IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
30 SEPTEMBER 2019

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

On 13 November 2018, the Group acquired 31.1% interest in Fortis Healthcare Limited ("Fortis"). On 15 January 2019, the Group completed the acquisition of another 4 subsidiaries. (Refer to Section A11(a) for details of the acquisition.) Generally, the consolidation of these entities upon acquisition resulted in an increase in the current period's revenue and expenses as compared to the corresponding period.

	Note	3rd quarter ended 30 Sept 2019 RM'000	3rd quarter ended 30 Sept 2018 RM'000	Variance %	Financial period ended 30 Sept 2019 RM'000	Financial period ended 30 Sept 2018 RM'000	Variance %
Revenue		3,788,364	2,840,915	33%	11,076,386	8,355,584	33%
Other operating income		83,008	80,938	3%	232,277	200,656	16%
Inventories and consumables		(745,208)	(551,473)	-35%	(2,172,205)	(1,602,988)	-36%
Purchased and contracted services		(408,473)	(230,493)	-77%	(1,183,731)	(666,587)	-78%
Development cost of properties sold		(481)	-	-	(481)	-	-
Staff costs		(1,353,789)	(1,126,165)	-20%	(4,026,804)	(3,366,138)	-20%
Depreciation and impairment losses of property, plant and equipment		(250,478)	(215,124)	-16%	(749,228)	(637,985)	-17%
Depreciation of right-of-use assets	1	(70,703)	-	-	(210,405)	-	-
Amortisation and impairment losses of intangible assets and prepaid lease payments	1	(13,971)	(14,261)	2%	(40,363)	(42,948)	6%
Operating lease expenses	1	(32,380)	(82,196)	61%	(76,649)	(243,626)	69%
Other operating expenses		(499,465)	(269,031)	-86%	(1,429,420)	(887,772)	-61%
Finance income	2	12,512	66,053	-81%	101,207	145,997	-31%
Finance costs	2	(118,807)	(816,906)	85%	(658,444)	(1,317,841)	50%
Share of profits/(loss) of associates (net of tax)	3	1,344	443	NM	(23,031)	1,135	NM
Share of profits of joint ventures (net of tax)		2,790	589	NM	7,884	2,105	NM
Profit/(Loss) before tax		**394,263**	**(316,711)**	**NM**	**846,993**	**(60,408)**	**NM**
Income tax expense	4	(112,413)	(37,754)	-198%	(372,168)	(160,419)	-132%
Profit/(Loss) for the period		**281,850**	**(354,465)**	**180%**	**474,825**	**(220,827)**	**NM**
Other comprehensive income/(expenses), net of tax							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation differences from foreign operations	5	(189,412)	116,776	NM	6,394	(544,286)	101%
Hedge of net investments in foreign operations	5	(37,821)	43,382	-187%	(62,262)	46,292	NM
Cash flow hedge		457	6,717	-93%	1,071	7,087	-85%
		(226,776)	166,875	NM	(54,797)	(490,907)	89%
Items that will not be reclassified subsequently to profit or loss							
Effect of change in tax rate on the past revaluation of property, plant and equipment upon transfer to investment properties		-	-	-	(2,454)	-	-
Net change in FVOCI* financial instruments		(9,241)	386	NM	(9,241)	759	NM
Remeasurement of defined benefits liabilities		2,006	-	-	1,312	-	-
		(7,235)	386	NM	(10,383)	759	NM
Total comprehensive income/(expenses) for the period		**47,839**	**(187,204)**	**126%**	**409,645**	**(710,975)**	**158%**
Profit/(Loss) attributable to:							
Owners of the Company		236,342	(104,071)	NM	510,846	118,270	NM
Non-controlling interests		45,508	(250,394)	118%	(36,021)	(339,097)	89%
Profit/(Loss) for the period		**281,850**	**(354,465)**	**180%**	**474,825**	**(220,827)**	**NM**
Total comprehensive income/(expenses) attributable to:							
Owners of the Company		68,917	159,493	-57%	477,729	(253,575)	NM
Non-controlling interests		(21,078)	(346,697)	94%	(68,084)	(457,400)	85%
Total comprehensive income/(expenses) for the period		**47,839**	**(187,204)**	**126%**	**409,645**	**(710,975)**	**158%**
Earnings per share (sen)							
Basic		2.44	(1.53)	NM	5.07	0.67	NM
Diluted		2.44	(1.53)	NM	5.07	0.67	NM

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 since 30 November 2018 (60% interest prior to 30 November 2018).

*: Fair valued through other comprehensive income

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

SUPPLEMENTARY INFORMATION

	Note	3rd quarter ended 30 Sept 2019 RM'000	3rd quarter ended 30 Sept 2018 RM'000	Variance %	Financial period ended 30 Sept 2019 RM'000	Financial period ended 30 Sept 2018 RM'000	Variance %
Profit/(loss) attributable to owners of the Company		**236,342**	**(104,071)**	**NM**	**510,846**	**118,270**	**NM**
Add back/(less): Exceptional items ("EI")							
Insurance compensation for Chennai flood		(9)	99		(3,482)	(17,309)	
Professional fees relating to a potential acquisition		-	3,730		-	3,730	
Provision for financial guarantee given on a joint venture's loan facility[i]		608	382		1,801	1,124	
Gain on disposal of an associate[ii]		(22,750)	-		(22,750)	-	
Share of loss of an associate[iii]	3	76	-		29,443	-	
Impairment loss on goodwill		14,762	-		14,762	-	
Change in fair value of put option		-	-		(11,334)	-	
Fair value changes of cross curency interest rate swaps[iv]	2	24,600	-		24,600	-	
Exchange (gain)/loss on net borrowings[v]	2	(83,364)	752,534		123,335	1,101,556	
		(66,077)	756,745		156,375	1,089,101	
Add/(less): Tax effects on EI		11,749	(71,056)		(19,863)	(140,860)	
Add/(less): Non-controlling interests' share of EI		20,326	(272,613)		(16,509)	(380,463)	
		(34,002)	413,076		120,003	567,778	
Profit attributable to owners of the Company, excluding EI[vi]		**202,340**	**309,005**	**-35%**	**630,849**	**686,048**	**-8%**
Earnings per share, excluding EI[vi] (sen)							
Basic		2.05	3.48	-41%	6.44	7.55	-15%
Diluted		2.05	3.48	-41%	6.44	7.55	-15%

NM: Not meaningful

Note:

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

ii. Disposal of an associate – The Medical and Surgical Centre Limited

iii. Share of losses of an associate, RHT Health Trust ("RHT"), arising mainly from RHT's loss on disposal of assets

iv. Fair value changes of the cross currency interest rate swaps which was entered to hedge a portion of Acibadem Holdings' foreign currency denominated borrowings

v. Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings (As at 30 September 2019, Euro/TL=6.1836, USD/TL=5.6591)

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

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

On 13 November 2018, the Group acquired 31.1% interest in Fortis. On 15 January 2019, the Group completed the acquisition of another 4 subsidiaries. (Refer to Section A11(a) for details of the acquisition.) Generally, the consolidation of these entities upon acquisition resulted in an increase in the current period's revenue and expenses as compared to the corresponding period.

The Group's reported results were also impacted by the relative movements in Ringgit Malaysia ("RM") against the exchange rates of the countries that the Group operates in. The RM weakened against Singapore Dollars ("SGD") but strengthened against Turkish Lira ("TL") in the current period as compared to previous year corresponding period.

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

1. The Group adopted MFRS 16, *Leases* prospectively with effect from 1 January 2019. As a result, the Group recognised depreciation of right-of-use assets ("ROU assets") instead of recognising operating lease expense and amortisation of prepaid lease payments on these assets. Refer to Section A1(b) for details on the effects of adoption of MFRS 16, *Leases.*

2. Acibadem Holdings recognised exchange gain or loss arising from the translation of its non-TL denominated borrowings/payables net of its non-TL denominated cash/receivables as finance income or finance cost respectively. In July 2019, Acibadem Holdings entered into cross-currency interest rate swaps ("CCIRS") to convert Euro 66.0 million bank loans and interest into Turkish Lira.

   The Group recognised RM83.4 million exchange gain and RM123.3 million exchange loss on translation of such non-TL balances in QTD 2019 and YTD 2019, as compared to an exchange loss of RM752.5 million and RM1.1 billion recognised in QTD 2018 and YTD 2018 respectively. In QTD 2019 and YTD 2019, the Group recognised RM24.6 million net fair values losses on the CCIRS.

   Interest expenses increased with the adoption of MFRS 16, additional loans taken to finance working capital, capital expenditure and acquisition of subsidiaries, as well as the conversion of Euro interest to TL interest, which is higher, through the above-mentioned CCIRS arrangement. This is partially offset by a reversal of RM21.8 million accrued interest on prior years' tax payable.

3. YTD 2019 share of losses of associates relates to RHT losses, arising mainly from RHT's loss on disposal of assets.

4. Refer to Section B5 for details on the tax expenses.

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

   In QTD 2019, the Group recorded a net foreign currency translation loss mainly as a result of strengthening of RM against SGD in the current quarter.

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

	30 Sept 2019	30 Sept 2018
1 SGD	3.0307	2.9756
1 TL	0.7336	0.8931

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

On 15 January 2019, the Group completed the acquisition of 4 subsidiaries, which generally resulted in an increase in balances on the statement of financial position as at 30 September 2019 as compared to 31 December 2018. (Refer to Section A11(a) for details of the acquisition.)

	Note	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Assets			
Property, plant and equipment	1	15,238,965	14,605,200
Right-of-use assets	1	3,300,932	-
Prepaid lease payments	1	-	1,017,810
Investment properties		3,368,615	3,310,429
Goodwill on consolidation	2	12,767,080	11,829,197
Intangible assets		2,055,574	2,109,136
Interests in associates	3	79,891	710,036
Interests in joint ventures		122,066	115,334
Other financial assets	4	7,166	18,668
Trade and other receivables		153,163	112,420
Tax recoverable		367,700	285,866
Derivative assets		-	722
Deferred tax assets		513,498	463,898
Total non-current assets		**37,974,650**	**34,578,716**
Development properties		80,308	80,729
Inventories		347,435	350,729
Trade and other receivables		2,100,106	1,959,970
Tax recoverable		29,246	18,020
Other financial assets		309,692	347,185
Derivative assets		30	9,315
Cash and cash equivalents		4,644,996	7,763,398
		7,511,813	10,529,346
Assets classified as held for sale		6,854	6,448
Total current assets		**7,518,667**	**10,535,794**
Total assets		**45,493,317**	**45,114,510**
Equity			
Share capital		19,455,138	19,427,586
Other reserves		(1,559,114)	(1,665,515)
Retained earnings		4,404,963	4,231,930
Total equity attributable to owners of the Company		**22,300,987**	**21,994,001**
Perpetual securities		2,135,837	2,157,943
Non-controlling interests		3,889,413	4,355,141
Total equity		**28,326,237**	**28,507,085**
Liabilities			
Loans and borrowings	5	7,739,048	9,330,942
Lease liabilities	1	1,869,406	-
Employee benefits		110,270	98,938
Trade and other payables		568,470	691,264
Derivative liabilities		63,239	12,168
Deferred tax liabilities		1,086,542	991,273
Total non-current liabilities		**11,436,975**	**11,124,585**
Bank overdrafts		67,025	81,215
Loans and borrowings	5	1,198,978	1,123,108
Lease liabilities	1	205,951	-
Employee benefits		134,377	130,547
Trade and other payables		3,780,831	3,751,568
Derivative liabilities		34,545	5,931
Tax payable		308,398	390,471
Total current liabilities		**5,730,105**	**5,482,840**
Total liabilities		**17,167,080**	**16,607,425**
Total equity and liabilities		**45,493,317**	**45,114,510**
Net assets per share attributable to owners of the Company[1] (RM)		2.54	2.51

[1] Based on 8,774.0 million and 8,769.3 million shares issued as at 30 September 2019 and 31 December 2018 respectively.

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the 2018 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

On 15 January 2019, the Group completed the acquisition of 4 subsidiaries, which generally resulted in an increase in balances on the statement of financial position as at 30 September 2019 as compared to 31 December 2018. (Refer to Section A11(a) for details of the acquisition.)

The Group's reported financial position were also impacted by the relative movements in Ringgit Malaysia ("RM") against the exchange rates of the countries that the Group operates in. The RM weakened against SGD and strengthened against TL as at 30 September 2019 as compared to 31 December 2018.

1. The Group adopted MFRS 16, *Leases* prospectively with effect from 1 January 2019. As a result, the Group recognised ROU assets and lease liabilities relating to certain operating lease arrangements, and it also reclassified certain assets from property, plant and equipment and prepaid lease payments to ROU assets. Refer to Section A1(b) for details on the effects of adoption of MFRS 16, *Leases*.

2. The Group recognised goodwill of RM1,045.3 million on its acquisition of 4 subsidiaries in 2019. As at 30 September 2019, the Group is in the midst of performing a purchase price allocation ("PPA") for this acquisition and would adjust the goodwill amount accordingly upon the completion of the PPA. Refer to Section A11(a) for details of the acquisition. The increase in goodwill was partially offset by an impairment made on the goodwill over other operating unit of RM14.8 million.

   This is further offset by another RM57.8 million decrease in goodwill relating to the Group's acquisition of Fortis. The Group is in the midst of performing a PPA for its acquisition of Fortis and would adjust the goodwill amount accordingly until the completion of the PPA.

3. Investment in associates decreased mainly due to dividend payment by RHT Health Trust ("RHT") in Q1 2019, and the sale of investment in an associate, The Medical and Surgical Center Limited, in July 2019.

4. The decrease in non-current other assets was mainly due to the disposal of the Group's investment in FWD Singapore Pte. Ltd.

5. Loans and borrowings decreased mainly due to repayment of RM1,033.9 million in 2019 by a subsidiary, Acıbadem Sağlık Yatirimlari Holding A.Ş. ("ASYH"). In addition, the Group reclassified finance lease liabilities to lease liabilities upon adoption of MFRS 16, *Leases* with effect from 1 January 2019. This is partially offset by additional loans taken to finance working capital, capital expenditure and acquisition of subsidiaries.

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

	30 Sept 2019	31 Dec 2018
1 SGD	3.0404	3.0404
1 TL	0.7376	0.7802

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	<---------- Attributable to owners of the Company ---------->												
	<---------- Non-distributable ---------->								Distributable				
	Share capital 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 2019	19,427,586	61,379	-	85,890	16,715	(3,927,522)	51,522	2,046,501	4,231,930	21,994,001	2,157,943	4,355,141	28,507,085
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	34	-	34	-	6,360	6,394
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	(22,165)	-	(22,165)	-	(40,097)	(62,262)
Cash flow hedge	-	-	-	-	382	-	-	-	-	382	-	689	1,071
Net change in fair value of FVOCI financial instruments	-	-	(9,241)	-	-	-	-	-	-	(9,241)	-	-	(9,241)
Effect of change in tax rate on the past revaluation of property, plant and equipment upon transfer to investment properties	-	-	-	(2,454)	-	-	-	-	-	(2,454)	-	-	(2,454)
Remeasurement of defined benefits liabilities	-	-	-	-	-	-	-	-	327	327	-	985	1,312
Total other comprehensive (expenses)/income for the period	-	-	(9,241)	(2,454)	382	-	-	(22,131)	327	(33,117)	-	(32,063)	(65,180)
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	510,846	510,846	-	(36,021)	474,825
Total comprehensive (expenses)/income for the period	-	-	(9,241)	(2,454)	382	-	-	(22,131)	511,173	477,729	-	(68,084)	409,645
Contributions by and distributions to owners of the Company													
- Share-based payment	-	40,085	-	-	-	279	-	-	-	40,364	-	618	40,982
- Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	(263,220)	(263,220)	-	-	(263,220)
	-	40,085	-	-	-	279	-	-	(263,220)	(222,856)	-	618	(222,238)
Transfer to share capital for share options exercised	27,552	(27,552)	-	-	-	-	-	-	-	-	-	-	-
Cancellation of vested share options	-	(279)	-	-	-	-	-	-	279	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	1	(3,601)	-	(5)	-	(3,605)	-	(470,821)	(474,426)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	99,595	99,595
Transfer per statutory requirements	-	-	-	-	-	-	1,930	-	(1,930)	-	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	47,245	-	-	-	47,245	-	5,476	52,721
Transfer of accumulated fair value loss to retained earnings upon disposal of the FVOCI equity instruments	-	-	9,241	-	-	-	-	-	(9,241)	-	-	-	-
Transfers from hedge reserves to revenue reserves	-	-	-	-	(1,812)	-	-	-	1,812	-	-	-	-
Overprovision of transaction costs in prior years' dilution in interest in subsidiaries	-	-	-	-	-	73,966	-	-	-	73,966	-	-	73,966
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(160,454)	(160,454)
Payment of coupon on perpetual securities	-	-	-	-	-	347	-	-	-	347	(87,946)	-	(87,599)
Accrued perpetual securities distribution	-	-	-	-	-	-	-	-	(65,840)	(65,840)	65,840	-	-
Purchase price allocation adjustments	-	-	-	-	-	-	-	-	-	-	-	127,942	127,942
Total transactions with owners of the Company	27,552	12,254	9,241	-	(1,811)	118,236	1,930	(5)	(338,140)	(170,743)	(22,106)	(397,644)	(590,493)
At 30 September 2019	19,455,138	73,633	-	83,436	15,286	(3,809,286)	53,452	2,024,365	4,404,963	22,300,987	2,135,837	3,889,413	28,326,237

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	<---------------------------------- Attributable to owners of the Company								--->				
	<-- Non-distributable						-------------------------------------->		Distributable				
	Share capital 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	-	-	-	-	-	-	-	(391,623)	-	(391,623)	-	(152,663)	(544,286)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	16,494	-	16,494	-	29,798	46,292
Cash flow hedge	-	-	-	-	2,525	-	-	-	-	2,525	-	4,562	7,087
Net change in fair value of FVOCI financial instruments	-	-	759	-	-	-	-	-	-	759	-	-	759
Total other comprehensive income/(expenses) for the period	-	-	759	-	2,525	-	-	(375,129)	-	(371,845)	-	(118,303)	(490,148)
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	118,270	118,270	-	(339,097)	(220,827)
Total comprehensive income/(expenses) for the period	-	-	759	-	2,525	-	-	(375,129)	118,270	(253,575)	-	(457,400)	(710,975)
Contributions by and distributions to owners of the Company													
- Share options exercised	1,282	-	-	-	-	-	-	-	-	1,282	-	-	1,282
- Share-based payment	-	31,005	-	-	-	-	-	-	-	31,005	-	-	31,005
- Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	(247,338)	(247,338)	-	-	(247,338)
	1,282	31,005	-	-	-	-	-	-	(247,338)	(215,051)	-	-	(215,051)
Transfer to share capital for share options exercised	31,395	(31,395)	-	-	-	-	-	-	-	-	-	-	-
Cancellation of vested share options	-	(970)	-	-	-	-	-	-	970	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	1	19,070	-	(3)	-	19,068	-	63,274	82,342
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	1,589	1,589
Issue of shares by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	9,101	9,101
Transfer per statutory requirements	-	-	-	-	-	-	3,755	-	(3,755)	-	-	-	-
Changes in fair value of put options granted to non-controlling interests	-	-	-	-	-	(14,123)	-	-	-	(14,123)	-	(71,978)	(86,101)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(150,281)	(150,281)
Payment of perpetual securities distribution	-	-	-	-	-	206	-	-	-	206	(86,530)	-	(86,324)
Accrued perpetual securities distribution	-	-	-	-	-	-	-	-	(63,378)	(63,378)	63,378	-	-
Total transactions with owners of the Company	32,677	(1,360)	-	-	1	5,153	3,755	(3)	(313,501)	(273,278)	(23,152)	(148,295)	(444,725)
At 30 September 2018	16,495,671	53,599	759	85,890	17,726	(1,009,939)	51,510	1,914,443	3,753,650	21,363,309	2,135,512	1,246,209	24,745,030

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the 2018 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 PERIOD ENDED 30 SEPTEMBER 2019

	Financial period ended	
	30 Sept 2019	**30 Sept 2018**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit before tax	846,993	(60,408)
Adjustments for:		
Dividend income	(2,614)	(2,275)
Finance income	(101,207)	(145,997)
Finance costs	658,444	1,317,841
Depreciation and impairment losses of property, plant and equipment	749,228	637,985
Depreciation of ROU assets	210,405	-
Amortisation and impairment losses of intangible assets and prepaid lease payments	40,363	42,948
Impairment loss made/(written back):		
- Goodwill	14,762	-
- Trade and other receivables	44,222	(25,628)
- Inventories	262	-
Write-off:		
- Property, plant and equipment	1,667	315
- Inventories	2,337	1,352
- Trade and other receivables	10,138	8,522
Gain on disposal of property, plant and equipment	73	(1,118)
Gain on disposal of an associate	(22,750)	-
Provision for financial guarantee given to a joint venture's loan facility	1,801	1,124
Share of loss/(profits) of associates (net of tax)	23,031	(1,135)
Share of profits of joint ventures (net of tax)	(7,884)	(2,105)
Equity-settled share-based payment	40,982	31,005
Net unrealised foreign exchange differences	117,764	(57,048)
Operating profit before changes in working capital	**2,628,017**	**1,745,378**
Changes in working capital:		
Trade and other receivables	(62,804)	(64,102)
Development properties	421	(28)
Inventories	1,000	(11,450)
Trade and other payables	(377,906)	(95,343)
Cash generated from operations	**2,188,728**	**1,574,455**
Tax paid	(478,311)	(264,692)
Net cash from operating activities	**1,710,417**	**1,309,763**
Cash flows from investing activities		
Interest received	72,259	85,117
Acquisition of subsidiaries, net of cash and cash equivalents acquired	(2,092,170)	(6,751)
Development and purchase of intangible assets	(21,582)	(13,897)
Purchase of property, plant and equipment	(718,784)	(829,582)
Payment for prepaid lease	-	(4,088)
Purchase of money market funds	-	(177,288)
Purchase of investment properties	(4,741)	(65,823)
Net withdrawal of fixed deposits with tenor of more than 3 months	38,752	76,127
Proceeds from disposal of an associate	43,574	-
Proceeds from disposal of property, plant and equipment	13,479	5,517
Proceeds from disposal of intangibles	595	-
Proceeds from disposal of mutual funds	52,281	-
Proceeds from disposal of equity instruments	17,224	-
Dividends received from MMF	-	2,275
Dividends received from joint ventures	902	929
Dividends received from associates	535,550	786
Net cash used in investing activities	**(2,062,661)**	**(926,678)**

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Financial period ended	
	30 Sept 2019	**30 Sept 2018**
	RM'000	**RM'000**
Cash flows from financing activities		
Interest paid	(304,185)	(170,134)
Proceeds from exercise of share options	-	1,282
Proceeds from loans and borrowings	2,673,731	1,996,783
Loan from non-controlling interest	398	1,655
Issue of fixed rate medium term notes	-	128,542
Repayment of loans and borrowings	(3,793,269)	(1,788,088)
Payment of perpetual securities distribution	(87,599)	(86,324)
Payment of lease liabilities	(274,029)	-
Dividends paid to shareholders	(263,220)	(247,338)
Dividends paid to non-controlling interests	(160,454)	(150,281)
Acquisition of non-controlling interests	(636,130)	(16,863)
Proceeds from dilution of interest in subsidiaries	1,173	13,745
Issue of shares by subsidiaries to non-controlling interests	99,595	9,101
Change in pledged deposits	-	(232,449)
Net cash used in financing activities	**(2,743,989)**	**(540,369)**
Net decrease in cash and cash equivalents	**(3,096,233)**	**(157,284)**
Effect of exchange rate fluctuations on cash and cash equivalents held	(13,696)	(54,749)
Cash and cash equivalents at beginning of the period	5,710,563	6,077,746
Cash and cash equivalents at end of the period	**2,600,634**	**5,865,713**

Cash and cash equivalents

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

	30 Sept 2019	**30 Sept 2018**
	RM'000	**RM'000**
Cash and bank balances	1,734,149	4,002,959
Fixed deposits with tenor of 3 months or less	2,910,847	2,100,811
	4,644,996	6,103,770
Less:		
- Bank overdrafts	(67,025)	(4,819)
- Deposits pledged	(1,976,491)	(232,445)
- Cash collateral received	(846)	(793)
Cash and cash equivalents at end of the period	**2,600,634**	**5,865,713**

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the 2018 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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 2018 ("2018 Audited Financial Statements").

The 2018 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 2018 Audited Financial Statements, except for the adoption of the following new, revised and amendments to MFRS effective as of 1 January 2019 as issued by the Malaysian Accounting Standards Board.

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

MFRS 16, *Leases* – Impact on financial statements

On 1 January 2019, the Group adopted MFRS 16, *Leases* using the modified retrospective approach.

The following table shows the effects of adoption of MFRS 16, *Leases* on the Group's statement of financial position as at 1 January 2019:

Group	31 December 2018 RM'000	Effect of adoption MFRS 16 RM'000	1 January 2019 RM'000
Non-current assets			
Property, plant and equipment	14,605,200	(427,890)	14,177,310
Right-of-use assets	-	3,173,276	3,173,276
Prepaid lease payments	1,017,810	(1,017,810)	-
Trade and other receivables	112,420	31,145	143,565
Non-current liabilities			
Loans and borrowings	9,330,942	(147,327)	9,183,615
Lease liabilities	-	1,791,217	1,791,217
Trade and other payables	691,264	(10,234)	681,030
Current liabilities			
Loans and borrowings	1,123,108	(35,911)	1,087,197
Lease liabilities	-	173,969	173,969
Trade and other payables	3,751,568	(2,608)	3,748,960
Equity			
Retained earnings	4,231,930	(10,385)	4,221,545

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The Independent Auditors' Report on the 2018 Audited Financial Statements was qualified. The details of the qualified opinion is reproduced below:

"Opinion

We have audited the financial statements of IHH Healthcare Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 11 to 189.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performances and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

As disclosed in Note 50 to the financial statements, the Group completed its acquisition of Fortis Healthcare Limited ("Fortis") and its subsidiaries ("Fortis Group") on 13 November 2018. Prior to the acquisition, an investigation report by an independent external legal firm was submitted to the former Fortis board, relating to systematic lapses/override of internal controls. Significant findings, amongst others, highlighted the placement of inter-corporate deposits and existence of possible related parties connected with former controlling shareholders of Fortis which may require appropriate reassessment by Fortis Group on the claims from, or transactions with, such parties. The Fortis Group had also initiated enquiries of the management of the entities in the Fortis Group that were impacted in respect of the matters investigated by the external legal firm.

In addition, there are ongoing investigations by the Securities and Exchange Board of India ("SEBI") and the Serious Fraud Investigation Office ("SFIO"), Ministry of Corporate Affairs of India. On 17 October 2018 and 21 December 2018, SEBI had issued interim orders which, amongst others, stating that certain transactions were structured by some identified entities, which were *prima facie* fictitious and fraudulent in nature, resulting in, *inter alia,* diversion of funds by former controlling shareholders of Fortis.

Due to the ongoing process of the various inquiries/investigations (including the need for any additional investigations by Fortis), the external auditors of Fortis are unable to determine if there are any regulatory non-compliances and additional adjustments/disclosures which may be necessary as a result of further findings of the ongoing or future regulatory/internal investigations and the consequential impact, if any, on the consolidated financial statements of Fortis. Any consequential adjustments may be recorded either as adjustments to the assets acquired and liabilities assumed in the acquisition which will have an impact to the provisional goodwill recognised by the Group on acquisition of Fortis under the purchase price allocation exercise, or as post-acquisition adjustments to be recognised in the financial statements of the Group in the period the adjustments are known."

Actions taken to address the qualified opinion

The Board of Fortis has initiated additional control procedures and had appointed Ernst & Young LLP, India, to conduct enquiries of certain entities and transactions in Fortis Group (the "Project") that were impacted in respect of the issues raised in the qualified opinion with a view of closing them. As at 22 November 2019, the Project is still in process and targets to be completed by Q4 2019.

A3 SEASONALITY OF OPERATIONS

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 September 2019, other than as mentioned in Section A11 of this financial report.

A5 CHANGE IN ACCOUNTING ESTIMATES

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

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 2018 Audited Financial Statements.

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

A6 DEBT AND EQUITY SECURITIES

(a) Between 1 January to 30 September 2019, IHH issued 4,694,000 new ordinary shares pursuant to the surrender of vested Long Term Incentive Plan ("LTIP") units.

(b) On 29 April 2019, the Company granted a total of 2,710,000 LTIP units to eligible employees of the Group.

(c) On 14 June 2019, the Company granted 2,400,000 LTIP units to the executive directors of the Company, pursuant to the shareholders' approval obtained at the Company's 9th Annual General Meeting held on 28 May 2019.

(d) On 1 July 2019, IHH granted a total of 17,491,000 options to eligible employees of the Group under the Enterprise Option Scheme. Out of the 17,491,000 options granted, 12,592,000 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 period ended 30 September 2019.

As at 30 September 2019, the issued share capital of IHH comprised of 8,773,990,463 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 2018	3.00	263,220	18-Jul-19

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 2018 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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

A8 SEGMENT REPORTING

Financial period ended 30 September 2019

	Parkway Pantai[1]										
	Singapore RM'000	Malaysia RM'000	India RM'000	North Asia RM'000	PPL Others[2] RM'000	Acibadem Holdings CEEMENA[3] RM'000	IMU Health Malaysia RM'000	PLife REIT[1] RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses											
Revenue from external customers	3,180,868	1,712,293	2,504,219	455,748	147,895	2,776,158	192,539	104,052	2,614	-	11,076,386
Inter-segment revenue	77,570	750	-	-	1,197	-	2,766	155,652	172,165	(410,100)	-
Total segment revenue	3,258,438	1,713,043	2,504,219	455,748	149,092	2,776,158	195,305	259,704	174,779	(410,100)	11,076,386
EBITDA	1,103,870	504,176	269,928	(106,534)	22,600	606,679	73,716	211,346	112,474	(382,008)	2,416,247
Depreciation and impairment losses of property, plant and equipment	(151,812)	(133,649)	(130,625)	(114,707)	(4,761)	(177,656)	(9,052)	(26,451)	(515)	-	(749,228)
Depreciation of ROU assets	(183,609)	(13,389)	(23,811)	(55,926)	(5,142)	(75,116)	(3,436)	-	(742)	150,766	(210,405)
Amortisation and impairment losses of intangible assets	(2,733)	(532)	(19,528)	(3,612)	-	(13,465)	(493)	-	-	-	(40,363)
Foreign exchange differences	(230)	(94)	15,239	-	(9,701)	(5,693)	(3)	312	(6,372)	-	(6,542)
Finance income	481	17,908	20,423	38,930	46,443	5,563	3,988	24	13,795	(46,348)	101,207
Finance costs	(24,978)	(4,475)	(134,812)	(98,869)	(40,326)	(392,619)	312	(19,912)	(2,014)	59,249	(658,444)
Share of profits/(loss) of associates (net of tax)	2,089	-	(25,120)	-	-	-	-	-	-	-	(23,031)
Share of profits/(loss) of joint ventures (net of tax)	902	-	7,367	(385)	-	-	-	-	-	-	7,884
Others	(14,762)	-	24,430	-	-	-	-	-	-	-	9,668
Profit/(Loss) before tax	729,218	369,945	3,491	(341,103)	9,113	(52,307)	65,032	165,319	116,626	(218,341)	846,993
Income tax expense	(139,991)	(86,491)	(83,837)	(8,673)	(13,878)	(5,288)	(16,853)	(15,691)	(1,466)	-	(372,168)
Net profit/(losses) for the period	589,227	283,454	(80,346)	(349,776)	(4,765)	(57,595)	48,179	149,628	115,160	(218,341)	474,825
Assets and liabilities											
Cash and cash equivalents	146,118	864,273	2,132,003	495,936	480,221	181,465	74,565	98,164	172,251	-	4,644,996
Other assets	12,970,500	4,992,359	8,551,426	3,851,914	2,023,049	5,695,124	504,574	4,573,562	214,190	(2,528,377)	40,848,321
Segment assets as at 30 September 2019	13,116,618	5,856,632	10,683,429	4,347,850	2,503,270	5,876,589	579,139	4,671,726	386,441	(2,528,377)	45,493,317
Loans and borrowings	-	-	962,981	2,377,165	1,053,436	2,369,516	-	2,174,928	-	-	8,938,026
Other liabilities	4,397,788	709,957	2,479,896	928,898	(368,047)	2,000,009	175,489	382,492	50,949	(2,528,377)	8,229,054
Segment liabilities as at 30 September 2019	4,397,788	709,957	3,442,877	3,306,063	685,389	4,369,525	175,489	2,557,420	50,949	(2,528,377)	17,167,080

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

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

Financial period ended 30 September 2018

	Parkway Pantai[1]					Acibadem	IMU				
	Singapore RM'000	Malaysia RM'000	India RM'000	North Asia RM'000	PPL Others[2] RM'000	Holdings CEEMENA[3] RM'000	Health Malaysia RM'000	PLife REIT[1] RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses											
Revenue from external customers	2,863,271	1,468,706	494,423	360,081	138,063	2,736,204	193,152	99,409	2,275	-	8,355,584
Inter-segment revenue	75,010	750	-	-	1,425	-	2,549	150,919	50,053	(280,706)	-
Total segment revenue	2,938,281	1,469,456	494,423	360,081	139,488	2,736,204	195,701	250,328	52,328	(280,706)	8,355,584
EBITDA	874,844	411,468	4,237	(154,037)	2,057	437,115	75,312	201,562	3,478	(102,399)	1,753,637
Depreciation and impairment losses of property, plant and equipment	(159,501)	(115,717)	(40,169)	(105,334)	(4,573)	(175,214)	(10,929)	(25,909)	(639)	-	(637,985)
Amortisation and impairment losses of intangible assets	(2,731)	(532)	(6,783)	(17,270)	-	(15,038)	(594)	-	-	-	(42,948)
Foreign exchange differences	(429)	97	14,276	362	1,754	(79)	(1)	2,135	4,922	-	23,037
Finance income	455	17,152	12,620	34,411	31,452	64,230	4,179	13	18,616	(37,131)	145,997
Finance costs	(9,085)	(1,902)	(29,256)	(58,186)	(14,067)	(1,222,992)	(12)	(18,117)	(1,355)	37,131	(1,317,841)
Share of profits of associates (net of tax)	1,135	-	-	-	-	-	-	-	-	-	1,135
Share of profits of joint ventures (net of tax)	930	-	967	208	-	-	-	-	-	-	2,105
Others	-	-	16,185	-	-	-	-	-	(3,730)	-	12,455
Profit/(Loss) before tax	705,618	310,566	(27,923)	(299,846)	16,623	(911,978)	67,955	159,684	21,292	(102,399)	(60,408)
Income tax expense	(128,746)	(76,246)	1,268	(9,078)	(15,606)	101,919	(17,735)	(13,964)	(2,231)	-	(160,419)
Net profit/(losses) for the period	576,872	234,320	(26,655)	(308,924)	1,017	(810,059)	50,220	145,720	19,061	(102,399)	(220,827)
Assets and liabilities											
Cash and cash equivalents	78,801	690,769	1,567,258	722,336	2,142,422	72,258	35,877	96,854	697,194	-	6,103,769
Other assets	12,163,728	4,625,940	1,633,726	3,175,054	3,720,955	4,546,529	442,681	4,414,825	718,467	(4,068,733)	31,373,172
Segment assets as at 30 September 2018	12,242,529	5,316,709	3,200,984	3,897,390	5,863,377	4,618,787	478,558	4,511,679	1,415,661	(4,068,733)	37,476,941
Loans and borrowings	7,896	271	322,416	1,159,804	-	3,449,806	270	2,058,003	-	-	6,998,466
Other liabilities	4,641,438	558,451	1,538,202	1,201,239	317,004	1,124,546	78,327	330,231	12,740	(4,068,733)	5,733,445
Segment liabilities as at 30 September 2018	4,649,334	558,722	1,860,618	2,361,043	317,004	4,574,352	78,597	2,388,234	12,740	(4,068,733)	12,731,911

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

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

A10 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Financial period ended	
	30 Sept 2019 RM'000	**30 Sept 2018 RM'000**
Transactions with substantial shareholders and their related companies		
- Sales and provision of services	3,898	235,671
- Purchase and consumption of services	(54,892)	(42,338)
Transactions with Key Management Personnel and their related companies		
- Sales and provision of services	-	8,187
- Purchase and consumption of services	(1,140)	(46,176)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

(a) On 15 January 2019, Fortis completed the acquisition of the equity and other securities of the following entities from Fortis Global Healthcare Infrastructure Pte Ltd, a wholly-owned subsidiary of RHT, 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.*

* Fortis owns 51% interest in Fortis Hospotel Limited and consolidates it prior to this transaction

(b) On 25 February 2019, Integrated (Mauritius) Healthcare Holdings Limited, an indirect wholly-owned subsidiary of IHH, was struck off from the Register of Companies pursuant to Section 308 of the Mauritius Companies Act 2001.

(c) On 5 April 2019, Parkway Trust Management Limited ("PTM") transferred 138,500 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 35.66% to 35.64%.

(d) On 24 April 2019, Acibadem Sağlık Hizmetleri ve Ticaret A.S. ("ASH") acquired an additional 3.5% equity interest in Clinical Hospital Acibadem Sistina Skopje ("Sistina") for a total cash consideration of EUR3,000,000 (equivalent to RM13,898,100). Post the acquisition, ASH's equity interest in Sistina increased from 50.32% to 53.82%.

(e) On 12 May 2019, Twin Towers Healthcare Sdn. Bhd. was dissolved pursuant to members' voluntary winding up.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

(f) On 10 July 2019, the following internal reorganisation was undertaken in order to streamline the Acibadem Group structure and management:

(i) Acibadem Orta Dogu Saglik Yatirimlari Anonim Sirketi ("AOD") merged with ASH.
(ii) A Plus Sağlık Hizmetleri Anonim Sirketi ("A Plus") merged with ASH

All assets and liabilities of AOD and A Plus were transferred to ASH. AOD and A Plus were subsequently dissolved.

(g) On 1 August 2019, Gleneagles (Malaysia) Sdn Bhd transferred 30% equity interest in Gleneagles Hospital (Kuala Lumpur) Sdn Bhd ("GHKLSB") to Pantai Hospitals Sdn Bhd ("PHSB") for a total cash consideration of RM592,739. Post the internal reorganisation exercise, PHSB's equity interest in GHKLSB has increased from 70% to 100%.

(h) On 2 August 2019, PHSB and Pantai Group Resources Sdn Bhd ("PGRSB") completed the disposal of 1,000 ordinary shares, representing the entire issued share capital in PT Pantai Healthcare Consulting ("PTPHC"), for a cash consideration of USD1.00 only. Prior to the disposal, PTPHC was held equally by PHSB and PGRSB.

(i) On 6 August 2019, Gleneagles Technologies Services Pte Ltd, an indirect wholly-owned subsidiary of IHH, was struck off from the Register of Companies pursuant to Section 344A of the Singapore Companies Act, Cap. 50.

(j) On 6 August 2019, SRL Diagnostics Middle East LLC was dissolved pursuant to voluntary winding up following the cancellation of license.

(k) On 6 September 2019, ASH acquired an additional 0.74% equity interest in Acibadem City Clinic B.V. ("ACC") for a total cash consideration of EUR777,841 (equivalent to RM3,585,147). Post the acquisition, ASH's equity interest in ACC increased from 48.31% to 49.05%.

(l) On 11 September 2019 and 18 September 2019 respectively, Acibadem City Clinic EAD acquired the remaining 30% equity interest in Acibadem City Clinic Burgas EOOD (formerly known as Acıbadem City Clinic Cardiac Surgery Hospital Burgas OOD) ("ACC Burgas") for a total cash consideration of BGN1,120 (equivalent to RM2,644). Post the acquisition, Acibadem City Clinic EAD's equity interest in ACC Burgas increased from 70% to 100%.

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

A12 SUBSEQUENT EVENTS

(a) On 2 October 2019, ACC Burgas merged with Acibadem City Clinic Tokuda Hospital EAD ("ACC Tokuda Hospital"). All assets and liabilities of ACC Burgas were transferred to ACC Tokuda Hospital and ACC Burgas was subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem Group structure and management.

(b) On 3 October 2019, Acibadem City Clinic Healthcare Center Burgas EOOD ("ACC Healthcare Center Burgas") (formerly known as Acibadem City Clinic Medical Center Burgas EOOD) merged with Acibadem City Clinic Diagnostic and Consultation Center Tokuda EAD ("ACC Diagnostic and Consultation Center Tokuda"). All assets and liabilities of ACC Healthcare Center Burgas were transferred to ACC Diagnostic and Consultation Center Tokuda and ACC Healthcare Center Burgas was subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem Group structure and management.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

(c) On 6 November 2019, ASH established a wholly-owned subsidiary, Famicord Acibadem Kordon Kani Sağlik Hizmetleri Anonim Şirketi ("Famicord") in Turkey. The issued and paid-up share capital of Famicord is TL721,200 (equivalent to RM518,737) and its intended principal activity is cord blood banking.

(d) On 19 November 2019, Acıbadem Poliklinikleri A.Ş. ("POL") acquired an additional 16% equity interest in Gemtip Özel Sağlik Hizmetleri Sanayi Ve Ticaret Anonim Şirketi ("Gemtip") for a total consideration of TL40,000 (equivalent to RM29,157). Post the acquisition, POL's equity interest in Gemtip has increased from 68% to 84%.

A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

i. In regards to the civil suit that had been filed by a third party ("Claimant') against Fortis and certain entities (together "Defendants") before the District Court, Delhi alleging, inter alia, implied ownership of the "Fortis", "SRL" and "La-Femme" brands in addition to certain other financial claims and seeking a decree that consequent to a term sheet with a certain party, Fortis is liable for claims due to the Claimant from that certain party. In connection with this, the District Court had passed an ex-parte order directing that any transaction undertaken by the defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed by the District Court in the said civil suit.

   On 26 March 2019, an application has been filed by a certain party seeking substitution as plaintiff in place of the Claimant. This party has also filed an application against Fortis before the High Court of Delhi for seeking certain reliefs under the Indian Arbitration and Conciliation Act which is being contested by Fortis. This party has also initiated arbitration against Fortis by submitting a 'Request for Arbitration' on 24 October 2019 before International Chamber of Commerce ("ICC"). Documents from ICC have been received by Fortis on 2 November 2019 and it is evaluating next steps in consultation with external legal counsels.

   Based on the external legal counsel's opinion, the Board of Directors of Fortis believes that the claims are without legal basis and are not tenable and accordingly, no provisions were required.

ii. Escorts Heart Institute and Research Centre Limited ("EHIRCL") has open tax demands of INR893.4 million (equivalent to 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"). ITAT has decided the appeal in favour of EHIRCL on 11 June 2019.

iii. Delhi Development Authority ("DDA") had terminated the lease deeds and allotment letters relating to land parcels on which the Fortis Escorts Hospital, Delhi due to certain alleged non-compliances of such documents. Consequent to the termination, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. The said termination and show cause notice for eviction have been challenged by EHIRCL before the High Court of Delhi, Supreme Court of India and Estate Officer of DDA. On 14 November 2019, the Supreme Court of India, quashed the show cause notice for eviction issued by DDA. Copy of said order is awaited. EHIRCL understands that consequently, proceedings pending before Estate Officer of DDA will also end.

iv. On 13 November 2018, IHH Healthcare Berhad ("IHH") acquired 31.1% equity interest in Fortis Healthcare Limited ("Fortis") through preferential allotment by Fortis to an indirect wholly-owned subsidiary of IHH, Northern TK Venture Pte Ltd ("NTK"). On 14 December 2018, the Supreme Court of India had passed an order in the matter of Mr Vinay Prakash Singh v. Sameer Gehlaut & Ors., directing "status quo with regard to sale of the controlling stake in Fortis to Malaysian IHH Healthcare Berhad be maintained" ("Order"). By way of a judgement dated 15 November 2019 passed by the Supreme Court of India ("Judgement"), a notice of contempt has been issued on its own motion to, among others, Fortis, and the registry of the Supreme Court of India has been directed to register a fresh contempt petition in regard to violation of the Order. The next hearing date for this matter is 3rd February 2020. Fortis is seeking appropriate legal advice on this matter and will subsequently decide future course of action.

Except for above development to the contingent liabilities disclosed in Note 49(c) of the 2018 Audited Financial Statements, there were no other material changes in the contingent liabilities or contingent assets as at 22 November 2019 from that disclosed in the 2018 Audited Financial Statements.

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

A14 CAPITAL COMMITMENTS

	30 Sept 2019 RM'000	31 Dec 2018 RM'000
a. Capital expenditure commitments		
Property, plant and equipment and investment properties		
- Contracted but not provided for in the financial statements	857,926	887,340
b. Other commitments		
Maximum amount committed for Fortis Open Offer[1]	1,984,039	1,966,483
Maximum amount committed for Malar Open Offer[1]	16,815	16,666
	2,000,854	1,983,149

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

On 13 November 2018, IHH acquired 31.1% equity interest in Fortis through a preferential allotment by Fortis to an indirect wholly-owned subsidiary of IHH, NTK. As a consequence of the preferential allotment by Fortis, NTK is required to carry out the following:

(i) a mandatory open offer for acquisition of up to 197,025,660 equity shares of face value of INR10 each in Fortis, representing additional 26% of the Expanded Voting Share Capital (as defined in Section B6(1)) of Fortis, at a price of not less than INR170 per share (“Fortis Open Offer”) or such higher price as required under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

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

On 14 December 2018, the Supreme Court of India had passed an order in the matter of Mr Vinay Prakash Singh v. Sameer Gehlaut & Ors., directing “status quo with regard to sale of the controlling stake in Fortis to Malaysian IHH Healthcare Berhad be maintained” (“Order”). By way of a judgement dated 15 November 2019 passed by the Supreme Court of India ("Judgement"), a notice of contempt has been issued on its own motion to, among others, Fortis, and the registry of the Supreme Court of India has been directed to register a fresh contempt petition in regard to violation of the Order. The next hearing date for this matter is 3 February 2020. IHH is seeking appropriate legal advice on this matter and will subsequently decide on the future course of action. In light of the Judgement, the Fortis Open Offer as well the Malar Open Offer (which is subject to the completion of the Fortis Open Offer) will not proceed for the time being.

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

A15 FAIR VALUE HIERARCHY

Fair value hierarchy

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
30 September 2019				
Assets				
FVOCI unquoted shares	-	-	102	102
FVTPL money market funds	-	184,590	-	184,590
Foreign exchange forward contracts	-	30	-	30
	-	184,620	102	184,722
Liabilities				
Put options granted to non-controlling interest[i]	-	-	(1,245,967)	(1,245,967)
Interest rate swaps	-	(1,670)	-	(1,670)
Foreign exchange forward contracts	-	(16,784)	-	(16,784)
Cross currency interest rate swaps	-	(74,456)	-	(74,456)
Call option granted to non-controlling interest	-	-	(4,874)	(4,874)
	-	(92,910)	(1,250,841)	(1,343,751)
31 December 2018				
Assets				
FVOCI unquoted shares	-	-	11,334	11,334
FVTPL money market funds	-	179,646	-	179,646
FVTPL mutual funds	-	4,257	-	4,257
Foreign exchange forward contracts	-	6,281	-	6,281
Put option	-	-	3,756	3,756
	-	190,184	15,090	205,274
Liabilities				
Put options granted to non-controlling interest[i]	-	-	(1,274,218)	(1,274,218)
Interest rate swaps	-	(3,091)	-	(3,091)
Foreign exchange forward contracts	-	(956)	-	(956)
Cross currency interest rate swaps	-	(9,191)	-	(9,191)
Call option granted to non-controlling interest	-	-	(4,861)	(4,861)
	-	(13,238)	(1,279,079)	(1,292,317)

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

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

A16 UPDATE ON INVESTIGATIONS BY SEBI AND SFIO ON FORTIS

As at 22 November 2019, there were no further developments in the ongoing investigations on Fortis by the Securities and Exchange Board of India ("SEBI") and the Serious Fraud Investigation Office ("SFIO"), Ministry of Corporate Affairs of India, from that disclosed in Note 50 of the 2018 Audited Financial Statements.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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

	3rd quarter ended			Financial period ended		
	30 Sept 2019 RM'000	**30 Sept 2018 RM'000**	**Variance %**	**30 Sept 2019 RM'000**	**30 Sept 2018 RM'000**	**Variance %**
REVENUE[1]						
Parkway Pantai:						
- Singapore	1,091,025	986,855	11%	3,180,868	2,863,271	11%
- Malaysia	605,914	503,087	20%	1,712,293	1,468,706	17%
- India	875,655	161,757	NM	2,504,219	494,423	NM
- North Asia	150,556	118,324	27%	455,748	360,081	27%
- PPL Others*	50,944	49,360	3%	147,895	138,063	7%
Parkway Pantai	**2,774,094**	**1,819,383**	**52%**	**8,001,023**	**5,324,544**	**50%**
Acibadem Holdings	**913,591**	**922,507**	**-1%**	**2,776,158**	**2,736,204**	**1%**
IMU Health	**64,168**	**64,422**	**0%**	**192,539**	**193,152**	**0%**
Others^	**962**	**1,053**	**-9%**	**2,614**	**2,275**	**15%**
Group (Excluding PLife REIT)	**3,752,815**	**2,807,365**	**34%**	**10,972,334**	**8,256,175**	**33%**
PLife REIT total revenue	87,817	84,768	4%	259,704	250,328	4%
Less: PLife REIT inter-segment revenue	(52,268)	(51,218)	-2%	(155,652)	(150,919)	-3%
PLife REIT	**35,549**	**33,550**	**6%**	**104,052**	**99,409**	**5%**
Group	**3,788,364**	**2,840,915**	**33%**	**11,076,386**	**8,355,584**	**33%**
EBITDA[2]						
Parkway Pantai:						
- Singapore	358,625	301,502	19%	1,050,329	822,498	28%
- Malaysia	177,830	149,954	19%	504,176	411,468	23%
- India	126,332	586	NM	269,928	4,237	NM
- North Asia	(46,404)	(59,552)	22%	(106,534)	(154,037)	31%
- PPL Others*	5,036	4,205	20%	22,600	2,057	NM
Parkway Pantai	**621,419**	**396,695**	**57%**	**1,740,499**	**1,086,223**	**60%**
Acibadem Holdings	**186,082**	**139,966**	**33%**	**606,679**	**437,115**	**39%**
IMU Health	**23,196**	**25,417**	**-9%**	**73,716**	**75,312**	**-2%**
Others^	**(20,453)**	**(12,900)**	**-59%**	**(59,691)**	**(46,575)**	**-28%**
Group (Excluding PLife REIT)	**810,244**	**549,178**	**48%**	**2,361,203**	**1,552,075**	**52%**
PLife REIT[3]	**71,630**	**67,649**	**6%**	**211,346**	**201,562**	**5%**
Eliminations[4]	**(53,018)**	**-**	**-**	**(156,302)**	**-**	**-**
Group	**828,856**	**616,827**	**34%**	**2,416,247**	**1,753,637**	**38%**

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

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

Q3 2019 vs Q3 2018

The Group's revenue and EBITDA increased 33% and 34% respectively in Q3 2019 over Q3 2018 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), as well as contribution from the increased capacity at Acibadem Maslak Hospital (expansion completed in Oct 2018). The acquisition of Amanjaya (acquired in October 2018), and Fortis (acquired in November 2018) also contributed to the increase.

The adoption of MFRS 16, *Leases* with effect from 1 January 2019 also boosted the Q3 2019 EBITDA since the Group does not recognise operating lease expense but instead recognised depreciation on the ROU assets. On constant currency basis and excluding the effects of adopting MFRS 16, *Leases,* the Group's revenue and EBITDA increased 36% and 22% respectively in Q3 2019 over Q3 2018.

The Group's Q3 2019 PATMI excluding exceptional items ("PATMI (Excl EI)") decreased 35% to RM202.3 million on higher net interest expenses as additional loans were taken for acquisition, working capital and conversion of Euro interest to TL interest, which is higher, through a CCIRS arrangement. The decrease in PATMI (Excl EI) was also attributed to foreign exchange losses and fair value losses on forward exchange contracts, as compared to gains recognised in Q3 2018.

Parkway Pantai

Parkway Pantai's Q3 2019 revenue increased 52% to RM2,774.1 million whilst its EBITDA increased 57% to RM621.4 million. On constant currency basis and excluding the effects of adopting MFRS 16, *Leases,* Parkway Pantai's Q3 2019 revenue increased 52% while its EBITDA increased 30% over Q3 2018.

Parkway Pantai's strong revenue was the result of the continuous ramp up of Gleneagles Hong Kong Hospital. Amanjaya and Fortis contributed RM9.1 million and RM712.0 million respectively to the Group's Q3 2019 revenue. Parkway Pantai's existing hospitals and healthcare businesses also grew.

Parkway Pantai's Singapore hospitals inpatient admissions increased 4.4% to 20,069 in Q3 2019 while its revenue per inpatient admission increased 3.5% to RM32,634. Parkway Pantai's Malaysia hospitals inpatient admissions increased 14.9% to 57,437 inpatient admissions in Q3 2019, while its revenue per inpatient admission increased 4.3% to RM6,965. Parkway Pantai's India hospitals inpatient admissions increased 497% to 97,162 with the inclusion of Fortis' inpatient admissions in Q3 2019. However, Parkway Pantai's India hospitals revenue per inpatient admission decreased 21.1% to RM6,306 as Fortis' revenue intensity is generally lower than Parkway Pantai's existing operations in India.

Parkway Pantai's Q3 2019 EBITDA was boosted by Gleneagles Hong Kong Hospital's decreasing start-up losses, which decreased from RM49.4 million in Q3 2018 to RM39.4 million in Q3 2019, as a result of operating leverage. Amanjaya and Fortis contributed RM3.6 million and RM117.8 million respectively to Parkway Pantai's Q3 2019 EBITDA.

Acibadem Holdings

Acibadem Holdings' Q3 2019 revenue decreased 1% to RM913.6 million whilst its EBITDA increased 33% to RM186.1 million. On constant currency and excluding the effects of adopting MFRS 16, *Leases*, Acibadem Holdings' Q3 2019 revenue increased 11% while its EBITDA increased 18% over Q3 2018.

The continuous ramp up of Acibadem Altunizade Hospital (opened in March 2017) and the increased capacity from Acibadem Maslak Hospital (expansion completed in October 2018) contributed to Acibadem Holdings' revenue growth in Q3 2019. Acibadem Holdings' existing hospitals and healthcare businesses also grew with the improvement in medical tourism in the CEEMENA region.

Acibadem Holdings' inpatient admissions decreased 6.1% to 51,445 in Q3 2019 due to fewer local patients at its non-Istanbul hospitals. Meanwhile, Acibadem Holdings' revenue per inpatient admission grew 12.3% to RM8,682 in Q3 2019 with price increase imposed on private insurance and out-of-pocket patients to compensate for inflation, more complex cases taken and increase in foreign patients.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

IMU Health

IMU Health's Q3 2019 revenue was flat quarter-on-quarter, whilst its EBITDA decreased 9% quarter-on-quarter due to higher staff costs and marketing expenses in Q3 2019. In addition, IMU Health recognised RM0.6 million pre-operation expenses relating to IMU Hospital which is under construction and was targeted to open in 2021.

Excluding the effect of adopting MFRS 16, *Leases*, IMU Health's Q3 2019 EBITDA decreased 13% over Q3 2018.

PLife REIT

PLife REIT's Q3 2019 external revenue increased 6% to RM35.5 million, whilst its EBITDA increased 6% to RM71.6 million. On constant currency basis, PLife REIT's Q3 2019 revenue and EBITDA increased by 5% and 4% respectively as compared to Q3 2018.

Others

Revenue decreased from RM1.1 million in Q3 2018 to RM0.9 million in Q3 2019, mainly due to the timing of the declaration of returns by the invested Money Market Funds ("MMF").

Q3 2019 EBITDA losses increased mainly due to higher staff costs and other operating expenses to manage the increased operations of the Group.

<u>YTD 2019 vs YTD 2018</u>

The Group's revenue and EBITDA increased 33% and 38% respectively in YTD 2019 over YTD 2018 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), as well as contribution from the increased capacity at Acibadem Maslak Hospital (expansion completed in Oct 2018). The acquisition of Amanjaya (acquired in October 2018), and Fortis (acquired in November 2018) also contributed to the increase in both the Group's YTD 2019 revenue and EBITDA. The Group's YTD 2019 results included a one-off RM28.5 million trustee management fee income from RHT relating to disposal of RHT assets.

The adoption of MFRS 16, *Leases* with effect from 1 January 2019 also boosted the YTD 2019 EBITDA since the Group does not recognise operating lease expense but instead recognised depreciation on the ROU assets. On constant currency basis and excluding the effects of adopting MFRS 16, *Leases,* the Group's revenue and EBITDA increased 38% and 27% respectively in YTD 2019 over YTD 2018.

The Group's YTD 2019 PATMI (Excl EI) decreased 8% to RM630.8 million on higher net interest expenses as additional loans were taken for acquisition, working capital and conversion of Euro interest to TL interest, which is higher, through a CCIRS arrangement. The decrease in PATMI (Excl EI) was also attributed to foreign exchange losses and fair value losses on forward exchange contracts, as compared to gains recognised in Q3 2018. The Group's YTD 2019 PATMI (Excl EI) was partially boosted by the reversal of RM21.8 million accrued interest prior years' tax payable in YTD 2019.

Parkway Pantai

Parkway Pantai's YTD 2019 revenue increased 50% to RM8,001.0 million whilst its EBITDA increased 60% to RM1,740.5 million. On constant currency basis and excluding the effects of adopting MFRS 16, *Leases,* Parkway Pantai's YTD 2019 revenue increased 49% while its EBITDA increased 32% over YTD 2018.

Parkway Pantai's strong revenue was the result of the continuous ramp up of Gleneagles Hong Kong Hospital. Amanjaya and Fortis contributed RM23.9 million and RM2,058.1 million respectively to the Group's YTD 2019 revenue. Fortis' YTD 2019 revenue included a one-off RM28.5 million trustee management fee income from RHT relating to disposal of RHT assets. Parkway Pantai's existing hospitals and healthcare businesses also grew.

Parkway Pantai's Singapore hospitals inpatient admissions increased 2.3% to 58,901 in YTD 2019 while its revenue per inpatient admission increased 4.6% to RM32,378. Parkway Pantai's Malaysia hospitals inpatient admissions increased 8.9% to 161,475 inpatient admissions in YTD 2019, while its revenue per inpatient admission increased 6.0% to RM6,999. Parkway Pantai's India hospitals inpatient admissions increased 448% to 271,687 with the inclusion of Fortis' inpatient admissions in YTD 2019. However, Parkway Pantai's India hospitals revenue per inpatient admission decreased 18.9% to RM6,436 as Fortis' revenue intensity is generally lower than Parkway Pantai's existing operations in India.

Parkway Pantai's YTD 2019 EBITDA was boosted by Gleneagles Hong Kong Hospital's decreasing start-up losses, which decreased from RM138.7 million in YTD 2018 to RM107.2 million in YTD 2019, as a result of operating leverage. Amanjaya and Fortis contributed RM8.6 million and RM283.7 million respectively to Parkway Pantai's YTD 2019 EBITDA. Fortis' YTD 2019 EBITDA included a one-off RM28.5 million trustee management fee income from RHT relating to disposal of RHT assets.

Acibadem Holdings

Acibadem Holdings' YTD 2019 revenue increased 1% to RM2,776.2 million whilst its EBITDA increased 39% to RM606.7 million. On constant currency and excluding the effects of adopting MFRS 16, *Leases*, Acibadem Holdings' YTD 2019 revenue increased 19% while its EBITDA increased 33% over YTD 2018.

The continuous ramp up of Acibadem Altunizade Hospital (opened in March 2017) and the increased capacity from Acibadem Maslak Hospital (expansion completed in October 2018) contributed to Acibadem Holdings' revenue growth in YTD 2019. Acibadem Holdings' existing hospitals and healthcare businesses also grew with the improvement in medical tourism in the CEEMENA region.

Acibadem Holdings' inpatient admissions decreased 4.8% to 163,962 in YTD 2019 due to fewer local patients at its non-Istanbul hospitals. Meanwhile, Acibadem Holdings' revenue per inpatient admission grew 22.6% to RM8,524 in YTD 2019 with price increase imposed on private insurance and out-of-pocket patients to compensate for inflation, more complex cases taken and increase in foreign patients.

IMU Health

IMU Health's YTD 2019 revenue was flat against YTD 2018.

IMU Health's YTD 2019 EBITDA decreased 2% to RM73.7 million due to higher staff costs and marketing expenses in YTD 2019. In addition, IMU Health recognised RM1.1 million pre-operation expenses relating to IMU Hospital which is under construction and was targeted to open in 2021.

Excluding the effect of adopting MFRS 16, *Leases*, IMU Health's YTD 2019 EBITDA decreased 7% over YTD 2019.

PLife REIT

PLife REIT's YTD 2019 external revenue increased 5% to RM104.1 million, whilst its EBITDA increased 5% to RM211.3 million. On constant currency basis, PLife REIT's YTD 2019 revenue and EBITDA both increased 3% as compared to YTD 2018.

Others

Revenue in relates to dividends from the Company's investments in MMF. The Company started placement in MMF from April 2018 onwards.

YTD 2019 EBITDA losses increased mainly due to higher staff costs and other operating expenses to manage the increased operations of the Group.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	3rd quarter ended 30 Sept 2019 RM'000	2nd quarter ended 30 Jun 2019 RM'000	Variance %
REVENUE[1]			
Parkway Pantai:			
- Singapore	1,091,025	1,065,940	2%
- Malaysia	605,914	565,557	7%
- India	875,655	811,858	8%
- North Asia	150,556	158,760	-5%
- PPL Others*	50,944	45,885	11%
Parkway Pantai	**2,774,094**	**2,648,000**	**5%**
Acibadem Holdings	**913,591**	**895,485**	**2%**
IMU Health	**64,168**	**66,692**	**-4%**
Others^	**962**	**649**	**48%**
Group (Excluding PLife REIT)	**3,752,815**	**3,610,826**	**4%**
PLife REIT total revenue	87,817	86,324	2%
Less: PLife REIT inter-segment revenue	(52,268)	(51,815)	-1%
PLife REIT	**35,549**	**34,509**	**3%**
Group	**3,788,364**	**3,645,335**	**4%**
EBITDA[2]			
Parkway Pantai:			
- Singapore	358,625	345,982	4%
- Malaysia	177,830	163,767	9%
- India	126,332	75,053	68%
- North Asia	(46,404)	(29,651)	-57%
- PPL Others*	5,036	8,913	-43%
Parkway Pantai	**621,419**	**564,064**	**10%**
Acibadem Holdings	**186,082**	**186,850**	**0%**
IMU Health	**23,196**	**24,811**	**-7%**
Others^	**(20,453)**	**(20,633)**	**1%**
Group (Excluding PLife REIT)	**810,244**	**755,092**	**7%**
PLife REIT[3]	**71,630**	**70,378**	**2%**
Eliminations4	**(53,018)**	**(51,815)**	**-2%**
Group	**828,856**	**773,655**	**7%**

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

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

<u>Q3 2019 vs Q2 2019</u>

The Group achieved 4% quarter-on-quarter revenue growth from a low base in Q2 2019 as a result of Ramadan and Eid Holiday in Q2 2019. Q3 2019 EBITDA increased 7% quarter-on-quarter on the back of the revenue growth. On constant currency basis, quarter-on-quarter revenue increased 3% while EBITDA increased 7%.

The Group's Q3 2019 PATMI (Excl EI) decreased 17% quarter-on-quarter due mainly to higher net interest expenses, foreign exchange losses and higher fair value losses on forward exchange contracts.

Parkway Pantai

Parkway Pantai's revenue increased 5% while its EBITDA increased 10% quarter-on-quarter. On constant currency basis, Parkway Pantai's revenue and EBITDA increased 5% and 11% respectively.

Parkway Pantai's Singapore hospitals inpatient admissions increased 1.8% quarter-on-quarter, while its revenue per inpatient admission increased 0.6% quarter-on-quarter. Parkway Pantai's Malaysia hospitals inpatient admissions increased 10.0% quarter-on-quarter, while its revenue per inpatient admission decreased 2.3% quarter-on-quarter. Parkway Pantai's India hospitals inpatient admissions increased 10.2%, whilst its revenue per inpatient admission decreased 1.9% quarter-on-quarter due to lower complexity cases undertaken during the quarter.

Acibadem Holdings

Acibadem Holdings' revenue increased 2% quarter-on-quarter, whilst its Q3 2019 EBITDA was flat against Q2 2019 EBITDA. On constant currency basis, Acibadem Holdings' revenue and EBITDA decreased 1% and 4% respectively due to seasonality and higher operating costs.

Acibadem Holdings' inpatient admissions decreased 5.0% quarter-on-quarter while its revenue per inpatient admission decreased 1.7% quarter-on-quarter.

IMU Health

IMU Health's revenue decreased 4% quarter-on-quarter due to more courses having semester breaks in Q3 2019 as compared to Q2 2019. EBITDA decreased 7% quarter-on-quarter mainly on the back of lower revenue in Q3 2019.

PLife REIT

PLife REIT's Q3 2019 external revenue increased 3%, whilst its EBITDA increased 2% quarter-on-quarter.

Others

Revenue increased 48% quarter-on-quarter to RM1.0 million mainly due to higher dividends received from MMF investment. Hence, resulting in 1% decrease in EBITDA losses.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

B3 CURRENT YEAR FINANCIAL PROSPECTS

Looking ahead, the Group will further consolidate its multi-country portfolio strategy in diversification of its earnings base and will further differentiate its offering via both organic and inorganic growth. The strategy provides a good balance of cash flow-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. Further, there is a potential tendency for authorities to consider new pricing controls which would impact margins. While such 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 its clinical service offerings. This includes the adoption of more advanced medical treatment for our patients to improve clinical outcomes.

In Hong Kong, the Group expects Gleneagles Hospital Hong Kong's EBITDA losses to narrow further in 2019, as it continues to ramp up its operations barring any fallout from the recent demonstrations. In view of the ongoing situation in Hong Kong, Gleneagles Hospital Hong Kong experienced some deferrals of non-urgent and non-essential procedures and services. Although the impact on our services has overall been limited and operations have remained stable so far, a prolong fallout may dampen the ramp up of Gleneagles Hospital Hong Kong.

In China, Gleneagles Chengdu Hospital commenced operations in October 2019, and construction of Gleneagles Shanghai Hospital is progressing according to plan. Consequentially, we would start to incur capital expenditure and pre-operating costs leading up to the phased bed opening of these hospitals. We expect an initial margin dilution from the opening of the China hospitals.

With the acquisition of a 31.1% stake in Fortis in November 2018, Fortis will contribute to the Group's revenue and EBITDA. The Group is working with the Fortis Team on operational synergies, focusing on integrating and implementing its turnaround initiatives for Fortis in the medium to long term.

The proposed acquisition of Prince Court Medical Centre is expected to strengthen the Group's market position in Malaysia, broaden its service offerings and enhance its medical tourism prospects. When the proposed acquisition completes, the Group expects Prince Court Medical Centre to contribute positively to the future earnings and cash flows of the Group.

In Turkey, the Group expects to see a higher inflow of medical travelers due to the high quality of healthcare services provided at a relatively affordable price point. 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 expanded with more beds added since early October 2018, hence allowing the facility to ramp up patient volumes.

The Group has taken steps to reduce Acibadem Holding's non-Lira debt and to deleverage its balance sheet. In April 2019, the Acibadem Holdings repaid US$250 million equivalent out of the outstanding US$670 million equivalent non-Turkish lira debt. In July 2019, Acibadem Holdings refinanced approximately US$170 million equivalent non-Turkish lira debt and has swapped part of it into Turkish Lira debt. Acibadem Holdings will continue to take further actions to manage its foreign exchange exposure by reducing its non-Turkish lira loans.

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

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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 and continues to position itself as a best-in-class healthcare provider amidst macro headwinds.

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	3rd quarter ended		Financial period ended	
	30 Sept 2019 RM'000	**30 Sept 2018 RM'000**	**30 Sept 2019 RM'000**	**30 Sept 2018 RM'000**
Current tax expense	146,088	99,452	453,551	267,728
Deferred tax expense	(33,675)	(61,698)	(81,383)	(107,309)
	112,413	37,754	372,168	160,419

QTD 2019 effective tax rate* was 28.8% respectively mainly due to certain non-taxable income and non-tax deductible expenses (refer to page 2 for list of exceptional items), and unrecognised tax losses arising from the Group's new hospitals and hospitals under construction.

YTD 2019 tax expenses included tax on cash dividends received from RHT, and when the cash received is further dividend up from Fortis subsidiaries to Fortis Healthcare Limited. On the other hand, the dividend income from RHT (an associate) is eliminated upon consolidation at Fortis Group, hence decreasing the base when computing the effective tax rate.

Both QTD 2018 and YTD 2018 effective tax rate* were negative as the Group was in a net loss position due to certain non-taxable income and non-tax deductible expenses (refer to page 2 for list of exceptional items), and unrecognised tax losses arising from the Group's new hospitals and hospitals under construction.

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

B6 STATUS OF CORPORATE PROPOSALS

Save as disclosed below, there were no other corporate proposals announced but not completed as at 22 November 2019:

1. <u>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");</u>

   <u>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</u>

   <u>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").</u>

   On 13 July 2018, NTK, as subscriber, entered into a share subscription agreement ("Fortis SSA") with Fortis, as issuer, where NTK has agreed to subscribe 235,294,117 new equity shares of Fortis with a face value of INR10 each ("Subscription Shares"), constituting approximately 31.1% of the total voting equity share capital

of Fortis on a fully diluted basis ("Expanded Voting Share Capital") for a total consideration of INR4,000 crore and Fortis has agreed to issue and allot the Subscription Shares by way of preferential allotment in accordance with the terms of the Fortis SSA ("Proposed Subscription"). The Proposed Subscription was completed in accordance with the terms of the Fortis SSA on 13 November 2018 and NTK has become the controlling shareholder of Fortis.

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

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

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

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

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

On 14 December 2018, the Supreme Court of India had passed an order in the matter of Mr Vinay Prakash Singh v. Sameer Gehlaut & Ors., directing "status quo with regard to sale of the controlling stake in Fortis to Malaysian IHH Healthcare Berhad be maintained" ("Order"). By way of a judgement dated 15 November 2019 passed by the Supreme Court of India ("Judgement"), a notice of contempt has been issued on its own motion to, among others, Fortis, and the registry of the Supreme Court of India has been directed to register a fresh contempt petition in regard to violation of the Order. The next hearing date for this matter is 3 February 2020. IHH is seeking appropriate legal advice on this matter and will subsequently decide on the future course of action. In light of the Judgement, the Fortis Open Offer as well the Malar Open Offer (which is subject to the completion of the Fortis Open Offer) will not proceed for the time being.

The Proposed Subscription, the Fortis Open Offer and the Malar Open Offer are collectively defined as the "Proposals". Please refer to the Company's announcements broadcast on 13 July 2018, 15 August 2018, 13 November 2018, 17 December 2018 and 18 November 2019 for further details of the Proposals.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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

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

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

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

   (i) non-interested shareholders of the Company at the forthcoming EGM to be held on 9 December 2019;

   (ii) Ministry of Health, Malaysia ("MOH");

   (iii) Ministry of Economic Affairs, Malaysia, being the ministry charged with the responsibility of the Economic Planning Unit of the Prime Minister's Department ("MEA"); and

   (iv) any other relevant authorities and/or parties, where required.

   On 11 October 2019, applications have been submitted to the MOH and MEA respectively.

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

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

B7 LOANS, BORROWINGS AND OVERDRAFTS

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

	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Non-current		
Secured		
Bank borrowings	849,632	922,495
Loans from non-financial corporates	4,759	7,350
Financial lease*	-	147,326
Unsecured		
Bank borrowings	5,546,910	6,705,248
Fixed rate notes	458,947	444,537
Debt component of compulsory convertible debentures ("CCD")	-	247,657
Loans from non-financial corporates	638	626
Loans from non-controlling interest of subsidiaries	878,162	855,703
	7,739,048	9,330,942
Current		
Secured		
Bank overdrafts	67,025	81,215
Bank borrowings	294,597	324,672
Loans from non-financial corporates	1,965	1,709
Financial lease*	-	35,912
Unsecured		
Bank borrowings	901,724	760,168
Loans from non-financial corporates	692	647
	1,266,003	1,204,323
Total	9,005,051	10,535,265

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

	30 Sept 2019 RM'000	31 Dec 2018 RM'000
Singapore Dollar	2,325,655	2,837,311
Ringgit Malaysia	-	503
US Dollar	89,572	525,422
Euro	1,447,294	2,208,311
Turkish Lira	157,451	103,421
Japanese Yen	1,567,135	1,481,991
Indian Rupees	1,028,709	1,219,405
Hong Kong Dollar	2,297,591	2,151,471
Renminbi	79,574	2,435
Others	12,070	4,995
	9,005,051	10,535,265

* With the adoption of MFRS 16, *Leases*, financial leases were reclassified from loans and borrowings to lease liabilities with effect from 1 January 2019.

The 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 in 2030. In January 2019, Fortis bought over the CCDs from the investor.

Key exchange rates as at 30 September 2019:

1 SGD	3.0404
1 TL	0.7376
1 HKD	1.8730

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 30 September 2019:

	Notional amount as at 30 Sept 2019 RM'000	Fair value amount as at 30 Sept 2019 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	3,557	30
Derivative liabilities		
Interest rate swaps		
- Within 1 year	301,611	(465)
- Between 1 - 3 years	144,694	(205)
- More than 3 years	171,237	(1,000)
	617,542	(1,670)
Foreign exchange forward contracts		
- Within 1 year	122,584	(13,020)
- Between 1 - 3 years	149,200	(2,168)
- More than 3 years	111,940	(1,596)
	383,724	(16,784)
Cross currency interest rate swaps		
- Within 1 year	228,604	(16,186)
- Between 1 - 3 years	152,022	(7,613)
- More than 3 years	310,511	(50,657)
	691,137	(74,456)
Call option granted to non-controlling interests		
- Within 1 year	29,431	(4,874)
	1,721,834	(97,784)

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.

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.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

Put option

On disposal of the Group's controlling stake in FWD Singapore Pte Ltd (formerly known as Shenton Insurance Pte Ltd) ("FWD"), the Group entered into an agreement with the purchaser and is granted a put option to sell all of its remaining shares in FWD 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. The Group exercised its put option in May 2019.

Call option granted to non-controlling interests

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

There are no changes to the Group's financial risk management policies and objectives in managing these derivative financial instruments and its related accounting policies. Refer to Section B13 for the fair value gain/loss recognised in the statement of profit or loss.

B9 FAIR VALUE CHANGES OF FINANCIAL LIABILITIES

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

B10 MATERIAL LITIGATIONS

Except as mentioned in Section A13, there were no other material changes in the contingent material litigations as at 22 November 2019 from that disclosed in the 2018 Audited Financial Statements.

B11 DIVIDENDS

No dividends were declared by the Company during the quarter ended 30 September 2019.

For details of the dividends paid by the Company during the quarter ended 30 September 2019, please refer to Section A7.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

B12 EARNINGS PER SHARE ("EPS")

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

	3rd quarter ended		Financial period ended	
	30 Sept 2019 RM'000	**30 Sept 2018 RM'000**	**30 Sept 2019 RM'000**	**30 Sept 2018 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	236,342	(104,071)	510,846	118,270
Perpetual securities distribution accrued	(22,266)	(21,867)	(65,840)	(63,378)
	214,076	(125,938)	445,006	54,892
ii) Net profit attributable to ordinary shareholders (excluding EI)				
Profit after tax and non-controlling interests(excluding EI)	202,340	309,005	630,849	686,048
Perpetual securities distribution accrued	(22,266)	(21,867)	(65,840)	(63,378)
	180,074	287,138	565,009	622,670
(a) Basic EPS				
	'000	**'000**	**'000**	**'000**
Weighted average number of shares	8,773,990	8,244,715	8,771,594	8,242,138
	Sen	**Sen**	**Sen**	**Sen**
Basic EPS	2.44	(1.53)	5.07	0.67
Basic EPS (excluding EI)	2.05	3.48	6.44	7.55

(b) Diluted earnings per share

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

	3rd quarter ended		Financial period ended	
	30 Sept 2019 '000	**30 Sept 2018 '000**	**30 Sept 2019 '000**	**30 Sept 2018 '000**
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,773,990	8,244,715	8,771,594	8,242,138
Weighted number of unissued ordinary shares from units under Long Term Incentive Plan	1,802	1,980	1,582	2,767
Weighted number of unissued ordinary shares from share options under EOS	-	8	-	202
Weighted average number of dilutive ordinary shares for computation of diluted EPS	8,775,792	8,246,703	8,773,176	8,245,107
	Sen	**Sen**	**Sen**	**Sen**
Diluted EPS	2.44	(1.53)	5.07	0.67
Diluted EPS (excluding EI)	2.05	3.48	6.44	7.55

At 30 September 2019, 55,927,000 outstanding EOS options (30 September 2018: 33,000,000) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA’S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

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

	3rd quarter ended		**Financial period ended**	
	30 Sept 2019	**30 Sept 2018**	**30 Sept 2019**	**30 Sept 2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Dividend income	962	1,053	2,614	2,275
Other operating income	57,476	55,294	189,177	150,084
Foreign exchange differences	(4,668)	49,879	(6,542)	23,037
Impairment loss (made)/written back:				
- Goodwill	(14,762)	-	(14,762)	-
- Trade and other receivables	(15,060)	12,712	(44,222)	25,628
- Inventories	26	-	(262)	-
Write off/(written back):				
- Property, plant and equipment	(456)	163	(1,667)	(315)
- Inventories	(371)	(422)	(2,337)	(1,352)
- Trade and other receivables	(3,000)	(4,032)	(10,138)	(8,522)
(Loss)/Gain on disposal of property, plant and equipment	(457)	169	(73)	1,118
Gain on disposal of an associate	22,750	-	22,750	-
Provision for financial guarantee given on a joint venture's loan facility	(608)	(382)	(1,801)	(1,124)
Insurance compensation for flood	9	(99)	3,482	17,309
Finance income				
Interest income	12,492	33,456	83,009	90,280
Exchange gain/(loss) on net borrowings	141	-	141	-
Fair value (loss)/gain of financial instruments	(121)	32,597	18,057	55,717
	12,512	66,053	101,207	145,997
Finance costs				
Interest expense	(123,793)	(72,121)	(419,551)	(194,198)
Exchange gain/(loss) on net borrowings	86,192	(752,534)	(123,335)	(1,101,556)
Fair value (loss)/gain of financial instruments	(65,473)	15,759	(72,312)	(2,991)
Other finance costs	(15,733)	(8,010)	(43,246)	(19,096)
	(118,807)	(816,906)	(658,444)	(1,317,841)