

Quarterly rpt on consolidated results for the financial period ended 30 Jun 2018

IHH HEALTHCARE BERHAD

Financial Year End 31 Dec 2018

Quarter 2 Qtr

Quarterly report for the financial period ended 30 Jun 2018

The figures have not been audited

Attachments

[IHH_Q2 2018 Quarterly Report.pdf](#)
594.0 kB

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601.1 kB

Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Jun 2018

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	2,659,716	2,771,826	5,514,669	5,456,651
2	Profit/(loss) before tax	166,425	407,541	256,303	933,639
3	Profit/(loss) for the period	104,487	305,423	133,638	749,718
4	Profit/(loss) attributable to ordinary equity holders of the parent	165,106	316,561	222,341	786,607
5	Basic earnings/(loss) per share (Subunit)	1.75	3.84	2.19	9.55
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
		AS AT END OF CURRENT		AS AT PRECEDING FINANCIAL	

		QUARTER	YEAR END
7	Net assets per share attributable to ordinary equity holders of the parent (\$\$)	2.5700	2.6600

Definition of Subunit:

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

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

Announcement Info

Company Name	IHH HEALTHCARE BERHAD
Stock Name	IHH
Date Announced	28 Aug 2018
Category	Financial Results
Reference Number	FRA-03082018-00001



IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Note	2nd quarter ended			Financial period ended		
		30 Jun 2018 RM'000	30 Jun 2017 RM'000	Variance %	30 Jun 2018 RM'000	30 Jun 2017 RM'000	Variance %
Revenue		2,659,716	2,771,826	-4%	5,514,669	5,456,651	1%
Other operating income	1	44,760	292,337	-85%	119,718	662,682	-82%
Inventories and consumables		(510,050)	(522,069)	2%	(1,051,515)	(1,024,781)	-3%
Purchased and contracted services		(213,130)	(232,118)	8%	(436,094)	(463,266)	6%
Staff costs	2	(1,081,018)	(1,140,549)	5%	(2,239,973)	(2,226,974)	-1%
Depreciation and impairment losses of property, plant and equipment	3	(204,331)	(234,224)	13%	(422,861)	(436,251)	3%
Amortisation and impairment losses of intangible assets and prepaid lease payments		(13,658)	(16,559)	18%	(28,687)	(30,124)	5%
Operating lease expenses		(75,572)	(77,809)	3%	(161,430)	(160,250)	-1%
Other operating expenses	4	(220,388)	(326,709)	33%	(618,741)	(598,741)	-3%
Finance income	5	48,498	24,271	100%	79,944	67,608	18%
Finance costs	5	(270,168)	(130,720)	-107%	(500,935)	(314,871)	-59%
Share of profits of associates (net of tax)		355	681	-48%	692	776	-11%
Share of profits of joint ventures (net of tax)		1,411	(817)	NM	1,516	1,180	28%
Profit before tax		166,425	407,541	-59%	256,303	933,639	-73%
Income tax expense		(61,938)	(102,118)	39%	(122,665)	(183,921)	33%
Profit for the period		104,487	305,423	-66%	133,638	749,718	-82%
Other comprehensive income/(expenses), net of tax							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences from foreign operations	6	(70,533)	(565,744)	88%	(661,062)	(327,857)	-102%
Hedge of net investments in foreign operations	6	(1,885)	45,542	-104%	2,910	29,428	-90%
Net change in fair value of FVOCI ¹ financial instruments	7	-	(74,698)	100%	-	(318,998)	100%
Cash flow hedge		(5,062)	(735)	NM	370	(270)	NM
		(77,480)	(595,635)	87%	(657,782)	(617,697)	-6%
Items that will not be reclassified subsequently to profit or loss							
Net change in fair value of FVOCI financial instruments	8	373	-	-	373	-	-
Total comprehensive income/(expenses) for the period		27,380	(290,212)	109%	(523,771)	132,021	NM
Profit/(loss) attributable to:							
Owners of the Company		165,106	316,561	-48%	222,341	786,607	-72%
Non-controlling interests		(60,619)	(11,138)	NM	(88,703)	(36,889)	-140%
Profit for the period		104,487	305,423	-66%	133,638	749,718	-82%
Total comprehensive income/(expenses) attributable to:							
Owners of the Company		69,596	(293,669)	124%	(413,068)	179,871	NM
Non-controlling interests		(42,216)	3,457	NM	(110,703)	(47,850)	-131%
Total comprehensive income/(expenses) for the period		27,380	(290,212)	109%	(523,771)	132,021	NM
Earnings per share (sen)							
Basic		1.75	3.84	-54%	2.19	9.55	-77%
Diluted		1.75	3.84	-54%	2.19	9.55	-77%

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 30 JUNE 2018

SUPPLEMENTARY INFORMATION

	30 Jun 2018 RM'000	30 Jun 2017 RM'000	Variance %	30 Jun 2018 RM'000	30 Jun 2017 RM'000	Variance %
Profit attributable to owners of the Company	165,106	316,561	-48%	222,341	786,607	-72%
Add back/(less): Exceptional items ("EI")						
Gain on disposal of a subsidiary ⁱ	-	-		-	-	
Insurance compensation for Chennai flood	306	-		(17,408)	-	
Gain on disposal of quoted FVOCI ⁱ financial instruments ⁱⁱ	-	(241,083)		-	(554,500)	
Provision for financial guarantee given to a joint venture's loan facility ⁱⁱⁱ	377	782		742	782	
Exchange loss on net borrowings ^{vi}	5 189,192	20,791		349,022	114,842	
	189,875	(219,510)		332,356	(438,876)	
Add/(less): Tax effects on EI	(37,838)	(4,158)		(69,804)	(22,968)	
Add/(less): Non-controlling interests' share of EI	(60,609)	(6,654)		(107,850)	(36,750)	
	91,428	(230,322)		154,702	(498,594)	
Profit attributable to owners of the Company, excluding Ei^v	256,534	86,239	197%	377,043	288,013	31%
Earnings per share, excluding EI^v (sen)						
Basic	2.86	1.05	172%	4.07	3.50	16%
Diluted	2.86	1.05	172%	4.07	3.50	16%

NM: Not meaningful

Note:

- i) Fair valued through other comprehensive income ("FVOCI")
- ii) Gain on disposal of the Group's 4.78% and 6.07% interest in Apollo Hospital Enterprise Limited in May 2017 and March 2017 respectively
- iii) Proportionate share of corporate guarantee in relation to accrued interest on Khubchandani Hospital's loan
- iv) Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings (As at 30 June 2018: Euro/TL=5.3092; USD/TL=4.5607)
- v) 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 2017 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

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

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

The Group's reported results were generally impacted by the strengthening Ringgit Malaysia ("RM") against the currencies of the countries which it operates.

1. Other operating income decreased as a result of RM241.1 million and RM554.5 million gain from the disposal of the Group's interest in Apollo Hospital Enterprise Limited ("Apollo Hospitals") recognised in Q2 2017 and YTD 2017 respectively. No such gains were recognised in the current year.
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 as well as the ramping up of Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital (both opened in March 2017).
3. Depreciation increased as a result of the incremental depreciation of property, plant and equipment of Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital. The Group commenced depreciation of these hospitals' property, plant and equipment in March 2017 upon completion of construction or commencement of operations.
4. Operating expenses increased with commencement of operations of Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital in March 2017 and ramp up of operations of existing operations.

Operating expenses decreased in Q2 2018 with the recognition of RM77.1 million foreign exchange gain mainly arising from the effect of the strengthening of US dollars ("USD") on the Group's USD-denominated cash balances.

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 RM189.2 million and RM349.02 million exchange losses on translation of such non-TL balances in QTD 2018 and YTD 2018, as compared to an exchange loss of RM20.8 million and RM114.8 million recognised in QTD 2017 and YTD 2017 respectively.
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.

In QTD 2018 and YTD 2018, the Group recorded a net foreign currency translation loss as a result of the depreciation of the SGD and TL against RM.

7. In 2017, fair value change of FVOCI financial instruments arose from the mark-to-market of the Group's investments in Eurobonds, and investment in Money Market Fund units ("MMF").

The cumulated fair value gain on its investment in Apollo Hospitals were realised and transferred to profit or loss upon the disposal of the Group's interest in Apollo Hospitals in 2017.

8. In 2018, fair value change of FVOCI financial instruments arose from the mark-to-market of the Group's investment in MMF. Per MFRS 9, *Financial Instruments*, which was effective for annual periods beginning on or after 1 January 2018, the cumulative fair value gain or loss recognised as FVOCI will not be reclassified subsequently to profit or loss upon disposal.

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

	30 June 2018	30 June 2017
1 SGD	2.9689	3.1263
1 TL	0.9141	1.2077

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Note	30 Jun 2018 RM'000	31 Dec 2017 RM'000
Assets			
Property, plant and equipment		12,987,262	13,141,621
Prepaid lease payments		1,001,817	1,036,631
Investment properties	1	3,133,264	3,109,985
Goodwill on consolidation		10,315,694	10,692,198
Intangible assets		2,244,805	2,278,442
Interests in associates		9,009	7,632
Interests in joint ventures		148,334	153,970
Other financial assets		14,143	15,052
Trade and other receivables	2	59,173	65,462
Tax recoverable		35,766	37,552
Derivative assets		596	12,422
Deferred tax assets		220,461	229,855
Total non-current assets		30,170,324	30,780,822
Development properties		75,048	75,027
Inventories		303,781	281,914
Trade and other receivables	2	1,592,580	1,489,590
Tax recoverable		23,052	37,627
Other financial assets	3	222,335	160,235
Derivative assets		2,281	13,406
Cash and cash equivalents		6,193,338	6,078,603
		8,412,415	8,136,402
Assets classified as held for sale		6,475	7,004
Total current assets		8,418,890	8,143,406
Total assets		38,589,214	38,924,228
Equity			
Share capital		16,494,024	16,462,994
Other reserves		813,677	1,478,287
Retained earnings		3,878,985	3,948,881
Total equity attributable to owners of the Company		21,186,686	21,890,162
Perpetual securities	4	2,155,586	2,158,664
Non-controlling interests		1,663,270	1,851,904
Total equity		25,005,542	25,900,730
Liabilities			
Loans and borrowings	5	6,828,727	6,103,785
Employee benefits		49,719	45,590
Trade and other payables	6	1,816,936	1,814,177
Derivative liabilities		13,132	3,742
Deferred tax liabilities		943,746	1,011,220
Total non-current liabilities		9,652,260	8,978,514
Bank overdrafts		5,071	68
Loans and borrowings	5	411,808	689,987
Employee benefits		99,279	83,954
Trade and other payables	6	2,714,117	2,811,505
Dividend payable		247,338	-
Derivative liabilities		20,793	22,991
Tax payable		433,006	436,479
Total current liabilities		3,931,412	4,044,984
Total liabilities		13,583,672	13,023,498
Total equity and liabilities		38,589,214	38,924,228
Net assets per share attributable to owners of the Company ¹ (RM)		2.57	2.66

¹ Based on 8,244.6 million and 8,239.6 million shares issued as at 30 June 2018 and 31 December 2017 respectively.

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2017 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

The Group's reported results were generally impacted by the strengthening RM against the currencies of the countries which it operates.

1. The Group acquired an elderly nursing rehabilitation facility in Japan in February 2018.
2. Trade and other receivables increased due to higher revenues as well as advance payments made for capital expenditures.
3. Other financial assets increased due to investments in MMF units during the year.
4. The Group made its first distribution amounting to RM44.4 million for its perpetual securities in Q1 2018.
5. Loans and borrowings increased due to loans taken to finance working capital, capital expenditure, acquisitions and purchase of investment properties. The strengthening of the USD and EURO against the TL also resulted in an increase in the loans balances taken by Acibadem Holdings.
6. Trade and other payables decreased upon the payout of bonuses accrued as at 31 December 2017. In addition, the Group made payments for some capital expenditure that was outstanding as at 31 December 2017.

Note:

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

	30 June 2018	31 December 2017
1 SGD	2.9551	3.0572
1 TL	0.9998	1.0388

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Attributable to owners of the Company								Distributable					
	Non-distributable								Foreign currency translation reserve	Retained earnings	Total	Perpetual securities	Non- controlling interests	Total equity
	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	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	16,462,994	-	54,959	-	85,890	15,200	(1,015,092)	47,755	2,289,575	3,948,881	21,890,162	2,158,664	1,851,904	25,900,730
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	(636,950)	-	(636,950)	-	(24,112)	(661,062)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	(990)	-	(990)	-	3,900	2,910
Cash flow hedge	-	-	-	-	-	2,158	-	-	-	-	2,158	-	(1,788)	370
Net change in fair value of FVOCI financial instruments	-	-	-	373	-	-	-	-	-	-	373	-	-	373
Total other comprehensive income/(expenses) for the period	-	-	-	373	-	2,158	-	-	(637,940)	-	(635,409)	-	(22,000)	(657,409)
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	222,341	222,341	-	(88,703)	133,638
Total comprehensive income/(expenses) for the period	-	-	-	373	-	2,158	-	-	(637,940)	222,341	(413,068)	-	(110,703)	(523,771)
<i>Contributions by and distributions to owners of the Company</i>														
- Share options exercised	74	-	-	-	-	-	-	-	-	-	74	-	-	74
- Share-based payment	-	-	19,981	-	-	-	-	-	-	-	19,981	-	-	19,981
- Dividends paid to owners of Company	-	-	-	-	-	-	-	-	-	(247,338)	(247,338)	-	-	(247,338)
Transfer to share capital for share options exercised	74	-	19,981	-	-	-	-	-	-	(247,338)	(227,283)	-	-	(227,283)
Cancellation of vested share options	30,956	-	(30,956)	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	(272)	-	-	-	-	-	-	272	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	1	(41,761)	-	(3)	-	(41,763)	-	38,645	(3,118)
Issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	1,589	1,589
Transfer per statutory requirements	-	-	-	-	-	-	-	3,660	-	(3,660)	-	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	-	19,943	-	-	-	19,943	-	(26,480)	(6,537)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(100,786)	(100,786)
Payment of perpetual securities distribution	-	-	-	-	-	-	206	-	-	-	206	(44,589)	-	(44,383)
Accrued perpetual securities distribution	-	-	-	-	-	-	-	-	-	(41,511)	(41,511)	41,511	-	-
Total transactions with owners of the Company	31,030	-	(11,247)	-	-	1	(21,612)	3,660	(3)	(292,237)	(290,408)	(3,078)	(77,931)	(371,417)
At 30 June 2018	16,494,024	-	43,712	373	85,890	17,359	(1,036,704)	51,415	1,651,632	3,878,985	21,186,686	2,155,586	1,663,270	25,005,542

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Attributable to owners of the Company								Distributable					
	Non-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	Perpetual securities 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	-	-	-	-	-	-	-	-	(297,268)	-	(297,268)	-	(30,589)	(327,857)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	10,491	-	10,491	-	18,937	29,428
Cash flow hedge	-	-	-	-	-	(96)	-	-	-	-	(96)	-	(174)	(270)
Net change in fair value of FVOCI financial instruments	-	-	-	(319,863)	-	-	-	-	-	-	(319,863)	-	865	(318,998)
Total other comprehensive (expenses)/income for the period	-	-	-	(319,863)	-	(96)	-	-	(286,777)	-	(606,736)	-	(10,961)	(617,697)
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	786,607	786,607	-	(36,889)	749,718
Total comprehensive (expenses)/income for the period	-	-	-	(319,863)	-	(96)	-	-	(286,777)	786,607	179,871	-	(47,850)	132,021
<i>Contributions by and distributions to owners of the Company</i>														
- Share options exercised	146	154	-	-	-	-	-	-	-	-	300	-	-	300
- Share-based payment	-	-	34,459	-	-	-	-	-	-	-	34,459	-	-	34,459
- Dividends paid to owners of Company	-	-	-	-	-	-	-	-	-	(247,171)	(247,171)	-	-	(247,171)
	146	154	34,459	-	-	-	-	-	-	(247,171)	(212,412)	-	-	(212,412)
Transfer to share capital for share options exercised	41,593	67	(41,660)	-	-	-	-	-	-	-	-	-	-	-
Cancellation of vested share options	-	-	(54)	-	-	-	-	-	-	54	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	2	294,111	-	(1,119)	-	292,994	-	372,229	665,223
Issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	39,211	39,211
Transfer per statutory requirements	-	-	-	-	-	-	-	4,008	-	(4,008)	-	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	-	(66,391)	-	-	-	(66,391)	-	(40,408)	(106,799)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(101,049)	(101,049)
Total transactions with owners of the Company	41,739	221	(7,255)	-	-	2	227,720	4,008	(1,119)	(251,125)	14,191	-	269,983	284,174
Transfer in accordance with Section 618(2) of the Companies Act 2016 ⁱ	8,185,381	(8,185,381)	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2017	16,458,820	-	38,951	291	85,890	13,977	(930,162)	46,609	2,653,716	3,811,710	22,179,802	-	2,129,550	24,309,352

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.

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2017 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 30 JUNE 2018**

	Financial period ended	
	30 Jun 2018	30 Jun 2017
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	256,303	933,639
Adjustments for:		
Dividend income	(1,222)	(1,078)
Finance income	(79,944)	(67,608)
Finance costs	500,935	314,871
Depreciation and impairment losses of property, plant and equipment	422,861	436,251
Amortisation and impairment losses of intangible assets and prepaid lease payments	28,687	30,124
Impairment loss written back:		
- Trade and other receivables	(12,916)	(10,027)
- Amounts due from associates	-	(902)
Write-off:		
- Property, plant and equipment	478	808
- Inventories	930	937
- Trade and other receivables	4,490	12,392
Gain on disposal of property, plant and equipment	(949)	(2,804)
Gain on disposal of quoted FVOCI financial instruments	-	(554,500)
Gain on disposal of unquoted FVOCI financial instruments	-	(192)
Provision for financial guarantee given to a joint venture's loan	742	782
Share of profits of associates (net of tax)	(692)	(776)
Share of profits of joint ventures (net of tax)	(1,516)	(1,180)
Equity-settled share-based payment	19,981	34,459
Net unrealised foreign exchange differences	25,935	41,515
Operating profit before changes in working capital	1,164,103	1,166,711
Changes in working capital:		
Trade and other receivables	(162,693)	(79,840)
Development properties	(21)	(17,453)
Inventories	(36,886)	(44,988)
Trade and other payables	133,093	(83,445)
Cash flows from operations	1,097,596	940,985
Net income tax paid	(146,095)	(24,034)
Net cash generated from operating activities	951,501	916,951
Cash flows from investing activities		
Interest received	51,706	28,183
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(6,751)	(7,923)
Development and purchase of intangible assets	(9,982)	(3,816)
Purchase of property, plant and equipment	(522,650)	(949,909)
Purchase of investment properties	(64,435)	(201,987)
Payment for prepaid lease	(801)	-
Purchase of FVOCI financial instruments	(176,235)	-
Net withdrawal of fixed deposits with tenor of more than 3 months	112,371	39,439
Proceeds from disposal of property, plant and equipment	3,335	11,099
Proceeds from disposal of quoted FVOCI financial instruments	-	1,257,531
Proceeds from disposal of unquoted FVOCI financial instruments	-	11,193
Dividends received from FVOCI financial instruments	1,222	1,078
Dividends received from joint ventures	653	991
Dividends received from associates	-	563
Net cash (used in)/from investing activities	(611,567)	186,442

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

	Financial period ended	
	30 Jun 2018	30 Jun 2017
	RM'000	RM'000
Cash flows from financing activities		
Interest paid	(118,404)	(120,684)
Proceeds from exercise of share options	74	300
Proceeds from loans and borrowings	1,595,293	1,515,255
Issue of fixed rate medium term notes	128,542	-
Repayment of loans and borrowings	(1,614,020)	(953,917)
Payment of perpetual securities distribution	(44,383)	-
Dividends paid to non-controlling interests	(100,786)	(101,049)
Acquisition of non-controlling interests	(16,863)	(6,552)
Proceeds from dilution of interest in subsidiaries	13,745	670,621
Issue of shares by subsidiaries to non-controlling interest	9,101	39,211
Change in pledged deposits	(3)	2,694
Net cash (used in)/from financing activities	(147,704)	1,045,879
Net increase in cash and cash equivalents	192,230	2,149,272
Effect of exchange rate fluctuations on cash and cash equivalents held	(82,500)	(31,374)
Cash and cash equivalents at beginning of the period	6,077,745	2,423,275
Cash and cash equivalents at end of the period	6,187,475	4,541,173

Cash and cash equivalents

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

	30 Jun 2018	30 Jun 2017
	RM'000	RM'000
Cash and bank balances	4,717,918	3,302,628
Fixed deposits with tenor of 3 months or less	1,475,420	1,255,734
	6,193,338	4,558,362
Less:		
- Bank overdrafts	(5,071)	(11,326)
- Cash collateral received	(792)	(5,863)
Cash and cash equivalents at end of the period	6,187,475	4,541,173

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2017 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018**

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 2017 (“2017 Audited Financial Statements”).

The 2017 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 2017 Audited Financial Statements, except for the adoption of the new, revised and amendments to MFRS effective as of 1 January 2018 as issued by the Malaysian Accounting Standards Board, which does not have any significant 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 2017 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 30 June 2018.

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 2017 Audited Financial Statements.

**A NOTES TO THE INTERIM FINANCIAL REPORT
 FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018**

A6 DEBT AND EQUITY SECURITIES

(a) Between 1 January to 30 June 2018, IHH issued:

- (i) 13,000 new ordinary shares pursuant to the exercise of vested Enterprise Option Scheme (“EOS”) options.
- (ii) 4,994,000 new ordinary shares pursuant to the surrender of vested Long Term Incentive Plan (“LTIP”) units.

(b) On 27 April 2018, the Company granted a total of 1,620,000 LTIP units to eligible employees of the Group.

(c) On 14 June 2018, the Company granted 1,980,000 LTIP units to the executive directors of the Company, pursuant to the shareholders’ approval obtained at the Company’s 8th Annual General Meeting held on 28 May 2018.

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 30 June 2018.

As at 30 June 2018, the issued share capital of IHH comprised of 8,244,590,639 ordinary shares.

A7 DIVIDENDS PAID

There were no dividends paid during the period ended 30 June 2018.

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 2017 Audited Financial Statements.

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

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018**

A8 SEGMENT REPORTING

Financial period ended 30 June 2018

	Parkway Pantai ¹					Acibadem Holdings	IMU Health	PLife			
	Singapore	Malaysia	India	North	PPL	CEEMENA ³	Malaysia	REIT ¹	Others	Eliminations	Total
	RM'000	RM'000	RM'000	Asia	Others ²	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue and expenses</u>											
Revenue from external customers	1,876,416	965,619	332,666	241,757	88,703	1,813,697	128,730	65,859	1,222	-	5,514,669
Inter-segment revenue	50,390	500	-	-	541	-	1,671	99,701	50,036	(202,839)	-
Total segment revenue	1,926,806	966,119	332,666	241,757	89,244	1,813,697	130,401	165,560	51,258	(202,839)	5,514,669
EBITDA	556,393	261,514	3,651	(94,485)	(2,148)	297,149	49,895	133,913	16,325	(85,397)	1,136,810
Depreciation and impairment loss of property, plant and equipment	(105,941)	(76,027)	(26,451)	(69,036)	(2,840)	(117,522)	(7,384)	(17,240)	(420)	-	(422,861)
Amortisation and impairment loss of intangible assets	(1,822)	(355)	(4,563)	(11,528)	-	(10,023)	(396)	-	-	-	(28,687)
Foreign exchange differences	(462)	365	(1,526)	63	1,249	(239)	1	1,847	(28,140)	-	(26,842)
Finance income	301	10,006	6,790	22,115	20,037	27,126	2,820	-	14,149	(23,400)	79,944
Finance costs	(5,781)	(1,731)	(17,686)	(34,751)	(9,347)	(436,670)	(7)	(17,684)	(678)	23,400	(500,935)
Share of profits of associates (net of tax)	692	-	-	-	-	-	-	-	-	-	692
Share of profits of joint ventures (net of tax)	653	-	606	257	-	-	-	-	-	-	1,516
Others	-	-	17,408	-	(742)	-	-	-	-	-	16,666
Profit/(loss) before tax	444,033	193,772	(21,771)	(187,365)	6,209	(240,179)	44,929	100,836	1,236	(85,397)	256,303
Income tax expense	(80,771)	(47,586)	2,168	(6,645)	(9,893)	42,853	(11,717)	(9,226)	(1,848)	-	(122,665)
Net profit/(loss) for period	363,262	146,186	(19,603)	(194,010)	(3,684)	(197,326)	33,212	91,610	(612)	(85,397)	133,638
<u>Assets and liabilities</u>											
Cash and cash equivalents	93,780	609,302	1,503,485	923,641	1,964,362	46,410	37,904	93,533	920,921	-	6,193,338
Other assets	11,874,763	4,551,610	1,692,780	3,080,619	5,198,550	6,075,158	391,159	4,372,686	706,683	(5,548,132)	32,395,876
Segment assets as at 30 June 2018	11,968,543	5,160,912	3,196,265	4,004,260	7,162,912	6,121,568	429,063	4,466,219	1,627,604	(5,548,132)	38,589,214
Loans and borrowings	7,891	287	318,673	1,102,117	-	3,770,675	293	2,040,599	-	-	7,240,535
Other liabilities	4,222,761	519,860	3,511,869	1,244,661	316,741	1,432,574	45,818	339,984	257,001	(5,548,132)	6,343,137
Segment liabilities as at 30 June 2018	4,230,652	520,147	3,830,542	2,346,778	316,741	5,203,249	46,111	2,380,583	257,001	(5,548,132)	13,583,672

1: Parkway Pantai Group, per the corporate structure, comprises the “Parkway Pantai” and “PLife REIT” segments

2: “PPL Others” comprises mainly Parkway Pantai’s hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai

3: “CEEMENA” refers to Central and Eastern Europe, Middle East and North Africa

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018**

Financial period ended 30 June 2017

	Parkway Pantai ¹					Acibadem Holdings	IMU	PLife			
	Singapore	Malaysia	India	North	PPL	CEEMENA ³	Health	REIT ¹	Others	Eliminations	Total
	RM'000	RM'000	RM'000	Asia	Others ²	RM'000	Malaysia	RM'000	RM'000	RM'000	RM'000
<u>Revenue and expenses</u>											
Revenue from external customers	1,919,105	896,860	335,166	152,321	85,368	1,868,384	131,305	67,064	1,078	-	5,456,651
Inter-segment revenue	52,148	500	-	-	570	-	2,015	102,967	60,037	(218,237)	-
Total segment revenue	1,971,253	897,360	335,166	152,321	85,938	1,868,384	133,320	170,031	61,115	(218,237)	5,456,651
EBITDA	559,568	248,664	6,576	(128,067)	19,013	291,323	52,032	138,793	10,198	(96,693)	1,101,407
Depreciation and impairment loss of property, plant and equipment	(112,516)	(70,244)	(31,730)	(52,127)	(2,564)	(142,463)	(6,822)	(17,370)	(415)	-	(436,251)
Amortisation and impairment loss of intangible assets	(1,820)	(355)	(5,079)	(9,856)	-	(12,623)	(391)	-	-	-	(30,124)
Foreign exchange differences	16	248	(63)	(367)	(972)	(170)	(62)	3,236	(11,670)	-	(9,804)
Finance income	311	8,366	1,573	11,083	57,924	10,126	2,910	1	6,768	(31,454)	67,608
Finance costs	(6,589)	(2,425)	(21,153)	(42,572)	(78,837)	(181,768)	(97)	(12,868)	(16)	31,454	(314,871)
Share of profits of associates (net of tax)	776	-	-	-	-	-	-	-	-	-	776
Share of profits of joint ventures (net of tax)	991	-	(143)	332	-	-	-	-	-	-	1,180
Others	-	-	(782)	-	-	-	-	-	554,500	-	553,718
Profit/(loss) before tax	440,737	184,254	(50,801)	(221,574)	(5,436)	(35,575)	47,570	111,792	559,365	(96,693)	933,639
Income tax expense	(80,367)	(62,937)	5,083	(9,156)	(13,665)	2,373	(12,462)	(10,992)	(1,798)	-	(183,921)
Net profit/(loss) for period	360,370	121,317	(45,718)	(230,730)	(19,101)	(33,202)	35,108	100,800	557,567	(96,693)	749,718
<u>Assets and liabilities</u>											
Cash and cash equivalents	111,360	357,222	10,964	1,133,622	2,184,879	110,146	5,856	95,279	549,034	-	4,558,362
Other assets	12,438,006	4,562,042	1,944,637	3,318,168	4,551,788	6,569,813	528,915	4,466,614	1,346,134	(5,661,180)	34,064,937
Segment assets as at 30 June 2017	12,549,366	4,919,264	1,955,601	4,451,790	6,736,667	6,679,959	534,771	4,561,893	1,895,168	(5,661,180)	38,623,299
Loans and borrowings	7,026	-	361,685	1,092,465	833,767	3,666,268	265	2,027,842	-	-	7,989,318
Other liabilities	4,449,716	489,353	2,049,179	2,482,234	306,505	1,437,439	151,429	343,348	276,606	(5,661,180)	6,324,629
Segment liabilities as at 30 June 2017	4,456,742	489,353	2,410,864	3,574,699	1,140,272	5,103,707	151,694	2,371,190	276,606	(5,661,180)	14,313,947

1: Parkway Pantai Group, per the corporate structure, comprises the “Parkway Pantai” and “PLife REIT” segments

2: “PPL Others” comprises mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai

3: “CEEMENA” refers to Central and Eastern Europe, Middle East and North Africa

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018**

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 year ended	
	30 Jun 2018	30 Jun 2017
	RM'000	RM'000
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	169,672	172,536
- Purchase and consumption of services	(34,437)	(37,496)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	5,098	6,274
- Purchase and consumption of services	(30,871)	(48,136)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 9 January 2018 and 24 February 2018 respectively, Parkway-Healthcare (Mauritius) Limited ("PHML") acquired a total of 1.71% equity interest in Ravindranath GE Medical Associates Private Limited ("RGE") for a total cash consideration of INR272,109,000 (equivalent to RM16,863,000).

Consequential thereto, IHH Group's interest in RGE increased from 76.25% to 77.96% based on shareholdings interests that give rise to present access to the rights and rewards of ownership in RGE.

- (b) On 7 February 2018, Parkway Life Japan2 Pte Ltd ("TK Investor") entered into a *Tokumei Kumiai* agreement (or silent partnership agreement, the "TK Agreement") with G. K. Nest (the "TK Operator"). Pursuant to the TK Agreement, the purchase price of the property amounting to JPY1,500 million (approximately RM53.6 million) will be injected into the TK Operator by the TK Investor to facilitate the acquisition of one nursing rehabilitation facility 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*.
- (c) On 7 February 2018, Shanghai Gleneagles International Medical and Surgical Center, an indirect subsidiary of the Company, was officially dissolved pursuant to members' voluntary winding up.
- (d) On 8 February 2018, Parkway Holdings Limited ("PHL") disposed 26% equity interest in Gleneagles JPMC Sdn Bhd ("GJPMC") to Jerudong Park Medical Centre Sdn Bhd at a total consideration of BND4,203,000 (equivalent to RM12,509,000). Consequential thereto, the Group's interest in GJPMC decreased from 75.0% to 49.0%. However, GJPMC is still being consolidated as subsidiary of the Group pursuant to MFRS 10: *Consolidated Financial Statements*.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018**

- (e) On 16 March 2018, Medical Resources International Pte Ltd (“MRI”) acquired 60% equity interest in Chengdu Shenton Health Clinic Co., Ltd (formerly known as Sincere Chengdu Clinic Co., Ltd) (“Chengdu Shenton Clinic”) from Beijing Yizhi Zhuoxin Corporate Management Information Co., Ltd for a total consideration of RMB12,000,000 (equivalent to RM7,440,000). Consequential thereto, Chengdu Shenton Clinic has been consolidated as indirect subsidiary of the Company. The principal activity of Chengdu Shenton Clinic is the management and operation of medical and health related facilities and services.
- (d) On 10 April 2018, Parkway Trust Management Limited (“PTM”) transferred 140,900 Parkway Life Real Estate Investment Trust (“Parkway Life REIT”) units that it owned to its eligible employees in accordance to PTM’s LTIP. Consequential thereto, IHH Group’s effective interest in Parkway Life REIT was diluted from 35.69% to 35.66%.
- (e) On 10 May 2018, Privatna zdravstvena ustanova - Poliklinina na primarno nivo Acibadem Sistina Bitola (Poliklinika Acibadem Sistina Bitola 27) was dissolved pursuant to members’ voluntary winding-up.
- (f) On 15 May 2018, Privatna zdravstvena ustanova - ordinacija po interna medicina Acibadem Sistina Bitola (Ordinacija po Interna Medicina Acibadem Sistina Bitola 24) was dissolved pursuant to members’ voluntary winding-up.
- (g) On 23 May 2018, Gleneagles Development Pte Ltd (“GDPL”) subscribed for 35,087,716 new equity shares in Continental Hospitals Private Limited (“CHPL”) for a total consideration of INR1,400,000,000 pursuant to the rights issue undertaken by CHPL. Post the rights issue, GDPL’s equity interest in CHPL increased from 53.13% to 62.23%.
- (h) On 18 June 2018, Acibadem Sağlık Yatırımları Holding A.Ş. (“ASYH”) subscribed for 998,100,000 new shares in Acibadem Sağlık Hizmetleri ve Ticaret A.Ş. (“ASH”) for a total consideration of TL998,100,000 pursuant to the rights issue undertaken by ASH. Post the rights issue, ASYH’s equity interest in ASH increased from 99.41% to 99.77%.

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

A12 SUBSEQUENT EVENTS

- (a) Between 1 July to 21 August 2018, IHH issued 213,000 new ordinary shares pursuant to the exercise of vested EOS options.
- (ii) On 2 July 2018, IHH granted a total of 20,347,000 options to eligible employees of the Group under the EOS. Out of the 20,347,000 options granted, 8,715,000 options were granted to the executive directors of the Company.

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in the contingent liabilities or contingent assets as at 21 August 2018 from that disclosed in the 2017 Audited Financial Statements.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018**

A14 CAPITAL COMMITMENTS

	30 Jun 2018 RM'000	31 Dec 2017 RM'000
Capital expenditure commitments not provided for Property, plant and equipment and investment properties - Authorised and contracted for	<u>906,993</u>	<u>1,083,580</u>

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>30 June 2018</u>				
Assets				
Investment properties	-	-	3,133,264	3,133,264
Unquoted FVOCI financial instruments	-	176,608	-	176,608
Derivative assets	-	2,877	-	2,877
Liabilities				
CCPS liabilities ⁱ	-	-	(87,889)	(87,889)
Put option liabilities ⁱⁱ	-	-	(974,199)	(974,199)
Derivative liabilities	-	(13,132)	(20,793)	(33,925)
<u>31 December 2017</u>				
Assets				
Investment properties	-	-	3,109,985	3,109,985
Derivative assets	-	25,828	-	25,828
Liabilities				
CCPS liabilities ⁱ	-	-	(93,185)	(93,185)
Put option liabilities ⁱⁱ	-	-	(998,309)	(998,309)
Derivative liabilities	-	(4,240)	(22,493)	(26,733)

- i) CCPS liabilities are stated at fair value based on the subsidiary's equity value computed mainly using the discounted cash flow method based on present value of projected free cash flows of the subsidiary discounted using a risk-adjusted discount rate.
- ii) Put options granted to non-controlling interest are stated at fair value based on the subsidiary's equity value described above and the discounted cash flow method based on present value of expected payment discounted using a risk-adjusted discount rate.

Refer to Section B13 for the fair value gain/(loss) recognised in the statement of profit or loss during Q2 2018.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

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

	2nd quarter ended			Financial period ended		
	30 Jun 2018	30 Jun 2017	Variance	30 Jun 2018	30 Jun 2017	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
REVENUE¹						
Parkway Pantai:						
- Singapore	954,904	957,602	0%	1,876,416	1,919,105	-2%
- Malaysia	481,659	455,426	6%	965,619	896,860	8%
- India	159,669	173,813	-8%	332,666	335,166	-1%
- North Asia	130,494	86,720	50%	241,757	152,321	59%
- PPL Others*	43,518	41,152	6%	88,703	85,368	4%
Parkway Pantai	1,770,244	1,714,713	3%	3,505,161	3,388,820	3%
Acibadem Holdings	790,441	953,620	-17%	1,813,697	1,868,384	-3%
IMU Health	64,642	68,389	-5%	128,730	131,305	-2%
Others[^]	1,222	553	121%	1,222	1,078	13%
Group (Excluding PLife REIT)	2,626,549	2,737,275	-4%	5,448,810	5,389,587	1%
PLife REIT total revenue	82,873	85,828	-3%	165,560	170,031	-3%
Less: PLife REIT inter-segment revenue	(49,706)	(51,277)	3%	(99,701)	(102,967)	3%
PLife REIT	33,167	34,551	-4%	65,859	67,064	-2%
Group	2,659,716	2,771,826	-4%	5,514,669	5,456,651	1%
EBITDA²						
Parkway Pantai ³ :						
- Singapore	283,284	257,313	10%	520,996	522,875	0%
- Malaysia	127,961	119,746	7%	261,514	248,664	5%
- India	(4,692)	4,510	NM	3,651	6,576	-44%
- North Asia	(44,542)	(54,142)	18%	(94,485)	(128,067)	26%
- PPL Others*	(12,803)	7,244	NM	(2,148)	19,013	-111%
Parkway Pantai	349,208	334,671	4%	689,528	669,061	3%
Acibadem Holdings	108,266	145,002	-25%	297,149	291,323	2%
IMU Health	23,393	24,604	-5%	49,895	52,032	-4%
Others[^]	(20,041)	(38,256)	48%	(33,675)	(49,802)	32%
Group (Excluding PLife REIT)	460,826	466,021	-1%	1,002,897	962,614	4%
PLife REIT⁴	67,121	69,810	-4%	133,913	138,793	-4%
Group	527,947	535,831	-1%	1,136,810	1,101,407	3%

¹: Relates to external revenue only

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

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

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

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

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

* 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

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Q2 2018 vs Q2 2017

The Group's revenue and EBITDA decreased 4% and 1% respectively in Q2 2018 over the same period last year, mainly due to the effect of the strengthening RM against the currencies of the countries which it operates.

Excluding the effects of the strengthening RM, the Group's revenue and EBITDA increased 14% and 13% respectively in Q2 2018 over the same period last year as a result of the sustained organic growth from existing operations and the continuous ramp up of Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital (both opened in March 2017).

The Group's Q2 2018 PATMI excluding exceptional items increased 197% to RM256.5 million from a low base in Q2 2017 where the Group accrued RM21.3 million interest expenses for capital gains tax payable and RM17.7 million additional tax provision relating to prior-year's tax. The Group recognised RM77.1 million foreign exchange gain mainly arising from the effect of the strengthening USD on the Group's USD-denominated cash balances in Q2 2018 as compared to RM11.2 million foreign exchange losses in Q2 2017.

Parkway Pantai

Parkway Pantai's Q2 2018 revenue increased 3% to RM1,770.2 million whilst its EBITDA increased 4% to RM349.2 million. Excluding the effects of the strengthening RM on translation of Parkway Pantai's results, Parkway Pantai's Q2 2018 revenue increased 8% while its EBITDA increased 7% over corresponding period last year.

Parkway Pantai's strong revenue was the result of the continuous ramp up of Pantai Hospital Manjung, Gleneagles Kota Kinabalu Hospital and Gleneagles Medini Hospital in Malaysia. Gleneagles Hong Kong Hospital, which was opened in March 2017, also contributed to the increase in Parkway Pantai's revenue. Parkway Pantai's existing hospitals and healthcare businesses grew.

Parkway Pantai's Singapore hospitals saw an overall 0.4% increase in inpatient admissions to 19,021 in Q2 2018, driven by increase in local patients. Revenue per inpatient admission in Singapore increased 8.8% to RM30,502. Parkway Pantai's Malaysia Hospitals' inpatient admissions decreased 2.8% to 47,985 inpatient admissions in Q2 2018, while its revenue per inpatient admission increased 8.4% to RM6,701. Parkway Pantai's India Hospitals' inpatient admissions decreased 5.5% to 16,242 inpatient admissions, while its revenue per inpatient admission increased 9.5% to RM7,939.

Parkway Pantai's Q2 2018 EBITDA was eroded with the recognition of RM20.4 million acquisition-related expenses in Q2 2018. This is offset by Gleneagles Hong Kong Hospital's decreasing start-up losses, which decreased from RM68.7 million in Q2 2017 to RM42.7 million in Q2 2018, as a result of operating leverage.

Acibadem Holdings

Acibadem Holdings' Q2 2018 revenue decreased 17% to RM790.4 million whilst its EBITDA decreased 25% to RM108.3 million. Excluding the effects of the strengthening RM on translation of Acibadem Holdings' results, Acibadem Holdings' Q2 2018 revenue increased 26% while its EBITDA increased 19% over corresponding period last year.

Acibadem Altunizade Hospital, which was opened in March 2017, contributed to Acibadem Holdings' revenue growth in Q2 2018. On a blended and constant currency basis, Acibadem Kadikoy Hospital¹, Acibadem Kozyatagi Hospital¹ and Acibadem Altunizade Hospital revenue increased 42% in Q2 2018 as compared to Q2 2017. Acibadem Holdings' existing hospitals and healthcare businesses continue to grow in Q2 2018 as compared to Q2 2017.

Acibadem Holdings' inpatient admissions grew 8% to 57,239 in Q2 2018 with contribution from Acibadem Altunizade Hospital and as well as ramp up operations of existing hospitals. Meanwhile, its inpatient revenue per inpatient admission grew 19.9% to RM9,332 in Q2 2018 with price increase imposed on private insurance and

¹ From March 2017 onwards, Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital decanted some of its patients due to transfer of certain departments to Acibadem Altunizade Hospital.

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out-of-pocket patients, more complex cases taken and increase in foreign patients.

On a blended and constant currency basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital EBITDA almost doubled in Q2 2018 as compared to Q2 2017.

IMU Health

IMU Health's Q2 2018 revenue decreased 5% to RM64.6 million due to lower intake of students during the period as compared to the previous year.

IMU Health's Q2 2018 EBITDA decreased 5% to RM23.4 million on the back of higher operating expenses and marketing expenses.

PLife REIT

PLife REIT's Q2 2018 external revenue decreased 4% to RM33.2 million, whilst its EBITDA decreased 4% to RM67.1 million mainly due to the effect of the weakening of SGD against RM on the translation of PLife REIT results. Excluding the effects of the depreciation of SGD, both PLife REIT's Q2 2018 revenue and EBITDA increased 1% as compared to Q2 2017

Others

Revenue in Q2 2018 and Q2 2017 relates to dividends from the Company's investments in MMF. More dividends was received in Q2 2018 due to larger amount of RM176.2 million invested in MMF in Q2 2018 as compared to RM70.0 million in Q2 2017.

EBITDA losses decreased to RM20.0 million in Q2 2018 as a result of the low base in Q2 2017 where the Company accrued RM21.9 million professional fees in relation to a potential acquisition.

YTD 2018 vs YTD 2017

The Group achieved 1% year-on-year revenue growth while EBITDA increased 3% over the same period last year. Excluding the effects of the strengthening RM, the Group's revenue and EBITDA increased 15% and 14% respectively in YTD 2018 over the same period last year. The increase in YTD 2018 revenue and EBITDA was attributed to organic growth from its existing operations, and the continuous ramp up of the hospitals opened in 2017.

The Group's YTD 2018 PATMI excluding exceptional items increased 31% to RM377.0 million as a result of the low base in YTD 2017 where the Group accrued RM21.3 million interest expenses for capital gains tax payable and RM17.7 million additional tax provision relating to prior-year's tax.

Parkway Pantai

Parkway Pantai's YTD 2018 revenue increased 3% to RM3,505.2 million whilst its EBITDA increased 3% to RM689.5 million. Excluding the effects of the strengthening RM on translation of Parkway Pantai's results, Parkway Pantai's YTD 2018 revenues increased 8% while its EBITDA increased 6% over corresponding period last year.

Parkway Pantai's strong revenue was the result of the continuous ramp up of Pantai Hospital Manjung, Gleneagles Kota Kinabalu Hospital and Gleneagles Medini Hospital in Malaysia. Gleneagles Hong Kong Hospital, which was opened in March 2017, also contributed to the increase in Parkway Pantai's revenue. Parkway Pantai's existing hospitals and healthcare businesses grew.

Parkway Pantai's Singapore hospitals saw an overall 1.6% increase in inpatient admissions to 38,373 in YTD 2018, driven by increase in local patients. Revenue per inpatient admission in Singapore increased 6.9% to RM29,805. Parkway Pantai's Malaysia Hospitals' inpatient admissions decreased 1.7% to 98,235 inpatient admissions in YTD 2018, while its revenue per inpatient admission increased 9.0% to RM6,561. Parkway Pantai's India Hospitals' inpatient admissions increased 0.3% to 33,317 inpatient admissions, while its revenue

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per inpatient admission increased 9.0% to RM7,923.

Parkway Pantai's YTD 2018 EBITDA was eroded with the recognition of RM20.4 million acquisition-related expenses in Q2 2018. This is offset by Gleneagles Hong Kong Hospital's decreasing start-up losses, which decreased from RM149.8 million in YTD 2017 to RM89.3 million in YTD 2018, as a result of operating leverage.

Acibadem Holdings

Acibadem Holdings' YTD 2018 revenue decreased 3% to RM1,813.7 million whilst its EBITDA increased 2% to RM297.1 million. Excluding the effects of the strengthening RM on translation of Acibadem Holdings' results, Acibadem Holdings' YTD 2018 revenue increased 28% while its EBITDA increased 35% over corresponding period last year.

Acibadem Altunizade Hospital, which was opened in March 2017, contributed to Acibadem Holdings' revenue growth in YTD 2018. On a blended and constant currency basis, Acibadem Kadikoy Hospital², Acibadem Kozyatagi Hospital² and Acibadem Altunizade Hospital revenue increased 60% in YTD 2018 as compared to YTD 2017. Acibadem Holdings' existing hospitals and healthcare businesses continue to grow in YTD 2018 as compared to YTD 2017.

Acibadem Holdings' inpatient admissions grew 11.2% to 117,405 in YTD 2018 with contribution from Acibadem Altunizade Hospital as well as Tokuda and City Clinic Group in Bulgaria. Meanwhile, its average inpatient revenue per inpatient admission grew 17.1% to RM9,014 in YTD 2017 with more complex cases taken and an increase in number of foreign patients in YTD 2018.

IMU Health

IMU Health's YTD 2018 revenue decreased 2% to RM128.7 million due to lower intake of students during the period as compared to the previous year.

IMU Health's YTD 2018 EBITDA decreased 4% to RM49.9 million on the back of higher operating expenses and marketing expenses.

PLife REIT

PLife REIT's YTD 2018 external revenue decreased 2% to RM65.9 million, whilst its EBITDA decreased 4% to RM133.9 million. Excluding the effects of the strengthening RM on translation of PLife REIT's results, PLife REIT's YTD 2018 revenue and EBITDA increased 3% and 2% respectively over corresponding period last year.

Others

More dividends was received in YTD 2018 due to larger amount invested in MMF in YTD 2018 as compared to YTD 2017.

EBITDA losses decreased to RM33.7 million in YTD 2018 as a result of the low base in YTD 2017 where the Company accrued RM21.9 million professional fees in relation to a potential acquisition.

² From March 2017 onwards, Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital decanted some of its patients due to transfer of certain departments to Acibadem Altunizade Hospital.

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B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	2nd quarter ended 30 Jun 2018 RM'000	1st quarter ended 31 Mar 2018 RM'000	Variance %
<u>REVENUE</u>¹			
Parkway Pantai:			
- Singapore	954,904	921,512	4%
- Malaysia	481,659	483,960	0%
- India	159,669	172,997	-8%
- North Asia	130,494	111,263	17%
- PPL Others*	43,518	45,185	-4%
Parkway Pantai	1,770,244	1,734,917	2%
Acibadem Holdings	790,441	1,023,256	-23%
IMU Health	64,642	64,088	1%
Others[^]	1,222	-	-
Group (Excluding PLife REIT)	2,626,549	2,822,261	-7%
PLife REIT total revenue	82,873	82,687	0%
Less: PLife REIT inter-segment revenue	(49,706)	(49,995)	1%
PLife REIT	33,167	32,692	1%
Group	2,659,716	2,854,953	-7%
<u>EBITDA</u>²			
Parkway Pantai ³ :			
- Singapore	283,284	237,712	19%
- Malaysia	127,961	133,553	-4%
- India	(4,692)	8,343	-156%
- North Asia	(44,542)	(49,943)	11%
- PPL Others*	(12,803)	10,655	NM
Parkway Pantai	349,208	340,320	3%
Acibadem Holdings	108,266	188,883	-43%
IMU Health	23,393	26,502	-12%
Others[^]	(20,041)	(13,634)	-47%
Group (Excluding PLife REIT)	460,826	542,071	-15%
PLife REIT⁴	67,121	66,792	0%
Group	527,947	608,863	-13%

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

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Q2 2018 vs Q1 2018

The Group's quarter-on-quarter revenue and EBITDA was eroded by the strengthening RM against the currencies of the countries which it operates.

Excluding the effects of the strengthening RM on translation of the Group's results, quarter-on-quarter revenue increased 2%, whilst EBITDA decreased 7%. Q2 2018 EBITDA was eroded by the higher cost of purchase and operating costs incurred in USD and EURO, which had strengthened. In addition, the Group recognised expense relating to staff's incentive and bonus plans in Q2 2018. The Group also recognised RM20.4 million acquisition-related expenses during the quarter.

The Group's PATMI excluding exceptional items increased 113% quarter-on-quarter from a low base in Q1 2018 whereby the Group recognised RM103.9 million foreign exchange losses in Q1 2018 as compared to RM77.1 million foreign exchange gain recognised in Q2 2018.

Parkway Pantai

Parkway Pantai's revenue increased 2% while its EBITDA increased 3% quarter-on-quarter. Excluding the effects of the strengthening RM on translation of Parkway Pantai's results, both Parkway Pantai's revenue and EBITDA increased 3% quarter-on-quarter.

Parkway Pantai's Singapore hospitals inpatient admissions decreased 1.7% quarter-on-quarter, while its revenue per inpatient admission increased 4.7%. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals decreased 4.5% quarter-on-quarter, while its revenue per inpatient admission increased 4.3%. Parkway Pantai India Hospitals inpatient admissions decreased 4.9% quarter-on-quarter, while its revenue per inpatient admission increased 0.4%.

Parkway Pantai's Q2 2018 EBITDA was eroded with the recognition of RM20.4 million acquisition-related expenses.

Acibadem Holdings

Acibadem Holdings' revenue decreased 23% while its EBITDA decreased 43% quarter-on-quarter. Excluding the effects of the strengthening RM on translation of Acibadem Holdings' results, Acibadem Holdings' Q2 2018 revenue was flat against Q1 2018 revenue whilst EBITDA decreased 22% quarter-on-quarter.

Acibadem Holdings' inpatient admissions decreased 4.9% quarter-on-quarter due to seasonality and Eid holidays in Q2 2018, while its revenue per inpatient admission increased 7.1% with more complex cases taken.

Acibadem Holding's Q2 2018 EBITDA was eroded by the higher cost of purchase and operating costs incurred in USD and Euro, which had strengthened. Staff costs increased quarter-on-quarter with the recognition of expense relating to staff's incentive and bonus plans in Q2 2018.

IMU Health

IMU Health's revenue increased 1%, whilst its EBITDA decreased 12% quarter-on-quarter. Higher staff costs, and student recruitment promotional expenses was incurred quarter-on-quarter.

PLife REIT

PLife REIT's Q2 2018 external revenue increased 1% quarter-on-quarter, whilst it's Q2 2018 EBITDA remained flat against Q1 2018.

Others

The Company received dividends from its investments in MMF in Q2 2018 whereas there was no investments in MMF in Q1 2018. EBITDA decreased quarter-on-quarter due to higher staff costs relating to staff's incentive and bonus plans in Q2 2018.

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B3 CURRENT FINANCIAL YEAR PROSPECTS

Parkway Pantai

Parkway Pantai believes that the potential for growth in its home markets of Malaysia, Singapore and India, continues to be supported by aging demographics, rising affluence and improved case mix. In addition, Parkway Pantai expect revenue growth to be boosted by ramp up of hospitals opened in 2015 and 2017. Gleneagles Hospital Hong Kong's EBITDA losses continues to narrow in 2018, as it ramps up its operations and achieves operating leverage.

Besides its traditional home markets of Singapore and Malaysia, Parkway Pantai is building up its presence in China, India and Southeast Asia for its next phase of growth, where there is robust demand for quality healthcare services. In China, Parkway Pantai's pipeline of new hospitals is progressing according to plan. Construction of Gleneagles Chengdu Hospital is progressing ahead and is slated to open in 2019. Recruitment of local and international doctors as well as senior hospital management staff is in full swing. Construction of Gleneagles Shanghai Hospital, in Hongqiao, is also progressing according to schedule and is slated to open in 2020. Consequentially, we would start to incur capital expenditure and pre-operating costs leading up to its opening, which would be in phases. In India, we expect to see volume ramp up and case mix improvements from our current hospitals.

Parkway Pantai is constantly on the lookout for value-accretive opportunities to expand into other markets, as well as in areas where it can leverage on technology and adopt more advance medical treatment for its patients. Progress is well underway at Mount Elizabeth Novena Hospital in its plan to install a state-of-the-art proton beam therapy to provide precision cancer treatment from 2021 onwards.

In July 2018, the Group announced that it would subscribe for shares as well as make an open offer for Fortis Healthcare Limited (Refer to Section B6 for details). This proposed subscription and open offer, which is subject to fulfilment or waiver of conditions precedent, would consolidate the Group's position as the second largest healthcare operator in India.

Acibadem Holdings

Acibadem Holdings expects its patient volumes to grow with the continued demand and increased affordability of private healthcare. Acibadem Altunizade Hospital will also contribute to Acibadem Holdings' revenue as patient volumes grows and more complex cases are undertaken. Acibadem Maslak Hospital is currently undergoing a major expansion to double its bed capacity and is expected to contribute to revenues when the expansion completes in second half of 2018.

Since June 2018, the Turkish Lira has depreciated significantly against USD, Euro and MYR and there continues to be volatility in the currency. This will result in foreign exchange translation losses on the Group's balance sheet and income statement. This will also erode Acibadem Holdings' results upon consolidation at the Group. The Group is accelerating its plans to restructure and reduce the foreign currency debt burden on Acibadem Holdings' balance sheet.

Overall IHH Group Prospects

Looking ahead, the Group will execute a multi-pronged strategy to enhance its diversified offering via both organic and inorganic growth. Backed by a strong balance sheet, the Group expects that the expansion projects in Malaysia, China and completion of ongoing projects in Turkey will provide sufficient capacity to meet demand, which will 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 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. While such sustained cost pressures may potentially reduce the Group's EBITDA and margins, the Group expects to mitigate these effects through improvements in case mix

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and tight cost control. In addition, the Group will increasingly leverage technology to enhance our service offerings. This includes rolling out various initiatives to improve the efficiency of the operations, transform healthcare service delivery and improve clinical outcomes.

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

As the Group consolidates its market leading positions and improves its hospitals' operational performance around excellent clinical outcomes and cost, the Group is confident that its core business remains resilient.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	2nd quarter ended		Financial period ended	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	RM'000	RM'000	RM'000	RM'000
Current tax expense	99,987	84,917	168,276	165,721
Deferred tax expense	(38,049)	17,201	(45,611)	18,200
	<u>61,938</u>	<u>102,118</u>	<u>122,665</u>	<u>183,921</u>

The Group's Q2 2018 effective tax rate, after adjusting for the share of profits of associates and joint ventures, was 37.6%. The high effective tax rate in Q2 2018 was due mainly to the unrecognised tax losses of Gleneagles Hong Kong Hospital.

Q2 2017 effective tax rate was low due mainly to the RM241.1 million non-taxable gain arising from the disposal of the Group's interest Apollo Hospitals, partially offset by unrecognised tax losses of Gleneagles Hong Kong Hospital and additional tax provisions relating to prior-year's tax.

B6 STATUS OF CORPORATE PROPOSALS

Save as disclosed below, there were no other corporate proposals announced but not completed as at 21 August 2018:

- (I) Proposed subscription of 235,294,117 new equity shares of face value of Indian Rupee ("INR") 10 each ("Fortis Shares") in Fortis Healthcare Limited ("Fortis") through preferential allotment by Fortis to an indirect wholly-owned subsidiary of IHH, Northern TK Venture Pte Ltd ("NTK" or the "Acquirer") ("Proposed Subscription");
- (II) Mandatory Open Offer for acquisition of up to 197,025,660 Fortis Shares representing additional 26% of the Expanded Voting Share Capital (as defined herein) of Fortis by the Acquirer ("Fortis Open Offer"); and
- (III) Mandatory Open Offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of INR 10 each, representing 26% of the fully diluted voting equity share capital of Fortis Malar Hospitals Limited ("Malar") by the Acquirer ("Malar Open Offer").
 - (a) On 13 July 2018, NTK entered into a share subscription agreement ("Fortis SSA") with Fortis, as issuer, for the proposed subscription of 235,294,117 new Fortis Shares ("Subscription Securities") by way of preferential allotment representing approximately 31.1% of the total voting equity share capital

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of Fortis on a fully diluted basis (inclusive of the Subscription Securities) ("Expanded Voting Share Capital") in accordance with the terms of the Fortis SSA ("Proposed Subscription");

- (b) Pursuant to the board resolution dated 13 July 2018 passed by the board of directors of Fortis approving the Proposed Subscription and execution of the Fortis SSA ("Fortis Board Resolution"), NTK, together with IHH and Parkway Pantai Limited, in their capacity as the persons acting in concert with the Acquirer (collectively, the "PACs") intend to on 13 July 2018, in terms of Regulations 3(1) and 4 read with Regulation 15(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended) ("SEBI (SAST) Regulations"), release a public announcement ("Fortis Public Announcement") to the Fortis Shareholders (as defined below), in relation to the Fortis Open Offer. Save and except for the PACs, no other person is acting in concert with the Acquirer for the purpose of the Fortis Open Offer at the time of the Fortis Public Announcement being released; and

The Fortis Open Offer is not subject to the completion of the Proposed Subscription, and NTK will proceed with the completion of the Fortis Open Offer, in the event the Proposed Subscription does not complete. In accordance with the explanation to the proviso to Regulation 13(4) of the SEBI (SAST) Regulations, the Acquirer and the PACs will not proceed with the Malar Open Offer in the event the Acquirer and the PACs are unable to exercise or direct the exercise of voting rights in, or control (as defined under the SEBI (SAST) Regulations) over Malar pursuant to the Proposed Subscription and the Fortis Open Offer, whether consummated or not.

"Fortis Shareholders" shall mean all the shareholders of Fortis who are eligible to tender their shares in the Fortis Open Offer, excluding: (a) the Acquirer and the PACs; and (b) persons deemed to be acting in concert with the Acquirer and the PACs.

"Malar Shareholders" shall mean all the public shareholders of Malar excluding: (a) promoter and promoter group of Malar; (b) the Acquirer and the PACs; and (c) persons deemed to be acting in concert with the Acquirer and the PACs.

The Proposed Subscription, the Fortis Open Offer and the Malar Open Offer are collectively defined as the "Proposals". Please refer to the Company's announcement broadcast on 13 July 2018 for further details of the Proposals.

The Proposed Subscription is conditional upon fulfilment or waiver (as may be applicable) of each of the conditions precedent set out in the Fortis SSA.

At the Extra-Ordinary General Meeting of Fortis held on 13 August 2018, the shareholders of Fortis had passed the special resolutions approving, amongst other things, the following:

- (i) the Proposed Subscription; and
- (ii) the increase of the authorised share capital of Fortis from INR 678,00,00,000 to INR 928,00,00,000 and the alteration of the capital clause of the memorandum of association of Fortis (in relation to the increase of the authorised share capital of Fortis).

The Proposed Subscription is conditional upon fulfilment or waiver (as may be applicable) of each of the conditions precedent set out in the Fortis SSA.

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B7 LOANS, BORROWINGS AND OVERDRAFTS

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

	30 Jun 2018 RM'000	31 Dec 2017 RM'000
Non-current		
Secured		
Bank borrowings	718,285	437,702
Financial lease liabilities	134,778	107,492
Unsecured		
Bank borrowings	5,546,086	5,257,584
Fixed rate notes	429,578	301,007
	<u>6,828,727</u>	<u>6,103,785</u>
Current		
Secured		
Bank overdrafts	5,071	68
Bank borrowings	33,696	36,412
Financial lease liabilities	35,092	31,299
Unsecured		
Bank borrowings	343,020	622,276
	<u>416,879</u>	<u>690,055</u>
Total	<u><u>7,245,606</u></u>	<u><u>6,793,840</u></u>

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

	30 Jun 2018 RM'000	31 Dec 2017 RM'000
Singapore Dollar	1,240,386	1,259,154
Ringgit Malaysia	580	500
US Dollar	584,411	492,525
Euro	2,484,073	2,175,558
Turkish Lira	48,197	75,483
Japanese Yen	1,453,192	1,380,935
Indian Rupees	323,744	347,298
Hong Kong Dollar	1,102,117	1,051,177
Bulgarian Lev	152	6,362
Others	8,754	4,848
	<u><u>7,245,606</u></u>	<u><u>6,793,840</u></u>

Key exchange rates as at 30 June 2018:

1 SGD	2.9551
1 TL	0.9998
1 USD	4.0216

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B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 30 June 2018:

	Notional amount as at 30 Jun 2018 RM'000	Fair value amount as at 30 Jun 2018 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	605,445	709
- Between 1 - 3 years	15,223	596
	<u>620,668</u>	<u>1,305</u>
Put option		
- Within 1 year	15,744	1,572
	<u>636,412</u>	<u>2,877</u>
Derivative liabilities		
Interest rate swaps		
- Between 1 - 3 years	709,777	(2,852)
- More than 3 years	108,113	(510)
	<u>817,890</u>	<u>(3,362)</u>
Foreign exchange forward contracts		
- Between 1 - 3 years	100,252	(1,424)
- More than 3 years	108,113	(626)
	<u>208,365</u>	<u>(2,050)</u>
Cross currency interest rate swaps		
- Between 1 - 3 years	369,941	(7,720)
Call option granted to non-controlling interests		
- Within 1 year	29,477	(20,793)
	<u>1,425,673</u>	<u>(33,925)</u>

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.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018**

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.

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, 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.

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 B13 for the fair value gain/loss recognised in the statement of profit or loss.

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 B13.

B10 CHANGES IN MATERIAL LITIGATIONS

There is no litigation or arbitration as at 21 August 2018, 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 30 June 2018.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018**

B12 EARNINGS PER SHARE ("EPS")

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

	2nd quarter ended		Financial period ended	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	RM'000	RM'000	RM'000	RM'000
Basic and diluted earnings per share is based on:				
i) <u>Net profit attributable to ordinary shareholders</u>				
Profit after tax and non-controlling interest	165,106	316,561	222,341	786,607
Perpetual securities distribution accrued	(20,853)	-	(41,511)	-
	<u>144,253</u>	<u>316,561</u>	<u>180,830</u>	<u>786,607</u>
ii) <u>Net profit attributable to ordinary shareholders (excluding EI)</u>				
Profit after tax and non-controlling interest (excluding EI)	256,534	86,239	377,043	288,013
Perpetual securities distribution accrued	(20,853)	-	(41,511)	-
	<u>235,681</u>	<u>86,239</u>	<u>335,532</u>	<u>288,013</u>
(a) Basic EPS				
	'000	'000	'000	'000
Weighted average number of shares	<u>8,242,056</u>	<u>8,235,354</u>	<u>8,240,828</u>	<u>8,233,551</u>
	Sen	Sen	Sen	Sen
Basic EPS	1.75	3.84	2.19	9.55
Basic EPS (excluding EI)	<u>2.86</u>	<u>1.05</u>	<u>4.07</u>	<u>3.50</u>

(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.

	2nd quarter ended		Financial period ended	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	'000	'000	'000	'000
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,242,056	8,235,354	8,240,828	8,233,551
Weighted number of unissued ordinary shares from units under Long Term Incentive Plan	1,863	3,282	2,406	2,422
Weighted number of unissued ordinary shares from share options under EOS	<u>376</u>	<u>37</u>	<u>332</u>	<u>186</u>
Weighted average number of dilutive ordinary shares for computation of diluted EPS	<u>8,244,295</u>	<u>8,238,673</u>	<u>8,243,566</u>	<u>8,236,159</u>
	Sen	Sen	Sen	Sen
Diluted EPS	1.75	3.84	2.19	9.55
Diluted EPS (excluding EI)	<u>2.86</u>	<u>1.05</u>	<u>4.07</u>	<u>3.50</u>

At 30 June 2018, 12,973,000 outstanding EOS options (30 June 2017: 14,148,000) 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 SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

B13 NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2nd quarter ended		Financial period ended	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	RM'000	RM'000	RM'000	RM'000
Dividend income	1,222	553	1,222	1,078
Other operating income	43,479	54,752	94,790	105,378
Foreign exchange differences	77,054	(11,223)	(26,842)	(9,804)
Impairment loss written back/(made):				
- Trade and other receivables	15,068	7,847	12,916	10,027
- Amounts due from associates	-	(4)	-	902
Write off:				
- Property, plant and equipment	(392)	(719)	(478)	(808)
- Inventories	(565)	(702)	(930)	(937)
- Trade and other receivables	(1,583)	(7,130)	(4,490)	(12,392)
Gain on disposal of property, plant and equipment	566	2,915	949	2,804
Gain on disposal of quoted FVOCI financial instruments	-	241,083	-	554,500
Gain on disposal of unquoted FVOCI financial instruments	-	-	-	192
Provision for financial guarantee given to a joint venture's loan facility	(377)	(782)	(742)	(782)
Insurance compensation for Chennai flood	(306)	-	17,408	-
Finance income				
Interest income				
- Banks and financial institutions	28,542	12,544	55,953	28,213
- Others	367	(303)	871	348
Exchange gain on net borrowings	-	12,583	-	36,081
Fair value gain/(loss) of financial instruments	19,589	(553)	23,120	2,966
	48,498	24,271	79,944	67,608
Finance costs				
Interest expense	(64,749)	(85,812)	(122,077)	(131,419)
Exchange loss on net borrowings	(189,192)	(39,025)	(349,022)	(167,047)
Fair value (loss)/gain of financial instruments	(11,192)	1,446	(18,750)	470
Other finance costs	(5,035)	(7,329)	(11,086)	(16,875)
	(270,168)	(130,720)	(500,935)	(314,871)