IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

FULL YEAR FINANCIAL REPORT
31 DECEMBER 2018

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

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

The Group acquired 31.1% interest in Fortis Healthcare Limited ("Fortis") on 13 November 2018. Generally, the consolidation of Fortis resulted in an increase in the current period's revenue and expenses as compared to the corresponding period.

		4th quarter ended			Financial period ended		
	Note	**31 Dec 2018 RM'000**	**31 Dec 2017 RM'000**	**Variance %**	**31 Dec 2018 RM'000**	**31 Dec 2017 RM'000**	**Variance %**
Revenue		3,165,348	2,885,133	10%	11,520,932	11,142,639	3%
Other operating income	1	172,254	84,647	103%	372,910	806,268	-54%
Inventories and consumables		(607,457)	(557,412)	-9%	(2,210,445)	(2,104,958)	-5%
Purchased and contracted services		(282,142)	(217,343)	-30%	(948,729)	(909,660)	-4%
Staff costs		(1,171,937)	(1,158,185)	-1%	(4,538,075)	(4,529,742)	0%
Depreciation and impairment losses of property, plant and equipment		(242,716)	(241,236)	-1%	(880,701)	(915,769)	4%
Amortisation and impairment losses of intangible assets and prepaid lease payments		(15,509)	(15,734)	1%	(58,457)	(62,311)	6%
Operating lease expenses		(90,690)	(83,351)	-9%	(334,316)	(328,510)	-2%
Other operating expenses	2	(492,410)	(338,399)	-46%	(1,380,182)	(1,293,159)	-7%
Finance income	3	28,946	35,844	-19%	174,943	151,839	15%
Finance costs	3	339,019	(292,039)	NM	(978,822)	(794,304)	-23%
Share of profits of associates (net of tax)		10,380	562	NM	11,515	1,543	NM
Share of (loss)/profits of joint ventures (net of tax)		(208)	(90)	-131%	1,897	577	NM
Profit before tax		**812,878**	**102,397**	**NM**	**752,470**	**1,164,453**	**-35%**
Income tax expense		(102,191)	(65,051)	-57%	(262,610)	(334,625)	22%
Profit for the period/year		**710,687**	**37,346**	**NM**	**489,860**	**829,828**	**-41%**
Other comprehensive income/(expenses), net of tax							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences from foreign operations	4	160,777	(525,128)	131%	(383,509)	(790,190)	51%
Hedge of net investments in foreign operations	4	(91,555)	(6,586)	NM	(45,263)	21,344	NM
Net change in fair value of AFS[i] financial instruments	5	-	(261)	100%	-	(319,205)	100%
Cash flow hedge		(2,838)	1,746	NM	4,249	3,160	34%
		66,384	(530,229)	113%	(424,523)	(1,084,891)	61%
Items that will not be reclassified subsequently to profit or loss							
Net change in fair value of FVOCI[ii] financial instruments		-	-	-	759	-	-
Remeasurement of defined benefits liabilities		(11,241)	(12,245)	8%	(11,241)	(12,245)	8%
		(11,241)	(12,245)		(10,482)	(12,245)	14%
Total comprehensive income/(expenses) for the period/year		**765,830**	**(505,128)**	**NM**	**54,855**	**(267,308)**	**121%**
Profit/(Loss) attributable to:							
Owners of the Company		509,417	101,255	NM	627,687	969,953	-35%
Non-controlling interests		201,270	(63,909)	NM	(137,827)	(140,125)	2%
Profit for the period/year		**710,687**	**37,346**	**NM**	**489,860**	**829,828**	**-41%**
Total comprehensive income/(expenses) attributable to:							
Owners of the Company		629,869	(330,850)	NM	376,294	(6,989)	NM
Non-controlling interests		135,961	(174,278)	178%	(321,439)	(260,319)	-23%
Total comprehensive income/(expenses) for the period/year		**765,830**	**(505,128)**	**NM**	**54,855**	**(267,308)**	**121%**
Earnings per share (sen)							
Basic		5.78	0.95	NM	6.54	11.31	-42%
Diluted		5.78	0.95	NM	6.53	11.30	-42%

Note:
"Acibadem Holdings" as referred to throughout this financial report includes the wholly-owned Integrated Healthcare Turkey Yatirimlari Limited Group, which owns approximately 90% interest in Acıbadem Sağlık Yatırımları Holding A.Ş. Group.

i) Available-for-sale financial instruments
ii) Fair valued through other comprehensive income

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SUPPLEMENTARY INFORMATION

		4th quarter ended			Financial period ended		
		31 Dec 2018 RM'000	31 Dec 2017 RM'000	Variance %	31 Dec 2018 RM'000	31 Dec 2017 RM'000	Variance %
Profit attributable to owners of the Company		**509,417**	**101,255**	**NM**	**627,687**	**969,953**	**-35%**
Add back/(less): Exceptional items ("EI")							
Gain on disposal of a subsidiary[1]		-	(1,149)		-	(1,149)	
Gain on disposal of quoted AFS financial instruments[2]		-	-		-	(554,500)	
(Gain)/Loss on disposal of business units		(2,925)	(167)		(2,925)	776	
Change in fair value of investment properties[3]		(23,803)	(16,548)		(23,803)	(16,548)	
Change in fair value of call option[4]		(17,202)	4,753		(17,202)	4,753	
Change in fair value of CCPS liabilities[5]		-	13,753		-	13,753	
Change in fair value of put option		(2,102)			(2,102)	-	
Impairment on goodwill		66,168	-		66,168	-	
Impairment on investment in joint venture[6]		33,353	-		33,353	-	
Provision for financial guarantee given on a joint venture's loan facility[7]		2,843	391		3,967	1,570	
Investment tax allowance[8]			(2,516)			(2,516)	
Insurance compensation for Chennai flood		123	-		(17,186)	-	
Professional fees relating to an acquisition[9]		-	-		3,730	-	
Exchange (gain)/loss on net borrowings[10]	3	(457,441)	176,897		644,115	379,202	
		(400,986)	175,414		688,115	(174,659)	
Add/(less): Tax effects on EI		67,450	(35,379)		(73,410)	(75,840)	
Add/(less): Non-controlling interests' share of EI		165,658	(59,412)		(214,805)	(124,150)	
		(167,878)	80,623		399,900	(374,649)	
Profit attributable to owners of the Company, excluding EI[11]		**341,539**	**181,878**	**88%**	**1,027,587**	**595,304**	**73%**
Earnings per share, excluding EI[11] (sen)							
Basic		3.79	1.93	96%	11.36	6.76	68%
Diluted		3.79	1.93	96%	11.36	6.76	68%

NM: Not meaningful

Note:

1) Gain on disposal of 60% interest in SESU Ozel Saglik Hizmetleri Tibbi Malzemeler ve Ticaret A.S. during 2017
2) Gain on disposal of the Group's 4.78% and 6.07% interest in Apollo Hospital Enterprise Limited in May 2017 and March 2017 respectively
3) 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
4) Change in fair value of call option right 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
5) Change in fair value of Compulsory Convertible Preference Shares ("CCPS") of a subsidiary that were classified as liabilities in 2017
6) Impairment loss on investment in Khubchandani Hospitals
7) Proportionate share of corporate guarantee in relation to accrued interest on Khubchandani Hospital's loan
8) Investment tax allowance granted in relation the Group's hospital construction projects and capital investments
9) Professional fees relating to the Group's acquisition of approximately 30% equity interest in Acıbadem Sağlık Yatırımları Holding A.Ş. from a director and a substantial shareholder. Refer to Section A11 for details of the acquisition
10) Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings (As at 31 Dec 2018, Euro/TL=6.0280, USD/TL=5.2609)
11) 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

The Group acquired 31.1% interest in Fortis on 13 November 2018. Generally, the consolidation of Fortis resulted in an increase in the current period's revenue and expenses as compared to the corresponding period.

In addition, the Group's reported results were generally impacted by the strengthening Ringgit Malaysia ("RM") against the currencies of the countries which it operates.

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

1. Other operating income decreased mainly as a result of RM554.5 million gain from the disposal of the Group's interest in Apollo Hospital Enterprise Limited ("Apollo Hospitals") recognised in YTD 2017. Offset by a higher RM74.2 million fair valuation gain on investment properties recognised in Q4 2018 as compared to RM22.9 million fair valuation gain recognised in Q4 2017.

2. Other operating expenses included RM33.4 million impairment on the Group's investment in a joint venture, Khubchandani Hospital, and RM4.0 million provision for the Group's proportionate share of corporate guarantee given in relation to Khubchandani Hospital's defaulted bank loan. Other operating expense also included an impairment loss on goodwill of RM66.2 million.

3. 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 RM457.4 million exchange gain and RM644.1 million exchange losses on translation of such non-TL balances in Q4 2018 and YTD 2018, as compared to an exchange loss of RM176.9 million and RM379.2 million recognised in Q4 2017 and YTD 2017 respectively.

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

   In Q4 2018, the Group recorded a net foreign currency translation gain as a result of the appreciation of the SGD and TL against RM during the quarter. In YTD 2018, the Group recorded a net foreign currency translation loss as a result of the depreciation of the SGD and TL against RM.

5. In 2017, fair value change of AFS financial instruments arose mainly from the mark-to-market of the Group's investments in Eurobonds, investment in Money Market Fund units ("MMF") and investment in Apollo Hospitals.

   The cumulative fair value gain on these investments were realised and transferred to profit or loss upon disposal in 2017.

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

	31 Dec 2018	31 Dec 2017
1 SGD	2.9873	3.1221
1 TL	0.8625	1.1926

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

The Group acquired 31.1% interest in Fortis on 13 November 2018. Generally, the increases in the balances on the statement of financial position as at 31 December 2018 were due to the consolidation of Fortis.

	Note	31 Dec 2018 RM'000	31 Dec 2017* RM'000
Assets			
Property, plant and equipment		14,605,199	13,141,621
Prepaid lease payments		1,017,810	1,036,631
Investment properties	1	3,310,429	3,109,985
Goodwill on consolidation	2	11,829,197	10,692,198
Intangible assets		2,109,136	2,278,442
Interests in associates	3	710,036	8,445
Interests in joint ventures	4	115,334	139,118
Other financial assets		18,668	15,052
Trade and other receivables		112,420	65,462
Tax recoverable		285,866	37,552
Derivative assets		722	12,422
Deferred tax assets		463,898	229,855
Total non-current assets		**34,578,715**	**30,766,783**
Development properties		80,729	75,027
Inventories		350,729	281,914
Trade and other receivables		1,959,970	1,504,882
Tax recoverable		18,021	37,627
Other financial assets	5	347,185	160,235
Derivative assets		9,315	13,406
Cash and cash equivalents		7,763,398	6,078,603
		10,529,347	8,151,694
Assets classified as held for sale		6,448	7,004
Total current assets		**10,535,795**	**8,158,698**
Total assets		**45,114,510**	**38,925,481**
Equity			
Share capital	6	19,427,586	16,462,994
Other reserves	6	(1,665,515)	1,478,287
Retained earnings		4,231,930	3,948,881
Total equity attributable to owners of the Company		**21,994,001**	**21,890,162**
Perpetual securities	7	2,157,943	2,158,664
Non-controlling interests		4,355,141	1,851,904
Total equity		**28,507,085**	**25,900,730**
Liabilities			
Loans and borrowings	8	9,330,942	6,948,053
Employee benefits		98,938	52,442
Trade and other payables	9	691,264	969,909
Derivative liabilities		12,168	3,742
Deferred tax liabilities		991,273	1,011,220
Total non-current liabilities		**11,124,585**	**8,985,366**
Bank overdrafts		81,215	68
Loans and borrowings	8	1,123,108	689,987
Employee benefits		130,547	94,033
Trade and other payables		3,751,568	2,795,827
Derivative liabilities		5,931	22,991
Tax payable		390,471	436,479
Total current liabilities		**5,482,840**	**4,039,385**
Total liabilities		**16,607,425**	**13,024,751**
Total equity and liabilities		**45,114,510**	**38,925,481**
Net assets per share attributable to owners of the Company[1] (RM)		2.51	2.66

[1] Based on 8,769.3 million and 8,239.6 million shares issued as at 31 December 2018 and 31 December 2017 respectively.

*: The comparative balances in the statement of financial position had been restated to conform with the current year's presentation and classification, which more accurately reflects the nature of the transactions.

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

Generally, the increases in the balances on the statement of financial position as at 31 December 2018 were due to the consolidation of Fortis.

In addition, the Group's reported results were generally impacted by the strengthening Ringgit Malaysia ("RM") against the currencies of the countries which it operates.

1. The Group acquired an elderly nursing rehabilitation facility in Japan in February 2018.

2. Goodwill increased with additional goodwill of RM1,539.5 million on acquisition of Fortis. As at 31 December 2018, the Group is in the midst of performing a purchase price allocation ("PPA") for the acquisition of Fortis, and would adjust the goodwill amount accordingly upon the completion of the PPA. The increase in goodwill was partially offset by an impairment made on the goodwill over other operating units of RM66.2 million.

3. Investment in associates increased upon the consolidation of Fortis' investment in associates.

4. Investment in joint ventures decreased mainly due to the RM33.4 million impairment on the investment in Khubchandani Hospital, offset by the consolidation of Fortis' investment in joint ventures.

5. Other financial assets increased mainly due to investments in MMF units during the year, and the consolidation of Fortis' other financial assets.

6. In November 2018, the Group acquired approximately an additional approximately 30% interest in Acıbadem Sağlık Yatirimlari Holding A.Ş. ("ASYH"), an indirect subsidiary, through the issue of 524,492,824 new ordinary shares of the Company. This transaction resulted in an increase in Share Capital and Non-controlling interest of RM2,931.9 million and RM345.5 million respectively and a decrease in Capital Reserves of RM3,277.4 million.

7. The Group made distributions of RM86.3 million for its perpetual securities during 2018. This is offset by accruals made for perpetual securities distribution of RM85.8 million,

8. Loans and borrowings increased due to loans taken to finance working capital, capital expenditure, acquisitions and purchase of investment properties. Loans and borrowings also increased upon the consolidation of Fortis' loans and borrowings.

9. Compulsorily convertible preference shares ("CCPS") of approximately RM85.5 million was reclassified from other payables to equity upon fixing of the CCPS conversion ratio during 2018.

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

	31 Dec 2018	31 Dec 2017
1 SGD	3.0404	3.0572
1 TL	0.7802	1.0388

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	<------ 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 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	-	-	-	-	-	-	-	-	(227,999)	-	(227,999)	-	(155,510)	(383,509)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	(16,127)	-	(16,127)	-	(29,136)	(45,263)
Cash flow hedge	-	-	-	-	-	1,514	-	-	-	-	1,514	-	2,735	4,249
Net change in fair value of FVOCI financial instruments	-	-	-	759	-	-	-	-	-	-	759	-	-	759
Remeasurement of defined benefits liabilities	-	-	-	-	-	-	-	-	-	(9,540)	(9,540)	-	(1,701)	(11,241)
Total other comprehensive income/(expenses) for the period	-	-	-	759	-	1,514	-	-	(244,126)	(9,540)	(251,393)	-	(183,612)	(435,005)
Profit/(Loss) for the year	-	-	-	-	-	-	-	-	-	627,687	627,687	-	(137,827)	489,860
Total comprehensive income/(expenses) for the period	-	-	-	759	-	1,514	-	-	(244,126)	618,147	376,294	-	(321,439)	54,855
Contributions by and distributions to owners of the Company														
- Share options exercised	1,282	-	-	-	-	-	-	-	-	-	1,282	-	-	1,282
- Share-based payment	-	-	38,926	-	-	-	-	-	-	-	38,926	-	38	38,964
- Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	-	(247,338)	(247,338)	-	-	(247,338)
	1,282	-	38,926	-	-	-	-	-	-	(247,338)	(207,130)	-	38	(207,092)
Transfer to share capital for share options exercised	31,395	-	(31,395)	-	-	-	-	-	-	-	-	-	-	-
Cancellation of vested share options	-	-	(1,094)	-	-	-	-	-	-	1,094	-	-	-	-
Changes in ownership interests in subsidiaries	2,931,915	-	-	-	-	1	(3,258,468)	-	(3)	-	(326,555)	-	408,897	82,342
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	2,653,008	2,653,008
Issue of shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	(203)	-	-	-	(203)	-	11,563	11,360
Transfer per statutory requirements	-	-	-	-	-	-	-	3,767	-	(3,767)	-	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	-	347,073	-	-	-	347,073	-	(50,739)	296,334
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(198,091)	(198,091)
Payment of perpetual securities distribution	-	-	-	-	-	-	206	-	-	-	206	(86,567)	-	(86,361)
Accrued perpetual securities distribution	-	-	-	-	-	-	-	-	-	(85,846)	(85,846)	85,846	-	-
Total transactions with owners of the Company	2,964,592	-	6,437	-	-	1	(2,911,392)	3,767	(3)	(335,857)	(272,455)	(721)	2,824,676	2,551,500
Transfer upon reclassification of financial instruments from FVOCI to FVTPL	-	-	-	(759)	-	-	-	-	-	759	-	-	-	-
At 31 December2018	19,427,586	-	61,396	-	85,890	16,715	(3,926,484)	51,522	2,045,446	4,231,930	21,994,001	2,157,943	4,355,141	28,507,085

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	<---- 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	-	-	-	-	-	-	-	-	(658,527)	-	(658,527)	-	(131,663)	(790,190)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	-	7,609	-	7,609	-	13,735	21,344
Cash flow hedge	-	-	-	-	-	1,127	-	-	-	-	1,127	-	2,033	3,160
Net change in fair value of FVOCI financial instruments	-	-	-	(320,154)	-	-	-	-	-	-	(320,154)	-	949	(319,205)
Remeasurement of defined benefits liabilities	-	-	-	-	-	-	-	-	-	(6,997)	(6,997)	-	(5,248)	(12,245)
Total other comprehensive (expenses)/income for the period	-	-	-	(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 period	-	-	-	(320,154)	-	1,127	-	-	(650,918)	962,956	(6,989)	-	(260,319)	(267,308)
Contributions by and distributions to owners of the Company														
- Share options exercised	3,208	154	-	-	-	-	-	-	-	-	3,362	-	-	3,362
- Share-based payment	-	-	52,186	-	-	-	-	-	-	-	52,186	-	-	52,186
- Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	-	(247,171)	(247,171)	-	-	(247,171)
	3,208	154	52,186	-	-	-	-	-	-	(247,171)	(191,623)	-	-	(191,623)
Transfer to share capital for share options exercised	42,705	67	(42,772)	-	-	-	-	-	-	-	-	-	-	-
Cancellation of vested share options	-	-	(661)	-	-	-	-	-	-	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 a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	766	766
Issue of shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	75,056	75,056
Transfer per statutory requirements	-	-	-	-	-	-	-	5,154	-	(5,154)	-	-	-	-
Recognition of put options granted to non-controlling interest	-	-	-	-	-	-	(103,924)	-	-	-	(103,924)	-	(57,516)	(161,440)
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	-	(46,640)	-	-	-	(46,640)	-	1,411	(45,229)
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[i]	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.

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.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Financial year ended	
	31 Dec 2018	**31 Dec 2017**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit before tax	752,470	1,164,453
Adjustments for:		
Dividend income	(3,639)	(2,128)
Finance income	(174,943)	(151,839)
Finance costs	978,822	794,304
Depreciation and impairment losses of property, plant and equipment	880,701	915,769
Amortisation and impairment losses of intangible assets and prepaid lease payments	58,457	62,311
Impairment loss made/(written back):		
- Goodwill	66,168	-
- Investment in joint venture	33,353	-
- Trade and other receivables	(34,539)	11,066
- Inventory	272	-
- Amounts due from associates	-	(901)
- Amounts due from joint ventures	52	575
Write-off:		
- Property, plant and equipment	1,219	2,874
- intangible assets	174	248
- Inventories	1,631	5,137
- Trade and other receivables	13,337	28,074
Gain on disposal of property, plant and equipment	(831)	(15,349)
Gain on disposal of a subsidiary	-	(1,149)
Gain on disposal of quoted AFS financial instruments	-	(554,500)
Gain on disposal of unquoted AFS financial instruments	-	(4,695)
(Gain)/Loss on disposal of business units	(2,925)	776
Provision for financial guarantee given to a joint venture's loan facility	3,967	1,570
Change in fair value of investment properties	(74,192)	(22,922)
Share of profits of associates (net of tax)	(11,515)	(1,543)
Share of profits of joint ventures (net of tax)	(1,897)	(577)
Equity-settled share-based payment	38,964	52,186
Net unrealised foreign exchange differences	(183,675)	108,751
Operating profit before changes in working capital	**2,341,431**	**2,392,491**
Changes in working capital:		
Trade and other receivables	(153,199)	(71,731)
Development properties	(5,703)	(46,040)
Inventories	(38,873)	(39,097)
Trade and other payables	92,208	298,800
Cash generated from operations	**2,235,864**	**2,534,423**
Net income tax paid	(380,080)	(273,724)
Net cash from operating activities	**1,855,784**	**2,260,699**
Cash flows from investing activities		
Interest received	130,323	67,195
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(171,560)	(6,734)
Development and purchase of intangible assets	(14,511)	(7,505)
Purchase of property, plant and equipment	(1,046,729)	(1,498,377)
Purchase of investment properties	(69,613)	(207,926)
Payment for prepaid lease	(4,073)	-
Purchase of financial instruments	(178,652)	-
Net withdrawal of fixed deposits with tenor of more than 3 months	69,517	44,116
Net cash inflow/(outflow) from disposal of business	2,925	(1,124)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Financial year ended	
	31 Dec 2018	**31 Dec 2017**
	RM'000	**RM'000**
Proceeds from disposal of a subsidiary, net of cash and cash equivalents disposed	-	(9)
Proceeds from disposal of property, plant and equipment	8,109	33,419
Proceeds from disposal of quoted AFS financial instruments	-	1,257,531
Proceeds from disposal of unquoted AFS financial instruments	-	150,973
Proceeds from disposal of quoted FVTPL financial instruments	5,370	-
Dividends received from FVTPL/FVOCI financial instruments	3,639	2,128
Dividends received from joint ventures	1,212	1,401
Dividends received from associates	13,849	563
Net cash used in investing activities	**(1,250,194)**	**(164,349)**
Cash flows from financing activities		
Interest paid	(363,147)	(325,950)
Proceeds from exercise of share options	1,282	3,362
Proceeds from loans and borrowings	4,036,562	1,789,126
Issue of fixed rate medium term notes	128,542	185,139
Issue of perpetual securities, net of transaction costs	-	2,120,025
Repayment of loans and borrowings	(2,352,671)	(2,432,757)
Payment of perpetual securities distribution	(86,361)	-
Dividends paid to shareholders	(247,338)	(247,171)
Dividends paid to non-controlling interests	(198,091)	(198,692)
Acquisition of non-controlling interests	(16,863)	(7,149)
Proceeds from dilution of interest in subsidiaries	13,745	671,775
Loan from non-controlling interest of subsidiaries	2,454	-
Issue of shares by subsidiaries to non-controlling interests	11,360	75,056
Deposits placed in escrow account	(1,970,800)	-
Change in pledged deposits	(30)	7,769
Net cash (used in)/from financing activities	**(1,041,356)**	**1,640,533**
Net (decreased)/increase in cash and cash equivalents	**(435,766)**	**3,736,883**
Effect of exchange rate fluctuations on cash and cash equivalents held	68,583	(82,412)
Cash and cash equivalents at beginning of the year	6,077,746	2,423,275
Cash and cash equivalents at end of the year	**5,710,563**	**6,077,746**

Cash and cash equivalents

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

	31 Dec 2018	**31 Dec 2017**
	RM'000	**RM'000**
Cash and bank balances	4,166,127	4,886,821
Fixed deposits with tenor of 3 months or less	3,597,271	1,191,782
	7,763,398	6,078,603
Less:		
- Bank overdrafts	(81,215)	(68)
- Deposits pledged	(1,970,800)	-
- Cash collateral received	(820)	(789)
Cash and cash equivalents at end of the period	**5,710,563**	**6,077,746**

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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 December 2018, other than as mentioned in Section A11 and B6 of this financial report.

A5 CHANGE IN ACCOUNTING ESTIMATES

There were no changes in the estimates of amounts reported in prior financial years that may have a material effect in the current quarter and financial year.

In preparing the unaudited condensed consolidated interim financial report, the significant judgments made by the management in applying the Group's accounting policies and key sources of estimating uncertainty were consistent with those applied to 2017 Audited Financial Statements.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

A6 DEBT AND EQUITY SECURITIES

(a) Between 1 January to 31 December 2018, IHH issued:

(i) 226,000 new ordinary shares pursuant to the exercise of vested Enterprise Option Scheme ("EOS") options.

(ii) 4,994,000 new ordinary shares pursuant to the surrender of vested Long Term Incentive Plan ("LTIP") units.

(iii) 524,492,824 new ordinary shares pursuant to the Aydinlar Acquisition and Bagan Lalang Acquisition. Refer to Section B6 for details.

(b) On 27 April 2018, the Company granted a total of 1,620,000 LTIP units to eligible employees of the Group.

(c) On 14 June 2018, the Company granted 1,980,000 LTIP units to the executive directors of the Company, pursuant to the shareholders' approval obtained at the Company's 8th Annual General Meeting held on 28 May 2018.

(d) On 2 July 2018, IHH granted a total of 20,347,000 options to eligible employees of the Group under the EOS. Out of the 20,347,000 options granted, 8,715,000 options were granted to the executive directors of the Company.

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 year ended 31 December 2018.

As at 31 December 2018, the issued share capital of IHH comprised of 8,769,296,463 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 2017	3.00	247,338	18-Jul-18

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 FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

A8 SEGMENT REPORTING

Financial period ended 31 December 2018

	Parkway Pantai[1]					Acibadem Holdings	IMU Health	PLife			
	Singapore RM'000	Malaysia RM'000	India RM'000	North Asia RM'000	PPL Others[2] RM'000	CEEMENA[3] RM'000	Malaysia RM'000	REIT[1] RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses											
Revenue from external customers	3,890,725	2,019,834	851,269	499,623	188,936	3,676,198	257,540	133,168	3,639	-	11,520,932
Inter-segment revenue	100,711	1,000	-	-	1,879	-	3,461	202,531	2,573,636	(2,883,218)	-
Total segment revenue	3,991,436	2,020,834	851,269	499,623	190,815	3,676,198	261,001	335,699	2,577,275	(2,883,218)	11,520,932
EBITDA	1,213,407	578,513	6,319	(208,714)	(1,178)	617,320	84,935	321,688	2,509,239	(2,643,830)	2,477,699
Depreciation and impairment losses of property, plant and equipment	(214,268)	(157,622)	(63,374)	(146,981)	(6,156)	(242,430)	(14,364)	(34,647)	(859)	-	(880,701)
Amortisation and impairment losses of intangible assets	(3,644)	(709)	(10,439)	(23,115)	-	(19,760)	(790)	-	-	-	(58,457)
Foreign exchange differences	(239)	68	41,073	(213)	9,926	(91)	(1)	2,964	14,212	-	67,699
Finance income	603	22,830	49,056	48,176	40,690	34,622	5,701	19	25,726	(52,480)	174,943
Finance costs	(14,669)	(2,329)	(56,458)	(86,933)	(24,546)	(817,452)	(16)	(26,857)	(2,042)	52,480	(978,822)
Share of profits of associates (net of tax)	1,667	-	9,848	-	-	-	-	-	-	-	11,515
Share of profits of joint ventures (net of tax)	1,213	-	669	15	-	-	-	-	-	-	1,897
Others	29,873	(6,070)	(86,301)	2,925	-	-	-	-	(3,730)	-	(63,303)
Profit/(Loss) before tax	1,013,943	434,681	(109,607)	(414,840)	18,736	(427,791)	75,465	263,167	2,542,546	(2,643,830)	752,470
Income tax (expense)/credit	(140,713)	(88,823)	(2,355)	-	(23,742)	51,040	(19,733)	(23,406)	(2,891)	-	(262,610)
Profit/(loss) for the year	873,230	345,858	(111,962)	(414,840)	(5,006)	(376,751)	55,732	239,761	2,539,655	(2,643,830)	489,860
Assets and liabilities											
Cash and cash equivalents	202,779	625,241	4,339,118	701,685	448,447	73,512	24,789	67,201	1,280,626	-	7,763,398
Other assets	12,321,766	4,795,784	6,634,382	3,206,234	4,389,347	5,027,213	530,141	4,519,762	196,423	(4,269,940)	37,351,112
Segment assets as at 31 December 2018	12,524,545	5,421,025	10,973,500	3,907,919	4,837,794	5,100,725	554,930	4,586,963	1,477,049	(4,269,940)	45,114,510
Loans and borrowings	7,310	256	1,159,274	2,153,906	1,551,003	3,504,877	247	2,077,177	-	-	10,454,050
Other liabilities	4,364,225	546,688	3,244,401	327,793	327,921	1,040,113	149,212	353,781	69,181	(4,269,940)	6,153,375
Segment liabilities as at 31 December 2018	4,371,535	546,944	4,403,675	2,481,699	1,878,924	4,544,990	149,459	2,430,958	69,181	(4,269,940)	16,607,425

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 2018

Financial period ended 31 December 2017

	Parkway Pantai[1]					Acibadem Holdings CEEMENA[3]	IMU Health Malaysia	PLife REIT[1]	Others	Eliminations	Total
	Singapore RM'000	Malaysia RM'000	India RM'000	North Asia RM'000	PPL Others[2] RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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)	1,543	-	-	-	-	-	-	-	-	-	1,543
Share of profits of joint ventures (net of tax)	1,402	-	(947)	122	-	-	-	-	-	-	577
Others	16,548	-	(1,570)	(776)	-	1,149	-	-	554,500	-	569,851
Profit/(Loss) before tax	912,788	382,329	(121,403)	(478,148)	(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)	(496,791)	(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	(4,753,085)	32,846,878
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	(4,753,085)	38,925,481
Loans and borrowings	9,434	318	347,229	1,895,445	-	3,421,866	182	1,963,566	-	-	7,638,040
Other liabilities	4,830,012	536,655	2,198,383	420,431	329,442	1,349,860	140,131	324,762	10,120	(4,753,085)	5,386,711
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	(4,753,085)	13,024,751

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 2018

A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

A10 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Financial year ended	
	31 Dec 2018 RM'000	**31 Dec 2017 RM'000**
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	316,677	348,005
- Purchase and consumption of services	(50,318)	(54,766)
- Acquisition of approximately 15% equity interest in ASYH	(1,465,957)	-
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	9,448	13,157
- Purchase and consumption of services	(64,461)	(88,318)
- Acquisition of approximately 15% equity interest in ASYH	(1,465,957)	-

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*.

(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.

(f) 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%.

(g) 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.

(h) 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.

(i) On 23 May 2018, Gleneagles Development Pte Ltd ("GDPL") subscribed for 35,087,716 new equity shares in Continental Hospitals Private Limited ("CHPL") for a total consideration of INR1,400,000,000 pursuant to the rights issue undertaken by CHPL. Post the rights issue, GDPL's equity interest in CHPL increased from 53.13% to 62.23%.

(j) On 18 June 2018, ASYH subscribed for 998,100,000 new shares in Acibadem Sağlık Hizmetleri ve Ticaret A.S. ("ASH") for a total consideration of TL998,100,000 pursuant to the rights issue undertaken by ASH. Post the rights issue, ASYH's equity interest in ASH increased from 99.41% to 99.77%.

(k) On 16 August 2018, the Group's interest in RGE was diluted by 4.09% from 77.96% to 73.87% following the fixing of the conversion ratio of a certain tranche of CCPS in RGE held by non-controlling shareholders and these CCPS were reclassified from liability to equity.

(l) On 14 September 2018, HPAK Cancer Centre Sdn Bhd was dissolved pursuant to members' voluntary winding up.

(m) On 1 October 2018, Pantai Hospitals Sdn Bhd ("PHSB") completed the acquisition of 9,500,000 ordinary shares in Amanjaya Specialist Centre Sdn Bhd ("Amanjaya"), representing a 100% equity interests therein, for a total cash consideration of RM101,659,000. Amanjaya owns and operates a 98-bed capacity multidiscipline specialist hospital known as Amanjaya Specialist Centre (Pusat Pakar Amanjaya) located in Sungai Petani, Kedah, Malaysia.

(n) On 5 November 2018, Mena Services Pte Ltd has been struck off from the Register of Companies pursuant to Section 344A of the Singapore Companies Act, Cap. 50.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

(o) On 13 November 2018, Northern TK Venture Pte Ltd ("NTK"), an indirect wholly-owned subsidiary of the Company, completed the subscription of 235,294,117 new equity shares of face value of Indian Rupee ("INR") 10 each ("Fortis Shares") in Fortis. Consequential thereto, NTK holds 31.1% of the expanded voting share capital of Fortis, and Fortis and its subsidiaries will be consolidated as indirect subsidiaries of the Company.

	Fortis (Provisional) RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	1,741,564
Intangible assets	57,065
Interests in associates	713,988
Interests in joint ventures	18,875
Deferred tax assets	257,146
Inventories	36,626
Tax recoverable	245,506
Trade and other receivables	517,602
Other financial assets	89,838
Cash and cash equivalents	2,437,013
Trade and other payables	(1,317,716)
Tax payable	(5,246)
Employee benefits	(66,439)
Bank overdrafts	(130,563)
Loans and borrowings	(1,012,847)
Deferred tax liabilities	(86,789)
Fair value of net identifiable assets acquired	3,495,623
Net cash outflow arising from acquisition of subsidiaries	
Purchase consideration settled in cash and cash equivalents	2,383,160
Less: cash and cash equivalent, inclusive of bank overdrafts acquired	(2,306,450)
	76,710
Goodwill	
Fair value of consideration transferred	2,383,160
Fair value of net identifiable assets acquired	(3,495,623)
Non-controlling interest based on their proportionate interest in the net identifiable assets acquired	2,651,981
Goodwill	1,539,518

As at 31 December 2018, the Group is in the midst of performing a purchase price allocation ("PPA") for the acquisition of Fortis, and would adjust the goodwill amount accordingly upon the completion of the PPA.

(p) On 30 November 2018, Integrated Healthcare Hastaneler Turkey Sdn Bhd ("IHH Turkey") has completed the acquisition of 458,399,999 equity shares in ASYH, representing approximately 30% equity stake therein, pursuant to the Aydinlar Acquisition and Bagan Lalang Acquisition as well as Bagan Lalang Transfer. Consequential thereto, IHH Turkey's equity interest in ASYH has increased from 60.0% to approximately 90.0%.

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.

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018

A12 SUBSEQUENT EVENTS

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

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

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Except as mentioned in Section B10, there were no other material changes in the contingent liabilities or contingent assets as at 20 February 2019 from that disclosed in the 2017 Audited Financial Statements.

A14 CAPITAL COMMITMENTS

	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Capital expenditure commitments not provided for		
Property, plant and equipment and investment properties		
- Authorised and contracted for	887,340	1,083,580

Pursuant to the acquisition of 31.1% equity interest in Fortis, NTK is required to carry out the following subsequent to year ended 31 December 2018:

i. Mandatory Open Offer for acquisition of up to 26% of paid up equity Fortis shares at INR170 per share ("Fortis Open Offer").

ii. Mandatory Open Offer for acquisition of up to 26% paid up equity shares of Fortis Malar Hospitals Limited ("Malar Open Offer")

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

On 14 December 2018, the Honorable Supreme Court of India had passed an order ("Order") directing "status quo with regard to the sale of controlling stake in Fortis to Malaysian IHH Healthcare Berhad to be maintained". In light of the Order, the Group is not able to proceed with the Fortis Open Offer and Malar Open Offer for the time being until further order(s)/ clarification(s)/ direction(s) are issued by the Supreme Court of India and/or the Securities and Exchange Board of India.

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)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2018				
Assets				
Investment properties	-	-	3,310,429	3,310,429
Unquoted FVTPL financial instruments	-	179,646	-	179,646
Quoted FVTPL financial instruments	4,257	-	-	4,257
Derivative assets	-	10,037	-	10,037
Liabilities				
Put option liabilities[ii]	-	-	(1,274,218)	(1,274,218)
Derivative liabilities	-	(13,238)	(4,861)	(18,099)
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. On August 2018, the conversion ratio of a certain tranche of CCPS in RGE was fixed, and accordingly, these CCPS were reclassified from liability to equity.

ii) Put options granted to non-controlling interests are stated at fair value based on the subsidiary's equity value and the discounted cash flow method based on present value of expected payment discounted using a risk-adjusted discount rate.

Refer to Section B13 for the fair value gain/(loss) recognised in the statement of profit or loss during Q4 2018.

A16 OTHER MATTERS

A qualified opinion was issued for the statutory audit of Fortis for the financial year ended 31 March 2018. These qualifications have been carried forward in Fortis' quarterly announcements with last quarterly review report dated 13 February 2019. The qualifications are in connection to the matters raised in the independent investigation report submitted by external lawyers to former Fortis Board on 12 June 2018 (prior to the acquisition of Fortis on 13 November 2018). Additionally, there are investigations by the Securities and Exchange Board of India ("SEBI") and the Serious Frauds Investigation Office ("SFIO"), Ministry of Corporate Affairs of India, on Fortis (also, instigated prior to the acquisition of Fortis). Refer to Item 5 of Section B10 for more information on the SEBI and SFIO investigations.

As a consequence of the qualifications raised in Fortis last quarterly review report for the financial period ended 31 December 2018, IHH's audited accounts for the financial year ended 31 December 2018 may include some or all of these qualifications.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2018

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

	4th quarter ended			Financial period ended		
	31 Dec 2018 RM'000	31 Dec 2017 RM'000	Variance %	31 Dec 2018 RM'000	31 Dec 2017 RM'000	Variance %
REVENUE[1]						
Parkway Pantai:						
- Singapore	1,027,454	965,359	6%	3,890,725	3,848,308	1%
- Malaysia	551,128	472,695	17%	2,019,834	1,836,415	10%
- India	356,846	176,387	102%	851,269	708,596	20%
- North Asia	139,542	98,948	41%	499,623	332,658	50%
- PPL Others*	50,873	44,695	14%	188,936	176,615	7%
Parkway Pantai	**2,125,843**	**1,758,084**	**21%**	**7,450,387**	**6,902,592**	**8%**
Acibadem Holdings	**939,994**	**1,034,538**	**-9%**	**3,676,198**	**3,853,527**	**-5%**
IMU Health	**64,388**	**59,029**	**9%**	**257,540**	**250,386**	**3%**
Others^	**1,364**	**553**	**147%**	**3,639**	**2,128**	**71%**
Group (Excluding PLife REIT)	**3,131,589**	**2,852,204**	**10%**	**11,387,764**	**11,008,633**	**3%**
PLife REIT total revenue	85,371	85,077	0%	335,699	342,317	-2%
Less: PLife REIT inter-segment revenue	(51,612)	(52,148)	1%	(202,531)	(208,311)	3%
PLife REIT	**33,759**	**32,929**	**3%**	**133,168**	**134,006**	**-1%**
Group	**3,165,348**	**2,885,133**	**10%**	**11,520,932**	**11,142,639**	**3%**
EBITDA[2]						
Parkway Pantai[3]:						
- Singapore	320,715	270,509	19%	1,143,213	1,060,883	8%
- Malaysia	167,045	128,598	30%	578,513	513,755	13%
- India	2,082	9,714	-79%	6,319	13,696	-54%
- North Asia	(54,677)	(63,019)	13%	(208,714)	(251,954)	17%
- PPL Others*	(3,235)	(28,545)	89%	(1,178)	12,722	-109%
Parkway Pantai	**431,930**	**317,257**	**36%**	**1,518,153**	**1,349,102**	**13%**
Acibadem Holdings	**180,205**	**206,114**	**-13%**	**617,320**	**617,888**	**0%**
IMU Health	**9,623**	**6,986**	**38%**	**84,935**	**80,645**	**5%**
Others^	**(17,822)**	**10,879**	**NM**	**(64,397)**	**(50,839)**	**-27%**
Group (Excluding PLife REIT)	**603,936**	**541,236**	**12%**	**2,156,011**	**1,996,796**	**8%**
PLife REIT[4]	**120,126**	**74,469**	**61%**	**321,688**	**282,684**	**14%**
Group	**724,062**	**615,705**	**18%**	**2,477,699**	**2,279,480**	**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 FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2018

<u>Q4 2018 vs Q4 2017</u>

The Group's revenue and EBITDA increased 10% and 18% respectively in Q4 2018 over the same period last year, as a result of the sustained organic growth from existing operations and the continuous ramp up of Gleneagles Hong Kong Hospital and Acibadem Altunizade Hospital (both opened in March 2017). The acquisition of Amanjaya (acquired in October 2018) and Fortis (acquired in November 2018) also contributed to the increase in both the Group's Q4 2018 revenue and EBITDA. Excluding the effects of the strengthening RM, the Group's revenue and EBITDA increased 28% and 33% respectively in Q4 2018 over the same period last year.

The Group's Q4 2018 EBITDA was boosted by the RM50.4 million revaluation gain on PLife REIT's investment properties as compared to RM6.4 million revaluation gain in Q4 2017.

The Group's Q4 2018 PATMI excluding exceptional items ("PATMI (Excl EI)") increased 88% to RM341.5 million on stronger operational performance, foreign exchange gain of RM44.7 million mainly arising from the stronger USD on the Group's USD-denominated cash balances and write back of prior year tax provisions in Q4 2018. In Q4 2017, RM18.2 million exchange losses was recognised due to the weakening of the USD on the Group's USD denominated cash balances. Q4 2018 PATMI (Excl EI) was partially eroded by fair value loss on financial derivatives amounting to RM37.1 million compared to a gain of RM9.3 million in Q4 2017.

Parkway Pantai

Parkway Pantai's Q4 2018 revenue increased 21% to RM2,125.8 million whilst its EBITDA increased 36% to RM431.9 million. Excluding the effects of the strengthening RM on translation of Parkway Pantai's results, Parkway Pantai's Q4 2018 revenue increased 25% while its EBITDA increased 39% 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 and Gleneagles Hong Kong Hospital. Amanjaya and Fortis contributed RM8.8 million and RM217.1 million respectively to the Group's revenue since acquisition. Parkway Pantai's existing hospitals and healthcare businesses also grew.

Parkway Pantai's Singapore hospitals inpatient admissions was flat at 19,327 in Q4 2018 while its revenue per inpatient admission increased 9.1% to RM31,983. Parkway Pantai's Malaysia hospitals' inpatient admissions increased 12.0% to 55,196 inpatient admissions in Q4 2018, while its revenue per inpatient admission increased 3.7% to RM6,653. Parkway Pantai's India hospitals inpatient admissions increased 114.5% to 39,210 with the inclusion of Fortis' inpatient admissions since acquisition. However, Parkway Pantai's India hospitals' revenue per inpatient admission decreased 6.9% to RM6,890 as Fortis' revenue intensity is generally lower than Parkway Pantai's existing operations in India.

Parkway Pantai's Q4 2018 EBITDA was boosted by Gleneagles Hong Kong Hospital's decreasing start-up losses, which decreased from RM65.3 million in Q4 2017 to RM39.4 million in Q4 2018, as a result of operating leverage. Amanjaya and Fortis contributed RM4.0 million and RM13.5 million respectively to Parkway Pantai's EBITDA since acquisition.

Parkway Pantai's Q4 2017 EBITDA was a low base as it included a RM21.9 million acquisition related expenses recharged from IHH's Others segment to Parkway Pantai segment.

Acibadem Holdings

Acibadem Holdings' Q4 2018 revenue decreased 9% to RM940.0 million whilst its EBITDA decreased 13% to RM180.2 million. Excluding the effects of the strengthening RM on translation of Acibadem Holdings' results, Acibadem Holdings' Q4 2018 revenue increased 33% while its EBITDA increased 27% over corresponding period last year.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2018

Acibadem Altunizade Hospital, which was opened in March 2017, contributed to Acibadem Holdings' revenue growth in Q4 2018. On a blended and constant currency basis, Acibadem Kadikoy Hospital[1], Acibadem Kozyatagi Hospital[1] and Acibadem Altunizade Hospital revenue increased 40% in Q4 2018 as compared to Q4 2017. Acibadem Holdings' existing hospitals and healthcare businesses also grew.

Acibadem Holdings' inpatient admissions grew 0.3% to 57,230 in Q4 2018 with contribution from Acibadem Altunizade Hospital and as well as ramp up operations of existing hospitals. Its revenue per inpatient admission grew 32.3% to RM8,611 in Q4 2018 with price increase 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 increased 52% in Q4 2018 as compared to Q4 2017.

IMU Health

IMU Health's Q4 2018 revenue increased 9% to RM64.4 million due higher student intake and population for certain courses in Q4 2018 as compared to Q4 2018.

IMU Health's Q4 2018 EBITDA increased 38% to RM9.6 million on the back of higher revenue in Q4 2018 and cost containment.

PLife REIT

PLife REIT's Q4 2018 external revenue increased 3% to RM33.8 million, whilst its EBITDA increased 61% to RM120.1 million. Excluding the effects of the strengthening RM on translation of PLife REIT's results, PLife REIT's Q4 2018 revenue increased and EBITDA increased 5% and 67% respectively as compared to Q4 2017

The increase in PLife REIT's Q4 2018 EBITDA was mainly due to the recognition of RM50.4 million revaluation gain on its investment properties as compared to RM6.4 million revaluation gain in Q4 2017.

Others

Revenue in Q4 2018 and Q4 2017 relates to dividends from the Company's investments in MMF. More dividends was received in Q4 2018 due to larger amount of RM179.6 million invested in MMF in Q4 2018.

Q4 2017 EBITDA included a recharge of RM21.9 million acquisition-related expenses to Parkway Pantai segment. Excluding this recharge, Q4 2018 EBITDA losses increased mainly due to higher staff costs and other operating expenses with the increased operations of the Group.

YTD 2018 vs YTD 2017

The Group's revenue and EBITDA increased 3% and 9% respectively in YTD 2018 over the same period last year, as a result of the sustained organic growth from existing operations and the continuous ramp up of the 2 hospitals opened in March 2017. Amanjaya and Fortis also contributed to the increase in the Group's YTD 2018 revenue and EBITDA. Excluding the effects of the strengthening RM, the Group's revenue and EBITDA increased 19% and 21% respectively in YTD 2018 over the same period last year.

The Group's YTD 2018 EBITDA was boosted by the RM50.4 million revaluation gain on PLife REIT's investment properties as compared to RM6.4 million revaluation gain in YTD 2017.

The Group's YTD 2018 PATMI (Excl EI) increased 73% to RM1,027.6 million, boosted by foreign exchange gain of RM67.9 million mainly arising from the stronger USD on the Group's USD-denominated cash balances as compared to RM66.4 million exchange losses recognised in YTD 2017. YTD 2018 PATMI (Excl EI) also included the write back of prior year tax provisions.

[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 FOR THE FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2018

Parkway Pantai

Parkway Pantai's YTD 2018 revenue increased 8% to RM7,450.4 million whilst its EBITDA increased 13% to RM1,518.2 million. Excluding the effects of the strengthening RM on translation of Parkway Pantai's results, Parkway Pantai's YTD 2018 revenue and EBITDA increased 13% and 15% respectively 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 as well as Gleneagles Hong Kong Hospital. Amanjaya and Fortis contributed RM8.8 million and RM217.1 million respectively to the Group's revenue since acquisition. Parkway Pantai's existing hospitals and healthcare businesses also grew.

Parkway Pantai's Singapore hospitals inpatient admissions increased 0.6% to 76,917 in YTD 2018, while its revenue per inpatient admission increased 7.7% to RM31,213. Parkway Pantai's Malaysia hospitals inpatient admissions increased 3% to 203,419 in YTD 2018, while its revenue per inpatient admission increased 6.1% to RM6,615. Parkway Pantai's India hospitals inpatient admissions increased 23.3% to 88,793 with the inclusion of Fortis' inpatient admissions since acquisition. However, Parkway Pantai's India hospitals revenue per inpatient admission decreased 1.7% to RM7,463 as Fortis' revenue intensity is generally lower than Parkway Pantai's existing operations in India.

Parkway Pantai's Q4 2018 EBITDA was boosted by Gleneagles Hong Kong Hospital's decreasing start-up losses, which decreased from RM284.0 million in YTD 2017 to RM178.1 million in YTD 2018, as a result of operating leverage. Amanjaya and Fortis contributed RM4.0 million and RM13.5 million respectively to Parkway Pantai's EBITDA since acquisition.

Acibadem Holdings

Acibadem Holdings' YTD 2018 revenue decreased 5% to RM3,676.2 million whilst its EBITDA remained flat at RM617.3 million. Excluding the effects of the strengthening RM on translation of Acibadem Holdings' results, Acibadem Holdings' YTD 2018 revenue increased 32% while its EBITDA increased 38% over corresponding period last year.

Acibadem Altunizade Hospital, which was opened in March 2017, contributed to Acibadem Holdings' revenue growth in YTD 2018. On a blended and constant currency basis, Acibadem Kadikoy Hospital[2], Acibadem Kozyatagi Hospital[2] and Acibadem Altunizade Hospital revenue increased 51% in YTD 2018 as compared to YTD 2017. Acibadem Holdings' existing hospitals and healthcare businesses also grew.

Acibadem Holdings' inpatient admissions grew 7.4% to 229,433 in YTD 2018 with contribution from Acibadem Altunizade Hospital as well as Tokuda and City Clinic Group in Bulgaria. Its revenue per inpatient admission grew 24.4% to RM7,721 in YTD 2018 with price increase imposed on private insurance and out-of-pocket patients, more complex cases taken and increase in foreign patients.

IMU Health

IMU Health's YTD 2018 revenue increased 3% to RM257.5 million as a result of the higher student intake and higher student population for certain courses.

IMU Health's YTD 2018 EBITDA increased 5% to RM84.9 million with higher revenue and cost containment.

PLife REIT

PLife REIT's YTD 2018 external revenue decreased 1% to RM133.2 million, whilst its EBITDA increased 14% to RM321.7 million. Excluding the effects of the strengthening RM on translation of PLife REIT's results, PLife REIT's YTD 2018 revenue and EBITDA increased 4% and 19% respectively over corresponding period last year.

[2] 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 FOR THE FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2018

The increase in PLife REIT's YTD 2018 EBITDA was mainly due to the recognition of RM50.4 million revaluation gain on its investment properties as compared to RM6.4 million revaluation gain in YTD 2017.

Others

More dividends was received in YTD 2018 due to larger amount invested in MMF in YTD 2018. EBITDA losses increased as a result of higher staff costs and other operating expenses with the increased operations of the Group.

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	4th quarter ended 31 Dec 2018 RM'000	3rd quarter ended 30 Sept 2018 RM'000	Variance %
REVENUE[1]			
Parkway Pantai:			
- Singapore	1,027,454	986,855	4%
- Malaysia	551,128	503,087	10%
- India	356,846	161,757	121%
- North Asia	139,542	118,324	18%
- PPL Others*	50,873	49,360	3%
Parkway Pantai	**2,125,843**	**1,819,383**	**17%**
Acibadem Holdings	**939,994**	**922,507**	**2%**
IMU Health	**64,388**	**64,422**	**0%**
Others^	**1,364**	**1,053**	**30%**
Group (Excluding PLife REIT)	**3,131,589**	**2,807,365**	**12%**
PLife REIT total revenue	85,371	84,768	1%
Less: PLife REIT inter-segment revenue	(51,612)	(51,218)	-1%
PLife REIT	**33,759**	**33,550**	**1%**
Group	**3,165,348**	**2,840,915**	**11%**
EBITDA[2]			
Parkway Pantai[3]:			
- Singapore	320,715	301,502	6%
- Malaysia	167,045	149,954	11%
- India	2,082	586	NM
- North Asia	(54,677)	(59,552)	8%
- PPL Others*	(3,235)	4,205	-177%
Parkway Pantai	**431,930**	**396,695**	**9%**
Acibadem Holdings	**180,205**	**139,966**	**29%**
IMU Health	**9,623**	**25,417**	**-62%**
Others^	**(17,822)**	**(12,900)**	**-38%**
Group (Excluding PLife REIT)	**603,936**	**549,178**	**10%**
PLife REIT[4]	**120,126**	**67,649**	**78%**
Group	**724,062**	**616,827**	**17%**

[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 FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2018

Q4 2018 vs Q3 2018

Q3 is typically a slow quarter for the Group due to the summer months in Turkey. The Group rebounded from the seasonal lows in Q3 2018 and recorded 11% and 17% increase in quarter-on-quarter revenue and EBITDA respectively. Amanjaya and Fortis also contributed to the Group's quarter-on-quarter revenue and EBITDA growth since their acquisition during Q4 2018.

In addition, the Group recognised RM50.4 million revaluation gain on PLife REIT's investment properties in Q4 2018.

The Group's Q4 2018 PATMI (Excl EI) decreased 11% quarter-on-quarter mainly due to the RM37.1 million fair value loss of financial derivatives recognised in Q4 2018 as compared to RM48.4 million fair value gain recognised in Q3 2018, and write back of prior year tax provisions in Q4 2018.

Parkway Pantai

Parkway Pantai's revenue increased 17% while its EBITDA increased 9% quarter-on-quarter. Q4 2018 revenue was also boosted by the contribution from Amanjaya and Fortis since acquisition.

Parkway Pantai's Singapore hospitals inpatient admissions increased 0.6% quarter-on-quarter, while its revenue per inpatient admission increased 1.4% quarter-on-quarter. Parkway Pantai's Malaysia hospitals inpatient admissions increased 10.4% quarter-on-quarter, while its revenue per inpatient admission decreased 0.4% quarter-on-quarter as a result of case mix. Parkway Pantai's India hospitals inpatient admissions increased 141.1% quarter-on-quarter with the inclusion of Fortis' inpatient admissions since acquisition. However, Parkway Pantai's India hospitals' revenue per inpatient admission decreased 13.5% quarter-on-quarter as a result of case mix at its existing operations and also due to Fortis' revenue intensity being generally lower than existing operations in India.

Acibadem Holdings

Acibadem Holdings' revenue increased 2% while its EBITDA increased 29% quarter-on-quarter. Excluding the effects of the strengthening RM on translation of Acibadem Holdings' results, Acibadem Holdings' Q4 2018 revenue and EBITDA increased 11% and 38% quarter-on-quarter respectively.

Acibadem Holdings' inpatient admissions increased 4.4% quarter-on-quarter due to seasonality, while its revenue per inpatient admission increased 4.2% with more complex cases taken.

Acibadem Holding's Q4 2018 EBITDA increased on the back of the revenue growth and boosted by operating leverage from the ramp up of operations in Acibadem Altunizade Hospitals.

IMU Health

IMU Health's revenue was flat quarter-on-quarter, whilst its EBITDA decreased 62% quarter-on-quarter. Higher student recruitment promotional expenses were incurred in Q4 2018, in line with increased recruitment activities during the quarter.

PLife REIT

PLife REIT's Q4 2018 external revenue increased 1% quarter-on-quarter, while its EBITDA increased 78% quarter-on-quarter due to the recognition of RM50.4 million revaluation gain on its investment properties in Q4 2018.

Others

Q4 2018 revenue increased 30% quarter-on-quarter as a result of higher dividends received from MMF investment. EBITDA loses increased 38% quarter-on-quarter mainly due to a low base in Q3 2018 where there was a recharge of staff costs to Parkway Pantai segment.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2018

B3 NEXT FINANCIAL YEAR PROSPECTS

Parkway Pantai

Parkway Pantai believes that the potential for growth in its home markets of Malaysia, Singapore and India, continues to be supported by aging demographics, rising affluence and improved case mix. Gleneagles Hospital Hong Kong's EBITDA losses is expected to narrow in 2019, as it further ramps up its operations and achieves operating leverage.

Besides its traditional home markets of Singapore and Malaysia, Parkway Pantai is progressively building up its presence in India, China and Southeast Asia to prepare for its next phase of growth, where the demand for quality healthcare services continues to be strong. In China, construction of Gleneagles Chengdu Hospital is moving ahead and is slated to open in late 2019. Recruitment of local and international doctors as well as senior hospital management staff is ongoing. Construction of Gleneagles Shanghai Hospital, in Hongqiao, is moving ahead and is slated to open in late 2020. Consequentially, we would start to incur capital expenditure and pre-operating costs leading up to its phased bed opening.

With the acquisition of a 31.1% stake in Fortis in November 2018, Fortis will contribute to the Group's revenue and increase the Group's presence across India. Parkway Pantai will focus on integrating and executing its turnaround plans for Fortis in the short to medium term.

Acibadem Holdings

Acibadem Holdings expects its patient volumes to grow with the continued demand, increased affordability of private healthcare and more foreign medical travelers coming to Turkey to seek medical treatment. Acibadem Altunizade Hospital will also continue to contribute to Acibadem Holdings' revenue as patient volumes grows and more complex cases are undertaken. Acibadem Maslak Hospital's capacity has recently been expanded and more beds were added. The new expanded facility commenced operations in early October, making it the largest private hospital in Turkey.

On 30 November 2018, the Group increased its stake in Acibadem Holdings to almost 90%, and IHH is taking clear steps to deleverage Acibadem Holdings' balance sheet.

Overall IHH Group Prospects

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

While the Group expects the pre-operating costs and start-up costs of new operations to partially erode its profitability during the initial stages, the Group seeks to mitigate the effects by ramping up patient volumes in tandem with phasing in opening of wards at these new facilities to achieve optimal operating leverage.

The Group expects higher costs of operations arising from wage inflation as a result of increased competition for trained healthcare personnel in its home markets. While such sustained cost pressures may potentially reduce the Group's EBITDA and margins, the Group expects to mitigate these effects through improvements in case mix and tight cost control.

The Group will increasingly leverage technology to increase productivity and enhance our service offerings. This includes adopting more advance medical treatment for our patients in order to improve clinical outcomes. The Group has embraced artificial intelligence to improve the accuracy of bill estimates for our patients, and is planning to implement this predictive system across our hospitals in phases.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2018

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

As the Group consolidates its market leading positions and improves its hospitals' operational performance around excellent clinical outcomes, operational efficiency and cost, the Group is confident that its core business remains resilient amidst cautious business sentiment.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	4th quarter ended		Financial period ended	
	31 Dec 2018 RM'000	**31 Dec 2017 RM'000**	**31 Dec 2018 RM'000**	**31 Dec 2017 RM'000**
Current tax expense	66,264	82,743	333,992	345,726
Deferred tax expense	35,927	(17,692)	(71,382)	(11,101)
	102,191	65,051	262,610	334,625

Q4 2018 effective tax rate* was 12.7% mainly due to certain non-taxable income (refer to page 2 for list of exceptional items), write back of prior year tax provisions, and partially offset by unrecognised tax losses of Gleneagles Hong Kong.

YTD 2018 effective tax rate* was 35.5% mainly due to certain non-tax deductible expenses (refer to page 2 for list of exceptional items), write back of prior year tax provisions, and partially offset by unrecognised tax losses of Gleneagles Hong Kong Hospital.

Q4 2017 effective tax rate* was 63.8% mainly due to the unrecognised tax losses of Gleneagles Hong Kong Hospital.

YTD 2017 effective tax rate* was 28.8% mainly due to the RM554.5 million non-taxable gain arising from the disposal of the Group's interest Apollo Hospitals, partially offset by unrecognised tax losses of Gleneagles Hong Kong Hospital.

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

B6 STATUS OF CORPORATE PROPOSALS

Save as disclosed below, there were no other corporate proposals announced but not completed as at 20 February 2019:

1. Proposed subscription of 235,294,117 new equity shares of face value of Indian Rupee ("INR") 10 each ("Fortis Shares") in Fortis Healthcare Limited ("Fortis") through preferential allotment by Fortis to an indirect wholly-owned subsidiary of IHH, Northern TK Venture Pte Ltd ("NTK" or the "Acquirer") ("Proposed Subscription");

   Mandatory Open Offer for acquisition of up to 197,025,660 Fortis Shares representing additional 26% of the Expanded Voting Share Capital (as defined herein) of Fortis by the Acquirer ("Fortis Open Offer"); and

   Mandatory Open Offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of INR 10 each, representing 26% of the fully diluted voting equity share capital of Fortis Malar Hospitals Limited ("Malar") by the Acquirer ("Malar Open Offer").

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2018

(a) On 13 July 2018, NTK entered into a share subscription agreement ("Fortis SSA") with Fortis, as issuer, for the proposed subscription of 235,294,117 new Fortis Shares ("Subscription Securities") by way of preferential allotment representing approximately 31.1% of the total voting equity share capital of Fortis on a fully diluted basis (inclusive of the Subscription Securities) ("Expanded Voting Share Capital") in accordance with the terms of the Fortis SSA ("Proposed Subscription");

(b) pursuant to the board resolution dated 13 July 2018 passed by the board of directors of Fortis approving the Proposed Subscription and execution of the Fortis SSA ("Fortis Board Resolution"), NTK, together with IHH and Parkway Pantai Limited, in their capacity as the persons acting in concert with the Acquirer (collectively, the "PACs") intend to on 13 July 2018, in terms of Regulations 3(1) and 4 read with Regulation 15(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended) ("SEBI (SAST) Regulations"), release a public announcement ("Fortis Public Announcement") to the Fortis Shareholders (as defined below), in relation to the Fortis Open Offer. Save and except for the PACs, no other person is acting in concert with the Acquirer for the purpose of the Fortis Open Offer at the time of the Fortis Public Announcement being released; and

(c) pursuant to the Fortis Board Resolution and the filing of the Fortis Public Announcement, NTK together with the PACs intend to also on 13 July 2018, in terms of Regulations 3(1), 4 and 5(1) read with Regulations 13(2)(e) and 15(1) of the SEBI (SAST) Regulations, release a public announcement ("Malar Public Announcement") to the Malar Shareholders (as defined below) of Malar, in relation to the Malar Open Offer. Save and except for the PACs, no other person is acting in concert with the Acquirer for the purpose of the Malar Open Offer at the time of the Malar Public Announcement being released.

"Fortis Shareholders" shall mean all the shareholders of Fortis who are eligible to tender their shares in the Fortis Open Offer, excluding: (a) the Acquirer and the PACs; and (b) persons deemed to be acting in concert with the Acquirer and the PACs.

"Malar Shareholders" shall mean all the public shareholders of Malar excluding: (a) promoter and promoter group of Malar; (b) the Acquirer and the PACs; and (c) persons deemed to be acting in concert with the Acquirer and the PACs.

The Proposed Subscription, the Fortis Open Offer and the Malar Open Offer are collectively defined as the "Proposals". Please refer to the Company's announcement broadcast on 13 July 2018 for further details of the Proposals.

On 13 November 2018, all the Conditions Precedent for the Proposed Subscription as set out in the Fortis SSA have been fulfilled.

On 14 December 2018, the Honourable Supreme Court of India had passed an order ("Order") directing "status quo with regard to sale of the controlling stake in Fortis to Malaysian IHH Healthcare Berhad be maintained". In light of the Order, NTK and the PACs will not be able to proceed with the Fortis Open Offer and the Malar Open Offer for the time being until further order(s)/ clarification(s)/ direction(s) are issued by the Supreme Court of India and/or the Securities and Exchange Board of India (SEBI).

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2018

B7 LOANS, BORROWINGS AND OVERDRAFTS

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

	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Non-current		
Secured		
Bank borrowings	922,588	437,702
Loans from non-financial corporates	7,274	-
Financial lease liabilities	147,326	107,492
Unsecured		
Bank borrowings	6,705,231	5,257,584
Fixed rate notes	444,537	301,007
Debt component of compulsory convertible debentures ("CCD")	247,657	-
Loans from non-financial corporates	626	-
Loans from non-controlling interest of subsidiries	855,703	844,268
	9,330,942	6,948,053
Current		
Secured		
Bank overdrafts	81,215	68
Bank borrowings	319,486	36,412
Loans from non-financial corporates	1,976	
Financial lease liabilities	35,912	31,299
Unsecured		
Bank borrowings	765,087	622,276
Loans from non-financial corporates	647	-
	1,204,323	690,055
Total	10,535,265	7,638,108

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

	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Singapore Dollar	2,837,311	1,259,154
Ringgit Malaysia	503	500
US Dollar	525,422	492,525
Euro	2,208,311	2,175,558
Turkish Lira	103,421	75,483
Japanese Yen	1,481,993	1,380,935
Indian Rupees	1,219,405	347,298
Hong Kong Dollar	2,151,471	1,895,445
Bulgarian Lev	-	6,362
Others	7,428	4,848
	10,535,265	7,638,108

These CCDs are convertible into 131,026,000 shares of a subsidiary at a price of INR32.55 per share. The investor of the CCD has a right to convert each CCD into the conversion share at any time on or prior to the maturity date which is 18 years from the date of issue of the CCDs.

Key exchange rates as at 31 December 2018:

1 SGD	3.0404
1 TL	0.7802
1 USD	4.1657

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2018

B8 FINANCIAL DERIVATIVE INSTRUMENTS

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

	Notional amount as at 31 Dec 2018 RM'000	**Fair value amount as at 31 Dec 2018 RM'000**
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	625,337	5,559
- Between 1 - 3 years	8,416	307
- More than 3 years	53,620	415
	687,373	6,281
Put option		
- Within 1 year	16,199	3,756
	703,572	10,037
Derivative liabilities		
Interest rate swaps		
- Within 1 year	435,105	(1,070)
- Between 1 - 3 years	425,386	(1,306)
- More than 3 years	163,211	(715)
	1,023,702	(3,091)
Foreign exchange forward contracts		
- Between 1 - 3 years	120,703	(956)
Cross currency interest rate swaps		
- Between 1 - 3 years	380,626	(9,191)
Call option granted to non-controlling interests		
- Within 1 year	29,355	(4,861)
	1,554,386	(18,099)

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 FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 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 B13 for the fair value gain/loss recognised in the statement of profit or loss.

B9 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

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

B10 MATERIAL LITIGATIONS

The following material litigations and investigations of Fortis occurred prior to the Group's acquisition of its 31.1% interest in Fortis on 13 November 2018.

1) In respect of Escorts Heart Institute and Research Centre Limited ("EHIRCL"), a subsidiary of Fortis:

   i. The Delhi Development Authority ("DDA") had terminated the lease deeds and allotment letters relating to land parcels on which the Fortis Escorts Hospital exists due to certain alleged non-compliances of such documents. Consequent to the termination, the DDA issued show cause notices and initiated eviction proceedings against EHIRCL. These terminations, show cause notices and eviction proceedings have been challenged by EHIRCL before the Hon'ble High Court of Delhi, Hon'ble Supreme Court and Estate Officer, respectively which are currently pending. Based on the external legal counsel opinions, EHIRCL is of the view that it will be able to suitably defend the termination orders, show cause notices and eviction proceedings.

   ii. Further EHIRCL also has open tax demands of INR893.4 million (RM52.5 million) for various assessment years before the Indian Income-tax authorities. While the Commissioner of Income Tax (Appeals) decided the case in favour of EHIRCL in the past, the Income Tax Department has filed an appeal before Income Tax Appellate Tribunal ("ITAT") and the matter is currently pending at the ITAT. Based on management assessment, EHIRCL believes that it has a good chance of success in these cases. Nevertheless, EHIRCL has a right to appeal to the High Court and the Supreme Court of India, thereafter.

   iii. In relation to the judgement of the Hon'be High Court of Delhi relating to provision of free treatment/beds to the economically weaker sections of society pursuant to such obligations set forth under certain land grant orders/allotment letters ("EWS Obligations"), the Directorate of Health Services ("DoHS"), Government of NCT of Delhi, appointed a firm to calculate "unwarranted profits" arising to EHIRCL due to alleged non-compliance of such EWS Obligations. Following various hearings and

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2018

appeals between 2014 and 2018, in a hearing before the DoHS in May 2018, an order was passed imposing a penalty of INR5.03 billion (RM295.5 million) which was challenged by EHIRCL before the Delhi High Court. Through an order dated 1 June 2018, the Delhi High Court has issued notice and directed that no coercive steps may be taken subject to EHIRCL depositing a sum of INR50 million (RM2.9 million) before the DoHS. In compliance of the above direction, EHIRCL had deposited the stipulated amount on 20 June 2018. Next hearing in this matter is scheduled in March 2019. Based on its internal assessment and advice from its counsels on the basis of the documents available, EHIRCL believes it is in compliance of the EWS Obligations and expects the demand to be set aside.

2) In respect of Hiranandani Healthcare Private Limited ("HHPL"), a subsidiary of Fortis:

   Through an order dated January 8, 2017, the Navi Mumbai Municipal Corporation ("NMMC") has terminated the lease agreements with HHPL ("Termination Order") for certain alleged contravention of such hospital lease agreement. HHPL has filed a writ petition before the Hon'ble Supreme Court of India towards challenging the Termination Order. The writ petition has been tagged with special leave petition which has been which has also been filed by HHPL for *inter alia* challenging the actions of State Government, City Industrial Development Corporation and the NMMC which led to the passing of the Termination Order. The Hon'ble Supreme Court of India in the hearing held on 30 January 2017 ordered that *status quo* be maintained with regard to the operation of the hospital. Further, the special leave petition has been admitted by the Hon'ble Supreme Court on 22 January 2018 and *status quo* has been continuing ever since. Based on external legal counsel's opinion, HHPL is confident that it is in compliance of conditions of the hospital lease agreements and accordingly considers that no provisions were required.

3) A civil suit has been filed by a third party ("Claimant') against Fortis and certain subsidiaries (together "Defendants") before the District Court, Delhi alleging, *inter alia*, implied ownership of the "Fortis", "SRL" and "La-Femme" brands in addition to certain other financial claims and seeking a decree that consequent to a term sheet with a certain party, Fortis is liable for claims due to the Claimant from that certain party. In connection with this, the District Court passed an *ex-parte* order directing that any transaction undertaken by the defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed by the District Court in the said civil suit. Additionally, the said certain party with whom the term sheet had been allegedly signed has also claimed that Fortis has not abided by the aforementioned term sheet and has therefore claimed alleged ownership over the brands apart from the alleged claim to have a right to invest in Fortis.

   Fortis has filed written statements denying all allegations made against it and sought for dismissal of the said civil suit. Allegations made by the said certain party have been duly responded by Fortis denying (i) execution of any binding agreement with certain party, and (ii) liability of any kind whatsoever.

   In addition to the above, Fortis has also received four notices from the Claimant claiming (i) INR180 million (RM10.6 million) as per notices dated 30 May 2018, and 1 June 2018, (ii) INR2.16 billion (RM126.7 million) as per notice dated 4 June 2018, and (iii) INR196.2 million (RM11.5 million) as per notice dated 4 June 2018. All these notices have been responded by Fortis denying any liability whatsoever.

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

4) Fortis, having considered all necessary facts and taking into account external legal advice, had decided to treat as non-est the Letter of Appointment dated 27 September 2016, as amended, ("LOA") issued to Malvinder Mohan Singh, the erstwhile Executive Chairman in relation to his appointment as "Lead: Strategic Initiatives" in the Strategy Functions. The external legal counsel has also advised that the payments made to him under this LOA would be considered to be covered under the limits of Section 197 of the Indian Companies Act, 2013.

   In view of the above, Fortis has taken requisite action to recover the amounts paid to the erstwhile Executive Chairman during his tenure under the aforesaid LOA and certain additional amounts reimbursed in relation to expenses incurred (in excess of amounts approved by the Central Government under Section 197 of the Indian Companies Act 2013 for remuneration & other reimbursement), aggregating to INR200.2 million (RM11.8 million).

The erstwhile Executive Chairman has claimed an amount of INR461.0 million (RM27.1 million) from Fortis towards his terms of employment. Fortis has responded denying any liability whatsoever in this regards.

Fortis has also filed a complaint against the erstwhile Executive Chairman before the Economic Offence Wing, New Delhi in the above matter.

5) On 17 October 2018 and 21 December 2018, has passed an interim order and has observed that certain inter-corporate deposits ("ICDs") made by Fortis Hospitals Limited ("FHsL"), a wholly owned subsidiary of the Fortis, with some identified entities were so structured that they seem to be *prima facie* fictitious and fraudulent in nature resulting in *inter alia* diversion of funds from the Fortis for the ultimate benefit of erstwhile promoters of Fortis (and certain entities controlled by them). Further, SEBI issued certain interim directions *inter alia* directing Fortis and FHsL to take all necessary steps to recover INR4.03 billion (RM236.6 million) along with the due interest from the erstwhile promoters and various entities, as mentioned in the interim order. The amounts under the aforesaid ICDs have been fully provided for in the books.

   The SFIO had also initiated an investigation and has been seeking information in relation to Fortis, material subsidiaries of Fortis and its associates.

   The above-mentioned inquiries/investigations by SEBI and SFIO are still ongoing as at the date of the report.

Except for the above, there are no other material litigation or arbitration as at 20 February 2019 which may have a material effect on the financial position of the Group, and the Board is not aware of any other 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 (2017: 3 sen) for the financial year ended 31 December 2018, 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 FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 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.

	4th quarter ended		Financial period ended	
	31 Dec 2018 RM'000	**31 Dec 2017 RM'000**	**31 Dec 2018 RM'000**	**31 Dec 2017 RM'000**
Basic and diluted earnings per share is based on:				
i) Net profit attributable to ordinary shareholders				
Profit after tax and non-controlling interests	509,417	101,255	627,687	969,953
Perpetual securities distribution accrued	(22,468)	(22,583)	(85,846)	(38,639)
	486,949	78,672	541,841	931,314
ii) Net profit attributable to ordinary shareholders (excluding EI)				
Profit after tax and non-controlling interests(excluding EI)	341,539	181,878	1,027,587	595,304
Perpetual securities distribution accrued	(22,468)	(22,583)	(85,846)	(38,639)
	319,071	159,295	941,741	556,665
(a) Basic EPS				
	'000	**'000**	**'000**	**'000**
Weighted average number of shares	8,427,236	8,239,130	8,288,793	8,236,349
	Sen	**Sen**	**Sen**	**Sen**
Basic EPS	5.78	0.95	6.54	11.31
Basic EPS (excluding EI)	3.79	1.93	11.36	6.76

(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 period ended	
	31 Dec 2018 '000	**31 Dec 2017 '000**	**31 Dec 2018 '000**	**31 Dec 2017 '000**
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,427,236	8,239,130	8,288,793	8,236,349
Weighted number of unissued ordinary shares from units under Long Term Incentive Plan	2,489	3,411	3,264	4,080
Weighted number of unissued ordinary shares from share options under EOS	-	-	55	196
Weighted average number of dilutive ordinary shares for computation of diluted EPS	8,429,725	8,242,541	8,292,112	8,240,625
	Sen	**Sen**	**Sen**	**Sen**
Diluted EPS	5.78	0.95	6.53	11.30
Diluted EPS (excluding EI)	3.79	1.93	11.36	6.76

At 31 December 2018, 32,850,000 outstanding EOS options (31 December 2017: 13,253,000) 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 FINANCIAL PERIOD/YEAR ENDED 31 DECEMBER 2018

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

	4th quarter ended		Financial period ended	
	31 Dec 2018 RM'000	31 Dec 2017 RM'000	31 Dec 2018 RM'000	31 Dec 2017 RM'000
Dividend income	1,364	553	3,639	2,128
Other operating income	50,651	46,813	200,735	197,605
Foreign exchange differences	44,662	(18,103)	67,699	(66,453)
Impairment loss (made)/written back:				
- Goodwill	(66,168)	-	(66,168)	-
- Investment in a joint venture	(33,353)	-	(33,353)	-
- Trade and other receivables	8,911	(14,780)	34,539	(11,066)
- Inventories	(272)	-	(272)	-
- Amounts due from associates	-	(2)	-	901
- Amounts due from joint ventures	(52)	(575)	(52)	(575)
Write off:				
- Property, plant and equipment	(904)	(340)	(1,219)	(2,874)
- Intangible assets	(174)	(173)	(174)	(248)
- Inventories	(279)	(4,413)	(1,631)	(5,137)
- Trade and other receivables	(4,815)	(4,740)	(13,337)	(28,074)
Gain on disposal of property, plant and equipment	(287)	8,376	831	15,349
Gain on disposal of subsidiaries	-	1,149	-	1,149
Gain on disposal of quoted AFS financial instruments	-	-	-	554,500
Gain on disposal of unquoted AFS financial instruments	-	4,503	-	4,695
Change in fair value of investment properties	74,192	22,922	74,192	22,922
Gain/(Loss) on disposal of business units	2,925	167	2,925	(776)
Provision for financial guarantee given to a joint venture's loan facility	(2,843)	(391)	(3,967)	(1,570)
Insurance compensation for Chennai flood	(123)	-	17,186	-
Finance income				
Interest income	37,772	26,681	128,052	78,779
Exchange gain/(loss) on net borrowings	110	(105)	110	51,614
Fair value (loss)/gain of financial instruments	(8,936)	9,268	46,781	21,446
	28,946	35,844	174,943	151,839
Finance costs				
Interest expense	(89,484)	(88,549)	(283,682)	(277,196)
Exchange gain/(loss) on net borrowings	456,607	(173,591)	(644,949)	(463,804)
Fair value loss of financial instruments	(8,847)	(18,506)	(11,838)	(18,506)
Other finance costs	(19,257)	(11,393)	(38,353)	(34,798)
	339,019	(292,039)	(978,822)	(794,304)