

Quarterly rpt on consolidated results for the financial period ended 31 Mar 2017

IHH HEALTHCARE BERHAD

Financial Year End 31 Dec 2017

Quarter 1 Qtr

Quarterly report for the financial period ended 31 Mar 2017

The figures have not been audited

Attachments

[IHH_Q1 2017 Quarterly Report.pdf](#)

246.6 kB

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97.1 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Mar 2017

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	2,684,825	2,475,355	2,684,825	2,475,355
2	Profit/(loss) before tax	526,098	355,300	526,098	355,300
3	Profit/(loss) for the period	444,295	272,032	444,295	272,032
4	Profit/(loss) attributable to ordinary equity holders of the parent	470,046	235,478	470,046	235,478
5	Basic earnings/(loss) per share (Subunit)	5.71	2.86	5.71	2.86
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7	Net assets per share attributable	2.7300		2.6700	

to ordinary equity holders of the parent (\$\$)		
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Definition of Subunit:

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

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

Announcement Info

Company Name	IHH HEALTHCARE BERHAD
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Stock Name	IHH
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Date Announced	19 May 2017
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Category	Financial Results
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Reference Number	FRA-19052017-00035
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IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
31 MARCH 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

		Financial period ended		
	Note	31 Mar 2017 RM'000	31 Mar 2016 RM'000	Variance %
Revenue		2,684,825	2,475,355	8%
Other operating income	1	370,345	63,634	NM
Inventories and consumables		(502,712)	(424,329)	-18%
Purchased and contracted services		(231,148)	(240,729)	4%
Staff costs	2	(1,086,425)	(940,018)	-16%
Depreciation and impairment losses of property, plant and equipment	3	(202,027)	(186,678)	-8%
Amortisation and impairment losses of intangible assets and prepaid lease payments		(13,565)	(13,467)	-1%
Operating lease expenses	4	(82,441)	(69,634)	-18%
Other operating expenses	4	(272,032)	(260,104)	-5%
Finance income	5	43,337	17,840	143%
Finance costs	5	(184,151)	(70,091)	-163%
Share of profits of associates (net of tax)		95	320	-70%
Share of profits of joint ventures (net of tax)		1,997	3,201	-38%
Profit before tax		526,098	355,300	48%
Income tax expense		(81,803)	(83,268)	2%
Profit for the period		444,295	272,032	63%
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences from foreign operations	6	237,887	(1,112,410)	121%
Hedge of net investments in foreign operations	6	(16,114)	255,406	-106%
Net change in fair value of available-for-sale financial instruments	7	(244,300)	(129,545)	-89%
Cash flow hedge		465	(15,903)	103%
		(22,062)	(1,002,452)	98%
Total comprehensive income for the period		422,233	(730,420)	158%
Profit attributable to:				
Owners of the Company		470,046	235,478	100%
Non-controlling interests		(25,751)	36,554	-170%
Profit for the period		444,295	272,032	63%
Total comprehensive income attributable to:				
Owners of the Company		473,540	(667,811)	171%
Non-controlling interests		(51,307)	(62,609)	18%
Total comprehensive income for the period		422,233	(730,420)	158%
Earnings per share (sen)				
Basic		5.71	2.86	100%
Diluted		5.71	2.86	100%

NM: Not meaningful

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

SUPPLEMENTARY INFORMATION

	Financial period ended		
	31 Mar 2017	31 Mar 2016	Variance
	RM'000	RM'000	%
Profit attributable to owners of the Company	470,046	235,478	100%
Add back/(less): Exceptional items ("EI")			
Gain on disposal of quoted available-for-sale financial instruments ⁱ	(313,417)	-	
Exchange loss on net borrowings ⁱⁱ	5 94,051	5,839	
	(219,366)	5,839	
Add/(less): Tax effects on EI	(18,810)	(1,168)	
Add/(less): Non-controlling interests' share of EI	(30,096)	(1,869)	
	(268,272)	2,802	
Profit attributable to owners of the Company, excluding EIⁱⁱⁱ	201,774	238,280	-15%
Earnings per share, excluding EIⁱⁱⁱ (sen)			
Basic	2.45	2.90	-16%
Diluted	2.45	2.89	-15%

NM: Not meaningful

Note:

- Gain on disposal of 6.07% interest in Apollo Hospital Enterprise Limited
- Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings (As at 31 March 2017, Euro/TL=3.9083, USD/TL=3.6386)
- Exceptional items, net of tax and non-controlling interests

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the 2016 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

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

The Group acquired Tokushukai-Sofia Eood (“Tokuda”) and City Hospitals and Clinic AD (“City Clinic”) on 8 June 2016. Generally, the consolidation of these newly acquired entities resulted in an increase in current period’s revenue and expenses as compared to the corresponding period last year.

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

1. Other operating income increased as a result of a RM313.4 million gain from the disposal of the Group’s 6.07% interest in Apollo Hospital Enterprise Limited (“Apollo Hospitals”) recognised in Q1 2017.
2. Staff costs increased as a result of higher headcount and salary increase driven by the higher demand for trained healthcare professionals. The Group increased its headcount to meet staffing requirements with the opening of new wards in existing hospitals, ramping up of newly-opened hospitals.
3. Depreciation increased as a result of the incremental depreciation of property, plant and equipment of the Group’s newly-opened hospitals in March 2017, namely, Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital. The Group commenced depreciation of these hospitals’ property, plant and equipment upon completion of construction or commencement of operations.
4. Operating expenses and operating lease expenses increased with the consolidation of the Tokuda and City Clinic as well as higher expenses incurred with the commencement of operations of 2 new hospitals in March 2017. Costs also increased with the strengthening of the USD against the currencies of the Group’s home markets.
5. Acibadem Holdings recognised exchange gain or loss arising from the translation of its non-Turkish Lira (“TL”) denominated borrowings/payables net of its non-TL denominated cash/receivables as finance income or finance cost respectively. The Group recognised RM94.1 million exchange losses on translation of such non-TL balances in Q1 2017, as compared to an exchange loss of RM5.8 million recognised in Q1 2016.
6. PLife REIT hedges its interest in the net assets of its Japanese operations and the effective portion of the hedge is recognised as a hedge of net investments in the statement of other comprehensive income, which offsets the foreign currency translation differences from the translation of the net assets of its Japanese operations. The Group’s remaining foreign currency translation differences from foreign operations arise mainly from the translation of the net assets of its Singapore and Turkish operations, as well as from the Group’s investment in Integrated Healthcare Holdings (Bharat) Limited, which holds the Group’s stake in Apollo Hospital Enterprise Limited.

In Q1 2017, the Group recorded a net foreign currency translation gain as the effects of appreciation of Singapore Dollar (“SGD”) against Ringgit Malaysia (“RM”) exceeds the depreciation of the Turkish Lira (“TL”) against the RM.

7. Fair value change of available-for-sale financial instruments arose from the mark-to-market of the Group’s remaining 4.78% investment in Apollo Hospitals, investments in Eurobonds, and investment in Money Market Fund units.

In Q1 2017, the Group realised the cumulative fair value gain on its investment in Apollo Hospitals relating to the disposal of its 6.07% interest Apollo Hospitals.

Note:

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

	31 March 2017	31 March 2016
1 SGD	3.1388	2.9958
1 TL	1.2043	1.4266

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	Note	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Assets			
Property, plant and equipment	1	13,752,880	13,140,531
Prepaid lease payments		1,128,622	1,143,479
Investment properties	2	3,305,994	3,033,107
Goodwill on consolidation		11,203,935	11,076,000
Intangible assets		2,458,394	2,489,642
Interests in associates		6,997	7,657
Interests in joint ventures		161,257	153,154
Other financial assets	3	540,490	1,198,230
Trade and other receivables		66,331	74,013
Tax recoverable		35,144	30,379
Derivative assets		2,291	2,303
Deferred tax assets		260,648	240,596
Total non-current assets		32,922,983	32,589,091
Development properties	4	39,566	28,987
Inventories		273,362	252,589
Trade and other receivables		1,452,277	1,441,683
Tax recoverable		73,461	72,471
Other financial assets		356,946	351,674
Derivative assets		3,583	1,040
Cash and cash equivalents		2,774,268	2,443,181
		4,973,463	4,591,625
Assets classified as held for sale	5	7,433	7,240
Total current assets		4,980,896	4,598,865
Total assets		37,903,879	37,187,956
Equity			
Share capital	6	16,417,114	8,231,700
Share premium	6	-	8,185,160
Other reserves		2,302,827	2,292,652
Retained earnings		3,745,250	3,276,228
Total equity attributable to owners of the Company		22,465,191	21,985,740
Non-controlling interests		1,832,128	1,907,417
Total equity		24,297,319	23,893,157
Liabilities			
Loans and borrowings	7	7,248,037	6,852,782
Employee benefits		42,818	41,398
Trade and other payables	8	1,909,446	1,666,595
Derivative liabilities		23,292	24,860
Deferred tax liabilities		1,087,216	1,067,265
Total non-current liabilities		10,310,809	9,652,900
Bank overdrafts		11,582	11,348
Loans and borrowings	7	295,361	622,968
Employee benefits		68,452	71,910
Trade and other payables	8	2,570,780	2,612,446
Derivative liabilities		18,839	19,173
Tax payable		330,737	304,054
Total current liabilities		3,295,751	3,641,899
Total liabilities		13,606,560	13,294,799
Total equity and liabilities		37,903,879	37,187,956

Net assets per share attributable to owners of the Company¹ (RM) 2.73 2.67

¹ Based on 8,231.7 million and 8,231.7 million shares issued as at 31 March 2017 and 31 December 2016 respectively

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2016 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

1. The increase in property, plant and equipment was attributed to the purchase of the medical equipment during the period, cost capitalised for the on-going expansion and new hospital projects.
2. Investment properties increased with the acquisition of 5 nursing homes in February 2017.
3. Other non-current financial assets decreased upon the disposal of the Group's 6.07% interest in Apollo Hospitals.
4. Development properties comprise medical suites developed for sale at Gleneagles Medini. The increase in development properties was attributed to the capitalisation of construction costs during the period.
5. Assets classified as held for sale mainly comprise a piece of freehold land in India that is committed for sale.
6. In accordance with Section 618 of Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act, 2016 on 31 January 2017 to utilise the credit.
7. The increase in total loans and borrowings was attributed additional loans taken to finance working capital, capital expenditure, acquisitions and purchase of investment properties.
8. GHK Hospital Limited ("GHK"), an indirect 60% owned subsidiary, restructured its loan payable to non-controlling interests during the period and reclassified RM210.0 million from current to non-current payable.

Note:

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

	31 March 2017	31 Dec 2016
1 SGD	3.1626	3.1066
1 TL	1.2263	1.2756
1 USD	4.4304	4.4641

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	<----- Attributable to owners of the Company ----->												
	<----- Non-distributable ----->									Distributable			
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2017	8,231,700	8,185,160	46,206	320,154	85,890	14,071	(1,157,882)	42,601	2,941,612	3,276,228	21,985,740	1,907,417	23,893,157
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	253,897	-	253,897	(16,010)	237,887
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	(5,748)	-	(5,748)	(10,366)	(16,114)
Net change in fair value of available-for-sale financial instruments	-	-	-	(244,821)	-	-	-	-	-	-	(244,821)	521	(244,300)
Cash flow hedge	-	-	-	-	-	166	-	-	-	-	166	299	465
Total other comprehensive income for the period	-	-	-	(244,821)	-	166	-	-	248,149	-	3,494	(25,556)	(22,062)
Profit for the period	-	-	-	-	-	-	-	-	-	470,046	470,046	(25,751)	444,295
Total comprehensive income for the period	-	-	-	(244,821)	-	166	-	-	248,149	470,046	473,540	(51,307)	422,233
<i>Contributions by and distributions to owners of the Company</i>													
- Share options exercised	33	154	-	-	-	-	-	-	-	-	187	-	187
- Share-based payment	-	-	10,272	-	-	-	-	-	-	-	10,272	-	10,272
	33	154	10,272	-	-	-	-	-	-	-	10,459	-	10,459
Transfer to share capital for share options exercised	-	67	(67)	-	-	-	-	-	-	-	-	-	-
Cancellation of vested share options	-	-	(54)	-	-	-	-	-	-	54	-	-	-
Issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	21,307	21,307
Transfer per statutory requirements	-	-	-	-	-	-	-	1,078	-	(1,078)	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	-	(4,548)	-	-	-	(4,548)	557	(3,991)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(45,846)	(45,846)
Total transactions with owners of the Company	33	221	10,151	-	-	-	(4,548)	1,078	-	(1,024)	5,911	(23,982)	(18,071)
Transfer in accordance with Section 618(2) of the Companies Act 2016 ⁱ	8,185,381	(8,185,381)	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2017	16,417,114	-	56,357	75,333	85,890	14,237	(1,162,430)	43,679	3,189,761	3,745,250	22,465,191	1,832,128	24,297,319

i) In accordance with Section 618 of Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act, 2016 on 31 January 2017 to utilise the credit.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

	<----- Attributable to owners of the Company ----->								<----- Non-distributable -----> Distributable				
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2016	8,223,346	8,151,010	32,595	634,257	35,871	16,418	(744,806)	36,669	2,846,509	2,923,869	22,155,738	2,080,968	24,236,706
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	(856,354)	-	(856,354)	(256,056)	(1,112,410)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	90,224	-	90,224	165,182	255,406
Net change in fair value of available-for-sale financial instruments	-	-	-	(131,482)	-	-	-	-	-	-	(131,482)	1,937	(129,545)
Cash flow hedge	-	-	-	-	-	(5,677)	-	-	-	-	(5,677)	(10,226)	(15,903)
Total other comprehensive income for the period	-	-	-	(131,482)	-	(5,677)	-	-	(766,130)	-	(903,289)	(99,163)	(1,002,452)
Profit for the period	-	-	-	-	-	-	-	-	-	235,478	235,478	36,554	272,032
Total comprehensive income for the period	-	-	-	(131,482)	-	(5,677)	-	-	(766,130)	235,478	(667,811)	(62,609)	(730,420)
Contributions by and distributions to owners of the Company													
- Share options exercised	250	483	-	-	-	-	-	-	-	-	733	-	733
- Share-based payment	-	-	9,023	-	-	-	-	-	-	-	9,023	-	9,023
Transfer to share capital for share options exercised	250	483	9,023	-	-	-	-	-	-	-	9,756	-	9,756
Changes in ownership interests in subsidiaries	591	2,115	(2,706)	-	-	-	-	-	-	-	-	-	-
Issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	(25,625)	-	-	-	(25,625)	(6,102)	(31,727)
Transfer per statutory requirements	-	-	-	-	-	-	-	-	-	-	-	7,160	7,160
Net changes in fair value of put options liabilities	-	-	-	-	-	-	-	1,626	-	(1,626)	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	21,484	-	-	-	21,484	-	21,484
	-	-	-	-	-	-	-	-	-	-	-	(41,656)	(41,656)
Total transactions with owners of the Company	841	2,598	6,317	-	-	-	(4,141)	1,626	-	(1,626)	5,615	(40,598)	(34,983)
At 31 March 2016	8,224,187	8,153,608	38,912	502,775	35,871	10,741	(748,947)	38,295	2,080,379	3,157,721	21,493,542	1,977,761	23,471,303

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2016 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	Financial period ended	
	31 Mar 2017	31 Mar 2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	526,098	355,300
Adjustments for:		
Dividend income	(525)	(6,312)
Finance income	(43,337)	(17,840)
Finance costs	184,151	70,091
Depreciation and impairment losses of property, plant and equipment	202,027	186,678
Amortisation and impairment losses of intangible assets and prepaid lease payments	13,565	13,467
Impairment loss (written back)/made:		
- Trade and other receivables	(2,180)	11,301
- Amounts due from associates	(906)	(593)
Write-off/(write back):		
- Property, plant and equipment	89	73
- Inventories	235	161
- Trade and other receivables	5,262	(1,820)
Loss on disposal of property, plant and equipment	111	13
Gain on disposal of quoted available-for-sale financial instruments	(313,417)	-
Gain on disposal of unquoted available-for-sale financial instruments	(192)	-
Share of profits of associates (net of tax)	(95)	(320)
Share of profits of joint ventures (net of tax)	(1,997)	(3,201)
Equity-settled share-based payment	10,272	9,023
Net unrealised foreign exchange differences	19,643	5,378
Operating profit before changes in working capital	598,804	621,399
Changes in working capital:		
Trade and other receivables	(9,575)	(189,038)
Development properties	(10,579)	(1,228)
Inventories	(16,340)	(10,798)
Trade and other payables	(74,451)	(25,369)
Cash flows from operations	487,859	394,966
Net income tax paid	(54,899)	(10,988)
Net cash generated from operating activities	432,960	383,978
Cash flows from investing activities		
Interest received	19,185	12,433
Development and purchase of intangible assets	(1,357)	(2,182)
Purchase of property, plant and equipment	(570,650)	(325,844)
Purchase of investment properties	(201,134)	(44,740)
Net placement of fixed deposits with tenor of more than 3 months	(7,123)	(10,724)
Proceeds from disposal of property, plant and equipment	5,117	12,303
Proceeds from disposal of intangible assets	-	642
Proceeds from disposal of quoted available-for-sale financial instruments	711,721	-
Proceeds from disposal of unquoted available-for-sale financial instruments	11,193	-
Net repayment from associates	1,792	578
Net advances to joint ventures	(744)	(272)
Dividends received from available-for-sale financial instruments	525	6,312
Dividends received from joint ventures	511	616
Net cash used in investing activities	(30,964)	(350,878)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

	31 Mar 2017	31 Mar 2016
	RM'000	RM'000
Cash flows from financing activities		
Interest paid	(63,057)	(41,092)
Proceeds from exercise of share options	187	733
Proceeds from loans and borrowings	860,874	384,428
Issue of fixed rate medium term notes	-	118,930
Repayment of loans and borrowings	(879,021)	(378,348)
Loan from non-controlling interests of a subsidiary	-	116,929
Dividends paid to non-controlling interests	(45,846)	(41,656)
Acquisition of non-controlling interests	-	(31,727)
Issue of shares by subsidiaries to non-controlling interest	21,307	6,877
Change in pledged deposits	(199)	(58)
Net cash (used in)/ from financing activities	(105,755)	135,016
Net increase in cash and cash equivalents	296,241	168,116
Effect of exchange rate fluctuations on cash and cash equivalents held	34,412	(38,413)
Cash and cash equivalents at beginning of the period	2,423,275	1,966,001
Cash and cash equivalents at end of the period	2,753,928	2,095,704

Cash and cash equivalents

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

	31 Mar 2017	31 Mar 2016
	RM'000	RM'000
Cash and bank balances	1,148,754	1,214,513
Fixed deposits with tenor of 3 months or less	1,625,514	894,157
	2,774,268	2,108,670
Less:		
- Bank overdrafts	(11,583)	(6,973)
- Deposits pledged	(2,650)	(520)
- Cash collateral received	(6,107)	(5,473)
Cash and cash equivalents at end of the period	2,753,928	2,095,704

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2016 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

A1 BASIS OF PREPARATION

a) Basis of accounting

These condensed consolidated financial report are unaudited and prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, MFRS 134: Interim Financial Reporting in Malaysia and IAS 34: Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of the Group for the financial year ended 31 December 2016 ("2016 Audited Financial Statements").

The 2016 Audited Financial Statements were prepared under Malaysian Financial Reporting Standards ("MFRS").

b) Significant accounting policies

The accounting policies and presentation adopted for this unaudited condensed consolidated interim financial report are consistent with those adopted for the 2016 Audited Financial Statements, except for the adoption of the new, revised and amendments to MFRS effective as of 1 January 2017 as issued by the Malaysian Accounting Standards Board, which does not have any impact on the financial statements of the Group.

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements for the financial year ended 31 December 2016 were not subjected to any qualification.

A3 SEASONALITY OF OPERATIONS

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 31 March 2017.

A5 CHANGE IN ACCOUNTING ESTIMATES

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

In preparing the unaudited condensed consolidated interim financial report, the significant judgments made by the management in applying the Group's accounting policies and key sources of estimating uncertainty were consistent with those applied to 2016 Audited Financial Statements.

**A NOTES TO THE INTERIM FINANCIAL REPORT
 FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

A6 DEBT AND EQUITY SECURITIES

Between 1 January to 31 March 2017, IHH issued 33,000 new ordinary shares pursuant to the exercise of vested Enterprise Option Scheme (“EOS”) options.

Except as disclosed above, there were no other issuance of shares, share buy-backs, and repayments of debt and equity securities by IHH during the financial period ended 31 March 2017.

As at 31 March 2017, the issued share capital of IHH comprised of 8,231,733,239 ordinary shares.

A7 DIVIDENDS PAID

There were no dividends paid during the period ended 31 March 2017.

A8 SEGMENT REPORTING

There had been no significant changes in the basis of segmentation or in the basis of measurement of segment profit or loss from the 2016 Audited Financial Statements except for the further breakdown of the Parkway Pantai segment into regions.

Management monitors the operating results of each business unit for the purpose of making decisions on resources allocation and performance assessment. Performance is measured based on segment earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items (“EBITDA”).

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

A8 SEGMENT REPORTING

Financial period ended 31 March 2017

	Parkway Pantai					Acibadem Holdings	IMU Health				
	Singapore	Malaysia	India	North Asia	PPL Others**	CEEMENA*	Malaysia	PLife REIT	Others	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue and expenses</u>											
Revenue from external customers	961,503	441,434	161,353	65,601	44,216	914,764	62,916	32,513	525	-	2,684,825
Inter-segment revenue	25,327	286	-	-	250	-	1,064	51,690	18	(78,635)	-
Total segment revenue	986,830	441,720	161,353	65,601	44,466	914,764	63,980	84,203	543	(78,635)	2,684,825
EBITDA	283,176	128,918	2,066	(73,925)	11,769	146,321	27,428	68,983	(11,528)	(17,632)	565,576
Depreciation and impairment losses of property, plant and equipment	(56,671)	(34,894)	(15,989)	(14,280)	(1,287)	(66,579)	(3,397)	(8,722)	(208)	-	(202,027)
Amortisation and impairment losses of intangible assets and prepaid lease payments	(910)	(177)	(2,520)	(3,323)	-	(6,445)	(190)	-	-	-	(13,565)
Foreign exchange differences	87	(271)	(52)	476	(2,551)	(1)	(54)	3,268	517	-	1,419
Finance income	695	4,757	987	1,962	34,670	9,167	1,245	1	2,812	(12,959)	43,337
Finance costs	(3,325)	(1,564)	(10,503)	(14,964)	(35,621)	(122,797)	(46)	(8,283)	(7)	12,959	(184,151)
Share of profits of associates (net of tax)	95	-	-	-	-	-	-	-	-	-	95
Share of profits of joint ventures (net of tax)	511	-	1,373	113	-	-	-	-	-	-	1,997
Others	-	-	-	-	-	-	-	-	313,417	-	313,417
Profit/(loss) before tax	223,658	96,769	(24,638)	(103,941)	6,980	(40,334)	24,986	55,247	305,003	(17,632)	526,098
Income tax expense	(41,285)	(24,472)	2,522	(3,404)	(7,372)	5,461	(6,547)	(6,109)	(597)	-	(81,803)
Net profit/(loss) for period	182,373	72,297	(22,116)	(107,345)	(392)	(34,873)	18,439	49,138	304,406	(17,632)	444,295
<u>Assets and liabilities</u>											
Cash and cash equivalents	218,197	349,835	19,097	290,414	496,653	89,765	28,480	88,769	1,193,058	-	2,774,268
Other assets	12,735,325	4,538,685	1,967,471	3,459,542	6,198,699	6,518,774	546,951	4,588,767	644,085	(6,068,688)	35,129,611
Segment assets as at 31 March 2017	12,953,522	4,888,520	1,986,568	3,749,956	6,695,352	6,608,539	575,431	4,677,536	1,837,143	(6,068,688)	37,903,879
Loans and borrowings	7,530	-	365,094	563,856	864,417	3,650,405	318	2,091,778	-	-	7,543,398
Other liabilities	4,829,100	459,247	2,067,502	2,700,977	193,608	1,365,974	148,706	354,571	12,165	(6,068,688)	6,063,162
Segment liabilities as at 31 March 2017	4,836,630	459,247	2,432,596	3,264,833	1,058,025	5,016,379	149,024	2,446,349	12,165	(6,068,688)	13,606,560

*: "CEEMENA" refers to Central and Eastern Europe, Middle East and North Africa

** : PPL Others comprise mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

Financial period ended 31 March 2016

	Parkway Pantai					Acibadem Holdings	IMU Health			
	Singapore RM'000	Malaysia RM'000	India RM'000	North Asia RM'000	PPL Others** RM'000	CEEMENA* RM'000	Malaysia RM'000	PLife REIT RM'000	Others RM'000	Eliminations RM'000
<u>Revenue and expenses</u>										
Revenue from external customers	913,455	391,306	127,754	67,266	44,153	835,996	58,191	30,922	6,312	-
Inter-segment revenue	25,774	250	-	-	302	-	725	48,759	19	(75,829)
Total segment revenue	939,229	391,556	127,754	67,266	44,455	835,996	58,916	79,681	6,331	(75,829)
EBITDA	255,896	106,655	(3,083)	10,765	21,805	157,786	23,171	65,042	(2,467)	(18,589)
Depreciation and impairment losses of property, plant and equipment	(53,673)	(36,842)	(11,258)	(1,866)	(1,066)	(70,207)	(3,200)	(8,381)	(185)	-
Amortisation and impairment losses of intangible assets and prepaid lease payments	(938)	(177)	(2,525)	(1,323)	-	(8,385)	(119)	-	-	-
Foreign exchange differences	(442)	1,515	(7,755)	(4,207)	19	(182)	(100)	(1,567)	(87)	-
Finance income	341	5,522	164	2,239	4,662	6,470	928	5	4,052	(6,543)
Finance costs	(4,782)	(1,639)	(10,214)	(10,377)	(4,062)	(35,455)	(61)	(10,041)	(3)	6,543
Share of profits of associates (net of tax)	320	-	-	-	-	-	-	-	-	-
Share of profits of joint ventures (net of tax)	616	-	2,439	146	-	-	-	-	-	-
Profit/(loss) before tax	197,338	75,034	(32,232)	(4,623)	21,358	50,027	20,619	45,058	1,310	(18,589)
Income tax expense	(35,658)	(19,269)	2,785	(3,708)	(5,595)	(10,467)	(5,698)	(4,415)	(1,243)	-
Net profit/(loss) for period	161,680	55,765	(29,447)	(8,331)	15,763	39,560	14,921	40,643	67	(18,589)
<u>Assets and liabilities</u>										
Cash and cash equivalents	404,236	584,458	24,091	414,150	90,703	416,200	74,831	71,998	28,003	-
Other assets	12,006,060	4,279,514	1,818,211	2,016,584	4,720,893	5,854,587	480,396	4,234,174	1,720,528	(4,645,298)
Segment assets as at 31 March 2016	12,410,296	4,863,972	1,842,302	2,430,734	4,811,596	6,270,787	555,227	4,306,172	1,748,531	(4,645,298)
Loans and borrowings	-	55,088	301,933	901,945	386,597	3,068,315	530	1,820,682	-	-
Other liabilities	4,557,518	442,457	1,651,542	1,056,948	113,548	898,155	156,074	348,167	8,815	(4,645,298)
Segment liabilities as at 31 March 2016	4,557,518	497,545	1,953,475	1,958,893	500,145	3,966,470	156,604	2,168,849	8,815	(4,645,298)

*: "CEEMENA" refers to Central and Eastern Europe, Middle East and North Africa

**: PPL Others comprise mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

A10 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Financial period ended	
	31 Mar 2017	31 Mar 2016
	RM'000	RM'000
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	84,881	91,403
- Purchase and consumption of services	(25,595)	(25,265)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	4,568	3,124
- Purchase and consumption of services	(24,792)	(15,947)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 15 February 2017, Clinical Hospital Acibadem Sistina Skopje ("Acibadem Sistina") established a wholly-owned subsidiary, Ordinacija po Interna Medicina Acibadem Sistina Bitola 24 ("Medicina Sistina") in Macedonia. Medicina Sistina has no issued and paid-up share capital and its intended principal activity is provision of outpatient medical services.
- (b) On 17 February 2017, Acibadem Sistina established a wholly-owned subsidiary, Poliklinika Acibadem Sistina Bitola 27 ("Poliklinika Sistina") in Macedonia. Poliklinika Sistina has no issued and paid-up share capital and its intended principal activity is provision of outpatient medical services.
- (c) On 17 February 2017, Parkway Life Japan4 Pte. Ltd. ("TK Investor") entered into a *Tokumei Kumiai* agreement (or silent partnership agreement, the "TK Agreement") with Godo Kaisha Samurai 12 ("TK Operator"). Pursuant to the TK Agreement, the purchase price of the properties amounting to JPY4,759.0 million (equivalent to RM187.3 million) will be injected into TK Operator by the TK Investor to facilitate the acquisition of one group nursing home and four nursing homes facilities located in Japan by the TK Operator. The Company does not have any direct or indirect equity in the TK Operator. However due to the nature of the arrangements under the TK Agreement, the TK Operator is under established terms that impose strict limitations on decision-making powers of the TK Operator's management, resulting in the Group receiving the majority of the benefits relating to the TK Operator's operations and net assets, being exposed to the majority of the risks incident to the TK Operator's activities and retaining the majority of the residual or ownership risks related to the TK Operator and their assets. As such the TK Operator is regarded as subsidiary of the Group pursuant to MFRS 10: *Consolidated Financial Statements*.
- (d) On 21 March 2017, M&P Investments Pte. Ltd. ("M&P") incorporated ParkwayHealth Zifeng Nanjing OBGYN Hospital Company Limited ("ParkwayHealth Zifeng Nanjing"), a 60% owned subsidiary in The People's Republic of China. The remaining 40% equity stake in ParkwayHealth Zifeng Nanjing is owned by Jiangsu Zifeng Healthcare Co. Ltd. ParkwayHealth Zifeng Nanjing has a registered capital of RMB100,000,000 (equivalent to RM64,130,000) and its intended principal activity is the management and operation of medical and health related facilities and services.

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

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

A12 SUBSEQUENT EVENTS

- (a) Between 1 April 2017 to 12 May 2017, the Company issued 4,527,400 new ordinary shares pursuant to the surrender of vested Long Term Incentive Plan ("LTIP") units.
- (b) On 20 April 2017, United Medical Center Varna EOOD has been dissolved pursuant to members' voluntary winding-up.
- (c) Following the pronouncement by the National Company Law Tribunal of Hyderabad on 20 April 2017, Continental Hospitals Private Limited ("CHPL") had filed a return of allotment with the Registrar of Companies, Hyderabad, to allot 3,807,106 equity shares to Gleneagles Development Pte. Ltd. ("GDPL"). Consequential thereto, GDPL's equity interest in CHPL was increased from 51% to 52%.
- (d) On 28 April 2017, the Company granted a total of 4,720,000 LTIP units to eligible employees of the Group. Out of the total 4,720,000 units granted, 58,000 units were granted under a cash option pursuant to the terms and conditions of the LTIP Bye Laws.
- (n) On 8 May 2017, Gleneagles (Malaysia) Sdn. Bhd. ("GMSB") acquired 269,444 ordinary shares representing approximately 1.107% of the total issued shares of Pulau Pinang Clinic Sdn. Bhd. ("PPCSB") from three (3) minority shareholders for a total cash consideration of RM5,927,760. Consequential thereto, GMSB's equity interest in PPCSB was increased from 70.76% to 71.87%.
- (e) On 9 May 2017, Magnetom Imaging Sdn Bhd ("MISB") has been dissolved pursuant to members' voluntary winding-up. The dissolution of MISB is part of the Group's streamlining exercise.
- (f) On 10 May 2017, Acibadem Saglik Hizmetleri ve Ticaret A.S. acquired 100% equity interest in ME-Dİ Sağlık Hizmetleri İthalat ve Ticaret A.Ş. ("ME-Dİ") comprising 110,000 shares from Dilaver Özturan for a total consideration of TL6,500,000 (equivalent to RM7,874,100). The principal activity of ME-Dİ is the provision of outpatient medical services.

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in the contingent liabilities or contingent assets as at 12 May 2017 from that disclosed in the 2016 Audited Financial Statements.

A14 CAPITAL COMMITMENTS

	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Capital expenditure commitments not provided for		
Property, plant and equipment and investment properties		
- Authorised and contracted for	1,345,109	1,147,134
- Authorised but not contracted for	2,542,729	2,349,600
	<u>3,887,838</u>	<u>3,496,734</u>

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

A15 FAIR VALUE HIERARCHY

Fair value hierarchy

The table below analyses investment properties and financial instruments carried at fair value. The different levels are defined as follows:

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>31 March 2017</u>				
Assets				
Investment properties	-	-	3,305,994	3,305,994
Quoted available-for-sale financial instruments	525,595	-	-	525,595
Unquoted available-for-sale financial instruments	-	142,081	-	142,081
Derivative assets	-	4,193	-	4,193
Liabilities				
CCPS liabilities ⁱ	-	-	(84,849)	(84,849)
Put option liabilities ⁱⁱ	-	-	(872,174)	(872,174)
Derivative liabilities	-	(23,518)	(18,613)	(42,131)
<u>31 December 2016</u>				
Assets				
Investment properties	-	-	3,033,107	3,033,107
Quoted available-for-sale financial instruments	1,176,638	-	-	1,176,638
Unquoted available-for-sale financial instruments	-	152,043	-	152,043
Derivative assets	-	1,691	-	1,691
Liabilities				
CCPS liabilities ⁱ	-	-	(82,645)	(82,645)
Put option liabilities ⁱⁱ	-	-	(864,608)	(864,608)
Derivative liabilities	-	(25,905)	(18,128)	(44,033)

i) Fair value through profit or loss

ii) Initial and subsequent remeasurements recognised through equity

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017

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

	Financial period ended		
	31 Mar 2017	31 Mar 2016	Variance
	RM'000	RM'000	%
<u>REVENUE</u>¹			
Parkway Pantai:			
- Singapore	961,503	913,455	5%
- Malaysia	441,434	391,306	13%
- India	161,353	127,754	26%
- North Asia	65,601	67,266	-2%
- PPL Others*	44,216	44,153	0%
Parkway Pantai	1,674,107	1,543,934	8%
Acibadem Holdings	914,764	835,996	9%
IMU Health	62,916	58,191	8%
Others^	525	6,312	-92%
Group (Excluding PLife REIT)	2,652,312	2,444,433	9%
PLife REIT total revenue	84,203	79,681	6%
Less: PLife REIT inter-segment revenue	(51,690)	(48,759)	-6%
PLife REIT	32,513	30,922	5%
Group	2,684,825	2,475,355	8%
<u>EBITDA</u>²			
Parkway Pantai ³ :			
- Singapore	265,562	237,326	12%
- Malaysia	128,918	106,655	21%
- India	2,066	(3,083)	167%
- North Asia	(73,925)	10,765	NM
- PPL Others*	11,769	21,805	-46%
Parkway Pantai	334,390	373,468	-10%
Acibadem Holdings	146,321	157,786	-7%
IMU Health	27,428	23,171	18%
Others^	(11,546)	(2,486)	NM
Group (Excluding PLife REIT)	496,593	551,939	-10%
PLife REIT⁴	68,983	65,042	6%
Group	565,576	616,981	-8%

¹: Relates to external revenue only

It excludes PLife REIT's rental income earned from Parkway Pantai

Similarly, it excludes Parkway Pantai's dividend and management fee income earned from PLife REIT

²: Relates to the EBITDA performance of each SBUs, after elimination of dividend income from within the Group

³: Includes rental expense incurred for lease of hospitals from PLife REIT

⁴: Includes rental income earned from lease of hospitals to Parkway Pantai

* PPL Others comprise mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai

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

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

Q1 2017 vs Q1 2016

The Group achieved 8% growth in revenue while EBITDA decreased 8% in Q1 2017 over the same period last year. The increase in Q1 2017 revenue was attributed to organic growth from its existing operations, and the continuous ramp up of the hospitals opened in 2015. The acquisition of Tokuda Group and City Clinic Group (acquired in June 2016) also contributed to the increase in the Group's Q1 2017 revenue.

EBITDA decreased 8% mainly due to pre-operating and start-up costs from the Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital, both opened in March 2017. EBITDA also decreased as a result of higher operating and staff costs.

The Group's Q1 2017 PATMI excluding exceptional items decreased 15% to RM201.8 million on the back of incremental depreciation, amortisation and finance costs with the opening of the 2 new hospitals in March 2017. Such expenses relating to construction were capitalised under property, plant and equipment until the completion of the hospitals' construction or commencement of operations.

Parkway Pantai

Parkway Pantai's Q1 2017 revenue increased 8% to RM1,674.1 million whilst its EBITDA decreased 10% to RM334.4 million. Excluding the effects of the appreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's Q1 2017 revenues increased 5% while its EBITDA decrease 13% over corresponding period last year.

Parkway Pantai's strong revenue was the result of the continuous ramp up of Mount Elizabeth Novena Hospital in Singapore as well as Pantai Hospital Manjung, Gleneagles Kota Kinabalu Hospital and Gleneagles Medini Hospital in Malaysia. Parkway Pantai's existing hospitals and healthcare businesses also grew.

Parkway Pantai's Singapore hospitals saw an overall 4.1% increase in inpatient admissions to 18,842 in Q1 2017, driven by increase in local patients. Revenue per inpatient admission in Singapore increased 2.9% to RM29,666. Parkway Pantai's Malaysia Hospitals' inpatient admissions increased 3.1% to 50,541 inpatient admissions in Q1 2017, while its revenue per inpatient admission increased 10.8% to RM6,185. Parkway Pantai's India Hospitals' inpatient admissions increased 14.1% to 16,008 inpatient admissions, while its revenue per inpatient admission increased 3.1% to RM8,255.

Parkway Pantai's Q1 2017 EBITDA was eroded by the RM81.1 million pre-operation losses of Gleneagles Hong Kong Hospital as it prepares for its opening in March 2017.

Acibadem Holdings

Acibadem Holdings' Q1 2017 revenue grew 9% to RM914.8 million whilst its EBITDA decreased 7% to RM146.3 million. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' Q1 2017 revenue increased 30% while its EBITDA increased 10% over corresponding period last year.

Acibadem Holdings' strong revenue growth was the result of the continuous ramp up of Acibadem Atakent University Hospital and Acibadem Taksim Hospital. Tokuda Group and City Clinic Group also contributed to the revenue in Q1 2017. Acibadem Holdings' existing hospitals and healthcare businesses also grew.

Acibadem Holdings' inpatient admissions grew 33.8% to 52,581 in Q1 2017 with contribution from Acibadem City Group. Meanwhile, its average inpatient revenue per inpatient admission grew 4.0% to RM9,340 in Q1 2017 with more complex cases taken and an increase in number of foreign patients in Q1 2017.

Acibadem Holdings' Q1 2017 EBITDA was eroded by RM5.2 million pre-operation losses of Acibadem Altunizade Hospital as it prepares for its opening in March 2017. In addition, Acibadem Holdings also incurred higher operating costs and rental expenses arising from medical inflation in Turkey, and from the further depreciation of TL against USD and Euro.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017**

IMU Health

IMU Health's Q1 2017 revenue increased 8% to RM62.9 million due to the increase in tuition fees for some of its courses offered and shortening of the semester for some courses.

IMU Health's Q1 2017 EBITDA increased 18% to RM27.4 million driven by strong revenue.

PLife REIT

PLife REIT's Q1 2017 external revenue increased 5% to RM32.5 million with the contribution from the nursing homes acquired in 2016 and Q1 2017.

PLife REIT's Q1 2017 EBITDA increased 6% to RM69.0 million in line with higher revenue.

Others

Revenue decreased 92% to RM0.5 million in Q1 2017 from a high base in Q1 2016 whereby the Group recognised RM5.7 million dividend income from Apollo Hospital.

EBITDA losses increased to RM11.5 million in Q1 2017 as a result of the lower revenue in Q1 2017 and higher staff costs with increased headcounts.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	1st quarter ended 31 Mar 2017 RM'000	4th quarter ended 31 Dec 2016 RM'000	Variance %
<u>REVENUE¹</u>			
Parkway Pantai:			
- Singapore	961,503	894,737	7%
- Malaysia	441,434	414,064	7%
- India	161,353	150,096	7%
- North Asia	65,601	68,616	-4%
- PPL Others*	44,216	43,746	1%
Parkway Pantai	1,674,107	1,571,259	7%
Acibadem Holdings	914,764	967,646	-5%
IMU Health	62,916	57,981	9%
Others[^]	525	623	-16%
Group (Excluding PLife REIT)	2,652,312	2,597,509	2%
PLife REIT total revenue	84,203	84,236	0%
Less: PLife REIT inter-segment revenue	(51,690)	(50,272)	-3%
PLife REIT	32,513	33,964	-4%
Group	2,684,825	2,631,473	2%
<u>EBITDA²</u>			
Parkway Pantai ³ :			
- Singapore	265,560	245,298	8%
- Malaysia	128,918	95,534	35%
- India	2,066	14,002	-85%
- North Asia	(73,925)	(28,848)	-156%
- PPL Others*	11,769	6,902	71%
Parkway Pantai	334,388	332,888	0%
Acibadem Holdings	146,321	136,912	7%
IMU Health	27,428	16,028	71%
Others[^]	(11,546)	(9,464)	-22%
Group (Excluding PLife REIT)	496,591	476,364	4%
PLife REIT⁴	68,983	89,046	-23%
Group	565,574	565,410	0%

¹: Relates to external revenue only

It excludes PLife REIT's rental income earned from Parkway Pantai

Similarly, it excludes Parkway Pantai's dividend and management fee income earned from PLife REIT

²: Relates to the EBITDA performance of each SBUs, after elimination of dividend income from within the Group

³: Includes rental expense incurred for lease of hospitals from PLife REIT

⁴: Includes rental income earned from lease of hospitals to Parkway Pantai

* PPL Others comprise mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai

[^]: Others comprise mainly IHH Group's corporate office as well as other investment holding entities

Q1 2017 vs Q4 2016

The Group's revenue increased 2% quarter-on-quarter while EBITDA remained flat quarter-on-quarter due to the ramp up of hiring and pre-operating costs in Q1 2017 to prepare Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital for their opening in March 2017.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
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The Group's PATMI excluding exceptional items decreased 9.3% quarter-on-quarter on the back of incremental depreciation, amortisation and finance costs with the opening of the 2 new hospitals in March 2017. Such expenses relating to construction were capitalised under property, plant and equipment until the completion of the hospitals' construction or commencement of operations.

Parkway Pantai

Parkway Pantai's revenue grew 7% quarter-on-quarter. Parkway Pantai's Singapore hospitals inpatient admissions increased 3.7% quarter-on-quarter, while its revenue per inpatient admission increased 3.4% with more complex cases undertaken by the hospital. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals increased 6.8% quarter-on-quarter and its revenue per inpatient admission grew 0.6%. Parkway Pantai India Hospitals inpatient admissions increased 1.1% quarter-on-quarter, while its revenue per inpatient admission increased 1.8%.

Parkway Pantai's EBITDA remained flat quarter-on-quarter with the ramp up of hiring and pre-operating costs in Q1 2017 to prepare Gleneagles Hong Kong Hospital for its opening in March 2017. Parkway Pantai's Q4 2016 EBITDA was boosted by a reversal of provision for doubtful debts relating to amounts due from a joint venture in India.

Acibadem Holdings

Acibadem Holdings' revenue reduced 5% quarter-on-quarter with the depreciation of TL against RM. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' Q1 2017 revenue increased 6% over Q4 2016.

Acibadem Holdings' inpatient admissions increased 4.2% quarter-on-quarter, while its revenue per inpatient admission increased 9.6%.

Acibadem Holding' EBITDA increased 7% quarter-on-quarter mainly due to a low base in Q4 2016 whereby it provided for doubtful debts relating to receivables from Libyan patients. Excluding this provision for Libya receivables in Q4 2016, Acibadem Holdings' EBITDA decreased 13.2% on a constant currency basis due to the ramp up of hiring and pre-operating costs in Q1 2017 as Acibadem Altunizade Hospital prepares for its opening in March 2017.

IMU Health

IMU Health's revenue increased 9% quarter-on-quarter due to shortening of the semester for some of its courses.

IMU Health's EBITDA grew from a low base in Q4 2016 when it recognised expenses incurred for student recruitment promotional activities which took place in Q4 2016.

PLife REIT

PLife REIT's external revenue decreased 4% quarter-on-quarter due to the loss of revenue from the 4 nursing homes divested in late December 2016.

PLife REIT's EBITDA decreased 23% quarter-on-quarter due to a high base in Q4 2016 where it recognised RM8.5 million revaluation gain and RM13.1 million divestment gain on the sale of the 4 nursing homes.

Others

Revenue decreased quarter-on-quarter due to the lower dividends from money market funds. EBITDA decreased quarter-on-quarter with higher staff costs.

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B3 CURRENT FINANCIAL YEAR PROSPECTS

Parkway Pantai

Parkway Pantai expects revenue to increase, driven by patient demographics and intensity in its home markets, the ramp up of hospitals which were opened during 2015 as well as contribution from Gleneagles Hong Kong Hospital which opened on 21 March 2017 within the targeted timelines. Parkway Pantai expects greater revenue contribution from Continental and Global Hospitals, as it continues to integrate its India operations into the Group.

Parkway Pantai's operations in Singapore and Malaysia may continue to face some headwinds from the sluggish economic outlook for the rest of 2017. The tepid economic growth in the region and fluctuation of regional currencies may result in postponement of non-critical and elective surgeries, especially by foreign patients. Whilst the environment remains challenging, Parkway Pantai will continue to focus leveraging on its economies of scale, on investing in training and development, upgrading equipment and facilities, service excellence initiatives and improving on clinical outcomes to attract patients to its hospitals. Parkway Pantai is also on the lookout for value-accretive opportunities in the other markets as part of its efforts to diversify its portfolio.

Whilst Gleneagles Hong Kong Hospital has started to generate revenue after opening, it will continue to incur start-up costs in its initial stage of operations before it ramps up to gain operating leverage. Gleneagles Hong Kong Hospital would commence depreciation and expense off its finance costs since its construction is completed.

The robust demand for healthcare services in the region, especially in China and India, continues to present growth opportunities for Parkway Pantai to expand its footprints.

Acibadem Holdings

Acibadem Holdings expects its patient volumes, and hence revenues in TL, to grow with the continued demand and increased affordability of private healthcare. Acibadem Holdings' revenue is expected to increase with the ramp up of Acibadem Taksim Hospital which was opened during 2015. Acibadem Altunizade Hospital, which is Acibadem's largest private facility in Turkey, commenced operations in March 2017. Whilst it has started to generate revenue after opening, it will continue to incur start-up costs in its initial stage of operations before it ramps up to gain operating leverage. Acibadem Altunizade Hospital would commence depreciation and expense off its finance costs since its construction is completed. Acibadem Holdings expects greater revenue contribution from Tokuda and City Clinic Group in Bulgaria, as it continues to integrate its Bulgaria operations into the Group.

Acibadem Holdings will continue to expand its reach to other non-traditional sources of foreign patients by opening new representation offices in neighbouring geographies.

Overall IHH Group Prospects

With the expansion of existing facilities and opening of new facilities across the Group's home markets, the Group has sufficient capacity to meet demand, which would drive revenue growth. While the Group expects the pre-operating costs and start-up costs of new operations to partially erode its profitability during the initial stages, the Group seeks to mitigate the effects by ramping up on patient volumes in tandem with phasing in opening of wards at these new facilities in order to achieve optimal operating leverage.

The Group expects higher costs of operations arising from wage inflation as a result of increased competition for trained healthcare personnel in its home markets. In addition, the Group is mindful of rising costs of purchases if USD continues to strengthen against the currencies of its home markets. While such sustained cost pressures may potentially reduce the Group's EBITDA and margins, the Group expects to mitigate these effects through higher revenue intensity procedures and tight cost control.

Given the Group's geographical footprints across Asia and CEEMENA, the Group is susceptible to geopolitical

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017

risks and currency volatility in the countries that it operates, which would result in foreign exchange translation differences in the Group's balance sheet and income statement. In addition, significant currency volatility against the Group's reporting currency may affect the comparability of the Group's financial performance across periods. In view of the current economic environment, we expect to see more currency volatility and cost pressures.

The Group constantly reviews its portfolio of investments with a view of rebalancing it to optimise returns. The Group is confident that its strong brands and network of hospitals, backed with its strong balance sheet and operating cash flows, would enable it to tide through the challenging operating environment expected for the year ahead.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	Financial period ended	
	31 Mar 2017	31 Mar 2016
	RM'000	RM'000
Current tax expense	80,804	67,038
Deferred tax expense	999	16,230
	<u>81,803</u>	<u>83,268</u>

The Group's effective tax rate, after adjusting for the share of profits of associates and joint ventures, was 15.6% for Q1 2017. The low effective tax rate in Q1 2017 was due mainly to the RM313.4 million non-taxable gain arising from the disposal of quoted available-for-sale financial instruments, partially offset by unrecognised tax losses of the newly opened Gleneagles Hong Kong Hospital.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
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B6 STATUS OF CORPORATE PROPOSALS

Proposed divestment of 29.9% of the shares in the capital of PCH Holding Pte. Ltd. ("PCH") to TK Healthcare Investment Limited ("Taikang") through a combination of secondary sale and proposed allotment of shares by PCH to Taikang

- (i) On 11 November 2016, Parkway Group Healthcare Pte Ltd ("PGH") entered into a Share Purchase Agreement ("SPA") with Taikang, an indirect wholly-owned subsidiary of Taikang Insurance Group Inc., to divest 20,690,131 shares in the capital of PCH to Taikang for a consideration of RMB291.1 million (equivalent to RM182.8 million) in cash ("Secondary Proceeds") ("Proposed Share Sale"), subject to post-closing adjustments and transactional adjustments to be determined upon the completion of the Proposed Share Sale; and
- (ii) On 11 November 2016, contemporaneously with the entry by PGH and Taikang into the SPA, PCH has entered into a Share Subscription Agreement with Taikang, to allot and issue to Taikang, 57,357,343 new shares in the capital of PCH for a consideration of RMB807.1 million (equivalent to RM506.8 million) in cash, subject to closing adjustments ("Primary Proceeds"), which will be retained with PCH to finance its future expansion activities in China,

(individually, the "Proposed Transaction" and collectively, the "Proposed Transactions").

The Proposed Transactions were completed on 10 April 2017. Post completion, PGH and Taikang respectively hold 70.1% and 29.9% of the entire issued share capital in PCH and the financials of PCH will continue to be consolidated under IHH.

On completion:

- (i) the consideration paid by Taikang to PCH in respect of the Primary Proceeds and the consideration paid by Taikang to PGH in respect of the Secondary Proceeds were as follows:
 - a) the Primary Proceeds were RMB807,113,219 (equivalent to RM518,731,666); and
 - b) the actual Secondary Proceeds were RMB304,911,803 (equivalent to RM195,966,816), subject to post-closing adjustments and transactional adjustments to be determined in accordance with the SPA; and
- (ii) PGH, PCH and Taikang have entered into a Shareholders' Agreement to govern the relationship of PGH and Taikang as shareholders of PCH. Pursuant to the Shareholders' Agreement, Taikang has granted PGH an option exercisable at any time during a specified period to require Taikang to purchase from PGH such number of shares equivalent to 10.1% of the total issued share capital of PCH, at a consideration to be determined at a later date, subject to the relevant regulatory approvals being obtained by Taikang.

There were no other corporate proposals announced but not completed as at 12 May 2017.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017

B7 LOANS, BORROWINGS AND OVERDRAFTS

(a) Breakdown of the Group's loans, borrowings and overdrafts:

	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Non-current		
Secured		
Bank borrowings	440,510	430,224
Financial lease liabilities	115,156	90,356
Unsecured		
Bank borrowings	6,561,946	6,205,323
Fixed rate notes	130,425	126,879
	<u>7,248,037</u>	<u>6,852,782</u>
Current		
Secured		
Bank borrowings	30,885	65,909
Bank overdrafts	11,582	11,348
Financial lease liabilities	53,978	59,556
Unsecured		
Bank borrowings	210,498	497,503
	<u>306,943</u>	<u>634,316</u>
Total	<u><u>7,554,980</u></u>	<u><u>7,487,098</u></u>

Breakdown of the Group's loans, borrowings and overdrafts by the source currency of loans, in RM equivalent:

	31 Mar 2017 RM'000	31 Dec 2016 RM'000
Singapore Dollar	1,258,701	1,266,584
Ringgit Malaysia	318	40,460
US Dollar	566,268	572,389
Euro	2,231,354	2,160,786
Swiss Franc	22,657	23,653
Turkish Lira	140,471	5,887
Japanese Yen	1,504,870	1,360,992
Indian Rupees	376,677	363,237
Hong Kong Dollar	1,453,652	1,693,085
Bulgarian Lev	9	19
Others	3	6
	<u><u>7,554,980</u></u>	<u><u>7,487,098</u></u>

Key exchange rates as at 31 March 2017:

1 SGD	3.1626
1 TL	1.2263
1 USD	4.4304

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
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B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 31 March 2017:

	Notional amount as at 31 Mar 2017 RM'000	Fair value amount as at 31 Mar 2017 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	143,779	3,583
- Between 1 - 3 years	31,904	610
	<u>175,683</u>	<u>4,193</u>
Put option*		
- Between 1 - 3 years	16,849	1,681
	<u>192,532</u>	<u>5,874</u>
Derivative liabilities		
Foreign exchange forward contracts		
- More than 3 years	48,045	(2,580)
Interest rate swaps		
- Within 1 year	181,992	(226)
- Between 1 - 3 years	1,116,088	(6,886)
	<u>1,298,080</u>	<u>(7,112)</u>
Cross currency interest rate swaps		
- More than 3 years	237,785	(13,826)
Call option granted to non-controlling interests		
- Within 1 year	33,397	(18,613)
	<u>1,617,307</u>	<u>(42,131)</u>

* Put option is stated at cost as the underlying equity instrument that will be delivered when put option is being exercised does not have a quoted market price in an active market

Foreign exchange forward contracts

Foreign exchange forward contracts are entered by the Group to hedge against exchange rate exposures on some balances denominated in currencies other than the functional currency of the entity that recognised the foreign currency balances. The fair value of foreign exchange forward contract is determined based on prevailing market rate.

Interest rate swaps

Interest rate swaps are entered by the Group to hedge against interest rate fluctuations on some floating rate borrowings. The fair value of interest rate swaps is determined based on bank quotes.

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Cross currency interest rate swaps

Cross currency interest rate swaps are entered by the Group to hedge the interest rate fluctuations on the floating rate borrowings, and to realign certain borrowings to the same currency of the Group's foreign investments to achieve a natural hedge. The fair value of cross currency interest rate swaps is determined based on bank quotes.

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

Put option

On disposal of the Group's controlling stake in Shenton Insurance Pte. Ltd. ("SIPL"), the Group entered into an agreement with the purchaser and is granted a put option to sell all of its remaining shares in SIPL only after April 2019 and at the higher of the prevailing market price or consideration determined pursuant to the agreement. The put option is classified as a financial derivative asset.

Call option granted to non-controlling interests

Call option granted to non-controlling interests relates to a call option granted by the Group to non-controlling interests of Ravindranath GE Medical Associates Pte Ltd ("RGE") to purchase the Group's 3% interest in RGE on a fully diluted basis at a fixed price of INR500.0 million (equivalent to RM33.4 million) in 2017, pursuant to an option agreement entered with the non-controlling interests. The call option granted to non-controlling interests is classified as a derivative liability.

B9 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

Other than as disclosed in Section A15 the Group does not remeasure its financial liabilities and derivatives at reporting date. The changes in fair value recognised through profit or loss is disclosed in section B14.

B10 CHANGES IN MATERIAL LITIGATIONS

There is no litigation or arbitration as at 12 May 2017, which has a material effect on the financial position of the Group and the Board is not aware of any material proceedings pending or threatening or of any fact likely to give rise to any proceedings.

B11 DIVIDENDS

No dividends were declared or paid by the Company during the period ended 31 March 2017.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
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B12 EARNINGS PER SHARE ("EPS")

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

	Financial period ended	
	31 Mar 2017	31 Mar 2016
	RM'000	RM'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	470,046	235,478
Net profit attributable to ordinary shareholders (excluding EI)	201,774	238,280
(a) Basic EPS		
	'000	'000
Weighted average number of shares	8,231,728	8,223,695
	Sen	Sen
Basic EPS	5.71	2.86
Basic EPS (excluding EI)	2.45	2.90

(b) Diluted earnings per share

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

	Financial period ended	
	31 Mar 2017	31 Mar 2016
	'000	'000
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,231,728	8,223,695
Weighted number of unissued ordinary shares from units under Long Term Incentive Plan	5,594	8,072
Weighted number of unissued ordinary shares from share options under Equity Participation Plan	-	7
Weighted number of unissued ordinary shares from share options under EOS	138	-
Weighted average number of dilutive ordinary shares for computation of diluted EPS	8,237,460	8,231,774
	Sen	Sen
Diluted EPS	5.71	2.86
Diluted EPS (excluding EI)	2.45	2.89

At 31 March 2017, 14,541,000 outstanding EOS options (31 March 2016: 8,030,000) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017

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

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

	As at 31 Mar 2017 RM'000	As at 31 Dec 2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised	4,255,914	3,729,177
- Unrealised	44,507	129,553
	<u>4,300,421</u>	<u>3,858,730</u>
Total share of retained earnings from associates		
- Realised	746	651
Total share of retained earnings from joint ventures		
- Realised	63,455	61,969
Less: Consolidation adjustments	(619,372)	(645,122)
Total Group retained earnings	<u><u>3,745,250</u></u>	<u><u>3,276,228</u></u>

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2017

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

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

	Financial period ended	
	31 Mar 2017	31 Mar 2016
	RM'000	RM'000
Dividend income	525	6,312
Other operating income	50,626	58,328
Foreign exchange differences	1,419	(12,806)
Impairment loss written back/(made):		
- Trade and other receivables	2,180	(11,301)
- Amounts due from associates	906	593
(Write off)/write back:		
- Property, plant and equipment	(89)	(73)
- Inventories	(235)	(161)
- Trade and other receivables	(5,262)	1,820
Loss on disposal of property, plant and equipment	(111)	(13)
Gain on disposal of quoted available-for-sale financial instruments	313,417	-
Gain on disposal of unquoted available-for-sale financial instruments	192	-
Finance costs		
Interest expense on loans and borrowing	(45,607)	(48,325)
Exchange loss on net borrowings	(128,022)	(14,602)
Fair value loss of financial instruments	(976)	(2,497)
Other finance costs	(9,546)	(4,667)
	(184,151)	(70,091)
Finance income		
Interest income		
- Banks and financial institutions	15,669	17,734
- Others	651	106
Exchange gain on net borrowings	23,498	-
Fair value gain of financial instruments	3,519	-
	43,337	17,840