

Quarterly rpt on consolidated results for the financial period ended 31 Mar 2020

IHH HEALTHCARE BERHAD

Financial Year End 31 Dec 2020

Quarter 1 Qtr

Quarterly report for the financial period ended 31 Mar 2020

The figures have not been audited

Attachments

[IHH_Q1 2020 Quarterly Report.pdf](#)

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Default Currency

Other Currency

Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 31 Mar 2020

		INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
		\$\$'000	\$\$'000	\$\$'000	\$\$'000
1	Revenue	3,555,176	3,642,687	3,555,176	3,642,687
2	Profit/(loss) before tax	-257,357	187,086	-257,357	187,086
3	Profit/(loss) for the period	-366,660	-8,942	-366,660	-8,942
4	Profit/(loss) attributable to ordinary equity holders of the parent	-319,786	89,510	-319,786	89,510
5	Basic earnings/(loss) per share (Subunit)	-3.90	0.78	-3.90	0.78
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	2.4500		2.5500	

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

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

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

Announcement Info

Company Name	IHH HEALTHCARE BERHAD
Stock Name	IHH
Date Announced	29 Jun 2020
Category	Financial Results
Reference Number	FRA-22062020-00027



IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
31 MARCH 2020

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	Note	1st quarter ended		Variance
		31 Mar 2020 RM'000	31 Mar 2019 RM'000	
Revenue		3,555,176	3,642,687	-2%
Other operating income		105,596	83,055	27%
Inventories and consumables		(715,898)	(704,415)	-2%
Purchased and contracted services		(367,208)	(380,749)	4%
Staff costs		(1,369,676)	(1,325,939)	-3%
Depreciation and impairment losses of property, plant and equipment		(238,836)	(247,143)	3%
Depreciation of right-of-use ("ROU") assets		(85,328)	(70,067)	-22%
Amortisation and impairment losses of intangible assets and prepaid lease payments		(17,004)	(13,150)	-29%
Operating lease expenses		(15,897)	(18,513)	14%
Other operating expenses	1	(894,031)	(495,592)	-80%
Finance income	2	72,732	35,347	106%
Finance costs	2	(288,634)	(295,159)	2%
Share of profits/(losses) of associates (net of tax)	3	980	(25,353)	104%
Share of profits of joint ventures (net of tax)		671	2,077	-68%
(Loss)/Profit before tax		(257,357)	187,086	NM
Income tax expense	4	(109,303)	(196,028)	44%
Loss for the period		(366,660)	(8,942)	NM
Other comprehensive income/(expenses), net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences from foreign operations	5	(123,514)	(170,042)	27%
Realisation of FCTR ¹ upon substantive abandonment of joint venture project		59,985	-	-
Hedge of net investments in foreign operations	5	(129,294)	23,825	NM
Cost of hedging reserve		627	-	-
Cash flow hedge		(2,419)	(688)	NM
		<u>(194,615)</u>	<u>(146,905)</u>	-32%
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)	100%
Remeasurement of defined benefits liabilities		(2,843)	243	NM
		<u>(2,843)</u>	<u>(2,161)</u>	-32%
Total comprehensive expenses for the period		(564,118)	(158,008)	NM
(Loss)/Profit attributable to:				
Owners of the Company		(319,786)	89,510	NM
Non-controlling interests		(46,874)	(98,452)	52%
Loss for the period		(366,660)	(8,942)	NM
Total comprehensive expenses attributable to:				
Owners of the Company		(454,812)	(58,655)	NM
Non-controlling interests		(109,306)	(99,353)	-10%
Total comprehensive expenses for the period		(564,118)	(158,008)	NM
Earnings per share (sen)				
Basic		(3.90)	0.78	NM
Diluted		(3.90)	0.77	NM

Note:

1. Foreign currency translation reserve

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

SUPPLEMENTARY INFORMATION

	Note	1st quarter ended		Variance %
		31 Mar 2020 RM'000	31 Mar 2019 RM'000	
(Loss)/Profit attributable to owners of the Company		(319,786)	89,510	NM
Add back/(less): Exceptional items ("EI")				
Gain on disposal of a subsidiary ⁱ		(13,188)	-	
Share of losses of an associate ⁱⁱ	3	-	28,952	
Impairment loss on goodwill ⁱⁱⁱ	1	400,483	-	
Realisation of foreign currency translation reserve upon substantive liquidation of a joint venture ^{iv}	1	59,985	-	
Provision for financial guarantee given on a joint venture's loan facility ^v		1,162	594	
Change in fair value of cross currency swaps ^{vi}	2	(52,964)	-	
Exchange loss on net borrowings ^{vii}	2	133,826	127,173	
		529,304	156,719	
Less: Tax effects on EI		(14,888)	(27,978)	
Less: Non-controlling interests' share of EI		(5,279)	(29,867)	
		509,137	98,874	
Profit attributable to owners of the Company, excluding EI^{viii}		189,351	188,384	1%
Earnings per share, excluding EI^{viii} (sen)				
Basic		1.90	1.90	0%
Diluted		1.90	1.90	0%

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 Yatırımları Holding A.Ş. Group.

- Disposal of 70% interest in Famicord Acibadem Kordon Kani Sağlık Hizmetleri Anonim Şirketi, in Q1 2020
- Share of losses of an associate, RHT Health Trust ("RHT")
- Impairment of goodwill over Ravindranath GE Medical Associates Pte Ltd (also known as "Global Hospitals")
- Realisation of foreign currency translation reserve ("FCTR") upon substantial liquidation of Khubchandani Hospital
- Proportionate share of corporate guarantee in relation to accrued interest on Khubchandani Hospital's loan
- Fair value changes of the cross-currency swaps which was entered to hedge a portion of Acibadem Holdings' foreign currency denominated borrowings
- Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings (As at 31 March 2020, Euro/TL=7.215, USD/TL=6.5160)
- 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 2019 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

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

The Group'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 strengthened against Singapore Dollars ("SGD") and Turkish Lira ("TL") in the current quarter and year as compared to corresponding period last year.

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

1. Q1 2020 other operating expenses included impairment of goodwill over Global Hospitals amounting to RM400.5 million and realisation of foreign currency translation reserve ("FCTR") amounting to RM60.0 million upon the substantive liquidation of Khubchandani Hospital.
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. In Q3 2019 and Q1 2020, Acibadem Holdings entered into cross-currency swaps ("CCS") to convert Euro 103.0 million of bank loans and its related interest into Turkish Lira.

The Group recognised RM133.8 million exchange loss on translation of such non-TL balances in Q1 2020, which is partially offset by as RM53.0 million net fair value gain on the above-mentioned CCS. The net loss of RM80.8mil is lower than the RM127.2 million exchange losses recognised in Q1 2019.

Despite the higher interest rates applicable on Acibadem's borrowings when it swapped its Euro loans to Turkish Lira, net interest expenses had decreased with the settlement of USD250 million of Acibadem Holdings' loans in late Q2 2019 and lower interest rates in Q1 2020.

3. Q1 2019 share of losses of associates relates mainly to by RHT Health Trust ("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 QTD 2020, the Group recorded a net foreign currency translation loss mainly as a result of depreciation of SGD and TL against RM in the current quarter.

Note:

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

	31 Mar 2020	31 Mar 2019
1 SGD	3.0166	3.0205
1 TL	0.6852	0.7627

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Note	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Assets			
Property, plant and equipment		11,231,366	11,196,308
Right-of-use assets		6,729,040	6,736,016
Investment properties		3,573,318	3,508,182
Goodwill on consolidation	1	12,021,027	12,574,673
Intangible assets		2,059,031	2,081,266
Interests in associates		94,233	92,454
Interests in joint ventures		211,112	212,529
Other financial assets	2	111,541	46,763
Trade and other receivables		165,144	155,809
Tax recoverable		421,424	385,512
Derivative assets		25,493	9,220
Deferred tax assets		435,434	428,228
Total non-current assets		37,078,163	37,426,960
Development properties		84,213	84,213
Inventories		416,548	350,321
Trade and other receivables		2,044,852	2,107,897
Tax recoverable		13,284	17,081
Other financial assets		328,934	344,283
Derivative assets		-	85
Cash and cash equivalents		5,397,392	4,714,669
		8,285,223	7,618,549
Assets classified as held for sale		7,087	7,780
Total current assets		8,292,310	7,626,329
Total assets		45,370,473	45,053,289
Equity			
Share capital		19,455,138	19,455,138
Other reserves		(1,678,265)	(1,529,495)
Retained earnings		3,725,933	4,413,888
Total equity attributable to owners of the Company		21,502,806	22,339,531
Perpetual securities		2,136,295	2,158,169
Non-controlling interests		3,446,256	3,596,269
Total equity		27,085,357	28,093,969
Liabilities			
Loans and borrowings	3	8,666,249	8,266,065
Lease liabilities		1,892,382	1,851,567
Employee benefits		102,657	99,821
Trade and other payables		249,563	249,514
Derivative liabilities		23,053	33,124
Deferred tax liabilities		1,149,225	1,110,002
Total non-current liabilities		12,083,129	11,610,093
Bank overdrafts		100,479	121,814
Loans and borrowings	3	1,330,131	637,834
Lease liabilities		241,764	222,366
Employee benefits		148,990	145,484
Trade and other payables		3,670,880	3,858,162
Dividend payable	4	350,960	-
Derivative liabilities		23,723	12,964
Tax payable		335,060	350,418
		6,201,987	5,349,042
Liabilities classified as held for sale		-	185
Total current liabilities		6,201,987	5,349,227
Total liabilities		18,285,116	16,959,320
Total equity and liabilities		45,370,473	45,053,289

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

2.45

2.55

¹ Based on 8,774.0 million and 8,774.0 million shares issued as at 31 March 2020 and 31 December 2019 respectively.

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2019 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

The Group's reported 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 2020 as compared to 31 December 2019.

1. Goodwill decreased mainly as a result of RM400.5 million goodwill impairment made over Global Hospitals during the quarter.
2. Other financial assets increased with the placement of additional RM37.4 million in long-term fixed deposits and RM28.5 million equity investment into a telehealth start-up, Doctor Anywhere Pte. Ltd.
3. Loans and borrowings increased mainly due to the drawdown of facilities to finance working capital and capital expenditure. The Group also drew down on some of its available financing lines to ensure sufficient cash flow liquidity amidst uncertainties from the COVID-19 pandemic.
4. On 26 March 2020, the Board of Directors declared that a first and final single tier cash dividend of 4 sen per ordinary share for the financial year ended 31 December 2019 to be paid on 30 April 2020.

Note:

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

	31 Mar 2020	31 Dec 2019
1 SGD	3.0121	3.0553
1 TL	0.6733	0.6905

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	<----- Attributable to owners of the Company ----->												
	<----- Non-distributable ----->							Distributable					
	Share capital RM'000	Share option reserve RM'000	Revaluation reserve RM'000	Cost of hedge 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 2020	19,455,138	83,500	83,434	325	15,251	(3,708,985)	53,091	1,943,889	4,413,888	22,339,531	2,158,169	3,596,269	28,093,969
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	(147,765)	-	(147,765)	-	24,251	(123,514)
Realisation of FCTR upon substantive liquidation of a joint venture	-	-	-	-	-	-	-	59,985	-	59,985	-	-	59,985
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	(46,029)	-	(46,029)	-	(83,265)	(129,294)
Costs of hedge reserve	-	-	-	222	-	-	-	-	-	222	-	405	627
Cash flow hedge	-	-	-	-	(861)	-	-	-	-	(861)	-	(1,558)	(2,419)
Remeasurement of defined benefits liabilities	-	-	-	-	-	-	-	-	(578)	(578)	-	(2,265)	(2,843)
Total other comprehensive (expenses)/income for the year	-	-	-	222	(861)	-	-	(133,809)	(578)	(135,026)	-	(62,432)	(197,458)
Profit/(Loss) for the year	-	-	-	-	-	-	-	-	(319,786)	(319,786)	-	(46,874)	(366,660)
Total comprehensive income/(expenses) for the year	-	-	-	222	(861)	-	-	(133,809)	(320,364)	(454,812)	-	(109,306)	(564,118)
<i>Contributions by and distributions to owners of the Company</i>													
- Share-based payment	-	6,192	-	-	-	66	-	-	-	6,258	-	146	6,404
- Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	(350,960)	(350,960)	-	-	(350,960)
	-	6,192	-	-	-	66	-	-	(350,960)	(344,702)	-	146	(344,556)
Cancellation of vested share options	-	(5,360)	-	-	-	-	-	-	5,360	-	-	-	-
Transfer per statutory requirements	-	-	-	-	-	-	(349)	-	349	-	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	(15,501)	-	-	-	(15,501)	-	(1,619)	(17,120)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(39,234)	(39,234)
Payment of coupon on perpetual securities	-	-	-	-	-	630	-	-	-	630	(44,214)	-	(43,584)
Accrued perpetual securities distribution	-	-	-	-	-	-	-	-	(22,340)	(22,340)	22,340	-	-
Total transactions with owners of the Company	-	832	-	-	-	(14,805)	(349)	-	(367,591)	(381,913)	(21,874)	(40,707)	(444,494)
At 31 March 2020	19,455,138	84,332	83,434	547	14,390	(3,723,790)	52,742	1,810,080	3,725,933	21,502,806	2,136,295	3,446,256	27,085,357

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

	<----- Attributable to owners of the Company ----->							<----- Distributable ----->					
	<----- Non-distributable ----->												
	Share capital RM'000	Share option reserve RM'000	Revaluation reserve RM'000	Cost of hedge 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-based payment	-	9,506	-	-	-	143	-	-	-	9,649	-	316	9,965
Cancellation of vested share options	-	9,506	-	-	-	143	-	-	-	9,649	-	316	9,965
Changes in ownership interests in subsidiaries	-	-	-	-	-	(2)	-	-	2	-	-	-	-
Issue of shares by subsidiaries to non-controlling interests	-	-	-	-	-	6,434	-	-	-	6,434	-	(464,756)	(458,322)
Transfer per statutory requirements	-	-	-	-	-	-	-	-	-	-	-	16	16
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	-	(81)	-	81	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	33,310	-	-	-	33,310	-	4,316	37,626
Payment of coupon on perpetual securities	-	-	-	-	-	413	-	-	-	413	(44,510)	-	(45,815)
Accrued perpetual securities distribution	-	-	-	-	-	-	-	-	(21,546)	(21,546)	21,546	-	(44,097)
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

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2019 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 2020**

	Financial period ended	
	31 Mar 2020	31 Mar 2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	(257,357)	187,086
Adjustments for:		
Dividend income	(1,813)	(1,003)
Finance income	(72,732)	(35,347)
Finance costs	288,634	295,159
Depreciation and impairment losses of property, plant and equipment	238,836	247,143
Depreciation of ROU assets	85,328	70,067
Amortisation and impairment losses of intangible assets and prepaid lease payments	17,004	13,150
Impairment loss made:		
- Goodwill	400,483	-
- Trade and other receivables	13,124	13,125
- Inventories	101	28
Write-off:		
- Property, plant and equipment	187	606
- Inventories	661	343
- Trade and other receivables	1,924	6,725
Loss on disposal of property, plant and equipment	444	512
Gain on disposal of subsidiary	(13,188)	-
Realisation of FCTR upon substantive abandonment of joint venture project	59,985	-
Provision for financial guarantee given to a joint venture's loan facility	1,162	594
Share of (profits)/losses of associates (net of tax)	(980)	25,353
Share of profits of joint ventures (net of tax)	(671)	(2,077)
Equity-settled share-based payment	6,404	9,965
Net unrealised foreign exchange differences	(7,845)	117,470
Operating profit before changes in working capital	759,691	948,899
Changes in working capital:		
Trade and other receivables	(4,111)	(116,684)
Inventories	(72,109)	10,784
Trade and other payables	(34,737)	(319,298)
Cash generated from operations	648,734	523,701
Tax paid	(185,415)	(100,499)
Net cash from operating activities	463,319	423,202
Cash flows from investing activities		
Interest received	16,618	36,448
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(2,092,169)
Development and purchase of intangible assets	(3,253)	(5,013)
Purchase of property, plant and equipment	(297,095)	(239,263)
Purchase of investment properties	(2,379)	(1,138)
Purchase of equity instruments	(28,539)	-
Net cash inflow from disposal of subsidiary	13,368	-
Net (placement)/withdrawal of fixed deposits with tenor of more than 3 months	(20,690)	31,205
Proceeds from disposal of property, plant and equipment	398	476
Proceeds from disposal of intangibles	196	-
Dividends received from joint ventures	394	298
Dividends received from associates	-	524,267
Net cash used in investing activities	(320,982)	(1,744,889)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Financial period ended	
	31 Mar 2020	31 Mar 2019
	RM'000	RM'000
Cash flows from financing activities		
Interest paid	(92,684)	(104,827)
Proceeds from loans and borrowings	1,473,759	1,213,796
Loan from non-controlling interest	627	-
Repayment of loans and borrowings	(643,563)	(697,757)
Payment of perpetual securities distribution	(43,584)	(44,097)
Payment of lease liabilities	(93,600)	(78,327)
Dividends paid to non-controlling interests	(39,234)	(45,815)
Acquisition of non-controlling interests	-	(618,853)
Issue of shares by subsidiaries to non-controlling interests	-	16
Change in pledged deposits	-	18
Net cash from/(used in) financing activities	561,721	(375,846)
Net increase/(decrease) in cash and cash equivalents	704,058	(1,697,533)
Effect of exchange rate fluctuations on cash and cash equivalents held	15,229	(28,023)
Cash and cash equivalents at beginning of the period	2,641,426	5,710,563
Cash and cash equivalents at end of the period	3,360,713	3,985,007

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 2020	31 Mar 2019
	RM'000	RM'000
Cash and bank balances	1,675,460	2,568,736
Fixed deposits with tenor of 3 months or less	3,721,932	3,489,846
	5,397,392	6,058,582
Less:		
- Bank overdrafts	(100,479)	(94,502)
- Deposits pledged	(1,930,154)	(1,978,271)
- Cash collateral received and cash pledged	(6,046)	(802)
Cash and cash equivalents at end of the period	3,360,713	3,985,007

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2019 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 2019 (“2019 Audited Financial Statements”).

The 2019 Audited Financial Statements were prepared under Malaysian Financial Reporting Standards (“MFRSs”).

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendments to MFRS 16, *Leases – COVID-19 Related Rent Concessions*

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The Independent Auditors’ Report on the 2019 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 2019 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 195.

In our opinion, except for the possible 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 2019, and of their financial performance 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 49 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, indicating systematic lapses and/or 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

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020**

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, 21 December 2018 and 19 March 2019, 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 and 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 or disclosures which may be necessary as a result of further findings of the ongoing or future regulatory or internal investigations and their 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 post-acquisition adjustments to be recognised in the financial statements of the Group in the period the adjustments are known.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors’ Responsibilities for the Audit of the Financial Statements* section of our auditors’ report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.”

Actions taken to address the qualified opinion

The Board of Fortis has initiated additional control procedures and had appointed Ernst & Young LLP, India, to conduct enquiries of certain entities and transactions in Fortis Group (the “Project”) that were impacted in respect of the issues raised in the qualified opinion with a view of closing them. As at 22 June 2020, the Board of Fortis is reviewing the report from Ernst & Young LLP, India, which has raised no new issues. The Board of Fortis will deliberate on the next additional steps of actions to close the matter.

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 in some markets. 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 2020, 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 year.

In preparing the unaudited condensed consolidated interim financial report, the significant judgments made by the management in applying the Group’s accounting policies and key sources of estimating uncertainty were consistent with those applied to 2019 Audited Financial Statements.

**A NOTES TO THE INTERIM FINANCIAL REPORT
 FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020**

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 2020 to 31 March 2020.

As at 31 March 2020, the issued share capital of IHH comprised of 8,773,990,463 ordinary shares.

A7 DIVIDENDS PAID

There were no dividends paid during the period ended 31 March 2020.

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 2019 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 2020**

A8 SEGMENT REPORTING

Financial period ended 31 March 2020

	Parkway Pantai ¹					Acibadem Holdings CEE 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	1,014,839	555,433	750,576	128,709	43,012	955,777	67,295	37,722	1,813	-	3,555,176
Inter-segment revenue	26,672	250	-	-	326	-	830	52,290	346,927	(427,295)	-
Total segment revenue	1,041,511	555,683	750,576	128,709	43,338	955,777	68,125	90,012	348,740	(427,295)	3,555,176
EBITDA	346,554	149,610	69,086	(66,705)	6,404	217,260	28,476	70,439	330,832	(417,540)	734,416
Depreciation and impairment losses of property, plant and equipment	(39,306)	(44,717)	(43,214)	(44,769)	(1,250)	(57,546)	(2,988)	(4,967)	(79)	-	(238,836)
Depreciation of ROU assets	(68,829)	(4,942)	(10,813)	(17,477)	(1,652)	(26,441)	(1,218)	(4,015)	(4)	50,063	(85,328)
Amortisation and impairment losses of intangible assets	(910)	(177)	(8,981)	(2,447)	-	(4,328)	(161)	-	-	-	(17,004)
Foreign exchange differences	1,253	30	5,921	459	4,997	(183)	16	247	(651)	-	12,089
Finance income	142	6,440	2,775	15,210	4,297	59,894	1,263	8	3	(17,300)	72,732
Finance costs	(6,895)	(848)	(41,317)	(38,766)	(8,988)	(193,938)	175	(17,830)	(960)	20,733	(288,634)
Share of profits/(loss) of associates (net of tax)	360	-	694	-	-	(74)	-	-	-	-	980
Share of profits/(loss) of joint ventures (net of tax)	394	-	756	(479)	-	-	-	-	-	-	671
Others	-	-	(461,630)	-	-	13,188	-	-	(1)	-	(448,443)
Profit/(Loss) before tax	232,763	105,396	(486,723)	(154,974)	3,808	7,832	25,563	43,882	329,140	(364,044)	(257,357)
Income tax expense	(40,865)	(26,527)	(26,769)	(1,938)	(5,556)	4,314	(6,530)	(5,007)	(425)	-	(109,303)
Net profit/(loss) for period	191,898	78,869	(513,492)	(156,912)	(1,748)	12,146	19,033	38,875	328,715	(364,044)	(366,660)
<u>Assets and liabilities</u>											
Cash and cash equivalents	442,189	1,114,163	2,059,314	478,989	483,619	174,026	64,653	85,159	495,280	-	5,397,392
Other assets	12,863,406	5,012,512	7,517,846	3,953,389	3,136,344	5,450,422	547,168	4,770,169	211,143	(3,489,318)	39,973,081
Segment assets as at 31 March 2020	13,305,595	6,126,675	9,577,160	4,432,378	3,619,963	5,624,448	611,821	4,855,328	706,423	(3,489,318)	45,370,473
Loans and borrowings	-	300,000	953,748	2,808,506	1,377,636	2,192,852	847	2,362,791	-	-	9,996,380
Other liabilities	5,177,267	636,905	2,349,057	868,522	(278,754)	2,033,670	180,526	413,779	397,082	(3,489,318)	8,288,736
Segment liabilities as at 31 March 2020	5,177,267	936,905	3,302,805	3,677,028	1,098,882	4,226,522	181,373	2,776,570	397,082	(3,489,318)	18,285,116

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 "CEE" refers to Central and Eastern Europe

**A NOTES TO THE INTERIM FINANCIAL REPORT
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Financial period ended 31 March 2019

	Parkway Pantai ¹					Acibadem Holdings	IMU Health	PLife REIT ¹	Others	Eliminations	Total
	Singapore RM'000	Malaysia RM'000	India RM'000	North Asia RM'000	PPL Others ² RM'000	CEE ³ RM'000	Malaysia 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	25,688	250	-	-	-	-	896	51,569	18	(78,421)	-
Total segment revenue	1,049,591	541,072	816,706	146,432	51,066	967,082	62,575	85,563	1,021	(78,421)	3,642,687
EBITDA	363,300	162,579	68,543	(30,479)	8,651	233,747	25,709	69,338	(18,587)	(69,065)	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	295,856	118,371	(45,291)	(107,671)	(4,458)	(44,807)	22,762	59,099	(37,710)	(69,065)	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	253,392	88,242	(150,175)	(108,796)	(11,154)	(43,874)	16,776	54,025	(38,313)	(69,065)	(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 "CEE" refers to Central and Eastern Europe

**A NOTES TO THE INTERIM FINANCIAL REPORT
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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 period ended	
	31 Mar 2020	31 Mar 2019
	RM'000	RM'000
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	132	39
- Purchase and consumption of services	-	(76)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	1,000	1,084
- Purchase and consumption of services	(17,280)	(18,674)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

- On 10 March 2020, Parkway Shenton Vietnam Limited, an indirect wholly-owned subsidiary of IHH, was dissolved pursuant to member's voluntary winding-up.
- On 19 March 2020, ASH disposed 70% equity interest in Famicord Acibadem Kordon Kani Sağlık Hizmetleri Anonim Şirketi ("Famicord") to Polski Bank Komórek Macierzystych S.A. at a total consideration of EUR2,800,000 (equivalent to RM13,446,160). Consequential thereto, the Group's interest in Famicord decreased from 100.0% to 30.0%.
- On 31 March 2020, Acibadem Sağlık Hizmetleri ve Ticaret A.S. ("ASH") established a wholly-owned subsidiary, Acibadem International Healthcare Group GmbH ("AIHC") in Germany. The issued and paid-up share capital of AIHC is EUR25,000 (equivalent to RM118,598) and its intended principal activity is the operation of hospitals, clinics and other medical facilities as well as the provision of services in the healthcare sector.

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

- Between 1 April 2020 to 22 June 2020, the Company issued 3,229,000 new ordinary shares pursuant to the surrender of vested Long Term Incentive Plan ("LTIP") units.
- On 7 April 2020, Parkway Trust Management Limited ("PTM") transferred 128,400 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 35.64% to 35.62%.
- On 29 April 2020, the Company granted a total of 1,842,000 LTIP units to eligible employees of the Group.
- On 5 June 2020, M&P Investments Pte Ltd disposed 60% equity interest in ParkwayHealth Zifeng Nanjing OBGYN Hospital Company Limited to Healthcare Corporation (Hong Kong) Limited. Post the disposal, ParkwayHealth Zifeng Nanjing OBGYN Hospital Company Limited has ceased to be a subsidiary of IHH Group.

**A NOTES TO THE INTERIM FINANCIAL REPORT
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A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

- i. 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. Additionally, the said certain party with whom the term sheet had been allegedly signed also claimed that Fortis has not abided by the aforementioned term sheet and has therefore claimed alleged ownership over the brands apart from the alleged claim to have a right to invest in Fortis.

The said certain party had filed an application against Fortis before the High Court of Delhi for seeking certain reliefs under the Indian Arbitration and Conciliation Act. The said certain party had also filed a claim for damages and injunctive reliefs against Fortis before International Chamber of Commerce (“ICC”).

The proceedings before ICC on 23 February 2020 and the proceedings before High Court of Delhi on 24 February 2020 have been withdrawn by the certain party. On 28 February 2020, the arbitration sought to be commenced before the ICC has also been allowed to be withdrawn by the ICC pursuant to the request by the certain party. Post withdrawal of these two proceedings, an email communication has been received on behalf of certain other party enclosing frivolous demands and complaints.

Based on opinions from external legal counsel, Fortis believes that the claims are without legal basis and are not tenable. Accordingly, no provisions were required.

- ii. In 2019, Continental Hospitals Private Limited received letters from the Reserve Bank of India (“RBI”) pointing out certain non-compliances with Foreign Exchange Management Act 1999 (“FEMA”). RBI sought clarifications on the status of this matter before the Singapore Arbitral Tribunal. During the year, RBI has directed that the compounding application be re-submitted upon receipt of the final orders from the Singapore Arbitral Tribunal, where the dispute continues to remain pending.

The financial implication of such non-compliances is currently unascertainable and will be known upon the acceptance and disposal of the compounding application by the RBI.

Except for above developments to the contingent liabilities disclosed in Note 48 of the 2019 Audited Financial Statements, there were no other material changes in the contingent liabilities or contingent assets as at 22 June 2020 from that disclosed in the 2019 Audited Financial Statements.

A14 CAPITAL COMMITMENTS

	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Capital expenditure commitments		
<i>Property, plant and equipment and investment properties</i>		
- Contracted but not provided for in the financial statements	727,283	710,362
Other commitments		
Maximum amount committed for Fortis Open Offer ¹	1,925,926	1,941,302
Maximum amount committed for Malar Open Offer ¹	16,323	16,453
	1,942,249	1,957,755

¹ The actual number of Fortis shares and the actual number of Fortis Malar Hospitals Limited shares that NTK will be acquiring can only be determined at the end of the of the Fortis Open Offer and Malar Open Offer respectively.

**A NOTES TO THE INTERIM FINANCIAL REPORT
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On 13 November 2018, IHH acquired 31.17% equity interest in Fortis through a preferential allotment by Fortis to an indirect wholly-owned subsidiary of IHH, NTK. As a consequence of the preferential allotment by Fortis, NTK is required to carry out the following:

- (i) A mandatory open offer for acquisition of up to 197,025,660 equity shares of face value of INR10 each in Fortis, representing additional 26% of the Expanded Voting Share Capital (as defined in Section B6(1)) of Fortis, at a price of not less than INR170 per share ("Fortis Open Offer") or such higher price as required under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (ii) In light of the acquisition of the controlling stake of Fortis, a mandatory open offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of INR10 each in Malar, representing 26% of the paid-up equity shares of Malar at a price of INR58 per share ("Malar Open Offer"). The Malar Open Offer is subject to the completion of the Fortis Open Offer.

In light of the 14 December 2018 status quo Order, and the 15 November 2019 Judgment mentioned in Section B6(1), the Fortis Open Offer as well the Malar Open Offer (which is subject to the completion of the Fortis Open Offer) will not proceed for the time being.

A15 FAIR VALUE HIERARCHY

Fair value hierarchy

The table below analyses 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

**A NOTES TO THE INTERIM FINANCIAL REPORT
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	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>31 March 2020</u>				
Assets				
FVOCI unquoted shares	-	-	59,109	59,109
FVTPL money market funds	-	187,615	-	187,615
Interest Rate Cap	-	3,318	-	3,318
Cross currency swaps	-	22,175	-	22,175
	-	213,108	59,109	272,217
Liabilities				
Put options granted to non-controlling interest ⁱ	-	-	(1,031,766)	(1,031,766)
Interest rate swaps	-	(980)	-	(980)
Foreign exchange forward contracts	-	(8,383)	-	(8,383)
Cross currency interest rate swaps	-	(37,413)	-	(37,413)
	-	(46,776)	(1,031,766)	(1,078,542)
<u>31 December 2019</u>				
Assets				
FVOCI unquoted shares	-	-	30,645	30,645
FVTPL money market funds	-	186,148	-	186,148
Foreign exchange forward contracts	-	7,567	-	7,567
Interest Rate Cap	-	1,738	-	1,738
	-	195,453	30,645	226,098
Liabilities				
Put options granted to non-controlling interest ⁱ	-	-	(1,033,565)	(1,033,565)
Interest rate swaps	-	(985)	-	(985)
Foreign exchange forward contracts	-	(5,402)	-	(5,402)
Cross currency swaps	-	(30,627)	-	(30,627)
Cross currency interest rate swaps	-	(9,074)	-	(9,074)
	-	(46,088)	(1,033,565)	(1,079,653)

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.

A16 UPDATE ON INVESTIGATIONS BY SEBI AND SFIO ON FORTIS

As at 22 June 2020, 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 49 of the 2019 Audited Financial Statements.

A17 UPDATE ON THE SUO-MOTO COMTEMPT NOTICE TO FORTIS ON 15TH NOVEMBER 2019

As at 22 June 2020, there were no further developments in the suo-moto contempt notice to Fortis, from that disclosed in Note 50 of the 2019 Audited Financial Statements. Please refer to section B6(1) for details.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

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

	1st quarter ended		
	31 Mar 2020	31 Mar 2019	Variance
	RM'000	RM'000	%
<u>REVENUE</u>¹			
Parkway Pantai:			
- Singapore	1,014,839	1,023,903	-1%
- Malaysia	555,433	540,822	3%
- India	750,576	816,706	-8%
- North Asia	128,709	146,432	-12%
- PPL Others*	43,012	51,066	-16%
Parkway Pantai	2,492,569	2,578,929	-3%
Acibadem Holdings	955,777	967,082	-1%
IMU Health	67,295	61,679	9%
Others[^]	1,813	1,003	81%
Group (Excluding PLife REIT)	3,517,454	3,608,693	-3%
PLife REIT total revenue	90,012	85,563	5%
Less: PLife REIT inter-segment revenue	(52,290)	(51,569)	-1%
PLife REIT	37,722	33,994	11%
Group	3,555,176	3,642,687	-2%
<u>EBITDA</u>²			
Parkway Pantai:			
- Singapore	328,231	345,722	-5%
- Malaysia	149,610	162,579	-8%
- India	69,086	68,543	1%
- North Asia	(66,705)	(30,479)	-119%
- PPL Others*	6,404	8,651	-26%
Parkway Pantai	486,626	555,016	-12%
Acibadem Holdings	217,260	233,747	-7%
IMU Health	28,476	25,709	11%
Others[^]	(16,095)	(18,605)	13%
Group (Excluding PLife REIT)	716,267	795,867	-10%
PLife REIT³	70,439	69,338	2%
Eliminations⁴	(52,290)	(51,469)	-2%
Group	734,416	813,736	-10%

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 income earned from lease of hospitals to Parkway Pantai

⁴: Relates to the elimination of inter-segment income and expenses.

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

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

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
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Q1 2020 vs Q1 2019

The Group's Q1 2020 revenue and EBITDA decreased 2% and 10% respectively in Q1 2020 over Q1 2019. With the COVID-19 pandemic since late January 2020, patients postponed non-urgent and non-essential treatment and visits to hospitals and healthcare facilities. The Group also saw a decrease in foreign patient volume especially from March 2020 onwards due to the various travel restrictions implemented across the countries that it operates. The decrease in revenue as a result of lower patient volumes is partially mitigated by COVID-19-related services that the Group renders. The Group is in active collaboration with the public healthcare sector to provide COVID-19 screening services and laboratory testing in Malaysia and Singapore, to care for stable COVID-19 patients that was decanted from public hospitals to the Group's Singapore hospitals and to perform temperature screening at the Singapore borders. In addition, the Group's hospitals in Turkey and India receives some walk-in COVID-19 patients. The Group also receives non-COVID-19 patients decanted from public hospitals. Q1 2020 revenue also decreased from a high base in Q1 2019 whereby the Group recognised a one-off RM28.5 million trustee management fee income from RHT relating to disposal of RHT assets in Q1 2019.

The Group's Q1 2020 EBITDA was impacted by lower revenues and cost incurred to implement COVID-19 precautionary and safety measures at the Group's hospitals and healthcare facilities. The decrease is partially mitigated by government grants and reliefs.

The Group's Q1 2020 PATMI excluding exceptional items ("PATMI (Excl EI)") increased 1% to RM189.4 million on lower net interest expenses with the repayment of loans in second half of 2019, and recognition of RM12.1 million foreign exchange gain in Q1 2020 as compared to RM12.6 million foreign exchange losses in Q1 2019. In addition, Q1 2019 PATMI (Excl EI) was a low base due to higher tax expenses in Q1 2019 arising from tax on cash dividends received from RHT, and on cash that was further upstreamed as dividends from Fortis subsidiaries to Fortis Healthcare Limited.

Parkway Pantai

Parkway Pantai's Q1 2020 revenue decreased 3% to RM2,492.6 million whilst its Q1 2020 EBITDA decreased 12% to RM486.6 million. The decrease in revenue was due to decrease in patient volumes as a result of the COVID-19 pandemic. It is partially mitigated by COVID-19-related services rendered. Revenue also decreased from a high base in Q1 2019 whereby Parkway Pantai recognised a one-off RM28.5 million trustee management fee income from RHT relating to disposal of RHT assets in Q1 2019.

Parkway Pantai's Singapore hospitals inpatient admissions decreased 9.6% to 17,278 in Q1 2020, while its revenue per inpatient admission increased 10.9% to RM35,236. Parkway Pantai's Malaysia hospitals inpatient admissions decreased 3.6% to 49,772 inpatient admissions in Q1 2020, while its revenue per inpatient admission increased 4.2% to RM7,231. Parkway Pantai's India hospitals inpatient admissions decreased 3.0% to 83,723 in Q1 2020, while its revenue per inpatient admission decreased 0.1% to RM6,476.

Parkway Pantai's Q1 2020 EBITDA also decreased as a result of cost incurred to implement COVID-19 precautionary and safety measures at its hospitals and healthcare facilities. The decrease is partially mitigated by government grants and reliefs received in Q1 2020.

Acibadem Holdings

Acibadem Holdings' Q1 2020 revenue decreased 1% to RM955.8 million whilst its EBITDA decreased 7% to RM217.3 million. The decrease in revenue was mainly due to weaker TL against RM in Q1 2020 as compared to Q1 2019. Excluding the effects of the weakening of TL on translation of Acibadem Holdings' results, Acibadem Holdings' Q1 2020 revenue increased 8% while its EBITDA increased 2% over corresponding period last year.

Acibadem Holdings' hospitals inpatient admissions decreased 4.4% to 55,699. Meanwhile its revenue per inpatient admission grew 14.8% to RM9,098 in Q1 2020 with price increases to compensate for inflation and more complex cases taken.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020**

IMU Health

IMU Health's Q1 2019 revenue increased 9% to RM67.3 million due to higher student intake for certain courses in Q1 2020 as compared to Q1 2019 and higher seminar income of RM3.5 million from a major conference organised by IMU Health in Q1 2020.

IMU Health's EBITDA increased 11% in Q1 2020 mainly as a flow through from the increase in revenue.

PLife REIT

PLife REIT's Q1 2020 external revenue increased 11% to RM37.7 million, while its EBITDA increased 2% to RM70.4 million as a result of rent contribution from properties acquired in Q4 2019.

Others

Q1 2020 revenue increased from RM1.0 million in Q1 2019 to RM1.8 million mainly due to the timing of the declaration of returns by the investment in Money Market Funds ("MMF").

Q1 2020 EBITDA losses decreased mainly due increase in revenue, and lower travelling and recruitment expenses in Q1 2020 as compared to Q1 2019.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	1st quarter ended 31 Mar 2020 RM'000	4th quarter ended 31 Dec 2019 RM'000	Variance %
<u>REVENUE¹</u>			
Parkway Pantai:			
- Singapore	1,014,839	1,108,910	-8%
- Malaysia	555,433	618,771	-10%
- India	750,576	816,649	-8%
- North Asia	128,709	148,899	-14%
- PPL Others*	43,012	50,966	-16%
Parkway Pantai	2,492,569	2,744,195	-9%
Acibadem Holdings	955,777	988,520	-3%
IMU Health	67,295	66,509	1%
Others[^]	1,813	1,451	25%
Group (Excluding PLife REIT)	3,517,454	3,800,675	-7%
PLife REIT total revenue	90,012	88,209	2%
Less: PLife REIT inter-segment revenue	(52,290)	(52,785)	1%
PLife REIT	37,722	35,424	6%
Group	3,555,176	3,836,099	-7%
<u>EBITDA²</u>			
Parkway Pantai:			
- Singapore	328,231	424,784	-23%
- Malaysia	149,610	171,039	-13%
- India	69,086	90,037	-23%
- North Asia	(66,705)	(68,927)	3%
- PPL Others*	6,404	13,224	-52%
Parkway Pantai	486,626	630,157	-23%
Acibadem Holdings	217,260	246,818	-12%
IMU Health	28,476	13,457	112%
Others[^]	(16,095)	(18,973)	15%
Group (Excluding PLife REIT)	716,267	871,459	-18%
PLife REIT³	70,439	83,041	-15%
Eliminations⁴	(52,290)	(53,035)	1%
Group	734,416	901,465	-19%

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 income earned from lease of hospitals to Parkway Pantai

⁴: Relates to the elimination of inter-segment income and expenses

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

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

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
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Q1 2020 vs Q4 2019

The Group reported a 7% and 19% quarter-on-quarter decrease in revenue and EBITDA respectively as a result of the COVID-19 pandemic in Q1 2020. EBITDA decreased from a high base when the Group recorded RM11.4 million revaluation gain on PLife REIT's investment properties in Q4 2019. On constant currency basis, quarter-on-quarter revenue decreased 6% while EBITDA decreased 17%.

The Group's Q1 2020 PATMI (Excl EI) decreased 35% quarter-on-quarter on the back of lower EBITDA and eroded by the higher foreign exchange losses of RM12.1 million in Q1 2020 as compared to RM2.3 foreign exchange losses in Q4 2019. In addition, the Group also recorded RM12.4 million fair value losses on the Group's financial derivatives in Q1 2020 as compared to RM14.4 million fair value gain recognised in Q4 2019.

Parkway Pantai

Parkway Pantai's revenue and EBITDA decreased 9% and 23% quarter-on-quarter respectively. On constant currency basis, Parkway Pantai's revenue decreased 8% while its EBITDA decreased 22% quarter-on-quarter.

Parkway Pantai's Singapore hospitals inpatient admissions decreased 12% quarter-on-quarter, while its revenue per inpatient admission increased 6.6% quarter-on-quarter. Parkway Pantai's Malaysia hospitals inpatient admissions decreased 13% quarter-on-quarter, while its revenue per inpatient admission increased 0.9% quarter-on-quarter. Parkway Pantai's India hospitals inpatient admissions decreased 8.4%, while its revenue per inpatient admission increased 2.4% quarter-on-quarter.

Acibadem Holdings

Acibadem Holdings' revenue and EBITDA decreased 3% and 12% quarter-on-quarter respectively. On constant currency basis, Acibadem Holdings' revenue increased 0.3%, while its EBITDA decreased 9% quarter-on-quarter.

Acibadem Holdings' inpatient admissions decreased 3.3% quarter-on-quarter while its revenue per inpatient admission increased 8.6% quarter-on-quarter.

IMU Health

IMU Health's revenue increased 1% quarter-on-quarter due to the higher seminar income from a major conference organised by IMU Health in Q1 2020.

EBITDA increased 112% quarter-on-quarter mainly due low base in Q4 2019 whereby IMU Health recognised expenses incurred for student recruitment promotional activities which took place in Q4 2019.

PLife REIT

PLife REIT's Q1 2020 external revenue increased 6% quarter-on-quarter as a result of rent contribution from properties acquired in Q4 2019. PLife REIT's Q1 2020 EBITDA decreased 15% quarter-on-quarter from a high base when it recognised revaluation gain of RM11.4 million on its investment properties.

Others

Revenue increased 25% quarter-on-quarter mainly due to higher dividends received from MMF investment. EBITDA losses decreased by 15% quarter-on-quarter as a result of lower operating expenses in Q1 2020.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
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B3 CURRENT YEAR FINANCIAL PROSPECTS

The current COVID-19 pandemic has an impact on the global economy, including markets where the Group operates. Patients postponed non-urgent (ie. semi-elective and elective) treatment at the Group's hospitals and healthcare facilities during the lockdown periods, with the worst impact in April and May. Foreign patients, which makes up about 5%-25% of the revenues in the Group's various markets, were not able to travel overseas for treatment as travel restrictions were implemented across the countries that the Group operates. The Group mitigates the decrease in patient volume and revenues by rendering various COVID-19-related services to the public healthcare sector. For example, the Group is in active collaboration with the public healthcare sector to provide COVID-19 screening services and laboratory testing, to care for stable COVID-19 patients that was decanted from public hospitals to the Group's Singapore hospitals and to perform temperature screening at the Singapore borders. In addition, the Group's hospitals in Turkey and India receives some walk-in COVID-19 patients. The Group also receives non-COVID-19 patients decanted from public hospitals. The Group continues to explore more avenues to utilise its healthcare expertise and available resources to complement the public healthcare sector in the countries that it operates. Since May 2020, the Group rolled out telemedicine in its key markets to complement its existing healthcare service offering and to cater to evolving patient needs especially during this period.

The Group expects higher costs of operations from the disruption in supply chains due to the COVID-19 pandemic and wage inflation from continuing competition for skilled healthcare personnel in its home markets. While such cost pressures may potentially reduce the Group's EBITDA and margins, the Group expects to partially mitigate these effects through diversifying into new revenue streams, improvements in case mix and tight cost control. The Group also continues to drive efficient growth, unlock intrinsic value and drive cost savings through global shared services and procurement.

With the slowdown in patient volumes brought about by the COVID-19 pandemic, the Group has reviewed its capital expenditure to defer non-critical purchases and non-critical capital expansion projects. In addition, the construction of Parkway Shanghai Hospital (formerly known as Gleneagles Shanghai Hospital) in China will be delayed as a result of halting of construction during the lockdown.

The Group expects an impact from the COVID-19 pandemic for FY2020, and a prolonged fallout from COVID-19 may further dampen the Group's performance. In particular, the COVID-19 infection curve has not peaked in certain markets like India. However, with the gradual easing of movement restrictions from June onwards, the Group started to see local patient volumes recover. The Group expects patient volumes to continue its progressive recovery, save for any disruptions from subsequent waves of COVID-19 outbreaks and renewed lockdowns.

Overall, the Group remains in a strong financial position to weather the crisis created by the COVID-19 pandemic. The Group's balance sheet remains robust and our funding and liquidity are well positioned. The Group has a strong cash balance and sufficient financing facilities to draw upon should the need arise.

The Group is optimistic that it will remain resilient and is well-prepared to ride out this health crisis in the long term. The Group's long-term trajectory remains intact. The Group will continue to execute its refreshed strategy and deliver unrivalled care for its patients.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	1st quarter ended	
	31 Mar 2020	31 Mar 2019
	RM'000	RM'000
Current tax expense	79,701	123,888
Deferred tax expense	29,602	72,140
	<u>109,303</u>	<u>196,028</u>

QTD 2020 effective tax rate* was 42.2%. It was higher than the Malaysia statutory tax rate mainly due to certain non-tax deductible expenses (refer to page 2 for list of exceptional items), unrecognised tax losses arising from the subsidiaries' operations, and hospitals under construction. Q1 2020 tax expenses also included a RM14.7 million reversed of deferred tax by Fortis.

QTD 2019 tax expenses was high as it included tax on cash dividends received from RHT, and on cash that was further upstream as dividends from Fortis subsidiaries to Fortis Healthcare Limited. On the other hand, the dividend income from RHT (an associate) was 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

B6 STATUS OF CORPORATE PROPOSALS

Save as disclosed below, there were no other corporate proposals announced but not completed as at 22 June 2020:

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").

On 13 July 2018, pursuant to a board resolution passed by the Board of Directors of Fortis, NTK, as subscriber, entered into a share subscription agreement ("Fortis SSA") with Fortis, as issuer, where NTK has agreed to subscribe 235,294,117 new equity shares of Fortis with a face value of INR10 each ("Subscription Shares"), constituting approximately 31.17% of the total voting equity share capital of Fortis on a fully diluted basis ("Expanded Voting Share Capital") for a total consideration of INR4,000 crore and Fortis has agreed to issue and allot the Subscription Shares by way of preferential allotment in accordance with the terms of the Fortis SSA ("Proposed Subscription"). The Proposed Subscription was completed in accordance with the terms of the Fortis SSA on 13 November 2018 and NTK has become the controlling shareholder of Fortis.

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As a consequence of the Proposed Subscription, NTK was required to carry out the following:

- (i) A mandatory open offer for acquisition of up to 197,025,660 equity shares of face value of INR10 each in Fortis, representing additional 26% of the Expanded Voting Share Capital of Fortis, at a price of not less than INR170 per share ("Fortis Open Offer") or such higher price as required under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 ("SEBI (SAST) Regulations").

On 13 July 2018, NTK, together with IHH and Parkway Pantai Limited, in the capacity as the persons acting in concert with NTK (collectively, the "PACs"), pursuant to the terms of Regulations 3(1) and 4 read with Regulation 15(1) of the SEBI (SAST) Regulations, have made the Fortis Open Offer by filing of the public announcement dated 13 July 2018 ("Fortis Public Announcement") to all the shareholders of Fortis who are eligible to tender their shares in the Fortis Open Offer, excluding NTK and the PACs and persons deemed to be acting in concert with NTK and the PACs. Save and except for the PACs, no other person is acting in concert with NTK for the purpose of the Fortis Open Offer at the time of the Fortis Public Announcement being released.

- (ii) In light of the acquisition of the controlling stake of Fortis, a mandatory open offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of INR10 each in Malar, representing 26% of the paid-up equity shares of Malar at a price of INR58 per share ("Malar Open Offer"). The Malar Open Offer is subject to the completion of the Fortis Open Offer.

On 13 July 2018, NTK together with the PACs pursuant to the terms of Regulations 3(1), 4 and 5(1) read with Regulations 13(2)(e) and 15(1) of the SEBI (SAST) Regulations, have made the Malar Open Offer by filing of the public announcement dated 13 July 2018 ("Malar Public Announcement") to all the public shareholders of Malar excluding the promoter and promoter group of Malar, NTK and the PACs and persons deemed to be acting in concert with NTK and the PACs. Save and except for the PACs, no other person is acting in concert with NTK for the purpose of the Malar Open Offer at the time of the Malar Public Announcement being released.

On 14 December 2018, the Supreme Court of India 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 to Malaysian IHH Healthcare Berhad be maintained" ("Order"). Pursuant thereto, decision was taken not to proceed with Open Offer.

Vide its judgment dated 15 November 2019 ("Judgment"), the Hon'ble Supreme Court of India issued suo-moto contempt notice to, among others, Fortis, and directed its Registry to register a fresh contempt petition in regard to alleged violation of the Order. In this respect, the Hon'ble Supreme Court sought an enquiry into:

- (i) Whether the subscription by NTK for the Shares of Fortis was undertaken after the Order, and accordingly if such subscription was in violation of the Order; and
- (ii) The consummation of the acquisition of healthcare assets from RHT Health Trust by Fortis.

Fortis has filed a reply to the show cause notice issued in the suo-moto contempt, praying inter alia, that the suo-moto contempt proceedings be dropped and Order be modified/vacated such that the open offers may proceed.

Since the issuance of the Judgement, several parties have filed applications before the Supreme Court, for seeking various remedies, which are are briefly enumerated below (where relevant to IHH or Fortis):

- a) Anshuman Khanna, a minority shareholder of Fortis ("Minority Shareholder") has sought resumption of the Fortis Open Offer but has asked that IHH to pay interest at 10% (ten percent) to the public shareholders of Fortis who are eligible to tender shares in the Fortis Open Offer due to the delay since IHH is earning interest on the 100% of the consideration payable under the Fortis Open Offer that has deposited in the escrow account.
- b) Daiichi Sankyo Co. Ltd ("Daiichi") has sought permission to implead itself in and present its case as its rights are impacted by orders that may be passed in the Fortis Contempt Petition.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
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c) SEBI has sought resumption of the Fortis Open Offer citing larger public interest at stake.

The Fortis Contempt Petition, the Order, the Original Contempt Petition and the applications filed by the Minority Shareholder, Daichi and SEBI, respectively, are collectively referred to as "Supreme Court Proceedings".

On 5 March 2020, NTK has through its legal counsel, filed applications to intervene in the aforementioned Supreme Court Proceedings, as follows:

- (i) intervention applications in the Original Contempt Petition and the Fortis Contempt Petition, respectively, and to enable NTK to be heard in the Supreme Court Proceedings before any further orders are passed by the Supreme Court; and
- (ii) an application to vacate the Order that continues to stay the Fortis Open Offer so as to be able to consummate the Fortis Open Offer; and support SEBI's ask of resuming the same.

Further, NTK may file such other applications, replies and affidavits, as necessary, to respond to the applications filed by any other parties.

Outcome of the Supreme Court Proceedings cannot be predicted at this juncture and the potential liability to IHH is indeterminate, at this stage.

Since the Supreme Court has implemented measures to contain the COVID-19 situation, the hearing of the Supreme Court Proceedings now stands adjourned to a date to be notified.

2. Proposed acquisition of the entire issued share capital of Prince Court Medical Centre Sdn Bhd ("PCMC") by PHSB, an indirect wholly-owned subsidiary of IHH from Pulau Memutik Ventures Sdn Bhd ("PMV"), a wholly-owned subsidiary of Khazanah Nasional Berhad for a cash consideration of RM1,020.0 million ("Proposed Acquisition")

On 17 September 2019, PHSB entered into a conditional share purchase agreement ("SPA") with PMV for the Proposed Acquisition.

The Proposed Acquisition involves the acquisition of 100,000,000 ordinary shares in PCMC and 35,176 redeemable preference shares in PCMC (collectively be referred to as "Sale Shares"), representing the entire issued share capital of PCMC, for a cash consideration of RM1,020.0 million. The Proposed Acquisition is subject to the terms and conditions of the SPA.

The Proposed Acquisition is subject to the following approvals being obtained:

- (i) non-interested shareholders of the Company at the forthcoming EGM to be held on 9 December 2019;
- (ii) Ministry of Health, Malaysia ("MOH");
- (iii) Economic Planning Unit of the Prime Minister's Department ("EPU"); and
- (iv) any other relevant authorities and/or parties, where required.

On 11 October 2019, applications have been submitted to the MOH and Ministry of Economic Affairs, Malaysia, being the ministry charged with the responsibility of the EPU then, respectively.

Please refer to the Circular to shareholders dated 22 November 2019, copy of which is available for download from the websites of the Company, Bursa Malaysia Securities Berhad and Singapore Exchange Securities Trading Ltd, for further details of the Proposed Acquisition.

The Company had obtained the shareholders' approval on the Proposed Acquisition at the EGM held on 9 December 2019.

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PHSB and PMV have, via a letter of extension issued by PHSB on 13 February 2020 and accepted by PMV on 17 February 2020, mutually agreed to extend the Long Stop Date of the SPA from 17 February 2020 to 13 May 2020, being sixty (60) business days from the original Long Stop Date ("Extension") for the fulfilment of the remaining conditions precedent under the SPA, namely, regulatory approvals and/or waiver from the MOH and the EPU.

PHSB and PMV have, via a letter of extension issued by PHSB on 12 May 2020 and accepted by PMV, mutually agreed to further extend the Long Stop Date of the SPA from 13 May 2020 to 14 August 2020, for the fulfilment of the remaining conditions precedent under the SPA, namely, regulatory approvals and/or waiver from the MOH and EPU.

3. 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 28 February 2020, the Company announced the proposal to seek from its shareholders, at its forthcoming Tenth Annual General Meeting ("Tenth 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 statement containing the details of the Proposed Renewal of Share Buy-Back Authority has been published on the website of the Company on 22 May 2020 together with the Annual Report 2019 of the Company. The Proposed Renewal of Share Buy-Back Authority was approved by the shareholders at the Tenth AGM held on 23 June 2020.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

B7 LOANS, BORROWINGS AND OVERDRAFTS

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

	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Non-current		
Secured		
Bank borrowings	782,410	859,875
Loans from non-financial corporates	4,261	4,735
Unsecured		
Bank borrowings	6,448,224	6,044,071
Fixed rate notes	467,852	446,430
Loans from non-financial corporates	666	632
Loans from non-controlling interest of subsidiaries	962,836	910,322
	<u>8,666,249</u>	<u>8,266,065</u>
Current		
Secured		
Bank overdrafts	100,479	121,814
Bank borrowings	732,884	281,153
Loans from non-financial corporates	1,448	1,455
Unsecured		
Bank borrowings	595,113	354,572
Loans from non-financial corporates	686	654
	<u>1,430,610</u>	<u>759,648</u>
Total	<u><u>10,096,859</u></u>	<u><u>9,025,713</u></u>

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

	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Singapore Dollar	2,659,640	2,281,252
Ringgit Malaysia	300,847	-
US Dollar	687	654
Euro	1,500,964	1,429,607
Turkish Lira	14,349	51,376
Japanese Yen	1,739,290	1,646,439
Indian Rupees	1,052,877	1,062,526
Hong Kong Dollar	2,616,679	2,405,325
Renminbi	191,827	127,470
Others	19,699	21,064
	<u><u>10,096,859</u></u>	<u><u>9,025,713</u></u>

As at 31 March 2020, two of the subsidiaries, Ravindranath GE Medical Associates Pte Ltd and Centre for Digestive and Kidney Diseases (India) Private Limited breached the loan covenants in respect of bank loans totaling INR3.17 billion (equivalent to RM182.3 million), out of which INR2.49 billion (equivalent to RM143.1 million) were previously classified as non-current liabilities. The subsidiaries did not fulfil the requisite financial ratios as set out in the loan agreements. Consequently, the bank loans became repayable on demand and were classified in full as current liabilities as at 31 March 2020. Management is in the process of renegotiating the terms of the loan agreements with the relevant bank.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 31 March 2020:

	Notional amount as at 31 Mar 2020 RM'000	Fair value amount as at 31 Mar 2020 RM'000
Derivative assets		
Interest rate cap		
- More than 3 years	935,387	3,318
Cross currency swaps		
- More than 3 years	447,642	22,175
	<u>1,383,029</u>	<u>25,493</u>
Derivative liabilities		
Interest rate swaps		
- Between 1 - 3 years	147,488	(154)
- More than 3 years	174,542	(826)
	<u>322,030</u>	<u>(980)</u>
Foreign exchange forward contracts		
- Within 1 year	34,840	(2,423)
- Between 1 - 3 years	186,739	(3,829)
- More than 3 years	138,672	(2,131)
	<u>360,251</u>	<u>(8,383)</u>
Cross currency interest rate swaps		
- Within 1 year	226,470	(21,300)
- Between 1 - 3 years	150,602	(11,202)
- More than 3 years	694,253	(4,911)
	<u>1,071,325</u>	<u>(37,413)</u>
Call option granted to non-controlling interests		
- Within 1 year	28,750	-
	<u>1,782,356</u>	<u>(46,776)</u>

Foreign exchange forward contracts

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

Interest rate swaps

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

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020**

Cross currency interest rate swaps and cross currency swaps

Cross currency interest rate swaps and cross currency 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.

Interest rate caps

Interest rate caps are entered by the Group to protect against an increase in interest rates beyond the pre-determined cap rate.

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 22 June 2020 from that disclosed in the 2019 Audited Financial Statements.

B11 DIVIDENDS

No dividends were declared or paid by the Company during the period ended 31 March 2020.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020**

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 and year.

	1st quarter ended	
	31 Mar 2020	31 Mar 2019
	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	(319,786)	89,510
Perpetual securities distribution accrued	(22,340)	(21,546)
	<u>(342,126)</u>	<u>67,964</u>
ii) <u>Net profit attributable to ordinary shareholders (excluding EI)</u>		
Profit after tax and non-controlling interests(excluding EI)	189,351	188,384
Perpetual securities distribution accrued	(22,340)	(21,546)
	<u>167,011</u>	<u>166,838</u>
Basic EPS		
	'000	'000
Weighted average number of shares	8,773,990	8,769,296
	sen	sen
Basic EPS	(3.90)	0.78
Basic EPS (excluding EI)	1.90	1.90

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.

	1st quarter ended	
	31 Mar 2020	31 Mar 2019
	'000	'000
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,773,990	8,769,296
Weighted number of unissued ordinary shares from units under Long Term Incentive Plan	3,003	3,184
Weighted number of unissued ordinary shares from share options under EOS	-	-
Weighted average number of dilutive ordinary shares for computation of diluted EPS	<u>8,776,993</u>	<u>8,772,480</u>
	sen	sen
Diluted EPS	(3.90)	0.77
Diluted EPS (excluding EI)	1.90	1.90

At 31 March 2020, 50,290,000 outstanding EOS options (31 March 2019: 38,656,000) 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 2020

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

	1st quarter ended	
	31 Mar 2020	31 Mar 2019
	RM'000	RM'000
Dividend income	1,813	1,003
Other operating income	82,167	64,758
Foreign exchange differences	12,089	(12,608)
Impairment loss (made)/written back:		
- Goodwill	(400,483)	-
- Trade and other receivables	(13,124)	(13,125)
- Inventories	(101)	(28)
Write off:		
- Property, plant and equipment	(187)	(606)
- Inventories	(661)	(343)
- Trade and other receivables	(1,924)	(6,725)
Loss on disposal of property, plant and equipment	(444)	(512)
Gain on disposal of a subsidiary	13,188	-
Realisation of FCTR upon substantive liquidation of a joint venture	(59,985)	-
Provision for financial guarantee given on a joint venture's loan facility	(1,162)	(594)
Finance income		
Interest income	16,935	24,993
Fair value gain of financial instruments	55,797	10,354
	72,732	35,347
Finance costs		
Interest expense	(129,093)	(153,500)
Exchange loss on net borrowings	(133,826)	(131,149)
Fair value loss of financial instruments	(15,260)	-
Other finance costs	(10,455)	(10,510)
	(288,634)	(295,159)