

AUDIT REPORT - MODIFIED OPINION / MATERIAL UNCERTAINTY RELATED TO GOING CONCERN : QUALIFIED OPINION

IHH HEALTHCARE BERHAD

Type	Announcement
Subject	AUDIT REPORT - MODIFIED OPINION / MATERIAL UNCERTAINTY RELATED TO GOING CONCERN QUALIFIED OPINION
Description	Qualified Opinion on the Audited Financial Statements for the financial year ended 31 December 2018

Please refer attachment below.

Attachments

[IHH Announcement - Audit Report_Qualified Opinion.pdf](#)
58.5 kB

Announcement Info	
Company Name	IHH HEALTHCARE BERHAD
Stock Name	IHH
Date Announced	01 Apr 2019
Category	General Announcement for PLC
Reference Number	GA1-28032019-00065



IHH Healthcare Berhad

Company No. 901914-V
(Incorporated in Malaysia)

IHH HEALTHCARE BERHAD

Type	:	General Announcement
Subject	:	Audit Report - Modified Opinion / Material Uncertainty Related to Going Concern Qualified Opinion
Description	:	Qualified Opinion on the Audited Financial Statements for the financial year ended 31 December 2018

1. Introduction

Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of IHH Healthcare Berhad (“IHH”) wishes to announce that the Company’s external auditors, KPMG PLT (“**Independent Auditors**”) have issued a qualified opinion in its independent auditors’ report dated 1 April 2019 (“**Independent Auditors’ Report**”) in respect of the Audited Financial Statements of IHH for the financial year ended 31 December 2018 (“**2018 Financial Statements**”).

2. Details of the Qualified Opinion disclosed in the Independent Auditors’ Report

The details of qualified opinion as disclosed in the Independent Auditors’ Report is reproduced below:

Opinion

We have audited the financial statements of IHH Healthcare Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 11 to 189.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performances and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

As disclosed in Note 50 to the financial statements, the Group completed its acquisition of Fortis Healthcare Limited ("Fortis") and its subsidiaries ("Fortis Group") on 13 November 2018. Prior to the acquisition, an investigation report by an independent external legal firm was submitted to the former Fortis board, relating to systematic lapses/override of internal controls. Significant findings, amongst others, highlighted the placement of inter-corporate deposits and existence of possible related parties connected with former controlling shareholders of Fortis which may require appropriate reassessment by Fortis Group on the claims from, or transactions with, such parties. The Fortis Group had also initiated enquiries of the management of the entities in the Fortis Group that were impacted in respect of the matters investigated by the external legal firm.

In addition, there are ongoing investigations by the Securities and Exchange Board of India ("SEBI") and the Serious Fraud Investigation Office ("SFIO"), Ministry of Corporate Affairs of India. On 17 October 2018 and 21 December 2018, SEBI had issued interim orders which, amongst others, stating that certain transactions were structured by some identified entities, which were *prima facie* fictitious and fraudulent in nature, resulting in, *inter alia*, diversion of funds by former controlling shareholders of Fortis.

Due to the ongoing process of the various inquiries/investigations (including the need for any additional investigations by Fortis), the external auditors of Fortis are unable to determine if there are any regulatory non-compliances and additional adjustments/disclosures which may be necessary as a result of further findings of the ongoing or future regulatory/internal investigations and the consequential impact, if any, on the consolidated financial statements of Fortis. Any consequential adjustments may be recorded either as adjustments to the assets acquired and liabilities assumed in the acquisition which will have an impact to the provisional goodwill recognised by the Group on acquisition of Fortis under the purchase price allocation exercise, or as post-acquisition adjustments to be recognised in the financial statements of the Group in the period the adjustments are known.

Please refer to the copy of Note 50 of the 2018 Financial Statements as annexed herewith under Appendix I.

3. Key Audit Matters

The following key audit matters, which are not related to the modified opinion, are reported in the Independent Auditors' Report:

- a) Impairment of the goodwill and intangible assets – Group
- b) Basis of consolidation of investment in Fortis Healthcare Limited as a subsidiary – Group
- c) Impairment of investment in a subsidiary – Company

For more details on the above key audit matters and how the Independent Auditor addressed the key audit matters, please refer to the copy of the Independent Auditors' Report annexed herewith under Appendix II.

4. Steps taken or proposed to be taken to address the key audit matters that relate to the modified opinion and the timeline involved

The key audit matters disclosed in the Independent Auditors' Report are not related to the modified opinion issued by the Independent Auditors.

The steps taken or proposed to be taken as disclosed below are to address the Basis for Qualified Opinion

a) Actions taken after the findings by the external legal firm

With respect to the findings by the external legal firm, the Fortis Board has implemented specific improvement projects to strengthen the process and control environment. These include review and revision of operational and financial authority levels, greater oversight by Fortis Board, review and improve financial reporting processes, more robust secretarial documentation in regard to compliance to regulatory requirements and improving systems design and control enhancement. Accordingly, steps have been taken in relation to enhanced authority levels for payments/transfer of funds within Fortis Group, and review of borrowings above certain levels by the Fortis Board. Fortis Group had also disengaged itself from the former controlling shareholders. Fortis Board continues to evaluate other areas to strengthen processes and build a robust governance framework. The Fortis Board has initiated an enquiry of the management of the certain entities in the Fortis Group that were impacted in respect of the matters investigated by the external legal firm.

b) Actions taken after SEBI's interim orders

As per the directions from SEBI, Fortis Group has also taken steps to recover dues from the former controlling shareholders of Fortis and various other entities. These include initiating civil actions against these entities demanding recovery of the outstanding amounts together with interest and to secure repayment of the outstanding amounts on the assets of these entities.

Based on the findings of investigations to-date, all identified/required adjustments/disclosures have been recorded in the financial statements of Fortis Group prior to the Group's acquisition in November 2018.

c) Additional action to address the modified opinion

To further address the modified opinion, IHH Board has initiated an independent forensic audit on the operation of Fortis Group. Fortis Board will also initiate its own independent forensic audit to ascertain the extent of diversion of funds from Fortis Group.

Barring unforeseen circumstances, the Group expects the forensic audit to be completed before 31 December 2019.

**Extracted from the financial statements for the financial year ended
31 December 2018**

Company No. 901914-V

50. Matters arising from investigations

The Group completed its acquisition of Fortis Healthcare Limited (“Fortis”) and its subsidiaries (“Fortis Group”) in November 2018. Prior to this acquisition, an investigation report by an independent external legal firm was submitted to the former Fortis board and there are ongoing investigations on Fortis by the Securities and Exchange Board of India (“SEBI”) and the Serious Fraud Investigation Office (“SFIO”), Ministry of Corporate Affairs of India, both further explained below.

a) Independent investigation by external legal firm (prior to the acquisition of Fortis by IHH Group)

The external legal firm’s significant findings revealed that the Fortis Group had made investment placements in the nature of inter-corporate deposits (“ICDs”) with three companies (“borrowing companies”) totalling INR4,450 million (equivalent to RM261.2 million) which were impaired in full in the financial statements for the year ended 31 March 2018 of Fortis Group. The Fortis Group is in the process of evaluating the legal alternatives available to recover the aforesaid balances and interest thereon. The report suggested that the ICDs were utilised by the borrowing companies (possible related parties of Fortis Group in substance) for granting/repayment of loans to certain entities whose former directors of Fortis are connected with the former controlling shareholders of Fortis.

Additionally, the placement of ICDs, their subsequent assignment and the cancellation of such assignment were done without following the normal treasury operations and treasury mandate of Fortis Group; and without specific authorisation by the former board of Fortis.

As disclosed in Note 49 – Contingent Liabilities, a third party (to whom the ICDs were previously assigned) filed a civil suit in February 2018 against various entities including Fortis and have, *inter alia*, claimed implied ownership of brands “Fortis”, “SRL” and “La Femme”. In the suit, it claimed that consequent to a term sheet, Fortis is liable for claims due to the third party from a certain party, in addition to total claims of INR2,534 million (equivalent to RM148.8 million) and other claims by the said certain party. Based on advice from external legal counsel, Fortis believes that these claims are without legal basis and are not tenable and accordingly, no provisions were required. Whilst this legal matter was included as part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was *sub-judice*.

50. Matters arising from investigations (continued)

a) Independent investigation by external legal firm (prior to the acquisition of Fortis by IHH Group) (continued)

Fortis Group acquired 71% equity interest in Fortis Healthstaff Limited ("Fortis Healthcare") at consideration of INR346,000 (equivalent to RM20,000), and 51% equity interest in Fortis Emergency Services Limited ("Fortis Emergency Services") at consideration of INR25,000 (equivalent to RM1,500). Loans of INR79.45 million (equivalent to RM4.7million) and INR20.8 million (equivalent to RM1.2mil), were advanced to these newly-acquired subsidiaries to repay the outstanding unsecured loan amounts due to companies related to the former controlling shareholders of Fortis. The report suggested that the loan repayment and some other payments to companies connected to the former controlling shareholders of Fortis may have been ultimately routed through various intermediary companies and used for repayment of the ICDs/vendor advance to Fortis Group.

b) Regulatory investigations (prior to the acquisition of Fortis by IHH Group)

On 17 October 2018 and 21 December 2018, SEBI issued interim orders, indicating, amongst others, certain transactions were structured by some identified entities, which were *prima facie* fictitious and fraudulent in nature, resulting in, *inter alia*, diversion of funds from the Fortis Group for the ultimate benefit of former controlling shareholders of Fortis (and certain entities controlled by them) and misrepresentation in financial statements for the year ended 31 March 2018 of Fortis Group. Further, it issued certain interim directions, *inter alia*, directing Fortis shall take all necessary steps to recover INR4,030 million (equivalent to RM236.7mil), along with due interest, from former controlling shareholders of Fortis and various other entities identified in the orders.

The matter before SEBI is *sub-judice* and its investigation has not yet concluded.

Similarly, the investigation by the SFIO is ongoing. Fortis Group has been submitting all the information required by the various investigating agencies and is fully cooperating in the investigations/ inquiries.

50. Matters arising from investigations (continued)

c) Actions taken by Fortis Group

With respect to the above findings by the external legal firm, the Fortis Board has implemented specific improvement projects to strengthen the process and control environment. These include review and revision of operational and financial authority levels, greater oversight by Fortis Board, review and improve financial reporting processes, more robust secretarial documentation in regards to compliance to regulatory requirements and improving systems design and control enhancement. Accordingly, steps have been taken in relation to enhanced authority levels for payments/transfer of funds within Fortis Group, and review of borrowings above certain levels by the Fortis Board. Fortis Group had also disengaged itself from the former controlling shareholders. Fortis Board continues to evaluate other areas to strengthen processes and build a robust governance framework. The Fortis Board has initiated an enquiry of the management of the certain entities in the Fortis Group that were impacted in respect of the matters investigated by the external legal firm. To this end, Fortis Board will also initiate a forensic audit to ascertain the extent of diversion of funds from Fortis Group.

As per the directions from SEBI, Fortis Group has taken steps to recover dues from the former controlling shareholders of Fortis and various other entities. These include initiating civil actions against these entities demanding recovery of the outstanding amounts together with interest and to secure repayment of the outstanding amounts on the assets of these entities.

Based on the findings of investigations to-date, all identified/required adjustments/disclosures have been recorded in the financial statements of Fortis Group prior to the Group's acquisition in November 2018. Any further adjustments/disclosures, if required, would be made in the financial statements of Fortis Group pursuant to the above actions to be taken by the internal/regulatory investigations, as and when the outcome of the above is known. Any consequential adjustments may be recorded either as adjustments to the assets acquired and liabilities assumed in the acquisition which will have an impact to the provisional goodwill recognised by the Group on acquisition of Fortis under the purchase price allocation exercise, or as post-acquisition adjustments to be recognised in the financial statements of the Group in the period the adjustments are known.

**Extracted from the financial statements for the financial year ended
31 December 2018**

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IHH HEALTHCARE BERHAD**

(Company No. 901914-V)

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IHH Healthcare Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 11 to 189.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performances and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

As disclosed in Note 50 to the financial statements, the Group completed its acquisition of Fortis Healthcare Limited ("Fortis") and its subsidiaries ("Fortis Group") on 13 November 2018. Prior to the acquisition, an investigation report by an independent external legal firm was submitted to the former Fortis board, relating to systematic lapses/override of internal controls. Significant findings, amongst others, highlighted the placement of inter-corporate deposits and existence of possible related parties connected with former controlling shareholders of Fortis which may require appropriate reassessment by Fortis Group on the claims from, or transactions with, such parties. The Fortis Group had also initiated enquiries of the management of the entities in the Fortis Group that were impacted in respect of the matters investigated by the external legal firm.

In addition, there are ongoing investigations by the Securities and Exchange Board of India ("SEBI") and the Serious Fraud Investigation Office ("SFIO"), Ministry of Corporate Affairs of India. On 17 October 2018 and 21 December 2018, SEBI had issued interim orders which, amongst others, stating that certain transactions were structured by some identified entities, which were *prima facie* fictitious and fraudulent in nature, resulting in, *inter alia*, diversion of funds by former controlling shareholders of Fortis.

Due to the ongoing process of the various inquiries/investigations (including the need for any additional investigations by Fortis), the external auditors of Fortis are unable to determine if there are any regulatory non-compliances and additional adjustments/disclosures which may be necessary as a result of further findings of the ongoing or future regulatory/internal investigations and the consequential impact, if any, on the consolidated financial statements of Fortis. Any consequential adjustments may be recorded either as adjustments to the assets acquired and liabilities assumed in the acquisition which will have an impact to the provisional goodwill recognised by the Group on acquisition of Fortis under the purchase price allocation exercise, or as post-acquisition adjustments to be recognised in the financial statements of the Group in the period the adjustments are known.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a. Impairment of the goodwill and intangible assets – Group

Refer to Note 2(f) and 2(g) - Significant accounting policies: "Goodwill on consolidation" and "Intangible assets" and Note 6 - Goodwill on consolidation and intangible assets.

The key audit matter

As at 31 December 2018, the Group's goodwill and intangible assets of RM13.9 billion represents 30.9% of the Group's total assets.

In view of the financial significance of the balance, the inherent uncertainties and the level of judgement required by us in evaluating the Group's assumptions included within the cash flow model and fair value less costs to sell model, impairment of goodwill and intangible assets is a key audit matter.

The Group conducted an impairment assessment on all its cash-generating units ("CGUs") to identify if the recoverable amount is less than the carrying amount, indicating that the goodwill and intangible assets may be impaired. The Group determined the recoverable amounts of CGUs using value in use model involving cash flow projections with a terminal value or fair value less costs to sell model. Key assumptions within these models include revenue growth, EBITDA margin, long-term growth rates, discount rates and an appropriate control premium percentage.

During the year, an impairment charge of RM66.2million was recognised in the profit or loss of the Group in respect of one cash generating unit where its recoverable amount is less than the Group's carrying amount.

Key Audit Matters (continued)

a. Impairment of the goodwill and intangible assets – Group (continued)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We assessed the appropriateness of using value in use or fair value less costs to sell models as the basis for determining the CGUs' recoverable amounts.
- We evaluated the Group's cash flow projections by performing retrospective assessment of the key assumptions driving the business units' cash flow projections, in particular revenue growth and EBITDA margin, to the latest internal board approved budget and plan, external market data, the historical accuracy of the Group's estimates in the previous years and our understanding of the future prospects of the business or investments.
- We worked with our own valuation specialists to challenge the discount rates, long-term growth rates and control premium percentage, and comparing these assumptions to economic and industry forecasts.
- We performed our own sensitivity of the impairment calculation to changes in the key assumptions used by the Group to assess the extent of the changes that would be required for the assets to be impaired.
- We also assessed the adequacy of key assumptions disclosure in the Group's financial statements.

b. Basis of consolidation of investment in Fortis Healthcare Limited as a subsidiary – Group

(Refer to Note 2(a) – Significant accounting policies: "Basis of consolidation", Note 7 – Investment in subsidiaries, and Note 43 – Acquisition of subsidiaries)

The key audit matter

During the year, the Group acquired 31.1% equity interest in Fortis Healthcare Limited ("Fortis") for a consideration of INR 40 billion (approximately RM2.3 billion).

Given that the interest in Fortis is at 31.1%, assessing whether the Group obtained control to direct the investment in Fortis requires judgement and to classify as a subsidiary on the date of acquisition is a key audit matter.

The Group assessed that with majority representation on the board of Fortis by virtue of share subscription agreement, the Group has control over the board of Fortis and accordingly, the investment in Fortis was classified as a subsidiary on the date of acquisition.

Key Audit Matters (continued)

b. Basis of consolidation of investment in Fortis Healthcare Limited as a subsidiary – Group (continued)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We evaluated the appropriateness of management's assessment on when the Group obtained control over Fortis by examining of the terms and conditions of the share subscription agreement and other related documents in relation to the subscription of 31.1% equity interest.
- We performed an independent discussion and collaborate with the Company's India-based external lawyers who were involved in the drafting and finalising of the share subscription agreement, on the terms and conditions of the share subscription agreement and related local laws and regulations.
- We have also assessed the adequacy of the disclosures for the classification as a subsidiary and acquisition in the Group's financial statements.

c. Impairment of investment in a subsidiary – Company

(Refer to Note 2(a)(i) – Significant accounting policies: "Subsidiaries" and Note 7 – Investment in subsidiaries)

The key audit matter

During the year, the Company continues to face challenges in its investment Turkey, in particular the continuing depreciation of Turkish Lira currency over the years. This increased the risk that the Company's RM5.5 billion cost of investment in the subsidiary that holds the Turkey investment, exceeds its recoverable amount. We identified the carrying value of the Company's investment in the subsidiary as a key audit matter as it required us to exercise judgement in evaluating the appropriateness of the assumptions used which include revenue growth, EBITDA margin, long-term growth rate, discount rate and EBITDA multiple, in deriving the recoverable amount of this investment.

Based on the impairment assessment performed by management using the recoverable amount as the greater of value in use ("VIU") or fair value less costs to sell ("FVLCTS"), an impairment loss of RM2.3 billion was charged to the profit or loss of the Company for the current year.

Key Audit Matters (continued)

c. Impairment of investment in a subsidiary – Company (continued)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We assessed the Company's assessment on indicators of impairment in investment in subsidiary.
- We assessed the appropriateness of using value in use ("VIU") or fair value less costs to sell ("FVLCTS") models as the basis for determining the subsidiary's recoverable amount and checked the mathematical accuracy of these models.
- We evaluated the subsidiary's VIU and FVLCTS models by performing retrospective assessment of the key assumptions driving the subsidiary's cash flow projections, in particular revenue growth, EBITDA and EBITDA margin, to the latest internal board approved budget and plan, external market data, the historical accuracy of the subsidiary's estimates in the previous years and our understanding of the future prospects of the investment.
- We worked with our own valuation specialists to challenge the discount rate, long-term growth rate and EBITDA multiple, and comparing these assumptions to economic and industry forecasts.
- We performed our own sensitivity of the impairment calculation to changes in the key assumptions used by the subsidiary to assess the extent of the changes that would be required for the assets to be impaired.
- We also assessed the adequacy of key assumptions disclosure in the Company's financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Company No. 901914-V

IHH Healthcare Berhad
*Independent Auditors' Report for the
Financial Year Ended 31 December 2018*

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 46 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chong Dee Shiang
Approval Number: 02782/09/2020 J
Chartered Accountant

Petaling Jaya, Malaysia

1 April 2019