

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

IHH HEALTHCARE BERHAD

Financial Year End	31 Dec 2018
Quarter	3 Qtr
Quarterly report for the financial period ended	30 Sep 2018
The figures	have not been audited

Attachments

[IHH_Q3 2018 Quarterly Report.pdf](#)
520.3 kB

[IHH_Q3 2018 Press Release_27.11.2018.pdf](#)
701.8 kB

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Sep 2018

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	2,840,915	2,800,855	8,355,584	8,257,506
2	Profit/(loss) before tax	-316,711	128,417	-60,408	1,062,056
3	Profit/(loss) for the period	-354,465	42,764	-220,827	792,482
4	Profit/(loss) attributable to ordinary equity holders of the parent	-104,071	82,091	118,270	868,698
5	Basic earnings/(loss) per share (Subunit)	-1.53	0.80	0.67	10.35
6	Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
		AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7	Net assets per share attributable to ordinary equity holders of the parent (\$\$)	2.5900		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	27 Nov 2018
Category	Financial Results
Reference Number	FRA-16112018-00009



IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
30 SEPTEMBER 2018

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

	Note	3rd quarter ended			Financial period ended		
		30 Sept 2018 RM'000	30 Sept 2017 RM'000	Variance %	30 Sept 2018 RM'000	30 Sept 2017 RM'000	Variance %
Revenue		2,840,915	2,800,855	1%	8,355,584	8,257,506	1%
Other operating income	1	80,938	58,939	37%	200,656	721,621	-72%
Inventories and consumables		(551,473)	(522,765)	-5%	(1,602,988)	(1,547,546)	-4%
Purchased and contracted services		(230,493)	(229,051)	-1%	(666,587)	(692,317)	4%
Staff costs	2	(1,126,165)	(1,144,583)	2%	(3,366,138)	(3,371,557)	0%
Depreciation and impairment losses of property, plant and equipment	2	(215,124)	(238,282)	10%	(637,985)	(674,533)	5%
Amortisation and impairment losses of intangible assets and prepaid lease payments	2	(14,261)	(16,453)	13%	(42,948)	(46,577)	8%
Operating lease expenses		(82,196)	(84,909)	3%	(243,626)	(245,159)	1%
Other operating expenses	2	(269,031)	(356,019)	24%	(887,772)	(954,760)	7%
Finance income	3	66,053	48,387	37%	145,997	115,995	26%
Finance costs	3	(816,906)	(187,394)	NM	(1,317,841)	(502,265)	-162%
Share of profits of associates (net of tax)		443	205	116%	1,135	981	16%
Share of profits/(Loss) of joint ventures (net of tax)		589	(513)	NM	2,105	667	NM
(Loss)/Profit before tax		(316,711)	128,417	NM	(60,408)	1,062,056	-106%
Income tax expense		(37,754)	(85,653)	56%	(160,419)	(269,574)	40%
(Loss)/Profit for the period		(354,465)	42,764	NM	(220,827)	792,482	-128%
Other comprehensive income/(expenses), net of tax							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences from foreign operations	4	116,776	62,795	86%	(544,286)	(265,062)	-105%
Hedge of net investments in foreign operations	4	43,382	(1,498)	NM	46,292	27,930	66%
Net change in fair value of FVOCI ¹ financial instruments	5	-	54	-100%	-	(318,944)	100%
Cash flow hedge		6,717	1,684	NM	7,087	1,414	NM
		166,875	63,035	165%	(490,907)	(554,662)	11%
Items that will not be reclassified subsequently to profit or loss							
Net change in fair value of FVOCI financial instruments	6	386	-	-	759	-	-
Total comprehensive (expenses)/income for the period		(187,204)	105,799	NM	(710,975)	237,820	NM
Profit/(Loss) attributable to:							
Owners of the Company		(104,071)	82,091	NM	118,270	868,698	-86%
Non-controlling interests		(250,394)	(39,327)	NM	(339,097)	(76,216)	NM
(Loss)/Profit for the period		(354,465)	42,764	NM	(220,827)	792,482	-128%
Total comprehensive (expenses)/income attributable to:							
Owners of the Company		159,493	143,990	11%	(253,575)	323,861	-178%
Non-controlling interests		(346,697)	(38,191)	NM	(457,400)	(86,041)	NM
Total comprehensive (expenses)/income for the period		(187,204)	105,799	NM	(710,975)	237,820	NM
Earnings per share (sen)							
Basic		(1.53)	0.80	NM	0.67	10.35	-94%
Diluted		(1.53)	0.80	NM	0.67	10.35	-94%

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 SEPTEMBER 2018

SUPPLEMENTARY INFORMATION

	3rd quarter ended			Financial period ended		
	30 Sept 2018	30 Sept 2017	Variance	30 Sept 2018	30 Sept 2017	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
(Loss)/Profit attributable to owners of the Company	(104,071)	82,091	NM	118,270	868,698	-86%
Add back/(less): Exceptional items ("EI")						
Insurance compensation for Chennai flood	99	-		(17,309)	-	
Gain on disposal of quoted FVOCI ⁱ financial instruments ⁱⁱ	-	-		-	(554,500)	
Provision for financial guarantee given to a joint venture's loan facility ⁱⁱⁱ	382	397		1,124	1,179	
Professional fees relating to a potential acquisition	3,730	-		3,730	-	
Loss on disposal of a business unit	-	943		-	943	
Exchange loss on net borrowings ^{iv}	3 752,534	87,463		1,101,556	202,305	
	756,745	88,803		1,089,101	(350,073)	
Add/(less): Tax effects on EI	(71,056)	(17,493)		(140,860)	(40,461)	
Add/(less): Non-controlling interests' share of EI	(272,613)	(27,988)		(380,463)	(64,738)	
	413,076	43,322		567,778	(455,272)	
Profit attributable to owners of the Company, excluding EI^v	309,005	125,413	146%	686,048	413,426	66%
Earnings per share, excluding EI^v (sen)						
Basic	3.48	1.33	162%	7.55	4.83	56%
Diluted	3.48	1.33	162%	7.55	4.82	57%

NM: Not meaningful

Note:

- Fair valued through other comprehensive income
- 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
- Proportionate share of corporate guarantee in relation to accrued interest on Khubchandani Hospital's loan
- Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings (As at 30 Sept 2018, Euro/TL=6.9505, USD/TL=5.9902)
- 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 RM554.5 million gain from the disposal of the Group's interest in Apollo Hospital Enterprise Limited ("Apollo Hospitals") recognised in YTD 2017. No such gains were recognised in the current year.
2. These expenses decreased despite higher volume of business and higher cost of operations. The decrease mainly as a result of the strengthening of Ringgit Malaysia ("RM") against the currencies of the countries which the Group operates.
3. 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 RM752.5 million and RM1,101.6 million exchange losses on translation of such non-TL balances in QTD 2018 and YTD 2018, as compared to an exchange loss of RM87.5 million and RM202.3 million recognised in QTD 2017 and YTD 2017 respectively.
4. PLife REIT hedges its interest in the net assets of its Japanese operations. 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, the Group recorded a net foreign currency translation gain as a result of the depreciation of the SGD and TL against RM during the quarter. In YTD 2018, the Group recorded a net foreign currency translation loss as a result of the depreciation of the SGD and TL against RM.

5. 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.

6. 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 September 2018	30 September 2017
1 SGD	2.9756	3.1284
1 TL	0.8931	1.2101

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

	Note	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Assets			
Property, plant and equipment		12,482,838	13,141,621
Prepaid lease payments		1,014,830	1,036,631
Investment properties	1	3,167,972	3,109,985
Goodwill on consolidation		10,124,711	10,692,198
Intangible assets		1,974,588	2,278,442
Interests in associates		8,363	7,632
Interests in joint ventures		144,059	153,970
Other financial assets		14,268	15,052
Trade and other receivables		38,428	65,462
Tax recoverable		34,807	37,552
Derivative assets		5,924	12,422
Deferred tax assets		223,627	229,855
Total non-current assets		29,234,415	30,780,822
Development properties		75,055	75,027
Inventories		284,669	281,914
Trade and other receivables		1,459,367	1,489,590
Tax recoverable		19,062	37,627
Other financial assets	2	259,101	160,235
Derivative assets		35,276	13,406
Cash and cash equivalents		6,103,769	6,078,603
		8,236,299	8,136,402
Assets classified as held for sale		6,227	7,004
Total current assets		8,242,526	8,143,406
Total assets		37,476,941	38,924,228
Equity			
Share capital		16,495,671	16,462,994
Other reserves		1,113,988	1,478,287
Retained earnings		3,753,650	3,948,881
Total equity attributable to owners of the Company		21,363,309	21,890,162
Perpetual securities	3	2,135,512	2,158,664
Non-controlling interests		1,246,209	1,851,904
Total equity		24,745,030	25,900,730
Liabilities			
Loans and borrowings	4	6,778,298	6,103,785
Employee benefits		47,484	45,590
Trade and other payables		1,781,423	1,814,177
Derivative liabilities		3,380	3,742
Deferred tax liabilities		881,865	1,011,220
Total non-current liabilities		9,492,450	8,978,514
Bank overdrafts		4,819	68
Loans and borrowings	4	220,168	689,987
Employee benefits		98,778	83,954
Trade and other payables	5	2,470,580	2,811,505
Derivative liabilities		21,235	22,991
Tax payable		423,881	436,479
Total current liabilities		3,239,461	4,044,984
Total liabilities		12,731,911	13,023,498
Total equity and liabilities		37,476,941	38,924,228
Net assets per share attributable to owners of the Company ¹ (RM)		2.59	2.66

¹ Based on 8,244.8 million and 8,239.6 million shares issued as at 30 September 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. Other financial assets increased due to investments in MMF units during the year.
3. The Group made distribution amounting to RM41.9 million and RM86.3 million for its perpetual securities in QTD 2018 and YTD 2018 respectively.
4. 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.
5. Beside the effects of the strengthening RM against SGD and TL, trade and other payables decreased with the payments of capital expenditure that was outstanding as at 31 December 2017. In addition, there was a reclassification of RM85.5 million compulsorily convertible preference shares ("CCPS") from other payables to equity upon fixing of the CCPS conversion ratio.

Note:

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

	30 September 2018	31 December 2017
1 SGD	3.0257	3.0572
1 TL	0.6691	1.0388

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

	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	Perpetual securities RM'000	Non-controlling interests RM'000	Total equity 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	-	-	-	-	-	-	-	-	(391,623)	-	(391,623)	-	(152,663)	(544,286)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	16,494	-	16,494	-	29,798	46,292
Cash flow hedge	-	-	-	-	-	2,525	-	-	-	-	2,525	-	4,562	7,087
Net change in fair value of FVOCI financial instruments	-	-	-	759	-	-	-	-	-	-	759	-	-	759
Total other comprehensive income/(expenses) for the period	-	-	-	759	-	2,525	-	-	(375,129)	-	(371,845)	-	(118,303)	(490,148)
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	-	118,270	118,270	-	(339,097)	(220,827)
Total comprehensive income/(expenses) for the period	-	-	-	759	-	2,525	-	-	(375,129)	118,270	(253,575)	-	(457,400)	(710,975)
<i>Contributions by and distributions to owners of the Company</i>														
- Share options exercised	1,282	-	-	-	-	-	-	-	-	-	1,282	-	-	1,282
- Share-based payment	-	-	31,005	-	-	-	-	-	-	-	31,005	-	-	31,005
- Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	-	(247,338)	(247,338)	-	-	(247,338)
Transfer to share capital for share options exercised	1,282	-	31,005	-	-	-	-	-	-	(247,338)	(215,051)	-	-	(215,051)
Cancellation of vested share options	31,395	-	(31,395)	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	(970)	-	-	-	-	-	970	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	1	19,070	-	(3)	-	19,068	-	63,274	82,342
Issue of shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	1,589	1,589
Transfer per statutory requirements	-	-	-	-	-	-	-	3,755	-	(3,755)	-	-	9,101	9,101
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	-	(14,123)	-	-	-	(14,123)	-	(71,978)	(86,101)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(150,281)	(150,281)
Payment of perpetual securities distribution	-	-	-	-	-	-	206	-	-	-	206	(86,530)	-	(86,324)
Accrued perpetual securities distribution	-	-	-	-	-	-	-	-	-	(63,378)	(63,378)	63,378	-	-
Total transactions with owners of the Company	32,677	-	(1,360)	-	-	1	5,153	3,755	(3)	(313,501)	(273,278)	(23,152)	(148,295)	(444,725)
At 30 September 2018	16,495,671	-	53,599	759	85,890	17,726	(1,009,939)	51,510	1,914,443	3,753,650	21,363,309	2,135,512	1,246,209	24,745,030

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	-	-	(235,482)	-	(235,482)	-	(29,580)	(265,062)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	9,957	-	9,957	-	17,973	27,930
Cash flow hedge	-	-	-	-	-	504	-	-	-	-	504	-	910	1,414
Net change in fair value of FVOCI financial instruments	-	-	-	(319,816)	-	-	-	-	-	-	(319,816)	-	872	(318,944)
Total other comprehensive (expenses)/income for the period	-	-	-	(319,816)	-	504	-	-	(225,525)	-	(544,837)	-	(9,825)	(554,662)
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	-	868,698	868,698	-	(76,216)	792,482
Total comprehensive (expenses)/income for the period	-	-	-	(319,816)	-	504	-	-	(225,525)	868,698	323,861	-	(86,041)	237,820
<i>Contributions by and distributions to owners of the Company</i>														
- Share options exercised	521	154	-	-	-	-	-	-	-	-	675	-	-	675
- Share-based payment	-	-	43,324	-	-	-	-	-	-	-	43,324	-	-	43,324
- Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	-	(247,171)	(247,171)	-	-	(247,171)
Transfer to share capital for share options exercised	521	154	43,324	-	-	-	-	-	-	(247,171)	(203,172)	-	-	(203,172)
Cancellation of vested share options	41,728	67	(41,795)	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	(136)	-	-	-	-	-	-	136	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	2	294,111	-	(1,119)	-	292,994	-	372,229	665,223
Issue of shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	11,454	11,454
Transfer per statutory requirements	-	-	-	-	-	-	-	6,734	-	(6,734)	-	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	-	(57,179)	-	-	-	(57,179)	-	(40,776)	(97,955)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(150,279)	(150,279)
Issue of perpetual securities	-	-	-	-	-	-	-	-	-	-	-	2,120,044	-	2,120,044
Accrued perpetual securities distribution	-	-	-	-	-	-	-	-	-	(16,056)	(16,056)	16,056	-	-
Total transactions with owners of the Company	42,249	221	1,393	-	-	2	236,932	6,734	(1,119)	(269,825)	16,587	2,136,100	231,839	2,384,526
Transfer in accordance with Section 618(2) of the Companies Act 2016 ⁱ	8,185,381	(8,185,381)	-	-	-	-	-	-	-	-	-	-	-	-
At 30 September 2017	16,459,330	-	47,599	338	85,890	14,577	(920,950)	49,335	2,714,968	3,875,101	22,326,188	2,136,100	2,053,215	26,515,503

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 SEPTEMBER 2018**

	Financial period ended	
	30 Sept 2018	30 Sept 2017
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(60,408)	1,062,056
Adjustments for:		
Dividend income	(2,275)	(1,575)
Finance income	(145,997)	(115,995)
Finance costs	1,317,841	502,265
Depreciation and impairment losses of property, plant and equipment	637,985	674,533
Amortisation and impairment losses of intangible assets and prepaid lease payments	42,948	46,577
Impairment loss written back:		
- Trade and other receivables	(25,628)	(3,714)
- Amounts due from associates	-	(903)
Write-off:		
- Property, plant and equipment	315	2,534
- intangible assets	-	75
- Inventories	1,352	724
- Trade and other receivables	8,522	23,334
Gain on disposal of property, plant and equipment	(1,118)	(6,973)
Gain on disposal of quoted FVOCI financial instruments	-	(554,500)
Gain on disposal of unquoted FVOCI financial instruments	-	(192)
Loss on disposal of a business	-	943
Provision for financial guarantee given to a joint venture's loan facility	1,124	1,179
Share of profits of associates (net of tax)	(1,135)	(981)
Share of profits of joint ventures (net of tax)	(2,105)	(667)
Equity-settled share-based payment	31,005	43,324
Net unrealised foreign exchange differences	(57,048)	74,446
Operating profit before changes in working capital	1,745,378	1,746,490
Changes in working capital:		
Trade and other receivables	(64,102)	(61,665)
Development properties	(28)	(33,770)
Inventories	(11,450)	(53,327)
Trade and other payables	(95,343)	40,763
Cash generated from operations	1,574,455	1,638,491
Net income tax paid	(264,692)	(132,957)
Net cash from operating activities	1,309,763	1,505,534
Cash flows from investing activities		
Interest received	85,117	42,616
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(6,751)	(6,717)
Disposal of business, net of cash and cash equivalents disposed	-	(1,209)
Development and purchase of intangible assets	(13,897)	(4,479)
Purchase of property, plant and equipment	(829,582)	(1,115,458)
Purchase of investment properties	(65,823)	(203,978)
Payment for prepaid lease	(4,088)	-
Purchase of FVOCI financial instruments	(177,288)	-
Net withdrawal of fixed deposits with tenor of more than 3 months	76,127	9,124
Proceeds from disposal of property, plant and equipment	5,517	18,740
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	2,275	1,575
Dividends received from joint ventures	929	1,341
Dividends received from associates	786	563
Net cash (used in)/from investing activities	(926,678)	10,842

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

	Financial period ended	
	30 Sept 2018	30 Sept 2017
	RM'000	RM'000
Cash flows from financing activities		
Interest paid	(170,134)	(256,401)
Proceeds from exercise of share options	1,282	675
Proceeds from loans and borrowings	1,996,783	1,708,718
Issue of fixed rate medium term notes	128,542	-
Issue of perpetual securities, net of transaction costs	-	2,120,044
Repayment of loans and borrowings	(1,788,088)	(2,001,314)
Payment of perpetual securities distribution	(86,324)	-
Dividends paid to shareholders	(247,338)	(247,171)
Dividends paid to non-controlling interests	(150,281)	(150,279)
Acquisition of non-controlling interests	(16,863)	(6,552)
Proceeds from dilution of interest in subsidiaries	13,745	670,621
Loan from non-controlling interest of subsidiaries	1,655	-
Issue of shares by subsidiaries to non-controlling interests	9,101	39,211
Change in pledged deposits	(232,449)	7,741
Net cash (used in)/from financing activities	(540,369)	1,885,293
Net (decreased)/increase in cash and cash equivalents	(157,284)	3,401,669
Effect of exchange rate fluctuations on cash and cash equivalents held	(54,749)	(4,910)
Cash and cash equivalents at beginning of the period	6,077,745	2,423,275
Cash and cash equivalents at end of the period	5,865,712	5,820,034

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprises the following statements of financial position amounts:

	30 Sept 2018	30 Sept 2017
	RM'000	RM'000
Cash and bank balances	4,002,959	4,590,871
Fixed deposits with tenor of 3 months or less	2,100,810	1,240,929
	6,103,769	5,831,800
Less:		
- Bank overdrafts	(4,819)	(10,949)
- Deposits pledged	(232,445)	-
- Cash collateral received	(793)	(817)
Cash and cash equivalents at end of the period	5,865,712	5,820,034

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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

A6 DEBT AND EQUITY SECURITIES

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

- (i) 226,000 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.

(d) 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.

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 September 2018.

As at 30 September 2018, the issued share capital of IHH comprised of 8,244,803,639 ordinary shares.

A7 DIVIDENDS PAID

	Sen per ordinary share	Total amount RM’000	Date of payment
First and final single tier cash dividend for financial year ended 31 December 2017	3.00	247,338	18-Jul-18

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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

A8 SEGMENT REPORTING

Financial period ended 30 September 2018

	Parkway Pantai ¹					Acibadem Holdings CEEMENA ³	IMU Health Malaysia	PLife REIT ¹	Others	Eliminations	Total
	Singapore RM'000	Malaysia RM'000	India RM'000	North Asia RM'000	PPL Others ² RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue and expenses</u>											
Revenue from external customers	2,863,271	1,468,706	494,423	360,081	138,063	2,736,204	193,152	99,409	2,275	-	8,355,584
Inter-segment revenue	75,010	750	-	-	1,425	-	2,549	150,919	50,053	(280,706)	-
Total segment revenue	2,938,281	1,469,456	494,423	360,081	139,488	2,736,204	195,701	250,328	52,328	(280,706)	8,355,584
EBITDA	874,844	411,468	4,237	(154,037)	2,057	437,115	75,312	201,562	3,478	(102,399)	1,753,637
Depreciation and impairment losses of property, plant and equipment	(159,501)	(115,717)	(40,169)	(105,334)	(4,573)	(175,214)	(10,929)	(25,909)	(639)	-	(637,985)
Amortisation and impairment losses of intangible assets	(2,731)	(532)	(6,783)	(17,270)	-	(15,038)	(594)	-	-	-	(42,948)
Foreign exchange differences	(429)	97	14,276	362	1,754	(79)	(1)	2,135	4,922	-	23,037
Finance income	455	17,152	12,620	34,411	31,452	64,230	4,179	13	18,616	(37,131)	145,997
Finance costs	(9,085)	(1,902)	(29,256)	(58,186)	(14,067)	(1,222,992)	(12)	(18,117)	(1,355)	37,131	(1,317,841)
Share of profits of associates (net of tax)	1,135	-	-	-	-	-	-	-	-	-	1,135
Share of profits of joint ventures (net of tax)	930	-	967	208	-	-	-	-	-	-	2,105
Others	-	-	16,185	-	-	-	-	-	(3,730)	-	12,455
Profit/(Loss) before tax	705,618	310,566	(27,923)	(299,846)	16,623	(911,978)	67,955	159,684	21,292	(102,399)	(60,408)
Income tax expense	(128,746)	(76,246)	1,268	(9,078)	(15,606)	101,919	(17,735)	(13,964)	(2,231)	-	(160,419)
Net profit/(losses) for the period	576,872	234,320	(26,655)	(308,924)	1,017	(810,059)	50,220	145,720	19,061	(102,399)	(220,827)
<u>Assets and liabilities</u>											
Cash and cash equivalents	78,801	690,769	1,567,258	722,336	2,142,422	72,258	35,877	96,854	697,194	-	6,103,769
Other assets	12,163,728	4,625,940	1,633,726	3,175,054	3,720,955	4,546,529	442,681	4,414,825	718,467	(4,068,733)	31,373,172
Segment assets as at 30 September 2018	12,242,529	5,316,709	3,200,984	3,897,390	5,863,377	4,618,787	478,558	4,511,679	1,415,661	(4,068,733)	37,476,941
Loans and borrowings	7,896	271	322,416	1,159,804	-	3,449,806	270	2,058,003	-	-	6,998,466
Other liabilities	4,641,438	558,451	1,538,202	1,201,239	317,004	1,124,546	78,327	330,231	12,740	(4,068,733)	5,733,445
Segment liabilities as at 30 September 2018	4,649,334	558,722	1,860,618	2,361,043	317,004	4,574,352	78,597	2,388,234	12,740	(4,068,733)	12,731,911

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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

Financial period ended 30 September 2017

	Parkway Pantai ¹					Acibadem Holdings CEEMENA ³	IMU Health Malaysia	PLife REIT ¹	Others	Eliminations	Total
	Singapore RM'000	Malaysia RM'000	India RM'000	North Asia RM'000	PPL Others ² RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue and expenses</u>											
Revenue from external customers	2,882,949	1,363,720	532,209	233,710	131,920	2,818,989	191,357	101,077	1,575	-	8,257,506
Inter-segment revenue	78,260	750	-	-	855	-	2,965	156,163	60,056	(299,049)	-
Total segment revenue	2,961,209	1,364,470	532,209	233,710	132,775	2,818,989	194,322	257,240	61,631	(299,049)	8,257,506
EBITDA	845,377	385,157	3,982	(188,935)	41,267	411,774	73,659	208,215	(1,662)	(115,059)	1,663,775
Depreciation and impairment losses of property, plant and equipment	(167,596)	(106,815)	(49,989)	(89,683)	(3,982)	(219,366)	(10,340)	(26,125)	(637)	-	(674,533)
Amortisation and impairment losses of intangible assets	(2,732)	(532)	(7,602)	(16,237)	-	(18,887)	(587)	-	-	-	(46,577)
Foreign exchange differences	(29)	(184)	489	(968)	(15,396)	(367)	(86)	3,682	(35,491)	-	(48,350)
Finance income	423	12,521	2,752	24,535	88,564	18,901	4,311	2,168	11,442	(49,622)	115,995
Finance costs	(9,690)	(3,295)	(31,920)	(74,733)	(114,359)	(298,531)	(162)	(19,175)	(22)	49,622	(502,265)
Share of profits of associates (net of tax)	981	-	-	-	-	-	-	-	-	-	981
Share of profits of joint ventures (net of tax)	1,342	-	(1,042)	367	-	-	-	-	-	-	667
Others	-	-	(1,179)	(958)	-	-	-	-	554,500	-	552,363
Profit/(Loss) before tax	668,076	286,852	(84,509)	(346,612)	(3,906)	(106,476)	66,795	168,765	528,130	(115,059)	1,062,056
Income tax expense	(124,699)	(91,309)	5,971	(13,969)	(25,732)	17,218	(17,529)	(15,960)	(3,565)	-	(269,574)
Net profit/(loss) for the period	543,377	195,543	(78,538)	(360,581)	(29,638)	(89,258)	49,266	152,805	524,565	(115,059)	792,482
<u>Assets and liabilities</u>											
Cash and cash equivalents	231,766	436,849	18,626	1,073,683	2,348,472	100,125	13,229	95,854	1,513,196	-	5,831,800
Other assets	12,515,219	4,589,271	1,874,557	3,241,804	5,651,566	6,559,129	532,953	4,461,410	112,929	(5,528,863)	34,009,975
Segment assets as at 30 September 2017	12,746,985	5,026,120	1,893,183	4,315,487	8,000,038	6,659,254	546,182	4,557,264	1,626,125	(5,528,863)	39,841,775
Loans and borrowings	9,960	333	348,829	1,069,743	-	3,708,964	212	2,032,918	-	-	7,170,959
Other liabilities	4,358,078	511,613	2,047,563	2,474,017	314,551	1,467,247	148,738	330,863	31,506	(5,528,863)	6,155,313
Segment liabilities as at 30 September 2017	4,368,038	511,946	2,396,392	3,543,760	314,551	5,176,211	148,950	2,363,781	31,506	(5,528,863)	13,326,272

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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 Sept 2018	30 Sept 2017
	RM'000	RM'000
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	235,671	254,599
- Purchase and consumption of services	(42,338)	(47,301)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	8,187	9,973
- Purchase and consumption of services	(46,176)	(70,203)

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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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.
- (f) 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%.
- (g) On 10 May 2018, Privatna zdravstvena ustanova - Poliklinika na primarno nivo Acibadem Sistina Bitola (Poliklinika Acibadem Sistina Bitola 27) was dissolved pursuant to members’ voluntary winding-up.
- (h) 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.
- (i) 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%.
- (j) 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%.
- (k) On 16 August 2018, the Group’s interest in RGE was diluted by 4.09% from 77.96% to 73.87% following the fixing of the conversion ratio of a certain tranche of CCPS in RGE held by non-controlling shareholders and these CCPS were reclassified from liability to equity.
- (l) On 14 September 2018, HPAK Cancer Centre Sdn Bhd was dissolved pursuant to members’ voluntary winding up.

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

A12 SUBSEQUENT EVENTS

- (a) On 1 October 2018, Pantai Hospitals Sdn Bhd (“PHSB”) completed the acquisition of 9,500,000 ordinary shares in Amanjaya Specialist Centre Sdn Bhd (“Amanjaya”), representing a 100% equity interests therein, for a total cash consideration of RM101,659,000. Amanjaya owns and operates a 98-bed capacity multidiscipline specialist hospital known as Amanjaya Specialist Centre (Pusat Pakar Amanjaya) located in Sungai Petani, Kedah, Malaysia.
- (b) On 13 November 2018, Northern TK Venture Pte Ltd (“NTK”), an indirect wholly-owned subsidiary of the Company, completed the subscription of 235,294,117 new equity shares of face value of Indian Rupee (“INR”) 10 each (“Fortis Shares”) in Fortis Healthcare Limited (“Fortis”). Consequential thereto, NTK holds 31.1% of the expanded voting share capital of Fortis and Fortis and its subsidiaries will be consolidated as indirect subsidiaries of the Company.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in the contingent liabilities or contingent assets as at 20 November 2018 from that disclosed in the 2017 Audited Financial Statements.

A14 CAPITAL COMMITMENTS

	30 Sept 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	858,076	1,083,580

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 September 2018</u>				
Assets				
Investment properties	-	-	3,167,972	3,167,972
Unquoted FVOCI financial instruments	-	178,047	-	178,047
Derivative assets	-	41,200	-	41,200
Liabilities				
Put option liabilities ⁱⁱ	-	-	(920,991)	(920,991)
Derivative liabilities	-	(4,616)	(19,999)	(24,615)
<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. On August 2018, with the fixing of the conversion ratio of a certain tranche of CCPS in RGE, these CCPS were reclassified from liability to equity.
- ii) Put options granted to non-controlling interests are stated at fair value based on the subsidiary's equity value 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 Q3 2018.

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

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

	3rd quarter ended			Financial period ended		
	30 Sept 2018	30 Sept 2017	Variance	30 Sept 2018	30 Sept 2017	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
<u>REVENUE¹</u>						
Parkway Pantai:						
- Singapore	986,855	963,844	2%	2,863,271	2,882,949	-1%
- Malaysia	503,087	466,860	8%	1,468,706	1,363,720	8%
- India	161,757	197,043	-18%	494,423	532,209	-7%
- North Asia	118,324	81,389	45%	360,081	233,710	54%
- PPL Others*	49,360	46,552	6%	138,063	131,920	5%
Parkway Pantai	1,819,383	1,755,688	4%	5,324,544	5,144,508	3%
Acibadem Holdings	922,507	950,605	-3%	2,736,204	2,818,989	-3%
IMU Health	64,422	60,052	7%	193,152	191,357	1%
Others[^]	1,053	497	112%	2,275	1,575	44%
Group (Excluding PLife REIT)	2,807,365	2,766,842	1%	8,256,175	8,156,429	1%
PLife REIT total revenue	84,768	87,209	-3%	250,328	257,240	-3%
Less: PLife REIT inter-segment revenue	(51,218)	(53,196)	4%	(150,919)	(156,163)	3%
PLife REIT	33,550	34,013	-1%	99,409	101,077	-2%
Group	2,840,915	2,800,855	1%	8,355,584	8,257,506	1%
<u>EBITDA²</u>						
Parkway Pantai ³ :						
- Singapore	301,502	267,499	13%	822,498	790,374	4%
- Malaysia	149,954	136,493	10%	411,468	385,157	7%
- India	586	(2,594)	123%	4,237	3,982	6%
- North Asia	(59,552)	(60,868)	2%	(154,037)	(188,935)	18%
- PPL Others*	4,205	22,254	-81%	2,057	41,267	-95%
Parkway Pantai	396,695	362,784	9%	1,086,223	1,031,845	5%
Acibadem Holdings	139,966	120,451	16%	437,115	411,774	6%
IMU Health	25,417	21,627	18%	75,312	73,659	2%
Others[^]	(12,900)	(11,916)	-8%	(46,575)	(61,718)	25%
Group (Excluding PLife REIT)	549,178	492,946	11%	1,552,075	1,455,560	7%
PLife REIT⁴	67,649	69,422	-3%	201,562	208,215	-3%
Group	616,827	562,368	10%	1,753,637	1,663,775	5%

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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

Q3 2018 vs Q3 2017

The Group's revenue and EBITDA increased 1% and 10% respectively in Q3 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). Existing hospitals and healthcare businesses also continue to grow in Q3 2018 as compared to Q3 2017. Excluding the effects of the strengthening RM, the Group's revenue and EBITDA increased 18% and 23% respectively in Q3 2018 over the same period last year.

The Group's Q3 2018 PATMI excluding exceptional items ("PATMI (Excl EI)") increased 146% to RM309.0 million due to stronger operational performance, and boosted by foreign exchange gain arising from the stronger US dollar on the Group's USD-denominated cash balances as well as higher fair value gain on financial instruments.

Parkway Pantai

Parkway Pantai's Q3 2018 revenue increased 4% to RM1,819.4 million whilst its EBITDA increased 9% to RM396.7 million. Excluding the effects of the strengthening RM on translation of Parkway Pantai's results, Parkway Pantai's Q3 2018 revenue increased 8% while its EBITDA increased 13% 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 also grew.

Parkway Pantai's Singapore hospitals inpatient admissions declined 0.7% to 19,217 in Q3 2018 while its revenue per inpatient admission in Singapore increased 8.0% to RM31,375. Parkway Pantai's Malaysia Hospitals' inpatient admissions increase 3.3% to 49,988 inpatient admissions in Q3 2018, while its revenue per inpatient admission increased 2.6% to RM6,678. Parkway Pantai's India Hospitals' inpatient admissions decreased 20.7% to 16,266 inpatient admissions due to loss of several doctors, which is being addressed by hiring new anchor doctors. However, Parkway Pantai's India Hospitals' revenue per inpatient admission increased 16.6% to RM7,697.

Parkway Pantai's Q3 2018 EBITDA was boosted by Gleneagles Hong Kong Hospital's decreasing start-up losses, which decreased from RM68.8 million in Q3 2017 to RM49.4 million in Q3 2018, as a result of operating leverage.

Acibadem Holdings

Acibadem Holdings' Q3 2018 revenue decreased 3% to RM922.5 million whilst its EBITDA increased 16% to RM140.0 million. Excluding the effects of the strengthening RM on translation of Acibadem Holdings' results, Acibadem Holdings' Q3 2018 revenue increased 38% while its EBITDA increased 66% over corresponding period last year.

Acibadem Altunizade Hospital, which was opened in March 2017, contributed to Acibadem Holdings' revenue growth in Q3 2018. On a blended and constant currency basis, Acibadem Kadikoy Hospital¹, Acibadem Kozyatagi Hospital¹ and Acibadem Altunizade Hospital revenue increased 50% in Q3 2018 as compared to Q3 2017. Acibadem Holdings' existing hospitals and healthcare businesses continue to grow in Q3 2018 as compared to Q3 2017.

Acibadem Holdings' inpatient admissions grew 7.5% to 54,798 in Q3 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 31.5% to RM7,085 in Q3 2018 with price increase imposed on private insurance and out-of-pocket patients, more complex cases taken and increase in foreign patients.

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.

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

On a blended and constant currency basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital EBITDA increased 121% in Q3 2018 as compared to Q3 2017.

IMU Health

IMU Health's Q3 2018 revenue increased 7% to RM64.4 million due higher student intake and population for certain courses in Q3 2018 as compared to Q3 2017.

IMU Health's Q3 2018 EBITDA increased 18% to RM25.4 million on the back of higher revenue in Q3 2018.

PLife REIT

PLife REIT's Q3 2018 external revenue decreased 1% to RM33.6 million, whilst its EBITDA decreased 3% to RM67.6 million. Excluding the effects of the strengthening RM on translation of PLife REIT's results, PLife REIT's Q3 2018 revenue increased and EBITDA increased 3% and 2% respectively as compared to Q3 2017.

Others

Revenue in Q3 2018 and Q3 2017 relates to dividends from the Company's investments in MMF. More dividends was received in Q3 2018 due to larger amount of RM178.0 million invested in MMF in Q3 2018 as compared to RM70.6 million in Q3 2017.

EBITDA losses increased to RM12.9 million in Q3 2018 as a result of the higher staff costs and operating expenses in Q3 2018.

YTD 2018 vs YTD 2017

The Group's revenue and EBITDA increased 1% and 5% respectively in YTD 2018 over the same period last year, as a result of the sustained organic growth from existing operations and the continuous ramp up of the 2 hospitals opened in March 2017. Existing hospitals and healthcare businesses also continue to grow in YTD 2018 as compared to YTD 2017. Excluding the effects of the strengthening RM, the Group's revenue and EBITDA increased 16% and 17% respectively in YTD 2018 over the same period last year.

The Group's YTD 2018 PATMI (Excl EI) increased 66% to RM686.0 million as a result of the low base in YTD 2017 where the Group accrued RM22.5 million interest expenses for capital gains tax payable and RM17.7 million additional tax provision relating to prior-year's tax. In addition, the Group's PATMI (Excl EI) was boosted by foreign exchange gain arising from the stronger US dollar on the Group's USD-denominated cash balances as well as higher fair value gain on financial instruments.

Parkway Pantai

Parkway Pantai's YTD 2018 revenue increased 3% to RM5,324.5 million whilst its EBITDA increased 5% to RM1,086.2 million. Excluding the effects of the strengthening RM on translation of Parkway Pantai's results, both Parkway Pantai's YTD 2018 revenue and EBITDA increased 8% 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 0.8% increase in inpatient admissions to 57,590 in YTD 2018, driven by increase in local patients. Revenue per inpatient admission in Singapore increased 7.3% to RM30,804. Parkway Pantai's Malaysia Hospitals' YTD 2018 inpatient admissions growth was flat at 148,223, while its revenue per inpatient admission increased 6.8% to RM6,600. Parkway Pantai's India Hospitals' inpatient admissions decreased 7.7% to 49,583 inpatient admissions, while its revenue per inpatient admission increased 11.8% to RM7,645.

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

Parkway Pantai's YTD 2018 EBITDA was eroded with the recognition of RM24.9 million acquisition-related expenses in YTD 2018. This is offset by Gleneagles Hong Kong Hospital's decreasing start-up losses, which decreased from RM218.7 million in YTD 2017 to RM138.7 million in YTD 2018, as a result of operating leverage.

Acibadem Holdings

Acibadem Holdings' YTD 2018 revenue decreased 3% to RM2,736.2 million whilst its EBITDA increased 6% to RM437.1 million. Excluding the effects of the strengthening RM on translation of Acibadem Holdings' results, Acibadem Holdings' YTD 2018 revenue increased 32% while its EBITDA increased 44% 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 56% 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 10.0% to 172,203 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 21.8% to RM6,367 in YTD 2017 with more complex cases taken and increase in number of foreign patients in YTD 2018.

IMU Health

IMU Health's YTD 2018 revenue increased 1% to RM193.2 million as a result of the higher student intake and population for certain courses in Q3 2018.

IMU Health's YTD 2018 EBITDA increased 2% to RM75.3 million on the back of increase in revenue.

PLife REIT

PLife REIT's YTD 2018 external revenue decreased 2% to RM99.4 million, whilst its EBITDA decreased 3% to RM201.6 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 RM46.6 million in YTD 2018 as a result of the high 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.

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

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	3rd quarter ended 30 Sept 2018 RM'000	2nd quarter ended 30 Jun 2018 RM'000	Variance %
<u>REVENUE</u>¹			
Parkway Pantai:			
- Singapore	986,855	954,904	3%
- Malaysia	503,087	481,659	4%
- India	161,757	159,669	1%
- North Asia	118,324	130,494	-9%
- PPL Others*	49,360	43,518	13%
Parkway Pantai	1,819,383	1,770,244	3%
Acibadem Holdings	922,507	790,441	17%
IMU Health	64,422	64,642	0%
Others[^]	1,053	1,222	-14%
Group (Excluding PLife REIT)	2,807,365	2,626,549	7%
PLife REIT total revenue	84,768	82,873	2%
Less: PLife REIT inter-segment revenue	(51,218)	(49,706)	-3%
PLife REIT	33,550	33,167	1%
Group	2,840,915	2,659,716	7%
<u>EBITDA</u>²			
Parkway Pantai ³ :			
- Singapore	301,502	283,284	6%
- Malaysia	149,954	127,961	17%
- India	586	(4,692)	112%
- North Asia	(59,552)	(44,542)	-34%
- PPL Others*	4,205	(12,803)	133%
Parkway Pantai	396,695	349,208	14%
Acibadem Holdings	139,966	108,266	29%
IMU Health	25,417	23,393	9%
Others[^]	(12,900)	(20,041)	36%
Group (Excluding PLife REIT)	549,178	460,826	19%
PLife REIT⁴	67,649	67,121	1%
Group	616,827	527,947	17%

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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

Q3 2018 vs Q2 2018

The Group achieved 7% quarter-on-quarter revenue growth from low base in Q2 2018 as a result of Hari Raya and Eid holidays in Q2 2018. Q3 2018 EBITDA increased 17% quarter-on-quarter on the back of revenue growth and a low base in Q2 2018 where the Group recognised RM20.4 million acquisition-related expenses in Q2 2018. On a constant currency basis, quarter-on-quarter revenue increased 5%, whilst EBITDA increased 14%.

Q3 2018 PATMI (Excl EI) increased 23% quarter-on-quarter on the back of the EBITDA growth and the recognition of higher fair value gain on financial instruments in Q3 2018. Q3 2018 PATMI (Excl EI) was partially eroded by the higher net financing costs due to the depreciation of TL against USD and Euro arising from the Group's USD and Euro borrowings, and lower exchange gain recognised in Q3 2018 on the Group's USD-denominated cash balances.

Parkway Pantai

Parkway Pantai's revenue increased 3% while its EBITDA increased 14% quarter-on-quarter. Excluding the effects of the quarter-on-quarter weakening RM on translation of Parkway Pantai's results, Parkway Pantai's revenue and EBITDA increased 2% and 13% quarter-on-quarter respectively.

Parkway Pantai's Singapore hospitals inpatient admissions increased 1.0% quarter-on-quarter, while its revenue per inpatient admission increased 0.5%. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals increased 4.2% quarter-on-quarter, while its revenue per inpatient admission decreased 0.3%. Parkway Pantai India Hospitals inpatient admissions increased 0.1% quarter-on-quarter, while its revenue per inpatient admission increased 0.8%.

Parkway Pantai's quarter-on-quarter EBITDA grew from a low base in Q2 2018 with the recognition of RM20.4 million acquisition-related expenses in Q2 2018.

Acibadem Holdings

Acibadem Holdings' revenue increased 17% while its EBITDA increased 29% quarter-on-quarter. Excluding the effects of the strengthening RM on translation of Acibadem Holdings' results, Acibadem Holdings' Q3 2018 revenue and EBITDA increased 9% and 16% quarter-on-quarter respectively.

Acibadem Holdings' inpatient admissions decreased 4.3% quarter-on-quarter due to seasonality, while its revenue per inpatient admission increased 13.4% with more complex cases taken.

Acibadem Holding's Q3 2018 EBITDA increased on the back of the revenue growth and boosted by operating leverage from the ramp up of operations in Acibadem Atakent and Acibadem Altunizade Hospitals.

IMU Health

IMU Health's revenue was flat quarter-on-quarter, whilst its EBITDA increased 9% quarter-on-quarter. Higher student recruitment promotional expenses were incurred in Q2 2018.

PLife REIT

Both PLife REIT's Q3 2018 external revenue and EBITDA increased 1% quarter-on-quarter.

Others

Q3 2018 revenue decreased 14% to RM1.1 million in Q3 2018 as a result of lower dividends received from MMF investment.

EBITDA losses decreased 36% to RM12.9 million in Q3 2018 mainly due to the recharge of staff costs to PPL-Others segment in Q3 2018.

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

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 continue 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 India, China and Southeast Asia to prepare for its next phase of growth, where the demand for quality healthcare services is strong. In China, Parkway Pantai's pipeline of two new hospitals is progressing. Construction of Gleneagles Chengdu Hospital is moving ahead and is slated to open in 2019. Recruitment of local and international doctors as well as senior hospital management staff is ongoing. Construction of Gleneagles Shanghai Hospital, in Hongqiao, is 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. The outlook for India healthcare appears to be positive, with private healthcare the preferred choice for the population. In India, we expect to see volume ramp up and case mix improvements from our current hospitals. Post the Fortis acquisition, IHH's presence in India will increase significantly in terms of revenue contribution and the number of licensed beds across India.

Parkway Pantai is focused on ramping up existing operations and integrating Fortis in the short to medium term. Parkway Pantai will leverage on technology and adopt more advance medical treatment for its patients. Progress is 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.

Acibadem Holdings

Acibadem Holdings expects its patient volumes to grow with the continued demand, increased affordability of private healthcare and more foreign medical travelers coming to Turkey to seek medical treatment. Acibadem Altunizade Hospital will also contribute to Acibadem Holdings' revenue as patient volumes grows and more complex cases are undertaken. Acibadem Maslak Hospital's capacity has recently been expanded and more beds were added. The new facility commenced operations in early October and is expected to contribute to revenue.

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. In October 2018, the Group announced that it would increase its stake in Acibadem Holdings to almost 90% (Refer to Section B6 for details), thus giving IHH greater financial and operational flexibility to deleverage 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. The Group expects that the expansion projects in Malaysia and China 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 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.

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

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 amidst cautious business sentiment.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	3rd quarter ended		Financial period ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM'000	RM'000	RM'000	RM'000
Current tax expense	99,452	97,262	267,728	262,983
Deferred tax expense	(61,698)	(11,609)	(107,309)	6,591
	<u>37,754</u>	<u>85,653</u>	<u>160,419</u>	<u>269,574</u>

The Group effective tax rate for Q3 2018 and YTD 2018 is negative as it is in a net loss before tax, after adjusting for the share of profits of associates and joint ventures. The Group's effective tax rate is also impacted by unrecognised tax losses of Gleneagles Hong Kong Hospital, and unrecognised tax losses arising from Acibadem Holdings' exchange losses on its net borrowings.

Q3 2017 effective tax rate was high mainly to the unrecognised tax losses of Gleneagles Hong Kong Hospital. YTD 2017 effective tax rate was 25.4% due mainly the RM554.5 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.

B6 STATUS OF CORPORATE PROPOSALS

Save as disclosed below, there were no other corporate proposals announced but not completed as at 20 November 2018:

- 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");

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

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").

- 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 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 ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

- (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
- (c) pursuant to the Fortis Board Resolution and the filing of the Fortis Public Announcement, NTK together with the PACs intend to also on 13 July 2018, in terms of Regulations 3(1), 4 and 5(1) read with Regulations 13(2)(e) and 15(1) of the SEBI (SAST) Regulations, release a public announcement ("Malar Public Announcement") to the Malar Shareholders (as defined below) of Malar, in relation to the Malar Open Offer. Save and except for the PACs, no other person is acting in concert with the Acquirer for the purpose of the Malar Open Offer at the time of the Malar Public Announcement being released.

"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.

On 13 November 2018, all the Conditions Precedent for the Proposed Subscription as set out in the Fortis SSA have been fulfilled.

2. Acquisition by IHH, through its wholly-owned subsidiary, Integrated Healthcare Hastaneler Turkey Sdn Bhd ("IHH Turkey"), of approximately 30% additional equity interest in ASYH, an existing 60%-owned subsidiary of IHH, through:
- (i) the exercise by Mehmet Ali Aydinlar ("MAA") and Hatice Seher Aydinlar ("HSA") of the option ("Aydinlar Option") under the Shareholders' Agreement dated 23 December 2011 entered between IHH, IHH Turkey, Bagan Lalang Ventures Sdn Bhd ("Bagan Lalang"), MAA and HSA ("Shareholders' Agreement") held by MAA and HSA (collectively "Aydinlar") to convert their Class A Shares in ASYH ("Acibadem Class A Shares") representing approximately 15% equity interest in ASYH into new ordinary shares in IHH ("IHH Shares") ("Aydinlar Acquisition");
- (ii) the exercise by Bagan Lalang of the option ("Bagan Lalang Option") under the Shareholders' Agreement held by Bagan Lalang to convert its Class B Shares in ASYH ("Acibadem Class B Shares") representing approximately 15% equity interest in ASYH into new IHH Shares ("Bagan Lalang Acquisition"); and
- (iii) the transfer of the remaining 1 Acibadem Class B Share in ASYH held by Bagan Lalang to IHH Turkey at no consideration ("Bagan Lalang Transfer").

The Aydinlar Acquisition, Bagan Lalang Acquisition and Bagan Lalang Transfer collectively referred to as the "Acquisition". Please refer to the Company's announcement broadcast on 8 October 2018 for further details on the Acquisition.

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

Aydinlar and Bagan Lalang have exercised the Aydinlar Option and Bagan Lalang Option respectively and consequently IHH, through its wholly-owned indirect subsidiary, IHH Turkey, will acquire approximately 30% equity interest in ASYH (an existing 60%-owned subsidiary held through IHH Turkey) through:

- (i) the exercise by MAA and HSA of the Aydinlar Option. MAA and HSA have served a notice requesting to convert a total of 229,199,999 Acibadem Class A Shares (i.e. 212,719,852 Acibadem Class A Shares for MAA and 16,480,147 Acibadem Class A Shares for HSA) representing approximately 15% equity interest in ASYH for 262,246,412 new IHH Shares on 8 October 2018;
- (ii) the exercise by Bagan Lalang of the Bagan Lalang Option. Bagan Lalang has served a notice requesting to convert a total of 229,199,999 Acibadem Class B Shares representing approximately 15% equity interest in ASYH for 262,246,412 new IHH Shares ("Bagan Lalang Conversion Notice") on 8 October 2018; and
- (iii) the transfer of the remaining 1 Acibadem Class B Share in ASYH held by Bagan Lalang to IHH Turkey at no consideration. Bagan Lalang has through the Bagan Lalang Conversion Notice, stated its intention to concurrently with the completion of the Bagan Lalang Option, undertake the Bagan Lalang Transfer.

The Aydinlar Acquisition and Bagan Lalang Acquisition are conditional upon the following approvals being obtained:

- (a) approval from the shareholders of IHH, which had been obtained on 11 July 2012;
- (b) approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the new IHH Shares to be issued pursuant to the Aydinlar Acquisition and Bagan Lalang Acquisition. In this respect, Bursa Securities, had, through its letter dated 13 June 2012 approved, among others, the listing of and quotation for up to 611,043,866 new IHH Shares to be issued pursuant to the exercise of the Aydinlar Option and the Bagan Lalang Option;
- (c) approval from Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing of and quotation for the new IHH Shares to be issued pursuant to the Aydinlar Acquisition and Bagan Lalang Acquisition. In this respect, SGX-ST, had, through its letter dated 12 June 2012 approved, among others, the listing of and quotation for up to 625,900,000 new IHH Shares to be issued pursuant to the exercise of the Aydinlar Option and Bagan Lalang Option; and
- (d) approval from Bank Negara Malaysia ("BNM"), which has been obtained on 15th November 2018.

The Bagan Lalang Transfer is not conditional upon any approvals being obtained.

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

B7 LOANS, BORROWINGS AND OVERDRAFTS

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

	30 Sept 2018 RM'000	31 Dec 2017 RM'000
Non-current		
Secured		
Bank borrowings	640,151	437,702
Financial lease liabilities	132,127	107,492
Unsecured		
Bank borrowings	5,576,629	5,257,584
Fixed rate notes	429,391	301,007
	<u>6,778,298</u>	<u>6,103,785</u>
Current		
Secured		
Bank overdrafts	4,819	68
Bank borrowings	39,608	36,412
Financial lease liabilities	32,139	31,299
Unsecured		
Bank borrowings	148,421	622,276
	<u>224,987</u>	<u>690,055</u>
Total	<u><u>7,003,285</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 Sept 2018 RM'000	31 Dec 2017 RM'000
Singapore Dollar	1,261,606	1,259,154
Ringgit Malaysia	542	500
US Dollar	513,431	492,525
Euro	2,204,127	2,175,558
Turkish Lira	63,870	75,483
Japanese Yen	1,464,939	1,380,935
Indian Rupees	327,236	347,298
Hong Kong Dollar	1,159,804	1,051,177
Bulgarian Lev	-	6,362
Others	7,730	4,848
	<u><u>7,003,285</u></u>	<u><u>6,793,840</u></u>

Key exchange rates as at 30 September 2018:

1 SGD	3.0257
1 TL	0.6691
1 USD	4.1340

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

B8 FINANCIAL DERIVATIVE INSTRUMENTS

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

	Notional amount as at 30 Sept 2018 RM'000	Fair value amount as at 30 Sept 2018 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	623,107	33,668
- Between 1 - 3 years	77,674	1,522
- More than 3 years	105,402	1,777
	806,183	36,967
Cross currency interest rate swaps		
- Between 1 - 3 years	151,286	2,625
Put option		
- Within 1 year	16,120	1,608
	973,589	41,200
Derivative liabilities		
Interest rate swaps		
- Within 1 year	435,483	(1,236)
- Between 1 - 3 years	425,756	(1,176)
- More than 3 years	163,352	(94)
	1,024,591	(2,506)
Foreign exchange forward contracts		
- Between 1 - 3 years	19,642	(169)
Cross currency interest rate swaps		
- Between 1 - 3 years	227,498	(1,941)
Call option granted to non-controlling interests		
- Within 1 year	28,351	(19,999)
	1,300,082	(24,615)

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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 20 November 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 by the Company during the period ended 30 September 2018.

For details of the dividends paid during the period, please refer to Section A7.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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.

	3rd quarter ended		Financial period ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 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 interests	(104,071)	82,091	118,270	868,698
Perpetual securities distribution accrued	(21,867)	(16,056)	(63,378)	(16,056)
	<u>(125,938)</u>	<u>66,035</u>	<u>54,892</u>	<u>852,642</u>
ii) <u>Net profit attributable to ordinary shareholders (excluding EI)</u>				
Profit after tax and non-controlling interests(excluding EI)	309,005	125,413	686,048	413,426
Perpetual securities distribution accrued	(21,867)	(16,056)	(63,378)	(16,056)
	<u>287,138</u>	<u>109,357</u>	<u>622,670</u>	<u>397,370</u>
(a) Basic EPS				
	'000	'000	'000	'000
Weighted average number of shares	<u>8,244,715</u>	<u>8,239,071</u>	<u>8,242,138</u>	<u>8,235,411</u>
	Sen	Sen	Sen	Sen
Basic EPS	(1.53)	0.80	0.67	10.35
Basic EPS (excluding EI)	<u>3.48</u>	<u>1.33</u>	<u>7.55</u>	<u>4.83</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.

	3rd quarter ended		Financial period ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	'000	'000	'000	'000
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,244,715	8,239,071	8,242,138	8,235,411
Weighted number of unissued ordinary shares from units under Long Term Incentive Plan	1,980	2,414	2,767	3,192
Weighted number of unissued ordinary shares from share options under EOS	8	4	202	193
Weighted average number of dilutive ordinary shares for computation of diluted EPS	<u>8,246,703</u>	<u>8,241,489</u>	<u>8,245,107</u>	<u>8,238,796</u>
	Sen	Sen	Sen	Sen
Diluted EPS	(1.53)	0.80	0.67	10.35
Diluted EPS (excluding EI)	<u>3.48</u>	<u>1.33</u>	<u>7.55</u>	<u>4.82</u>

At 30 September 2018, 33,000,000 outstanding EOS options (30 September 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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018**

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

	3rd quarter ended		Financial period ended	
	30 Sept 2018	30 Sept 2017	30 Sept 2018	30 Sept 2017
	RM'000	RM'000	RM'000	RM'000
Dividend income	1,053	497	2,275	1,575
Other operating income	55,294	45,414	150,084	150,792
Foreign exchange differences	49,879	(38,546)	23,037	(48,350)
Impairment loss written back/(made):				
- Trade and other receivables	12,712	(6,313)	25,628	3,714
- Amounts due from associates	-	1	-	903
Write off:				
- Property, plant and equipment	163	(1,726)	(315)	(2,534)
- Intangible assets	-	(75)	-	(75)
- Inventories	(422)	213	(1,352)	(724)
- Trade and other receivables	(4,032)	(10,942)	(8,522)	(23,334)
Gain on disposal of property, plant and equipment	169	4,169	1,118	6,973
Gain on disposal of quoted FVOCI financial instruments	-	-	-	554,500
Gain on disposal of unquoted FVOCI financial instruments	-	-	-	192
Loss on disposal of a business unit	-	(943)	-	(943)
Provision for financial guarantee given to a joint venture's loan facility	(382)	(397)	(1,124)	(1,179)
Insurance compensation for Chennai flood	(99)	-	17,309	-
Finance income				
Interest income				
- Banks and financial institutions	32,657	22,978	88,610	51,191
- Others	799	559	1,670	907
Exchange gain on net borrowings	-	15,638	-	51,719
Fair value gain of financial instruments	32,597	9,212	55,717	12,178
	66,053	48,387	145,997	115,995
Finance costs				
Interest expense	(72,121)	(57,228)	(194,198)	(188,647)
Exchange loss on net borrowings	(752,534)	(123,166)	(1,101,556)	(290,213)
Fair value gain/(loss) of financial instruments	15,759	(470)	(2,991)	-
Other finance costs	(8,010)	(6,530)	(19,096)	(23,405)
	(816,906)	(187,394)	(1,317,841)	(502,265)