



IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

FULL YEAR FINANCIAL REPORT
31 DECEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	4th quarter ended			Financial year ended		
		31 Dec 2017 RM'000	31 Dec 2016 RM'000	Variance %	31 Dec 2017 RM'000	31 Dec 2016 RM'000	Variance %
Revenue		2,885,133	2,631,473	10%	11,142,639	10,021,885	11%
Other operating income	1	84,647	132,808	-36%	806,268	359,036	125%
Inventories and consumables		(557,412)	(488,797)	-14%	(2,104,958)	(1,802,458)	-17%
Purchased and contracted services		(217,343)	(219,659)	1%	(909,660)	(879,353)	-3%
Staff costs	2	(1,158,185)	(1,018,285)	-14%	(4,529,742)	(3,883,024)	-17%
Depreciation and impairment losses of property, plant and equipment	3	(241,236)	(188,055)	-28%	(915,769)	(744,753)	-23%
Amortisation and impairment losses of intangible assets and prepaid lease payments		(15,734)	(14,300)	-10%	(62,311)	(55,129)	-13%
Operating lease expenses		(83,351)	(81,199)	-3%	(328,510)	(301,679)	-9%
Other operating expenses	4	(338,399)	(529,757)	36%	(1,293,159)	(1,325,487)	2%
Finance income	5	35,844	79,523	-55%	151,839	129,194	18%
Finance costs	5	(292,039)	(382,623)	24%	(794,304)	(657,284)	-21%
Share of profits of associates (net of tax)		562	714	-21%	1,543	1,747	-12%
Share of profits of joint ventures (net of tax)		(90)	3,502	-103%	577	14,922	-96%
Profit/(loss) before tax		102,397	(74,655)	NM	1,164,453	877,617	33%
Income tax expense		(65,051)	(32,555)	-100%	(334,625)	(269,625)	-24%
Profit/(loss) for the period/year		37,346	(107,210)	135%	829,828	607,992	36%
Other comprehensive income/(expenses), net of tax							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences from foreign operations	6	(525,128)	746,638	-170%	(790,190)	77,396	NM
Hedge of net investments in foreign operations	6	(6,586)	(356,089)	98%	21,344	(81,492)	126%
Net change in fair value of available-for-sale financial instruments	7	(261)	(165,018)	100%	(319,205)	(313,191)	-2%
Cash flow hedge		1,746	10,073	-83%	3,160	(6,597)	148%
		<u>(530,229)</u>	<u>235,604</u>	<u>NM</u>	<u>(1,084,891)</u>	<u>(323,884)</u>	<u>NM</u>
Items that will not be reclassified subsequently to profit or loss							
Remeasurement of defined benefit liabilities		(12,245)	(11,706)	-5%	(12,245)	(11,706)	-5%
Revaluation of property, plant and equipment upon transfer of properties to investment properties	8	-	50,019	-100%	-	50,019	-100%
		<u>(12,245)</u>	<u>38,313</u>	<u>-132%</u>	<u>(12,245)</u>	<u>38,313</u>	<u>-132%</u>
Total comprehensive (expenses)/income for the period/year		(505,128)	166,707	NM	(267,308)	322,421	-183%
Profit/(loss) attributable to:							
Owners of the Company		101,255	(42,511)	NM	969,953	612,353	58%
Non-controlling interests		(63,909)	(64,699)	1%	(140,125)	(4,361)	NM
Profit/(loss) for the period/year		37,346	(107,210)	135%	829,828	607,992	36%
Total comprehensive (expenses)/income attributable to:							
Owners of the Company		(330,850)	261,419	NM	(6,989)	433,906	-102%
Non-controlling interests		(174,278)	(94,712)	-84%	(260,319)	(111,485)	-134%
Total comprehensive (expenses)/income for the period/year		(505,128)	166,707	NM	(267,308)	322,421	-183%
Earnings per share (sen)							
Basic		0.95	(0.52)	NM	11.31	7.44	52%
Diluted		0.95	(0.52)	NM	11.30	7.44	52%

NM: Not meaningful

Note:

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

SUPPLEMENTARY INFORMATION

	4th quarter ended			Financial year ended		
	31 Dec 2017	31 Dec 2016	Variance	31 Dec 2017	31 Dec 2016	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Profit/(losses) attributable to owners of the Company	101,255	(42,511)	NM	969,953	612,353	58%
Add back/(less): Exceptional items ("EI")						
Gain on disposal of a subsidiary ⁱ	(1,149)	-		(1,149)	(54,801)	
Gain on disposal of quoted available-for-sale financial instruments ⁱⁱ	-	-		(554,500)	-	
Loss on disposal of a business unit	(167)	-		776	-	
Investment tax allowance ⁱⁱⁱ	(2,516)	(25,412)		(2,516)	(25,412)	
Impairment loss on investment in a joint venture ^{iv}	-	97,344		-	97,344	
Provision for financial guarantee given to a joint venture's loan facility ^v	391	35,361		1,570	35,361	
Change in fair value of investment properties ^{vi}	(16,548)	(21,726)		(16,548)	(21,726)	
Change in fair value of call option ^{vii}	4,753	15,580		4,753	15,580	
Change in fair value of CCPS liabilities ^{viii}	13,753	21,947		13,753	21,947	
Negative goodwill from business combination ^{ix}	-	(20,518)		-	(20,518)	
Value-added tax settlement relating to prior years ^x	-	53,634		-	53,634	
Professional fees relating to a potential acquisition	-	5,052		-	5,052	
Exchange loss on net borrowings ^{xi}	5	176,897		379,202	335,169	
		<u>175,414</u>		<u>(174,659)</u>	<u>441,630</u>	
Add/(less): Tax effects on EI	(35,379)	(46,866)		(75,840)	(64,982)	
Add/(less): Non-controlling interests' share of EI	(59,412)	(94,064)		(124,150)	(123,050)	
		<u>80,623</u>		<u>(374,649)</u>	<u>253,598</u>	
Profit attributable to owners of the Company, excluding EI^{xii}		<u>181,878</u>	-18%	<u>595,304</u>	<u>865,951</u>	-31%
Earnings per share, excluding EI^{xii} (sen)						
Basic	1.93	2.70	-29%	6.76	10.52	-36%
Diluted	1.93	2.70	-29%	6.76	10.52	-36%

NM: Not meaningful

Note:

- i) Gain on disposal of 60% interest in SESU Ozel Saglik Hizmetleri Tibbi Malzemeler ve Ticaret A.S. ("SESU") during 2017 (2016: Gain on disposal of 90% interest in Shenton Insurance)
- ii) Gain on disposal of the Group's interest in Apollo Hospital Enterprise Limited
- iii) Investment tax allowance granted in relation to the Group's hospital construction projects and capital investments
- iv) Impairment loss on investment in Khubchandani Hospital
- v) Proportionate share of corporate guarantee in relation to accrued interest on Khubchandani Hospital's loan
- vi) Change in fair valuation of investment properties held for rental to third parties, excluding PLife REIT's investment properties held for rental to third parties
- vii) Change in fair value of call option granted to non-controlling interests of a subsidiary to purchase the Group's 3% interest in the subsidiary on a fully diluted basis, at a fixed price of INR500.0 million upon the non-achievement of certain financial targets.
- viii) Change in fair value of Compulsory Convertible Preference Shares ("CCPS") of a subsidiary that is classified as liability fair value through profit or loss
- ix) Negative goodwill arising from the acquisition of Tokuda Group
- x) Settlement of prior years' value-added tax claims and tax investigations relating to Acibadem's doctors.
- xi) Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings (As at 31 December 2017, Euro/TL=4.5155, USD/TL=3.7719)
- xii) 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 Income

	Note	4th quarter ended		Financial year ended	
		31 Dec 2017 RM’000	31 Dec 2016 RM’000	31 Dec 2017 RM’000	31 Dec 2016 RM’000
Gain on disposal of quoted available-for-sale financial instruments	i	-	-	554,500	-
Gain on disposal of unquoted available-for-sale financial instruments	ii	4,503	4,149	4,695	9,173
Gain/(loss) on disposal of property, plant and equipment		8,376	(58)	15,349	12,072
Gain on disposal of subsidiaries	iii	1,149	-	1,149	54,801
Gain on divestment of investment properties		-	13,141	-	13,141
Negative goodwill from business acquisition	iv	-	20,518	-	20,518
Valuation gain on investment properties		22,922	30,193	22,922	30,193
Others		47,697	64,865	207,653	219,138
		<u>84,647</u>	<u>132,808</u>	<u>806,268</u>	<u>359,036</u>

i) Gain on disposal of the Group’s interest in Apollo Hospital Enterprise Limited (“Apollo Hospitals”).

ii) Gain on disposal of the Group’s Eurobonds and Money Market Funds units

iii) Gain on the disposal of 60% equity interest in SESU

iv) Negative goodwill arising from the acquisition of Tokuda Group

- 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.
- 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.
- Operating expenses decreased from a high base in Q4 2016 whereby the Group recognised higher bad and doubtful debts expenses as well as exceptional items.

	Note	Group 4th quarter ended		Group Financial year ended	
		31 Dec 2017 RM’000	31 Dec 2016 RM’000	31 Dec 2017 RM’000	31 Dec 2016 RM’000
Impairment loss on investment in a joint venture		-	(97,344)	-	(97,344)
Provision for financial guarantee given to a joint venture’s loan facility		(391)	(35,361)	(1,570)	(35,361)
Value-added tax settlement relating to prior years		-	(53,634)	-	(53,634)
Loss on disposal of a business unit		167	-	(776)	-
Net bad and doubtful debts expenses		(20,097)	(38,193)	(38,814)	(59,900)
Others		(318,078)	(305,225)	(1,251,999)	(1,079,248)
		<u>(338,399)</u>	<u>(529,757)</u>	<u>(1,293,159)</u>	<u>(1,325,487)</u>

In addition, QTD and YTD operating expenses also increased with the strengthening of the USD against the currencies of the Group’s home markets, 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 RM176.9 million and RM379.2 million exchange losses on translation of such non-TL balances in Q4 2017 and YTD 2017 respectively, as compared to an exchange loss of RM244.6 million and RM335.2 million recognised in Q4 2016 and YTD 2016.

Finance costs also includes RM9.5 million fair value losses from the valuation of the CCPS and call option in Q4 2017 and YTD 2017, as compared to RM37.5 million fair value losses in Q4 2016 and YTD 2016.

Excluding the above, YTD net finance costs of the Group increased as more borrowings and loans were taken and cash was used up for working capital, capital expenditure, acquisitions and purchase of investment properties. YTD 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 Singapore Dollars (“SGD”) and 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 had realised the cumulative fair value gain on its investments in available-for-sale financial instruments.

8. In 2016, the Group re-designated the use of a piece of land in Malaysia from held for own use to held for capital appreciation, and had accordingly reclassified it from property, plant and equipment to investment properties. The difference in the carrying value of the land immediately prior to the transfer and its fair value was recognised directly in equity as a revaluation of property, plant and equipment.

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

	31 Dec 2017	31 Dec 2016
1 SGD	3.1221	2.9967
1 TL	1.1926	1.3787

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	Note	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Assets			
Property, plant and equipment		13,141,621	13,140,531
Prepaid lease payments	1	1,036,631	1,143,479
Investment properties	2	3,109,985	3,033,107
Goodwill on consolidation	3	10,692,198	11,076,000
Intangible assets	1	2,278,442	2,489,642
Interests in associates		7,632	7,657
Interests in joint ventures		153,970	153,154
Other financial assets	4	15,052	1,198,230
Trade and other receivables		65,462	74,013
Tax recoverable		37,552	30,379
Derivative assets		12,422	2,303
Deferred tax assets		229,855	240,596
Total non-current assets		30,780,822	32,589,091
Development properties		75,027	28,987
Inventories		281,914	252,589
Trade and other receivables		1,489,590	1,441,683
Tax recoverable		37,627	72,471
Other financial assets	4	160,235	351,674
Derivative assets		13,406	1,040
Cash and cash equivalents		6,078,603	2,443,181
		8,136,402	4,591,625
Assets classified as held for sale		7,004	7,240
Total current assets		8,143,406	4,598,865
Total assets		38,924,228	37,187,956
Equity			
Share capital	5	16,462,994	8,231,700
Share premium	5	-	8,185,160
Other reserves		1,478,287	2,292,652
Retained earnings		3,948,881	3,276,228
Total equity attributable to owners of the Company		21,890,162	21,985,740
Perpetual securities	6	2,158,664	-
Non-controlling interests		1,851,904	1,907,417
Total equity		25,900,730	23,893,157
Liabilities			
Loans and borrowings	7	6,103,785	6,852,782
Employee benefits		45,590	41,398
Trade and other payables	8	1,814,177	1,666,595
Derivative liabilities		3,742	24,860
Deferred tax liabilities		1,011,220	1,067,265
Total non-current liabilities		8,978,514	9,652,900
Bank overdrafts		68	11,348
Loans and borrowings	7	689,987	622,968
Employee benefits		83,954	71,910
Trade and other payables	8	2,811,505	2,612,446
Dividend payable		-	-
Derivative liabilities		22,991	19,173
Tax payable		436,479	304,054
Total current liabilities		4,044,984	3,641,899
Total liabilities		13,023,498	13,294,799
Total equity and liabilities		38,924,228	37,187,956
Net assets per share attributable to owners of the Company ¹ (RM)		2.66	2.67

¹ Based on 8,239.6 million and 8,231.7 million shares issued as at 31 December 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. Prepaid lease payments and intangible assets decreased as a result of amortisation and translation loss during the year.
2. Investment properties decreased as a result of translation loss during the year. It is partially offset by the acquisition of 5 nursing homes in February 2017 as well as valuation gains recognised during the year.
3. Goodwill on consolidation decreased mainly as a result of translation loss during the year.
4. Non-current other financial assets decreased upon the disposal of the Group's entire 10.85% interest in Apollo Hospitals, while the current other financial assets decreased with the disposal of the Group's investments in Eurobonds and Money Market Fund units during the year.
5. 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.
6. 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. The Group also accrued for the distribution relating to the Perpetual Securities.
7. Loans and borrowings decreased as a result of the settlement of RM848 million outstanding bank loans by a subsidiary. It is partially offset by additional loans taken to finance working capital, capital expenditure, acquisitions and purchase of investment properties.
8. Trade and other payables increased as a result of changes in fair value of put options granted to non-controlling interests and fair value of CCPS.

Note:

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

	31 Dec 2017	31 Dec 2016
1 SGD	3.0572	3.1066
1 TL	1.0388	1.2756
1 USD	4.1171	4.4641

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

	Attributable to owners of the Company								Distributable					
	Non-distributable													
	Share capital	Share premium	Share option reserve	Fair value reserve	Revaluation reserve	Hedge reserve	Capital reserve	Legal reserve	Foreign currency translation reserve	Retained earnings	Total	Perpetual securities	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	-	-	-	-	(658,527)	-	(658,527)	-	(131,663)	(790,190)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	7,609	-	7,609	-	13,735	21,344
Net change in fair value of available-for-sale financial instruments	-	-	-	(320,154)	-	-	-	-	-	-	(320,154)	-	949	(319,205)
Cash flow hedge	-	-	-	-	-	1,127	-	-	-	-	1,127	-	2,033	3,160
Remeasurement of defined benefit liabilities	-	-	-	-	-	-	-	-	-	(6,997)	(6,997)	-	(5,248)	(12,245)
Total other comprehensive (expenses) income for the year	-	-	-	(320,154)	-	1,127	-	-	(650,918)	(6,997)	(976,942)	-	(120,194)	(1,097,136)
Profit/ (loss) for the year	-	-	-	-	-	-	-	-	-	969,953	969,953	-	(140,125)	829,828
Total comprehensive (expenses)/income for the year	-	-	-	(320,154)	-	1,127	-	-	(650,918)	962,956	(6,989)	-	(260,319)	(267,308)
<i>Contributions by and distributions to owners of the Company</i>														
- Share options exercised	3,208	154	-	-	-	-	-	-	-	-	3,362	-	-	3,362
- Share-based payment	-	-	52,186	-	-	-	-	-	-	-	52,186	-	-	52,186
- Dividends paid to owners of Company	-	-	-	-	-	-	-	-	-	(247,171)	(247,171)	-	-	(247,171)
Transfer to share capital for share options exercised	3,208	154	52,186	-	-	-	-	-	-	(247,171)	(191,623)	-	-	(191,623)
Cancellation of vested share options	42,705	67	(42,772)	-	-	-	-	-	-	661	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	2	293,354	-	(1,119)	-	292,237	-	372,389	664,626
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	11,392	11,392
Disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	766	766
Issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	75,056	75,056
Transfer per statutory requirements	-	-	-	-	-	-	-	5,154	-	(5,154)	-	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	-	(150,564)	-	-	-	(150,564)	-	(56,105)	(206,669)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(198,692)	(198,692)
Issue of perpetual securities	-	-	-	-	-	-	-	-	-	-	-	2,120,025	-	2,120,025
Accrued perpetual securities distribution	-	-	-	-	-	-	-	-	-	(38,639)	(38,639)	38,639	-	-
Total transactions with owners of the Company	45,913	221	8,753	-	-	2	142,790	5,154	(1,119)	(290,303)	(88,589)	2,158,664	204,806	2,274,881
Transfer in accordance with Section 618(2) of the Companies Act 2016 ¹	8,185,381	(8,185,381)	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2017	16,462,994	-	54,959	-	85,890	15,200	(1,015,092)	47,755	2,289,575	3,948,881	21,890,162	2,158,664	1,851,904	25,900,730

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 31 DECEMBER 2017

	Attributable to owners of the Company								Distributable		Perpetual securities RM'000	Non-controlling interests RM'000	Total equity RM'000	
	Non-distributable							Foreign currency translation reserve	Retained earnings	Total				
	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	-	-	-	-	-	-	-	-	124,853	-	124,853	-	(47,457)	77,396
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	(29,745)	-	(29,745)	-	(51,747)	(81,492)
Net change in fair value of available-for-sale financial instruments	-	-	-	(314,103)	-	-	-	-	-	-	(314,103)	-	912	(313,191)
Cash flow hedge	-	-	-	-	-	(2,353)	-	-	-	-	(2,353)	-	(4,244)	(6,597)
Remeasurement of defined benefit liabilities	-	-	-	-	-	-	-	-	-	(7,118)	(7,118)	-	(4,588)	(11,706)
Revaluation of property, plant and equipment upon reclassification of properties to investment properties	-	-	-	-	50,019	-	-	-	-	-	50,019	-	-	50,019
Total other comprehensive (expenses) income for the year	-	-	-	(314,103)	50,019	(2,353)	-	-	95,108	(7,118)	(178,447)	-	(107,124)	(285,571)
Profit/(loss) for the year	-	-	-	-	-	-	-	-	-	612,353	612,353	-	(4,361)	607,992
Total comprehensive (expenses)/income for the year	-	-	-	(314,103)	50,019	(2,353)	-	-	95,108	605,235	433,906	-	(111,485)	322,421
<i>Contributions by and distributions to owners of the Company</i>														
- Share options exercised	464	1,483	-	-	-	-	-	-	-	-	1,947	-	-	1,947
- Share-based payment	-	-	54,168	-	-	-	-	-	-	-	54,168	-	-	54,168
- Dividends paid to owners of Company	-	-	-	-	-	-	-	-	-	(246,944)	(246,944)	-	-	(246,944)
	464	1,483	54,168	-	-	-	-	-	-	(246,944)	(190,829)	-	-	(190,829)
Transfer to share capital and share premium on share options exercised	7,890	32,667	(40,557)	-	-	-	-	-	-	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,077)	(1,077)
Changes in ownership interests in subsidiaries	-	-	-	-	-	6	(51,132)	-	(5)	-	(51,131)	-	114,941	63,810
Issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	118	-	-	-	118	-	96,685	96,803
Transfer per statutory requirements	-	-	-	-	-	-	-	5,932	-	(5,932)	-	-	-	-
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	-	-	-	-	-	-	(255,933)	-	-	-	(255,933)	-	(31,800)	(287,733)
Finalisation of purchase price allocation	-	-	-	-	-	-	-	-	-	-	-	-	3,218	3,218
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(173,280)	(173,280)
Total transactions with owners of the Company	8,354	34,150	13,611	-	-	6	(413,076)	5,932	(5)	(252,876)	(603,904)	-	(62,066)	(665,970)
At 31 December 2016	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

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.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Financial year ended	
	31 Dec 2017	31 Dec 2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	1,164,453	877,617
Adjustments for:		
Dividend income	(2,128)	(8,019)
Finance income	(151,839)	(129,194)
Finance costs	794,304	657,284
Depreciation and impairment losses of property, plant and equipment	915,769	744,753
Amortisation and impairment losses of intangible assets and prepaid lease payments	62,311	55,129
Impairment loss (written back)/made:		
- Investment in joint ventures	-	97,344
- Trade and other receivables	11,066	63,827
- Amounts due from associates	(901)	(593)
- Amounts due from joint ventures	575	(15,278)
- Inventories	-	1,773
Write-off:		
- Property, plant and equipment	2,874	1,162
- Intangible assets	248	5,670
- Inventories	5,137	737
- Trade and other receivables	28,074	11,944
- Other financial assets	-	329
Gain on disposal of property, plant and equipment	(15,349)	(12,072)
Gain on disposal of subsidiary	(1,149)	(54,801)
Gain on disposal of quoted available-for-sale financial instruments	(554,500)	-
Gain on disposal of unquoted available-for-sale financial instruments	(4,695)	(9,173)
Gain on divestment of investment properties	-	(13,141)
Loss on disposal of a business	776	-
Change in fair value of investment properties	(22,922)	(30,193)
Provision for financial guarantee given to a joint venture's loan	1,570	35,361
Share of profits of associates (net of tax)	(1,543)	(1,747)
Share of profits of joint ventures (net of tax)	(577)	(14,922)
Negative goodwill from business combination	-	(20,518)
Equity-settled share-based payment	52,186	54,168
Net unrealised foreign exchange differences	108,751	(13,274)
Operating profit before changes in working capital	2,392,491	2,284,173
Changes in working capital:		
Trade and other receivables	(71,731)	(294,284)
Development properties	(46,040)	(17,124)
Inventories	(39,097)	(11,915)
Trade and other payables	298,800	176,792
Cash flows from operations	2,534,423	2,137,642
Net income tax paid	(273,724)	(203,861)
Net cash generated from operating activities	2,260,699	1,933,781

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Financial year ended	
	31 Dec 2017 RM'000	31 Dec 2016 RM'000
Cash flows from investing activities		
Interest received	67,195	70,125
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(6,734)	(295,099)
Acquisition of business, net of cash and cash equivalents acquired	-	(12,380)
Development and purchase of intangible assets	(7,505)	(4,649)
Purchase of property, plant and equipment	(1,432,660)	(2,083,908)
Purchase of investment properties	(207,926)	(51,026)
Purchase of land use rights	-	(199,470)
Net withdrawn of fixed deposits with tenor of more than 3 months	44,116	469,098
Net proceeds from disposal of business	(1,124)	-
Net (cash outflows)/proceeds from disposal of subsidiary	(9)	9,554
Proceeds from disposal of property, plant and equipment	33,419	29,906
Proceeds from disposal of intangible assets	-	1,912
Proceeds from divestment of investment properties	-	145,951
Proceeds from disposal of quoted available-for-sale financial instruments	1,257,531	-
Proceeds from disposal of unquoted available-for-sale financial instruments	150,973	214,984
Other financial assets matured/(purchased)	-	14,984
Net repayment from associates	-	624
Net advances to joint ventures	-	7,085
Dividends received from available-for-sale financial instruments	2,128	8,019
Dividends received from joint ventures	1,401	2,118
Dividends received from associates	563	779
Net cash used in investing activities	(98,632)	(1,671,393)
Cash flows from financing activities		
Interest paid	(391,667)	(284,370)
Proceeds from exercise of share options	3,362	1,947
Proceeds from loans and borrowings	1,789,126	4,226,989
Issue of perpetual securities, net of transaction costs	2,120,025	-
Issue of fixed rate medium term notes	185,139	118,930
Loan from non-controlling interests of a subsidiary	-	477,343
Repayment of loan from non-controlling interest of subsidiary	-	(212,862)
Repayment of loans and borrowings	(2,432,757)	(3,805,760)
Dividends paid to shareholders	(247,171)	(246,944)
Dividends paid to non-controlling interests	(198,692)	(173,280)
Acquisition of non-controlling interests	(7,149)	(42,421)
Proceeds from dilution of interest in subsidiaries	671,775	-
Issue of shares by subsidiaries to non-controlling interest	75,056	96,803
Change in pledged deposits	7,769	(2,623)
Net cash from financing activities	1,574,816	153,752
Net increase in cash and cash equivalents	3,736,883	416,140
Effect of exchange rate fluctuations on cash and cash equivalents held	(82,412)	41,134
Cash and cash equivalents at beginning of the year	2,423,275	1,966,001
Cash and cash equivalents at end of the year	6,077,746	2,423,275

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

Cash and cash equivalents

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

	31 Dec 2017	31 Dec 2016
	RM'000	RM'000
Cash and bank balances	4,886,821	1,639,233
Fixed deposits with tenor of 3 months or less	1,191,782	803,948
	<hr/> 6,078,603	<hr/> 2,443,181
Less:		
- Bank overdrafts	(68)	(11,348)
- Deposits pledged	-	(2,617)
- Cash collateral received	(789)	(5,941)
Cash and cash equivalents at end of the year	<hr/> 6,077,746	<hr/> 2,423,275

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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 31 December 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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017**

A6 DEBT AND EQUITY SECURITIES

- (a) Between 1 January to 31 December 2017, IHH issued:
- (i) 593,000 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 31 December 2017.

As at 31 December 2017, the issued share capital of IHH comprised of 8,239,583,639 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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017**

A8 SEGMENT REPORTING

Financial period ended 31 December 2017

	Parkway Pantai ¹					Acibadem	IMU	PLife		Eliminations	Total
	Singapore	Malaysia	India	North	PPL	Holdings	Health	REIT ¹	Others		
	RM'000	RM'000	RM'000	RM'000	Others ²	CEEMENA ³	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue and expenses											
Revenue from external customers	3,848,308	1,836,415	708,596	332,658	176,615	3,853,527	250,386	134,006	2,128	-	11,142,639
Inter-segment revenue	106,377	1,000	-	-	1,138	-	3,875	208,311	60,075	(380,776)	-
Total segment revenue	3,954,685	1,837,415	708,596	332,658	177,753	3,853,527	254,261	342,317	62,203	(380,776)	11,142,639
EBITDA	1,135,100	513,755	13,696	(251,954)	12,722	617,888	80,645	282,684	9,236	(134,292)	2,279,480
Depreciation and impairment losses of property, plant and equipment	(225,822)	(143,717)	(64,907)	(134,242)	(5,386)	(292,047)	(13,988)	(34,795)	(865)	-	(915,769)
Amortisation and impairment losses of intangible assets	(3,643)	(709)	(10,077)	(22,624)	-	(24,473)	(785)	-	-	-	(62,311)
Foreign exchange differences	(119)	106	(182)	(137)	(9,824)	(447)	(90)	4,943	(60,703)	-	(66,453)
Finance income	604	17,000	4,064	35,599	98,521	26,303	5,760	6,103	18,689	(60,804)	151,839
Finance costs	(12,825)	(4,106)	(61,480)	(104,136)	(119,126)	(528,015)	(286)	(25,108)	(26)	60,804	(794,304)
Share of profits of associates (net of tax)	1,402	-	(947)	122	-	-	-	-	-	-	577
Share of profits of joint ventures (net of tax)	1,543	-	-	-	-	-	-	-	-	-	1,543
Others	16,548	-	(1,570)	-	-	1,149	-	-	554,500	-	569,851
Profit/(loss) before tax	912,788	382,329	(121,403)	(477,372)	(23,093)	(199,642)	71,256	233,827	520,831	(134,292)	1,164,453
Income tax (expense)/credit	(157,261)	(110,669)	6,681	(18,643)	(29,021)	21,838	(19,484)	(23,731)	(4,335)	-	(334,625)
Profit/(loss) for the year	755,527	271,660	(114,722)	(496,015)	(52,114)	(177,804)	51,772	210,096	516,496	(134,292)	829,828
Assets and liabilities											
Cash and cash equivalents	169,752	505,273	95,705	1,057,205	2,495,611	85,421	25,776	78,629	1,565,231	-	6,078,603
Other assets	12,318,066	4,583,654	1,837,470	3,163,011	4,908,611	5,856,343	514,277	4,375,487	43,044	(4,754,338)	32,845,625
Segment assets as at 31 December 2017	12,487,818	5,088,927	1,933,175	4,220,216	7,404,222	5,941,764	540,053	4,454,116	1,608,275	(4,754,338)	38,924,228
Loans and borrowings	9,434	318	347,229	1,051,177	-	3,421,866	182	1,963,566	-	-	6,793,772
Other liabilities	4,830,012	536,655	2,198,383	1,264,699	329,442	1,349,860	140,131	324,762	10,120	(4,754,338)	6,229,726
Segment liabilities as at 31 December 2017	4,839,446	536,973	2,545,612	2,315,876	329,442	4,771,726	140,313	2,288,328	10,120	(4,754,338)	13,023,498

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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017**

Financial period ended 31 December 2016

	Parkway Pantai ¹					Acibadem Holdings CEEMENA ³	IMU Health Malaysia	PLife REIT ¹	Others	Eliminations	Total
	Singapore	Malaysia	India	North Asia	PPL Others ²						
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue and expenses</u>											
Revenue from external customers	3,554,048	1,620,579	560,082	259,229	171,081	3,480,192	237,071	131,584	8,019	-	10,021,885
Inter-segment revenue	98,113	988	-	-	988	-	3,648	196,260	32,569	(332,566)	-
Total segment revenue	3,652,161	1,621,567	560,082	259,229	172,069	3,480,192	240,719	327,844	40,588	(332,566)	10,021,885
EBITDA	1,007,328	430,812	27,325	(27,923)	34,373	538,065	85,504	286,907	1,127	(100,365)	2,283,153
Depreciation and impairment losses of property, plant and equipment	(217,285)	(136,006)	(54,617)	(7,727)	(4,660)	(276,621)	(12,977)	(34,090)	(770)	-	(744,753)
Amortisation and impairment losses of intangible assets	(3,699)	(709)	(9,256)	(7,323)	-	(33,631)	(511)	-	-	-	(55,129)
Foreign exchange differences	(674)	488	(6,517)	1,814	(2,084)	38	(39)	3,699	3,388	-	113
Finance income	1,374	21,261	3,499	11,697	80,466	23,939	5,539	11	10,847	(29,439)	129,194
Finance costs	(16,549)	(6,246)	(81,043)	(10,156)	(79,399)	(457,350)	(280)	(35,687)	(13)	29,439	(657,284)
Share of profits of associates (net of tax)	1,747	-	-	-	-	-	-	-	-	-	1,747
Share of profits of joint ventures (net of tax)	2,118	-	12,578	226	-	-	-	-	-	-	14,922
Others	21,725	-	(132,705)	-	54,801	(33,115)	-	-	(5,052)	-	(94,346)
Profit/(loss) before tax	796,085	309,600	(240,736)	(39,392)	83,497	(238,675)	77,236	220,840	9,527	(100,365)	877,617
Income tax (expense)/credit	(142,561)	(58,209)	8,471	(22,093)	(16,497)	5,081	(20,471)	(19,995)	(3,351)	-	(269,625)
Profit/(loss) for the year	653,524	251,391	(232,265)	(61,485)	67,000	(233,594)	56,765	200,845	6,176	(100,365)	607,992
<u>Assets and liabilities</u>											
Cash and cash equivalents	213,587	615,312	22,091	728,822	313,306	97,199	5,186	220,863	226,815	-	2,443,181
Other assets	12,562,839	4,459,754	1,923,064	3,179,445	6,887,652	6,390,179	530,771	4,301,618	1,281,639	(6,772,186)	34,744,775
Segment assets as at 31 December 2016	12,776,426	5,075,066	1,945,155	3,908,267	7,200,958	6,487,378	535,957	4,522,481	1,508,454	(6,772,186)	37,187,956
Loans and borrowings	7,728	40,088	351,823	394,113	1,288,242	3,440,029	372	1,953,355	-	-	7,475,750
Other liabilities	5,176,423	448,376	2,014,169	2,917,585	198,274	1,348,519	127,618	357,747	2,524	(6,772,186)	5,819,049
Segment liabilities as at 31 December 2016	5,184,151	488,464	2,365,992	3,311,698	1,486,516	4,788,548	127,990	2,311,102	2,524	(6,772,186)	13,294,799

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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 year ended	
	31 Dec 2017	31 Dec 2016
	RM'000	RM'000
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	348,005	343,672
- Purchase and consumption of services	(54,766)	(45,840)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	13,157	17,594
- Purchase and consumption of services	(88,318)	(74,243)

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.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017**

- (e) On 4 April 2017, Parkway Trust Management Limited (“PTM”) transferred 155,200 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 35.71% to 35.69%.
- (f) 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%.
- 1) 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
 - 2) 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.

- (g) On 20 April 2017, United Medical Center Varna EOOD was dissolved pursuant to members’ voluntary winding-up.
- (h) 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 52.3%.

On 1 June 2017, CHPL allotted 2,538,071 equity shares to GDPL. Consequential thereto, GDPL’s equity interest in CHPL increased from 52.30% to 53.13%.

- (i) 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%.
- (j) 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.
- (k) 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.
- (l) 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).
- (m) 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).

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017**

- (n) 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.
- (o) 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.
- (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.
- (t) 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 to Ali Suat Gulluoglu (“Disposal”) which was satisfied 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.
- (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 Medlife and Acquisition of T.Reis, Medlife and T.Reis merged with POL on 27 December 2017. All assets and liabilities of Medlife and T.Reis were transferred to POL and Medlife and T.Reis were subsequently dissolved.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017**

- (u) On 30 November 2017, Twin Towers Healthcare Sdn Bhd (“TTHSB”) transferred 100% equity interest in Twin Towers Medical Centre KLCC Sdn Bhd (“TTMCSB”) to Pantai Group Resources Sdn Bhd, as an interim distribution in specie, in connection with the members’ voluntary winding-up of TTHSB.
- (v) On 25 December 2017, Integrated Healthcare Capital Sdn Bhd was dissolved pursuant to members’ voluntary winding-up.
- (w) On 27 December 2017, ME-DI merged with ASH. All assets and liabilities of ME-DI were transferred to ASH and ME-DI 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 9 January 2018, Parkway-Healthcare (Mauritius) Limited (“PHML”) acquired 0.13% equity interest in Ravindranath GE Medical Associates Private Limited (“RGE”) for a total consideration of INR16,240,000 (equivalent to RM1,023,000).

Consequential thereto, IHH Group’s interest in RGE increased from 76.25% to 76.38% based on shareholdings interests that give rise to present access to the rights and rewards of ownership in RGE..

- (b) On 7 February 2018, Parkway Life Japan2 Pte Ltd (“TK Investor”) entered into a *Tokumei Kumiai* agreement (or silent partnership agreement, the “TK Agreement”) with G. K. Nest (the “TK Operator”). Pursuant to the TK Agreement, the purchase price of the property amounting to JPY1,500 million (approximately RM53.6 million) will be injected into the TK Operator by the TK Investor to facilitate the acquisition of one nursing rehabilitation facility by the TK Operator. The Company does not have any direct or indirect equity in the TK Operator. However due to the nature of the arrangements under the TK Agreement, the TK Operator is under established terms that impose strict limitations on decision-making powers of the TK Operator’s management, resulting in the Group receiving the majority of the benefits relating to the TK Operator’s operations and net assets, being exposed to the majority of the risks incident to the TK Operator’s activities and retaining the majority of the residual or ownership risks related to the TK Operator and their assets. As such the TK Operator is regarded as subsidiary of the Group pursuant to MFRS 10: *Consolidated Financial Statements*.
- (c) On 8 February 2018, Parkway Holdings Limited (“PHL”) disposed 26% equity interest in Gleneagles JPMC Sdn Bhd (“GJPMC”) to Jerudong Park Medical Centre Sdn Bhd at a total consideration of BND4,203,000 (equivalent to SGD4,203,000). Consequential thereto, PHL’s equity interest in GJPMC decreased from 75.0% to 49.0%. However, GJPMC is still being consolidated as subsidiary of the Group pursuant to MFRS 10: *Consolidated Financial Statements*.
- (d) Shanghai Gleneagles International Medical and Surgical Center, an indirect subsidiary of IHH has on 13 February 2018 been notified by Shanghai Administration Bureau for Industry and Commerce that it had been officially dissolved on 7 February 2018 pursuant to members’ voluntary winding up.

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in the contingent liabilities or contingent assets as at 20 February 2018 from that disclosed in the 2016 Audited Financial Statements.

**A NOTES TO THE INTERIM FINANCIAL REPORT
 FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017**

A14 CAPITAL COMMITMENTS

	31 Dec 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	1,083,580	1,147,134
- Authorised but not contracted for	1,683,702	2,349,600
	2,767,282	3,496,734

A15 FAIR VALUE HIERARCHY

Fair value hierarchy

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

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

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>31 December 2017</u>				
Assets				
Investment properties	-	-	3,109,985	3,109,985
Derivative assets	-	24,203	-	24,203
Liabilities				
CCPS liabilities ⁱ	-	-	(93,184)	(93,184)
Put option liabilities ⁱⁱ	-	-	(998,310)	(998,310)
Derivative liabilities	-	(4,240)	(22,493)	(26,733)
<u>31 December 2016</u>				
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) CCPS liabilities are stated at fair value based on the subsidiary's equity value computed mainly using the discounted cash flow method based on present value of projected free cash flows of the subsidiary discounted using a risk-adjusted discount rate.
- ii) Put options granted to non-controlling interest are stated at fair value based on the subsidiary's equity value described above and the discounted cash flow method based on present value of expected payment discounted using a risk-adjusted discount rate.

Refer to Section B13 for the fair value gain/loss recognised in the statement of profit or loss during the QTD 2017 and YTD 2017.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

	4th quarter ended			Financial year ended		
	31 Dec 2017 RM'000	31 Dec 2016 RM'000	Variance %	31 Dec 2017 RM'000	31 Dec 2016 RM'000	Variance %
<u>REVENUE</u>¹						
Parkway Pantai:						
- Singapore	965,359	892,094	8%	3,848,308	3,554,048	8%
- Malaysia	472,695	414,064	14%	1,836,415	1,620,579	13%
- India	176,387	150,096	18%	708,596	560,082	27%
- North Asia	98,948	68,616	44%	332,658	259,229	28%
- PPL Others*	44,695	46,389	-4%	176,615	171,081	3%
Parkway Pantai	1,758,084	1,571,259	12%	6,902,592	6,165,019	12%
Acibadem Holdings	1,034,538	967,646	7%	3,853,527	3,480,192	11%
IMU Health	59,029	57,981	2%	250,386	237,071	6%
Others[^]	553	623	-11%	2,128	8,019	-73%
Group (Excluding PLife REIT)	2,852,204	2,597,509	10%	11,008,633	9,890,301	11%
PLife REIT total revenue	85,077	84,236	1%	342,317	327,844	4%
Less: PLife REIT inter-segment revenue	(52,148)	(50,272)	-4%	(208,311)	(196,260)	-6%
PLife REIT	32,929	33,964	-3%	134,006	131,584	2%
Group	2,885,133	2,631,473	10%	11,142,639	10,021,885	11%
<u>EBITDA</u>²						
Parkway Pantai ³ :						
- Singapore	270,509	249,387	8%	1,060,883	939,532	13%
- Malaysia	128,598	95,534	35%	513,755	430,812	19%
- India	9,714	14,002	-31%	13,696	27,325	-50%
- North Asia	(63,019)	(28,849)	-118%	(251,954)	(27,923)	NM
- PPL Others*	(28,545)	2,814	NM	12,722	34,373	-63%
Parkway Pantai	317,257	332,888	-5%	1,349,102	1,404,119	-4%
Acibadem Holdings	206,114	136,912	51%	617,888	538,065	15%
IMU Health	6,986	16,028	-56%	80,645	85,504	-6%
Others[^]	10,879	(9,464)	NM	(50,839)	(31,442)	-62%
Group (Excluding PLife REIT)	541,236	476,364	14%	1,996,796	1,996,246	0%
PLife REIT⁴	74,469	89,046	-16%	282,684	286,907	-1%
Group	615,705	565,410	9%	2,279,480	2,283,153	0%

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

Q4 2017 vs Q4 2016

The Group achieved 10% and 9% growth in revenue and EBITDA respectively in Q4 2017 over the same period last year. The increase in Q4 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 Q4 2017 revenue.

The Group's Q4 2017 EBITDA increased 9% to RM615.7 million as a result of the increase in revenue. EBITDA also increased due to a low base in Q4 2016 where the Group recognised higher bad and doubtful debts expenses

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

of RM38.2 million in Q4 2016 as compared to RM20.1 million in Q4 2017. In addition, the Group recognised RM13.1 million gain on divestment of PLife REIT's investment properties in Q4 2016, while there was no such divestment gain in Q4 2017. The increase in Q4 2017 EBITDA was partially eroded by start-up costs from the Gleneagles Hong Kong Hospital, and higher operating and staff costs.

The Group's Q4 2017 PATMI excluding exceptional items decreased 18% to RM181.9 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 Q4 2017 revenue increased 12% to RM1,758.1 million whilst its EBITDA decreased 5% to RM317.3 million. Excluding the effects of the appreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's Q4 2017 revenue increased 10% 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 (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 6.3% increase in inpatient admissions to 19,319 in Q4 2017, driven by increase in both local and foreign patients. Revenue per inpatient admission in Singapore increased 6.2% to RM29,469. Parkway Pantai's Malaysia Hospitals' inpatient admissions increased 4.3% to 49,267 inpatient admissions in Q4 2017, while its revenue per inpatient admission increased 10.0% to RM6,413 driven by increase in both local and foreign patients. Parkway Pantai's India Hospitals' inpatient admissions increased 15.4% to 18,283 inpatient admissions, while its revenue per inpatient admission increased 3.9% to RM8,038.

Parkway Pantai's Q4 2017 EBITDA decreased from a high base in Q4 2016 where Parkway Pantai recognised a RM12.6 million net write back of bad and doubtful debts expense in Q4 2016 as compared to RM19.2 million bad and doubtful debt expenses recognised in Q4 2017. Parkway Pantai's Q4 2017 EBITDA was also eroded by the RM65.3 million start-up losses of Gleneagles Hong Kong Hospital, and a charge of RM21.9 million for acquisition-related expenses from IHH Company.

Parkway Pantai's Q4 2017 EBITDA for the India segment decreased from a high base in Q4 2016 where it recognised a RM12.3 million reversal of provision for doubtful debts on amounts due from an India joint venture.

Acibadem Holdings

Acibadem Holdings' Q4 2017 revenue grew 7% to RM1,034.5 million whilst its EBITDA increased 51% to RM206.1 million. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' Q4 2017 revenue increased 26% while its EBITDA increased 74% 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 Hospital¹. On a blended basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital revenue increased RM46.9 million in Q4 2017 as compared to Q4 2016.

Acibadem Holdings' inpatient admissions grew 13.0% to 57,048 in Q4 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 20.0% to RM8,663 in Q4 2017 with more complex cases taken and increase in foreign patients.

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

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

Acibadem Holdings' Q4 2017 EBITDA increased as a result of the increase in revenue. Its Q4 2017 EBITDA also increased due to a low base in Q4 2016 where Acibadem Holdings recognised higher bad and doubtful debts expenses of RM50.7million in Q4 2016 as compared to RM0.9 million in Q4 2017. Excluding the effects of the depreciation of the TL on translation, the Q4 2017 EBITDA of Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital EBITDA increased 12.3%, on a blended basis, as compared to Q4 2016.

Acibadem Holdings' Q4 2017 EBITDA was partially eroded by higher operating costs arising from medical inflation in Turkey and further depreciation of TL against USD and Euro.

IMU Health

IMU Health's Q4 2017 revenue increased 2% to RM59.0 million due to the shortening of the semester for some courses.

IMU Health's Q4 2017 EBITDA decreased 56% to RM7.0 million on the back of higher staff costs, operating expenses and marketing expenses.

PLife REIT

PLife REIT's Q4 2017 external revenue decreased 3% to RM32.9 million with the weakening of Japanese Yen on rental income from its Japanese investment properties.

PLife REIT's Q4 2017 EBITDA decreased 16% to RM74.5 million from a high base in Q4 2016 where it recognised RM13.1 million gain on divestment of PLife REIT's investment properties in Q4 2016. PLife REIT also recognised higher revaluation gain on its investment properties of RM8.5 million in Q4 2016, as compared to RM6.4 million in Q4 2017.

Others

Q4 2017 revenue decreased 11% to RM0.6 million mainly due to lower returns from the Group's investment in Money Market Funds. The Group divested all its investment in Money Market Funds in Nov 2017.

Q4 2017 EBITDA increased mainly due to a charge of RM21.9 million for acquisition-related expenses to PPL segment.

YTD 2017 vs YTD 2016

The Group achieved 11% year-on-year revenue growth while EBITDA was flat. 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 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 YTD 2017 revenue.

YTD 2017 EBITDA was flat compared to YTD 2016, due to start-up costs from the Gleneagles Hong Kong Hospital, and higher operating and staff costs. The higher costs was mitigated by lower bad and doubtful debt expenses recognised in YTD2017 of RM38.8mil as compared to RM59.9mil in YTD2016. In addition, the Group recognised RM13.1 million gain on divestment of PLife REIT's investment properties in YTD 2016, while there was no such divestment gain in YTD 2017.

The Group's YTD 2017 PATMI excluding exceptional items decreased 31% to RM595.3 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.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017**

Parkway Pantai

Parkway Pantai's YTD 2017 revenue increased 12% to RM6,902.6 million whilst its EBITDA decreased 4% to RM1,349.1 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 since its opening in March 2017. Parkway Pantai's existing hospitals and healthcare businesses grew.

Parkway Pantai's Singapore hospitals saw an overall 3.2% increase in inpatient admissions to 76,459 in YTD 2017, driven by increase in local patients. Revenue per inpatient admission in Singapore increased 7.5% to RM29,127. Parkway Pantai's Malaysia Hospitals' inpatient admissions increased 2.7% to 197,563 inpatient admissions in YTD 2017, while its revenue per inpatient admission increased 10.9% to RM6,237. Parkway Pantai's India Hospitals' inpatient admissions increased 15.9% to 72,005 inpatient admissions, while its revenue per inpatient admission increased 2.4% to RM7,780.

Parkway Pantai's YTD 2017 EBITDA decreased due to higher bad and doubtful debt expenses, pre-operating and start-up EBITDA losses of Gleneagles Hong Kong Hospital of RM284.0 million, and a charge of RM21.9 million for acquisition-related expenses from IHH Company.

Parkway Pantai's YTD 2017 EBITDA for the India segment decreased from a high base in YTD 2016 where it recognised a RM12.3 million reversal of provision for doubtful debts on amounts due from an India joint venture.

Acibadem Holdings

Acibadem Holdings' YTD 2017 revenue grew 11% to RM3,853.5 million whilst its EBITDA increased 15% to RM617.9 million. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' YTD 2017 revenue increased 28% while its EBITDA increased 33% 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 12 months of revenue in YTD 2017 as compared to only 7 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 RM92.2 million in YTD 2017 as compared to YTD 2016.

Acibadem Holdings' inpatient admissions grew 24.5% to 213,590 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 12.0% to RM8,264 in YTD 2017 with more complex cases taken and increase in foreign patients.

Acibadem Holdings' YTD 2017 EBITDA increased as a result of the increase in revenue. Its YTD 2017 EBITDA also increased due to a low base in YTD 2016 where Acibadem Holdings recognised higher bad and doubtful debts expenses of RM56.3 million in YTD 2016 as compared to a write back of RM7.9 million in YTD 2017. Excluding the effects of the depreciation of the TL on translation, the YTD 2017 EBITDA of Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital EBITDA decreased 12.4%, on a blended basis, as compared to YTD 2016.

Acibadem Holdings' YTD 2017 EBITDA was also partially eroded by higher operating costs arising from medical inflation in Turkey and further depreciation of TL against USD and Euro.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017**

IMU Health

IMU Health's YTD 2017 revenue increased 6% to RM250.4 million due to the shortening of the semester for some courses.

IMU Health's YTD 2017 EBITDA decreased 6% to RM80.6 million on the back of higher staff costs, operating expenses and marketing expenses.

PLife REIT

PLife REIT's YTD 2017 external revenue increased 2% to RM134.0 million with contribution from the nursing homes acquired in 2016 and Q1 2017.

PLife REIT's YTD 2017 EBITDA decreased 1% to RM282.7 million from a high base in YTD 2016 where it recognised RM13.1 million gain on divestment of PLife REIT's investment properties in YTD 2016. PLife REIT also recognised higher revaluation gain on its investment properties of RM8.5 million in YTD 2016, as compared to RM6.4 million in YTD 2017.

Others

Revenue decreased 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, and a higher returns of RM2.3 million from its investment in Money Market Funds in YTD 2016. The Group had divested its investment in Apollo Hospital Enterprise Limited and Money Market Funds during the year.

EBITDA losses increased as a result of the lower revenue, and higher staff costs in YTD 2017.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	4th quarter ended 31 Dec 2017 RM'000	3rd quarter ended 30 Sept 2017 RM'000	Variance %
<u>REVENUE¹</u>			
Parkway Pantai:			
- Singapore	965,359	963,844	0%
- Malaysia	472,695	466,860	1%
- India	176,387	197,043	-10%
- North Asia	98,948	81,389	22%
- PPL Others*	44,695	46,552	-4%
Parkway Pantai	1,758,084	1,755,688	0%
Acibadem Holdings	1,034,538	950,605	9%
IMU Health	59,029	60,052	-2%
Others[^]	553	497	11%
Group (Excluding PLife REIT)	2,852,204	2,766,842	3%
PLife REIT total revenue	85,077	87,209	-2%
Less: PLife REIT inter-segment revenue	(52,148)	(53,196)	2%
PLife REIT	32,929	34,013	-3%
Group	2,885,133	2,800,855	3%
<u>EBITDA²</u>			
Parkway Pantai ³ :			
- Singapore	270,509	267,499	1%
- Malaysia	128,598	136,493	-6%
- India	9,714	(2,594)	NM
- North Asia	(63,019)	(60,868)	-4%
- PPL Others*	(28,545)	22,254	NM
Parkway Pantai	317,257	362,784	-13%
Acibadem Holdings	206,114	120,451	71%
IMU Health	6,986	21,627	-68%
Others[^]	10,879	(11,916)	191%
Group (Excluding PLife REIT)	541,236	492,946	10%
PLife REIT⁴	74,469	69,422	7%
Group	615,705	562,368	9%

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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017**

Q4 2017 vs Q3 2017

The Group rebounded from the seasonal lows in Q3 2017 and recorded 3% quarter-on-quarter increase in revenue in Q4 2017. Q3 is typically a slow quarter for the Group due to summer months in Turkey.

The Group recorded 9% quarter-on-quarter growth in EBITDA driven by revenue growth. The Group recognised RM6.4 million revaluation gain arising from PLife REIT's investment properties as well as RM4.5 million gain on divestment of Eurobonds and Money Market funds in Q4 2017.

Parkway Pantai

Parkway Pantai's revenue remains flat quarter-on-quarter at RM1,758.1 million. Parkway Pantai's Singapore hospitals inpatient admissions decreased 0.2% quarter-on-quarter, while its revenue per inpatient admission increased 0.4% with more complex cases undertaken by the hospital. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals increased 1.8% quarter-on-quarter, while its revenue per inpatient admission decreased 1.5%. Parkway Pantai India Hospitals inpatient admissions decreased 10.9% quarter-on-quarter, while its revenue per inpatient admission increased 8.3%.

Parkway Pantai's EBITDA decreased 13% quarter-on-quarter with the recognition of a charge of RM21.9 for acquisition-related expenses by IHH Company, and higher provision of bonus in Q4 2017.

Acibadem Holdings

Acibadem Holdings' revenue increased 9% quarter-on-quarter as a result of a 11.9% increase in inpatient admissions, and a 3.6% increase in revenue per inpatient admission.

Acibadem Holdings' EBITDA increased 71% quarter-on-quarter as a result of better operating leverage with increased volume in Q4 2017 and a low base in Q3 2017. Acibadem Holdings also recorded RM4.3 million gain on divestment of Eurobonds in Q4 2017. Excluding the effects of the depreciation of the TL on translation of Acibadem Holdings' results, Acibadem Holdings' quarter-on-quarter revenue and EBITDA increased 15% and 79% respectively.

IMU Health

IMU Health's registered 2% decrease in its quarter-on-quarter revenue due to a change in the semester period of some of the courses which resulted in more courses having its semester breaks in Q4 .

IMU Health's EBITDA decreased 68% quarter-on-quarter as a result of expenses incurred for student recruitment promotional activities which took place in the current quarter.

PLife REIT

PLife REIT's external revenue decrease 3% quarter-on-quarter due to the weakening of Japanese Yen on rental income from its Japanese investment properties.

PLife REIT's Q4 2017 EBITDA increased 7% quarter-on-quarter as PLife REIT recorded a RM6.4 million revaluation gain arising from PLife REIT's investment properties that are held for rental to external parties in Q4 2017.

Others

Revenue increased 11% quarter-on-quarter due to higher returns from the Group's investment in Money Market Funds.

EBITDA increased in Q4 2017 mainly due to a charge of RM21.9 million for acquisition-related expenses to PPL segment in Q4 2017.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

B3 NEXT FINANCIAL YEAR PROSPECTS

Parkway Pantai

Parkway Pantai continues to see top line growth in its home markets of Malaysia, Singapore and India with aging demographics, rising affluence and improved case mix. Since its opening in March 2017, Gleneagles Hong Kong Hospital ("GHK") has also contribute to Parkway Pantai's revenues. We expect Gleneagles Hospital Hong Kong's EBITDA to improve in 2018, as it ramp up its operations.

Parkway Pantai would continue to leverage its economies of scale, invest in training and development, upgrade equipment and facilities, embark on service excellence initiatives, and improve clinical outcomes to attract patients to its hospitals and increase the acuity of its service offerings.

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. In China, Parkway Pantai is preparing for the target completion of Gleneagles Chengdu Hospital at the end of 2018. In India, we expect to continue to see volume ramp up and case mix improvements. At the same time, Parkway Pantai continues to look for value accretive opportunities in 2018 to further solidify our footprint in the subcontinent, as part of India expansion.

Parkway Pantai is constantly on the lookout for value-accretive opportunities in the other markets as part of its efforts to diversify its portfolio.

Acibadem Holdings

Acibadem Holdings expects its patient volumes, and hence revenues in TL and EUR, to grow with the continued demand and increased affordability of private healthcare. Acibadem Altunizade Hospital will also contribute to Acibadem Holdings' revenue as patient volumes grows and more complex cases are undertaken. Acibadem Maslak Hospital is currently undergoing a major expansion to double its bed capacity and is expected to contribute to revenues when the expansion completes in second half of 2018.

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.

Overall IHH Group Prospects

The Group will drive growth by investing organically to consolidate its position in its home markets. With a pipeline of expansion projects in Malaysia and Turkey, 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. While such sustained cost pressures may potentially reduce the Group's EBITDA and margins, the Group expects to mitigate these effects through improvements in case mix and tight cost control. In addition, the Group will increasingly leverage technology to enhance our service offerings. This includes rolling out various initiatives to improve the efficiency of the operations, transform healthcare service delivery and improve clinical outcomes.

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.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Group constantly reviews its portfolio of investments with a view of rebalancing them to optimise returns. With its strong cash position and operating cash flows, the Group is well-positioned to seize opportunities for value enhancing acquisitions and platforms for growth.

As the Group consolidates its market position and improve its hospitals' operational performance around quality and cost, the Group is confident that its core business remains resilient.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	4th quarter ended		Financial year ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Current tax expense	82,743	80,259	345,726	291,972
Deferred tax expense	(17,692)	(47,704)	(11,101)	(22,347)
	<u>65,051</u>	<u>32,555</u>	<u>334,625</u>	<u>269,625</u>

The Group's effective tax rate, after adjusting for the share of profits of associates and joint ventures, was 63.8% for Q4 2017.

The high effective tax rate in Q4 2017 was due mainly to the unrecognised tax losses of the newly opened Gleneagles Hong Kong Hospital and non-tax deductible exceptional items (refer to page 2) recognised in Q4 2017.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

B6 STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at 20 February 2018.

B7 LOANS, BORROWINGS AND OVERDRAFTS

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

	31 Dec 2017	31 Dec 2016
	RM'000	RM'000
Non-current		
Secured		
Bank borrowings	437,702	430,224
Financial lease liabilities	107,492	90,356
Unsecured		
Bank borrowings	5,257,584	6,205,323
Fixed rate notes	301,007	126,879
	<u>6,103,785</u>	<u>6,852,782</u>
Current		
Secured		
Bank overdrafts	68	11,348
Bank borrowings	36,412	65,909
Financial lease liabilities	31,299	59,556
Unsecured		
Bank borrowings	622,276	497,503
	<u>690,055</u>	<u>634,316</u>
Total	<u><u>6,793,840</u></u>	<u><u>7,487,098</u></u>

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

	31 Dec 2017	31 Dec 2016
	RM'000	RM'000
Singapore Dollar	1,259,154	1,266,584
Ringgit Malaysia	500	40,460
US Dollar	492,525	572,389
Euro	2,175,558	2,160,786
Swiss Franc	-	23,653
Turkish Lira	75,483	5,887
Japanese Yen	1,380,935	1,360,992
Indian Rupees	347,298	363,237
Hong Kong Dollar	1,051,177	1,693,085
Bulgarian Lev	6,362	19
Others	4,848	6
	<u>6,793,840</u>	<u>7,487,098</u>

Key exchange rates as at 31 December 2017:

1 SGD	3.0572
1 TL	1.0388
1 USD	4.1171

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 31 December 2017:

	Notional amount as at 31 Dec 2017 RM'000	Fair value amount as at 31 Dec 2017 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	285,598	13,406
- Between 1 - 3 years	156,484	4,386
- More than 3 years	53,421	1,375
	<u>495,503</u>	<u>19,167</u>
Cross currency interest rate swaps		
- Between 1 - 3 years	229,861	462
- More than 3 years	152,858	4,574
	<u>382,719</u>	<u>5,036</u>
Put option*		
- Between 1 - 3 years	16,288	1,625
	<u>894,510</u>	<u>25,828</u>
Derivative liabilities		
Interest rate swaps		
- Within 1 year	316,799	(498)
- Between 1 - 3 years	706,902	(3,742)
	<u>1,023,701</u>	<u>(4,240)</u>
Call option granted to non-controlling interests		
- Within 1 year	31,886	(22,493)
	<u>1,055,587</u>	<u>(26,733)</u>

* 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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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.

Put option

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

Call option granted to non-controlling interests

Call option granted to non-controlling interests relates to a call option granted by the Group to non-controlling interests of Ravindranath GE Medical Associates Pte Ltd ("RGE") to purchase the Group's 3% interest in RGE on a fully diluted basis at a fixed price of INR500.0 million, pursuant to an option agreement entered with the non-controlling interests. The call option granted to non-controlling interests is classified as a derivative liability.

There are no changes to the Group's financial risk management policies and objectives in managing these derivative financial instruments and its related accounting policies. Refer to Section B14 for the fair value gain/loss recognised in the statement of profit or loss during the QTD 2017 and YTD 2017.

B9 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

Other than as disclosed in Section A15 the Group does not remeasure its financial liabilities and derivatives at reporting date. The changes in fair value recognised through profit or loss is disclosed in section B13.

B10 CHANGES IN MATERIAL LITIGATIONS

There is no litigation or arbitration as at 20 February 2018, which has a material effect on the financial position of the Group and the Board is not aware of any material proceedings pending or threatening or of any fact likely to give rise to any proceedings.

B11 DIVIDENDS

The Board of Directors recommends a first and final single tier cash dividend of 3 sen per ordinary share (2016: 3 sen) for the financial year ended 31 December 2017, subject to Shareholders' approval at the forthcoming Annual General Meeting. The book closure and payment date in respect of the proposed dividend will be determined by the Board of Directors at a later date.

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

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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.

	4th quarter ended		Financial year ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Basic and diluted earnings per share is based on:				
i) <u>Net profit attributable to ordinary shareholders</u>				
Profit after tax and non-controlling interest	101,255	(42,511)	969,953	612,353
Perpetual securities distribution	(22,583)	-	(38,639)	-
	<u>78,672</u>	<u>(42,511)</u>	<u>931,314</u>	<u>612,353</u>
ii) <u>Net profit attributable to ordinary shareholders (excluding EI)</u>				
Profit after tax and non-controlling interest (excluding EI)	181,878	222,410	595,304	865,951
Perpetual securities distribution	(22,583)	-	(38,639)	-
	<u>159,295</u>	<u>222,410</u>	<u>556,665</u>	<u>865,951</u>
(a) Basic EPS				
	'000	'000	'000	'000
Weighted average number of shares	8,239,130	8,231,676	8,236,349	8,228,688
	Sen	Sen	Sen	Sen
Basic EPS	0.95	(0.52)	11.31	7.44
Basic EPS (excluding EI)	1.93	2.70	6.76	10.52

(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.

	4th quarter ended		Financial year ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	'000	'000	'000	'000
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,239,130	8,231,676	8,236,349	8,228,688
Weighted number of unissued ordinary shares from units under Long Term Incentive Plan	3,411	4,824	4,080	5,803
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	-	-	196	-
Weighted average number of dilutive ordinary shares for computation of diluted EPS	<u>8,242,541</u>	<u>8,236,500</u>	<u>8,240,625</u>	<u>8,234,493</u>
	Sen	Sen	Sen	Sen
Diluted EPS	0.95	(0.52)	11.30	7.44
Diluted EPS (excluding EI)	1.93	2.70	6.76	10.52

At 31 December 2017, 13,253,000 outstanding EOS options (31 December 2016: 22,306,000) 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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

	4th quarter ended		Financial year ended	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	RM'000	RM'000	RM'000	RM'000
Dividend income	553	623	2,128	8,019
Other operating income	46,813	57,215	197,605	202,936
Foreign exchange differences	(18,103)	10,321	(66,453)	113
Impairment loss written back/(made):				
- Investment in a joint venture	-	(97,344)	-	(97,344)
- Trade and other receivables	(14,780)	(49,020)	(11,066)	(63,827)
- inventories	-	(1,773)	-	(1,773)
- Amounts due from associates	(2)	3	901	593
- Amounts due from joint ventures	(575)	15,278	(575)	15,278
Write off:				
- Property, plant and equipment	(340)	(901)	(2,874)	(1,162)
- Intangible assets	(173)	934	(248)	(5,671)
- Inventories	(4,413)	(217)	(5,137)	(737)
- Trade and other receivables	(4,740)	(4,454)	(28,074)	(11,944)
-Other financial assets	-	(329)	-	(329)
Gain on disposal of property, plant and equipment	8,376	(58)	15,349	12,072
Gain on disposal of subsidiaries	1,149	-	1,149	54,801
Gain on divestment of investment properties	-	13,141	-	13,141
Gain on disposal of quoted available-for-sale financial instruments	-	-	554,500	-
Gain on disposal of unquoted available-for-sale financial instruments	4,503	4,149	4,695	9,173
Change in fair value of investment properties	22,922	30,193	22,922	30,193
Loss on disposal of a business unit	167	-	(776)	-
Provision for financial guarantee given to a joint venture's loan facility	(391)	(35,361)	(1,570)	(35,361)
Negative Goodwill from business combination	-	20,518	-	20,518
Settlement of prior years' value-added tax claim and tax investigations	-	(53,634)	-	(53,634)
Finance income				
Interest income				
- Banks and financial institutions	25,583	17,045	76,774	65,504
- Others	1,098	609	2,005	1,821
Exchange gain on net borrowings	(105)	61,869	51,614	61,869
Fair value (loss)/gain of financial instruments	9,268	-	21,446	-
	35,844	79,523	151,839	129,194
Finance costs				
Interest expense	(88,549)	(49,629)	(277,196)	(194,606)
Exchange loss on net borrowings	(173,591)	(292,284)	(463,804)	(393,212)
Fair value gain/(loss) of financial instruments	(18,506)	(27,960)	(18,506)	(43,255)
Other finance costs	(11,393)	(12,750)	(34,798)	(26,211)
	(292,039)	(382,623)	(794,304)	(657,284)