Net current assets/(liabilities)		**66,959**	(67,007)	**71,342**	24,136

		GROUP		COMPANY	
		2016	**2015**	**2016**	**2015**
	NOTE	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current liabilities					
Trade and other payables	28	**-**	-	**241,269**	258,559
Borrowings	29	**1,242,313**	1,178,881	**-**	-
Deferred tax liabilities	23	**63,041**	69,177	**-**	-
Provision for retirement benefits	31	**2,548**	2,298	**-**	-
Deposits	32	**13,930**	13,914	**-**	-
		1,321,832	1,264,270	**241,269**	258,559
Total liabilities		**2,250,770**	2,355,557	**607,502**	613,833
Net assets		**1,684,729**	1,560,025	**848,138**	747,073
Equity attributable to Owners of the Company					
Share capital	33	**531,784**	527,246	**531,784**	527,246
Share premium		**178,141**	147,827	**178,141**	147,827
Less: Treasury shares		**(54,777)**	(54,777)	**(54,777)**	(54,777)
Reserves		**939,940**	851,287	**192,990**	126,777
		1,595,088	1,471,583	**848,138**	747,073
Non-controlling interests		**89,641**	88,442	**-**	-
Total equity		**1,684,729**	1,560,025	**848,138**	747,073
Total equity and liabilities		**3,935,499**	3,915,582	**1,455,640**	1,360,906

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2016

	ORDINARY SHARE CAPITAL (NOTE 33) RM'000	SHARE PREMIUM RM'000	TREASURY SHARES RM'000	OTHER RESERVES (NOTE 35) RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
Group								
At 1 January 2016	527,246	147,827	(54,777)	156,708	694,579	1,471,583	88,442	1,560,025
Comprehensive income:								
Net profit for the financial year	-	-	-	-	149,195	149,195	6,680	155,875
Other comprehensive income:								
Currency translation differences of foreign subsidiaries	-	-	-	(71)	-	(71)	-	(71)
Revaluation surplus	-	-	-	15,520	-	15,520	-	15,520
Reclassification of unrealised gain in relation to an associate (Note 21)	-	-	-	(33,572)	-	(33,572)	-	(33,572)
Total other comprehensive income	-	-	-	(18,123)	-	(18,123)	-	(18,123)
	527,246	147,827	(54,777)	138,585	843,774	1,602,655	95,122	1,697,777
Transactions with Owners:								
Issue of share capital:								
- Warrants	1	1	-	(1)	-	1	-	1
- ESOS	4,537	30,313	-	(1,815)	-	33,035	-	33,035
	4,538	30,314	-	(1,816)	-	33,036	-	33,036
Dividends on ordinary shares (Note 14)	-	-	-	-	(68,421)	(68,421)	-	(68,421)
ESOS expenses during the financial year	-	-	-	27,818	-	27,818	-	27,818
Lapsed ESOS	-	-	-	(388)	388	-	-	-
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(5,481)	(5,481)
Total transactions with Owners	4,538	30,314	-	25,614	(68,033)	(7,567)	(5,481)	(13,048)
At 31 December 2016	531,784	178,141	(54,777)	164,199	775,741	1,595,088	89,641	1,684,729

Consolidated Statement of Changes in Equity

For the Financial Year Ended 31 December 2016 (continued)

	ORDINARY SHARE CAPITAL (NOTE 33) RM'000	SHARE PREMIUM RM'000	TREASURY SHARES RM'000	OTHER RESERVES (NOTE 35) RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
Group								
At 1 January 2015	515,374	70,507	(54,777)	88,909	639,347	1,259,360	89,780	1,349,140
Comprehensive income:								
Net profit for the financial year	-	-	-	-	135,330	135,330	9,799	145,129
Other comprehensive income:								
Currency translation differences of foreign subsidiaries	-	-	-	(3,923)	-	(3,923)	-	(3,923)
Revaluation surplus	-	-	-	47,485	-	47,485	-	47,485
Total other comprehensive income	-	-	-	43,562	-	43,562	-	43,562
	515,374	70,507	(54,777)	132,471	774,677	1,438,252	99,579	1,537,831
Transactions with Owners:								
Issue of share capital:								
- Warrants	1,432	4,076	-	(259)	-	5,249	-	5,249
- Restricted issue	8,754	61,982	-	-	-	70,736	-	70,736
- ESOS	1,686	11,262	-	(674)	-	12,274	-	12,274
	11,872	77,320	-	(933)	-	88,259	-	88,259
Dividends on ordinary shares (Note 14)	-	-	-	-	(81,405)	(81,405)	-	(81,405)
ESOS expenses during the financial year	-	-	-	26,477	-	26,477	-	26,477
Lapsed ESOS	-	-	-	(1,307)	1,307	-	-	-
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(5,767)	(5,767)
Change in ownership interest in subsidiaries	-	-	-	-	-	-	(5,370)	(5,370)
Total transactions with Owners	11,872	77,320	-	24,237	(80,098)	33,331	(11,137)	22,194
At 31 December 2015	527,246	147,827	(54,777)	156,708	694,579	1,471,583	88,442	1,560,025

Company Statement of Changes in Equity

For the Financial Year Ended 31 December 2016

	ORDINARY SHARE CAPITAL (NOTE 33) RM'000	SHARE PREMIUM RM'000	TREASURY SHARES RM'000	WARRANT RESERVES RM'000	SHARE OPTION RESERVES RM'000	RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
Company							
At 1 January 2016	**527,246**	**147,827**	**(54,777)**	**31,693**	**24,496**	**70,588**	**747,073**
Net profit for the financial year	**-**	**-**	**-**	**-**	**-**	**108,632**	**108,632**
Transactions with Owners:							
Issue of share capital:							
- Warrants	**1**	**1**	**-**	**(1)**	**-**	**-**	**1**
- ESOS	**4,537**	**30,313**	**-**	**-**	**(1,815)**	**-**	**33,035**
	4,538	**30,314**	**-**	**(1)**	**(1,815)**	**-**	**33,036**
Dividends on ordinary shares (Note 14)	**-**	**-**	**-**	**-**	**-**	**(68,421)**	**(68,421)**
ESOS - expense during the financial year	**-**	**-**	**-**	**-**	**27,818**	**-**	**27,818**
Lapsed ESOS	**-**	**-**	**-**	**-**	**(388)**	**388**	**-**
Total transactions with Owners	**4,538**	**30,314**	**-**	**(1)**	**25,615**	**(68,033)**	**(7,567)**
At 31 December 2016	**531,784**	**178,141**	**(54,777)**	**31,692**	**50,111**	**111,187**	**848,138**
At 1 January 2015	515,374	70,507	(54,777)	31,952	-	58,220	621,276
Net profit for the financial year	-	-	-	-	-	92,466	92,466
Transactions with Owners:							
Issue of share capital:							
- Warrants	1,432	4,076	-	(259)	-	-	5,249
- Restricted issue	8,754	61,982	-	-	-	-	70,736
- ESOS	1,686	11,262	-	-	(674)	-	12,274
	11,872	77,320	-	(259)	(674)	-	88,259
Dividends on ordinary shares (Note 14)	-	-	-	-	-	(81,405)	(81,405)
ESOS - expense during the financial year	-	-	-	-	26,477	-	26,477
Lapsed ESOS	-	-	-	-	(1,307)	1,307	-
Total transactions with Owners	11,872	77,320	-	(259)	24,496	(80,098)	33,331
At 31 December 2015	527,246	147,827	(54,777)	31,693	24,496	70,588	747,073

Statements of Cash Flows

For the Financial Year Ended 31 December 2016

		GROUP		COMPANY	
		2016	2015	2016	2015
	NOTE	RM'000	RM'000	RM'000	RM'000
Operating activities					
Profit before zakat and tax		**210,171**	209,608	**108,458**	93,197
Adjustments for:					
Share of results of associates		**(33,647)**	(39,198)	**-**	-
Finance income	8	**(16,298)**	(13,731)	**-**	-
Finance costs	8	**83,137**	64,157	**15,011**	22,625
Dividend income from subsidiaries		**-**	-	**(141,546)**	(111,482)
Trade receivables:					
- Impairment	24	**11,113**	5,814	**-**	-
- Reversal of impairment loss	24	**(957)**	(947)	**-**	-
Impairment of goodwill	18	**16,356**	-	**-**	-
Share based payments		**27,818**	26,477	**4,300**	3,037
Loss/(gain) on fair value on investment properties	17	**92**	(11,421)	**-**	-
Gain on disposal of shares in associates (net)		**(13,960)**	(1,577)	**-**	-
Gain on disposal of non-current assets held for sale		**-**	(5,986)	**-**	-
Property, plant and equipment:					
- Depreciation	16	**129,874**	118,713	**-**	-
- Written-off		**10,398**	6,374	**-**	-
- (Gain)/loss on disposal		**(9,886)**	154	**-**	-
Inventories written-off		**186**	120	**-**	-
Available-for-sale financial assets written-off		**-**	6	**-**	-
Amortisation of software development expenditure		**2,145**	456	**-**	-
Operating profit/(loss) before working capital changes		**416,542**	359,019	**(13,777)**	7,377
Changes in working capital:					
Inventories		**748**	(3,606)	**-**	-
Receivables		**(46,459)**	(109,085)	**(7)**	(398)
Payables		**(146,766)**	(73,440)	**(2,402)**	(2,038)
Deferred revenue		**(2,045)**	65,837	**-**	-
Related companies		**-**	-	**(102,124)**	(27,593)
Cash flows generated from/(used in) operations		**222,020**	238,725	**(118,310)**	(22,652)

For the Financial Year Ended 31 December 2016 (continued)

		GROUP		COMPANY	
		2016	2015	2016	2015
	NOTE	RM'000	RM'000	RM'000	RM'000
Zakat paid		**(3,807)**	(2,280)	**(280)**	(277)
Income tax refund		**8,907**	24,452	**108**	-
Income tax paid		**(83,898)**	(71,837)	**(454)**	(416)
Net cash generated from/(used in) operating activities		**143,222**	189,060	**(118,936)**	(23,345)
Investing activities					
Additions to property, plant and equipment		**(258,035)**	(344,562)	**-**	-
Additions to intangible assets	18	**(11,942)**	(8,920)	**-**	-
Additions to investment properties		**-**	(130)	**-**	-
Purchase of available-for-sale financial assets	22	**(1,864)**	-	**(1,864)**	-
Proceeds from disposal of property, plant and equipment	16	**23,195**	9,788	**-**	-
Proceeds from disposal of non-current assets held for sale		**-**	38,900	**-**	-
Acquisition of subsidiaries, net of cash acquired	20	**69**	(1,988)	**-***	-
Subscription of share capital of subsidiaries	20	**-**	-	**(15,805)**	-
Proceeds from sale of interest in subsidiaries		**254**	-	**-**	-
Proceeds from disposal of shares in associates		**75,101**	9,286	**-**	-
Interest received		**16,298**	13,731	**-**	-
Decrease in deposits with licensed banks	26	**2,519**	4,135	**528**	-
Advances to subsidiaries		**-**	-	**20,162**	(140,500)
Dividends received from associates/subsidiaries		**22,889**	27,675	**141,546**	111,482
Net cash (used in)/generated from investing activities		**(131,516)**	(252,085)	**144,567**	(29,018)

* Represents RM1

For the Financial Year Ended 31 December 2016 (continued)

		GROUP		COMPANY	
		2016	2015	2016	2015
	NOTE	RM'000	RM'000	RM'000	RM'000
Financing activities					
Grant income received	16	**5,467**	1,245	**-**	-
Advances from subsidiaries		**-**	-	**-**	133,112
Acquisition of non-controlling interests		**-**	(7,839)	**-**	-
Dividends paid to non-controlling interests		**(5,481)**	(5,767)	**-**	-
Issue of shares:					
- Warrants		**1**	5,249	**1**	5,249
- Restricted issue		**-**	63,733	**-**	63,733
- ESOS		**33,035**	12,274	**33,035**	12,274
Borrowings:					
- Drawdown		**164,386**	1,201,945	**30,000**	130,000
- Repayments		**(132,208)**	(915,303)	**-**	(250,000)
Interest paid		**(83,137)**	(64,157)	**(15,011)**	(22,625)
Dividends paid to shareholders		**(70,882)**	(83,527)	**(70,882)**	(83,527)
Designated account	26	**(474)**	(7,632)	**-**	-
Net cash (used in)/generated from financing activities		**(89,293)**	200,221	**(22,857)**	(11,784)
NET CHANGES IN CASH AND CASH EQUIVALENTS		**(77,587)**	137,196	**2,774**	(64,147)
CURRENCY TRANSLATION DIFFERENCES		**275**	(4,099)	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**412,437**	279,340	**1,338**	65,485
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	26	**335,125**	412,437	**4,112**	1,338

NON-CASH TRANSACTION

The principal non-cash transaction during the financial year is the acquisition of property, plant and equipment of which RM2,890,000 (2015: RM16,412,000) is by means of finance lease arrangements.

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The address of registered office of the Company is Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor.

The address of principal place of business of the Company is Level 12, Menara 238, Jalan Tun Razak, 50400 Kuala Lumpur.

The Directors regard Johor Corporation, a body corporate established under the Johor Corporation Enactment (No. 4 of 1968) (as amended by Enactment No. 5 of 1995), as the ultimate holding corporation.

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are mainly the operation of specialist hospitals. The details of the principal activities of the subsidiaries are disclosed in Note 20 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution on 20 February 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company’s accounting policies. Although these estimates and judgment are based on the Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 6.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

2.2 Standards, amendments to published standards and interpretations that are effective

The Group has applied the following amendments for the first time for the financial year beginning on 1 January 2016:

- Amendments to MFRS 11 ‘Joint Arrangements’ - Accounting for Acquisition of Interests in Joint Operations
- Amendments to MFRS 101 ‘Presentation of Financial Statements’ - Disclosure initiative
- Amendments to MFRS 127 “Equity Method in Separate Financial Statements”
- Amendments to MFRS 10, 12 & 128 “Investment Entities - Applying the Consolidation Exception”
- Annual Improvements to MFRSs 2012 – 2014 Cycle

The adoption of these amendments has required additional disclosures. Other than that, the adoption of these amendments did not have any material impact on the financial statements for the current financial year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards and amendments that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial years beginning on or after 1 January 2017.

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative' (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities.

- Amendments to MFRS 112 'Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses' (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

  In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences. The amendments shall be applied retrospectively.

- Amendments to MFRS 140 'Classification on 'Change in Use' – Assets transferred to, or from, Investment Properties' (effective from 1 January 2018) clarify that to transfer to, or from investment properties there must be a change in use. A change in use would involve an assessment of whether a property meet, or has ceased to meet, the definition of investment property. The change must be supported by evidence that the change in use has occurred and a change in management's intention in isolation is not sufficient to support a transfer of property.

  The amendments also clarify the same principle applies to assets under construction.

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

  For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

  MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

  Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

  A new five-step process is applied before revenue can be recognised:

  (a) Identify contracts with customers;
  (b) Identify the separate performance obligations;
  (c) Determine the transaction price of the contract;
  (d) Allocate the transaction price to each of the separate performance obligations; and
  (e) Recognise the revenue as each performance obligation is satisfied.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards and amendments that have been issued but not yet effective (continued)

Key provisions of the new standard are as follows:

(a) Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
(b) If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
(c) The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice.
(d) There are new specific rules on licenses, warranties, non-refundable fees, and consignment arrangements, to name a few.
(e) As with any new standard, there are also increased disclosures.

- MFRS 16 ‘Leases’ (effective from 1 January 2019) supersedes MFRS 117 ‘Leases’ and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 ‘Property, Plant and Equipment’ and the lease liability is accreted over time with interest expense recognised in the income statement.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

  The effects of the above new standards and amendments to standards and interpretation are currently being assessed by the Directors.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation (continued)

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in retained earnings and attributed to Owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in the income statement. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to the income statement or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.5 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the income statement.

Business combinations involving entities under common control are accounted for by applying the merger method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the 'acquired' entity is reflected within equity as merger reserve/deficit. The income statement reflects the results of the combining entities for the full financial year, irrespective of when the combination takes place. Comparatives are presented if the entities had always been combined since the date the entities had come under common control.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in the income statement. The accounting policy for goodwill is disclosed in Note 2.10.

Gains or losses on disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

2.6 Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

Subsidiaries are consolidated using the acquisition method of accounting except for Johor Specialist Hospital Sdn Bhd and Ipoh Specialist Hospital Sdn Bhd which were consolidated using the merger method of accounting as disclosed in Note 2.5.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's income statement for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The income statement reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the income statement outside operating profit and represents the income statement after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the income statement.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, plant and equipment are initially stated at cost, net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of acquisition of the property, plant and equipment.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred. Freehold land, long leasehold land and buildings are measured at fair value less accumulated depreciation on long leasehold land and buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land, long leasehold land and buildings at the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (continued)

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

	2016	2015
Buildings	**2%**	2%
Renovation	**8% - 20%**	8% - 20%
Medical and other equipment	**7.5% - 33.33%**	7.5% - 33.33%
Furniture and fittings	**10% - 20%**	10% - 20%
Motor vehicles	**10% - 20%**	10% - 20%
Computers and hardware	**10% - 20%**	10% - 33%

Capital work-in-progress included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at of each financial reporting period, and adjusted prospectively, if appropriate.

During the financial year ended 31 December 2016, the useful life of certain IT equipment such as computers and hardware were revised from a range of 10% to 33% to the range of 10% to 20%. The effect of this change in useful life is a decrease in depreciation charged for the year of RM1,360,356.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the income statement in the period the asset is derecognised.

2.9 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investment properties (continued)

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the income statement in the period of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.8 up to the date of change in use.

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually according to the basis set out in Note 2.11 and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.33.

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on the straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date.

<u>Software development expenditure</u>

Software development is stated at cost less accumulated amortisation and impairment losses. The expenditure represents development work carried out in developing specialised software packages for use in the Group's business and is capitalised if the product is technically feasible and the Group has sufficient resources to complete the development. It is amortised over the straight-line basis over a period of 5 to 10 years. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11. The expenditure capitalised includes cost to purchase the software and direct cost such as salaries and hardware usage costs specifically attributable to each project. Cost incurred in software development which have ceased to be technically viable, are written off.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill of intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value- in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU").

In assessing value-in-use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.12 Financial assets

(a) Classification

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired.

(1) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(a) Classification (continued)

(2) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in the income statement. Dividends on an available-for-sale equity instrument are recognised in the income statement when the Group's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income statement.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date that is, the date that the Group and the Company commit to purchase or sell the asset.

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

(c) Subsequent measurement – gains and losses

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss, including the effects of currency translation, interest and dividend income are recognised in the income statement in the period in which the changes arise.

Changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note 2.11) and foreign exchange gains and losses on monetary assets (Note 2.33).

Interest and dividend income on available-for-sale financial assets are recognised separately in the income statement. Interest on available-for-sale debt securities calculated using the effective interest method is recognised in the income statement. Dividends income on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(d) Subsequent measurement - Impairment

Assets carried at amortised cost

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If 'loans and receivables' or a 'held-to-maturity investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

When an asset is uncollectible, it is written-off against the related allowance account. Such assets are written-off after all the necessary procedures have been completed and the amount of the loss has been determined.

Assets classified as available-for-sale

The Group assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group uses criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through profit or loss.

In the case of equity securities classified as available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the income statement. The amount of cumulative loss reclassified to the income statement is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through profit or loss in subsequent periods.

(e) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial assets (continued)

(e) De-recognition (continued)

When available-for-sale financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to the income statement.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

2.14 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

2.15 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Leased assets are depreciated over the estimated useful lives of the assets. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in the income statement on the straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on the straight-line basis. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value. Trade and other receivables are recognised initially at fair value, with the amount of goods and services tax (“GST”) included. The net amount of GST recoverable from the government is presented as GST receivable within other receivables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows which are recoverable from, or payable to, the government are classified as operating cash flows.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. See accounting policy Note 2.12(d) on impairment of financial assets.

2.17 Non-current assets (or disposal groups) classified as assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRS. Then, on initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the income statement.

2.18 Inventories

Inventories are stated at the lower of cost (determined on the weighted average basis) and net realisable value.

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

Costs of purchased inventory are determined after deducting rebates, discounts and the amount of goods and services tax (“GST”), except where the amount of GST incurred is not recoverable from the government. When the amount of GST incurred is not recoverable from the government, the GST is recognised as part of the cost of purchased inventory.

2.19 Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

In the statement of financial position, banks overdrafts are shown within borrowings in current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Trade payables

Trade payables represent liabilities for goods or services provided to the Group prior to the end of reporting period which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, with the amount of goods and services tax ("GST") included. The net amount of GST payable to the government is presented as GST payable within accruals in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows which are recoverable from, or payable to, the government are classified as operating cash flows.

2.21 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through the profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in the income statement. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

(b) Other financial liabilities

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.22 Borrowings and borrowing costs

(a) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently carried at amortised cost; any difference between initial recognised amount and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Borrowings and borrowing costs (continued)

(a) Borrowings (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Where the terms of a financial liability are renegotiated and the Company issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the income statement, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(b) Borrowing costs

General and specific 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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.

All other borrowing costs are recognised in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.23 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in the income statement except to the extent that the tax relates to items recognised outside the income statement, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside the income statement is recognised outside income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.24 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Share-based payments - Employee options

The Group operates an equity-settled, share-based compensation plan under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding of shares for a specific period of time).

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to share option reserve in equity.

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. When options are not exercised and lapse, the share option reserve is transferred to retained earnings.

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the employees of subsidiary in the Group is treated as a capital contribution to the subsidiary. The fair value of options granted to employees of the subsidiary in exchange for the services of the employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity of the Company.

2.26 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.27 Resident upfront contributions

Resident upfront contributions are measured at the principal amount less any accumulated deferred management fees. Resident upfront contributions are non-interest bearing and are payable at the end of the resident contract. Average tenure periods for residents are for an extended period of time greater than one year, however, they are classified as current liabilities because the resident may exit the contract at any point of time.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Contingent liabilities

The Group does not recognise contingent liabilities but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events whose crystallisation will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that is not recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

2.29 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within twelve months after the reporting period; or
(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within twelve months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.30 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the fair value of proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.31 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.32 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods and rendering of services

Revenue from hospital operations comprises inpatient and outpatient hospital charges, consultation fees, and sales of pharmaceutical products, medical supplies and surgical products. These are recognised when services are rendered and goods are delivered, net of discounts, rebates and returns.

(b) Wellness subscription fees

Wellness subscription fees are recognised in the period the services are provided.

(c) Tuition fees

Revenue from tuition fees are recognised over the period of instruction whereas non-refundable registration and enrolment fees are recognised on a receipt basis.

(d) Aged care revenue

(i) Management fees represent amounts charged to residents at the retirement village under the long-term management agreements. Deferred management fees are recognised upon performance of services, calculated in accordance with terms stipulated in resident contracts.
(ii) Resident fees received from services rendered are recognised in the income statement only when it is probable that the economic benefits associated with the transactions will flow to the Group.
(iii) Subsidies that compensate the subsidiary for expenses incurred are recognised in the income statement as the services are rendered.

(e) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(f) Management fees

Management fees represent fees charged to subsidiaries for assisting in the management of the subsidiaries and these are recognised upon performance of services.

(g) Interest income

Interest income is recognised on the accrual basis using the effective interest method.

(h) Rental income

Rental income receivable under operating lease is recognised on the 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.33 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the income statement of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the income statement for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the income statement.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.34 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report directly to the Executive Committee, the chief operating decision maker, who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.35 Fair value measurement

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participant act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group uses valuation techniques that appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
(ii) Level 2 – Valuation techniques for the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
(iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purposes of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

2.36 Government grants

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are recognised in the income statement over the periods to match the related costs for which the grants are intended to compensate.

Government grants relating to the purchase of assets are presented as a reduction of the carrying amount of the related assets. The government grant is recognised in the income statement over the life of the related property, plant and equipment as a reduced depreciation expense.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency exchange risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises mainly from trade and other receivables, cash and cash equivalents, and deposits with financial institutions. Risk arising from these are minimised through effective monitoring of receivable accounts that exceeded the stipulated credit terms. Credit limits are set and credit history is reviewed to minimise potential losses. The Group has no significant concentration of credit risk with any single customer.

The Group seeks to invest cash assets safely and profitability and buys insurance to protect itself against insurable risk in this regard, counterparties are assessed for credit limits that are set to minimise any potential losses. The Group's cash and cash equivalents and short term deposits are placed with creditworthy financial institutions and the risks arising there from are minimised in view of the financial strength of these financial institutions.

The Company provides unsecured financial guarantee to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and the repayment made by the subsidiary. As at the reporting date, there is no indication that the subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition is not material.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position. In addition, the Company is exposed to credit risk arising from the financial guarantee contracts as disclosed in Note 3(b).

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 24.

Financial assets that are either past due or impaired

Information regarding trade receivables that are either past due or impaired is disclosed in Note 24. Apart from those disclosed above, none of other financial assets is either past due or impaired.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Cash flow forecasting is performed by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance and compliance with internal statements of financial position ratio targets.

Surplus cash held by the subsidiaries over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in financial instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	ON DEMAND OR WITHIN 1 YEAR	1 - 5 YEARS	OVER 5 YEARS	TOTAL
	RM'000	RM'000	RM'000	RM'000
2016				
Group				
Trade and other payables	**490,922**	**-**	**-**	**490,922**
Borrowings	**335,280**	**539,828**	**806,724**	**1,681,832**
Deposits	**-**	**-**	**13,930**	**13,930**
Provision for retirement benefits	**-**	**-**	**2,548**	**2,548**
Total undiscounted financial liabilities	**826,202**	**539,828**	**823,202**	**2,189,232**
Company				
Trade and other payables	**190,513**	**241,269**	**-**	**431,782**
Borrowings	**166,464**	**-**	**-**	**166,464**
Financial guarantee contracts*	**979,825**	**-**	**-**	**979,825**
Total undiscounted financial liabilities	**1,336,802**	**241,269**	**-**	**1,578,071**
2015				
Group				
Trade and other payables	616,883	-	-	616,883
Borrowings	359,149	334,702	888,071	1,581,922
Deposits	-	-	13,914	13,914
Provision for the retirement benefits	-	-	2,298	2,298
Total undiscounted financial liabilities	976,032	334,702	904,283	2,215,017
Company				
Trade and other payables	207,093	258,599	-	465,692
Borrowings	130,120	-	-	130,120
Financial guarantee contracts*	800,000	-	-	800,000
Total undiscounted financial liabilities	1,137,213	258,599	-	1,395,812

* Related to Islamic Medium Term Notes (Note 29)

The Group has total undrawn borrowing facilities amounting to RM0.93 billion (2015: RM1.0 billion) as at 31 December 2016.

3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit for the financial year would have been RM407,229 (2015: RM51,901) higher/lower, arising mainly as a result of lower/higher interest expenses on floating rate loans and borrowings. The assumed movement in interest rate for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency exchange risk

Foreign currency exchange 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 does not face significant exposure from foreign currency exchange risk.

(e) Offsetting financial assets and financial liabilities

There is no offsetting of financial assets and financial liabilities during the year for the Group and Company.

4 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and health capital ratios in order to support its business, maximise shareholder value and comply with its financial covenants.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gross gearing ratio, which is total borrowings divided by shareholders' funds.

The Group's gross gearing ratios as at 31 December 2016 and 2015 were as follows:

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
Current borrowings	**333,445**	359,149
Non-current borrowings	**1,242,313**	1,178,881
Total borrowings (Note 29)	**1,575,758**	1,538,030
Shareholders' funds	**1,595,088**	1,471,583
Gross gearing ratio (%)	**0.99**	1.05

The Group has complied with all material external financial covenants during the financial year as disclosed in Note 29.

5 FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

Current asset/liability	Note
Trade and other receivables and amounts due from subsidiaries	24
Deposits, cash and bank balances	26
Trade and other payables and amounts due to subsidiaries	28
Borrowings	29
Deposits	32

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of long term receivables and payables, which primarily comprise advances to or from subsidiaries, are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date.

(b) Fair value measurement

Qualitative disclosures fair value measurement hierarchy for assets and liabilities are as follows:

	LEVEL 1		LEVEL 3	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Group				
Available-for-sale financial assets	**1,864**	-	**282**	282
Property, plant and equipment (Note 16):				
- Freehold land	**-**	-	**228,981**	174,694
- Long leasehold land	**-**	-	**139,523**	124,226
- Buildings	**-**	-	**670,054**	499,563
Investment properties (Note 17)	**-**	-	**280,436**	279,833
	1,864	-	**1,319,276**	1,078,598
Company				
Available-for-sale financial assets	**1,864**	-	**-**	-

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 as at 31 December 2016 and 31 December 2015.

6 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill

The Group tests goodwill for impairment annually whether goodwill has suffered any impairment, in accordance with its accounting policy stated in Note 2.11. More regular reviews are performed if events indicate that this is necessary.

The recoverable amounts of cash-generating units have been determined based on fair value less cost to sell calculations. The calculations require the use of estimates as set out in Note 19.

(b) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain tax allowances for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether taxes will be claimable. Where the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in Note 13.

(c) Valuation of property, plant and equipment and investment properties

The Group carries certain property, plant and equipment and its investment properties at fair values. These require the use of external valuers and assumptions that are based on unobservable inputs.

The key assumptions are as disclosed in Notes 16 and 17 to the financial statements.

7 REVENUE

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Hospital and healthcare charges	**2,873,200**	2,731,782	**-**	-
Tuition fees	**48,983**	38,759	**-**	-
Aged care revenue	**48,486**	35,502	**-**	-
Rental income	**36,080**	27,191	**-**	-
Wellness revenue	**9,521**	9,034	**-**	-
Dividend income	**-**	-	**141,546**	111,482
Management fees	**-**	-	**43,240**	43,211
Interest income	**-**	-	**2,348**	2,038
Other revenue	**4,824**	5,325	**987**	1,984
	3,021,094	2,847,593	**188,121**	158,715

8 FINANCE INCOME AND COSTS

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Finance costs				
Profit sharing on Islamic financing:				
- Islamic Medium Term Notes	**49,698**	33,749	**-**	-
- Term loans	**30,619**	26,297	**-**	-
- Revolving credits	**8,742**	8,775	**5,268**	8,394
- Finance lease liabilities	**2,488**	-	**-**	-
- Bank overdrafts	**26**	-	**-**	-
Interest expense on conventional financing:				
- Term loans	**2,656**	-	**-**	-
- Revolving credits	**236**	-	**-**	-
- Finance lease liabilities	**2,402**	3,192	**-**	-
- Bank overdrafts	**-**	84	**-**	-
- Interest on advances from subsidiaries	**-**	-	**9,740**	13,827
- Others	**2,580**	2,125	**3**	404
	99,447	74,222	**15,011**	22,625
Less: Interest expense capitalised in:				
- Property, plant and equipment (Note 16)	**(16,310)**	(10,065)	**-**	-
	83,137	64,157	**15,011**	22,625
Finance income				
Profit sharing from deposits with licensed banks	**(14,338)**	(13,731)	**-**	-
Accretion of receivables	**(1,960)**	-	**-**	-
	(16,298)	(13,731)	**-**	-
Net finance costs	**66,839**	50,426	**15,011**	22,625

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 5%. (2015: 5%)

9 PROFIT BEFORE ZAKAT AND TAX

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

		GROUP		COMPANY	
		2016	**2015**	**2016**	**2015**
	NOTE	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration:					
- Statutory audits		**2,480**	2,431	**275**	260
- Other services		**2,495**	986	**-**	-
Trade receivables:					
- Impairment charge for the year	24	**11,113**	5,814	**-**	-
- Reversal of impairment loss	24	**(957)**	(947)	**-**	-
Contribution to Klinik Waqaf An-Nur	36	**3,498**	3,120	**-**	-
Directors' remuneration	11	**3,229**	5,041	**3,040**	4,855
Consultants fees		**779,005**	701,864	**-**	-
Cost of medical supplies		**707,484**	712,328	**-**	-
External lab services		**7,978**	6,807	**-**	-
Inventories written-off		**186**	120	**-**	-
Professional fees		**3,962**	2,712	**887**	1,234
Repair and maintenance		**65,927**	37,700	**327**	152
Investment properties					
- Rental income		**(15,458)**	(11,379)	**-**	-
- Direct operating expenses		**9,500**	8,900	**-**	-
Property, plant and equipment:					
- Depreciation	16	**129,874**	118,713	**-**	-
- Write-off		**10,398**	6,374	**-**	-
- Loss on disposal		**(9,886)**	154	**-**	-
Rental expense of land and buildings		**117,786**	115,398	**2,559**	3
Rental of equipment and vehicles		**4,838**	5,600	**393**	92
Employee benefits costs	10	**666,235**	641,510	**42,413**	24,352
Available-for-sale financial assets written-off	22	**-**	6	**-**	-
Share-based payment – restricted issue		**-**	7,004	**-**	-
Share-based payments – ESOS		**-**	1,911	**-**	1,911
Amortisation of software expenditure	18	**2,145**	456	**-**	-
Impairment of goodwill	18	**16,356**	-	**-**	-
Loss/(gain) on fair value of investment properties	17	**92**	(11,421)	**-**	-
Gain on disposal of shares in associates (net)		**(13,960)**	(1,577)	**-**	
Gain on disposal of non-current assets		**-**	(5,986)	**-**	-

10 EMPLOYEE BENEFITS COSTS

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Staff costs (excluding Directors' remuneration):				
- Salaries, allowances and bonuses	**579,044**	564,516	**35,704**	20,625
- Contributions to defined contribution plan	**59,123**	52,182	**2,409**	2,601
- Share-based payments - ESOS	**27,818**	24,566	**4,300**	1,126
- Provision for retirement benefits (Note 31)	**250**	246	**-**	-
	666,235	641,510	**42,413**	24,352

11 DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Managing Director:				
- Fees	**150**	150	**100**	100
- Salaries, allowances and bonuses	**1,214**	1,112	**1,214**	1,112
- Contributions to defined contribution plan	**162**	148	**162**	148
- Share-based payments - ESOS	**-**	503	**-**	503
- Benefits-in-kind	**32**	22	**32**	22
	1,558	1,935	**1,508**	1,885
Non-Executive Directors:				
- Fees	**375**	375	**375**	375
- Allowances	**53**	74	**53**	74
- Share-based payments - ESOS	**-**	201	**-**	201
	428	650	**428**	650
Independent Non-Executive Directors:				
- Fees	**705**	684	**660**	641
- Allowances	**517**	544	**423**	451
- Share-based payments - ESOS	**-**	1,207	**-**	1,207
- Benefits-in-kind	**21**	21	**21**	21
	1,243	2,456	**1,104**	2,320
	3,229	5,041	**3,040**	4,855

11 DIRECTORS' REMUNERATION (CONTINUED)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	NUMBER OF DIRECTORS	
	2016	**2015**
Managing Director:		
RM1,500,001 – RM2,000,000	**1**	1
Non-Executive Directors:		
RM1 – RM100,000	**3**	2
RM100,001 – RM200,000	**1**	1
RM200,001 – RM300,000	**-**	1
Independent Non - Executive Directors		
RM100,001 – RM200,000	**4**	-
RM200,001 – RM300,000	**-**	-
RM300,001 – RM400,000	**1**	4
RM400,001 – RM500,000	**1**	-
RM500,001 – RM600,000	**-**	1
RM600,001 – RM700,000	**-**	1
	11	11

12 ZAKAT

Zakat expense is zakat provided and paid during the financial year.

13 TAXATION

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysian income tax:				
- In respect of current financial year	**62,455**	42,782	**-**	454
- In respect of prior financial years	**(2,227)**	(5,369)	**(454)**	-
Foreign income tax:				
- In respect of current financial year	**370**	26	**-**	-
	60,598	37,439	**(454)**	454
Deferred tax (Note 23)	**(10,109)**	24,760	**-**	-
Income tax expense/(credit) recognised in income statement	**50,489**	62,199	**(454)**	454
Deferred tax related to other comprehensive income (Note 23):				
- Net surplus on revaluation of land and buildings	**4,172**	10,629	**-**	-

A reconciliation of taxation applicable to profit before tax after zakat at the Malaysian statutory income tax rate to taxation at the effective income tax rate of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax after zakat	**206,364**	207,328	**108,178**	92,920
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	**49,527**	51,832	**25,962**	23,230
Tax effects of:				
- Different tax rates	**224**	(80)	**-**	-
- Income not subject to tax	**(13,434)**	(2,588)	**(34,620)**	(29,231)
- Expenses non-deductible for tax purposes	**10,217**	21,951	**7,918**	6,455
- Share of results of associates	**(569)**	(9,161)	**-**	-
- Over provision of prior years income tax	**(2,227)**	(5,369)	**(454)**	-
- Temporary differences and tax losses not recognised	**6,751**	5,614	**740**	-
Income tax expense/(credit)	**50,489**	62,199	**(454)**	454

14 DIVIDENDS

	GROUP AND COMPANY	
	2016	**2015**
	RM'000	**RM'000**
Declared in 2016 in respect of:		
(i) **Financial year ended 31 December 2015**		
Fourth interim single tier dividend of 3.5% (1.75 sen) per ordinary share paid on 15 April 2016	**18,212**	-
(ii) **Financial year ended 31 December 2016**		
First interim single tier dividend of 3.6% (1.80 sen) per ordinary share paid on 21 July 2016	**18,788**	-
Second interim single tier dividend of 3.0% (1.50 sen) per ordinary share paid on 18 October 2016	**15,701**	-
Third interim single tier dividend of 3.0% (1.50 sen) per ordinary share paid on 11 January 2017	**15,720**	-
	68,421	-
Declared in 2015 in respect of:		
(i) **Financial year ended 31 December 2014**		
Fourth interim single tier dividend of 5.2% (2.60 sen) per ordinary share paid on 10 April 2015	**-**	26,906
(ii) **Financial year ended 31 December 2015**		
First interim single tier dividend of 3.5% (1.75 sen) per ordinary share paid on 14 July 2015	**-**	18,147
Second interim single tier dividend of 2.9% (1.75 sen) per ordinary share paid on 19 October 2015	**-**	18,171
Third interim single tier dividend of 4% (1.75 sen) per ordinary share paid on 15 January 2016	**-**	18,181
	-	81,405

The Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2016.

15 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company for the financial year by the average number of ordinary shares in issue during the financial year.

	GROUP	
	2016	**2015**
Profit attributable to ordinary equity holders of the Company (RM'000)	**149,195**	135,330
Weighted average number of ordinary shares in issue ('000)	**1,089,522**	1,037,588
Basic earnings per share (sen)	**13.69**	13.04

(b) Diluted earnings per share

For the diluted earnings per share calculation, the average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares for the Group are the warrants and ESOS.

For the warrants issued and ESOS granted to employees issued, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscriptions rights attached to outstanding warrants and ESOS. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants and ESOS. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the "bonus" element in the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the net profit for the financial year for the warrants and ESOS calculation.

	GROUP	
	2016	**2015**
Profit attributable to equity holders of the Company (RM'000)	**149,195**	135,330
Weighted average number of ordinary shares in issue ('000)	**1,089,522**	1,037,588
Assumed shares issued from the exercise of warrants ('000)	**86,575**	86,576
Assumed shares issued from the exercise of ESOS ('000)	**74,926**	88,009
Weighted average number of ordinary shares in issue ('000)	**1,251,023**	1,212,173
Diluted earnings per share (sen)	**11.93**	11.16

16 PROPERTY, PLANT AND EQUIPMENT

	FREEHOLD LAND	LONG LEASEHOLD LAND	BUILDINGS	RENOVATION	MEDICAL AND OTHER EQUIPMENT	FURNITURE, FITTINGS, MOTOR VEHICLES AND COMPUTERS	CAPITAL WORK-IN-PROGRESS	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
2016								
At 1 January								
- Cost	46,700	-	33,300	223,757	770,653	377,261	293,288	1,744,959
- Valuation	174,694	124,226	499,563	-	-	-	-	798,483
	221,394	124,226	532,863	223,757	770,653	377,261	293,288	2,543,442
Exchange differences	4,727	1,120	3,926	1,087	2,748	-	-	13,608
Additions	5,900	1,056	12,162	33,276	49,418	15,198	143,915	260,925
Acquisition of a subsidiary	-	-	-	-	37	-	-	37
Revaluation surplus	2,860	15,555	1,277	-	-	-	-	19,692
Elimination of accumulated depreciation on revaluation	-	(1,708)	(1,628)	-	-	-	-	(3,336)
Disposals	-	-	-	(11,184)	(14,440)	(6,751)	-	(32,375)
Written-off	-	-	(3,124)	-	(65,837)	(36,800)	-	(105,761)
Reclassification – cost	-	-	138,529	1,673	10,181	10,103	(160,486)	-
	234,881	140,249	684,005	248,609	752,760	359,011	276,717	2,696,232

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	FREEHOLD LAND	LONG LEASEHOLD LAND	BUILDINGS	RENOVATION	MEDICAL AND OTHER EQUIPMENT	FURNITURE, FITTINGS, MOTOR VEHICLES AND COMPUTERS	CAPITAL WORK-IN-PROGRESS	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
2016								
At 31 December								
- Cost	5,900	-	-	248,609	752,760	359,011	276,717	1,642,997
- Valuation	228,981	140,249	684,005	-	-	-	-	1,053,235
	234,881	140,249	684,005	248,609	752,760	359,011	276,717	2,696,232
Less: Government grant received	-	-	(5,467)	-	-	-	-	(5,467)
	234,881	140,249	678,538	248,609	752,760	359,011	276,717	2,690,765
Accumulated depreciation								
At 1 January	-	(12)	(837)	(58,040)	(431,975)	(220,629)	-	(711,493)
Elimination of accumulated depreciation on revaluation	-	1,708	1,628	-	-	-	-	3,336
Exchange differences	-	1,494	-	533	(2,150)	(505)	-	(628)
Charge for the financial year (Note 9)	-	(3,916)	(12,399)	(33,071)	(51,760)	(28,728)	-	(129,874)
Disposals	-	-	-	3,829	10,974	4,263	-	19,066
Written-off	-	-	3,124	-	57,622	34,617	-	95,363
At 31 December	-	(726)	(8,484)	(86,749)	(417,289)	(210,982)	-	(724,230)
Net carrying amounts								
- Cost	5,900	-	-	161,860	335,471	148,029	276,717	927,977
- Valuation	228,981	139,523	670,054	-	-	-	-	1,038,558
At 31 December	234,881	139,523	670,054	161,860	335,471	148,029	276,717	1,966,535

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	FREEHOLD LAND	LONG LEASEHOLD LAND	BUILDINGS	RENOVATION	MEDICAL AND OTHER EQUIPMENT	FURNITURE, FITTINGS, MOTOR VEHICLES AND COMPUTERS	CAPITAL WORK-IN-PROGRESS	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
2015								
At 1 January								
- Cost	113,949	53,103	312,954	157,791	711,288	323,283	307,673	1,980,041
- Valuation	12,750	53,200	41,331	-	-	-	-	107,281
	126,699	106,303	354,285	157,791	711,288	323,283	307,673	2,087,322
Exchange differences	2,518	1,200	(2,348)	916	4,579	(1,240)	3,378	9,003
Additions	1,770	2,500	25,160	50,908	70,523	35,497	175,861	362,219
Acquisition of a subsidiary	46,700	-	33,300	-	-	-	-	80,000
Revaluation surplus	17,153	17,252	23,709	-	-	-	-	58,114
Elimination of accumulated depreciation on revaluation	-	(3,029)	(11,341)	-	-	-	-	(14,370)
Disposals	(3,433)	-	(1,664)	(3,278)	(6,000)	(4,666)	(3,105)	(22,146)
Written-off	-	-	(1,225)	(45)	(9,762)	(766)	(3,657)	(15,455)
Reclassification - cost	29,987	-	114,232	17,465	25	25,153	(186,862)	-
	221,394	124,226	534,108	223,757	770,653	377,261	293,288	2,544,687

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	FREEHOLD LAND	LONG LEASEHOLD LAND	BUILDINGS	RENOVATION	MEDICAL AND OTHER EQUIPMENT	FURNITURE, FITTINGS, MOTOR VEHICLES AND COMPUTERS	CAPITAL WORK-IN-PROGRESS	TOTAL
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
2015								
At 31 December								
- Cost	46,700	-	33,300	223,757	770,653	377,261	293,288	1,744,959
- Valuation	174,694	124,226	500,808	-	-	-	-	799,728
	221,394	124,226	534,108	223,757	770,653	377,261	293,288	2,544,687
Less: Government grant received	-	-	(1,245)	-	-	-	-	(1,245)
	221,394	124,226	532,863	223,757	770,653	377,261	293,288	2,543,442
Accumulated depreciation								
At 1 January	-	(1,358)	(6,199)	(44,936)	(384,083)	(189,545)	-	(626,121)
Elimination of accumulated depreciation on revaluation	-	3,029	11,341	-	-	-	-	14,370
Exchange differences	-	-	648	(29)	(1,043)	(1,890)	-	(2,314)
Charge for the financial year (Note 9)	-	(1,683)	(6,685)	(16,040)	(61,370)	(32,935)	-	(118,713)
Reclassification	-	-	-	(210)	-	210	-	-
Disposals	-	-	33	3,130	5,822	3,219	-	12,204
Written-off	-	-	25	45	8,699	312	-	9,081
At 31 December	-	(12)	(837)	(58,040)	(431,975)	(220,629)	-	(711,493)
Net carrying amounts								
- Cost	46,700	-	32,463	165,717	338,678	156,632	293,288	1,033,478
- Valuation	174,694	124,214	499,563	-	-	-	-	798,471
At 31 December 2015	221,394	124,214	532,026	165,717	338,678	156,632	293,288	1,831,949

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Revaluation of land and buildings

The Group's land and buildings, except for those under constructions, were fully revalued as at 31 December 2015. As at year end, the Group assessed whether there is an indication that the carrying values of these assets have defer materially from its fair value. Where an indication exist, revaluations were carried out and the carrying value of these assets were updated to reflect its fair value based on independent valuation. Certain land and buildings under construction that were completed and commenced operations during the year were also revalued as at year end.

Land and buildings comprise mainly those that are used by the Group as purpose-built private specialist hospitals. Land and buildings that were revalued on 31 December 2016 were based on the Cost Method, which entails separate valuations of the land and buildings to arrive at the market value of the subject property. The lands were valued by reference to transactions of similar lands in the surrounding with adjustments made for difference in location, terrain, size and shape of the land, tenure, title restrictions if any and other relevant characteristics. The buildings were valued by reference to their depreciated replacement costs, i.e. the replacement cost new less an appropriate adjustments for depreciation or obsolescence to reflect the existing condition of the buildings at the date of valuation. The book values of the land and buildings were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve. These were all Level 3 in the fair value hierarchy.

The valuations were carried out by independent firms of professional valuers, Messrs CH Williams Talhar & Wong Sdn Bhd, Messrs Raine & Horne International Zaki + Partners Sdn Bhd, Messrs IM Global Property Consultants Sdn Bhd, Messrs Cheston International (KL) Sdn Bhd and Messrs Knight Frank Ptd Ltd ("the Valuers").

If the total amounts of the land and buildings had been determined in accordance with the historical cost convention, they would have been included at:

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
Cost		
Freehold land	**135,949**	80,923
Leasehold land	**41,480**	35,580
Buildings	**279,394**	205,752
	456,823	322,255
Accumulated depreciation		
Leasehold land	**(248)**	(232)
Buildings	**(9,302)**	(4,115)
Net carrying amounts	**447,273**	317,908
The additions and net book value of assets under finance leases are as follows:		
Assets under finance leases:		
- Additions during the financial year	**2,890**	16,412
- Net book value at the end of financial year	**71,296**	60,239

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The net book value of property, plant and equipment pledged for borrowing facilities as at 31 December 2016 is RM338,784,000 (2015: RM372,332,000) as disclosed in Note 29.

During the financial year, a subsidiary received a government grant in relation to the construction of a hospital building amounting to RM5,467,000 (2015: RM1,245,000). The amount has been set-off against the cost of building.

Capitalisation of borrowing costs

The capital work-in-progress includes borrowing costs arising from general and specific borrowings. During the financial year, borrowing costs capitalised as part of capital work-in-progress amounted to RM16,310,000 (2015: RM10,065,000).

17 INVESTMENT PROPERTIES

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
At fair value:		
At 1 January	**279,833**	267,750
Additions	**-**	130
Exchange differences	**695**	532
(Loss)/Gain on fair value recognised in during the year (Note 9)	**(92)**	11,421
At 31 December	**280,436**	279,833

The valuations were carried out by third party valuers, Messrs CH Williams Talhar & Wong Sdn Bhd.

The fair value of the properties was estimated at RM280,436,000 (2015: RM279,833,000) based on valuations performed by independent professionally qualified valuers, using either the comparison or investment method as described below.

Fair value hierarchy disclosures for investment properties are in Note 5.

The following table shows a reconciliation of Level 3 fair value:

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
At 31 December	**280,436**	216,829
Reclassification from Level 2	**-**	63,004
	280,436	279,833

17 INVESTMENT PROPERTIES (CONTINUED)

Description of valuation techniques used and key inputs to valuation on investment properties.

	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE) 2016	2015
Land and buildings	Comparison method	Location, visibility, size and tenure	**-**	-
(Carrying value as at 31 December 2016 of RM 69,782,000 (2015 : RM 69,179,000))				
Office properties	Investment method	Estimated rental value per sqft per month	**RM3.80 – RM5.00**	RM3.00 – RM4.00
		Outgoings per sqft per month	**RM1.50 – RM1.52**	RM1.45 – RM1.52
		Void rate	**5% – 7.5%**	5% – 7.5%
		Term yield	**6% – 6.25%**	6% – 6.25%
(Carrying value as at 31 December 2016 of RM 210,654,000 (2015 : RM 210,654,000))				

Inter-relationship between significant unobservable inputs and fair value measurement

(a) Comparison method

Generally a location and visibility that is relatively more prominent will result in a higher fair value. A longer tenure will have the same effect.

(b) Investment method

Increases/(decreases) in estimated rental value per sqft in isolation would result in a higher/(lower) fair value of the properties. Increases/(decreases) in the long-term vacancy rate (void rate) and discount rate (term yield) in isolation would result in a lower (higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rental value per sqft and an opposite change in the void rate and term yield.

A sensitivity analysis has been performed on the significant assumptions that impact the fair value of the office properties. Arising thereof, the impact of a 10 basis points increase/decrease in the term yield will result in a lower/higher fair value change by RM4 million, while a void rate of 10% will result in a lower fair value change by RM3 million.

18 INTANGIBLE ASSETS

	GOODWILL RM'000	SOFTWARE EXPENDITURE RM'000	SOFTWARE EXPENDITURE UNDER DEVELOPMENT RM'000	TOTAL RM'000
2016				
Cost				
At 1 January 2016	**195,891**	**28,386**	**31,144**	**255,421**
Additions	**-**	**-**	**11,942**	**11,942**
At 31 December 2016	**195,891**	**28,386**	**43,086**	**267,363**
Accumulated amortisation				
At 1 January 2016	**-**	**(3,295)**	**-**	**(3,295)**
Amortisation charge for the year (Note 9)	**-**	**(2,145)**	**-**	**(2,145)**
At 31 December 2016	**-**	**(5,440)**	**-**	**(5,440)**
Accumulated impairment				
At 1 January 2016	**-**	**-**	**-**	**-**
Impairment charge during the year (Note 9)	**(16,356)**	**-**	**-**	**(16,356)**
At 31 December 2016	**(16,356)**	**-**	**-**	**(16,356)**
Net carrying amount				
At 31 December 2016	**179,535**	**22,946**	**43,086**	**245,567**
2015				
Cost				
At 1 January 2015	195,891	22,955	27,655	246,501
Additions	-	1,756	7,164	8,920
Reclassification	-	3,675	(3,675)	-
At 31 December 2015	195,891	28,386	31,144	255,421
Accumulated amortisation				
At 1 January 2015	-	(2,839)	-	(2,839)
Amortisation charge for the year (Note 9)	-	(456)	-	(456)
At 31 December 2015	-	(3,295)	-	(3,295)
Net carrying amount				
At 31 December 2015	195,891	25,091	31,144	252,126

19 IMPAIRMENT OF INTANGIBLE ASSETS

Impairment tests for goodwill and software expenditure under development

	GROUP	
	2016 RM'000	2015 RM'000
Malaysia*:		
- goodwill	**177,913**	177,913
- software expenditure under development	**43,086**	31,144
Indonesia	**1,622**	1,622
Aged care facility (Note a)	**-**	16,356
	222,621	227,035

* The impairment testing for the goodwill allocated to Malaysian includes the software expenditure under development, as this represents software projects to develop new information processing and clinical systems for use in the hospitals.

Recoverable amount based on fair value less costs to sell

Malaysia and Indonesia

The recoverable amount of the CGU is determined based on fair value less cost to sell calculation (level 3 fair value hierarchy). These calculations use cash flow projections based on financial budgets approved by the Directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

Aged care facility

(a) The Group's investment in its Aged care facility has been written down to its net recoverable value resulting in a full impairment of the goodwill of RM16,356,000 that has been charged to administrative expenses in the income statement.

The aged care facilities continued to incur losses and the operating cash flows of this CGU is expected to be negative in the foreseeable future, deeming the use of value-in-use to derive the recoverable amount inappropriate. The recoverable amount of the CGU has been instead determined based on the fair value of its net assets.

19 IMPAIRMENT OF INTANGIBLE ASSETS (CONTINUED)

The key assumptions used are as follows:

	2016 %	2015 %
Malaysia		
Revenue[1]	**16.7**	11
EBITDA margin[2]	**12.5 - 13.7**	15.9 - 17.8
Discount rate[3]	**12**	12
Terminal growth rate[4]	**5**	5
Indonesia		
Revenue[1]	**18.7**	24
EBITDA margin[2]	**16 - 20**	16 - 20
Discount rate[3]	**15**	15
Terminal growth rate[4]	**4**	4
Aged care facility		
Revenue[1]	**-**	6
EBITDA margin[2]	**-**	2 - 8
Discount rate[3]	**-**	10
Terminal growth rate[4]	**-**	3

Assumptions:

1 Based on compounded annual growth rate
2 EBITDA margin over the budget period
3 Post-tax discount rate applied to the cash flow projections
4 Terminal growth rate used to extrapolate cash flows beyond the budget period

The Directors have determined the revenue and EBITDA margin based on expectations of market development. The post-tax discount rates used are based on comparable healthcare companies and adjusted for projection risk. The terminal growth rate does not exceed the long-term average growth rate for the relevant group of CGUs.

20 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries is made up as follows:

	COMPANY 2016 RM'000	COMPANY 2015 RM'000
Cost	**948,618**	948,618
Addition and subscription during the financial year	**15,805**	-
Preference shares	**300**	300
Capital contribution reserve on share based payments	**51,478**	32,578
Unquoted shares	**1,016,201**	981,496

The following are subsidiaries of the Company:

NAME OF COMPANY	COUNTRY OF INCORPORATION	GROUP'S EFFECTIVE INTEREST 2016 %	GROUP'S EFFECTIVE INTEREST 2015 %	PRINCIPAL ACTIVITIES
Kumpulan Perubatan (Johor) Sdn Bhd	Malaysia	**100**	100	Managing and investment holding company for medical sector
Point Zone (M) Sdn Bhd	Malaysia	**100**	100	Providing treasury management services to the companies within the group
Tawakal Holdings Sdn Bhd *	Malaysia	**100**	100	Investment holding company
Johor Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Puteri Specialist Hospital (Johor) Sdn Bhd #	Malaysia	**100**	100	Operating as a specialist hospital
Ipoh Specialist Hospital Sdn Bhd	Malaysia	**98**	98	Operating as a specialist hospital
Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd				
Ampang Puteri Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Bandar Baru Klang Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Damansara Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Kajang Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Kuantan Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Maharani Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Pasir Gudang Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Penang Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Pusat Pakar Kluang Utama Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Rawang Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Sentosa Medical Centre Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Seremban Specialist Hospital Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Sibu Medical Centre Corporation Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
SMC Healthcare Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital
Taiping Medical Centre Sdn Bhd	Malaysia	**100**	100	Operating as a specialist hospital

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company (continued):

NAME OF COMPANY	COUNTRY OF INCORPORATION	GROUP'S EFFECTIVE INTEREST 2016 %	GROUP'S EFFECTIVE INTEREST 2015 %	PRINCIPAL ACTIVITIES
Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd (continued)				
Kota Kinabalu Specialist Hospital Sdn Bhd	Malaysia	**97**	97	Operating as a specialist hospital
PT Khidmat Perawatan Jasa Medika *	Indonesia	**80**	80	Operating as a specialist hospital
PT Khasanah Putera Jakarta Medica *	Indonesia	**75**	75	Operating as a specialist hospital
Kuching Specialist Hospital Sdn Bhd	Malaysia	**70**	70	Operating as a specialist hospital
Pahang Specialist Hospital Sdn Bhd	Malaysia	**70**	70	Operating as a specialist hospital
Perdana Specialist Hospital Sdn Bhd	Malaysia	**61**	61	Operating as a specialist hospital
Selangor Specialist Hospital Sdn Bhd *	Malaysia	**60**	60	Operating as a specialist hospital
Advanced Healthcare Solution Sdn Bhd *	Malaysia	**100**	100	Providing healthcare information system services
Crossborder Aim (M) Sdn Bhd	Malaysia	**100**	100	Investment holding company
Crossborder Hall (M) Sdn Bhd	Malaysia	**100**	100	Investment holding company
KPJ Dhaka (Pte) Ltd *	Bangladesh	**100**	100	Providing management services to a specialist hospital
KPJ Eyecare Specialist Sdn Bhd *	Malaysia	**100**	100	Providing medical and consultancy services
Lablink (M) Sdn Bhd	Malaysia	**100**	100	Providing pathology and laboratory services
PharmaCARE Sdn Bhd *	Malaysia	**100**	100	Providing human resource, training services and rental of human resource information system
Pharmaserv Alliances Sdn Bhd	Malaysia	**100**	100	Marketing and distributing medical and pharmaceutical products
PT Al-Aqar Bumi Serpong Damai *	Indonesia	**100**	100	Operating as building management company
PT Al-Aqar Permata Hijau *	Indonesia	**100**	100	Operating as building management company
Puteri Nursing College Sdn Bhd	Malaysia	**100**	100	Operating as a private university college of nursing and allied health
Sibu Geriatric Health & Nursing Centre Sdn Bhd	Malaysia	**100**	100	Operating and managing an aged care facilities
Sterile Services Sdn Bhd	Malaysia	**100**	100	Providing sterile services
Fabricare Laundry Sdn Bhd *	Malaysia	**95**	95	Providing laundry services
Diaper Technology Industries Sdn Bhd	Malaysia	**94**	94	Providing information technology related services and rental of software
Pride Outlet Sdn Bhd	Malaysia	**90**	75	Providing maintenance services for medical equipment
Healthcare IT Solutions Sdn Bhd *	Malaysia	**70**	70	Providing healthcare information technology services
Skop Yakin (M) Sdn Bhd *	Malaysia	**70**	89	Marketing and distributing general merchandise
Total Meal Solution Sdn Bhd * (formerly known as Renal-Link Sentosa Sdn Bhd)	Malaysia	**70**	100	Providing central kitchen services

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company (continued):

NAME OF COMPANY	COUNTRY OF INCORPORATION	GROUP'S EFFECTIVE INTEREST 2016 %	GROUP'S EFFECTIVE INTEREST 2015 %	PRINCIPAL ACTIVITIES
Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd (continued)				
Teraju Farma Sdn Bhd	Malaysia	**65**	75	Marketing and distributing medical and pharmaceutical products
Jeta Gardens (Qld) Pty Ltd *	Australia	**57**	57	Providing retirement village and aged care facilities
BDC Specialist Hospital Sdn Bhd *	Malaysia	**100**	100	To be operating as a specialist hospital
KPJ HealthShoppe Sdn Bhd * (formerly known as Bukit Mertajam Specialist Hospital Sdn Bhd)	Malaysia	**100**	100	To be operating as pharmacy retail outlet
Massive Hybrid Sdn Bhd *	Malaysia	**100**	100	To be operating as a specialist hospital
UTM KPJ Specialist Hospital Sdn Bhd *	Malaysia	**100**	100	To be operating as a specialist hospital
Miri Specialist Hospital Sdn Bhd *	Malaysia	**70**	70	To be operating as a specialist hospital
Perlis Specialist Hospital *	Malaysia	**60**	60	To be operating as a specialist hospital
Energy Excellent Sdn Bhd *	Malaysia	**100**	100	Dormant
KPJ Education Services Sdn Bhd *	Malaysia	**100**	100	Dormant
KPJ Medik TV Sdn Bhd *	Malaysia	**100**	100	Dormant
Pharmacare Surgical Technologies (M) Sdn Bhd *	Malaysia	**100**	100	Dormant
Freewell Sdn Bhd *	Malaysia	**80**	80	Dormant
Bayan Baru Specialist Hospital Sdn Bhd *	Malaysia	**55**	55	Dormant
Subsidiary of Tawakal Holdings Sdn Bhd				
Pusat Pakar Tawakal Sdn Bhd +	Malaysia	**100**	100	Operating as a specialist hospital
Subsidiary of Johor Specialist Hospital Sdn Bhd				
Bandar Dato Onn Specialist Hospital Sdn Bhd	Malaysia	**100**	100	To be operating as specialist hospital
Subsidiary of Ipoh Specialist Hospital Sdn Bhd				
Sri Manjung Specialist Centre Sdn Bhd *	Malaysia	**100**	100	Operating as a specialist hospital

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company (continued):

NAME OF COMPANY	COUNTRY OF INCORPORATION	GROUP'S EFFECTIVE INTEREST 2016 %	GROUP'S EFFECTIVE INTEREST 2015 %	PRINCIPAL ACTIVITIES
Subsidiary of Selangor Specialist Hospital Sdn Bhd				
Hospital Pusrawi SMC Sdn Bhd *	Malaysia	**51**	51	Dormant
Subsidiary of SMC Healthcare Sdn Bhd				
Amity Development Sdn Bhd	Malaysia	**100**	100	Dormant
Subsidiary of PharmaCARE Sdn Bhd				
Open Access Sdn Bhd *	Malaysia	**100**	100	Dormant
Subsidiaries of Pharmaserv Alliances Sdn Bhd				
Medical Supplies (Sarawak) Sdn Bhd	Malaysia	**75**	75	Marketing and distributing medical pharmaceutical products
Malaysian Institute of Healthcare Management Sdn Bhd *	Malaysia	**75**	75	Dormant
FP Marketing (S) Pte Ltd *	Singapore	**100**	100	Dormant
Subsidiary of Puteri Nursing College Sdn Bhd				
KFCH Education (M) Sdn Bhd *	Malaysia	**100**	-	Operating as a college and training centre
Subsidiaries of Jeta Gardens (Qld) Pty Ltd				
Jeta Gardens Aged Care (Qld) Pty Ltd *	Australia	**100**	100	Operating and managing an aged care facility
Jeta Gardens Management (Qld) Pty Ltd *	Australia	**100**	100	Providing management to an aged care facility

Direct equity holding by the Company is 84%(2015: 84%)

+ Direct equity holding by the Company is 14% (2015: 14%)

* Audited by firms other than PricewaterhouseCoopers, Malaysia

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) On 1 May 2016, Puteri Nursing College Sdn Bhd ("PNC"), a wholly-owned subsidiary of the Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), acquired a 100% equity interest in KFCH Education (M) Sdn Bhd ("KFCH") for a total cash consideration of RM1.

(b) On 31 March 2015, KPJSB, a wholly-owned subsidiary of the Company, acquired 100% equity interest in Crossborder Hall (M) Sdn Bhd and Crossborder Aim (M) Sdn Bhd for a total cash consideration of RM5.2 million. Both Crossborder Hall (M) Sdn Bhd and Crossborder Aim (M) Sdn Bhd owned 50% share each of PT Al-'Aqar PH and PT Al-'Aqar BSD (collectively, "Crossborder Group"). The acquisition was completed on 16 December 2015.

(c) On 1 December 2015, KPJSB, a wholly-owned subsidiary of the Company, acquired the remaining non-controlling interest of Kuantan Specialist Hospital Sdn Bhd for a purchase consideration of RM7.8 million.

The effect of the KFCH acquisition on the financial results of the Group for the financial year was a loss before tax and zakat RM1,945,762.

Had the acquisition took effect at the beginning of the financial year, the revenue and loss of the Group would have increased by RM1,825,000 and RM597,000 respectively. These amounts have been calculated using Group's accounting policies.

The net assets recognised in the 31 December 2016 financial statements were based on provisional assessments of fair value.

A summary of the details of the net assets acquired and cash flows arising from the acquisitions during the financial year are as follows:

KFCH Education (M) Sdn Bhd

	RM'000
Purchase consideration settled in cash	- *
Fair value of net assets acquired	(1,300)
Negative goodwill recognised in other income in the income statement	(1,300)

* Represent RM1

	ACQUIREE'S CARRYING AMOUNTS	**PROVISIONAL FAIR VALUE**
	RM'000	**RM'000**
Property, plant and equipment (Note 16)	37	37
Trade and other receivables	2,760	2,760
Deposits, bank and cash balances	69	69
Trade and other payables	(1,566)	(1,566)
Net assets acquired	1,300	1,300
Net cash and cash equivalents of subsidiary acquired		69
Cash inflow on acquisition		69

Transaction costs of RM1,000 has been recognised as an expense during the financial year.

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(d) Summarised financial information of Jeta Gardens (Qld) Pty Ltd, Perdana Specialist Hospital Sdn Bhd and Selangor Specialist Hospital Sdn Bhd which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of other subsidiaries are not material to the Group.

(i) Summarised statements of financial position

	JETA GARDENS (QLD) PTY LTD		PERDANA SPECIALIST HOSPITAL SDN BHD		SELANGOR SPECIALIST HOSPITAL SDN BHD		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	**146,116**	150,456	**55,247**	38,593	**101,600**	88,138	**302,963**	277,187
Current assets	**50,334**	18,405	**22,971**	26,265	**100,478**	91,204	**173,783**	135,874
Total assets	**196,450**	168,861	**78,218**	64,858	**202,078**	179,342	**476,746**	413,061
Current liabilities	**205,689**	165,015	**32,045**	24,749	**42,141**	40,545	**279,875**	230,309
Non-current liabilities	**3,441**	6,671	**2,326**	1,775	**28,524**	25,665	**34,291**	34,111
Total liabilities	**209,130**	171,686	**34,371**	26,524	**70,665**	66,210	**314,166**	264,420
Net assets	**(12,680)**	(2,825)	**43,847**	38,334	**131,413**	113,132	**162,580**	148,641
Net equity attributable	**(12,680)**	(2,825)	**43,847**	38,334	**131,413**	113,132	**162,580**	148,641
Equity attributable to Owners of the Company	**(7,198)**	(1,604)	**26,555**	23,216	**78,848**	67,879	**98,205**	89,491
Non-controlling interests	**(5,482)**	(1,221)	**17,292**	15,118	**52,565**	45,253	**64,375**	59,150

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(ii) Summarised statements of comprehensive income

	JETA GARDENS (QLD) PTY LTD		PERDANA SPECIALIST HOSPITAL SDN BHD		SELANGOR SPECIALIST HOSPITAL SDN BHD		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	**51,491**	37,967	**89,178**	89,347	**156,528**	154,259	**297,197**	281,573
(Loss)/profit for the year	**(10,527)**	(11,607)	**6,718**	6,840	**17,192**	19,986	**13,383**	15,219
(Loss)/profit attributable to the Owners of the Company	**(5,976)**	(6,589)	**4,069**	4,143	**10,315**	11,992	**8,408**	9,546
(Loss)/profit attributable to the non-controlling interest	**(4,551)**	(5,018)	**2,649**	2,697	**6,877**	7,994	**4,975**	5,673
Total comprehensive (loss)/ income	**(10,527)**	(11,607)	**6,718**	6,840	**17,192**	19,986	**13,383**	15,219
Total comprehensive (loss)/ income attributable to Owners of the Company	**(5,976)**	(6,589)	**4,069**	4,143	**10,315**	11,992	**8,408**	9,546
Total comprehensive (loss)/ income attributable to the non-controlling interest	**(4,551)**	(5,018)	**2,649**	2,697	**6,877**	7,994	**4,975**	5,673
	(10,527)	(11,607)	**6,718**	6,840	**17,192**	19,986	**13,383**	15,219
Dividends paid to non-controlling interests	**-**	-	**623**	623	**4,800**	4,800	**5,423**	5,423

20 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(iii) Summarised statements of cash flows

	JETA GARDENS (QLD) PTY LTD		PERDANA SPECIALIST HOSPITAL SDN BHD		SELANGOR SPECIALIST HOSPITAL SDN BHD		TOTAL	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash (used in)/generated from operating activities	**(12,109)**	(13,123)	**10,737**	11,419	**9,486**	(4,577)	**8,114**	(6,281)
Net cash (used in)/generated from investing activities	**7,649**	(12,786)	**(16,703)**	(2,169)	**(3,280)**	(9,663)	**(12,334)**	(24,618)
Net cash (used in)/generated from financing activities	**19,706**	24,488	**5,995**	(10,212)	**(3,179)**	13,388	**22,522**	27,664
Net changes in cash and cash equivalents	**15,246**	(1,421)	**29**	(962)	**3,027**	(852)	**18,302**	(3,235)
Cash and cash equivalents at the beginning of the year	**11,521**	12,942	**3,141**	4,103	**7,673**	8,525	**22,335**	25,570
Cash and cash equivalents at the end of the year	**26,767**	11,521	**3,170**	3,141	**10,700**	7,673	**40,637**	22,335

21 INVESTMENTS IN ASSOCIATES

	GROUP	
	2016	2015
	RM'000	RM'000
Quoted ordinary shares in Al-'Aqar Healthcare REIT, at cost	**315,564**	323,273
Disposals	**(47,010)**	(7,709)
Unrealised gains** (Note 35)	**(33,572)**	-
	234,982	315,564
Unquoted ordinary shares, at cost	**65,229**	65,799
Group's share of post-acquisition reserves	**91,329**	94,132
	391,540	475,495
Market value of quoted ordinary shares in Al-'Aqar Healthcare REIT	**430,144**	458,940

** This represents restricted profits arising from the disposal of assets in Al-'Aqar Healthcare REIT.

The associates of the Group are as follows:

ASSOCIATES OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST 2016 %	EFFECTIVE EQUITY INTEREST 2015 %	PRINCIPAL ACTIVITIES
Damansara REIT Managers Sdn Bhd * #	Malaysia	**-**	-	Manager of Al-'Aqar Healthcare REIT
Al-'Aqar Healthcare REIT * ^	Malaysia	**38**	45	Real estate investment trust
Associates of KPJSB				
Kedah Medical Centre Sdn Bhd *	Malaysia	**46**	46	Operating as a specialist hospital
Hospital Penawar Sdn Bhd *	Malaysia	**-**	30	Operating as a specialist hospital
Healthcare Technical Services Sdn Bhd *	Malaysia	**30**	30	Providing management and engineering maintenance services for specialist hospital
Vejthani Public Company Limited *	Thailand	**23**	23	Operating as an international specialist hospital

^ Listed on the Main Market of Bursa Malaysia Securities Berhad.

* Audited by a firm other than PricewaterhouseCoopers.

\# Entity over which the Company exercises significant influence by virtue of its' board representation in Damansara REIT Managers Sdn Bhd., which controls Al-'Aqar Healthcare REIT.

21 INVESTMENTS IN ASSOCIATES (CONTINUED)

On 1 December 2016, the Company has entered into a Sale and Purchase Agreement with Dr Mohd Adnan bin Sulaiman and Azizan bin Sulaiman ("Purchasers") to dispose of its entire thirty percent (30%) equity shareholding of Hospital Penawar Sdn Bhd amounting to 720,000 ordinary shares to the Purchasers for a total cash consideration of RM2,209,860.

On 14 December 2016, the Purchasers has made payment of RM220,986 being a 10% deposit of the total cash consideration. As at year end, the balance purchase price amounting to RM1,988,874 is still outstanding.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

(i) Summarised statement of financial position

	AL-'AQAR HEALTHCARE REIT	
	2016	**2015**
	RM'000	**RM'000**
Non-current assets	**1,424,360**	1,521,523
Current assets	**186,853**	72,859
Total assets	**1,611,213**	1,594,382
Current liabilities	**50,128**	49,739
Non-current liabilities	**665,017**	664,817
Total liabilities	**715,145**	714,556
Net asset	**896,068**	879,826

(ii) Summarised statement of comprehensive income

Revenue	**103,839**	110,945
Profit before tax	**63,986**	67,912
Profit for the year	**63,440**	67,446
Other comprehensive (loss)/income	**(373)**	3,503
Dividends received from associates during the year	**13,789**	27,675

21 INVESTMENTS IN ASSOCIATES (CONTINUED)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	AL-'AQAR HEALTHCARE REIT	
	2016	2015
	RM'000	RM'000
Net assets at 1 January	**879,826**	831,543
Profit for the year	**63,440**	67,446
Other comprehensive (loss)/income	**(373)**	3,503
Issuances of new units during the year	**-**	39,716
Dividend paid during the year	**(46,825)**	(62,382)
Net assets at 31 December	**896,068**	879,826
Interest in associates	**38%**	45%
Carrying value of Group's interest	**340,506**	395,922

(iv) Aggregate information of associates that are not individually material

	2016	2015
	RM'000	RM'000
The Group's share of profit before tax	**8,691**	11,127
The Group's share of profit after tax	**6,313**	8,583
The Group's share of total comprehensive income	**6,313**	8,583

22 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At 1 January	**282**	288	**-**	-
Additional	**1,864**	-	**1,864**	-
Written-off (Note 9)	**-**	(6)	**-**	-
At 31 December	**2,146**	282	**1,864**	-
Analysed as follows:				
- Listed equity securities in Malaysia	**1,864**	-	**1,864**	-
- Unlisted equity securities in Malaysia	**282**	282	**-**	-
	2,146	282	**1,864**	-

The fair values of these available-for-sale financial assets do not materially differ from their carrying values. Refer to Note 5 for fair value hierarchy disclosures.

23 DEFERRED TAX

Deferred tax assets and liabilities were offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting are shown on the statements of financial position.

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
Deferred tax assets	**18,757**	18,956
Deferred tax liabilities	**(63,041)**	(69,177)
At 31 December	**(44,284)**	(50,221)

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follow:

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
At 1 January	**(50,221)**	(14,832)
(Charged)/credit to income statement (Note 13)		
- Property, plant and equipment	**22,041**	(11,350)
- Investment property	**30**	(1,441)
- Trade and other receivables	**(11,158)**	285
- Tax losses	**3,939**	(10,487)
- Deferred revenue	**(891)**	3,800
- Trade and other payables	**(3,852)**	(5,567)
	10,109	(24,760)
Charged to other comprehensive income	**(4,172)**	(10,629)
At 31 December	**(44,284)**	(50,221)

23 DEFERRED TAX (CONTINUED)

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
Subject to income tax:		
Deferred tax assets (before offsetting):		
- Tax losses	**11,935**	7,996
- Deferred revenue	**18,033**	18,924
- Trade and other payables	**5,483**	9,335
	35,451	36,255
Offsetting	**(16,694)**	(17,299)
Deferred tax assets (after offsetting)	**18,757**	18,956
Deferred tax liabilities (before offsetting):		
- Property, plant and equipment	**(45,630)**	(63,499)
- Investment property	**(15,881)**	(15,911)
- Trade and other receivables	**(18,224)**	(7,066)
	(79,735)	(86,476)
Offsetting	**16,694**	17,299
Deferred tax liabilities (after offsetting)	**(63,041)**	(69,177)

The amount of unabsorbed capital allowance and unutilised tax losses for which no deferred tax asset are recognised on the statements of financial position are as follows:

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unabsorbed capital allowance	**77,629**	55,950	**-**	-
Unutilised tax losses	**89,611**	83,161	**5,200**	7,133

No deferred tax assets are recognised as the above due to uncertainties of their recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

24 TRADE AND OTHER RECEIVABLES AND AMOUNT DUE FROM SUBSIDIARIES

	GROUP		COMPANY	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Non-current:				
Amount due from an associate	**34,621**	32,661	**-**	-
Current:				
Trade receivables	**412,129**	377,587	**-**	-
Less: Impairment of trade receivables	**(34,621)**	(25,745)	**-**	-
Trade receivables – net	**377,508**	351,842	**-**	-
Amount due from ultimate holding corporation	**1,936**	1,040	**5**	2
Amounts due from related companies	**1,634**	3,886	**5**	-
Amounts due from associates	**66,415**	65,493	**57**	77
Other receivables	**54,510**	27,039	**35,276**	314
Deposits	**33,341**	39,455	**41**	34
Prepayments	**20,174**	28,620	**-**	-
	555,518	517,375	**35,384**	427
Amounts due from subsidiaries	**-**	-	**390,355**	370,193
Total	**590,139**	550,036	**425,739**	370,620

Credit terms of trade receivables range from 30 to 60 days (2015: 30 to 60 days).

As at 31 December 2016, trade receivables of RM116,183,000 (2015: RM102,063,000) was neither past due nor impaired and RM261,325,000 (2015: RM249,779,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default or secured by collateral from customers.

The non-current amount due from an associate relates to the deferred consideration arising from the disposal of certain assets as disclosed in Note 27.

Amounts due from ultimate holding corporation and related companies are interest free and repayable on demand.

Included in amount due from subsidiaries are advances receivable from subsidiaries amounting to RM93,193,349 (2015: RM93,790,000) which are unsecured, bearing effective weighted average interest rate of 5.85% (2015: 5.85%) per annum and with no repayment terms.

Included in amounts due from associates is an amount of RM63,911,660 (2015: RM60,530,000) being an amount due from Al-'Aqar Healthcare REIT for the cost of building land and construction, which will be reimbursed by Al-'Aqar Healthcare REIT once completed under Al-'Aqar Development Agreement.

24 TRADE AND OTHER RECEIVABLES AND AMOUNT DUE FROM SUBSIDIARIES (CONTINUED)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivable is as follows:

	GROUP	
	2016 RM'000	2015 RM'000
Neither past due nor impaired	**116,183**	102,063
1 to 30 days past due not impaired	**92,634**	107,362
31 to 60 days past due not impaired	**55,827**	49,688
61 to 91 days past due not impaired	**22,199**	25,448
91 to 120 days past due not impaired	**19,688**	16,030
More than 121 days past due not impaired	**70,977**	51,251
	261,325	249,779
Impaired	**34,621**	25,745
	412,129	377,587

As at 31 December 2016, trade receivables of RM34,621,000 (2015: RM25,745,000) were impaired and provided for. Movement in allowance accounts:

	GROUP	
	2016 RM'000	2015 RM'000
At 1 January	**25,745**	30,168
Charge for the financial year (Note 9)	**11,113**	5,814
Written-off	**(1,280)**	(9,290)
Reversal of impairment loss (Note 9)	**(957)**	(947)
At 31 December	**34,621**	25,745

The currency exposure profile of the receivables and deposits (excluding prepayments) are as follows:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	**543,799**	494,070	**425,739**	370,620
Singapore Dollar	**13**	767	**-**	-
Indonesian Rupiah	**16,940**	21,578	**-**	-
Australian Dollar	**8,953**	4,930	**-**	-
Bangladesh Taka	**260**	71	**-**	-
	569,965	521,416	**425,739**	370,620

24 TRADE AND OTHER RECEIVABLES AND AMOUNT DUE FROM SUBSIDIARIES (CONTINUED)

The other classes do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

25 INVENTORIES

	GROUP	
	2016	2015
	RM'000	RM'000
At cost:		
Pharmaceutical products	**29,397**	32,868
Medical supplies	**14,388**	11,563
Consumables and disposable items	**874**	2,196
Laboratory chemicals	**1,675**	725
Other supplies	**785**	701
	47,119	48,053

26 DEPOSITS, BANK AND CASH BALANCES

	GROUP		COMPANY	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	**47,970**	43,112	-	528
Cash and bank balances	**311,429**	390,094	4,112	1,338
Total cash and bank balances	**359,399**	433,206	4,112	1,866
Less: Bank overdrafts (Note 29)	**(12,613)**	(7,063)	-	-
Deposits with licensed banks with maturity of more than 3 months	**(3,555)**	(6,074)	-	(528)
Designated account (FSRA & DSRA)	**(8,106)**	(7,632)	-	-
Cash and cash equivalents	**335,125**	412,437	4,112	1,338

Included in the deposits with licensed banks of the Group is an amount of RM8,106,000 (2015: RM 7,632,000) being minimum balance required in the Financial Service Reserve Account ("FSRA") and Deposit Service Reserve Account ("DSRA") for the loans purposes (Note 29).

The weighted average interest rate of deposits with licensed banks of the Group during the financial year is 3.00% (2015: 3.25%) per annum. Bank balances are deposits held at call with banks and earn no interest.

The weighted average interest rate of deposits with licensed banks of the Company in previous financial year was 3.25% per annum. Bank balances are deposits held at call with banks and earn no interest.

26 DEPOSITS, BANK AND CASH BALANCES (CONTINUED)

The currency exposure profile of deposits, cash and bank balances as at end of the reporting period is as follows:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	**304,210**	415,934	**4,112**	1,866
Singapore Dollar	**405**	1,258	**-**	-
Indonesia Rupiah	**24,605**	5,862	**-**	-
Australian Dollar	**30,009**	9,978	**-**	-
Bangladesh Taka	**170**	174	**-**	-
	359,399	433,206	**4,112**	1,866

Deposits of the Group and of the Company have maturity periods that ranges from 1 to 180 days (2015: 1 to 365 days).

27 NON-CURRENT ASSETS HELD FOR SALE

	GROUP	
	2016 RM'000	2015 RM'000
At 1 January	**-**	57,886
Disposals	**-**	(57,886)
At 31 December	**-**	-

On 3 October 2014, Puteri Nursing College Sdn Bhd, a subsidiary of the Group had entered into an agreement to dispose two pieces of lands together with buildings erected thereon, both situated in Nilai, Negeri Sembilan to Al-'Aqar Healthcare REIT for a total consideration of RM77,800,000, including deferred consideration which is payable in 2018. The disposal was completed in 2015.

28 TRADE AND OTHER PAYABLES AND AMOUNT DUE TO SUBSIDIARIES

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current:				
Advances from subsidiaries	-	-	241,269	258,559
Current:				
Trade payables	196,794	269,575	-	-
Other payables	75,122	151,707	3,583	5,985
Resident upfront contribution	80,338	46,655	-	-
Accruals	129,841	141,123	12,012	2,322
Amount due to ultimate holding corporation	2,219	344	219	438
Amounts due to related companies	5,940	2,026	419	443
Amounts due to associates	668	5,453	-	-
	490,922	616,883	16,233	9,188
Amounts due to subsidiaries	-	-	174,280	197,905
Total	490,922	616,883	431,782	465,652

Advances from subsidiaries are unsecured and bear an effective weighted average interest rate of 5.85% (2015: 3.70%) per annum and are not repayable in the next 12 months.

Amounts due to ultimate holding corporation, subsidiaries and other related companies are unsecured, interest free and repayable on demand.

Credit terms of trade payables ranges from 30 to 60 days (2015: 30 to 60 days). The currency exposure profile of payables is as follows:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Ringgit Malaysia	325,814	506,946	431,782	465,652
Singapore Dollar	71	49	-	-
Indonesian Rupiah	59,321	3,081	-	-
Australian Dollar	95,072	60,100	-	-
Bangladesh Taka	10,644	46,707	-	-
	490,922	616,883	431,782	465,652

29 BORROWINGS

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current				
Islamic financing				
- Term loans (secured)	26,082	88,333	-	-
- Revolving credits (unsecured)	212,500	182,500	160,000	130,000
- Finance lease liabilities (secured)	28,475	19,516	-	-
- Bank overdrafts (unsecured)	5,369	-	-	-
	272,426	290,349	160,000	130,000
Conventional financing				
- Term loans (secured)	41,398	61,597	-	-
- Revolving credits (unsecured)	5,905	-	-	-
- Finance lease liabilities (secured)	6,472	140	-	-
- Bank overdrafts (unsecured)	7,244	7,063	-	-
	61,019	68,800	-	-
	333,445	359,149	160,000	130,000
Non-current				
Islamic financing				
- Islamic Medium Term Notes (unsecured)	900,000	795,219	-	-
- Term loans (secured)	330,333	302,701	-	-
- Finance lease liabilities (secured)	9,086	31,381	-	-
	1,239,419	1,129,301	-	-
Conventional financing				
- Term loans (secured)	2,375	49,545	-	-
- Finance lease liabilities (secured)	519	35	-	-
	2,894	49,580	-	-
	1,242,313	1,178,881	-	-
	1,575,758	1,538,030	160,000	130,000

29 BORROWINGS (CONTINUED)

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total borrowing				
Islamic financing				
- Islamic Medium Term Notes	**900,000**	795,219	**-**	-
- Term loans	**356,414**	391,034	**-**	-
- Revolving credits	**212,500**	182,500	**160,000**	130,000
- Finance lease liabilities	**37,561**	50,897	**-**	-
- Bank overdrafts	**5,369**	-	**-**	-
Conventional financing				
- Term loans	**43,774**	111,142	**-**	-
- Revolving credits	**5,905**	-	**-**	-
- Finance lease liabilities	**6,991**	175	**-**	-
- Bank overdrafts	**7,244**	7,063	**-**	-
	1,575,758	1,538,030	**160,000**	130,000
Less: Repayable after 1 year	**(1,242,313)**	(1,178,881)	**-**	-
	333,445	359,149	**160,000**	130,000
The maturity profile of borrowings is as follows:				
Less than 1 year	**333,445**	359,149	**160,000**	130,000
Between 1 and 5 years	**475,306**	204,208	**-**	-
More than 5 years	**767,007**	974,673	**-**	-
	1,575,758	1,538,030	**160,000**	130,000
The borrowings are denominated as follows:				
Ringgit Malaysia	**1,479,915**	1,430,741	**160,000**	130,000
Australian Dollar	**46,976**	53,242	**-**	-
US Dollar	**48,867**	54,047	**-**	-
	1,575,758	1,538,030	**160,000**	130,000

29 BORROWINGS (CONTINUED)

	FINANCE RATE	EFFECTIVE FINANCE RATE AT DATE OF STATEMENT OF FINANCIAL POSITION (% p.a)
2016		
Term loans	**Fixed / Floating**	**4.38 - 5.97**
Finance lease liabilities	**Fixed**	**2.34 - 5.78**
Islamic Medium Term Notes	**Fixed**	**5.60 - 5.71**
Bank overdrafts	**Floating**	**6.85**
Revolving credits	**Fixed / Floating**	**4.34 - 4.70**
2015		
Term loans	Fixed / Floating	4.50 - 5.70
Finance lease liabilities	Fixed	2.40 - 8.20
Islamic Medium Term Notes	Fixed	5.75 - 5.98
Bank overdrafts	Floating	6.72
Revolving credits	Fixed / Floating	4.34 - 4.70

Stated below are the fair values of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	GROUP			
	CARRYING VALUE		FAIR VALUE	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Term loans	**330,333**	302,701	**274,234**	203,628
Finance lease liabilities	**9,605**	31,416	**9,035**	29,815
Islamic Medium Term Notes	**900,000**	795,219	**663,783**	532,489
	1,239,938	1,129,336	**947,052**	765,932

The significant borrowings are secured by:

Term loan - Syariah compliant

A third party, first legal charge over certain investment property including the building with a carrying amount of RM210,654,000 (2015: RM210,654,000) (Note 17).

29 BORROWINGS (CONTINUED)

Other borrowings are secured by:

(a) a Letter of Undertaking cum Awareness;
(b) negative pledge;
(c) an assignment of the proceeds to be received from the disposal of the building and lease/rentals;
(d) fixed and floating charge over certain present and future assets;
(e) third party's loan agreement cum assignment over certain the leasehold land;
(f) jointly and severally guaranteed by certain directors of a subsidiary;
(g) Corporate Guarantee;
(h) assignment of all Rights & Benefits or its equivalent over the relevant Takaful cover;
(i) a charge on the specific FSRA & DSRA and all monies standing to the credit of certain subsidiaries.

Finance lease liabilities are secured by the related equipment and motor vehicles.

In connection with certain borrowings, the Group has to comply with the following significant covenants:

(i) The Group finance to equity ratio being not more than 1.5 times (Islamic Medium Term Notes).
(ii) A subsidiary's dividends declared or paid being not more than fifty percent (50%) of profit after tax.
(iii) A subsidiary's debt service current ratio to be maintained at a minimum of 1.5 times.
(iv) A subsidiary's borrowings over net tangible assets being not more than 2.0 times.
(v) Group bank borrowings to Tangible Net worth not more than 1.25 times.
(vi) Interest Coverage Ratio not more than 4 times.
(vii) A subsidiary's gearing ratio to be maintained at a minimum of 3.5 times.

30 DEFERRED REVENUE

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
At 1 January	**78,849**	68,724
Additions	**52,196**	63,584
Earned during the financial year	**(54,241)**	(53,459)
At 31 December	**76,804**	78,849
Represented by:		
Tuition fees	**11,751**	10,132
Wellness	**65,053**	68,717
	76,804	78,849

The Wellness programme provides healthcare service packages over various contracted periods and can be utilised at any point in time, subject to full payment of all applicable fees. Consequently, the amounts are classified as current.

31 PROVISION FOR RETIREMENT BENEFITS

The Group operates an unfunded lump-sum benefit plan for eligible employees at a subsidiary company.

The movements during the financial year in the amount recognised in the statement of financial position are as follows:

	GROUP	
	2016 RM'000	2015 RM'000
At 1 January	**2,298**	2,260
Charged to income statement (Note 10)	**250**	246
Effect of re-measurement gain recognised in other comprehensive income	**-**	(208)
	2,548	2,298
The amount recognised in income statement is as follows:		
Current service cost	**126**	127
Interest cost on benefit obligation	**124**	122
Past service cost	**-**	(3)
	250	246

The principal assumptions used in respect of the defined benefit plan of the Group are as follows:

	GROUP	
	2016 %	2015 %
Discount rate [1]	**5.4**	5.4
Expected rate of salary increase		
- Non-management staff[2]	**5.0**	5.0
- Management staff[2]	**5.0**	5.0
Turnover[3]	**Age related scale of 25% per annum prior age 25, gradually reducing to 0% per annum by age 50.**	Age related scale of 25% per annum prior age 25, gradually reducing to 0% per annum by age 50.

[1] Discount rate is reflective of 10-15 year yield for AAA rated bond
[2] Expected rate of salary increase is as per industry average
[3] Turnover rate is relatively influenced by average employee age

The above assumptions derived from the latest actuarial valuation of the plan.
The valuation was carried out by third party actuaries, Towers Watson (Malaysia) Sdn Bhd.

31 PROVISION FOR RETIREMENT BENEFITS (CONTINUED)

	2016 RM'000	2015 RM'000
1. A 1% increase in salary increment rate		
(a) Increase on defined benefit obligation	**2,800**	2,550
(b) Increase in net defined liability	**252**	252
2. A 1% decrease in salary increment rate		
(a) Decrease on defined benefit obligation	**2,802**	2,552
(b) Decrease in net defined liability	**254**	254

32 DEPOSITS

Deposits represent amounts received from consultants, which are repayable on death, retirement (at age 65) or disability of the consultants. Deposits are forfeited on termination of a consultant's practice either by the Group due to events of breach or on early termination by the consultant unless approval to refund is obtained from the board of directors.

33 SHARE CAPITAL

	GROUP/COMPANY	
	2016 RM'000	2015 RM'000
Authorised ordinary shares of RM0.50 each:		
At 1 January / 31 December	**750,000**	750,000
Issued and fully paid ordinary shares of RM0.50 each:		
At 1 January	**527,246**	515,374
Issued during the financial year:		
- Exercise of warrants (2010/2015)	**-**	1,082
- Exercise of warrants (2014/2019)	**1**	350
- Restricted Issue	**-**	8,754
- ESOS	**4,537**	1,686
At 31 December	**531,784**	527,246

33 SHARE CAPITAL (CONTINUED)

(a) Warrants (2014/2019)

On 29 January 2014, Warrants 2014/2019 were issued for free to the subscribers of the renounceable rights issue of 43,637,326 new ordinary shares of RM0.50 each in the Company's Rights Shares on the basis of one (1) Rights Share for every fifteen (15) existing shares held by the entitled shareholders of the Company, together with 87,274,652 free detachable new warrants ("Warrants 2014/2019") on the basis of two (2) Warrants 2014/2019 for every one (1) Rights Share subscribed at an issue price of RM4.01 per Rights Share ("Rights Issue").

Each new warrant (2014/2019) is entitled at any time during the exercise period, to subscribe for one (1) new ordinary share at the exercise price of RM4.01.

Set out below are details of the Warrants (2014/2019) issued by the Company during the financial year:

		EXERCISE	NUMBER OF WARRANTS 2014/2019		
ISSUANCE DATE	EXPIRY DATE	PRICE	1.1.2016	EXERCISED	31.12.2016
		RM/SHARE	'000	'000	'000
29 January 2014	23 January 2019	4.01	86,576	(1)	86,575

Details relating to warrants exercised during the financial year are as follows:

	GROUP/COMPANY	
	2016	2015
	RM'000	RM'000
Ordinary share capital – at par	**1**	1,432
Share premium	**(1)**	1,364
Warrants (2014/2019)	**1**	2,453
Proceeds from exercise of warrants	**1**	5,249
Fair value at exercise date of shares issued	**1**	17,660

The fair value of shares issued on the exercise of warrants is the mean market price at which the Company's shares were traded on Bursa Malaysia on the day prior to the exercise of the warrants.

34 SHARE-BASED PAYMENTS

(i) Employee Share Option Scheme

An Employees Share Option Scheme ("ESOS") was implemented on 27 February 2015 for the benefit of senior executives and certain employees of the Company. The ESOS shall be in-force for a period of 5 years. The fair value of each share option on the grant date is RM1.01. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives.

The exercise price of the share options granted under the ESOS is RM3.64 each. The options granted are divided into 5 equal tranches which vest on 14 April 2015, 27 February 2016, 27 February 2017, 27 February 2018 and 27 February 2019. The vesting condition is that the offeree must be an employee or director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates. The options expire on 27 February 2020.

During the year, the company offered additional ESOS to eligible employees. The fair value of additional ESOS issued during the year is RM1.01.

34 SHARE-BASED PAYMENTS (CONTINUED)

(i) Employee Share Option Scheme (continued)

Movement of share options during the financial year

The following table illustrates the number of, and movements in, share options of the Company during the financial year.

	NUMBER OF SHARE OPTIONS AT EXERCISE PRICE OF RM 3.64 EACH	
	2016 UNIT'000	2015 UNIT'000
Outstanding at beginning of financial year	**88,009**	-
- Granted	**1,048**	95,054
- Exercised	**(9,075)**	(3,372)
- Lapsed	**(5,056)**	(3,673)
Outstanding at end of financial year	**74,926**	88,009
Exercisable at end of financial year	**23,416**	12,600

The fair value of the ESOS granted during the financial year in which MFRS 2 applies, were determined using the Black–Scholes valuation model. The significant inputs in the model are as follows:

Fair value per option	RM1.01
Exercise price	RM3.64
Option life	5 years
Weighted average share price at grant date	RM4.04
Expected dividend yield	1.90%
Risk free interest rates	3.35% to 3.62%
Expected volatility	20%

The amounts recognised in the financial statements is as disclosed in Notes 10 and 11 to the financial statements arising from the ESOS granted to Directors and employees of the Group and Company.

(ii) Restricted Issue

The key features of the restricted issue as stated in circular to shareholders dated 4 November 2014 are as follows:

(a) The restricted issue is intended to enable the resident consultant under the KPJ Group, who are not eligible to participate in the ESOS, to also have an opportunity to share and invest in the equity growth of the Company as well as to serve as a reward to the resident consultants for their overall contribution to the KPJ Group.

(b) The resident consultant is offered to purchase allocated shares at the discounted price (below market price) and to be accepted within the allocated period.

The fair value of the discount amounting to RM7,004,000 relating to 17,509,000 shares at RM0.40 per share has been recognised as an expense during the previous financial year.

There is no further issuance of restricted issue during the financial year.

35 OTHER RESERVES

	WARRANT RESERVE (NOTE A) RM'000	MERGER RESERVE (NOTE B) RM'000	EXCHANGE RESERVES (NOTE C) RM'000	REVALUATION RESERVE (NOTE D) RM'000	SHARE OPTION RESERVE (NOTE E) RM'000	TOTAL RM'000
Group						
At 1 January 2016	31,693	(3,367)	(2,028)	105,914	24,496	156,708
Other comprehensive income						
Translation of foreign subsidiaries	-	-	(71)	-	-	(71)
Revaluation surplus	-	-	-	15,520	-	15,520
Reclassification of unrealised gain in relation to an associate (Note 21)	-	-	-	(33,572)	-	(33,572)
Total other comprehensive loss	-	-	(71)	(18,052)	-	(18,123)
	31,693	(3,367)	(2,099)	87,862	24,496	138,585
Transactions with owners:						
Issue of share capital:						
- warrants	(1)	-	-	-	-	(1)
- ESOS	-	-	-	-	(1,815)	(1,815)
	(1)	-	-	-	(1,815)	(1,816)
ESOS expenses during the financial year	-	-	-	-	27,818	27,818
Lapsed ESOS	-	-	-	-	(388)	(388)
At 31 December 2016	31,692	(3,367)	(2,099)	87,862	50,111	164,199

35 OTHER RESERVES (CONTINUED)

	WARRANT RESERVE (NOTE A) RM'000	MERGER RESERVE (NOTE B) RM'000	EXCHANGE RESERVES (NOTE C) RM'000	REVALUATION RESERVE (NOTE D) RM'000	SHARE OPTION RESERVE (NOTE E) RM'000	TOTAL RM'000
Group						
At 1 January 2015	31,952	(3,367)	1,895	58,429	-	88,909
Other comprehensive income						
Translation of foreign subsidiaries	-	-	(3,923)	-	-	(3,923)
Revaluation surplus	-	-	-	47,485	-	47,485
Total other comprehensive (loss)/income	-	-	(3,923)	47,485	-	43,562
Total comprehensive income/(loss)	31,952	(3,367)	(2,028)	105,914	-	132,471
Transactions with owners:						
Issue of share capital:						
- warrants	(259)	-	-	-	-	(259)
- ESOS	-	-	-	-	(674)	(674)
	(259)	-	-	-	(674)	(933)
ESOS expenses during the financial year	-	-	-	-	26,477	26,477
Lapsed ESOS	-	-	-	-	(1,307)	(1,307)
At 31 December 2015	31,693	(3,367)	(2,028)	105,914	24,496	156,708

(a) Warrant reserve is a reserve created based arising from the fair value of the right issue discount. When the warrants are exercised, the related amounts are transferred to share premium. When the warrants are not exercised and lapsed, the related warrant reserve is transferred to retained earnings.

(b) The difference between the issue price and the nominal value of shares issued that arose from a merger was classified as merger reserve.

(c) Exchange reserve is used to record exchange differences arising from the translation of financial statements of subsidiaries/associate whose functional currency differs from the Group's presentation currency.

35 OTHER RESERVES (CONTINUED)

(d) Revaluation reserve (non-distributable).

	GROUP	
	2016 RM'000	2015 RM'000
At 1 January	**105,914**	58,429
Revaluation surplus, net of tax	**15,520**	47,485
Reclassification of unrealised gain in relation to an associate * (Note 21)	**(33,572)**	-
At 31 December	**87,862**	105,914

The revaluation reserve represents surplus from the revaluation of the Group's land and buildings.

* This relates to portion of unrealised gain from disposal of land and building to an associate in prior year.

(e) Share option reserve is a reserve created arising from the fair value of the employee services provided. When the ESOS options are exercised, the related amounts are transferred to share premium. When options are not exercised and lapsed, the related share option reserve is transferred to retained earnings.

36 SIGNIFICANT RELATED PARTY DISCLOSURES

The Group is a subsidiary of Johor Corporation, a body corporate established under the Johor Corporation Enactment (No. 4 of 1968) (as amended by Enactment No. 5 of 1995). During the ordinary course of business, the Group transacts with various state related government agencies and departments, mainly relating to land premiums, utilities payments and administrative services. These are based on normal commercial terms and are individually immaterial to warrant separate disclosure.

In addition to the related party disclosures elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on negotiated terms.

(a) Significant related party transactions

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Type of transactions				
Group and Company				
Project management fee to associate	**5,481**	14,385	**-**	-
Proceeds from disposal of land and buildings to an associate *	**-**	43,150	**-**	-
Rental expense to an associate *	**102,143**	111,234	**-**	-
Payments under Development Agreement (Note 24) on behalf of an associate *	**6,466**	18,555	**-**	-
Management fee from subsidiaries	**-**	-	**(43,240)**	(43,211)
Dividend received (net) from subsidiaries	**-**	-	**(141,546)**	(111,482)
Interest expense to subsidiaries	**-**	-	**9,740**	13,827

36 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(a) Significant related party transactions (Continued)

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Type of transactions (Continued)				
Group and Company (Continued)				
Interest income from subsidiaries	**-**	-	**(1,712)**	(1,896)
Dividend received from associates	**22,889**	27,675	**-**	-
* Al-'Aqar Healthcare REIT				
Johor Corporation group of companies				
Secretarial fee	**1,245**	316	**151**	-
Insurance premiums	**5,147**	3,736	**-**	-
Dividend paid	**-**	-	**23,900**	27,893
Contribution to Klinik Waqaf An-Nur	**3,498**	3,120	**-**	-

Management fees charged to subsidiaries are in respect of operational and administrative function of the subsidiaries which are performed by employees of the Company.

Information regarding outstanding balances arising from related party transactions as at the financial year end are disclosed in Note 24 and 28.

(b) Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company whether directly or indirectly. The key management personnel of the Company comprise Directors and the Executive Committee of the Company. Details on the compensation for these key management personnel are disclosed as below:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors' remuneration (Note 11)	**3,229**	5,041	**3,040**	4,855
Salaries, allowances and bonuses	**3,356**	3,348	**3,356**	3,348
Contributions to defined contribution plan	**369**	362	**369**	362
Share based payments	**187**	1,006	**187**	1,006
	7,141	9,757	**6,952**	9,571

37 NON-CANCELLABLE OPERATING LEASE COMMITMENTS

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

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
Represented by:		
Not later than 1 year	**100,909**	104,161
Later than 1 year and not later than 2 years	**204,957**	104,654
Later than 2 years and not later than 5 years	**308,992**	314,949
Later than 5 years	**2,453,835**	2,428,395
	3,068,693	2,952,159

The Group has entered into contractual agreements with Amanah Raya Berhad (as Trustee for Al-'Aqar Healthcare REIT) and Damansara REIT Managers Sdn Bhd to lease certain hospital land and buildings including certain equipment for a period of fifteen years, with an option to renew for another fifteen years subject to terms and conditions as stipulated in the agreement.

Contingent rent recognised as an expense during the financial year amounted to RM750,000 (2015: RM29,000). Contingent rent related to the incremental rental payable every 3 years is based on the adjusted risk free government security rate but subject to a minimum yield of the market value of the property.

38 CONTINGENT LIABILITIES

The Group is subject to litigations in the ordinary course of business, mainly arising from its subsidiaries hospital operations. The Directors are of the opinion, based on legal advice and malpractice insurance, that no significant exposure will arise that requires recognition.

39 SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 17 October 2016, the Company's wholly-owned subsidiary, Puteri Specialist Hospital (Johor) Sdn Bhd entered into an Agreement To Lease ("ATL") with Johor Land Berhad and Johor Corporation for the proposed development and leasing of a hospital building and the land to be known as the "KPJ Batu Pahat Specialist Hospital" subject to the terms and conditions as contained in the ATL.

(b) On 2 August 2016, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), a wholly-owned subsidiary of the Company, has signed an MOU with Sojitz Corporation ("Sojitz") and Capital Medica Co. Ltd. ("CM") at the 12th World Islamic Economic Forum in Jakarta, Indonesia.

The MOU sets out the tri-partite collaboration between the KPJSB, Sojitz and CM to explore the possible development and operation of an Oncology Centre at Rumah Sakit Medika Bumi Serpong Damai ("RSMBSD") that is estimated to cost approximately USD12 million.

(c) On 23 September 2016, a wholly-owned subsidiary of the Company, KPJSB, has signed a Memorandum of Agreement (MOA) in Seoul, Korea for the development of Spine Centre in KPJ Tawakkal Health Centre. Based on the MOA, KPJ is deemed to prepare and sign the Supplementary Agreement with Barun Development Co.

40 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements is as follows:

	GROUP	
	2016	**2015**
	RM'000	**RM'000**
Approved by the Directors and contracted	**235,874**	502,890
Approved by the Directors but not contracted	**159,297**	189,528
	395,171	692,418
Analysed as follows:		
- Buildings	**310,962**	572,733
- Medical equipments	**57,092**	56,775
- Other property, plant and equipment	**27,117**	62,910
	395,171	692,418

41 SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker ("CODM"), which is the Executive Committee ("EXCO"). The EXCO considers the business by geographical location. The reportable segments for the financial year have been identified as follows:

(i) Malaysia – All healthcare activities including the private hospitals, pathology and laboratory services and distribution of pharmaceutical, medical and consumer healthcare products.
(ii) Indonesia – Private hospitals
(iii) Australia – Providing retirement village and aged care facilities
(iv) Others – Operating segments involved in provision of hospital services in Thailand and Bangladesh, private university college of nursing and allied health and sale of hospital merchandise and other similar activities, none of which are individually significant to warrant separate disclosure per quantitative thresholds required by MFRS 8.

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

The EXCO assesses the performance of the operating segments based on EBITDA and profit before zakat and tax.

41 SEGMENTAL REPORTING (CONTINUED)

	MALAYSIA	INDONESIA	AGED CARE FACILITY AUSTRALIA	OTHERS	GROUP
	RM'000	RM'000	RM'000	RM'000	RM'000
Year ended 31 December 2016					
Revenue					
Revenue from external customers	**2,855,588**	**59,561**	**51,491**	**54,454**	**3,021,094**
Year ended 31 December 2016					
Results					
EBITDA *	**411,729**	**15,097**	**(4,833)**	**3,334**	**425,327**
Profit/(loss) before zakat and tax	**214,243**	**7,692**	**(10,527)**	**(1,237)**	**210,171**
Total assets	**3,322,014**	**70,761**	**196,450**	**346,274**	**3,935,499**
Total liabilities	**1,683,370**	**86,057**	**209,130**	**272,213**	**2,250,770**
Additions to property, plant and equipment	**247,776**	**3,650**	**4,376**	**5,123**	**260,925**
Year ended 31 December 2015					
Revenue					
Revenue from external customers	2,711,897	52,032	40,258	43,406	2,847,593
Year ended 31 December 2015					
Results					
EBITDA *	381,958	4,299	(12,550)	19,227	392,934
Profit/(loss) before zakat and tax	213,340	3,039	(16,602)	9,831	209,608
Total assets	3,490,170	145,162	136,890	143,360	3,915,582
Total liabilities	1,939,770	143,692	171,686	100,409	2,355,557
Additions to property, plant and equipment	281,939	47,189	27,949	5,142	362,219

* Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

The reconciliation of EBITDA to profit for the financial year is as follows:

	2016	2015
	RM'000	RM'000
EBITDA	**425,327**	392,934
Depreciation and amortisation	**(132,019)**	(119,169)
Finance cost	**(83,137)**	(64,157)
Profit before zakat and tax	**210,171**	209,608
Zakat and tax	**(54,296)**	(64,479)
Profit for the year	**155,875**	145,129

42 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENT

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

	GROUP		COMPANY	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of KPJ Healthcare Berhad and its subsidiaries:				
- Realised	**714,638**	648,529	**111,187**	70,588
- Unrealised	**(34,740)**	(45,603)	**-**	-
	679,898	602,926	**111,187**	70,588
Total shares of retained earnings from associates:				
- Realised	**43,443**	36,240	**-**	-
- Unrealised	**47,886**	57,892	**-**	-
	771,227	697,058	**111,187**	70,588
Add/(less): Consolidated adjustments	**4,514**	(2,479)	**-**	-
Total Group retained earnings	**775,741**	694,579	**111,187**	70,588

The disclosure of realised and unrealised earnings above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

Shareholdings Statistics

as at 09 March 2017

Authorised Share Capital : RM750,000,000
Issued & Fully Paid-Up Capital : RM531,984,598.50 less RM7,795,000.00 Treasury Shares = RM524,189,598.50
Class of Shares : Ordinary Share of RM0.50 each

VOTING RIGHT OF SHAREHOLDERS

Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he/she is the holder.

BREAK DOWN OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
Less than 100	337	7.47	13,243	-
100 – 1000	696	15.42	436,972	0.04
1,001 – 10,000	2,398	53.13	10,379,883	0.99
10,001 – 100,000	869	19.26	29,249,332	2.79
100,001 to less than 5% of Issued Capital	208	4.61	421,500,839	40.21
5% and above of Issued Capital	5	0.11	586,798,928	55.97
TOTAL	**4,513**	**100.00**	**1,048,379,197**	**100.00**

Shareholdings Statistics

as at 09 March 2017

TOP THIRTY SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same depositor)

NO.	NAME	NO. OF SHARES	%
1	Johor Corporation	202,484,159	19.31
2	Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board	135,906,195	12.96
3	Johor Corporation	94,374,945	9.00
4	RHB Noms (T) Sdn Bhd - A/C Johor Corporation	77,889,720	7.43
5	Waqaf An-Nur Corporation Berhad	76,143,909	7.26
6	Lembaga Tabung Haji	34,751,200	3.31
7	AmanahRaya Trustees Berhad - A/C Amanah Saham Malaysia	24,534,600	2.34
8	Kumpulan Wang Persaraan (Diperbadankan)	21,633,100	2.06
9	AmanahRaya Trustees Berhad - A/C Amanah Saham Didik	18,139,700	1.73
10	Maybank Noms (T) Sdn Bhd - A/C Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	18,000,000	1.72
11	AmanahRaya Trustees Berhad - A/C Public Islamic Select Treasures Fund	16,820,593	1.60
12	AmanahRaya Trustees Berhad - A/C Public Ittikal Sequel Fund	14,421,466	1.38
13	AmanahRaya Trustees Berhad - A/C Public Islamic Dividend Fund	14,374,310	1.37
14	Citigroup Noms (A) Sdn Bhd - A/C Exempt AN for Citibank New York (Norges Bank 12)	13,382,200	1.28
15	AmanahRaya Trustees Berhad - A/C Amanah Saham Bumiputera 2	12,500,000	1.19
16	AmanahRaya Trustees Berhad - A/C AS 1MALAYSIA	11,000,000	1.05
17	AmanahRaya Trustees Berhad - A/C Public Islamic Select Enterprises Fund	9,836,846	0.94
18	AmanahRaya Trustees Berhad - A/C Public Islamic Sector Select Fund	9,623,686	0.92
19	Cartaban Noms (T) Sdn Bhd - A/C PAMB for Prulink Equity Fund	9,541,000	0.91
20	Maybank Noms (T) Sdn Bhd - A/C Etiqa Takaful Berhad (Family PRF EQ)	8,849,316	0.84
21	Johor Corporation	8,641,312	0.82
22	HSBC Noms (A) Sdn Bhd - A/C BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	8,101,200	0.77
23	HSBC Noms (A) Sdn Bhd - A/C Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	7,273,196	0.69
24	AmanahRaya Trustees Berhad - A/C Public Islamic Equity Fund	6,696,636	0.64
25	Citigroup Noms (A) Sdn Bhd - A/C CBNY for DFA Emerging Markets Small Cap Series	6,219,025	0.59
26	Cartaban Noms (A) Sdn Bhd - A/C Exempt An for State Street Bank & Trust Company (WEST CLT OD67)	5,988,875	0.57
27	HSBC Noms (A) Sdn Bhd - A/C TNTC for Mondrian Emerging Markets Small Cap Equity Fund, L.P.	5,887,486	0.56
28	AmanahRaya Trustees Berhad - A/C Amanah Saham Nasional 3 Imbang	4,998,600	0.48
29	AmanahRaya Trustees Berhad - A/C Public Islamic Opportunities Fund	4,741,025	0.45
30	HSBC Noms (A) Sdn Bhd - A/C Exempt An for J.P. Morgan Bank Luxembourg S.A. (2)	4,484,200	0.43

Shareholdings Statistics

as at 09 March 2017

SUBSTANTIAL SHAREHOLDERS

NO.	NAME	DIRECT		INDIRECT	
		NO. OF SHARES	%	NO. OF SHARES	%
1	Johor Corporation - 4 a/cs	305,575,416	29.15	158,245,414	15.09
2	Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board - 2 a/cs	136,951,495	13.06	-	-
3	Waqaf An-Nur Corporation Berhad	76,143,909	7.26	-	-

ANALYSIS OF SHAREHOLDERS

		NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
Malaysian	- Bumiputra	1,138	25.22	749,717,600	71.51
	- Others	3,194	70.77	205,610,694	19.61
Foreigners		181	4.01	93,050,903	8.88
TOTAL		**4,513**	**100.00**	**1,048,379,197**	**100.00**

DIRECTORS' SHAREHOLDING AS AT 09 MARCH 2017

NO.	NAME OF DIRECTORS'	NO. OF SHARES	%
1	Dato' Kamaruzzaman Abu Kassim	-	-
2	Dato' Amiruddin Abdul Satar	6,266	-
3	Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir - 2 a/cs	1,200,000	0.11
	- Indirect (Amy Nadzlina binti Mohamed)	-	-
4	Dr. Yoong Fook Ngian		
	- Maybank Noms (T) Sdn Bhd - A/C Yoong Fook Ngian	293,666	0.03
5	Dr. Kok Chin Leong	280,100	0.03
6	Zainah Mustafa	200,000	0.02
7	Datuk Azzat Kamaludin	94,000	0.01
8	Aminudin Dawam	11,197	-
9	Ahamad Mohamad	1,125	-
10	Zulkifli Ibrahim	-	-
11	Prof. Dato' Azizi Omar	-	-

Warrantholdings Statistics

as at 09 March 2017

BREAK DOWN OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
Less than 100	119	6.53	5,089	0.01
100 – 1000	975	53.48	472,171	0.54
1,001 – 10,000	497	27.26	2,008,296	2.32
10,001 – 100,000	183	10.04	5,243,764	6.06
100,001 to less than 5% of Issued Capital	47	2.58	22,694,580	26.21
5% and above of Issued Capital	2	0.11	56,151,394	64.86
TOTAL	**1,823**	**100.00**	**86,575,294**	**100.00**

TOP THIRTY SECURITIES ACCOUNT HOLDERS
(Without aggregating the securities from different securities accounts belonging to the same depositor)

NO.	NAME	NO. OF WARRANTS	%
1	RHB Noms (T) Sdn Bhd - A/C Johor Corporation	36,419,494	42.07
2	Kulim (Malaysia) Berhad	19,731,900	22.79
3	CIMSec Noms (T) Sdn Bhd - A/C CIMB Bank for Liew Jun Kuan (MY0750)	3,413,300	3.94
4	Waqaf An-Nur Corporation Berhad	2,002,344	2.31
5	Suraya Elland Yusoff	1,479,400	1.71
6	Lembaga Tabung Haji	1,253,000	1.45
7	Amanahraya Trustees Berhad - A/C Public Islamic Dividend Fund	946,920	1.09
8	CIMSec Noms (T) Sdn Bhd - A/C CIMB Bank For Liew Jun Kuan (MH6869)	933,400	1.08
9	Dai Shek Hung	760,100	0.88
10	Affin Hwang Investment Bank Berhad – A/C CLR (300) for Lembaga Tabung Haji	750,000	0.87
11	TA Securities Holdings Berhad - A/C CLR (DIL) for Lembaga Tabung Haji	750,000	0.87
12	HSBC Noms (A) Sdn Bhd - A/C TNTC for Mondrian Emerging Markets Small Cap Equity Fund, L.P.	656,372	0.76
13	Citigroup Noms (A) Sdn Bhd - A/C Exempt AN for Citibank New York (Norges Bank 1)	645,702	0.75
14	Amanahraya Trustees Berhad - A/C Public Islamic Select Enterprises Fund	570,692	0.66
15	Amanahraya Trustees Berhad - A/C Public Islamic Equity Fund	567,372	0.66
16	Saw Huat Seong	500,000	0.58
17	Maybank Secs Noms (A) Sdn Bhd - A/C Maybank Kim Eng Securities Pte Ltd for Poh Eng Choo	460,000	0.53
18	Lim Yong Hiang	442,200	0.51
19	Yeoh Siew Leng	405,700	0.47
20	Cheah Chong Yein	373,000	0.43
21	CIMSec Noms (T) Sdn Bhd - A/C CIMB Bank for Mohammed Amin bin Mahmud (MM1004)	361,186	0.42
22	Ng Sow Teng	355,000	0.41
23	Johor Corporation	342,700	0.40
24	Public Noms (T) Sdn Bhd - A/C Tan Chiam Hua (E-BPT)	319,600	0.37
25	HSBC Noms (A) Sdn Bhd - A/C Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	319,480	0.37
26	Maybank Noms (T) Sdn Bhd - A/C Kek Lian Lye	315,000	0.36

Warrantholdings Statistics

as at 09 March 2017

NO.	NAME	NO. OF WARRANTS	%
27	HSBC Noms (A) Sdn Bhd - A/C Exempt AN for The Bank Of New York Mellon (Mellon Acct)	313,000	0.36
28	Public Noms (T) Sdn Bhd - A/C Fong Kwee Min (E-KPG)	300,000	0.35
29	Ng Seng Nam	240,000	0.28
30	Citigroup Noms (A) Sdn Bhd - A/C CBNY for Old Westbury Small & Mid Cap Fund	201,026	0.23

SUBSTANTIAL WARRANTHOLDERS

NO.	NAME	NO. OF WARRANTS	%
1	RHB Noms (T) Sdn Bhd - A/C Johor Corporation	36,419,494	42.07
2	Kulim (Malaysia) Berhad	19,731,900	22.79

ANALYSIS OF WARRANTHOLDERS

		NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
Malaysian	- Bumiputra	400	21.94	69,682,628	80.49
	- Others	1,372	75.26	11,465,537	13.24
Foreigners		51	2.80	5,427,129	6.27
TOTAL		**1,823**	**100.00**	**86,575,294**	**100.00**

DIRECTORS' WARRANTHOLDING AS AT 09 MARCH 2017

NO.	NAME	NO. OF WARRANTS	%
1	Dato' Kamaruzzaman Abu Kassim		
	Maybank Noms (T) Sdn Bhd - A/C For Kamaruzzaman bin Abu Kassim	24,000	0.03
2	Dato' Amiruddin Abdul Satar	532	-
3	Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir - 2 a/cs	109,498	0.13
	- Indirect (Amy Nadzlina binti Mohamed)	166	-
4	Dr. Yoong Fook Ngian		
	- Maybank Noms (T) Sdn Bhd - A/C Yoong Fook Ngian	32	-
5	Dr. Kok Chin Leong	21,200	0.02
6	Datuk Azzat Kamaludin	8,000	0.01
7	Ahamad Mohamad	-	-
8	Aminudin Dawam	-	-
9	Zainah Mustafa	-	-
10	Zulkifli Ibrahim	-	-
11	Prof. Dato' Azizi Omar	-	-

Classification of Shareholders

as at 09 March 2017

	TOTAL		BUMIPUTRA		NON-BUMIPUTRA		FOREIGN	
ROD	**HOLDER**	**SHARES**	**HOLDER**	**SHARES**	**HOLDER**	**SHARES**	**HOLDER**	**SHARES**
Government Bodies	15	464,622,163	15	464,622,163	-	-	-	-
Finance	35	223,626,608	32	220,196,942	3	3,429,666	-	-
Investment Trust	5	308,578	5	308,578	-	-	-	-
Nominees	997	301,233,970	499	46,895,728	370	162,625,276	128	91,712,966
Companies	63	5,737,224	28	4,084,601	31	1,276,823	4	375,800
Clubs / Association	1	442,500	1	442,500	-	-	-	-
Co - Operatives	2	7,500	2	7,500	-	-	-	-
Others	1	10	-	-	1	10	-	-
Individuals	3,394	52,400,644	556	13,159,588	2,789	38,278,919	49	962,137
TOTAL	**4,513**	**1,048,379,197**	**1,138**	**749,717,600**	**3,194**	**205,610,694**	**181**	**93,050,903**
%	**100.00**	**100.00**	**25.22**	**71.51**	**70.77**	**19.61**	**4.01**	**8.88**

List of Top 10 Properties

NO	LOCATION	DESCRIPTION	LATEST DATE OF VALUATION	MARKET VALUE 2016 RM MILLION	NBV AS AT 31.12.2016 RM MILLION	TENURE & EXPIRY DATE	AREA (IN SQ METRE)	AGE OF BUILDING
1	**Kumpulan Perubatan (Johor) Sdn Bhd** Menara 238, Jalan Tun Razak, 50400 Kuala Lumpur	Office building	31-Dec-15	231.5	231.1	Freehold land	8,330	10 years
2	**SMC Healthcare Sdn Bhd** No.2, Off Jalan Damai, Luyang 88300 Kota Kinabalu, Sabah	Hospital building	31-Dec-16	190.0	176.6	NA	42,211	3 years
3	**Jeta Gardens (Qld) Pty Ltd** Lot 1 & 5, 86 Albert Street, Waterford Bethania 4205 Queensland, Australia	Land and aged care building	31-Dec-15	75.1	75.1	Freehold land	109,361	10 years
4	**Pahang Specialist Hospital Sdn Bhd** Lot 105703 (HSM 65652) Tanjung Lumpur, Mukim Kuala Kuantan, Daerah Kuantan, Pahang Darul Makmur	Land and hospital building	31-Dec-15	83.0	82.0	Leasehold land (99 years expiring on 17 April 2106)	12,940	1 year
5	**Rawang Specialist Hospital Sdn Bhd** PT 4156, Section 16, Jalan Rawang, Bandar Baru Rawang, 48000 Rawang, Selangor	Land and hospital building	31-Dec-16	80.0	80.0	Leasehold land (99 years expiring on 7 September 2103)	33,771	4 years
6	**Pasir Gudang Specialist Hospital Sdn Bhd** Lot PTD 204781, Mukim Plentong, Johor Bahru, Johor	Land and hospital building	31-Dec-15	70.0	69.7	Leasehold land (99 years expiring on 28 December 2108)	13,144	4 years
7	**Maharani Specialist Hospital Sdn Bhd** Lot 2024, Bandar Maharani, Muar, Johor	Land and hospital building	31-Dec-15	65.0	65.0	Freehold land	6,944	3 years
8	**PT Al-Aqar Bumi Serpong Damai** Jalan Letkol Sutopo III-IA/07, Serpong District, Tangerang, Banten Province, Indonesia	Land and hospital building	31-Dec-16	62.3	62.3	Leasehold land (20 years expiring on 15 July 2027)	34,168	12 years
9	**Amity Development Sdn Bhd** TL 017553221, Jalan Damai, Kota Kinabalu, Sabah	Land	31-Dec-16	57.0	57.0	Leasehold land (999 years expiring on 5 February 2910)	16,850	NA
10	**Bandar Dato Onn Specialist Hospital Sdn Bhd** HSD 501209 PTD 163189, Bandar Dato' Onn, Mukim Tebrau, Daerah Johor Bahru	Land	31-Dec-15	47.0	47.0	Freehold land	54,034	NA

Network of KPJ Hospitals and Companies

MSQH ACCREDITED HOSPITALS

KPJ IPOH SPECIALIST HOSPITAL
26, Jalan Raja Dihilir, 30350 Ipoh, Perak.
Tel: 605-240 8777 Fax: 605-254 1388
Emergency: 605-241 8989
Website: www.kpjipoh.com
Email: ish@ish.kpjhealth.com.my

KPJ DAMANSARA SPECIALIST HOSPITAL
119, Jalan SS20/10, Damansara Utama,
47400 Petaling Jaya, Selangor.
Tel: 603-7718 1000 Fax: 603-7722 2617
Emergency: 603-7722 3500
Website: www.kpjdamansara.com
Email: info@kpjdamansara.com

KPJ SELANGOR SPECIALIST HOSPITAL
Lot 1, Jalan Singa 20/1, Section 20,
40300 Shah Alam, Selangor.
Tel: 603-5543 1111 Fax: 603-5543 1722
Emergency: 603-5540 3361
Website: www.kpjselangor.com
Email: kpjselangor@kpjselangor.kpjhealth.com.my

KPJ PERDANA SPECIALIST HOSPITAL
Lot PT 37 & 600,
Seksyen 14, Jalan Bayam,
15200 Kota Bharu, Kelantan.
Tel: 609-745 8000 Fax: 609-747 2877
Emergency: 609-747 3140
Website: www.kpjperdana.com
Email: perdana@perdana.kpjhealth.com.my

KPJ KAJANG SPECIALIST HOSPITAL
Jalan Cheras, 43000 Kajang, Selangor.
Tel: 603-8769 2999 Fax: 603-8769 2808
Emergency: 603-8769 2911
Website: www.kpjkajang.com
Email: kpjkajang@kpjkajang.kpjhealth.com.my

KPJ TAWAKKAL SPECIALIST HOSPITAL
No. 1, Jalan Pahang Barat,
53000 Kuala Lumpur.
Tel: 603-4026 7777 Fax: 603-4023 8063
Emergency: 603-4026 7777
Website: www.kpjtawakkal.com
Email: tawakkal@kpjtawakkal.com

KEDAH MEDICAL CENTRE
Pumpong, 05250 Alor Star, Kedah.
Tel: 604-730 8878 Fax: 604-733 2869
Emergency: 604-730 8878
Website: www.kedahmedical.com.my
Email: kmccustcare@kedahmedical.com.my

KPJ PUTERI SPECIALIST HOSPITAL
33, Jalan Tun Abdul Razak (Susur 5),
80350 Johor Bahru, Johor.
Tel: 607-225 3222 Fax: 607-223 8833
Emergency: 607-225 3203
Website: www.kpjputeri.com
Email: psh@psh.kpjhealth.com.my

KPJ SENTOSA KL SPECIALIST HOSPITAL
No. 36 Jalan Cemor, Kompleks Damai,
50400 Kuala Lumpur.
Tel: 603-4043 7166 Fax: 603-4043 7761
Emergency: 603-4043 7166
Website: www.kpjsentosa.com
Email: kpjsentosa@kpjsentosa.com.my

KPJ KLANG SPECIALIST HOSPITAL
No.102, Persiaran Rajawali/KU1,
Bandar Baru Klang, 41150 Klang, Selangor.
Tel: 603-3377 7888 Fax: 603-3377 7800
Emergency: 603-3377 7999
Website: www.kpjklang.com
Email: customer@kpjklang.com

KPJ PASIR GUDANG SPECIALIST HOSPITAL
Lot PTD 204871, Jalan Persiaran Dahlia 2,
Taman Bukit Dahlia, 81700 Pasir Gudang, Johor.
Tel: 07-257 3999 Fax: 07-257 3974
Emergency: 07-257 3900
Website: www.kpjpgsh.com
Email: pgsh@kpjpgsh.com

KPJ RAWANG SPECIALIST HOSPITAL
Hospital Pakar Rawang, Jalan Rawang,
Bandar Baru Rawang, 48000 Rawang, Selangor.
Tel: 03-6099 8999 Fax: 03-6099 8927
Website: www.kpjrawang.com
Email: customerservice@kpjrawang.com

KPJ DAMAI SPECIALIST HOSPITAL
DSC Building, Lorong Pokok Tepus 1,
Off Jalan Damai, 88300 Kota Kinabalu, Sabah.
Tel: 6088-222 922 Fax: 6088-243 540
Emergency: 6088-250 060
Website: www.kpjdamai.com
Email: paul@dsc.kpjhealth.com.my
barbara@dsc.kpjhealth.com.my

KPJ BANDAR MAHARANI SPECIALIST HOSPITAL
73-1 Jalan Stadium, 84000 Muar, Johor.
Tel: 06-956 4500 Fax: 06-956 4556
Website: www.kpjmaharani.com
Email: maharani@kpjmaharani.com

MSQH & JCI ACCREDITED HOSPITALS

KPJ JOHOR SPECIALIST HOSPITAL
39-B, Jalan Abdul Samad, 80100 Johor Bahru, Johor.
Tel: 607-225 3000 Fax: 607-224 8213
Emergency: 607-225 3199
Website: www.kpjjohor.com
Email: jsh@jsh.kpjhealth.com.my

KPJ AMPANG PUTERI SPECIALIST HOSPITAL
No. 1, Jalan Mamanda 9, Taman Dato' Ahmad Razali,
68000 Ampang, Selangor.
Tel: 603-4289 5000 Fax: 603-4270 2443
Emergency: 603-4270 7060
Website: www.kpjampang.com
Email: apsh@kpjampang.com

KPJ PENANG SPECIALIST HOSPITAL
570, Jalan Perda Utama, Bandar Perda,
14000 Bukit Mertajam, Seberang Prai, Pulau Pinang.
Tel: 604-548 6688 Fax: 604-548 6700
Emergency: 604-548 6799
Website: www.kpjpenang.com
Email: inquiry@kpjpenang.kpjhealth.com.my
Tol free: 1800 22 2692

KPJ SEREMBAN SPECIALIST HOSPITAL
Lot 6219 & 6220, Jalan Toman 1, Kemayan Square,
70200 Seremban, Negeri Sembilan.
Tel: 606-767 7800 Fax: 606-767 5900
Emergency: 606-763 6900
Website: www.kpjseremban.com
Email: ssk_prcassh.kpjhealth.com.my

MOVING TOWARDS ACCREDITATION

KPJ KUCHING SPECIALIST HOSPITAL
Lot 10420, Block 11,
Tabuan Stutong Commercial Centre,
Jalan Setia Raja, 93350 Kuching, Sarawak.
Tel: 6082-365 777 Fax: 6082-364 666
Emergency: 6082-365 030
Website: www.kpjkuching.com
Email: kcsh@kcsh.kpjhealth.com.my

KLUANG UTAMA SPECIALIST HOSPITAL
No. 1, Susur 1, Jalan Besar, 86000 Kluang, Johor.
Tel: 607-771 8999 Fax: 607-772 8999
Emergency: 607-771 6999
Website: www.kpjkluang.com
Email: kush@kush.kpjhealth.com.my

TAIPING MEDICAL CENTRE
45-49, Jalan Medan Taiping 2,
Medan Taiping, 34000 Taiping, Perak.
Tel: 605-807 1049 Fax: 605-806 3713
Emergency: 605-807 1049
Website: www.kpjtaiping.com
Email: tmc@tmc.kpjhealth.com.my

SIBU SPECIALIST MEDICAL CENTRE
No. 52A-G, Brooke Drive, 96000 Sibu, Sarawak.
Tel: 6084-329 900 Fax: 6084-327 700
Emergency: 6084-329 900
Website: www.kpjsibu.com
Email: enquiry@kpjsibu.com

SRI MANJUNG SPECIALIST CENTRE
Lot 14777, Jalan Lumut, 32000 Sitiawan, Perak.
Tel: 05-691 8153 Fax: 05-691 5368
Email: kpjsmscprm@gmail.com

KPJ SABAH SPECIALIST HOSPITAL
Lot No. 2, Off Jalan Damai, Luyang,
88300 Kota Kinabalu, Sabah.
Tel: 6088-211 333 Fax: 6088-272 622
Emergency: 6088-322 199
Website: www.kpjsabah.com
Email: prsmckk@smckk.kpjhealth.com.my

KPJ PAHANG SPECIALIST HOSPITAL
Lot 105703, Jalan Tanjung Lumpur,
26060 Kuantan, Pahang.
Tel: 609-511 2692 Fax: 609-511 2600
Emergency: 609-511 2407
Website: www.kpjpahang.com
Email: kpjphg@kpjpahang.com

KPJ TAWAKKAL HEALTH CENTRE
202-A Jalan Pahang, 53000 Kuala Lumpur.
Tel: 03-4023 3599 Fax: 03-4023 8063
Website: www.kpjhealthcentre.com
Email: info@kpjhealthcentre.com

KPJ INTERNATIONAL NETWORK

RUMAH SAKIT MEDIKA PERMATA HIJAU
Jl Raya Kebayoran Lama 64,
11560 Jakarta Barat, Indonesia.
Tel: 62021-530 5288 Fax: 62021-530 5291
Emergency: 62021-530 5288
Website: www.rsmph.co.id
Email: info@rsmph.co.id

RUMAH SAKIT MEDIKA BUMI SERPONG DAMAI
Jl Letnan Soetopo Kav Kom 111A,
No.7, BSD City Tangerang, Banten, 15330, Indonesia.
Tel: 62021-537 2296 Fax: 62021-538 2296
Emergency: 62021-537 8609
Website: www.rs-medikabsd.co.id
Email: marketing@rs-medikabsd.co.id

VEJTHANI HOSPITAL
1 Ladprao Road 111, Klong-Chan Bangkapi,
Bangkok 10240, Thailand.
Tel: +66-2734 0000 Fax: +66-2734 0088
Emergency: (+66)8-522 38888
Website: www.vejthani.com
Email: int.mkt@vejthani.com

SHEIKH FAZILATUNNESSA MUJIB MEMORIAL KPJ SPECIALIZED HOSPITAL & NURSING COLLEGE
12 Block C, Tetuibari, Kashimpur, Gazipur, Bangladesh.
Tel: +088-017 0378 8561 Fax: +088-017 0378 8562
Emergency: (+66) 8-522 38888
Website: www.sfmmkpjsh.com
Email: info@sfmmkpjsh.com

KPJ AGED CARE

JETA GARDENS
Retirement and Aged Care Resort,
27 Clarendon Ave Bethania, 4205,
Queensland, Australia.
Free call: 1800 227 818
Tel: +617 3200 7188 Fax: +617 3200 7100
Website: www.jetagardens.com
Email: enquiry@jetagardens.com

KPJ HEALTHCARE EDUCATION

KPJ HEALTHCARE UNIVERSITY COLLEGE (KPJUC)
Email: info@kpjuc.edu.my
Website: www.kpjuc.edu.my

MAIN CAMPUS (NILAI, NEGERI SEMBILAN)
Lot PT 17010, Persiaran Seriemas,
Kota Seriemas, 71800 Nilai,
Negeri Sembilan Darul Khusus.
Tel: 1300 88 5758 Fax: 606-794 2669

BRANCH CAMPUS (JOHOR BAHRU, JOHOR)
Level 24, Metropolis Tower,
Jalan Dato' Abdullah Tahir,
80250 Johor Bahru, Johor.
Tel: 607-335 2692 Fax: 607-333 6392

BRANCH CAMPUS (PENANG)
565, Jalan Sg. Rambai, Seberang Perai,
14000 Bukit Mertajam, Pulau Pinang.
Tel: 604-538 2692 Fax: 604-530 8695

KPJ HEALTHCARE RELATED COMPANIES

KPJ PUSAT PAKAR MATA CENTRE FOR SIGHT (PJ)
1-1, Jalan SS23/15, Taman SEA,
47400 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel: 03-7804 4051 Fax: 03-7804 6052
Website: www.kpjcfs.com
Email: info@kpjcfs.com

KPJ PUSAT PAKAR MATA CENTRE FOR SIGHT (KL)
Lot 100-102, Level 4, KPJ Tawakkal Health Centre,
202-A Jalan Pahang, 53000 Kuala Lumpur.
Tel: 03-4022 6222 Fax: 03-4021 1409
Website: www.kpjcfs.com
Email: infokl@kpjcfs.com

KPJ PUSAT PAKAR MATA CENTRE FOR SIGHT (RAWANG)
88, Jalan Bandar Rawang 1,
Pusat Bandar Rawang, 48000 Rawang, Selangor.
Tel: 03-6093 1051 Fax: 03-6093 1052
Website: www.kpjcfs.com
Email: inforw@kpjcfs.com

PHARMASERV ALLIANCES SDN BHD
Tel: 603-5632 2692
Fax: 603-5624 1330
Website: www.kpjpharmaserv.com
Email: pasb@kpjpharmaserv.com

LABLINK (M) SDN BHD
Tel: 603-4023 4588
Fax: 603-4023 4298
Website: www.kpjlablink.com
Email: enquiry@kpjlablink.com

STERILE SERVICES SDN BHD
Tel: 603-6092 2692
Fax: 603-6091 6200
Website: www.kpjsterile.com
Email: info@kpjsterile.com

HEALTHCARE TECHNICAL SERVICES SDN BHD
Tel: 603-4021 2331
Fax: 603-4021 2337
Website: www.hts.com.my
Email: hts@hts.kpjhealth.com.my

KPJ INTRAPRENEUR COMPANIES

TERAJU FARMA SDN BHD
Tel: 603-7874 4212
Fax: 603-7874 4126

FABRICARE LAUNDRY SDN BHD
Tel: 607-232 7231/3
Fax: 607-232 723

SKOP YAKIN
Tel: 609-2681 6222
Fax: 609-2681 6888
Email: skop.yakin@gmail.com

HEALTHCARE IT SOLUTIONS SDN BHD
Tel: 603-2260 1020
Fax: 603-2260 1464
Website: www.hitssb.com
Email: general@hitssb.com

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty Fourth (24th) Annual General Meeting ("**AGM**") of KPJ Healthcare Berhad ("**KPJ**" or the "**Company**") will be held at the Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor, on Thursday, 20 April 2017 at 11.00 a.m for the following purposes:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2016 and the Reports of the Directors and Auditors thereon. — Please refer to Note f

2. To re-elect the following Directors of the Company who will retire in accordance with the Articles of Association of the Company:-

(i)	Dato' Amiruddin Bin Abdul Satar	– Article 96	(Resolution 1)
(ii)	Aminudin Bin Dawam	– Article 96	(Resolution 2)
(iii)	Zulkifli Bin Ibrahim	– Article 96	(Resolution 3)
(iv)	Dr. Kok Chin Leong	– Article 96	(Resolution 4)

3. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2016. (Resolution 5)

4. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:

5. **ORDINARY RESOLUTION 1**

CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

In line with Recommendation 3.2 and 3.3 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), the Nomination & Remuneration Committee ("NRC") had conducted an assessment of independence under the nomination and election process of Independent Non-Executive Directors ("INED"), whereby the NRC reviewed whether the nominated candidates have satisfied the criteria for an independent director as prescribed in Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and its Practice Note 13 prior to seeking shareholders' approval at the 24th AGM on the appointment of INEDs.

"**THAT** Zainah Binti Mustafa who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM. (See Note g) (Resolution 7)

"**THAT** Datuk Azzat Kamaludin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be hereby re-appointed as an Independent Non-Executive Director of the Company until the conclusion of the next AGM. (See Note g) (Resolution 8)

"**THAT** Dr. Yoong Fook Ngian who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM. (See Note g) (Resolution 9)

"**THAT** subject to the passing of Resolution 4, approval be and is hereby given to Dr. Kok Chin Leong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM. (See Note g) (Resolution 10)

6. **ORDINARY RESOLUTION 2**

AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016

"**THAT** pursuant to Section 75 of the Companies Act, 2016 ("Act"), and approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, from time to time, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities and that such authority shall continue in force until the conclusion of the next AGM of the Company. (See Note h) (Resolution 11)

7. **ORDINARY RESOLUTION 3**

PROPOSED RENEWAL OF THE SHARE BUY-BACK AUTHORITY ("PROPOSED SHARE BUY BACK")

"**THAT**, subject to Section 127 of the Act, the provisions of the Listing Requirements of the Bursa Securities and all other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised, to make purchase(s) of ordinary shares in the Company on Bursa Securities subject to the following:- (Resolution 12)

(a) The maximum number of shares which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company for the time being subject to the restriction that the issued capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirements;
(b) The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits of the Company; and
(c) Upon completion of the purchase by the Company of its own shares, the Directors of the Company are authorised to deal with the shares so bought-back in their absolute discretion in any of the following manner:-
    (i) cancel the shares so purchased; or
    (ii) retain the shares so purchased as treasury shares and held by the Company; or
    (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; or,
    (iv) distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or
    (v) transfer all or part of the treasury shares for purposes of an employees' share scheme, and/or as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the authority conferred by this resolution shall continue to be in force until:-

(a) the conclusion of the next AGM of the Company at which such resolution was passed, at which time the authority will lapse unless renewed by ordinary resolution passed at the AGM either unconditionally or subject to conditions; or
(b) the expiration of the period within which the next AGM is required by law to be held; or
(c) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever is earlier, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities.

AND THAT the Directors of the Company be and are authorised to take all such steps to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, revaluations and/or amendments as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter in accordance with the Act, the Listing Requirements and the guidelines issued by Bursa Securities and any other relevant authorities." (See Note i)

8. **ORDINARY RESOLUTION 4**
PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")

"**THAT** subject always to the provisions of the Act, the Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries, to enter into and give effect to the Recurrent Related Party Transactions of a Revenue or Trading nature; all with the particulars of which are set out in Part B of the Circular to Shareholders dated 28 March 2017 ("Circular") with the Related Parties as described in the Circular, provided that such transactions are:- (Resolution 13)

(a) recurrent transactions of a revenue or trading nature;
(b) necessary for the day-to-day operations of the Company and/or its subsidiaries;
(c) carried out in the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms not more favourable to the Related Parties than those generally available to the public; and
(d) not detrimental to the minority shareholders of the Company;

AND THAT such authority shall continue to be in force until:-

(a) the conclusion of the next AGM of the Company following this AGM, at which time the authority will lapse unless by a resolution passed at the AGM, such authority is renewed; or
(b) the expiration of the period within which the next AGM after the date that is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by a resolution passed by the shareholders of the Company at a general meeting;

whichever is earlier;

AND THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the Proposed Shareholders' Mandate."
(See Note j)

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 24th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 58 of the Company's Articles of Association and Paragraph 7.16 of the Listing Requirements to issue a General Meeting Record of Depositors ("ROD") as at 12 April 2017. Depositors whose names appear on the ROD as at 12 April 2017 are entitled to attend, speak and vote at the said meeting.

By Order of the Board,
KPJ HEALTHCARE BERHAD

SALMAH BINTI HJ ABD WAHAB (LS 0002140)
HANA BINTI AB RAHIM @ ALI, ACIS (MAICSA 7064336)
Secretaries

Johor Bahru
Dated: 28 March 2017

NOTES:

Proxy

a. A member entitled to attend and vote at this meeting is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at this AGM.
b. If a corporation is a member of the Company, the corporation may by resolution of its Board or other governing body authorize a person or persons to act as its representative or representatives at this AGM.
c. A certificate of authorization by the corporation shall be prima facie evidence of the appointment or the revocation of the appointment, as the case may be, of a representative under Section 333(5) of the Act.
d. Where a member of the Company is an Authorised Nominee as defined under the Central Depositories Act 1991, he may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
e. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, shall be deposited at the registered office of the Company at: KPJ HEALTHCARE BERHAD, Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

Abstention from Voting

1. All the Non-Executive Directors ("NED") of the Company who are shareholders of the Company shall abstain from voting on Resolution 5 concerning remuneration to the NED at the 24th AGM.

2. Any Director referred to in Resolutions 1, 2, 3 and 4 who is a shareholder of the Company shall abstain from voting on the resolution in respect his election or re-appointment as Director of the Company at the 24th AGM.

EXPLANATORY NOTES ON SPECIAL BUSINESS :

f. Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require the Company to obtain shareholders' approval for its Audited Financial Statements. Henceforth, this Agenda is not put forward for voting.
g. The Ordinary Resolutions 7, 8, 9 and 10 if passed, will enable Zainah Binti Mustafa, Datuk Azzat Bin Kamaludin, Dr Yoong Fook Ngian and Dr Kok Chin Leong, to continue to act as Independent Directors notwithstanding that they have served the Board as Independent Non-Executive Directors for a term of more than 9 years. The Board strongly believes that a director's independence cannot be determined arbitrarily with reference only to the tenure of service. To qualify as independent, a director must be independent in character and judgment, independent of management and free from any relationship or circumstances as set out in Chapter 1 of the Listing Requirements, which are likely to affect or appear to affect their independent judgment. Following an assessment, the Board concluded that the INEDs' length of service do not interfere with the exercise of independent judgment and ability to act in the best interests of the shareholders. In addition, the Board believes that their detailed knowledge of the Group's business and their proven commitment, experience and competence will greatly benefit the Company. The Directors' concerned had declared their independence and desire to continue as Independent Non-Executive Directors of the Company.
h. The proposed Resolution 11 if passed is primarily to give flexibility to the Directors of the Company to issue up to a maximum amount not exceeding in total 10% of the total number of issued shares in the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within the next AGM required by law to be held, whichever is earlier.
    (i) The mandate sought under Resolution 12 is a renewal of an existing mandate particularly on the conversion of KPJ ESOS and KPJ warrants into ordinary shares at the price of RM3.64 and RM4.01 per ordinary share respectively
    (ii) The proceeds raised from the previous mandate were RM27,998,772.00
    (iii) The proceeds were utilized for working capital purposes
    (iv) The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.
i. The proposed Resolution 12 if passed will enable the Company to utilise any of its surplus financial resources to purchase its own shares from the market.
j. The proposed Resolution 13 if passed is primarily to authorise the Company and/its unlisted subsidiaries to enter into arrangements or transactions with Related Parties, particulars of which are set out in the Circular to Shareholders dated 28 March 2017 circulated together with this Annual Report, which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally made to the public.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia:-

1. The Directors who are retiring pursuant to Article 96 of the Company's Articles of Association are as follows:-
   (i) Dato' Amiruddin Bin Abdul Satar – Article 96
   (ii) Aminudin Bin Dawam – Article 96
   (iii) Zulkifli Bin Ibrahim – Article 96
   (iv) Dr Kok Chin Leong – Article 96

2. A total of four (4) Board Meetings were held during the financial year ended 31 December 2016.

3. Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2016 are as follows:-

	29 February 2016	19 May 2016	29 August 2016	30 November 2016
Dato' Kamaruzzaman Abu Kassim	√	√	√	√
Dato' Amiruddin Abdul Satar	√	√	√	√
Tan Sri Datin Paduka Siti Sa'diah Sheikh Bakir	√	√	√	√
Tan Sri Dato' Dr. Yahya Awang	√	√	√	√
Datuk Azzat Kamaludin	√	√	√	√
Zainah Mustafa	√	√	√	√
Aminudin Dawam	√	√	√	√
Dr. Yoong Fook Ngian	√	√	√	√
Dr. Kok Chin Leong	√	√	√	√
Zulkifli Ibrahim	√	√	√	√
Ahamad Mohamad	√	√	√	√

Date	Venue
29 February 2016	Level 16, Menara 238, Kuala Lumpur
19 May 2016	Puteri Pacific Hotel, Johor Bahru
29 August 2016	KPJ Pahang Specialist Hospital, Kuantan
30 November 2016	KPJ Selangor Specialist Hospital, Shah Alam

4. Particulars of Directors seeking re-election at the Annual General Meeting are set out in the Directors' Profile appearing in pages 120 to 130 of the Annual Report.

Proxy Form

No. of ordinary shares held	CDS account no.

KPJ HEALTHCARE BERHAD

Company No. 247079-M
Incorporated in Malaysia under the Companies Act, 1965

I/We* ____
(Full name and NRIC No. /Company No. in block letters)

of ____
(Full address in block letters)

being a member(s) of KPJ HEALTHCARE BERHAD hereby appoint Chairman of the meeting, or ____________________

____
(Full name and NRIC in block letters)

of ____
(Full address in block letters)

or failing him/her ____
(Full name and NRIC in block letters)

of ____
(Full address in block letters)

as my/our* proxy to vote for me/us* on my/our* behalf at the Twenty Fourth (24th) Annual General Meeting of the Company to be held at the Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor on Thursday 20 April 2017 at 11.00 a.m. and at any adjournment in respect of my/our holdings of shares in the manner indicated below:

RESOLUTION	DESCRIPTION	FOR	AGAINST
	To Re-Elect Directors:		
1	Dato' Amiruddin Abdul Satar		
2	Aminudin Dawam		
3	Zulkifli Ibrahim		
4	Dr. Kok Chin Leong		
5	To Approve Directors' Fee		
6	To Re-Appoint Auditors		
	Special Business		
	Proposed Director To Continue As Independent Non-Executive Director:		
7	Zainah Mustafa		
8	Datuk Azzat Kamaludin		
9	Dr. Yoong Fook Ngian		
10	Dr. Kok Chin Leong		
11	Authority To Issue Shares		
12	Proposed Share Buy Back		
13	Proposed Shareholders' Mandate		

(Please indicate with a (√) in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.)

For appointment of two (2) proxies, number of shares and percentages of shareholding to be represented by each proxy:

	NO. OF SHARES	% OF SHAREHOLDING
Proxy 1		
Proxy 2		
Total		

____
Signature(s)/Common Seal of Shareholder(s)

Dated this ______________ day of ____________________2017

[*Delete if not applicable]

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NOTE:

1. A member of the Company entitled to be present and vote at the Meeting may appoint a proxy to vote instead of him. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the hand of its common seal or under the hand of an officer or attorney duly authorised. The instrument appointing the proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, he may appoint at least one (1) proxy in respect of each securities account he holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Any alteration made in this form should be initialled by the person who signs it.
5. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the registered office of the Company at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor not less than twenty four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy should not be treated as valid.

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Affix postage stamp

KPJ HEALTHCARE BERHAD (247079-M)
Level 11
Menara KOMTAR
Johor Bahru City Centre
80000 Johor Bahru
Johor, Malaysia

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www.kpjhealth.com.my

Level 12, Menara 238, 238 Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia.
Tel : (603) 2681 6222 Fax : (603) 2681 6888