



IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Note	Financial period ended		Variance %
		31 Mar 2018 RM'000	31 Mar 2017 RM'000	
Revenue		2,854,953	2,684,825	6%
Other operating income	1	74,958	370,345	-80%
Inventories and consumables		(541,465)	(502,712)	-8%
Purchased and contracted services		(222,964)	(231,148)	4%
Staff costs	2	(1,158,955)	(1,086,425)	-7%
Depreciation and impairment losses of property, plant and equipment	3	(218,530)	(202,027)	-8%
Amortisation and impairment losses of intangible assets and prepaid lease payments		(15,029)	(13,565)	-11%
Operating lease expenses		(85,858)	(82,441)	-4%
Other operating expenses	4	(398,353)	(272,032)	-46%
Finance income	5	31,446	43,337	-27%
Finance costs	5	(230,767)	(184,151)	-25%
Share of profits of associates (net of tax)		337	95	NM
Share of profits of joint ventures (net of tax)		105	1,997	-95%
Profit before tax		89,878	526,098	-83%
Income tax expense		(60,727)	(81,803)	26%
Profit for the period		29,151	444,295	-93%
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	(590,529)	237,887	NM
Hedge of net investments in foreign operations	6	4,795	(16,114)	130%
Net change in fair value of FVOCI ⁱ financial instruments	7	-	(244,300)	100%
Cash flow hedge		5,432	465	NM
Total comprehensive (expenses)/income for the period		(551,151)	422,233	NM
Profit/(loss) attributable to:				
Owners of the Company		57,235	470,046	-88%
Non-controlling interests		(28,084)	(25,751)	-9%
Profit for the period		29,151	444,295	-93%
Total comprehensive (expenses)/income attributable to:				
Owners of the Company		(482,664)	473,540	NM
Non-controlling interests		(68,487)	(51,307)	-33%
Total comprehensive (expenses)/income for the period		(551,151)	422,233	NM
Earnings per share (sen)				
Basic		0.44	5.71	-92%
Diluted		0.44	5.71	-92%

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 PERIOD ENDED 31 MARCH 2018

SUPPLEMENTARY INFORMATION

	31 Mar 2018 RM'000	31 Mar 2017 RM'000	Variance %
Profit attributable to owners of the Company	57,235	470,046	-88%
Add back/(less): Exceptional items ("EI")			
Insurance compensation for Chennai flood	(17,714)	-	
Gain on disposal of quoted FVOCI financial instruments ⁱⁱ	-	(313,417)	
Provision for financial guarantee given to a joint venture's loan facility ⁱⁱⁱ	365	-	
Exchange loss on net borrowings ^{iv}	5 159,830	94,051	
	<u>142,481</u>	<u>(219,366)</u>	
Add/(less): Tax effects on EI	(31,966)	(18,810)	
Add/(less): Non-controlling interests' share of EI	<u>(47,241)</u>	<u>(30,096)</u>	
	63,274	(268,272)	
Profit attributable to owners of the Company, excluding EI^v	<u>120,509</u>	<u>201,774</u>	-40%
Earnings per share, excluding EI^v (sen)			
Basic	1.21	2.45	-51%
Diluted	1.21	2.45	-51%

NM: Not meaningful

Note:

- i) Fair valued through other comprehensive income ("FVOCI")
- ii) Gain on disposal of the Group's interest in Apollo Hospital Enterprise Limited
- iii) Proportionate share of corporate guarantee in relation to accrued interest on Khubchandani Hospital's loan
- iv) Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings (As at 31 March 2018: Euro/TL=4.8673; USD/TL=3.9489)
- v) Exceptional items, net of tax and non-controlling interests

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the 2017 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**

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

1. Other operating income decreased as a result of a RM313.4 million gain from the disposal of the Group’s 6.07% interest in Apollo Hospital Enterprise Limited (“Apollo Hospitals”) in Q1 2017. No such gains recorded in the current year.
2. Staff costs increased as a result of higher headcount and salary increase driven by the higher demand for trained healthcare professionals. The Group increased its headcount to meet staffing requirements with the opening of new wards in existing hospitals as well as the ramping up of Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital (both opened in March 2017).
3. Depreciation increased as a result of the incremental depreciation of property, plant and equipment of Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital. The Group commenced depreciation of these hospitals’ property, plant and equipment in March 2017 upon completion of construction or commencement of operations.
4. Operating expenses increased with commencement of operations of Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital in March 2017 and ramp up of operations of existing operations.

Operating expenses also increased in Q1 2018 with the recognition of RM104.0 million foreign exchange losses arising from the effect of the weakening US dollars (“USD”) on the Group’s USD-denominated cash balances.

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 RM159.8 million exchange losses on translation of such non-TL balances in Q1 2018, as compared to an exchange loss of RM94.1 million recognised in Q1 2017.
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 Q1 2018, 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. Q1 2017 fair value change of FVOCI financial instruments arose mainly from the mark-to-market of the Group’s investments in Eurobonds, and investment in Money Market Fund units. The Group’s investments in these instruments were divested during 2017.

In Q1 2017, the Group realised the cumulative fair value gain on its investment in Apollo Hospitals relating to the disposal of its 6.07% interest Apollo Hospitals.

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

	31Mar 2018	31 Mar 2017
1 SGD	2.9768	3.1388
1 TL	1.0320	1.2043

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	Note	31 Mar 2018 RM'000	31 Dec 2017 RM'000
Assets			
Property, plant and equipment	1	12,780,759	13,141,621
Prepaid lease payments	1	981,672	1,036,631
Investment properties	2	3,157,693	3,109,985
Goodwill on consolidation	3	10,356,001	10,692,198
Intangible assets	1	2,222,188	2,278,442
Interests in associates		7,730	7,632
Interests in joint ventures		148,034	153,970
Other financial assets		14,146	15,052
Trade and other receivables	4	56,510	65,462
Tax recoverable		32,416	37,552
Derivative assets		2,280	12,422
Deferred tax assets		185,379	229,855
Total non-current assets		29,944,808	30,780,822
Development properties		75,046	75,027
Inventories		289,273	281,914
Trade and other receivables	4	1,579,340	1,489,590
Tax recoverable		27,915	37,627
Other financial assets		107,796	160,235
Derivative assets		15,979	13,406
Cash and cash equivalents		6,126,868	6,078,603
		8,222,217	8,136,402
Assets classified as held for sale		6,606	7,004
Total current assets		8,228,823	8,143,406
Total assets		38,173,631	38,924,228
Equity			
Share capital		16,463,095	16,462,994
Other reserves		924,072	1,478,287
Retained earnings		3,985,143	3,948,881
Total equity attributable to owners of the Company		21,372,310	21,890,162
Perpetual securities	5	2,134,733	2,158,664
Non-controlling interests		1,754,850	1,851,904
Total equity		25,261,893	25,900,730
Liabilities			
Loans and borrowings	6	6,180,551	6,103,785
Employee benefits		46,234	45,590
Trade and other payables	7	1,737,357	1,814,177
Derivative liabilities		13,926	3,742
Deferred tax liabilities		950,710	1,011,220
Total non-current liabilities		8,928,778	8,978,514
Bank overdrafts		3,535	68
Loans and borrowings	6	718,259	689,987
Employee benefits		74,881	83,954
Trade and other payables	7	2,718,038	2,811,505
Derivative liabilities		21,412	22,991
Tax payable		446,835	436,479
Total current liabilities		3,982,960	4,044,984
Total liabilities		12,911,738	13,023,498
Total equity and liabilities		38,173,631	38,924,228
Net assets per share attributable to owners of the Company ¹ (RM)		2.59	2.66

¹ Based on 8,239.6 million and 8,239.6 million shares issued as at 31 March 2018 and 31 December 2017 respectively.

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2017 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

1. Property, plant and equipment, prepaid lease payments and intangible assets decreased as a result of depreciation/amortisation during the period, as well as translation loss during the period when SGD and TL weakened against RM.
2. Investment properties increased as a result of the acquisition of an elderly nursing rehabilitation facility in Japan in Q1 2018.
3. Goodwill on consolidation decreased mainly as a result of translation loss during the period.
4. Trade and other receivables increased due to higher revenues as well as advance payments made for capital expenditures.
5. The Group made its first distribution amounting to RM44.4 million for its perpetual securities in Q1 2018.
6. Loans and borrowings increased as a result of loans taken to finance working capital, capital expenditure, acquisitions and purchase of investment properties.
7. Trade and other payables decreased upon the payout of bonuses accrued as at 31 Dec 2017. In addition, the Group made payments for some capital expenditure that was outstanding as at 31 Dec 2017.

Note:

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

	31 Mar 2018	31 Dec 2017
1 SGD	2.9762	3.0572
1 TL	0.9803	1.0388
1 USD	3.9036	4.1171

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	----- Non-distributable -----								Distributable					Total equity RM'000
	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	
At 1 January 2018	16,462,994	-	54,959	-	85,890	15,200	(1,015,092)	47,755	2,289,575	3,948,881	21,890,162	2,158,664	1,851,904	25,900,730
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	(543,545)	-	(543,545)	-	(46,984)	(590,529)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	2,218	-	2,218	-	2,577	4,795
Cash flow hedge	-	-	-	-	-	1,428	-	-	-	-	1,428	-	4,004	5,432
Total other comprehensive income/(expenses) for the period	-	-	-	-	-	1,428	-	-	(541,327)	-	(539,899)	-	(40,403)	(580,302)
Profit/ (loss) for the period	-	-	-	-	-	-	-	-	-	57,235	57,235	-	(28,084)	29,151
Total comprehensive income/(expenses) for the period	-	-	-	-	-	1,428	-	-	(541,327)	57,235	(482,664)	-	(68,487)	(551,151)
<i>Contributions by and distributions to owners of the Company</i>														
- Share options exercised	74	-	-	-	-	-	-	-	-	-	74	-	-	74
- Share-based payment	-	-	6,720	-	-	-	-	-	-	-	6,720	-	-	6,720
Transfer to share capital for share options exercised	74	-	6,720	-	-	-	-	-	-	-	6,794	-	-	6,794
Cancellation of vested share options	27	-	(27)	-	-	-	-	-	-	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	(148)	-	-	-	-	-	-	148	-	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	(21,865)	-	-	-	(21,865)	-	1,589	1,589
Issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	7,202	7,202
Transfer per statutory requirements	-	-	-	-	-	-	-	463	-	(463)	-	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	-	335	-	-	-	335	-	(13,426)	(13,091)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(41,444)	(41,444)
Payment of perpetual securities distribution	-	-	-	-	-	-	206	-	-	-	206	(44,589)	-	(44,383)
Accrued perpetual securities distribution	-	-	-	-	-	-	-	-	-	(20,658)	(20,658)	20,658	-	-
Total transactions with owners of the Company	101	-	6,545	-	-	-	(21,324)	463	-	(20,973)	(35,188)	(23,931)	(28,567)	(87,686)
At 31 March 2018	16,463,095	-	61,504	-	85,890	16,628	(1,036,416)	48,218	1,748,248	3,985,143	21,372,310	2,134,733	1,754,850	25,261,893

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Attributable to owners of the Company													
	Non-distributable								Distributable					
	Share capital RM'000	Share premium RM'000	Share option reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Hedge reserve RM'000	Capital reserve RM'000	Legal reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Perpetual securities RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2017	8,231,700	8,185,160	46,206	320,154	85,890	14,071	(1,157,882)	42,601	2,941,612	3,276,228	21,985,740	-	1,907,417	23,893,157
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	-	253,897	-	253,897	-	(16,010)	237,887
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	(5,748)	-	(5,748)	-	(10,366)	(16,114)
Net change in fair value of FVOCI financial instruments	-	-	-	(244,821)	-	-	-	-	-	-	(244,821)	-	521	(244,300)
Cash flow hedge	-	-	-	-	-	166	-	-	-	-	166	-	299	465
Total other comprehensive (expenses)/income for the period	-	-	-	(244,821)	-	166	-	-	248,149	-	3,494	-	(25,556)	(22,062)
Profit/ (loss) for the period	-	-	-	-	-	-	-	-	-	470,046	470,046	-	(25,751)	444,295
Total comprehensive (expenses)/income for the period	-	-	-	(244,821)	-	166	-	-	248,149	470,046	473,540	-	(51,307)	422,233
<i>Contributions by and distributions to owners of the Company</i>														
- Share options exercised	33	154	-	-	-	-	-	-	-	-	187	-	-	187
- Share-based payment	-	-	10,272	-	-	-	-	-	-	-	10,272	-	-	10,272
Transfer to share capital for share options exercised	33	154	10,272	-	-	-	-	-	-	-	10,459	-	-	10,459
Cancellation of vested share options	-	67	(67)	-	-	-	-	-	-	-	-	-	-	-
Issue of shares by subsidiaries to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	21,307	21,307
Transfer per statutory requirements	-	-	-	-	-	-	-	1,078	-	(1,078)	-	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	-	(4,548)	-	-	-	(4,548)	-	557	(3,991)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(45,846)	(45,846)
Total transactions with owners of the Company	33	221	10,151	-	-	-	(4,548)	1,078	-	(1,024)	5,911	-	(23,982)	(18,071)
Transfer in accordance with Section 618(2) of the Companies Act 2016 ⁱ	8,185,381	(8,185,381)	-	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2017	16,417,114	-	56,357	75,333	85,890	14,237	(1,162,430)	43,679	3,189,761	3,745,250	22,465,191	-	1,832,128	24,297,319

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.

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2017 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	Financial period ended	
	31 Mar 2018	31 Mar 2017
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	89,878	526,098
Adjustments for:		
Dividend income	-	(525)
Finance income	(31,446)	(43,337)
Finance costs	230,767	184,151
Depreciation and impairment losses of property, plant and equipment	218,530	202,027
Amortisation and impairment losses of intangible assets and prepaid lease payments	15,029	13,565
Impairment loss (written back)/made:		
- Trade and other receivables	2,152	(2,180)
- Amounts due from associates	-	(906)
Write-off:		
- Property, plant and equipment	86	89
- Inventories	365	235
- Trade and other receivables	2,907	5,262
(Gain)/Loss on disposal of property, plant and equipment	(383)	111
Gain on disposal of quoted FVOCI financial instruments	-	(313,417)
Gain on disposal of unquoted FVOCI financial instruments	-	(192)
Provision for financial guarantee given to a joint venture's loan	365	-
Share of profits of associates (net of tax)	(337)	(95)
Share of profits of joint ventures (net of tax)	(105)	(1,997)
Equity-settled share-based payment	6,720	10,272
Net unrealised foreign exchange differences	103,896	19,643
Operating profit before changes in working capital	638,424	598,804
Changes in working capital:		
Trade and other receivables	(125,276)	(9,575)
Development properties	(19)	(10,579)
Inventories	(19,727)	(16,340)
Trade and other payables	(22,109)	(74,451)
Cash flows from operations	471,293	487,859
Net income tax paid	(40,543)	(54,899)
Net cash generated from operating activities	430,750	432,960
Cash flows from investing activities		
Interest received	25,247	19,185
Acquisition of subsidiaries, net of cash and cash equivalents acquired	667	-
Development and purchase of intangible assets	(1,653)	(1,357)
Purchase of property, plant and equipment	(228,625)	(570,650)
Purchase of investment properties	(62,514)	(201,134)
Net withdrawn/(placement) of fixed deposits with tenor of more than 3 months	51,016	(7,123)
Proceeds from disposal of property, plant and equipment	1,518	5,117
Proceeds from disposal of quoted FVOCI financial instruments	-	711,721
Proceeds from disposal of unquoted FVOCI financial instruments	-	11,193
Net repayment from associates	-	1,792
Net advances to joint ventures	-	(744)
Dividends received from FVOCI financial instruments	-	525
Dividends received from joint ventures	386	511
Net cash used in investing activities	(213,958)	(30,964)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018**

	Financial period ended	
	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Cash flows from financing activities		
Interest paid	(52,353)	(63,057)
Proceeds from exercise of share options	74	187
Proceeds from loans and borrowings	403,196	860,874
Issue of fixed rate medium term notes	128,542	-
Repayment of loans and borrowings	(377,074)	(879,021)
Payment of perpetual securities distribution	(44,383)	-
Dividends paid to non-controlling interests	(41,444)	(45,846)
Acquisition of non-controlling interests	(16,863)	-
Proceeds from dilution of interest in subsidiaries	12,510	-
Issue of shares by subsidiaries to non-controlling interest	7,202	21,307
Change in pledged deposits	(11)	(199)
Net cash from/(used in) financing activities	19,396	(105,755)
Net increase in cash and cash equivalents	236,188	296,241
Effect of exchange rate fluctuations on cash and cash equivalents held	(191,401)	34,412
Cash and cash equivalents at beginning of the period	6,077,746	2,423,275
Cash and cash equivalents at end of the period	6,122,533	2,753,928

Cash and cash equivalents

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

	31 Mar 2018 RM'000	31 Mar 2017 RM'000
Cash and bank balances	4,684,314	1,148,754
Fixed deposits with tenor of 3 months or less	1,442,554	1,625,514
	6,126,868	2,774,268
Less:		
- Bank overdrafts	(3,536)	(11,583)
- Deposits pledged	-	(2,650)
- Cash collateral received	(799)	(6,107)
Cash and cash equivalents at end of the period	6,122,533	2,753,928

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2017 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018**

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 2017 (“2017 Audited Financial Statements”).

The 2017 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 2017 Audited Financial Statements, except for the adoption of the new, revised and amendments to MFRS effective as of 1 January 2018 as issued by the Malaysian Accounting Standards Board, which does not have any significant 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 2017 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 March 2018.

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 2017 Audited Financial Statements.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018**

A6 DEBT AND EQUITY SECURITIES

Between 1 January to 31 March 2018, IHH issued 13,000 new ordinary shares pursuant to the exercise of vested Enterprise Option Scheme (“EOS”) options.

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 March 2018.

As at 31 March 2018, the issued share capital of IHH comprised of 8,239,596,639 ordinary shares.

A7 DIVIDENDS PAID

There were no dividends paid during the period ended 31 March 2018.

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 2017 Audited Financial Statements.

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

**A NOTES TO THE INTERIM FINANCIAL REPORT
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A8 SEGMENT REPORTING

Financial period ended 31 March 2018

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

1: Parkway Pantai Group, per the corporate structure, comprises the "Parkway Pantai" and "PLife REIT" segments

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

3: "CEEMENA" refers to Central and Eastern Europe, Middle East and North Africa

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Financial period ended 31 March 2017

	Parkway Pantai ¹				PPL Others ²	Acibadem Holdings CEEMENA ³	IMU Health Malaysia	PLife REIT ¹	Others	Eliminations	Total
	Singapore	Malaysia	India	North Asia							
<u>Revenue and expenses</u>											
Revenue from external customers	961,503	441,434	161,353	65,601	44,216	914,764	62,916	32,513	525	-	2,684,825
Inter-segment revenue	25,327	286	-	-	250	-	1,064	51,690	18	(78,635)	-
Total segment revenue	986,830	441,720	161,353	65,601	44,466	914,764	63,980	84,203	543	(78,635)	2,684,825
EBITDA	283,176	128,918	2,066	(73,925)	11,769	146,321	27,428	68,983	(11,528)	(17,632)	565,576
Depreciation and impairment losses of property, plant and equipment	(56,671)	(34,894)	(15,989)	(14,280)	(1,287)	(66,579)	(3,397)	(8,722)	(208)	-	(202,027)
Amortisation and impairment losses of intangible assets and prepaid lease payments	(910)	(177)	(2,520)	(3,323)	-	(6,445)	(190)	-	-	-	(13,565)
Foreign exchange differences	87	(271)	(52)	476	(2,551)	(1)	(54)	3,268	517	-	1,419
Finance income	695	4,757	987	1,962	34,670	9,167	1,245	1	2,812	(12,959)	43,337
Finance costs	(3,325)	(1,564)	(10,503)	(14,964)	(35,621)	(122,797)	(46)	(8,283)	(7)	12,959	(184,151)
Share of profits of associates (net of tax)	95	-	-	-	-	-	-	-	-	-	95
Share of profits of joint ventures (net of tax)	511	-	1,373	113	-	-	-	-	-	-	1,997
Others	-	-	-	-	-	-	-	-	313,417	-	313,417
Profit/(loss) before tax	223,658	96,769	(24,638)	(103,941)	6,980	(40,334)	24,986	55,247	305,003	(17,632)	526,098
Income tax expense	(41,285)	(24,472)	2,522	(3,404)	(7,372)	5,461	(6,547)	(6,109)	(597)	-	(81,803)
Net profit/(loss) for period	182,373	72,297	(22,116)	(107,345)	(392)	(34,873)	18,439	49,138	304,406	(17,632)	444,295
<u>Assets and liabilities</u>											
Cash and cash equivalents	218,197	349,835	19,097	290,414	496,653	89,765	28,480	88,769	1,193,058	-	2,774,268
Other assets	12,735,325	4,538,685	1,967,471	3,459,542	6,198,699	6,518,774	546,951	4,588,767	644,085	(6,068,688)	35,129,611
Segment assets as at 31 March 2017	12,953,522	4,888,520	1,986,568	3,749,956	6,695,352	6,608,539	575,431	4,677,536	1,837,143	(6,068,688)	37,903,879
Loans and borrowings	7,530	-	365,094	563,856	864,417	3,650,405	318	2,091,778	-	-	7,543,398
Other liabilities	4,829,100	459,247	2,067,502	2,700,977	193,608	1,365,974	148,706	354,571	12,165	(6,068,688)	6,063,162
Segment liabilities as at 31 March 2017	4,836,630	459,247	2,432,596	3,264,833	1,058,025	5,016,379	149,024	2,446,349	12,165	(6,068,688)	13,606,560

1: Parkway Pantai Group, per the corporate structure, comprises the "Parkway Pantai" and "PLife REIT" segments

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

3: "CEEMENA" refers to Central and Eastern Europe, Middle East and North Africa

**A NOTES TO THE INTERIM FINANCIAL REPORT
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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 Mar 2018	31 Mar 2017
	RM'000	RM'000
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	94,599	84,881
- Purchase and consumption of services	(28,741)	(25,595)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	1,517	4,568
- Purchase and consumption of services	(17,650)	(24,792)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 9 January 2018 and 24 February 2018 respectively, Parkway-Healthcare (Mauritius) Limited (“PHML”) acquired a total of 1.71% equity interest in Ravindranath GE Medical Associates Private Limited (“RGE”) for a total cash consideration of INR272,109,000 (equivalent to RM16,863,000).

Consequential thereto, IHH Group’s interest in RGE increased from 76.25% to 77.96% 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 7 February 2018, Shanghai Gleneagles International Medical and Surgical Center, an indirect subsidiary of the Company, was officially dissolved pursuant to members’ voluntary winding up.
- (d) 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 RM12,509,000). Consequential thereto, the Group’s 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*.

**A NOTES TO THE INTERIM FINANCIAL REPORT
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- (e) On 16 March 2018, Medical Resources International Pte Ltd (“MRI”) acquired 60% equity interest in Chengdu Shenton Health Clinic Co., Ltd (formerly known as Sincere Chengdu Clinic Co., Ltd) (“Chengdu Shenton Clinic”) from Beijing Yizhi Zhuoxin Corporate Management Information Co., Ltd for a total consideration of RMB12,000,000 (equivalent to RM7,440,000). Consequential thereto, Chengdu Shenton Clinic has been consolidated as indirect subsidiary of the Company. The principal activity of Chengdu Shenton Clinic is the management and operation of medical and health related facilities and services.

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

A12 SUBSEQUENT EVENTS

- (a) Between 1 April 2018 to 18 May 2018, the Company issued 3,061,000 new ordinary shares pursuant to the surrender of vested Long Term Incentive Plan (“LTIP”) units.
- (b) On 10 April 2018, Parkway Trust Management Limited (“PTM”) transferred 140,900 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 35.69% to 35.66%.
- (c) On 27 April 2018, the Company granted a total of 1,620,000 LTIP units to eligible employees of the Group.
- (d) On 10 May 2018, Privatna zdravstvena ustanova - Poliklinina na primarno nivo Acibadem Sistina Bitola (Poliklinika Acibadem Sistina Bitola 27) was dissolved pursuant to members’ voluntary winding-up.
- (e) On 15 May 2018, Privatna zdravstvena ustanova - ordinacija po interna medicina Acibadem Sistina Bitola (Ordinacija po Interna Medicina Acibadem Sistina Bitola 24) was dissolved 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 18 May 2018 from that disclosed in the 2017 Audited Financial Statements.

A14 CAPITAL COMMITMENTS

	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Capital expenditure commitments not provided for		
Property, plant and equipment and investment properties		
- Authorised and contracted for	762,600	1,083,580

**A NOTES TO THE INTERIM FINANCIAL REPORT
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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
31 March 2018				
Assets				
Investment properties	-	-	3,157,693	3,157,693
Derivative assets	-	18,259	-	18,259
Liabilities				
CCPS liabilities ⁱ	-	-	(87,889)	(87,889)
Put option liabilities ⁱⁱ	-	-	(974,199)	(974,199)
Derivative liabilities	-	(14,124)	(21,214)	(35,338)
31 December 2017				
Assets				
Investment properties	-	-	3,109,985	3,109,985
Derivative assets	-	25,828	-	25,828
Liabilities				
CCPS liabilities ⁱ	-	-	(93,185)	(93,185)
Put option liabilities ⁱⁱ	-	-	(998,309)	(998,309)
Derivative liabilities	-	(4,240)	(22,493)	(26,733)

- 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 Q1 2018.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018

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

	Financial period ended		
	31 Mar 2018	31 Mar 2017	Variance
	RM'000	RM'000	%
<u>REVENUE</u>¹			
Parkway Pantai:			
- Singapore	921,512	961,503	-4%
- Malaysia	483,960	441,434	10%
- India	172,997	161,353	7%
- North Asia	111,263	65,601	70%
- PPL Others*	45,185	44,216	2%
Parkway Pantai	1,734,917	1,674,107	4%
Acibadem Holdings	1,023,256	914,764	12%
IMU Health	64,088	62,916	2%
Others^	-	525	-100%
Group (Excluding PLife REIT)	2,822,261	2,652,312	6%
PLife REIT total revenue	82,687	84,203	-2%
Less: PLife REIT inter-segment revenue	(49,995)	(51,690)	3%
PLife REIT	32,692	32,513	1%
Group	2,854,953	2,684,825	6%
<u>EBITDA</u>²			
Parkway Pantai ³ :			
- Singapore	237,712	265,562	-10%
- Malaysia	133,553	128,918	4%
- India	8,343	2,066	NM
- North Asia	(49,943)	(73,925)	32%
- PPL Others*	10,655	11,769	-9%
Parkway Pantai	340,320	334,390	2%
Acibadem Holdings	188,883	146,321	29%
IMU Health	26,502	27,428	-3%
Others^	(13,634)	(11,546)	-18%
Group (Excluding PLife REIT)	542,071	496,593	9%
PLife REIT⁴	66,792	68,983	-3%
Group	608,863	565,576	8%

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
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Q1 2018 vs Q1 2017

The Group achieved 6% and 8% growth in revenue and EBITDA respectively in Q1 2018 over the same period last year. The increase in Q1 2018 revenue and EBITDA were attributed to organic growth from existing operations, and the continuous ramp up of Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital (both opened in March 2017).

The Group's Q1 2018 PATMI excluding exceptional items decreased 40% to RM120.1 million on the back of incremental depreciation, amortisation and finance costs with the opening of the 2 new hospitals in March 2017, and foreign exchange losses arising from the effect of the weakening USD on the Group's USD-denominated cash balances.

Parkway Pantai

Parkway Pantai's Q1 2018 revenue increased 4% to RM1,734.9 million whilst its EBITDA increased 2% to RM340.3 million. Excluding the effects of the depreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's Q1 2018 revenue increased 8% while its EBITDA increased 4% over corresponding period last year.

Parkway Pantai's strong revenue was the result of the continuous ramp up of Pantai Hospital Manjung, Gleneagles Kota Kinabalu Hospital and Gleneagles Medini Hospital in Malaysia. Gleneagles Hong Kong Hospital, which was opened in March 2017, also contributed to the increase in Parkway Pantai's revenue. Parkway Pantai's existing hospitals and healthcare businesses grew.

Parkway Pantai's Singapore hospitals saw an overall 2.7% increase in inpatient admissions to 19,352 in Q1 2018, driven by increase in both local and foreign patients. Revenue per inpatient admission in Singapore increased 5.0% to RM29,328. Parkway Pantai's Malaysia Hospitals' inpatient admissions decreased 0.6% to 50,250 inpatient admissions in Q1 2018, while its revenue per inpatient admission increased 9.6% to RM6,427. Parkway Pantai's India Hospitals' inpatient admissions increased 6.7% to 17,075 inpatient admissions, while its revenue per inpatient admission increased 8.5% to RM8,058.

Parkway Pantai's Q1 2018 EBITDA improved when Gleneagles Hong Kong Hospital decreased its start-up losses to RM46.6 million in Q1 2018, from RM81.1 million in Q1 2017, as a result of operating leverage.

Acibadem Holdings

Acibadem Holdings' Q1 2018 revenue grew 12% to RM1,023.3 million whilst its EBITDA increased 29% to RM188.9 million. Excluding the effects of the depreciation of TL on translation of Acibadem Holdings' results, Acibadem Holdings' Q1 2018 revenue increased 31% while its EBITDA increased 51% over corresponding period last year.

Acibadem Altunizade Hospital, which was opened in March 2017, contributed to Acibadem Holdings' revenue growth in Q1 2018. Except for Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital which decanted some patients to Acibadem Altunizade Hospital¹, Acibadem Holdings' existing hospitals and healthcare businesses continue to grow significantly. On a blended and constant currency basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital revenue increased RM64.1 million in Q1 2018 as compared to Q1 2017.

Acibadem Holdings' inpatient admissions grew 14.4% to 60,166 in Q1 2018 with contribution from Acibadem Altunizade Hospital and as well as ramp up operations of existing hospitals. Meanwhile, its inpatient revenue per inpatient admission grew 14.4% to RM8,541 in Q1 2018 with price increase impact imposed on private insurance and out-of-pocket patients, more complex cases taken and increase in foreign patients.

On a blended and constant currency basis, Acibadem Kadikoy Hospital, Acibadem Kozyatagi Hospital and Acibadem Altunizade Hospital EBITDA almost doubled in Q1 2018 as compared to Q1 2017.

¹ From March 2017 onwards, Acibadem Kadikoy Hospital and Acibadem Kozyatagi Hospital decanted some of its patients due to transfer of certain departments to Acibadem Altunizade Hospital.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
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IMU Health

IMU Health's Q1 2018 revenue increased 2% to RM64.1 million due to the shortening of the semester for some courses.

IMU Health's Q1 2018 EBITDA decreased 3% to RM26.5 million on the back of higher operating expenses and marketing expenses.

PLife REIT

PLife REIT's Q1 2018 external revenue increased 1% to RM32.7 million with the acquisition of an elderly nursing rehabilitation facility in Japan in Q1 2018.

PLife REIT's Q1 2018 EBITDA decreased 3% to RM66.8 million mainly due to depreciation of SGD against RM. Excluding this effect, PLife REIT's Q1 2018 EBITDA increased 2%.

Others

Q1 2017 revenue relates to dividends received by the Group from its investments in Money Markey Funds. The Group divested all its investment in Money Markey Funds during 2017.

EBITDA losses increased to RM13.6 million in Q1 2018 as a result of the lower revenue in Q1 2018 and higher staff costs with increased headcount.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	1st quarter ended 31 Mar 2018 RM'000	4th quarter ended 31 Dec 2017 RM'000	Variance %
<u>REVENUE¹</u>			
Parkway Pantai:			
- Singapore	921,512	965,359	-5%
- Malaysia	483,960	472,695	2%
- India	172,997	176,387	-2%
- North Asia	111,263	98,948	12%
- PPL Others*	45,185	44,695	1%
Parkway Pantai	1,734,917	1,758,084	-1%
Acibadem Holdings	1,023,256	1,034,538	-1%
IMU Health	64,088	59,029	9%
Others[^]	-	553	-100%
Group (Excluding PLife REIT)	2,822,261	2,852,204	-1%
PLife REIT total revenue	82,687	85,077	-3%
Less: PLife REIT inter-segment revenue	(49,995)	(52,148)	4%
PLife REIT	32,692	32,929	-1%
Group	2,854,953	2,885,133	-1%
<u>EBITDA²</u>			
Parkway Pantai ³ :			
- Singapore	237,712	270,509	-12%
- Malaysia	133,553	128,598	4%
- India	8,343	9,714	-14%
- North Asia	(49,943)	(63,019)	21%
- PPL Others*	10,655	(28,545)	137%
Parkway Pantai	340,320	317,257	7%
Acibadem Holdings	188,883	206,114	-8%
IMU Health	26,502	6,986	NM
Others[^]	(13,634)	10,879	NM
Group (Excluding PLife REIT)	542,071	541,236	0%
PLife REIT⁴	66,792	74,469	-10%
Group	608,863	615,705	-1%

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
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Q1 2018 vs Q4 2017

The Group's quarter-on-quarter revenue and EBITDA was eroded by the depreciation of SGD and TL against RM. Excluding the effects of the depreciation of SGD and TL on translation of the Group's results, quarter-on-quarter revenue and EBITDA increased 5% and 4% respectively. In addition, Q4 2017 was a high base where 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.

The Group's PATMI excluding exceptional items decreased 34% quarter-on-quarter due mainly to foreign exchange losses of RM103.9 million recognised in Q1 2018 as compared to RM18.2 million in Q4 2017. The foreign exchanges losses arose from the effects of a weakening USD on the Group's USD-denominated cash balances.

Parkway Pantai

Parkway Pantai's revenue decreased 1% while its EBITDA increased 7% quarter-on-quarter. Excluding the effects of the depreciation of SGD on translation of Parkway Pantai's results, Parkway Pantai's revenue increased 2% while its EBITDA increased 10% quarter-on-quarter.

Parkway Pantai's Singapore hospitals inpatient admissions increased 0.2% quarter-on-quarter, while its revenue per inpatient admission increased 2.2%. Meanwhile, inpatient admissions at Parkway Pantai's Malaysia hospitals increased 2.0% quarter-on-quarter, while its revenue per inpatient admission increased 0.2%. Parkway Pantai India Hospitals inpatient admissions decreased 6.6% quarter-on-quarter, while its revenue per inpatient admission increased 6.3%.

Parkway Pantai's EBITDA increased 7% quarter-on-quarter from a low base in Q4 2017 where the Group recognised a charge of RM21.9 million for acquisition-related expenses by IHH Company in Q4 2017. In addition, Gleneagles Hong Kong Hospital's quarter-on-quarter start-up losses decreased to RM46.6 million in Q1 2018, from RM65.3 million in Q4 2017, as it achieved operating leverage.

Acibadem Holdings

Acibadem Holdings' revenue decreased 1% while its EBITDA decreased 8% quarter-on-quarter. Excluding the effects of the depreciation of TL on translation of Acibadem Holdings' results, Acibadem Holdings' revenue increased 10% while its EBITDA increased 3% quarter-on-quarter.

Acibadem Holdings' inpatient admissions increased 5.5% quarter-on-quarter, while its revenue per inpatient admission increased 4.5%. The increase in patient volumes was driven by the ramp up of Acibadem Altunizade Hospital, as well as existing hospitals.

Acibadem Holding's EBITDA decreased from a high base in Q4 2017 where it recognised RM4.3 million gain on divestment of Eurobonds.

IMU Health

IMU Health's revenue increased 9% quarter-on-quarter due to a low base in Q4 2017 where it was semester breaks for some courses.

IMU Health's EBITDA grew from a low base in Q4 2017 when it recognised expenses incurred for student recruitment promotional activities which took place in Q4 2017.

PLife REIT

PLife REIT's external revenue decreased 1% quarter-on-quarter, eroded by the depreciation of SGD against RM.

PLife REIT's Q1 2018 EBITDA decreased 10% quarter-on-quarter due to the depreciation of SGD against RM as well a high base in Q4 2017 where PLife REIT recognised a RM6.4 million revaluation gain arising from its investment properties.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018

Others

No dividend from Money Market Funds was recognised in Q1 2018 as the Group had divested all its Money Market Funds in Nov 2017.

EBITDA decreased in quarter-on-quarter mainly due to high base in Q4 2017 where the Group charged down RM21.9 million for acquisition-related expenses to the PPL segment.

B3 CURRENT FINANCIAL YEAR PROSPECTS

Parkway Pantai

Parkway Pantai continues to see top line growth in its home markets of Malaysia, Singapore and India, supported by aging demographics, rising affluence and improved case mix. In addition, Parkway Pantai expect revenue growth to be boosted by ramp up of hospitals opened in 2015 and 2017. Gleneagles Hospital Hong Kong's EBITDA losses is expected to narrow significantly in 2018, as it ramps up its operations and achieves operating leverage.

Besides its traditional home markets of Singapore and Malaysia, Parkway Pantai is building up a presence in China, India and Southeast Asia for its next phase of growth, where there is robust demand for quality healthcare services. In China, Parkway Pantai's pipeline of new hospitals remains on track and progressing according to plan. We are preparing for the target completion of Gleneagles Chengdu Hospital at the end of 2018 and slated to open in early 2019. Consequentially, we would start to incur capital expenditure and pre-operating costs leading up to its opening. In India, we expect to see volume ramp up and case mix improvements. At the same time, Parkway Pantai continues to look for value accretive opportunities to further solidify our footprint in the subcontinent, as part of India expansion.

Parkway Pantai is constantly on the lookout for value-accretive opportunities to expand into other markets, as well as in areas where it can leverage on technology and adopt more advance medical treatment for its patients. To strengthen Parkway Pantai's position as a leading healthcare provider in Asia and to provide its patients with a full range of radiation oncology treatment options, Mount Elizabeth Novena Hospital is installing a state-of-the-art proton beam therapy to provide precision cancer treatment from 2021 onwards.

Acibadem Holdings

Acibadem Holdings expects its patient volumes 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.

Overall IHH Group Prospects

Looking ahead, the Group will execute a multi-pronged strategy to enhance its diversified offering via both organic and inorganic growth. Backed by a strong balance sheet, the Group expects that the expansion projects in Malaysia, China and completion of ongoing projects in Turkey will provide sufficient capacity to meet demand, which will 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 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

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA’S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018

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.

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 leading positions and improves its hospitals’ operational performance around excellent clinical outcomes 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

	Financial period ended	
	31 Mar 2018	31 Mar 2017
	RM'000	RM'000
Current tax expense	68,289	80,804
Deferred tax expense	(7,562)	999
	60,727	81,803
	60,727	81,803

The Group’s Q1 2018 effective tax rate, after adjusting for the share of profits of associates and joint ventures, was 67.9%. The high effective tax rate in Q1 2018 was due mainly to the unrecognised tax losses of Gleneagles Hong Kong Hospital.

Q1 2017 effective tax rate was low due mainly to the RM313.4 million non-taxable gain arising from the disposal of 6.07% interest Apollo Hospitals, partially offset by unrecognised tax losses of Gleneagles Hong Kong Hospital.

B6 STATUS OF CORPORATE PROPOSALS

Save as disclosed below, there were no other corporate proposals announced but not completed as at 18 May 2018:

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

On 27 February 2018, the Company announced the proposal to seek from its shareholders, at its forthcoming Eighth Annual General Meeting (“Eighth AGM”), the authority to purchase its own shares of up to ten percent (10%) of the prevailing total number of issued shares of the Company at the point of purchase through stockbroker(s) to be appointed by the Company at a later date.

A statement containing the details of the Proposed Renewal of Share Buy-Back Authority has been despatched to the shareholders on 27 April 2018 together with the Annual Report 2017 of the Company. The Proposed Renewal of Share Buy-Back Authority is subject to shareholders’ approval at the Eighth AGM to be held on 28 May 2018.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018

B7 LOANS, BORROWINGS AND OVERDRAFTS

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

	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Non-current		
Secured		
Bank borrowings	430,652	437,702
Financial lease liabilities	99,511	107,492
Unsecured		
Bank borrowings	5,216,712	5,257,584
Fixed rate notes	433,676	301,007
	<u>6,180,551</u>	<u>6,103,785</u>
Current		
Secured		
Bank overdrafts	3,535	68
Bank borrowings	45,726	36,412
Financial lease liabilities	31,893	31,299
Unsecured		
Bank borrowings	640,640	622,276
	<u>721,794</u>	<u>690,055</u>
Total	<u><u>6,902,345</u></u>	<u><u>6,793,840</u></u>

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

	31 Mar 2018	31 Dec 2017
	RM'000	RM'000
Singapore Dollar	1,247,524	1,259,154
Ringgit Malaysia	540	500
US Dollar	486,372	492,525
Euro	2,215,379	2,175,558
Turkish Lira	54,638	75,483
Japanese Yen	1,455,133	1,380,935
Indian Rupees	333,669	347,298
Hong Kong Dollar	1,089,165	1,051,177
Bulgarian Lev	13,409	6,362
Others	6,516	4,848
	<u>6,902,345</u>	<u>6,793,840</u>

Key exchange rates as at 31 March 2018:

1 SGD	2.9762
1 TL	0.9803
1 USD	3.9036

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 31 March 2018:

	Notional amount as at 31 Mar 2018 RM'000	Fair value amount as at 31 Mar 2018 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	159,084	15,979
- Between 1 - 3 years	18,012	698
	<u>177,096</u>	<u>16,677</u>
Put option		
- Between 1 - 3 years	15,857	1,582
	<u>192,953</u>	<u>18,259</u>
Derivative liabilities		
Interest rate swaps		
- Within 1 year	321,139	(198)
- Between 1 - 3 years	716,586	(3,265)
	<u>1,037,725</u>	<u>(3,463)</u>
Foreign exchange forward contracts		
- Between 1 - 3 years	116,217	(1,737)
- More than 3 years	51,202	(562)
	<u>167,419</u>	<u>(2,299)</u>
Cross currency interest rate swaps		
- Between 1 - 3 years	223,774	(7,491)
- More than 3 years	148,810	(871)
	<u>372,584</u>	<u>(8,362)</u>
Call option granted to non-controlling interests		
- Within 1 year	30,074	(21,214)
	<u>1,607,802</u>	<u>(35,338)</u>

Foreign exchange forward contracts

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

Interest rate swaps

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

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018

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 18 May 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

No dividends were declared or paid by the Company during the period ended 31 March 2018.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018

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.

	Financial period ended	
	31 Mar 2018	31 Mar 2017
	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	57,235	470,046
Perpetual securities distribution accrued	(20,658)	-
	<u>36,577</u>	<u>470,046</u>
ii) <u>Net profit attributable to ordinary shareholders (excluding EI)</u>		
Profit after tax and non-controlling interest (excluding EI)	120,509	201,774
Perpetual securities distribution accrued	(20,658)	-
	<u>99,851</u>	<u>201,774</u>
(a) Basic EPS		
	'000	'000
Weighted average number of shares	8,239,587	8,231,728
	Sen	Sen
Basic EPS	0.44	5.71
Basic EPS (excluding EI)	1.21	2.45

(b) Diluted earnings per share

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

	Financial period ended	
	31 Mar 2018	31 Mar 2017
	'000	'000
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,239,587	8,231,728
Weighted number of unissued ordinary shares from units under Long Term Incentive Plan	4,536	5,594
Weighted number of unissued ordinary shares from share options under EOS	242	138
Weighted average number of dilutive ordinary shares for computation of diluted EPS	<u>8,244,365</u>	<u>8,237,460</u>
	Sen	Sen
Diluted EPS	0.44	5.71
Diluted EPS (excluding EI)	1.21	2.45

At 31 March 2018, 13,033,000 outstanding EOS options (31 March 2017: 14,541,000) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS
 FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018**

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

	Financial period ended	
	31 Mar 2018	31 Mar 2017
	RM'000	RM'000
Dividend income	-	525
Other operating income	51,311	50,626
Foreign exchange differences	(103,896)	1,419
Impairment loss (made)/written back:		
- Trade and other receivables	(2,152)	2,180
- Amounts due from associates	-	906
Write off:		
- Property, plant and equipment	(86)	(89)
- Inventories	(365)	(235)
- Trade and other receivables	(2,907)	(5,262)
Gain/(Loss) on disposal of property, plant and equipment	383	(111)
Gain on disposal of quoted FVOCI financial instruments	-	313,417
Gain on disposal of unquoted FVOCI financial instruments	-	192
Provision for financial guarantee given to a joint venture's loan facility	(365)	-
Insurance compensation for Chennai flood	17,714	-
Finance income		
Interest income		
- Banks and financial institutions	27,410	15,669
- Others	505	651
Exchange gain on net borrowings	-	23,498
Fair value gain of financial instruments	3,531	3,519
	31,446	43,337
Finance costs		
Interest expense	(57,328)	(45,607)
Exchange loss on net borrowings	(159,830)	(128,022)
Fair value loss of financial instruments	(7,558)	(976)
Other finance costs	(6,051)	(9,546)
	(230,767)	(184,151)