IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
30 September 2017

IHH HEALTHCARE BERHAD
Company No. 901914-V
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Note	3rd quarter ended			Financial period ended		
		30 Sept 2017 RM'000	30 Sept 2016 RM'000	Variance %	30 Sept 2017 RM'000	30 Sept 2016 RM'000	Variance %
Revenue		2,800,855	2,441,801	15%	8,257,506	7,390,412	12%
Other operating income	1	58,939	42,375	39%	721,621	226,228	NM
Inventories and consumables		(522,765)	(453,867)	-15%	(1,547,546)	(1,313,661)	-18%
Purchased and contracted services		(229,051)	(205,981)	-11%	(692,317)	(659,694)	-5%
Staff costs	2	(1,144,583)	(931,919)	-23%	(3,371,557)	(2,864,739)	-18%
Depreciation and impairment losses of property, plant and equipment	3	(238,282)	(178,944)	-33%	(674,533)	(556,698)	-21%
Amortisation and impairment losses of intangible assets and prepaid lease payments		(16,453)	(15,031)	-9%	(46,577)	(40,829)	-14%
Operating lease expenses	4	(84,909)	(77,323)	-10%	(245,159)	(220,480)	-11%
Other operating expenses	4	(356,019)	(268,289)	-33%	(954,760)	(795,730)	-20%
Finance income	5	48,387	9,428	NM	115,995	49,671	134%
Finance costs	5	(187,394)	(143,269)	-31%	(502,265)	(274,661)	-83%
Share of profits of associates (net of tax)		205	333	-38%	981	1,033	-5%
Share of profits of joint ventures (net of tax)		(513)	3,824	-113%	667	11,420	-94%
Profit before tax		**128,417**	**223,138**	**-42%**	**1,062,056**	**952,272**	**12%**
Income tax expense		(85,653)	(64,382)	-33%	(269,574)	(237,070)	-14%
Profit for the period		**42,764**	**158,756**	**-73%**	**792,482**	**715,202**	**11%**
Other comprehensive income, net of tax							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences from foreign operations	6	62,795	71,614	-12%	(265,062)	(669,242)	60%
Hedge of net investments in foreign operations	6	(1,498)	16,608	-109%	27,930	274,597	-90%
Net change in fair value of available-for-sale financial instruments	7	54	25,431	-100%	(318,944)	(148,173)	-115%
Cash flow hedge		1,684	2,559	-34%	1,414	(16,670)	108%
		63,035	116,212	-46%	(554,662)	(559,488)	1%
Total comprehensive income for the period		**105,799**	**274,968**	**-62%**	**237,820**	**155,714**	**53%**
Profit attributable to:							
Owners of the Company		82,091	173,295	-53%	868,698	654,864	33%
Non-controlling interests		(39,327)	(14,539)	-170%	(76,216)	60,338	NM
Profit for the period		**42,764**	**158,756**	**-73%**	**792,482**	**715,202**	**11%**
Total comprehensive income attributable to:							
Owners of the Company		143,990	275,083	-48%	323,861	172,487	88%
Non-controlling interests		(38,191)	(115)	NM	(86,041)	(16,773)	NM
Total comprehensive income for the period		**105,799**	**274,968**	**-62%**	**237,820**	**155,714**	**53%**
Earnings per share (sen)							
Basic		0.80	2.11	-62%	10.35	7.96	30%
Diluted		0.80	2.10	-62%	10.35	7.95	30%

Note:
"Acibadem Holdings" as referred to throughout this financial report includes the wholly-owned Integrated Healthcare Turkey Yatirimlari Limited Group, which owns 60% effective interest in Acıbadem Sağlık Yatırımları Holding A.Ş. Group.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

SUPPLEMENTARY INFORMATION

		3rd quarter ended			Financial period ended		
		30 Sept 2017	**30 Sept 2016**	**Variance**	**30 Sept 2017**	**30 Sept 2016**	**Variance**
		RM'000	**RM'000**	**%**	**RM'000**	**RM'000**	**%**
Profit attributable to owners of the Company		**82,091**	**173,295**	**-53%**	**868,698**	**654,864**	**33%**
Add back/(less): Exceptional items ("EI")							
Gain on disposal of quoted available-for-sale financial instruments[i]		-	-		(554,500)	-	
Gain on disposal of a subsidiary[ii]		-	-		-	(54,801)	
Provision for financial guarantee given to a joint venture's loan facility[iii]		397	-		1,179	-	
Loss on disposal of a business unit		943	-		943	-	
Exchange loss on net borrowings[iv]	5	87,463	92,253		202,305	90,580	
		88,803	92,253		(350,073)	35,779	
Add/(less): Tax effects on EI		(17,493)	(18,451)		(40,461)	(18,116)	
Add/(less): Non-controlling interests' share of EI		(27,988)	(29,521)		(64,738)	(28,986)	
		43,322	44,281		(455,272)	(11,323)	
Profit attributable to owners of the Company, excluding EI[v]		**125,413**	**217,576**	**-42%**	**413,426**	**643,541**	**-36%**
Earnings per share, excluding EI[v] (sen)							
Basic		1.33	2.64	-50%	4.83	7.82	-38%
Diluted		1.33	2.64	-50%	4.82	7.82	-38%

Note:

i. Gain on disposal of the Group's 4.78% and 6.07% interest in Apollo Hospital Enterprise Limited in May 2017 and March 2017 respectively

ii. Gain on disposal of the Group's 90% interest in Shenton Insurance in April 2016

iii. Proportionate share of corporate guarantee in relation to accrued interest on Khubchandani Hospital's loan

iv. Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings (As at 30 September 2017, Euro/TL=4.1924, USD/TL=3.5521)

v. Exceptional items, net of tax and non-controlling interests

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the 2016 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 acquired Tokushukai-Sofia Eood ("Tokuda") and City Hospitals and Clinic AD ("City Clinic") on 8 June 2016. Generally, the consolidation of these newly acquired entities resulted in an increase in current period's revenue and expenses as compared to the corresponding period last year.

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

1. Other operating income in YTD 2017 increased as a result of RM554.5 million gain from the disposal of the Group's interest in Apollo Hospital Enterprise Limited ("Apollo Hospitals") recognised in YTD 2017.

   Other operating income in YTD 2016 included the gain on disposal of 90% equity interest of Shenton Insurance Pte Ltd amounting to RM54.8 million.

2. Staff costs increased as a result of higher headcount and salary increase driven by the higher demand for trained healthcare professionals. The Group increased its headcount to meet staffing requirements with the opening of new wards in existing hospitals, ramping up of newly-opened hospitals.

3. Depreciation increased as a result of the incremental depreciation of property, plant and equipment of the Group's newly-opened hospitals in March 2017, namely, Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital. The Group commenced depreciation of these hospitals' property, plant and equipment upon completion of construction or commencement of operations.

4. Operating expenses and operating lease expenses increased with the strengthening of the USD against the currencies of the Group's home markets. Higher operating expenses were also incurred with the commencement of operations of 2 new hospitals in March 2017 as well as professional fees in relation to potential acquisitions.

5. Acibadem Holdings recognised exchange gain or loss arising from the translation of its non-Turkish Lira ("TL") denominated borrowings/payables net of its non-TL denominated cash/receivables as finance income or finance cost respectively. The Group recognised RM87.5 million and RM202.3 million exchange losses on translation of such non-TL balances in Q3 2017 and YTD 2017 respectively, as compared to an exchange loss of RM92.3 million and RM90.6 million recognised in Q3 2016 and YTD 2016.

   Excluding the impact of above exchange gain or loss, the net financing costs of the Group increased as more borrowings and loans are taken and cash are used up for working capital, capital expenditure, acquisitions and purchase of investment properties. Finance costs also increased with commitment fees incurred on undrawn loan facilities as well as interest accrued for capital gains tax payable.

6. PLife REIT hedges its interest in the net assets of its Japanese operations and the effective portion of the hedge is recognised as a hedge of net investments in the statement of other comprehensive income, which offsets the foreign currency translation differences from the translation of the net assets of its Japanese operations. The Group's remaining foreign currency translation differences from foreign operations arise mainly from the translation of the net assets of its Singapore and Turkish operations.

   In YTD 2017, the Group recorded a net foreign currency translation loss as a result of the depreciation of the Turkish Lira ("TL") against Ringgit Malaysia ("RM").

7. Fair value change of available-for-sale financial instruments arose from the mark-to-market of the Group's investments in Eurobonds, and investment in Money Market Fund units.

   During the year, the Group realised the cumulative fair value gain on its investment in Apollo Hospitals when it disposed 4.78% and 6.07% of its interest Apollo Hospitals in May 2017 and March 2017.

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

	30 Sept 2017	30 Sept 2016
1 SGD	3.1284	2.9779
1 TL	1.2101	1.3922

IHH HEALTHCARE BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Note	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Assets			
Property, plant and equipment	1	13,538,069	13,140,531
Prepaid lease payments		1,026,397	1,143,479
Investment properties	2	3,167,997	3,033,107
Goodwill on consolidation		11,035,972	11,076,000
Intangible assets		2,415,938	2,489,642
Interests in associates		6,983	7,657
Interests in joint ventures		154,636	153,154
Other financial assets	3	15,993	1,198,230
Trade and other receivables		75,224	74,013
Tax recoverable		33,203	30,379
Derivative assets		5,315	2,303
Deferred tax assets		251,197	240,596
Total non-current assets		**31,726,924**	**32,589,091**
Development properties	4	62,757	28,987
Inventories		305,461	252,589
Trade and other receivables		1,531,430	1,441,683
Tax recoverable		36,873	72,471
Other financial assets		329,565	351,674
Derivative assets		9,880	1,040
Cash and cash equivalents		5,831,800	2,443,181
		8,107,766	4,591,625
Assets classified as held for sale	5	7,085	7,240
Total current assets		**8,114,851**	**4,598,865**
Total assets		**39,841,775**	**37,187,956**
Equity			
Share capital	6	16,459,330	8,231,700
Share premium	6	-	8,185,160
Other reserves		1,991,757	2,292,652
Retained earnings		3,875,101	3,276,228
Total equity attributable to owners of the Company		**22,326,188**	**21,985,740**
Perpetual securities	7	2,136,100	-
Non-controlling interests		2,053,215	1,907,417
Total equity		**26,515,503**	**23,893,157**
Liabilities			
Loans and borrowings	8	6,592,432	6,852,782
Employee benefits		44,981	41,398
Trade and other payables		1,774,075	1,666,595
Derivative liabilities		9,702	24,860
Deferred tax liabilities		1,073,818	1,067,265
Total non-current liabilities		**9,495,008**	**9,652,900**
Bank overdrafts		10,948	11,348
Loans and borrowings	8	578,527	622,968
Employee benefits		73,507	71,910
Trade and other payables		2,749,250	2,612,446
Dividend payable		-	-
Derivative liabilities		18,602	19,173
Tax payable		400,430	304,054
Total current liabilities		**3,831,264**	**3,641,899**
Total liabilities		**13,326,272**	**13,294,799**
Total equity and liabilities		**39,841,775**	**37,187,956**
Net assets per share attributable to owners of the Company[1] (RM)		2.71	2.67

[1] Based on 8,239.1 million and 8,231.7 million shares issued as at 30 September 2017 and 31 December 2016 respectively

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2016 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

1. The increase in property, plant and equipment was attributed to the purchase of the medical equipment during the period, cost capitalised for the on-going expansion and new hospital projects.

2. Investment properties increased with the acquisition of 5 nursing homes in February 2017.

3. Other non-current financial assets decreased upon the disposal of the Group's entire 10.85% interest in Apollo Hospitals.

4. Development properties comprise medical suites developed for sale at Gleneagles Medini. The increase in development properties was attributed to the capitalisation of construction costs during the period.

5. Assets classified as held for sale mainly comprise a piece of freehold land in India that was committed for sale.

6. In accordance with Section 618 of Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act, 2016 on 31 January 2017 to utilise the credit.

7. On 13 July 2017, Parkway Pantai Limited ("PPL"), a wholly owned subsidiary of the Company, established a United States Dollar ("USD") 2.0 billion Multicurrency Term Note Programme ("MTN programme").

   On 27 July 2017, PPL issued USD500.0 million (RM2,130.8 million equivalent) in aggregate principal amount of senior perpetual securities (the "Perpetual Securities") bearing semi-annual distributions at a rate of 4.25% per annum, under the MTN programme. The distributions are at the option of PPL and are cumulative, subject to the terms and conditions in the offering circular. These perpetual securities are classified as equity instruments and an amount of RM2,120.0 million, net of the transaction expenses for the issue, was recorded in equity.

8. The decrease in total loans and borrowings was attributed to settlement of RM848 million outstanding bank loans by a subsidiary in Q3 2017 and offset by addition loans taken to finance working capital, capital expenditure, acquisitions and purchase of investment properties.

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

	30 Sept 2017	31 Dec 2016
1 SGD	3.1133	3.1066
1 TL	1.1882	1.2756
1 USD	4.2042	4.4641

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	<------ Attributable to owners of the Company ------>													
	<------ Non-distributable ------>									Distributable				
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual securities RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2017	8,231,700	8,185,160	46,206	320,154	85,890	14,071	(1,157,882)	42,601	2,941,612	3,276,228	21,985,740	-	1,907,417	23,893,157
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	(235,482)	-	(235,482)	-	(29,580)	(265,062)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	9,957	-	9,957	-	17,973	27,930
Net change in fair value of available-for-sale financial instruments	-	-	-	(319,816)	-	-	-	-	-	-	(319,816)	-	872	(318,944)
Cash flow hedge	-	-	-	-	-	504	-	-	-	-	504	-	910	1,414
Total other comprehensive income for the period	-	-	-	(319,816)	-	504	-	-	(225,525)	-	(544,837)	-	(9,825)	(554,662)
Profit/ (loss) for the period	-	-	-	-	-	-	-	-	-	868,698	868,698	-	(76,216)	792,482
Total comprehensive income for the period	-	-	-	(319,816)	-	504	-	-	(225,525)	868,698	323,861	-	(86,041)	237,820
Contributions by and distributions to owners of the Company														
- Share options exercised	521	154	-	-	-	-	-	-	-	-	675	-	-	675
- Share-based payment	-	-	43,324	-	-	-	-	-	-	-	43,324	-	-	43,324
- Dividends paid to owners of Company	-	-	-	-	-	-	-	-	-	(247,171)	(247,171)	-	-	(247,171)
	521	154	43,324	-	-	-	-	-	-	(247,171)	(203,172)	-	-	(203,172)
Transfer to share capital for share options exercised	41,728	67	(41,795)	-	-	-	-	-	-	-	-	-	-	-
Cancellation of vested share options	-	-	(136)	-	-	-	-	-	-	136	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	2	294,111	-	(1,119)	-	292,994	-	372,229	665,223
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	11,454	11,454
Issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	39,211	39,211
Transfer per statutory requirements	-	-	-	-	-	-	-	6,734	-	(6,734)	-	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	-	(57,179)	-	-	-	(57,179)	-	(40,776)	(97,955)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(150,279)	(150,279)
Issue of perpetual securities	-	-	-	-	-	-	-	-	-	-	-	2,120,044	-	2,120,044
Accrued perpetual securities distribution	-	-	-	-	-	-	-	-	-	(16,056)	(16,056)	16,056	-	-
Total transactions with owners of the Company	42,249	221	1,393	-	-	2	236,932	6,734	(1,119)	(269,825)	16,587	2,136,100	231,839	2,384,526
Transfer in accordance with Section 618(2) of the Companies Act 2016[i]	8,185,381	(8,185,381)	-	-	-	-	-	-	-	-	-	-	-	-
At 30 September 2017	16,459,330	-	47,599	338	85,890	14,577	(920,950)	49,335	2,714,968	3,875,101	22,326,188	2,136,100	2,053,215	26,515,503

i) In accordance with Section 618 of Companies Act, 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act, 2016 on 31 January 2017 to utilise the credit.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	<---------- Attributable to owners of the Company											---------->		
	<---------- Non-distributable								---------->	Distributable				
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual securities RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2016	8,223,346	8,151,010	32,595	634,257	35,871	16,418	(744,806)	36,669	2,846,509	2,923,869	22,155,738	-	2,080,968	24,236,706
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	(425,752)	-	(425,752)	-	(243,490)	(669,242)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	99,186	-	99,186	-	175,411	274,597
Net change in fair value of available-for-sale financial instruments	-	-	-	(149,865)	-	-	-	-	-	-	(149,865)	-	1,692	(148,173)
Cash flow hedge	-	-	-	-	-	(5,946)	-	-	-	-	(5,946)	-	(10,724)	(16,670)
Total other comprehensive income for the period	-	-	-	(149,865)	-	(5,946)	-	-	(326,566)	-	(482,377)	-	(77,111)	(559,488)
Profit for the period	-	-	-	-	-	-	-	-	-	654,864	654,864	-	60,338	715,202
Total comprehensive income for the period	-	-	-	(149,865)	-	(5,946)	-	-	(326,566)	654,864	172,487	-	(16,773)	155,714
Contributions by and distributions to owners of the Company														
- Share options exercised	418	1,268	-	-	-	-	-	-	-	-	1,686	-	-	1,686
- Share-based payment	-	-	42,884	-	-	-	-	-	-	-	42,884	-	-	42,884
- Dividends paid to owners of Company	-	-	-	-	-	-	-	-	-	(246,944)	(246,944)	-	-	(246,944)
	418	1,268	42,884	-	-	-	-	-	-	(246,944)	(202,374)	-	-	(202,374)
Transfer to share capital and share premium on share options exercised	7,865	32,474	(40,339)	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,078)	(1,078)
Changes in ownership interests in subsidiaries	-	-	-	-	-	6	(50,774)	-	(5)	-	(50,773)	-	114,589	63,816
Issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	118	-	-	-	118	-	96,685	96,803
Transfer per statutory requirements	-	-	-	-	-	-	-	5,682	-	(5,682)	-	-	-	-
Recognition of put option liabilities granted to non-controlling interests	-	-	-	-	-	-	(106,129)	-	-	-	(106,129)	-	(70,753)	(176,882)
Net changes in fair value of put options liabilities	-	-	-	-	-	-	24,099	-	-	-	24,099	-	261	24,360
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(123,113)	(123,113)
Total transactions with owners of the Company	8,283	33,742	2,545	-	-	6	(132,686)	5,682	(5)	(252,626)	(335,059)	-	16,591	(318,468)
At 30 September 2016	8,231,629	8,184,752	35,140	484,392	35,871	10,478	(877,492)	42,351	2,519,938	3,326,107	21,993,166	-	2,080,786	24,073,952

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2016 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

IHH HEALTHCARE BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Financial period ended	
	30 Sept 2017	30 Sept 2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,062,056	952,272
Adjustments for:		
Dividend income	(1,575)	(7,396)
Finance income	(115,995)	(49,671)
Finance costs	502,265	274,661
Depreciation and impairment losses of property, plant and equipment	674,533	556,698
Amortisation and impairment losses of intangible assets and prepaid lease payments	46,577	40,829
Impairment loss (written back)/made:		
- Trade and other receivables	(3,714)	14,807
- Amounts due from associates	(903)	(590)
Write-off:		
- Property, plant and equipment	2,534	261
- Intangible assets	75	6,605
- Inventories	724	520
- Trade and other receivables	23,334	7,490
Gain on disposal of property, plant and equipment	(6,973)	(12,130)
Gain on disposal of subsidiary	-	(54,801)
Gain on disposal of quoted available-for-sale financial instruments	(554,500)	-
Gain on disposal of unquoted available-for-sale financial instruments	(192)	(5,024)
Loss on disposal of a business	943	-
Provision for financial guarantee given to a joint venture's loan	1,179	-
Share of profits of associates (net of tax)	(981)	(1,033)
Share of profits of joint ventures (net of tax)	(667)	(11,420)
Equity-settled share-based payment	43,324	42,884
Net unrealised foreign exchange differences	74,446	6,029
Operating profit before changes in working capital	**1,746,490**	**1,760,991**
Changes in working capital:		
Trade and other receivables	(61,665)	(352,321)
Development properties	(33,770)	(11,939)
Inventories	(53,327)	(9,730)
Trade and other payables	40,763	54,761
Cash flows from operations	**1,638,491**	**1,441,762**
Net income tax paid	(132,957)	(188,539)
Net cash generated from operating activities	**1,505,534**	**1,253,223**
Cash flows from investing activities		
Interest received	42,616	49,855
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(6,717)	(286,139)
Acquisition of business, net of cash and cash equivalents acquired	-	(12,380)
Disposal of business, net of cash and cash equivalents disposed	(1,209)	-
Development and purchase of intangible assets	(4,479)	(4,715)
Purchase of property, plant and equipment	(1,115,458)	(1,444,976)
Purchase of investment properties	(203,978)	(48,905)
Purchase of land use rights	-	(191,491)
Net withdrawn of fixed deposits with tenor of more than 3 months	9,124	493,919
Net proceeds from disposal of subsidiary	-	9,554
Proceeds from disposal of property, plant and equipment	18,740	42,242
Proceeds from disposal of intangible assets	-	2,024
Proceeds from disposal of quoted available-for-sale financial instruments	1,257,531	-
Proceeds from disposal of unquoted available-for-sale financial instruments	11,193	153,899
Net repayment from associates	-	606
Net advances to joint ventures	-	3,014
Dividends received from available-for-sale financial instruments	1,575	7,396
Dividends received from joint ventures	1,341	1,760
Dividends received from associates	563	774
Net cash from/(used in) investing activities	**10,842**	**(1,223,563)**

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

	Financial period ended	
	30 Sept 2017	**30 Sept 2016**
	RM'000	**RM'000**
Cash flows from financing activities		
Interest paid	(256,401)	(168,850)
Proceeds from exercise of share options	675	1,686
Proceeds from loans and borrowings	1,708,718	1,370,339
Issue of fixed rate medium term notes	-	118,930
Issue of perpetual securities, net of transaction costs	2,120,044	-
Repayment of loans and borrowings	(2,001,314)	(1,298,300)
Loan from non-controlling interests of a subsidiary	-	380,796
Dividends paid to shareholders	(247,171)	(246,944)
Dividends paid to non-controlling interests	(150,279)	(123,113)
Acquisition of non-controlling interests	(6,552)	(42,415)
Proceeds from dilution of interest in subsidiaries	670,621	-
Issue of shares by subsidiaries to non-controlling interest	39,211	96,803
Change in pledged deposits	7,741	(3,111)
Net cash from financing activities	**1,885,293**	**85,821**
Net increase in cash and cash equivalents	**3,401,669**	**115,481**
Effect of exchange rate fluctuations on cash and cash equivalents held	(4,910)	1,947
Cash and cash equivalents at beginning of the period	2,423,275	1,966,001
Cash and cash equivalents at end of the period	**5,820,034**	**2,083,429**

Cash and cash equivalents

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

	30 Sept 2017	**30 Sept 2016**
	RM'000	**RM'000**
Cash and bank balances	4,590,871	1,595,540
Fixed deposits with tenor of 3 months or less	1,240,929	512,314
	5,831,800	2,107,854
Less:		
- Bank overdrafts	(10,949)	(15,379)
- Deposits pledged	-	(2,723)
- Cash collateral received	(817)	(6,323)
Cash and cash equivalents at end of the period	**5,820,034**	**2,083,429**

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2016 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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 2016 ("2016 Audited Financial Statements").

The 2016 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 2016 Audited Financial Statements, except for the adoption of the new, revised and amendments to MFRS effective as of 1 January 2017 as issued by the Malaysian Accounting Standards Board, which does not have any impact on the financial statements of the Group.

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements for the financial year ended 31 December 2016 were not subjected to any qualification.

A3 SEASONALITY OF OPERATIONS

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 September 2017.

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 2016 Audited Financial Statements.

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

A6 DEBT AND EQUITY SECURITIES

(a) Between 1 January to 30 September 2017, IHH issued:

(i) 119,000 new ordinary shares pursuant to the exercise of vested Enterprise Option Scheme (“EOS”) options.

(ii) 7,290,400 new ordinary shares pursuant to the surrender of vested Long Term Incentive Plan (“LTIP”) units.

(b) On 28 April 2017, the Company granted a total of 4,720,000 LTIP units to eligible employees of the Group. Out of the total 4,720,000 units granted, 58,000 units were granted under a cash option pursuant to the terms and conditions of the LTIP Bye Laws.

(c) On 1 June 2017, IHH granted 2,023,000 LTIP units to its executive directors, pursuant to the shareholders’ approval obtained at IHH’s 7th Annual General Meeting held on 22 May 2017.

Except as disclosed above, there were no other issuance of shares, share buy-backs, and repayments of debt and equity securities by IHH during the financial period ended 30 June 2017.

As at 30 September 2017, the issued share capital of IHH comprised of 8,239,109,639 ordinary shares.

A7 DIVIDENDS PAID

	Sen per ordinary share	Total amount RM'000	Date of payment
First and final single tier cash dividend for financial year ended 31 December 2016	3.00	247,171	18-Jul-17

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 2016 Audited Financial Statements except for the further breakdown of the Parkway Pantai segment into regions.

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

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

A8 SEGMENT REPORTING

Financial period ended 30 September 2017

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

1: Parkway Pantai Group, per the corporate structure, comprises the "Parkway Pantai" and "PLife REIT" segments
2: "PPL Others" comprises mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai
3: "CEEMENA" refers to Central and Eastern Europe, Middle East and North Africa

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Financial period ended 30 September 2016

	Parkway Pantai[1]					Acibadem Holdings	IMU Health				
	Singapore RM'000	Malaysia RM'000	India RM'000	North Asia RM'000	PPL Others[2] RM'000	CEEMENA[3] RM'000	Malaysia RM'000	PLife REIT[1] RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses											
Revenue from external customers	2,661,954	1,206,515	409,986	190,613	124,692	2,512,546	179,090	97,620	7,396	-	7,390,412
Inter-segment revenue	72,986	800	-	-	706	-	2,671	145,988	32,552	(255,703)	-
Total segment revenue	2,734,940	1,207,315	409,986	190,613	125,398	2,512,546	181,761	243,608	39,948	(255,703)	7,390,412
EBITDA	741,190	335,278	13,323	926	31,559	401,153	69,476	197,861	10,574	(83,597)	1,717,743
Depreciation and impairment losses of property, plant and equipment	(160,972)	(101,517)	(42,390)	(5,608)	(3,384)	(207,122)	(9,653)	(25,486)	(566)	-	(556,698)
Amortisation and impairment losses of intangible assets	(2,787)	(532)	(7,396)	(4,710)	-	(25,043)	(361)	-	-	-	(40,829)
Foreign exchange differences	(427)	530	(6,530)	(4,781)	(2,283)	(374)	(143)	2,961	839	-	(10,208)
Finance income	726	15,341	2,513	6,098	12,477	17,253	3,547	8	9,422	(17,714)	49,671
Finance costs	(12,865)	(4,900)	(31,568)	(15,335)	(8,828)	(180,914)	(156)	(37,800)	(9)	17,714	(274,661)
Share of profits of associates (net of tax)	1,033	-	-	-	-	-	-	-	-	-	1,033
Share of profits of joint ventures (net of tax)	1,760	-	9,121	539	-	-	-	-	-	-	11,420
Others	-	-	-	-	54,801	-	-	-	-	-	54,801
Profit/(losses) before tax	567,658	244,200	(62,927)	(22,871)	84,342	4,953	62,710	137,544	20,260	(83,597)	952,272
Income tax expense	(103,685)	(64,567)	7,348	(17,994)	(17,090)	(5,903)	(19,266)	(12,304)	(3,609)	-	(237,070)
Profit/(losses) for the period	463,973	179,633	(55,579)	(40,865)	67,252	(950)	43,444	125,240	16,651	(83,597)	715,202
Assets and liabilities											
Cash and cash equivalents	280,039	562,324	53,897	482,280	330,192	68,026	18,024	102,213	210,859	-	2,107,854
Other assets	12,254,873	4,351,059	1,859,450	2,788,739	5,496,486	6,558,889	537,290	4,506,441	1,336,368	(5,372,242)	34,317,353
Segment assets as at 30 September 2016	12,534,912	4,913,383	1,913,347	3,271,019	5,826,678	6,626,915	555,314	4,608,654	1,547,227	(5,372,242)	36,425,207
Loans and borrowings	-	45,087	322,069	1,334,636	-	3,294,430	425	2,052,906	-	-	7,049,553
Other liabilities	5,358,065	439,023	1,667,668	1,344,528	153,024	1,152,629	160,243	409,378	(10,614)	(5,372,242)	5,301,702
Segment liabilities as at 30 September 2016	5,358,065	484,110	1,989,737	2,679,164	153,024	4,447,059	160,668	2,462,284	(10,614)	(5,372,242)	12,351,255

1: Parkway Pantai Group, per the corporate structure, comprises the “Parkway Pantai” and “PLife REIT” segments
2: “PPL Others” comprises mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai
3: “CEEMENA” refers to Central and Eastern Europe, Middle East and North Africa

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The Group does not adopt a revaluation policy on its property, plant and equipment.

A10 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties transactions have been entered into in the normal course of business under negotiated terms. Other than the remuneration paid to the Key Management Personnel, the significant related party transactions of the Group are as follows:

	Financial period ended	
	30 Sept 2017	**30 Sept 2016**
	RM'000	**RM'000**
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	254,599	248,079
- Purchase and consumption of services	(47,301)	(39,232)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	9,973	17,220
- Purchase and consumption of services	(70,203)	(44,925)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

(a) On 15 February 2017, Clinical Hospital Acibadem Sistina Skopje (“Acibadem Sistina”) established a wholly-owned subsidiary, Ordinacija po Interna Medicina Acibadem Sistina Bitola 24 (“Medicina Sistina”) in Macedonia. Medicina Sistina has no issued and paid-up share capital and its intended principal activity is provision of outpatient medical services.

(b) On 17 February 2017, Acibadem Sistina established a wholly-owned subsidiary, Poliklinika Acibadem Sistina Bitola 27 (“Poliklinika Sistina”) in Macedonia. Poliklinika Sistina has no issued and paid-up share capital and its intended principal activity is provision of outpatient medical services.

(c) On 17 February 2017, Parkway Life Japan4 Pte. Ltd. (“TK Investor”) entered into a *Tokumei Kumiai* agreement (or silent partnership agreement, the “TK Agreement”) with Godo Kaisha Samurai 12 (“TK Operator”). Pursuant to the TK Agreement, the purchase price of the properties amounting to JPY4,759.0 million (equivalent to RM187.3 million) will be injected into TK Operator by the TK Investor to facilitate the acquisition of one group nursing home and four nursing homes facilities located in Japan by the TK Operator. The Company does not have any direct or indirect equity in the TK Operator. However due to the nature of the arrangements under the TK Agreement, the TK Operator is under established terms that impose strict limitations on decision-making powers of the TK Operator’s management, resulting in the Group receiving the majority of the benefits relating to the TK Operator’s operations and net assets, being exposed to the majority of the risks incident to the TK Operator’s activities and retaining the majority of the residual or ownership risks related to the TK Operator and their assets. As such the TK Operator is regarded as subsidiary of the Group pursuant to MFRS 10: *Consolidated Financial Statements*.

(d) On 21 March 2017, M&P Investments Pte. Ltd. (“M&P”) incorporated ParkwayHealth Zifeng Nanjing OBGYN Hospital Company Limited (“ParkwayHealth Zifeng Nanjing”), a 60% owned subsidiary in The People’s Republic of China. The remaining 40% equity stake in ParkwayHealth Zifeng Nanjing is owned by Jiangsu Zifeng Healthcare Co. Ltd. ParkwayHealth Zifeng Nanjing has a registered capital of RMB100,000,000 (equivalent to RM64,130,000) and its intended principal activity is the management and operation of medical and health related facilities and services.

(e) On 10 April 2017, Parkway Group Healthcare Pte. Ltd. ("PGH") divested 29.9% equity interest in PCH Holding Pte. Ltd. (formerly known as Parkway China Holding Co. Pte. Ltd.) ("PCH") to TK Healthcare Investment Limited ("Taikang") through a combination of secondary sale and allotment of new shares by PCH to Taikang as detailed below. Consequential thereto, PGH's equity interest in PCH decreased from 100% to 70.1%.

   a) the consideration paid by Taikang to PCH in respect of the allotment of new shares amounted to RMB807,113,000 (equivalent to RM518,732,000); and

   b) the actual consideration paid by Taikang to PGH were RMB304,912,000 (equivalent to RM195,967,000), subject to post-closing adjustments and transactional adjustments to be determined in accordance with the Share Purchase Agreement entered into between PGH and Taikang.

   On the same day, PGH, PCH and Taikang have entered into a Shareholders' Agreement to govern the relationship of PGH and Taikang as shareholders of PCH. Pursuant to the Shareholders' Agreement, Taikang has granted PGH an option exercisable at any time during a specified period to require Taikang to purchase from PGH such number of shares equivalent to 10.1% of the total issued share capital of PCH, at a consideration to be determined at a later date, subject to the relevant regulatory approvals being obtained by Taikang.

(f) On 20 April 2017, United Medical Center Varna EOOD was dissolved pursuant to members' voluntary winding-up.

(g) On 20 April 2017, Continental Hospitals Private Limited ("CHPL") allotted 3,807,106 equity shares to Gleneagles Development Pte Ltd ("GDPL"). Consequential thereto, GDPL's equity interest in CHPL was increased from 51% to 52%.

(h) On 8 May 2017, Gleneagles (Malaysia) Sdn. Bhd. ("GMSB") acquired 269,444 ordinary shares representing approximately 1.107% of the total issued shares of Pulau Pinang Clinic Sdn. Bhd. ("PPCSB") from 3 minority shareholders for a total cash consideration of RM5,928,000. Consequential thereto, GMSB's equity interest in PPCSB increased from 70.76% to 71.87%.

(i) On 9 May 2017, Magnetom Imaging Sdn Bhd ("MISB") was dissolved pursuant to members' voluntary winding-up. The dissolution of MISB is part of the Group's streamlining exercise.

(j) On 10 May 2017, Acibadem Saglik Hizmetleri ve Ticaret A.S. ("ASH") acquired 100% equity interest in ME-Dİ Sağlık Hizmetleri İthalat ve Ticaret A.Ş. ("ME-Dİ") comprising 110,000 shares from Dilaver Özturan for a total consideration of TL6,500,000 (equivalent to RM7,874,000). The principal activity of ME-Dİ is the provision of outpatient medical services.

(k) On 15 May 2017, ASH disposed 15% equity interest in Acibadem City Clinic B.V. ("ACC") to International Finance Corporation for a total consideration of EUR15,000,000 (equivalent to RM71,100,000).

(l) On 16 May 2017, ASH acquired 1.83% equity interest in ACC from Ilian Georgiev Grigorov for a total consideration of EUR1,468,000 (equivalent to RM6,957,000).

(m) On 29 May 2017, GDPL established a wholly-owned subsidiary, Northern TK Venture Pte. Ltd. ("Northern TK Venture") in Singapore. Northern TK Venture has an issued capital of SGD2.00 (equivalent to RM6.17) and its intended principal activity is investment holding.

(n) On 2 June 2017, GDPL transferred 100% equity interest in Northern TK Venture to PPL at a nominal consideration of SGD2.00 (equivalent to RM6.18) pursuant to an internal reorganisation exercise.

(o) On 1 June 2017, CHPL allotted 2,358,071 equity shares to GDPL. Consequential thereto, GDPL's equity interest in CHPL increased from 52% to 53%.

(p) On 3 July 2017, City Clinic Services EOOD ("City Clinic Services") merged with Acibadem City Clinic EAD (formerly known as City Hospitals and Clinics EAD) ("Acibadem City Clinic"). All assets and liabilities of City Clinic Services were transferred to Acibadem City Clinic and City Clinic Services was subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem group structure and management.

(q) On 31 July 2017, PPL subscribed for 5,104,849 ordinary shares in Angsana Holdings Pte. Ltd. ("Angsana") for a total consideration of SGD9,300,000 (equivalent to RM29,305,000) resulting in PPL holding 55% equity interest in Angsana. Upon which, Angsana and its wholly-owned subsidiaries namely Angsana Molecular & Diagnostics Laboratory Pte. Ltd., Angsana Molecular and Diagnostics Laboratory (HK) Limited and Angsana Molecular and Diagnostics Laboratory Sdn. Bhd. will be consolidated as indirect subsidiaries of IHH. The principal activity of Angsana and its subsidiaries is to provide molecular diagnostic test services, including biochemistry, chemistry, haematology and molecular blood analysis and testing.

(r) On 31 August 2017, Parkway Life Real Estate Investment Trust ("Parkway Life REIT") had terminated the *Tokumei Kumiai agreement* dated 27 May 2008 (or silent partnership agreement, the "TK Agreement 2") entered into between Parkway Life Japan2 Pte. Ltd. and Godo Kaisha Urbino ("TK Operator 2") as the TK Operator 2 no longer holds any property for Parkway Life REIT. Following the termination of TK Agreement 2, TK Operator 2 ceased to be a subsidiary of IHH Group.

(s) On 8 September 2017, Tokushukai-Sofia EOOD ("Tokushukai-Sofia") merged with Acibadem City Clinic EAD (formerly known as City Hospitals and Clinics EAD) ("Acibadem City Clinic"). All assets and liabilities of Tokushukai-Sofia were transferred to Acibadem City Clinic and Tokushukai-Sofia was subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem group structure and management.

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

A12 SUBSEQUENT EVENTS

(a) On 1 November 2017, the following internal reorganisation was undertaken in order to streamline the Acibadem group structure and management:

(i) Acibadem Poliklinikleri A.S. ("POL") disposed 60% equity interest in SESU Ozel Saglik Hizmetleri Tibbi Malzemeler ve Ticaret A.S. ("SESU") to Ali Suat Gulluoglu ("Disposal") which was satisfied by cash amounting to TL1.7 million (equivalent to RM1,885,000) and via share swap with Ali Suat Gulluoglu for his 30.10% equity interest in Medlife Clinic Ambulance ve Ozel Saglik Hizmetleri Ithalat ve Ihracat A.S. ("Medlife"). Following the Disposal, SESU ceased to be a subsidiary of POL.

(ii) _POL acquired the remaining 40% equity interest in Medlife comprising 210,000 shares from Ali Suat Gulluoglu (30.10% equity interest) and Metin Oktay Subasi (9.90% equity interest) ("Acquisition of Medlife"). The Acquisition of Medlife was satisfied via share swap with Ali Suat Gulluoglu in exchange for the 60% equity interest in SESU held by POL. The 9.90% equity interest in Medlife held by Metin Oktay Subasi was transferred to POL at no cost. Post completion of the Acquisition of Medlife, Medlife will be merged with POL and the effective date of the merger will take place at a later date. Following which, all assets and liabilities of Medlife will be transferred to POL and Medlife will subsequently be dissolved.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

(iii) POL acquired the remaining 40% equity interest in Ozel Turgutreis Poliklinik Hizmetleri Ticaret A.S. ("T.Reis") comprising 20,000 shares from Ali Suat Gulluoglu (0.002% equity interest) and Ozgur Bayindir (39.998% equity interest) ("Acquisition of T.Reis") at no cost. Post completion of the Acquisition of T.Reis, T.Reis will be merged with POL and the effective date of the merger will take place at a later date. Following which, all assets and liabilities of T.Reis will be transferred to POL and T.Reis will subsequently be dissolved.

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in the contingent liabilities or contingent assets as at 20 November 2017 from that disclosed in the 2016 Audited Financial Statements.

A14 CAPITAL COMMITMENTS

	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Capital expenditure commitments not provided for		
Property, plant and equipment and investment properties		
- Authorised and contracted for	1,045,822	1,147,134
- Authorised but not contracted for	2,423,299	2,349,600
	3,469,121	3,496,734

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

A15 FAIR VALUE HIERARCHY

Fair value hierarchy

The table below analyses investment properties and financial instruments carried at fair value. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 September 2017				
Assets				
Investment properties	-	-	3,167,997	3,167,997
Unquoted available-for-sale financial instruments	-	138,938	-	138,938
Derivative assets	-	13,540	-	13,540
Liabilities				
CCPS liabilities[i]	-	-	(80,874)	(80,874)
Put option liabilities[ii]	-	-	(971,007)	(971,007)
Derivative liabilities	-	(10,564)	(17,740)	(28,304)
31 December 2016				
Assets				
Investment properties	-	-	3,033,107	3,033,107
Quoted available-for-sale financial instruments	1,176,638	-	-	1,176,638
Unquoted available-for-sale financial instruments	-	152,043	-	152,043
Derivative assets	-	1,691	-	1,691
Liabilities				
CCPS liabilities[i]	-	-	(82,645)	(82,645)
Put option liabilities[ii]	-	-	(864,608)	(864,608)
Derivative liabilities	-	(25,905)	(18,128)	(44,033)

i) Fair value through profit or loss

ii) Initial and subsequent remeasurements recognised through equity

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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

	3rd quarter ended			Financial period ended		
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	Variance %	30 Sept 2017 RM'000	30 Sept 2016 RM'000	Variance %
REVENUE[1]						
Parkway Pantai:						
- Singapore	963,844	881,081	9%	2,882,949	2,661,954	8%
- Malaysia	466,860	417,572	12%	1,363,720	1,206,515	13%
- India	197,043	149,265	32%	532,209	409,986	30%
- North Asia	81,389	56,271	45%	233,710	190,613	23%
- PPL Others*	46,552	38,916	20%	131,920	124,692	6%
Parkway Pantai	**1,755,688**	**1,543,105**	**14%**	**5,144,508**	**4,593,760**	**12%**
Acibadem Holdings	**950,605**	**808,686**	**18%**	**2,818,989**	**2,512,546**	**12%**
IMU Health	**60,052**	**55,040**	**9%**	**191,357**	**179,090**	**7%**
Others^	**497**	**589**	**-16%**	**1,575**	**7,396**	**-79%**
Group (Excluding PLife REIT)	**2,766,842**	**2,407,420**	**15%**	**8,156,429**	**7,292,792**	**12%**
PLife REIT total revenue	87,209	83,634	4%	257,240	243,608	6%
Less: PLife REIT inter-segment revenue	(53,196)	(49,253)	-8%	(156,163)	(145,988)	-7%
PLife REIT	**34,013**	**34,381**	**-1%**	**101,077**	**97,620**	**4%**
Group	**2,800,855**	**2,441,801**	**15%**	**8,257,506**	**7,390,412**	**12%**
EBITDA[2]						
Parkway Pantai[3]:						
- Singapore	267,499	217,967	23%	790,374	690,145	15%
- Malaysia	136,493	129,003	6%	385,157	335,278	15%
- India	(2,594)	8,657	-130%	3,982	13,323	-70%
- North Asia	(60,868)	(12,127)	NM	(188,935)	926	NM
- PPL Others*	22,254	10,856	105%	41,267	31,559	31%
Parkway Pantai	**362,784**	**354,356**	**2%**	**1,031,845**	**1,071,231**	**-4%**
Acibadem Holdings	**120,451**	**83,786**	**44%**	**411,774**	**401,153**	**3%**
IMU Health	**21,627**	**19,512**	**11%**	**73,659**	**69,476**	**6%**
Others^	**(11,916)**	**20,871**	**-157%**	**(61,718)**	**(21,978)**	**-181%**
Group (Excluding PLife REIT)	**492,946**	**478,525**	**3%**	**1,455,560**	**1,519,882**	**-4%**
PLife REIT[4]	**69,422**	**67,789**	**2%**	**208,215**	**197,861**	**5%**
Group	**562,368**	**546,314**	**3%**	**1,663,775**	**1,717,743**	**-3%**

[1]: *Relates to external revenue only*
It excludes PLife REIT's rental income earned from Parkway Pantai
Similarly, it excludes Parkway Pantai's dividend and management fee income earned from PLife REIT
[2]: *Relates to the EBITDA performance of each SBUs, after elimination of dividend income from within the Group*
[3]: *Includes rental expense incurred for lease of hospitals from PLife REIT*
[4]: *Includes rental income earned from lease of hospitals to Parkway Pantai*
* *PPL Others comprise mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai*
^: *Others comprise mainly IHH Group's corporate office as well as other investment holding entities*

<u>Q3 2017 vs Q3 2016</u>

The Group achieved 15% growth in revenue while EBITDA increased 3% in Q3 2017 over the same period last year. The increase in Q3 2017 revenue was attributed to organic growth from its existing operations, and the continuous ramp up of the hospitals opened in 2017. The ramp up of operations of Tokuda and City Clinic Group in Bulgaria post acquisition in June 2016 also contributed to the increase in the Group's Q3 2017 revenue.

The Group's Q3 2017 EBITDA increased 3% to RM562.4 million. The Group's EBITDA was eroded by start-up costs from the Gleneagles Hong Kong Hospital. EBITDA also decreased as a result of higher operating costs and staff costs.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

The Group's Q3 2017 PATMI excluding exceptional items decreased 42% to RM125.4 million on the back of incremental depreciation, amortisation and finance costs with the opening of the 2 new hospitals in March 2017.

Parkway Pantai

Parkway Pantai's Q3 2017 revenue increased 14% to RM1,755.7 million whilst its EBITDA increased 2% to RM362.8 million. Excluding the effects of the appreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's Q3 2017 revenue increased 9% while its EBITDA decreased 1% over corresponding period last year.

Parkway Pantai's strong revenue was the result of the continuous ramp up of Mount Elizabeth Novena Hospital in Singapore, as well as Pantai Hospital Manjung, Gleneagles Kota Kinabalu Hospital and Gleneagles Medini Hospital in Malaysia. Gleneagles Hong Kong Hospital (opened in March 2017) also started to contribute to Parkway Pantai's revenue. Parkway Pantai's existing hospitals and healthcare businesses grew.

Parkway Pantai's Singapore hospitals saw an overall 1.1% increase in inpatient admissions to 19,362 in Q3 2017, driven by increase in both local and foreign patients. Revenue per inpatient admission in Singapore increased 11.9% to RM29,884. Parkway Pantai's Malaysia Hospitals' inpatient admissions decreased 2.2% to 48,408 inpatient admissions in Q3 2017, while its revenue per inpatient admission increased 13.9% to RM6,509 as a result of more complex cases undertaken in Q3 2017. Parkway Pantai's India Hospitals' inpatient admissions increased 18.4% to 20,520 inpatient admissions, while its revenue per inpatient admission increased 2.1% to RM7,509.

Parkway Pantai's Q3 2017 EBITDA was eroded by the RM68.8 million start-up losses of Gleneagles Hong Kong Hospital.

Parkway Pantai's India segment recorded EBITDA losses as a result of intercompany service fees charged by the Parkway Pantai Others segment.

Acibadem Holdings

Acibadem Holdings' Q3 2017 revenue grew 18% to RM950.6 million whilst its EBITDA increased 44% to RM120.5 million. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' Q3 2017 revenue increased 32% while its EBITDA increased 60% over corresponding period last year.

The continuous ramp up of Acibadem Atakent University Hospital, Acibadem Altunizade Hospital (opened in March 2017) and Tokuda and City Clinic Group in Bulgaria (acquired in June 2016) boosted revenue growth. Acibadem Holdings' existing hospitals and healthcare businesses grew, except for Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital which decanted some patients to the newly opened Acibadem Altunizade Hospital[1]. On a blended basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital revenue increased RM43.7 million in Q3 2017 as compared to Q3 2016.

Acibadem Holdings' inpatient admissions grew 15.7% to 50,966 in Q3 2017 with contribution from Acibadem Altunizade Hospital and as well as ramp up operations of Tokuda and City Clinic Group in Bulgaria. Meanwhile, its inpatient revenue per inpatient admission grew 19.1% to RM9,568 in Q3 2017 with more complex cases taken and an increase in number of foreign patients in Q3 2017.

On a blended basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital EBITDA decreased RM5.1 million in Q3 2017 as compared to Q3 2016.

IMU Health

IMU Health's Q3 2017 revenue increased 9% to RM60.1 million due to the increase in student population and shortening of the semester for some courses.

[1] From March 2017 onwards, Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital decanted some of its patients with more complex medical conditions to Acibadem Altunizade Hospital.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

IMU Health's Q3 2017 EBITDA increased 11% to RM21.6 million driven by revenue.

PLife REIT

PLife REIT's Q3 2017 external revenue decreased 1% to RM34.0 million with the weakening of Japanese Yen on rental income from its Japanese investment properties.

PLife REIT's Q3 2017 EBITDA increased 2% to RM69.4 million mainly due to the rental earned from the Parkway Pantai Singapore Hospitals, which were boosted by the weakening of RM against SGD.

Others

Revenue decreased 16% to RM0.5 million mainly due to lower returns from the Group's investment in money market funds.

Q3 2017 EBITDA losses increased to RM11.9 million as compared to EBITDA gain of RM20.9 million in Q3 2016 mainly due to a one-off staff cost previously recognised in Q2 2016 and reversed in Q3 2016.

<u>YTD 2017 vs YTD 2016</u>

The Group achieved 12% year-on-year revenue growth while EBITDA decreased 3% over the same period last year. The increase in YTD 2017 revenue was attributed to organic growth from its existing operations, and the continuous ramp up of the hospitals opened in 2017. The acquisition of Tokuda and City Clinic Group in Bulgaria (acquired in June 2016) also contributed to the increase in the Group's YTD 2017 revenue.

EBITDA decreased 3% mainly due to pre-operating and start-up costs from the Gleneagles Hong Kong Hospital. EBITDA also decreased as a result of higher operating costs and staff costs.

The Group's YTD 2017 PATMI excluding exceptional items decreased 36% to RM413.4 million on the back of incremental depreciation, amortisation and finance costs with the opening of the 2 new hospitals in March 2017. Net financing costs of the Group increased as more borrowings and loans are taken and cash are used up for working capital, capital expenditure, acquisitions and purchase of investment properties. Finance costs also increased with commitment fees incurred on undrawn loan facilities as well as interest accrued for capital gains tax payable.

Parkway Pantai

Parkway Pantai's YTD 2017 revenue increased 12% to RM5,144.5 million whilst its EBITDA decreased 4% to RM1,031.8 million. Excluding the effects of the appreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's YTD 2017 revenues increased 8% while its EBITDA decreased 6% over corresponding period last year.

Parkway Pantai's strong revenue was the result of the continuous ramp up of Mount Elizabeth Novena Hospital in Singapore, as well as Pantai Hospital Manjung, Gleneagles Kota Kinabalu Hospital and Gleneagles Medini Hospital in Malaysia. Gleneagles Hong Kong Hospital also started to contribute to the Parkway Pantai's revenue. Parkway Pantai's existing hospitals and healthcare businesses grew.

Parkway Pantai's Singapore hospitals saw an overall 2.1% increase in inpatient admissions to 57,140 in YTD 2017, driven by increase in local patients. Revenue per inpatient admission in Singapore increased 7.9% to RM29,544. Parkway Pantai's Malaysia Hospitals' inpatient admissions increased 2.2% to 148,296 inpatient admissions in YTD 2017, while its revenue per inpatient admission increased 11.1% to RM6,174. Parkway Pantai's India Hospitals' inpatient admissions increased 16.1% to 53,722 inpatient admissions, while its revenue per inpatient admission increased 1.9% to RM7,782.

Parkway Pantai's YTD 2017 EBITDA was eroded by the RM218.7 million pre-operating and start-up EBITDA losses of Gleneagles Hong Kong Hospital.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Parkway Pantai's India segment EBITDA decreased mainly as a result of intercompany service fees charged by the Parkway Pantai Others segment.

Acibadem Holdings

Acibadem Holdings' YTD 2017 revenue grew 12% to RM2,819.0 million whilst its EBITDA increased 3% to RM411.8 million. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' YTD 2017 revenue increased 29% while its EBITDA increased 18% over corresponding period last year.

Acibadem Holdings' strong revenue growth was the result of the continuous ramp up of Acibadem Atakent University Hospital and Acibadem Altunizade Hospital, which was opened in March 2017. Tokuda and City Clinic Group in Bulgaria, which were acquired in June 2016, contributed to 9 months of revenue in YTD 2017 as compared to only 4 month in YTD 2016. Acibadem Holdings' existing hospitals and healthcare businesses grew, except for Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital which decanted some patients to the newly opened Acibadem Altunizade Hospital. On a blended basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital revenue increased RM45.2 million in YTD 2017 as compared to YTD 2016.

Acibadem Holdings' inpatient admissions grew 29.3% to 156,542 in YTD 2017 with contribution from Acibadem Altunizade Hospital as well as Tokuda and City Clinic Group in Bulgaria. Meanwhile, its inpatient revenue per inpatient admission grew 9.0% to RM9,286 in YTD 2017 with more complex cases taken and an increase in number of foreign patients in YTD 2017.

On a blended basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital EBITDA decreased RM46.7 million in YTD 2017 as compared to YTD 2016. Acibadem Holdings' YTD 2017 EBITDA increased 3% as it was eroded higher operating costs arising from medical inflation in Turkey and further depreciation of TL against USD and Euro.

IMU Health

IMU Health's revenue increased 7% to RM191.4 million in YTD 2017 whilst its EBITDA increased by 6% to RM73.7 million in YTD 2017.

IMU Health's revenue and EBITDA growth was driven by the increase in student population and shortening of the semester for some courses.

PLife REIT

PLife REIT's YTD 2017 external revenue increased 4% to RM101.1 million with the contribution from the nursing homes acquired in 2016 and Q1 2017.

PLife REIT's YTD 2017 EBITDA increased 5% to RM208.2 million in line with higher revenue.

Others

Revenue decreased 79% to RM1.6 million in YTD 2017 due to a high base in YTD 2016 whereby the Group recognised RM5.7 million dividend income from Apollo Hospital Enterprise Limited. The Group divested its investment in Apollo Hospital Enterprise Limited during the year.

EBITDA losses increased to RM61.8 million in YTD 2017 as a result of the lower revenue in YTD 2017, higher staff costs and professional fees expenses accrued in relation to potential acquisitions.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	3rd quarter ended 30 Sept 2017 RM'000	2nd quarter ended 30 June 2017 RM'000	Variance %
REVENUE[1]			
Parkway Pantai:			
- Singapore	963,844	957,602	1%
- Malaysia	466,860	455,426	3%
- India	197,043	173,813	13%
- North Asia	81,389	86,720	-6%
- PPL Others*	46,552	41,152	13%
Parkway Pantai	**1,755,688**	**1,714,713**	**2%**
Acibadem Holdings	**950,605**	**953,620**	**0%**
IMU Health	**60,052**	**68,389**	**-12%**
Others^	**497**	**553**	**-10%**
Group (Excluding PLife REIT)	**2,766,842**	**2,737,275**	**1%**
PLife REIT total revenue	87,209	85,828	2%
Less: PLife REIT inter-segment revenue	(53,196)	(51,277)	-4%
PLife REIT	**34,013**	**34,551**	**-2%**
Group	**2,800,855**	**2,771,826**	**1%**
EBITDA[2]			
Parkway Pantai[3]:			
- Singapore	267,499	257,313	4%
- Malaysia	136,493	119,746	14%
- India	(2,594)	4,510	-158%
- North Asia	(60,868)	(54,142)	-12%
- PPL Others*	22,254	7,244	NM
Parkway Pantai	**362,784**	**334,671**	**8%**
Acibadem Holdings	**120,451**	**145,002**	**-17%**
IMU Health	**21,627**	**24,604**	**-12%**
Others^	**(11,916)**	**(38,256)**	**69%**
Group (Excluding PLife REIT)	**492,946**	**466,021**	**6%**
PLife REIT[4]	**69,422**	**69,810**	**-1%**
Group	**562,368**	**535,831**	**5%**

[1]: *Relates to external revenue only*
It excludes PLife REIT's rental income earned from Parkway Pantai
Similarly, it excludes Parkway Pantai's dividend and management fee income earned from PLife REIT
[2]: *Relates to the EBITDA performance of each SBUs, after elimination of dividend income from within the Group*
[3]: *Includes rental expense incurred for lease of hospitals from PLife REIT*
[4]: *Includes rental income earned from lease of hospitals to Parkway Pantai*
* *PPL Others comprise mainly Parkway Pantai's hospital in Brunei, corporate office as well as other investment holding entities within Parkway Pantai*
^: *Others comprise mainly IHH Group's corporate office as well as other investment holding entities*

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

<u>Q3 2017 vs Q2 2017</u>

The Group's revenue increased 1% quarter-on-quarter while EBITDA increased 5%. Quarter-on-quarter revenue increased with the ramping up of Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital since their opening in March 2017. Quarter-on-quarter EBITDA increased from a low base in Q2 2017 whereby the Group recognised accruals for professional fees in relation to potential acquisitions.

The Group's PATMI excluding exceptional items increased 45.4% quarter-on-quarter mainly due to a decrease in net finance costs. Net finance costs decreased from a high base in Q2 2017 whereby the Group accrued interest for capital gains tax payable. Net finance cost also decreased as the Group repaid bank loans of RM848.0 million and earned higher interest income in Q3 2017. In addition, the Group recognised additional tax provisions in Q2 2017 relating to prior year's tax.

Parkway Pantai

Parkway Pantai's revenue grew 2% quarter-on-quarter. Parkway Pantai's Singapore hospitals inpatient admissions increased 2.2% quarter-on-quarter, while its revenue per inpatient admission increased 1.2% with more complex cases undertaken by the hospital. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals decreased 1.9% quarter-on-quarter, while its revenue per inpatient admission increased 5.3%. Parkway Pantai India Hospitals inpatient admissions increased 19.3% quarter-on-quarter, while its revenue per inpatient admission decreased 5.4%.

Parkway Pantai's EBITDA increased 8% quarter-on-quarter.

Acibadem Holdings

Acibadem Holdings' revenue remained flat quarter-on-quarter as a result of a 3.8% decrease in inpatient admissions during the summer season. It was offset by a 3.4% increase in revenue per inpatient admission quarter-on-quarter.

Acibadem Holdings' EBITDA decreased 17% quarter-on-quarter due to higher operating costs and operating lease expense, as well as effects of the depreciating TL.

IMU Health

IMU Health's revenue decreased 12% quarter-on-quarter as Q3 usually coincides with the semester breaks for its major medical courses. As a result, EBITDA decreased.

PLife REIT

PLife REIT's external revenue decrease 2% and its EBITDA decreased 1% quarter-on-quarter due to the weakening of Japanese Yen on rental income from its Japanese investment properties.

Others

Revenue decreased 10% quarter-on-quarter due to lower returns from the Group's investment in money market funds.

EBITDA losses decreased to RM11.9 million mainly due to a high base in Q2 2017 which included professional fees accrued in relation to potential acquisitions.

B3 CURRENT FINANCIAL YEAR PROSPECTS

Parkway Pantai

Parkway Pantai's traditional core home markets of Singapore and Malaysia had continued to perform well. It expects revenue to increase with aging demographics, more complex cases undertaken in its home markets and the ramp up of its new hospitals.

Parkway Pantai would continue to leverage its economies of scale, invest in training and development, upgrade equipment and facilities, service excellence initiatives and improve clinical outcomes to attract patients to its hospitals, resulting in higher revenue intensities. Parkway Pantai is constantly on the lookout for value-accretive opportunities in the other markets as part of its efforts to diversify its portfolio.

Gleneagles Hong Kong Hospital continues to take on more complex cases and is expected to continue ramping up. It will still incur start-up costs in its initial stage of operations before achieving operational leverage.

As Parkway Pantai embarks on its next growth phase, it would focus on markets, such as China and India, where there is robust demand for quality healthcare services.

Acibadem Holdings

Acibadem Holdings expects its patient volumes, and hence revenues in TL, to grow with the continued demand and increased affordability of private healthcare, as well as the ramp up of its new hospitals. Acibadem Altunizade Hospital has taken on more complex cases after its opening and is expected to increase revenue as it ramps up. Meanwhile, Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital, will focus on general medicine and outpatient services and is expected to grow its patient base to optimise capacity.

Acibadem Holdings expects greater revenue contribution from Tokuda and City Clinic Group in Bulgaria, as it continues to integrate its Bulgaria operations into the Group.

Ongoing projects in Turkey are progressing well.

Overall IHH Group Prospects

With the expansion of existing facilities and opening of new facilities across the Group's home markets, the Group has sufficient capacity to meet demand, which would drive revenue growth. While the Group expects the pre-operating costs and start-up costs of new operations to partially erode its profitability during the initial stages, the Group seeks to mitigate the effects by ramping up on patient volumes in tandem with phasing in opening of wards at these new facilities in order to achieve optimal operating leverage.

The Group expects higher costs of operations arising from wage inflation as a result of increased competition for trained healthcare personnel in its home markets. In addition, the Group is mindful of rising costs of purchases if USD continues to strengthen against the currencies of 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 higher revenue intensity procedures and tight cost control.

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. In view of the current economic environment, we expect to see more currency volatility and cost pressures.

The Group constantly reviews its portfolio of investments with a view of rebalancing them to optimise returns. The Group is confident that its strong brands and network of hospitals, backed with its strong cash position and operating cash flows, would enable it to tide through the challenging operating environment expected ahead. The Group will seek to optimise capital management to improve returns to shareholders.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	3rd quarter ended		Financial period ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense	97,262	58,356	262,983	211,713
Deferred tax expense	(11,609)	6,026	6,591	25,357
	85,653	64,382	269,574	237,070

The Group's effective tax rate, after adjusting for the share of profits of associates and joint ventures, was 66.5% for Q3 2017.

The high effective tax rate in Q3 2017 was due mainly to the unrecognised tax losses of the newly opened Gleneagles Hong Kong Hospital.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

B6 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at 20 November 2017.

B7 LOANS, BORROWINGS AND OVERDRAFTS

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

	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Non-current		
Secured		
Bank borrowings	442,396	430,224
Financial lease liabilities	110,459	90,356
Unsecured		
Bank borrowings	5,915,587	6,205,323
Fixed rate notes	123,990	126,879
	6,592,432	6,852,782
Current		
Secured		
Bank overdrafts	10,948	11,348
Bank borrowings	33,324	65,909
Financial lease liabilities	41,058	59,556
Unsecured		
Bank borrowings	504,145	497,503
	589,475	634,316
Total	7,181,907	7,487,098

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

	30 Sept 2017 RM'000	31 Dec 2016 RM'000
Singapore Dollar	1,279,536	1,266,584
Ringgit Malaysia	545	40,460
US Dollar	531,177	572,389
Euro	2,315,851	2,160,786
Swiss Franc	10,423	23,653
Turkish Lira	169,064	5,887
Japanese Yen	1,442,542	1,360,992
Indian Rupees	359,777	363,237
Hong Kong Dollar	1,069,743	1,693,085
Bulgarian Lev	1,782	19
Others	1,467	6
	7,181,907	7,487,098

Key exchange rates as at 30 September 2017:

1 SGD	3.1133
1 TL	1.1882
1 USD	4.2042

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 30 September 2017:

	Notional amount as at 30 Sept 2017 RM'000	Fair value amount as at 30 Sept 2017 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	303,479	9,880
- Between 1 - 3 years	140,525	2,166
- More than 3 years	55,523	221
	499,527	12,267
Cross currency interest rate swaps		
- More than 3 years	155,666	1,273
Put option*		
- Between 1 - 3 years	16,587	1,655
	671,780	15,195
Derivative liabilities		
Interest rate swaps		
- Within 1 year	328,326	(862)
- Between 1 - 3 years	732,623	(4,418)
	1,060,949	(5,280)
Foreign exchange forward contracts		
- Between 1 - 3 years	37,890	(547)
Cross currency interest rate swaps		
- More than 3 years	234,083	(4,737)
Call option granted to non-controlling interests		
- Within 1 year	32,254	(17,740)
	1,365,176	(28,304)

* Put option is stated at cost as the underlying equity instrument that will be delivered when put option is being exercised does not have a quoted market price in an active market

Foreign exchange forward contracts

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

Interest rate swaps

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

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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.

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 B14 for the fair value gain/loss recognised in the statement of profit or loss during the period.

Put option

On disposal of the Group's controlling stake in Shenton Insurance Pte. Ltd. ("SIPL"), the Group entered into an agreement with the purchaser and is granted a put option to sell all of its remaining shares in SIPL only after April 2019 and at the higher of the prevailing market price or consideration determined pursuant to the agreement. The put option is classified as a financial derivative asset.

Call option granted to non-controlling interests

Call option granted to non-controlling interests relates to a call option granted by the Group to non-controlling interests of Ravindranath GE Medical Associates Pte Ltd ("RGE") to purchase the Group's 3% interest in RGE on a fully diluted basis at a fixed price of INR500.0 million (equivalent to RM33.3 million) in 2017, 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.

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 B14.

B10 CHANGES IN MATERIAL LITIGATIONS

There is no litigation or arbitration as at 20 November 2017, which has a material effect on the financial position of the Group and the Board is not aware of any material proceedings pending or threatening or of any fact likely to give rise to any proceedings.

B11 DIVIDENDS

No dividends were declared or paid by the Company during the period ended 30 September 2017.

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

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

B12 EARNINGS PER SHARE ("EPS")

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

	3rd quarter ended		Financial period ended	
	30 Sept 2017	**30 Sept 2016**	**30 Sept 2017**	**30 Sept 2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Basic and diluted earnings per share is based on:				
i) Net profit attributable to ordinary shareholders				
Profit after tax and non-controlling interest	82,091	173,295	868,698	654,864
Perpetual securities distribution	(16,056)	-	(16,056)	-
	66,035	173,295	852,642	654,864
ii) Net profit attributable to ordinary shareholders (excluding EI)				
Profit after tax and non-controlling interest (excluding EI)	125,413	217,576	413,426	643,541
Perpetual securities distribution	(16,056)	-	(16,056)	-
	109,357	217,576	397,370	643,541
(a) Basic EPS				
	'000	**'000**	**'000**	**'000**
Weighted average number of shares	8,239,071	8,231,600	8,235,411	8,227,684
	Sen	**Sen**	**Sen**	**Sen**
Basic EPS	0.80	2.11	10.35	7.96
Basic EPS (excluding EI)	1.33	2.64	4.83	7.82

(b) Diluted earnings per share

For diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive ordinary shares.

	3rd quarter ended		Financial period ended	
	30 Sept 2017	**30 Sept 2016**	**30 Sept 2017**	**30 Sept 2016**
	'000	**'000**	**'000**	**'000**
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,239,071	8,231,600	8,235,411	8,227,684
Weighted number of unissued ordinary shares from units under Long Term Incentive Plan	2,414	4,073	3,192	5,052
Weighted number of unissued ordinary shares from share options under Equity Participation Plan	-	-	-	2
Weighted number of unissued ordinary shares from share options under EOS	4	-	193	-
Weighted average number of dilutive ordinary shares for computation of diluted EPS	8,241,489	8,235,673	8,238,796	8,232,738
	Sen	**Sen**	**Sen**	**Sen**
Diluted EPS	0.80	2.10	10.35	7.95
Diluted EPS (excluding EI)	1.33	2.64	4.82	7.82

At 30 September 2017, 14,148,000 outstanding EOS options (30 September 2016: 22,486,000) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

B13 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained earnings is prepared pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at 30 Sept 2017 RM'000	**As at 31 Dec 2016 RM'000**
Total retained earnings of the Company and its subsidiaries		
- Realised	4,638,422	3,729,177
- Unrealised	(256,779)	129,553
	4,381,643	3,858,730
Total share of retained earnings from associates		
- Realised	1,069	651
Total share of retained earnings from joint ventures		
- Realised	61,295	61,969
Less: Consolidation adjustments	(568,906)	(645,122)
Total Group retained earnings	3,875,101	3,276,228

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

B14 NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Pursuant to the amendment to paragraph 9.22 of Bursa Malaysia listing requirements which is effective from 3 January 2012, the following amounts have been (debited)/credited in arriving at the Total Comprehensive Income for the period:

	3rd quarter ended		**Financial period ended**	
	30 Sept 2017 RM'000	**30 Sept 2016 RM'000**	**30 Sept 2017 RM'000**	**30 Sept 2016 RM'000**
Dividend income	497	589	1,575	7,396
Other operating income	45,414	38,670	150,792	145,721
Foreign exchange differences	(38,546)	483	(48,350)	(10,208)
Impairment loss written back/(made):				
- Trade and other receivables	(6,313)	(1,682)	3,714	(14,807)
- Amounts due from associates	1	2	903	590
Write off:				
- Property, plant and equipment	(1,726)	(96)	(2,534)	(261)
- Intangible assets	(75)	(1,614)	(75)	(6,605)
- Inventories	213	(193)	(724)	(520)
- Trade and other receivables	(10,942)	(2,786)	(23,334)	(7,490)
Gain on disposal of property, plant and equipment	4,169	1,787	6,973	12,130
Gain on disposal of subsidiaries		-		54,801
Gain on disposal of quoted available-for-sale financial instruments	-	-	554,500	-
Gain on disposal of unquoted available-for-sale financial instruments	-	2,459	192	5,024
Loss on disposal of a business unit	(943)	-	(943)	-
Provision for financial guarantee given to a joint venture's loan facility	(397)	-	(1,179)	-
Finance income				
Interest income				
- Banks and financial institutions	22,978	10,940	51,191	48,459
- Others	559	161	907	1,212
Exchange gain on net borrowings	15,638	(1,673)	51,719	-
Fair value (loss)/gain of financial instruments	9,212	-	12,178	-
	48,387	9,428	115,995	49,671
Finance costs				
Interest expense	(57,228)	(47,572)	(188,647)	(144,977)
Exchange loss on net borrowings	(123,166)	(88,513)	(290,213)	(100,928)
Fair value gain/(loss) of financial instruments	(470)	(2,650)	-	(15,295)
Other finance costs	(6,530)	(4,534)	(23,405)	(13,461)
	(187,394)	(143,269)	(502,265)	(274,661)