

Quarterly rpt on consolidated results for the financial period ended 31 Mar 2019

IHH HEALTHCARE BERHAD

Financial Year End 31 Dec 2019

Quarter 1 Qtr

Quarterly report for the financial period ended 31 Mar 2019

The figures have not been audited

Attachments

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Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Mar 2019

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	3,642,687	2,854,953	3,642,687	2,854,953
2	Profit/(loss) before tax	187,086	89,878	187,086	89,878
3	Profit/(loss) for the period	-8,942	29,151	-8,942	29,151
4	Profit/(loss) attributable to ordinary equity holders of the parent	89,510	57,235	89,510	57,235
5	Basic earnings/(loss) per share (Subunit)	0.78	0.44	0.78	0.44
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 (\$\$)	2.5000		2.5100	

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 NameIHH HEALTHCARE BERHAD

Stock NameIHH

Date Announced30 May 2019

CategoryFinancial Results

Reference NumberFRA-23052019-00054



IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
31 MARCH 2019

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

On 13 November 2018, the Group acquired 31.1% interest in Fortis Healthcare Limited (“Fortis”). On 15 January 2019, the Group completed the acquisition of another 4 subsidiaries. (Refer to Section A11(a) for details of the acquisition.) Generally, the consolidation of these entities upon acquisition resulted in an increase in the current period’s revenue and expenses as compared to the corresponding period.

	Financial period ended		
Note	31 Mar 2019 RM'000	31 Mar 2018 RM'000	Variance %
Revenue	3,642,687	2,854,953	28%
Other operating income	83,055	74,958	11%
Inventories and consumables	(704,415)	(541,465)	-30%
Purchased and contracted services	(380,749)	(222,964)	-71%
Staff costs	(1,325,939)	(1,158,955)	-14%
Depreciation and impairment losses of property, plant and equipment	(247,143)	(218,530)	-13%
Depreciation of right-of-use assets	1 (70,067)	-	-
Amortisation and impairment losses of intangible assets and prepaid lease payments	1 (13,150)	(15,029)	13%
Operating lease expenses	1 (18,513)	(85,858)	78%
Other operating expenses	(495,592)	(398,353)	-24%
Finance income	2 35,347	31,446	12%
Finance costs	2 (295,159)	(230,767)	-28%
Share of (loss)/profits of associates (net of tax)	3 (25,353)	337	NM
Share of profits of joint ventures (net of tax)	2,077	105	NM
Profit before tax	187,086	89,878	108%
Income tax expense	4 (196,028)	(60,727)	NM
(Loss)/Profit for the period	(8,942)	29,151	-131%
Other comprehensive (expenses)/income, net of tax			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences from foreign operations	5 (170,042)	(590,529)	71%
Hedge of net investments in foreign operations	5 23,825	4,795	NM
Cash flow hedge	(688)	5,432	-113%
	(146,905)	(580,302)	75%
Items that will not be reclassified subsequently to profit or loss			
Effect of change in tax rate on the past revaluation of property, plant and equipment upon transfer to investment properties	(2,404)	-	-
Remeasurement of defined benefits liabilities	243	-	-
	(2,161)	-	-
Total comprehensive expenses for the period	(158,008)	(551,151)	71%
Profit/(Loss) attributable to:			
Owners of the Company	89,510	57,235	56%
Non-controlling interests	(98,452)	(28,084)	NM
(Loss)/Profit for the period	(8,942)	29,151	-131%
Total comprehensive expenses attributable to:			
Owners of the Company	(58,655)	(482,664)	88%
Non-controlling interests	(99,353)	(68,487)	-45%
Total comprehensive expenses for the period	(158,008)	(551,151)	71%
Earnings per share (sen)			
Basic	0.78	0.44	76%
Diluted	0.77	0.44	74%

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 approximately 90% interest in Acibadem Sağlık Yatirimlari Holding A.Ş. Group since 30 November 2018 (60% interest prior to 30 November 2018).

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

SUPPLEMENTARY INFORMATION

	Note	Financial period ended		Variance %
		31 Mar 2019 RM'000	31 Mar 2018 RM'000	
Profit attributable to owners of the Company		89,510	57,235	56%
Add back/(less): Exceptional items ("EI")				
Provision for financial guarantee given on a joint venture's loan facility ¹		594	365	
Share of loss of an associate, RHT Health Trust ²	3	28,952	-	
Insurance compensation for Chennai flood		-	(17,714)	
Exchange loss on net borrowings ³	2	127,173	159,830	
		156,719	142,481	
Add/(less): Tax effects on EI		(27,978)	(31,966)	
Add/(less): Non-controlling interests' share of EI		(29,867)	(47,241)	
		98,874	63,274	
Profit attributable to owners of the Company, excluding EI⁴		188,384	120,509	56%
Earnings per share, excluding EI⁴ (sen)				
Basic		1.90	1.21	57%
Diluted		1.90	1.21	57%

NM: Not meaningful

Note:

- 1) Proportionate share of corporate guarantee in relation to accrued interest on Khubchandani Hospital's loan
- 2) Share of losses of an associate, RHT Health Trust ("RHT"), arising mainly from RHT's loss on disposal of assets
- 3) Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings (As at 31 March 2019, Euro/TL=6.3188, USD/TL=5.6284)
- 4) 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 2018 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

On 13 November 2018, the Group acquired 31.1% interest in Fortis. On 15 January 2019, the Group completed the acquisition of another 4 subsidiaries. (Refer to Section A11(a) for details of the acquisition.) Generally, the consolidation of these entities upon acquisition resulted in an increase in the current period's revenue and expenses as compared to the corresponding period.

The Group's reported results were also impacted by the relative movements in Ringgit Malaysia ("RM") against the exchange rates of the countries that the Group operates in. The RM weakened against Singapore Dollars ("SGD") but strengthened against Turkish Lira ("TL") in the current period as compared to previous year corresponding period.

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

1. The Group adopted MFRS 16, *Leases* prospectively with effect from 1 January 2019. As a result, the Group recognised depreciation of right-of-use assets ("ROU assets") instead of recognising operating lease expense and amortisation of prepaid lease payments on these assets. Refer to Section A1(b) for details on the effects of adoption of MFRS 16, *Leases*.
2. Acibadem Holdings recognised exchange gain or loss arising from the translation of its non-TL denominated borrowings/payables net of its non-TL denominated cash/receivables as finance income or finance cost respectively. The Group recognised RM127.2 million exchange loss on translation of such non-TL balances in Q1 2019, as compared to an exchange loss of RM159.8 million recognised in Q1 2018.

In addition, the Group incurred finance cost in relation to loans taken to fund its acquisition of Fortis.

3. Q1 2019 share of losses of associates relates to RHT losses, arising mainly from RHT's loss on disposal of assets.
4. Refer to Section B5 for details on the tax expenses.
5. 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 Q1 2019, the Group recorded a net foreign currency translation loss as a result of the strengthening of RM against SGD and TL in the current quarter as compared to 31 December 2018.

Note:

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

	31 Mar 2019	31 Mar 2018
1 SGD	3.0205	2.9768
1 TL	0.7627	1.0320

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019**

On 15 January 2019, the Group completed the acquisition of 4 subsidiaries, which generally resulted in an increase in balances on the statement of financial position as at 31 March 2019 as compared to 31 December 2018. (Refer to Section A11(a) for details of the acquisition.)

	Note	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Assets			
Property, plant and equipment	1	15,198,540	14,605,200
Right-of-use assets	1	3,356,121	-
Prepaid lease payments	1	30,865	1,017,810
Investment properties		3,260,157	3,310,429
Goodwill on consolidation	2	12,690,303	11,829,197
Intangible assets		2,062,182	2,109,136
Interests in associates	3	102,272	710,036
Interests in joint ventures		117,270	115,334
Other financial assets		18,281	18,668
Trade and other receivables		87,542	112,420
Tax recoverable		377,181	285,866
Derivative assets		1,423	722
Deferred tax assets		477,407	463,898
Total non-current assets		37,779,544	34,578,716
Development properties		80,729	80,729
Inventories		336,753	350,729
Trade and other receivables		2,073,623	1,959,970
Tax recoverable		11,866	18,020
Other financial assets		360,598	347,185
Derivative assets		14,611	9,315
Cash and cash equivalents		6,058,582	7,763,398
		8,936,762	10,529,346
Assets classified as held for sale		6,472	6,448
Total current assets		8,943,234	10,535,794
Total assets		46,722,778	45,114,510
Equity			
Share capital		19,427,586	19,427,586
Other reserves		(1,764,008)	(1,665,515)
Retained earnings		4,300,028	4,231,930
Total equity attributable to owners of the Company		21,963,606	21,994,001
Perpetual securities		2,134,979	2,157,943
Non-controlling interests		3,902,078	4,355,141
Total equity		28,000,663	28,507,085
Liabilities			
Loans and borrowings	4	8,828,494	9,330,942
Lease liabilities	1	1,893,110	-
Employee benefits		100,250	98,938
Trade and other payables		600,408	691,264
Derivative liabilities		6,182	12,168
Deferred tax liabilities		1,197,168	991,273
Total non-current liabilities		12,625,612	11,124,585
Bank overdrafts		94,502	81,215
Loans and borrowings	4	1,529,549	1,123,108
Lease liabilities	1	189,620	-
Employee benefits		131,967	130,547
Trade and other payables		3,729,151	3,751,568
Derivative liabilities		6,691	5,931
Tax payable		415,023	390,471
Total current liabilities		6,096,503	5,482,840
Total liabilities		18,722,115	16,607,425
Total equity and liabilities		46,722,778	45,114,510
Net assets per share attributable to owners of the Company ¹ (RM)		2.50	2.51

¹ Based on 8,769.3 million and 8,769.3 million shares issued as at 31 March 2019 and 31 December 2018 respectively.

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2018 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

On 15 January 2019, the Group completed the acquisition of 4 subsidiaries, which generally resulted in an increase in balances on the statement of financial position as at 31 March 2019 as compared to 31 December 2018. (Refer to Section A11(a) for details of the acquisition.)

The Group's reported financial position were also impacted by the relative movements in Ringgit Malaysia ("RM") against the exchange rates of the countries that the Group operates in. The RM strengthened against SGD and TL as at 31 March 2019 as compared to 31 December 2018.

1. The Group adopted MFRS 16, *Leases* prospectively with effect from 1 January 2019. As a result, the Group recognised ROU assets and lease liabilities relating to certain operating lease arrangements, and it also reclassified certain assets from property, plant and equipment and prepaid lease payments to ROU assets. Refer to Section A1(b) for details on the effects of adoption of MFRS 16, *Leases*.
2. The Group recognised goodwill of RM1,045.3 million on its acquisition of 4 subsidiaries in 2019. As at 31 March 2019, the Group is in the midst of performing a purchase price allocation ("PPA") for this acquisition and would adjust the goodwill amount accordingly upon the completion of the PPA. Refer to Section A11(a) for details of the acquisition.

This is offset by a RM69.7 million decrease in goodwill relating to the Group's acquisition of Fortis. The Group is in the midst of performing a PPA for its acquisition of Fortis and would adjust the goodwill amount accordingly until the completion of the PPA.

3. Investment in associates decreased due to dividend payment by RHT Health Trust ("RHT") in 2019.
4. Loans and borrowings decreased mainly due to the reclassification of finance lease liabilities to lease liabilities upon adoption of MFRS 16, *Leases* with effect from 1 January 2019. This is partially offset by additional loans taken to finance working capital, capital expenditure and acquisition of subsidiaries.

Note:

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

	31 March 2019	31 Dec 2018
1 SGD	3.0130	3.0404
1 TL	0.7303	0.7802

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	<-----> Attributable to owners of the Company <----->											
	<-----> Non-distributable <----->							Distributable				
	Share capital RM'000	Share option 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 2019	19,427,586	61,379	85,890	16,715	(3,927,522)	51,522	2,046,501	4,231,930	21,994,001	2,157,943	4,355,141	28,507,085
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	(152,894)	-	(152,894)	-	(17,148)	(170,042)
Hedge of net investments in foreign operations	-	-	-	-	-	-	8,489	-	8,489	-	15,336	23,825
Cash flow hedge	-	-	-	(1,407)	-	-	-	-	(1,407)	-	719	(688)
Effect of change in tax rate on the past revaluation of property, plant and equipment upon transfer to investment properties	-	-	(2,404)	-	-	-	-	-	(2,404)	-	-	(2,404)
Remeasurement of defined benefits liabilities	-	-	-	-	-	-	-	51	51	-	192	243
Total other comprehensive income/(expenses) for the period	-	-	(2,404)	(1,407)	-	-	(144,405)	51	(148,165)	-	(901)	(149,066)
Profit/(Loss) for the period	-	-	-	-	-	-	-	89,510	89,510	-	(98,452)	(8,942)
Total comprehensive (expenses)/income for the period	-	-	(2,404)	(1,407)	-	-	(144,405)	89,561	(58,655)	-	(99,353)	(158,008)
Contributions by and distributions to owners of the Company												
- Share options exercised	-	-	-	-	-	-	-	-	-	-	-	-
- Share-based payment	-	9,506	-	-	143	-	-	-	9,649	-	316	9,965
	-	9,506	-	-	143	-	-	-	9,649	-	316	9,965
Cancellation of vested share options	-	-	-	-	(2)	-	-	2	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	6,434	-	-	-	6,434	-	(464,756)	(458,322)
Issue of shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	16	16
Transfer per statutory requirements	-	-	-	-	-	(81)	-	81	-	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	33,310	-	-	-	33,310	-	4,316	37,626
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(45,815)	(45,815)
Payment of coupon on perpetual securities	-	-	-	-	413	-	-	-	413	(44,510)	-	(44,097)
Accrued perpetual securities distribution	-	-	-	-	-	-	-	(21,546)	(21,546)	21,546	-	-
Purchase price allocation adjustments	-	-	-	-	-	-	-	-	-	-	152,213	152,213
Total transactions with owners of the Company	-	9,506	-	-	40,298	(81)	-	(21,463)	28,260	(22,964)	(353,710)	(348,414)
At 31 March 2019	19,427,586	70,885	83,486	15,308	(3,887,224)	51,441	1,902,096	4,300,028	21,963,606	2,134,979	3,902,078	28,000,663

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	<----- Attributable to owners of the Company ----->						<----- Non-distributable ----->						Distributable	
	Share capital RM'000	Share option 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	-	-	-	-	-	-	(543,545)	-	(543,545)	-	(46,984)	(590,529)		
Hedge of net investments in foreign operations	-	-	-	-	-	-	2,218	-	2,218	-	2,577	4,795		
Cash flow hedge	-	-	-	1,428	-	-	-	-	1,428	-	4,004	5,432		
Total other comprehensive income/(expenses) for the period	-	-	-	1,428	-	-	(541,327)	-	(539,899)	-	(40,403)	(580,302)		
Profit/(Loss) for the period	-	-	-	-	-	-	-	57,235	57,235	-	(28,084)	29,151		
Total comprehensive income/(expenses) for the period	-	-	-	1,428	-	-	(541,327)	57,235	(482,664)	-	(68,487)	(551,151)		
<i>Contributions by and distributions to owners of the Company</i>														
- Share options exercised	74	-	-	-	-	-	-	-	74	-	-	74		
- Share-based payment	-	6,720	-	-	-	-	-	-	6,720	-	-	6,720		
	74	6,720	-	-	-	-	-	-	6,794	-	-	6,794		
Transfer to share capital for share options exercised	27	(27)	-	-	-	-	-	-	-	-	-	-		
Cancellation of vested share options	-	(148)	-	-	-	-	-	148	-	-	-	-		
Changes in ownership interests in subsidiaries	-	-	-	-	(21,865)	-	-	-	(21,865)	-	17,512	(4,353)		
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	1,589	1,589		
Issue of shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	7,202	7,202		
Transfer per statutory requirements	-	-	-	-	-	463	-	(463)	-	-	-	-		
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	335	-	-	-	335	-	(13,426)	(13,091)		
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(41,444)	(41,444)		
Payment of perpetual securities distribution	-	-	-	-	206	-	-	-	206	(44,589)	-	(44,383)		
Accrued perpetual securities distribution	-	-	-	-	-	-	-	(20,658)	(20,658)	20,658	-	-		
Total transactions with owners of the Company	101	6,545	-	-	(21,324)	463	-	(20,973)	(35,188)	(23,931)	(28,567)	(87,686)		
At 31 March 2018	16,463,095	61,504	85,890	16,628	(1,036,416)	48,218	1,748,248	3,985,143	21,372,310	2,134,733	1,754,850	25,261,893		

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2018 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**

	Financial period ended	
	31 Mar 2019	31 Mar 2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	187,086	89,878
Adjustments for:		
Dividend income	(1,003)	-
Finance income	(35,347)	(31,446)
Finance costs	295,159	230,767
Depreciation and impairment losses of property, plant and equipment	247,143	218,530
Depreciation of ROU assets	70,067	-
Amortisation and impairment losses of intangible assets and prepaid lease payments	13,150	15,029
Impairment loss made:		
- Trade and other receivables	13,125	2,152
- Inventories	28	-
Write-off:		
- Property, plant and equipment	606	86
- Inventories	343	365
- Trade and other receivables	6,725	2,907
Loss/(Gain) on disposal of property, plant and equipment	512	(383)
Provision for financial guarantee given to a joint venture's loan facility	594	365
Share of loss/(profits) of associates (net of tax)	25,353	(337)
Share of profits of joint ventures (net of tax)	(2,077)	(105)
Equity-settled share-based payment	9,965	6,720
Net unrealised foreign exchange differences	117,470	103,896
Operating profit before changes in working capital	948,899	638,424
Changes in working capital:		
Trade and other receivables	(116,684)	(125,276)
Development properties	-	(19)
Inventories	10,784	(19,727)
Trade and other payables	(319,298)	(22,109)
Cash generated from operations	523,701	471,293
Tax paid	(100,499)	(40,543)
Net cash from operating activities	423,202	430,750
Cash flows from investing activities		
Interest received	36,448	25,247
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(2,092,169)	667
Development and purchase of intangible assets	(5,013)	(1,653)
Purchase of property, plant and equipment	(239,263)	(228,625)
Purchase of investment properties	(1,138)	(62,514)
Net withdrawal of fixed deposits with tenor of more than 3 months	31,205	51,016
Proceeds from disposal of property, plant and equipment	476	1,518
Dividends received from joint ventures	298	386
Dividends received from associates	524,267	-
Net cash used in investing activities	(1,744,889)	(213,958)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**

	Financial period ended	
	31 Mar 2019	31 Mar 2018
	RM'000	RM'000
Cash flows from financing activities		
Interest paid	(104,827)	(52,353)
Proceeds from exercise of share options	-	74
Proceeds from loans and borrowings	1,213,796	403,196
Issue of fixed rate medium term notes	-	128,542
Repayment of loans and borrowings	(697,757)	(377,074)
Payment of perpetual securities distribution	(44,097)	(44,383)
Payment of lease liabilities	(78,327)	
Dividends paid to non-controlling interests	(45,815)	(41,444)
Acquisition of non-controlling interests	(618,853)	(16,863)
Proceeds from dilution of interest in subsidiaries	-	12,510
Issue of shares by subsidiaries to non-controlling interests	16	7,202
Change in pledged deposits	18	(11)
Net cash (used in)/from financing activities	(375,846)	19,396
Net (decreased)/increase in cash and cash equivalents	(1,697,533)	236,188
Effect of exchange rate fluctuations on cash and cash equivalents held	(28,023)	(191,401)
Cash and cash equivalents at beginning of the period	5,710,563	6,077,746
Cash and cash equivalents at end of the period	3,985,007	6,122,533

Cash and cash equivalents

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

	31 Mar 2019	31 Mar 2018
	RM'000	RM'000
Cash and bank balances	2,568,736	4,684,314
Fixed deposits with tenor of 3 months or less	3,489,846	1,442,554
	6,058,582	6,126,868
Less:		
- Bank overdrafts	(94,502)	(3,536)
- Deposits pledged	(1,978,271)	-
- Cash collateral received	(802)	(799)
Cash and cash equivalents at end of the period	3,985,007	6,122,533

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2018 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**A NOTES TO THE INTERIM FINANCIAL REPORT
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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 2018 ("2018 Audited Financial Statements").

The 2018 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 2018 Audited Financial Statements, except for the adoption of the adoption of the following new, revised and amendments to MFRS effective as of 1 January 2019 as issued by the Malaysian Accounting Standards Board.

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

**A NOTES TO THE INTERIM FINANCIAL REPORT
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MFRS 16, Leases – Impact on financial statements

On 1 January 2019, the Group adopted MFRS 16, *Leases* using the modified retrospective approach.

The following table shows the effects of adoption of MFRS 16, *Leases* on the Group's statement of financial position as at 1 January 2019:

Group	31 December 2018 RM'000	Effect of adoption MFRS 16 RM'000	1 January 2019 RM'000
Non-current assets			
Property, plant and equipment	14,605,200	(427,890)	14,177,310
Right-of-use assets	-	3,155,618	3,155,618
Prepaid lease payments	1,017,810	(986,665)	31,145
Non-current liabilities			
Loans and borrowings	9,330,942	(147,326)	9,183,616
Lease liabilities	-	1,777,789	1,777,789
Trade and other payables	691,264	(9,860)	681,404
Current liabilities			
Loans and borrowings	1,123,108	(35,911)	1,087,197
Lease liabilities	-	159,051	159,051
Trade and other payables	3,751,568	(2,680)	3,748,888

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The Independent Auditors' Report on the 2018 Audited Financial Statements was qualified. The details of the qualified opinion 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,

**A NOTES TO THE INTERIM FINANCIAL REPORT
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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.”

Actions taken to address the qualified opinion

The Board of Fortis is in the process of initiating its own independent special audit to address the issues raised in the qualified opinion with a view of closing them. IHH had also started its own independent special audit on the operations of Fortis.

A3 SEASONALITY OF OPERATIONS

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 31 March 2019, other than as mentioned in Section A11 of this financial report.

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 period.

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 2018 Audited Financial Statements.

A6 DEBT AND EQUITY SECURITIES

There were no issuance of shares, share buy-backs, and repayments of debt and equity securities by IHH during the financial period between 1 January 2019 to 31 March 2019.

As at 31 March 2019, the issued share capital of IHH comprised of 8,769,296,463 ordinary shares.

**A NOTES TO THE INTERIM FINANCIAL REPORT
 FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019**

A7 DIVIDENDS PAID

There were no dividends paid during the period ended 31 March 2019.

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 2018 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 FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019**

A8 SEGMENT REPORTING

Financial period ended 31 March 2019

	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	1,023,903	540,822	816,706	146,432	51,066	967,082	61,679	33,994	1,003	-	3,642,687
Inter-segment revenue	48,708	250	-	-	-	-	896	51,569	18	(101,441)	-
Total segment revenue	1,072,611	541,072	816,706	146,432	51,066	967,082	62,575	85,563	1,021	(101,441)	3,642,687
EBITDA	311,960	162,450	68,543	(30,479)	8,651	233,747	25,709	69,338	(18,587)	(17,596)	813,736
Depreciation and impairment losses of property, plant and equipment	(51,766)	(44,022)	(42,115)	(37,344)	(1,603)	(58,159)	(3,104)	(8,810)	(220)	-	(247,143)
Depreciation of ROU assets	(11,347)	(3,919)	(8,063)	(18,289)	(1,705)	(25,606)	(1,134)	-	(4)	-	(70,067)
Amortisation and impairment losses of intangible assets and prepaid lease payments	(912)	(177)	(6,183)	(1,169)	-	(4,538)	(171)	-	-	-	(13,150)
Foreign exchange differences	(464)	26	15,706	(639)	172	(235)	(2)	311	(27,483)	-	(12,608)
Finance income	134	5,327	6,874	13,254	4,185	6,823	1,643	3,536	9,247	(15,676)	35,347
Finance costs	(4,237)	(1,443)	(55,124)	(32,916)	(14,158)	(196,839)	(179)	(5,276)	(663)	15,676	(295,159)
Share of profits/(loss) of associates (net of tax)	850	-	(26,203)	-	-	-	-	-	-	-	(25,353)
Share of profits of joint ventures (net of tax)	298	-	1,868	(89)	-	-	-	-	-	-	2,077
Others	-	-	(594)	-	-	-	-	-	-	-	(594)
Profit/(Loss) before tax	244,516	118,242	(45,291)	(107,671)	(4,458)	(44,807)	22,762	59,099	(37,710)	(17,596)	187,086
Income tax expense	(42,464)	(30,129)	(104,884)	(1,125)	(6,696)	933	(5,986)	(5,074)	(603)	-	(196,028)
Net profit/(loss) for period	202,052	88,113	(150,175)	(108,796)	(11,154)	(43,874)	16,776	54,025	(38,313)	(17,596)	(8,942)
<u>Assets and liabilities</u>											
Cash and cash equivalents	226,726	685,624	2,561,455	608,796	471,137	121,595	68,911	75,221	1,239,117	-	6,058,582
Other assets	12,303,625	4,924,533	8,664,507	3,767,119	3,147,621	5,724,182	528,905	4,475,226	192,431	(3,063,953)	40,664,196
Segment assets as at 31 March 2019	12,530,351	5,610,157	11,225,962	4,375,915	3,618,758	5,845,777	597,816	4,550,447	1,431,548	(3,063,953)	46,722,778
Loans and borrowings	-	-	1,366,951	2,137,272	1,484,107	3,299,401	-	2,070,312	-	-	10,358,043
Other liabilities	4,248,081	666,496	2,659,430	926,984	327,574	2,030,175	175,570	341,202	52,513	(3,063,953)	8,364,072
Segment liabilities as at 31 March 2019	4,248,081	666,496	4,026,381	3,064,256	1,811,681	5,329,576	175,570	2,411,514	52,513	(3,063,953)	18,722,115

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
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Financial period ended 31 March 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	921,512	483,960	172,997	111,263	45,185	1,023,256	64,088	32,692	-	-	2,854,953
Inter-segment revenue	26,038	271	-	-	250	-	-	49,995	19	(76,573)	-
Total segment revenue	947,550	484,231	172,997	111,263	45,435	1,023,256	64,088	82,687	19	(76,573)	2,854,953
EBITDA	256,267	133,553	8,343	(49,943)	10,655	188,883	26,502	66,792	(13,615)	(18,574)	608,863
Depreciation and impairment losses of property, plant and equipment	(53,162)	(37,700)	(13,795)	(34,363)	(1,363)	(65,675)	(3,698)	(8,572)	(202)	-	(218,530)
Amortisation and impairment losses of intangible assets and prepaid lease payments	(911)	(177)	(2,322)	(5,946)	-	(5,475)	(198)	-	-	-	(15,029)
Foreign exchange differences	(943)	297	(1,693)	(1,474)	(39,248)	(196)	(5)	1,496	(62,130)	-	(103,896)
Finance income	133	4,665	682	10,402	11,111	5,477	1,517	-	8,057	(10,598)	31,446
Finance costs	(2,819)	(867)	(9,251)	(15,703)	(4,686)	(195,134)	(63)	(12,832)	(10)	10,598	(230,767)
Share of profits of associates (net of tax)	337	-	-	-	-	-	-	-	-	-	337
Share of profits of joint ventures (net of tax)	385	-	(412)	132	-	-	-	-	-	-	105
Others	-	-	17,714	-	(365)	-	-	-	-	-	17,349
Profit/(Loss) before tax	199,287	99,771	(734)	(96,895)	(23,896)	(72,120)	24,055	46,884	(67,900)	(18,574)	89,878
Income tax expense	(35,306)	(23,822)	1,103	(2,630)	(4,217)	15,902	(6,271)	(4,479)	(1,007)	-	(60,727)
Net profit/(loss) for period	163,981	75,949	369	(99,525)	(28,113)	(56,218)	17,784	42,405	(68,907)	(18,574)	29,151
<u>Assets and liabilities</u>											
Cash and cash equivalents	144,737	532,048	92,777	1,045,701	2,520,184	91,298	45,021	79,627	1,575,475	-	6,126,868
Other assets	11,976,578	4,561,693	1,727,827	3,023,007	4,647,586	5,697,728	528,327	4,408,914	25,947	(4,550,844)	32,046,763
Segment assets as at 31 March 2018	12,121,315	5,093,741	1,820,604	4,068,708	7,167,770	5,789,026	573,348	4,488,541	1,601,422	(4,550,844)	38,173,631
Loans and borrowings	8,594	303	330,135	1,089,165	-	3,425,872	237	2,044,504	-	-	6,898,810
Other liabilities	4,507,023	511,047	2,115,892	1,233,137	320,594	1,313,892	155,586	341,167	65,434	(4,550,844)	6,012,928
Segment liabilities as at 31 March 2018	4,515,617	511,350	2,446,027	2,322,302	320,594	4,739,764	155,823	2,385,671	65,434	(4,550,844)	12,911,738

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

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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 party 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	
	31 Mar 2019	31 Mar 2018
	RM'000	RM'000
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	39	94,599
- Purchase and consumption of services	(76)	(28,741)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	1,084	1,517
- Purchase and consumption of services	(18,674)	(17,650)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 15 January 2019, Fortis completed the acquisition of the equity and other securities of the following entities from Fortis Global Healthcare Infrastructure Pte Ltd, a wholly-owned subsidiary of RHT, for a total cash consideration of INR46,663,000,000 (equivalent to RM2.7 billion), including foreign exchange movement and slippages. Post completion of the acquisition, the following entities have become direct / indirect wholly-owned subsidiaries of Fortis and thus become indirect subsidiaries of the Company:

- (i) International Hospital Limited;
- (ii) Fortis Health Management Limited;
- (iii) Escorts Heart and Super Speciality Hospital Limited;
- (iv) Hospitalia Eastern Private Limited; and
- (v) Fortis Hospotel Limited.*

* Fortis owns 51% interest in Fortis Hospotel Limited and consolidates it prior to this transaction

- (b) On 25 February 2019, Integrated (Mauritius) Healthcare Holdings Limited, an indirect wholly-owned subsidiary of IHH, was struck off from the Register of Companies pursuant to Section 308 of the Mauritius Companies Act 2001.

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

A12 SUBSEQUENT EVENTS

- (a) Between 1 April 2019 to 23 May 2019, the Company issued 2,559,000 new ordinary shares pursuant to the surrender of vested Long Term Incentive Plan ("LTIP") units.
- (b) On 5 April 2019, Parkway Trust Management Limited ("PTM") transferred 138,500 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 35.66% to 35.64%.

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- (c) On 24 April 2019, Acibadem Sağlık Hizmetleri ve Ticaret A.S. (“ASH”) acquired an additional 3.5% equity interest in Clinical Hospital Acibadem Sistina Skopje (“Sistina”) for a total cash consideration of EUR3,000,000 (equivalent to RM13,898,100). Post the acquisition, ASH’s equity interest in Sistina increased from 50.32% to 53.82%.
- (d) On 29 April 2019, the Company granted a total of 2,710,000 LTIP units to eligible employees of the Group.
- (e) On 12 May 2019, Twin Towers Healthcare Sdn. Bhd. was dissolved pursuant to members’ voluntary winding up.

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

In regards to the civil suit that had been filed by a third party (“Claimant”) against Fortis and certain entities (together “Defendants”) before the District Court, Delhi alleging, inter alia, implied ownership of the “Fortis”, “SRL” and “La-Femme” brands in addition to certain other financial claims and seeking a decree that consequent to a term sheet with a certain party, Fortis is liable for claims due to the Claimant from that certain party. In connection with this, the District Court had passed an ex-parte order directing that any transaction undertaken by the defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed by the District Court in the said civil suit. On 26 March 2019, an application has been filed by certain party seeking substitution as plaintiff in place of the Claimant.

Except for above development to the contingent liabilities disclosed in Note 49(c) of the 2018 Audited Financial Statements, there were no other material changes in the contingent liabilities or contingent assets as at 23 May 2019 from that disclosed in the 2018 Audited Financial Statements.

A14 CAPITAL COMMITMENTS

	31 Mar 2019 RM'000	31 Dec 2018 RM'000
a. Capital expenditure commitments not provided for		
<i>Property, plant and equipment and investment properties</i>		
- Contracted but not provided for in the financial statements	806,408	887,340

b. Other commitments

Pursuant to the acquisition of 31.1% equity interest in Fortis, Northern TK Venture Pte Ltd (“NTK”) is required to carry out the following subsequent to period ended 31 March 2019:

- i. Mandatory Open Offer for acquisition of up to 26% of paid up equity Fortis shares at INR170 per share (“Fortis Open Offer”).
- ii. Mandatory Open Offer for acquisition of up to 26% paid up equity shares of Fortis Malar Hospitals Limited (“Malar Open Offer”)

The maximum number of Fortis shares that NTK will be acquiring will only be determined at a later date nearer to the start of the Fortis Open Offer. The maximum number of Fortis Malar Hospitals Limited shares, and the acquisition price per share, of the Malar Open Offer will only be determined at a later date nearer to the start of the Malar Open Offer.

On December 14, 2018, the Hon’ble Supreme Court of India (“Supreme Court”) had passed an order in the matter of Mr. Vinay Prakash Singh v. Sameer Gehlaut & Ors., directing status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained (“Order”). In light of the Order, IHH Healthcare Limited and its persons acting in concert were not able to proceed with the open offer as per the timeline set out in the open offer documents. As on date, the Order passed by the Supreme Court in Contempt Petition No. 2120 of 2018 continues to be in force. While, the Hon’ble Supreme Court heard

**A NOTES TO THE INTERIM FINANCIAL REPORT
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the arguments of all the parties on 11th April 2019 and reserved order, the judgement is awaited as at 23 May 2019.

NTK is also not able to proceed with the Malar Open Offer as the Malar Open Offer is conditional upon the completion of the Fortis Open Offer.

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 that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 March 2019				
Assets				
FVOCI unquoted shares	-	-	11,232	11,232
FVTPL money market funds	-	181,262	-	181,262
FVTPL mutual funds	-	46,684	-	46,684
Foreign exchange forward contracts	-	12,191	-	12,191
Cross currency interest rate swaps	-	121	-	121
Put option	-	-	3,722	3,722
	-	240,258	14,954	255,212
Liabilities				
Put options granted to non-controlling interest ⁱ	-	-	(1,222,964)	(1,222,964)
Interest rate swaps	-	(2,796)	-	(2,796)
Foreign exchange forward contracts	-	(233)	-	(233)
Cross currency interest rate swaps	-	(4,964)	-	(4,964)
Call option granted to non-controlling interest	-	-	(4,880)	(4,880)
	-	(7,993)	(1,227,844)	(1,235,837)
31 December 2018				
Assets				
FVOCI unquoted shares	-	-	11,334	11,334
FVTPL money market funds	-	179,646	-	179,646
FVTPL mutual funds	-	4,257	-	4,257
Foreign exchange forward contracts	-	6,281	-	6,281
Put option	-	-	3,756	3,756
	-	190,184	15,090	205,274
Liabilities				
Put options granted to non-controlling interest ⁱ	-	-	(1,274,218)	(1,274,218)
Interest rate swaps	-	(3,091)	-	(3,091)
Foreign exchange forward contracts	-	(956)	-	(956)
Cross currency interest rate swaps	-	(9,191)	-	(9,191)
Call option granted to non-controlling interest	-	-	(4,861)	(4,861)
	-	(13,238)	(1,279,079)	(1,292,317)

i) 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 Q1 2019.

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A16 UPDATE ON INVESTIGATIONS BY SEBI AND SFIO ON FORTIS

As at 23 May 2019, there were no further developments in the 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, from that disclosed in Note 50 of the 2018 Audited Financial Statements.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019

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

	Financial period ended		
	31 Mar 2019	31 Mar 2018	Variance
	RM'000	RM'000	%
<u>REVENUE</u>¹			
Parkway Pantai:			
- Singapore	1,023,903	921,512	11%
- Malaysia	540,822	483,960	12%
- India	816,706	172,997	NM
- North Asia	146,432	111,263	32%
- PPL Others*	51,066	45,185	13%
Parkway Pantai	2,578,929	1,734,917	49%
Acibadem Holdings	967,082	1,023,256	-5%
IMU Health	61,679	64,088	-4%
Others[^]	1,003	-	-
Group (Excluding PLife REIT)	3,608,693	2,822,261	28%
PLife REIT total revenue	85,563	82,687	3%
Less: PLife REIT inter-segment revenue	(51,569)	(49,995)	-3%
PLife REIT	33,994	32,692	4%
Group	3,642,687	2,854,953	28%
<u>EBITDA</u>²			
Parkway Pantai ³ :			
- Singapore	294,382	237,712	24%
- Malaysia	162,450	133,553	22%
- India	68,543	8,343	NM
- North Asia	(30,479)	(49,943)	39%
- PPL Others*	8,651	10,655	-19%
Parkway Pantai	503,547	340,320	48%
Acibadem Holdings	233,747	188,883	24%
IMU Health	25,709	26,502	-3%
Others[^]	(18,605)	(13,634)	-36%
Group (Excluding PLife REIT)	744,398	542,071	37%
PLife REIT⁴	69,338	66,792	4%
Group	813,736	608,863	34%

¹: Relates to external revenue only

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

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

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

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

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

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

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

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Q1 2019 vs Q1 2018

The Group's revenue and EBITDA increased 28% and 34% respectively in Q1 2019 over Q1 2018 as a result of the sustained organic growth from existing operations and the continuous ramp up of Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital (both opened in March 2017). The acquisition of Amanjaya (acquired in October 2018), and Fortis (acquired in November 2018) also contributed to the increase in both the Group's Q1 2019 revenue and EBITDA. The Group's Q1 2019 results included a one-off RM28.5 million trustee management fee income from RHT relating to disposal of RHT assets.

The adoption of MFRS 16, *Leases* with effect from 1 January 2019 also boosted the Q1 2019 EBITDA since the Group does not recognise operating lease expense but instead recognised depreciation on the ROU assets. On constant currency basis and excluding the effects of adopting MFRS 16, *Leases*, the Group's revenue and EBITDA increased 40% and 31% respectively in Q1 2019 over Q1 2018.

The Group's Q1 2019 PATMI excluding exceptional items ("PATMI (Excl EI)") increased 56% to RM188.4 million on stronger operational performance and a lower foreign exchange loss of RM12.6 million in Q1 2019 as compared to RM103.9 million foreign exchange loss recorded in Q1 2018. The Group's Q1 2019 PATMI (Excl EI) was partially eroded by the higher net financing costs and tax expenses.

Parkway Pantai

Parkway Pantai's Q1 2019 revenue increased 49% to RM2,578.9 million whilst its EBITDA increased 48% to RM503.5 million. On constant currency basis and excluding the effects of adopting MFRS 16, *Leases*, Parkway Pantai's Q1 2019 revenue increased 50% while its EBITDA increased 35% over Q1 2018.

Parkway Pantai's strong revenue was the result of the continuous ramp up of Gleneagles Hong Kong Hospital. Amanjaya and Fortis contributed RM7.5 million and RM674.7 million respectively to the Group's Q1 2019 revenue. Fortis' Q1 2019 revenue included a one-off RM28.5 million trustee management fee income from RHT relating to disposal of RHT assets. Parkway Pantai's existing hospitals and healthcare businesses also grew.

Parkway Pantai's Singapore hospitals inpatient admissions decreased 1.2% to 19,118 in Q1 2019 while its revenue per inpatient admission increased 7.0% to RM31,772. Parkway Pantai's Malaysia hospitals inpatient admissions increased 3.1% to 51,829 inpatient admissions in Q1 2019, while its revenue per inpatient admission increased 7.5% to RM6,908. Parkway Pantai's India hospitals inpatient admissions increased 463% to 84,665 with the inclusion of Fortis' inpatient admissions in Q1 2019. However, Parkway Pantai's India hospitals revenue per inpatient admission decreased 14.9% to RM6,644 as Fortis' revenue intensity is generally lower than Parkway Pantai's existing operations in India.

Parkway Pantai's Q1 2019 EBITDA was boosted by Gleneagles Hong Kong Hospital's decreasing start-up losses, which decreased from RM46.6 million in Q1 2018 to RM33.3 million in Q1 2019, as a result of operating leverage. Amanjaya and Fortis contributed RM2.8 million and RM76.6 million respectively to Parkway Pantai's Q1 2019 EBITDA. Fortis' Q1 2019 EBITDA included a one-off RM28.5 million trustee management fee income from RHT relating to disposal of RHT assets.

Acibadem Holdings

Acibadem Holdings' Q4 2018 revenue decreased 5% to RM967.1 million whilst its EBITDA increase 24% to RM233.7 million. On constant currency and excluding the effects of adopting MFRS 16, *Leases*, Acibadem Holdings' Q1 2019 revenue increased 28% while its EBITDA increased 39% over Q1 2018.

Acibadem Altunizade Hospital, which was opened in March 2017, contributed to Acibadem Holdings' revenue growth in Q1 2019. Acibadem Holdings' existing hospitals and healthcare businesses also grew.

Acibadem Holdings' inpatient admissions decreased 3.0% to 58,364 in Q1 2019 while its revenue per inpatient admission grew 27.2% to RM8,094 in Q1 2019 with price increase imposed on private insurance and out-of-pocket patients to compensate for inflation, more complex cases taken and increase in foreign patients.

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IMU Health

IMU Health's Q1 2019 revenue and EBITDA decreased 4% to RM61.7 million and 3% to RM25.7 million respectively mainly due to lower student intake and population for some of its courses.

Excluding the effect of adopting MFRS 16, *Leases*, IMU Health's Q1 2019 EBITDA decreased 8% over Q1 2018.

PLife REIT

PLife REIT's Q1 2019 external revenue increased 4% to RM34.0 million, whilst its EBITDA increased 4% to RM69.3 million mainly due to contribution from a nursing rehabilitation facility acquired in February 2018. On constant currency basis, PLife REIT's Q1 2019 revenue and EBITDA both increased by 2% as compared to Q1 2018.

Others

Revenue in Q1 2019 relates to dividends from the Company's investments in money market fund ("MMF"). There were no MMF placement by the Company in Q1 2018.

Q1 2019 EBITDA losses increased mainly due to higher staff costs and other operating expenses to manage the increased operations of the Group.

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B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	1st quarter ended 31 Mar 2019 RM'000	4th quarter ended 31 Dec 2018 RM'000	Variance %
<u>REVENUE</u>¹			
Parkway Pantai:			
- Singapore	1,023,903	1,027,454	0%
- Malaysia	540,822	551,128	-2%
- India	816,706	356,846	129%
- North Asia	146,432	139,542	5%
- PPL Others*	51,066	50,873	0%
Parkway Pantai	2,578,929	2,125,843	21%
Acibadem Holdings	967,082	939,994	3%
IMU Health	61,679	64,388	-4%
Others^	1,003	1,364	-26%
Group (Excluding PLife REIT)	3,608,693	3,131,589	15%
PLife REIT total revenue	85,563	85,371	0%
Less: PLife REIT inter-segment revenue	(51,569)	(51,612)	0%
PLife REIT	33,994	33,759	1%
Group	3,642,687	3,165,348	15%
<u>EBITDA</u>²			
Parkway Pantai ³ :			
- Singapore	294,382	320,715	-8%
- Malaysia	162,450	167,045	-3%
- India	68,543	2,082	NM
- North Asia	(30,479)	(54,677)	44%
- PPL Others*	8,651	(3,235)	NM
Parkway Pantai	503,547	431,930	17%
Acibadem Holdings	233,747	180,205	30%
IMU Health	25,709	9,623	167%
Others^	(18,605)	(17,822)	-4%
Group (Excluding PLife REIT)	744,398	603,936	23%
PLife REIT ⁴	69,338	120,126	-42%
Group	813,736	724,062	12%

¹: Relates to external revenue only

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

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

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

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

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

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

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

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Q1 2019 vs Q4 2018

The Group recorded 15% increase in quarter-on-quarter revenue mainly due to Fortis' full three months contribution of RM674.7 million to the Group's Q1 2019 revenue as compared to only one month contribution of RM217.1 million post-acquisition in Q4 2018. The Group's Q1 2019 revenue included a one-off RM28.5 million trustee management fee income from RHT relating to disposal of RHT assets.

The Group recorded 12% increase in quarter-on-quarter EBITDA mainly due to Fortis' full three months contribution of RM76.6 million to the Group's Q1 2019 EBITDA as compared to only one month contribution of RM13.5 million post acquisition in Q4 2018. The Group's Q1 2019 EBITDA included a one-off RM28.5 million trustee management fee income from RHT relating to disposal of RHT assets. The increase in EBITDA was also due to the adoption of MFRS 16, *Leases* with effect from 1 January 2019. Excluding the effect of adoption of MFRS 16, *Leases*, the Group's Q1 2019 EBITDA increased 1% as compared to Q4 2018. Q4 2018 was a high base whereby the Group recognised RM50.4 million revaluation gain on PLife REIT's investment properties.

The Group's Q1 2019 PATMI (Excl EI) decreased 44.8% quarter-on-quarter mainly due to the high base in Q4 2018 whereby the Group recorded foreign exchange gain of RM44.7 million mainly arising from the stronger USD on the Group's USD-denominated cash balances and RM56.7 million write back of over provision of prior year tax in Q4 2018. In Q1 2019, the Group recorded a foreign exchange loss of RM12.6 million as a result of a weakening USD. The Group's Q1 2019 PATMI (Excl EI) was also partially eroded by the higher financing costs and tax expenses as compared to Q4 2018.

Parkway Pantai

Parkway Pantai's revenue increased 21% while its EBITDA increased 17% quarter-on-quarter. Q1 2019 revenue and EBITDA increased mainly due to Fortis' full three months contribution in Q1 2019 as compared to only one month contribution post-acquisition in Q4 2018, and included a one-off RM28.5 million trustee management fee income from RHT relating to disposal of RHT assets.

The increase in EBITDA was also due to the adoption of MFRS 16, *Leases* with effect from 1 January 2019. Excluding the effect of the adoption of MFRS 16, *Leases*, Parkway Pantai's Q1 2019 EBITDA increased 6% as compared to Q4 2018. Q4 2018 was a high base whereby the Group recognised RM50.4 million revaluation gain on PLife REIT's investment properties.

Parkway Pantai's Singapore hospitals inpatient admissions decreased 1.1% quarter-on-quarter, while its revenue per inpatient admission increased 0.2% quarter-on-quarter. Parkway Pantai's Malaysia hospitals inpatient admissions decreased 6.1% quarter-on-quarter, while its revenue per inpatient admission increased 3.8% quarter-on-quarter. Parkway Pantai's India hospitals inpatient admissions increased 115.9% quarter-on-quarter due to Fortis' full three months contribution in Q1 2019 as compared to only one month contribution post-acquisition in Q4 2018. However, Parkway Pantai's India hospitals revenue per inpatient admission decreased 2.7% quarter-on-quarter as Fortis' revenue intensity is generally lower than Parkway Pantai's existing operations in India.

Acibadem Holdings

Acibadem Holdings' revenue increased 3% quarter-on-quarter with the ramp up of operations in Acibadem Altunizade Hospitals and growth in other hospitals and healthcare business. Q1 2019 EBITDA increased 30% quarter-on-quarter with the adoption of MFRS 16, *Leases* with effect from 1 January 2019. Excluding the effects of the adoption of MFRS 16, *Leases*, Acibadem Holdings' Q1 2019 EBITDA increased 8% quarter-on-quarter.

Acibadem Holdings' inpatient admissions increased 2.0% quarter-on-quarter while its revenue per inpatient admission increased 0.4% quarter-on-quarter.

IMU Health

IMU Health's Q1 2019 revenue decreased 4% quarter-on-quarter due to lower student intake and population for certain courses.

IMU Health's Q1 2019 EBITDA grew from a low base in Q4 2018 whereby IMU recognised expenses incurred

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for student recruitment promotional activities which took place in Q4 2018.

PLife REIT

PLife REIT's Q1 2019 external revenue increased 1% quarter-on-quarter. PLife REIT's Q1 2019 EBITDA decreased 42% quarter-on-quarter due to the recognition of RM50.4 million revaluation gain on its investment properties in Q4 2018.

Others

Q1 2019 revenue decreased 26% quarter-on-quarter to RM1.0 million mainly due to lower dividends received from MMF investment. EBITDA losses increased 4% quarter-on-quarter mainly due to higher staff costs and other operating expenses to manage the increased operations of the Group.

B3 CURRENT YEAR FINANCIAL 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 rise in non-communicable diseases. However, the authorities in India, Malaysia, and China are considering imposing new pricing controls.

In Hong Kong, we expect Gleneagles Hospital Hong Kong's EBITDA losses ~~is expected~~ to narrow further in 2019, as it continues to ramp up its operations.

In China, ~~construction of~~ Gleneagles Chengdu Hospital is on track to open in late 2019. Construction of Gleneagles Shanghai Hospital, is moving ahead and is slated to open in late 2020. Consequentially, we would start to incur capital expenditure and pre-operating costs leading up to the phased bed opening of these hospitals. We expect an initial margin dilution from the opening of the China hospitals.

With the acquisition of a 31.1% stake in Fortis in November 2018, Fortis will contribute to the Group's revenue and EBITDA. Parkway Pantai is working with the Fortis Team on operational synergies, focusing on integrating and ~~executing~~ implementing its turnaround plans for Fortis in the medium term.

Acibadem Holdings

Acibadem Holdings expects to see an inflow of medical travelers with the increased affordability for healthcare procedures in Turkey resulting from the depreciating Lira. Acibadem Altunizade Hospital will also continue to contribute to Acibadem Holdings' revenue as patient volumes grows and more complex cases are undertaken. Acibadem Maslak Hospital's capacity has recently been expanded with more beds added since early October 2018, hence allowing the facility to ramp up patient volumes.

On 30 November 2018, the Group increased its stake in Acibadem Holdings to almost 90%, and IHH has taken steps to reduce Acibadem Holding's non-Lira debt and to deleverage its balance sheet. In April 2019, the Acibadem Holdings repaid US\$250 million equivalent out of the outstanding US\$670 million equivalent non-Turkish lira debt. Acibadem Holdings is the process of refinance the remaining amount and to swap part of it into Turkish Lira debt. Macro-economic conditions in Turkey continue to deteriorate with a real possibility of further currency fluctuations.

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Overall IHH Group Prospects

Looking ahead, the Group will further consolidate its a multi-country portfolio strategy in diversification of its earnings base and will further differentiate its offering via both organic and inorganic growth. The strategy provides a good balance of cash flow-generative markets such as that of Singapore and Malaysia, medium-term growth momentum from Turkey and long-term growth opportunities from India and Greater China. The Group expects that the expansion projects in Malaysia and China will provide sufficient capacity to meet demand.

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 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.

The Group will increasingly leverage technology to increase productivity and enhance its clinical service offerings. This includes the adoption of ~~adopting~~ more advanced medical treatment for our patients ~~in order~~ to improve clinical outcomes.

Given the Group's geographical footprints across Asia and CEEMENA, the Group is susceptible to geopolitical risks and currency volatility in the countries that it operates, which would result in foreign exchange translation differences in the Group's balance sheet and income statement. In addition, significant currency volatility against the Group's reporting currency may affect the comparability of the Group's financial performance across periods.

As the Group consolidates its market leading positions and improves its hospitals' operational performance around excellent clinical outcomes, operational efficiency and cost, the Group is confident that its core business remains resilient amidst cautious business sentiment and continues to position itself as a premium healthcare provider amidst macro headwinds.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	Financial period ended	
	31 Mar 2019	31 Mar 2018
	RM'000	RM'000
Current tax expense	123,888	68,289
Deferred tax expense	72,140	(7,562)
	<u>196,028</u>	<u>60,727</u>

Q1 2019 and Q1 2018 effective tax rate* was 93.2% and 67.9% respectively mainly due to certain non-taxable income and non-tax deductible expenses (refer to page 2 for list of exceptional items), and unrecognised tax losses of Gleneagles Hong Kong Hospital.

Q1 2019 tax expenses also included tax on cash dividends received from RHT, and when the cash received is further dividend up from Fortis subsidiaries to Fortis Healthcare Limited. On the other hand, the dividend income from RHT (an associate) is eliminated upon consolidation at Fortis Group, hence decreasing the base when computing the effective tax rate.

*: Effective tax rate, after adjusting for the Group's share of profits of associates and joint ventures

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B6 STATUS OF CORPORATE PROPOSALS

Save as disclosed below, there were no other corporate proposals announced but not completed as at 23 May 2019:

1. 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").

- (a) On 13 July 2018, NTK entered into a share subscription agreement ("Fortis SSA") with Fortis, as issuer, for the proposed subscription of 235,294,117 new Fortis Shares ("Subscription Securities") by way of preferential allotment representing approximately 31.1% of the total voting equity share capital of Fortis on a fully diluted basis (inclusive of the Subscription Securities) ("Expanded Voting Share Capital") in accordance with the terms of the Fortis SSA ("Proposed Subscription");
- (b) Pursuant to the board resolution dated 13 July 2018 passed by the board of directors of Fortis approving the Proposed Subscription and execution of the Fortis SSA ("Fortis Board Resolution"), NTK, together with IHH and Parkway Pantai Limited, in their capacity as the persons acting in concert with the Acquirer (collectively, the "PACs") intend to on 13 July 2018, in terms of Regulations 3(1) and 4 read with Regulation 15(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended) ("SEBI (SAST) Regulations"), release a public announcement ("Fortis Public Announcement") to the Fortis Shareholders (as defined below), in relation to the Fortis Open Offer. Save and except for the PACs, no other person is acting in concert with the Acquirer for the purpose of the Fortis Open Offer at the time of the Fortis Public Announcement being released; and
- (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.

On 14 December 2018, the Honourable Supreme Court of India had passed an order ("Order") directing "status quo with regard to sale of the controlling stake in Fortis to Malaysian IHH Healthcare Berhad be

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maintained". In light of the Order, NTK and the PACs will not be able to proceed with the Fortis Open Offer and the Malar Open Offer for the time being until further order(s)/ clarification(s)/ direction(s) are issued by the Supreme Court of India and/or the Securities and Exchange Board of India (SEBI).

2. Proposed renewal of authority for the Company to purchase its own shares of up to ten percent (10%) of the prevailing total number of issued shares of the Company ("Proposed Renewal of Share Buy-Back Authority")

On 27 February 2019, the Company announced the proposal to seek from its shareholders, at its forthcoming Ninth Annual General Meeting ("Ninth AGM"), the authority to purchase its own shares of up to ten percent (10%) of the prevailing total number of issued shares of the Company at the point of purchase through stockbroker(s) to be appointed by the Company at a later date.

A circular containing the details of the Proposed Renewal of Share Buy-Back Authority has been despatched to the shareholders on 29 April 2019 together with the Annual Report 2018 of the Company. The Proposed Renewal of Share Buy-Back Authority is subject to shareholders' approval at the Ninth AGM to be held on 28 May 2019.

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B7 LOANS, BORROWINGS AND OVERDRAFTS

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

	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Non-current		
Secured		
Bank borrowings	904,898	922,495
Loans from non-financial corporates	8,222	7,350
Financial lease*	-	147,326
Unsecured		
Bank borrowings	6,645,276	6,705,248
Fixed rate notes	434,494	444,537
Debt component of compulsory convertible debentures ("CCD")	-	247,657
Loans from non-financial corporates	3,036	626
Loans from non-controlling interest of subsidiaries	832,568	855,703
	<u>8,828,494</u>	<u>9,330,942</u>
Current		
Secured		
Bank overdrafts	94,502	81,215
Bank borrowings	845,376	324,672
Loans from non-financial corporates	1,296	1,709
Financial lease*	-	35,912
Unsecured		
Bank borrowings	682,230	760,168
Loans from non-financial corporates	647	647
	<u>1,624,051</u>	<u>1,204,323</u>
Total	<u>10,452,545</u>	<u>10,535,265</u>

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

	31 Mar 2019 RM'000	31 Dec 2018 RM'000
Singapore Dollar	2,753,290	2,837,311
Ringgit Malaysia	-	503
US Dollar	525,389	525,422
Euro	2,057,446	2,208,311
Turkish Lira	50,097	103,421
Japanese Yen	1,459,271	1,481,991
Indian Rupees	1,460,180	1,219,405
Hong Kong Dollar	2,125,146	2,151,471
Renminbi	12,126	2,435
Others	9,600	4,995
	<u>10,452,545</u>	<u>10,535,265</u>

*: With the adoption of MFRS 16, *Leases*, financial leases were reclassified from loans and borrowings to lease liabilities with effect from 1 January 2019.

The CCDs are convertible into 131,026,000 shares of a subsidiary at a price of INR32.55 per share. The investor of the CCD has a right to convert each CCD into the conversion share at any time on or prior to the maturity date in 2030. In January 2019, Fortis bought over the CCDs from the investor.

Key exchange rates as at 31 March 2019:

1 SGD	3.0130
1 TL	0.7303
1 USD	4.0720

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B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 31 March 2019:

	Notional amount as at 31 Mar 2019 RM'000	Fair value amount as at 31 Mar 2019 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	670,560	10,889
- Between 1 - 3 years	46,179	489
- More than 3 years	50,756	813
	<u>767,495</u>	<u>12,191</u>
Cross currency interest rate swaps		
- Between 1 - 3 years	150,648	121
Put option		
- Within 1 year	16,052	3,722
	<u>934,195</u>	<u>16,034</u>
Derivative liabilities		
Interest rate swaps		
- Within 1 year	438,240	(1,578)
- Between 1 - 3 years	137,003	(273)
- More than 3 years	455,833	(945)
	<u>1,031,076</u>	<u>(2,796)</u>
Foreign exchange forward contracts		
- Within 1 year	12,686	(233)
Cross currency interest rate swaps		
- Between 1 - 3 years	226,538	(4,964)
Call option granted to non-controlling interests		
- Within 1 year	29,467	(4,880)
	<u>1,299,767</u>	<u>(12,873)</u>

Foreign exchange forward contracts

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

Interest rate swaps

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

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Cross currency interest rate swaps

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

Put option

On disposal of the Group's controlling stake in FWD Singapore Pte Ltd (formerly known as Shenton Insurance Pte Ltd) ("FWD"), the Group entered into an agreement with the purchaser and is granted a put option to sell all of its remaining shares in FWD 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 MATERIAL LITIGATIONS

Except as mentioned in Section A13, there were no other material changes in the contingent material litigations as at 23 May 2019 from that disclosed in the 2018 Audited Financial Statements.

B11 DIVIDENDS

No dividends were declared or paid by the Company during the period ended 31 March 2019.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019**

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 period.

	Financial period ended	
	31 Mar 2019	31 Mar 2018
	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	89,510	57,235
Perpetual securities distribution accrued	(21,546)	(20,658)
	<u>67,964</u>	<u>36,577</u>
ii) <u>Net profit attributable to ordinary shareholders (excluding EI)</u>		
Profit after tax and non-controlling interests(excluding EI)	188,384	120,509
Perpetual securities distribution accrued	(21,546)	(20,658)
	<u>166,838</u>	<u>99,851</u>
(a) Basic EPS		
	'000	'000
Weighted average number of shares	<u>8,769,296</u>	<u>8,239,587</u>
	Sen	Sen
Basic EPS	0.78	0.44
Basic EPS (excluding EI)	<u>1.90</u>	<u>1.21</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.

	Financial period ended	
	31 Mar 2019	31 Mar 2018
	'000	'000
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,769,296	8,239,587
Weighted number of unissued ordinary shares from units under Long Term Incentive Plan	3,184	4,536
Weighted number of unissued ordinary shares from share options under EOS	-	242
Weighted average number of dilutive ordinary shares for computation of diluted EPS	<u>8,772,480</u>	<u>8,244,365</u>
	Sen	Sen
Diluted EPS	0.77	0.44
Diluted EPS (excluding EI)	<u>1.90</u>	<u>1.21</u>

At 31 March 2019, 38,656,000 outstanding EOS options (31 March 2018: 13,033,000) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2019**

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

	Financial period ended	
	31 Mar 2019	31 Mar 2018
	RM'000	RM'000
Dividend income	1,003	-
Other operating income	64,758	51,311
Foreign exchange differences	(12,608)	(103,896)
Impairment loss made:		
- Trade and other receivables	(13,125)	(2,152)
- Inventories	(28)	-
Write off:		
- Property, plant and equipment	(606)	(86)
- Inventories	(343)	(365)
- Trade and other receivables	(6,725)	(2,907)
(Loss)/Gain on disposal of property, plant and equipment	(512)	383
Provision for financial guarantee given on a joint venture's loan facility	(594)	(365)
Insurance compensation for flood	-	17,714
Finance income		
Interest income	24,993	27,915
Fair value gain of financial instruments	10,354	3,531
	35,347	31,446
Finance costs		
Interest expense	(153,500)	(57,328)
Exchange loss on net borrowings	(131,149)	(159,830)
Fair value loss of financial instruments	-	(7,558)
Other finance costs	(10,510)	(6,051)
	(295,159)	(230,767)