



IHH Healthcare Berhad

IHH HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
31 MARCH 2023

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

		1st quarter ended		
	Note	31 Mar 2023	31 Mar 2022	Variance
		RM'000	RM'000	%
Revenue	1	5,142,406	4,163,058	24%
Other operating income	2	1,104,441	99,468	NM
Inventories and consumables		(1,043,322)	(862,197)	-21%
Purchased and contracted services		(464,166)	(378,952)	-22%
Staff costs	3	(1,905,809)	(1,507,117)	-26%
Depreciation and impairment of property, plant and equipment	4	(266,021)	(222,544)	-20%
Depreciation and impairment of right-of-use ("ROU") assets	4	(92,253)	(77,072)	-20%
Amortisation and impairment of intangible assets	4	(11,141)	(10,239)	-9%
Operating lease expenses		(27,507)	(20,065)	-37%
Other operating expenses	5	(669,860)	(495,291)	-35%
Finance income	6	39,588	50,233	-21%
Finance costs	6	(185,221)	(126,564)	-46%
Net monetary gain from hyperinflationary economy		164,758	-	-
Share of profits of associates (net of tax)		6,113	7,860	-22%
Share of profits of joint ventures (net of tax)		502	570	-12%
Profit before tax		1,792,508	621,148	189%
Income tax expense	7	(240,544)	(51,088)	NM
Profit for the period		1,551,964	570,060	172%
Other comprehensive income, net of tax				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences from foreign operations	8	50,059	(216,658)	123%
Realisation of FCCTR ¹ upon disposal of subsidiaries		10,726	-	-
Hyperinflationary adjustments		538,135	-	-
Hedge of net investments in foreign operations	8	322,076	130,473	147%
Cash flow hedge		(9,774)	7,906	NM
Cost of hedging		(430)	771	-156%
		910,792	(77,508)	NM
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Remeasurement of defined benefit liabilities		(1,073)	1,282	-184%
Total other comprehensive income for the period, net of tax		909,719	(76,226)	NM
Total comprehensive income for the period		2,461,683	493,834	NM
Profit attributable to:				
Owners of the Company		1,390,519	493,259	182%
Non-controlling interests		161,445	76,801	110%
Profit for the period		1,551,964	570,060	172%
Total comprehensive income attributable to:				
Owners of the Company		2,239,610	466,887	NM
Non-controlling interests		222,073	26,947	NM
Total comprehensive income for the period		2,461,683	493,834	NM
Earnings per share (sen)				
Basic		15.79	5.36	195%
Diluted		15.79	5.35	195%

NM: Not meaningful

Note:

1. Foreign currency translation reserve

**UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

SUPPLEMENTARY INFORMATION

		1st quarter ended		
	Note	31 Mar 2023 RM'000	31 Mar 2022 RM'000	Variance %
Profit attributable to owners of the Company, excluding EI^{vii}		329,866	407,423	-19%
Add/(Less): Exceptional items ("EI")				
Gain on disposal of subsidiaries ⁱ	2	981,417	-	
Impairment of assets reversed ⁱⁱ		-	4,402	
Change in fair value of cross currency swaps ⁱⁱⁱ	6	(9,077)	18,701	
Exchange gain/(loss) on net borrowings ^{iv}	6	16,225	(29,587)	
Deferred tax benefits ^v	7	-	101,137	
Net monetary gain from hyperinflationary economy ^{vi}		164,758	-	
		1,153,323	94,653	
Less: Tax effects on EI		(1,644)	2,722	
Less: Non-controlling interests' share of EI		(91,026)	(11,539)	
		1,060,653	85,836	
Profit attributable to owners of the Company		1,390,519	493,259	182%
Earnings per share, excluding EI^{vii} (sen)				
Basic		3.75	4.38	-14%
Diluted		3.75	4.38	-14%

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 Acibadem Sağlık Yatirimlari Holding A.Ş. Group.

- Gain on disposal of IMU Health Sdn Bhd and its subsidiaries (collectively, "IMU Health") of RM862.1 million, and Gleneagles Chengdu Hospital Company Limited ("Gleneagles Chengdu Hospital") of RM119.3 million.
- Reversal of impairment of assets of Gleneagles Chengdu Hospital upon receipt of recoverables.
- Fair value changes of the cross-currency swaps which was entered to hedge a portion of Acibadem Holdings' foreign currency denominated borrowings.
- Exchange differences arising from foreign currency denominated borrowings/payables net of foreign currency denominated cash/receivables, recognised by Acibadem Holdings. (As at 31 March 2023, Euro/TL = 20.845)
- Deferred tax assets arising from indexation of property, plant and equipment in statutory books as allowed by the Turkey government due to spike in inflation.
- Net increase in purchasing power from the net monetary position of the Group's operations in Türkiye, upon the application of MFRS 129, *Financial Reporting in Hyperinflationary Economies*
- Exceptional items, net of tax and non-controlling interests

The unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the 2022 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

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

The Group's reported results were 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") and strengthened against Turkish Lira ("TL") in the current period as compared to the corresponding period last year.

In addition, the Group's reported results for Q1 2023 included the application to the Group's entities in Turkiye of MFRS 129, *Financial Reporting in Hyperinflationary Economies* ("MFRS 129"), as detailed in Section A1(b)(ii) and Section A4.

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

1. Q1 2023 revenues were higher as compared to Q1 2022 due to the strong recovery from core non-COVID-19 revenues as both local and foreign patients returned to seek treatment at the Group's hospitals. The commencement of operations at Atasehir Hospital in September 2022, the continuous ramp-up of operations at GHK Hospital, as well as the acquisitions of Ortopedia Ozel Saglik Hizmetleri Anonim Sirketi ("Ortopedia") on 9 August 2022 and Ozel Kent Saglik Hizmetleri ve Malzemeleri Sanayi Ticaret A.S. ("Kent") on 14 February 2023 also contributed to the increase.
2. Q1 2023 other operating income included the gain on disposal of Gleneagles Chengdu Hospital and IMU Health of RM119.3 million and RM862.1 million respectively.
3. Q1 2023 staff costs increased as the Group expands its capacity to cater for higher demand for its services and annual increments. In addition, the consolidation of staff costs of Ortopedia's and Kent's staff costs upon acquisition also contributed to the increase.
4. Q1 2023 depreciation and impairment expense was higher as compared to Q1 2022 due to the application of MFRS 129 for the Group's subsidiaries in Turkiye, where the carrying amounts of property, plant and equipment were higher after reindexation.
5. Q1 2023 other operating expenses increased mainly attributed to the higher level of activities and higher cost of operations such as increased utilities costs, increased spend on repairs and maintenance as well as IT-related expenses. In addition, the Group incurred professional fees in relation to its acquisition and disposal of subsidiaries.

In February 2023, Turkiye was struck by a massive earthquake and the Group mobilized on-the-ground medical treatment and emergency support through Acibadem Holdings' operations in Turkiye. It also donated about RM10.0 million in-cash and in-kind to support humanitarian efforts for the earthquake victims.

6. Acibadem Holdings recognised exchange differences 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. Acibadem Holdings manages its foreign exchange exposures by entering into cross currency swaps ("CCS"). The Group recognised a net gain of RM7.1 million in Q1 2023 as compared to a net loss of RM10.9 million in Q1 2022.

Excluding the above, net finance costs were higher in Q1 2023 mainly due to interest expense on loans drawn down for redemption of perpetual securities in July 2022 and higher prevailing interest rates in Q1 2023.

7. Refer to Section B5 for details on income tax expenses.
8. Parkway Life Real Estate Investment Trust ("PLife REIT") hedges its interest in the net assets of its Japanese operations. The effective portion of the hedge was 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, India and Europe operations.

Note:

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

	31 Mar 2023	31 Mar 2022
1 SGD	3.2906	3.0991
1 TL	0.2323	0.3010

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note	31 Mar 2023 RM'000	31 Dec 2022 RM'000
Assets			
Property, plant and equipment		12,274,349	11,882,760
Right-of-use assets		6,837,088	6,685,030
Investment properties		4,071,769	3,938,335
Goodwill on consolidation	1	13,924,332	13,209,372
Other intangible assets		2,849,273	2,737,840
Interests in associates		130,373	133,076
Interests in joint ventures		6,761	6,751
Other financial assets		140,423	127,620
Trade and other receivables	2	172,698	196,563
Tax recoverables		385,731	374,905
Derivative assets		199,668	258,970
Deferred tax assets		599,260	633,943
Total non-current assets		41,591,725	40,185,165
Development properties		76,185	76,471
Inventories		589,176	519,431
Trade and other receivables	2	2,957,447	2,625,424
Tax recoverables		82,279	73,641
Other financial assets	3	148,068	249,717
Derivative assets		196,791	149,816
Cash and cash equivalents		4,922,979	3,663,511
		8,972,925	7,358,011
Assets classified as held for sale	4	192	924,311
Total current assets		8,973,117	8,282,322
Total assets		50,564,842	48,467,487

**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note	31 Mar 2023 RM'000	31 Dec 2022 RM'000
Equity			
Share capital		19,691,630	19,684,881
Other reserves		663,669	(158,140)
Retained earnings		7,463,116	6,665,236
Total equity attributable to owners of the Company		27,818,415	26,191,977
Non-controlling interests		3,140,512	2,967,080
Total equity		30,958,927	29,159,057
Liabilities			
Loans and borrowings	5	7,191,654	7,565,989
Lease liabilities		1,424,416	1,407,923
Employee benefits		154,722	172,261
Trade and other payables		1,255,127	1,255,005
Deferred tax liabilities		1,763,740	1,648,525
Total non-current liabilities		11,789,659	12,049,703
Bank overdrafts		51,834	44,135
Loans and borrowings	5	2,163,518	1,592,791
Lease liabilities		238,860	223,118
Employee benefits		148,875	148,470
Trade and other payables	6	4,775,534	4,208,470
Derivative liabilities		5,527	4,379
Tax payable		432,108	378,637
		7,816,256	6,600,000
Liabilities directly associated with assets classified as held for sale	4	-	658,727
Total current liabilities		7,816,256	7,258,727
Total liabilities		19,605,915	19,308,430
Total equity and liabilities		50,564,842	48,467,487
Net assets per share attributable to owners of the Company ¹ (RM)		3.16	2.97

¹ Based on 8,807.0 million and 8,806.0 million shares issued as at 31 March 2023 and 31 December 2022 respectively.

The unaudited Consolidated Statement of Financial Position should be read in conjunction with the 2022 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

EXPLANATORY NOTES TO THE STATEMENT OF FINANCIAL POSITION

The Group's reported financial position was impacted by the relative movements in RM against the exchange rates of the countries that the Group operates in. The RM weakened against SGD and strengthened against TL as at 31 March 2023 as compared to 31 December 2022.

In addition, the Group's reported results as at 31 March 2023 included the application to the Group's entities in Turkiye of MFRS 129, as detailed in Section A1(b)(ii) and Section A4.

1. Goodwill increased mainly due to acquisition of Kent on 14 February 2023 which resulted in goodwill on acquisition of RM269.7 million, translational effects from a strengthened SGD against RM during in the period, and from MFRS 129 effects.
2. Trade and other receivables increased mainly due to higher revenue and acquisition of Kent.
3. Current other financial assets decreased mainly due to withdrawal of fixed deposits (greater than 3 months).
4. Assets classified as held for sale and liabilities directly associated with assets classified as held for sale decreased upon the completion of the divestment of Gleneagles Chengdu Hospital and IMU Health on 27 February 2023 and 31 March 2023 respectively.
5. Loans and borrowings increased due to loans drawn down for capital expenditure and working capital purpose.
6. Current trade and other payables increased due to IHH dividends declared on 28 February 2023 and payable on 28 April 2023.

Note:

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

	31 Mar 2023	31 Dec 2022
1 SGD	3.3333	3.2468
TL	0.2323	0.2325

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Attributable to owners of the Company												
	Non-distributable						Distributable						
	Share capital RM'000	Share option reserve RM'000	Revaluation reserve RM'000	Hedge reserve RM'000	Cost of hedging 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 2023	19,684,881	22,783	83,434	8,274	791	(3,998,823)	36,380	3,689,021	6,665,236	26,191,977	-	2,967,080	29,159,057
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	223,272	-	223,272	-	(173,213)	50,059
Realisation of FCTR upon disposal of subsidiaries	-	-	-	-	-	-	-	10,726	-	10,726	-	-	10,726
Hyperinflationary adjustments	-	-	-	-	-	(9,933)	1,902	508,847	3,716	504,532	-	33,603	538,135
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	114,466	-	114,466	-	207,610	322,076
Cash flow hedge	-	-	-	(3,474)	-	-	-	-	-	(3,474)	-	(6,300)	(9,774)
Cost of hedging	-	-	-	-	(153)	-	-	-	-	(153)	-	(277)	(430)
Remeasurement of defined benefit liabilities	-	-	-	-	-	-	-	-	(278)	(278)	-	(795)	(1,073)
Total other comprehensive income for the period	-	-	-	(3,474)	(153)	(9,933)	1,902	857,311	3,438	849,091	-	60,628	909,719
Profit for the period	-	-	-	-	-	-	-	-	1,390,519	1,390,519	-	161,445	1,551,964
Total comprehensive income for the period	-	-	-	(3,474)	(153)	(9,933)	1,902	857,311	1,393,957	2,239,610	-	222,073	2,461,683
Contributions by and distributions to owners													
Share-based payment transactions	-	2,217	-	-	-	-	-	-	-	2,217	-	-	2,217
Transfer to share capital for share options exercised	6,749	(1,260)	-	-	-	-	-	-	-	5,489	-	-	5,489
Cancellation of vested share options	-	(1,389)	-	-	-	-	-	-	1,389	-	-	-	-
Dividends declared	-	-	-	-	-	-	-	-	(616,489)	(616,489)	-	(101,396)	(717,885)
Remeasurement of liabilities on put options granted to non-controlling interests	-	-	-	-	-	(3,370)	-	-	-	(3,370)	-	(2,415)	(5,785)
Transfer per statutory requirements	-	-	-	-	-	-	28	-	(28)	-	-	-	-
	6,749	(432)	-	-	-	(3,370)	28	-	(615,128)	(612,153)	-	(103,811)	(715,964)
Changes in ownership interests in subsidiaries	-	-	-	(3)	-	1,506	-	1	-	1,504	-	275	1,779
Disposal of subsidiaries	-	-	-	-	-	(21,574)	-	-	19,051	(2,523)	-	54,895	52,372
Total transactions with owners	6,749	(432)	-	(3)	-	(23,438)	28	1	(596,077)	(613,172)	-	(48,641)	(661,813)
At 31 March 2023	19,691,630	22,351	83,434	4,797	638	(4,032,194)	38,310	4,546,333	7,463,116	27,818,415	-	3,140,512	30,958,927

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023

	Attributable to owners of the Company												
	Non-distributable						Distributable						
	Share capital RM'000	Share option reserve RM'000	Revaluation reserve RM'000	Hedge reserve RM'000	Cost of hedging 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 2022	19,614,918	33,874	83,434	16,587	332	(4,451,467)	57,814	1,413,034	5,656,406	22,424,932	2,158,358	2,693,541	27,276,831
Foreign currency translation differences from foreign operations	-	-	-	-	-	-	-	(76,172)	-	(76,172)	-	(140,486)	(216,658)
Hedge of net investments in foreign operations	-	-	-	-	-	-	-	46,396	-	46,396	-	84,077	130,473
Cash flow hedge	-	-	-	2,811	-	-	-	-	-	2,811	-	5,095	7,906
Cost of hedging	-	-	-	-	274	-	-	-	-	274	-	497	771
Remeasurement of defined benefit liabilities	-	-	-	-	-	-	-	-	319	319	-	963	1,282
Total other comprehensive income for the period	-	-	-	2,811	274	-	-	(29,776)	319	(26,372)	-	(49,854)	(76,226)
Profit for the period	-	-	-	-	-	-	-	-	493,259	493,259	-	76,801	570,060
Total comprehensive income for the period	-	-	-	2,811	274	-	-	(29,776)	493,578	466,887	-	26,947	493,834
Contributions by and distributions to owners													
Share-based payment transactions	-	550	-	-	-	-	-	-	-	550	-	-	550
Transfer to share capital for share options exercised	46,119	(9,718)	-	-	-	-	-	-	-	36,401	-	-	36,401
Dividends declared	-	-	-	-	-	-	-	-	(528,162)	(528,162)	-	(47,193)	(575,355)
Payment of coupon on perpetual securities	-	-	-	-	-	(428)	-	-	-	(428)	(44,590)	-	(45,018)
Accrued perpetual securities distribution	-	-	-	-	-	-	-	-	(22,023)	(22,023)	22,023	-	-
Remeasurement of liabilities on put options granted to non-controlling interests	-	-	-	-	-	(26,167)	-	-	-	(26,167)	-	26,758	591
Transfer per statutory requirements	-	-	-	-	-	-	26	-	(26)	-	-	-	-
Others	-	-	-	(16,180)	-	-	-	-	16,180	-	-	-	-
Total transactions with owners	46,119	(9,168)	-	(16,180)	-	(26,595)	26	-	(534,031)	(539,829)	(22,567)	(20,435)	(582,831)
At 31 March 2022	19,661,037	24,706	83,434	3,218	606	(4,478,062)	57,840	1,383,258	5,615,953	22,351,990	2,135,791	2,700,053	27,187,834

The unaudited Consolidated Statement of Changes in Equity should be read in conjunction with the 2022 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

	Financial period ended	
	31 Mar 2023	31 Mar 2022
	RM'000	RM'000
		(Restated)
Cash flows from operating activities		
Profit before tax	1,792,508	621,148
Adjustments for:		
Dividend income	-	(47)
Finance income	(39,588)	(50,233)
Finance costs	185,221	126,564
Depreciation and impairment of property, plant and equipment	266,021	222,544
Depreciation of ROU assets	92,253	77,072
Amortisation of intangible assets	11,141	10,239
Impairment loss made:		
- Trade and other receivables	34,070	9,467
- Inventories	-	270
Write-off:		
- Property, plant and equipment	95	123
- Trade and other receivables	1,125	1,819
- Inventories	1,459	836
Gain on disposal of property, plant and equipment	(3,486)	(864)
Gain on disposal of subsidiaries	(981,417)	-
Change in fair value of investment properties	792	1,893
Share of profits of associates (net of tax)	(6,113)	(7,860)
Share of profits of joint ventures (net of tax)	(502)	(570)
Equity-settled share-based payment	2,217	550
Net monetary gain from hyperinflationary economy	(164,758)	-
Operating profit before changes in working capital	1,191,038	1,012,951
Changes in working capital:		
Development properties	286	(100)
Inventories	(81,895)	(28,704)
Trade and other receivables	(286,026)	(189,030)
Trade and other payables	(47,973)	(233,990)
Cash generated from operations	775,430	561,127
Tax paid	(114,445)	(96,700)
Net cash from operating activities	660,985	464,427
Cash flows from investing activities		
Interest received	25,948	21,323
Acquisition of a subsidiary/business, net of cash and cash equivalents acquired	(254,014)	-
Acquisition of investments	(34,536)	(15,988)
Net withdrawal of fixed deposits with tenor of more than 3 months	117,469	15,734
Purchase of property, plant and equipment	(256,080)	(303,648)
Cost capitalised and purchase of investment properties	(16,680)	(1,984)
Development and purchase of intangible assets	(6,475)	(5,201)
Net cash inflow from disposal of subsidiaries	1,175,176	-
Proceeds from disposal of investments	25,670	-
Proceeds from disposal of property, plant and equipment	25,693	2,782
Dividends received from associates and joint ventures	13,580	1,839
Net cash from/(used in) investing activities	815,751	(285,143)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

	Financial period ended	
	31 Mar 2023	31 Mar 2022
	RM'000	RM'000
		(Restated)
Cash flows from financing activities		
Finance costs paid	(102,768)	(56,889)
Proceeds from loans and borrowings	1,122,473	940,326
Repayment of loans and borrowings	(1,007,971)	(994,280)
Payment of lease liabilities	(129,032)	(95,014)
Payment of perpetual securities distribution	-	(45,018)
Dividends paid	(101,396)	(47,193)
Proceeds from exercise of share options	5,489	36,401
Net cash used in financing activities	(213,205)	(261,667)
Net increase/(decrease) in cash and cash equivalents	1,263,531	(82,383)
Effect of exchange rate fluctuations on cash and cash equivalents held	(54,738)	(31,951)
Cash and cash equivalents at beginning of the period	3,662,352	4,993,451
Cash and cash equivalents at end of the period	4,871,145	4,879,117

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprises the following amounts from the statement of financial position:

	31 Mar 2023	31 Mar 2022
	RM'000	RM'000
		(Restated)
Cash and bank balances	2,534,498	2,310,830
Fixed deposits with tenor of 3 months or less	583,000	750,955
Deposits placed in escrow account	1,804,834	1,856,414
Restricted cash	647	3,320
Cash and cash equivalents in the statement of financial position	4,922,979	4,921,519
Less:		
- Bank overdrafts	(51,834)	(42,402)
Cash and cash equivalents in the statement of cash flows	4,871,145	4,879,117

Deposits placed in escrow account

These are the amounts deposited in accordance with the requirements of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers Regulations) (“SEBI (SAST) Regulations”) relating to the Group’s Mandatory Open Offer (“Offer”) to acquire up to an additional 197,025,660 and 4,894,308 equity shares of Fortis Healthcare Limited (“Fortis”) and Fortis Malar Hospitals Limited (“Malar”) respectively (see Section A14). These amounts can only be released in the manner prescribed in Clause 17(10) of the SEBI (SAST) Regulations.

The unaudited Consolidated Statement of Cash Flows should be read in conjunction with the 2022 Audited Financial Statements and the accompanying explanatory notes attached to this financial report.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

A1 BASIS OF PREPARATION

a) Basis of accounting

These unaudited consolidated interim financial report are 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 2022 (“2022 Audited Financial Statements”).

The 2022 Audited Financial Statements were prepared under Malaysian Financial Reporting Standards (“MFRSs”).

b) Significant accounting policies

The accounting policies and presentation adopted for this consolidated interim financial report are consistent with those adopted for the 2022 Audited Financial Statements.

c) MFRS 129, *Financial Reporting in Hyperinflationary Economies*

The Turkish economy was designated as a hyperinflationary economy starting April 2022. As a result, MFRS 129, *Financial Reporting in Hyperinflationary Economies* has been applied for component entities whose functional currency is the Turkish Lira.

The assets, liabilities, equity items, income and expenses of foreign operations in hyperinflationary economies are translated to RM at the exchange rate at the end of the reporting period. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the end of the reporting period. Amounts shown for prior periods for comparative purposes are not modified.

The application of MFRS 129 includes:

- Adjustment of historical cost non-monetary assets and liabilities for the change in purchasing power caused by inflation from the date of initial recognition to the period end date;
- Adjustment of the income and expenses for inflation during the reporting period;
- The income and expenses are translated at the period-end foreign exchange rate instead of an average rate; and
- Adjustment of the income and expenses to reflect the impact of inflation and exchange rate movement on holding monetary assets and liabilities in local currency.

Price index

The financial statements of component entities, of which their functional currency is denominated in Turkish Lira, have been restated to reflect the price index and the exchange rate at 31 March 2023 in accordance with MFRS 129 requirements. Hyperinflationary adjustments are based on available data for changes in the Consumer Price Index published by the Turkish Statistical Institute (“TURKSTAT”).

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

Net monetary gain/(loss) arising from hyperinflationary economies

Net monetary gain/(loss) arising from hyperinflationary economies is derived as the difference resulting from the restatement of non-monetary assets and liabilities, owners' equity and items in the statement of profit or loss and other comprehensive income and the adjustment of index linked assets and liabilities.

Refer to Section A4 for the effects of applying MFRS 129 on the Group's reported results.

d) Comparative figures

Following the issuance of IFRIC Agenda Decision in FY2022 to clarify on the presentation of restricted cash, the Group reassessed and reclassified restricted cash and deposits placed in escrow account to be presented as cash and cash equivalents in the statement of cash flows. The impact arising from the reclassification is as follows:

	As per previously reported RM'000	Effects of reclassification RM'000	As restated RM'000
<u>Financial period ended 31 March 2022</u>			
Effect of exchange rate fluctuations on cash and cash equivalents held	11,896	(43,847)	(31,951)
Cash and cash equivalents at beginning of the period	3,089,870	1,903,581	4,993,451
Cash and cash equivalents at end of the period	3,019,383	1,859,734	4,879,117

A2 AUDIT REPORT IN THE ANNUAL FINANCIAL STATEMENTS

The 2022 Audited Financial Statements were not subjected to any qualification.

A3 SEASONALITY OF OPERATIONS

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

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 31 March 2023, other than the effects of the application to the Group's entities in Turkiye of MFRS 129 below and the disposal of IMU Health as disclosed in Section B6.

Effects of application of MFRS129

	Before hyperinflationary adjustments RM'000	Adjustments RM'000	After hyperinflationary adjustments RM'000
<u>Statement of profit or loss</u>			
Revenue	5,096,092	46,314	5,142,406
Other operating income	1,103,781	660	1,104,441
Inventories and consumables	(1,026,671)	(16,651)	(1,043,322)
Purchased and contracted services	(461,750)	(2,416)	(464,166)
Staff costs	(1,883,260)	(22,549)	(1,905,809)
Depreciation and impairment of property, plant and equipment	(222,144)	(43,877)	(266,021)
Depreciation of right-of-use ("ROU") assets	(77,144)	(15,109)	(92,253)
Amortisation of intangible assets	(9,506)	(1,635)	(11,141)
Operating lease expenses	(27,349)	(158)	(27,507)
Other operating expenses	(666,554)	(3,306)	(669,860)
Finance income	31,019	8,569	39,588
Finance costs	(178,198)	(7,023)	(185,221)
Net monetary gain from hyperinflationary economy	-	164,758	164,758
Share of profits of associates (net of tax)	6,113	-	6,113
Share of profits of joint ventures (net of tax)	502	-	502
Profit before tax	1,684,931	107,577	1,792,508
Income tax expense	(170,224)	(70,320)	(240,544)
Profit for the period	1,514,707	37,257	1,551,964
Profit attributable to:			
Owners of the Company	1,357,985	32,534	1,390,519
Non-controlling interests	156,722	4,723	161,445
Profit for the period	1,514,707	37,257	1,551,964

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

	Before hyperinflationary adjustments RM'000	Adjustments RM'000	After hyperinflationary adjustments RM'000
<u>Statement of financial position</u>			
Non-current assets			
Property, plant and equipment	10,858,392	1,415,957	12,274,349
Right-of-use assets	6,382,528	454,560	6,837,088
Goodwill on consolidation	12,652,384	1,271,948	13,924,332
Intangible assets	2,019,957	829,316	2,849,273
Trade and other receivables	172,423	275	172,698
Deferred tax assets	596,789	2,471	599,260
Curent assets			
Inventories	567,162	22,014	589,176
Trade and other receivables	2,956,265	1,182	2,957,447
Equity			
Other reserves	(2,301,553)	2,965,222	663,669
Retained earnings	7,357,833	105,283	7,463,116
Non-controlling interests	2,763,662	376,850	3,140,512
Non-current liabilities			
Deferred tax liabilities	1,213,371	550,369	1,763,740

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 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 the 2022 Audited Financial Statements.

A6 DEBT AND EQUITY SECURITIES

Between 1 January 2022 to 31 March 2023, IHH issued 948,000 new ordinary shares pursuant to the exercise of vested Enterprise Option Scheme ("EOS") units.

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 1 January 2022 to 31 March 2023.

As at 31 March 2023, the issued share capital of IHH comprised of 8,806,991,463 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 2022	7.00	616,489	28-Apr-23

**A NOTES TO THE INTERIM FINANCIAL REPORT
 FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

A8 SEGMENT REPORTING

Since 1 January 2023, the Group's segment reporting has been changed to reflect the Group's new reporting structure that includes Laboratories ("Labs") as a separate segment. The results for the comparative year have been restated on the same basis.

The Group's reportable segments comprise:

- Hospital and healthcare
 - Singapore
 - Malaysia
 - India
 - Greater China
 - Turkiye and Europe
 - Southeast Asia
- IMU Health
- Labs
- PLife REIT
- Others

Except for IMU Health, Labs and PLife REIT, the strategic business units offer hospital and healthcare services in different locations and are managed separately. IMU Health is an educational service provider, Labs is a diagnostic laboratory service provider, while PLife REIT is a real estate investment trust. Others comprises the Group's corporate office as well as other investment holding entities.

Management monitors the operating results of each business unit for the purpose of making decisions on resource 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 FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

A8 SEGMENT REPORTING

Financial period ended 31 March 2023

	Hospital and Healthcare											
	Singapore RM'000	Malaysia RM'000	India RM'000	Greater China RM'000	Turkiye and Europe RM'000	Southeast Asia RM'000	IMU Health RM'000	Labs RM'000	PLife REIT RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<u>Revenue and expenses</u>												
Revenue from external customers	1,317,337	874,968	815,404	298,633	1,500,368	-	53,899	241,328	39,038	1,431	-	5,142,406
Inter-segment revenue	2,356	1,980	-	-	-	-	635	167,978	61,934	253,225	(488,108)	-
Total segment revenue	1,319,693	876,948	815,404	298,633	1,500,368	-	54,534	409,306	100,972	254,656	(488,108)	5,142,406
EBITDA	390,872	248,274	123,372	9,057	302,821	(33)	13,029	89,079	78,584	183,983	(289,581)	1,149,457
Depreciation and impairment of property, plant and equipment	(41,733)	(53,597)	(32,245)	(26,755)	(94,676)	-	-	(9,861)	(6,578)	(576)	-	(266,021)
Depreciation of right-of-use assets	(77,956)	(6,036)	(6,044)	(16,468)	(32,815)	-	-	(7,266)	(3,276)	(1,632)	59,240	(92,253)
Amortisation of intangible assets	-	(293)	(2,030)	(495)	(3,228)	-	-	(5,881)	-	(2,389)	3,175	(11,141)
Foreign exchange differences	(68)	(571)	(7,844)	(334)	3,461	19	(1)	(55)	4,397	6,305	-	5,309
Net monetary gain/(loss) from hyperinflationary economy	-	-	-	-	169,985	-	-	(5,227)	-	-	-	164,758
Finance income	837	3,131	3,715	295	22,803	36	1,014	2,862	3,810	4,792	(3,707)	39,588
Finance costs	(43,137)	(1)	(19,853)	(48,011)	(89,559)	-	(738)	(3,964)	(8,255)	(18,118)	46,415	(185,221)
Share of profits of associates (net of tax)	-	-	906	-	-	5,207	-	-	-	-	-	6,113
Share of profits of joint ventures (net of tax)	418	-	112	-	-	-	-	(28)	-	-	-	502
Others	-	-	-	119,326	-	-	-	-	-	862,091	-	981,417
Profit before tax	229,233	190,907	60,089	36,615	278,792	5,229	13,304	59,659	68,682	1,034,456	(184,458)	1,792,508
Income tax expense	(42,897)	(46,069)	(16,937)	(3,003)	(102,437)	-	(2,500)	(14,509)	(4,943)	(7,249)	-	(240,544)
Profit for the period	186,336	144,838	43,152	33,612	176,355	5,229	10,804	45,150	63,739	1,027,207	(184,458)	1,551,964
<u>Assets and liabilities</u>												
Cash and cash equivalents	282,498	508,009	1,834,078	204,746	190,472	7,538	-	145,068	140,829	1,609,741	-	4,922,979
Other assets	19,157,161	6,276,956	6,217,992	2,980,844	9,612,786	53,577	-	1,721,315	5,423,645	4,441,771	(10,244,184)	45,641,863
Segment assets as at 31 March 2023	19,439,659	6,784,965	8,052,070	3,185,590	9,803,258	61,115	-	1,866,383	5,564,474	6,051,512	(10,244,184)	50,564,842
Loans and borrowings	-	-	440,725	3,452,280	978,105	-	-	5,146	2,924,601	1,554,315	-	9,355,172
Other liabilities	9,798,096	887,968	2,512,805	678,528	3,539,401	21,746	-	411,974	411,711	2,233,427	(10,244,913)	10,250,743
Segment liabilities as at 31 March 2023	9,798,096	887,968	2,953,530	4,130,808	4,517,506	21,746	-	417,120	3,336,312	3,787,742	(10,244,913)	19,605,915

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

Financial period ended 31 March 2022

	Hospital and Healthcare						IMU					
	Singapore	Malaysia	India	Greater	Turkiye	Southeast	Health	Labs	PLife REIT	Others	Eliminations	Total
	RM'000	RM'000	RM'000	China	and Europe	Asia	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue and expenses</u>												
Revenue from external customers	1,161,442	665,951	684,756	220,664	1,006,969	-	62,176	320,471	39,474	1,155	-	4,163,058
Inter-segment revenue	1,781	1,838	-	1	-	-	379	143,226	55,236	46,914	(249,375)	-
Total segment revenue	1,163,223	667,789	684,756	220,665	1,006,969	-	62,555	463,697	94,710	48,069	(249,375)	4,163,058
EBITDA	369,564	173,241	90,904	(18,276)	257,848	(239)	21,917	102,436	72,803	1,943	(75,671)	996,470
Depreciation and impairment of property, plant and equipment	(42,005)	(52,292)	(32,717)	(36,347)	(38,543)	-	(3,199)	(10,973)	(6,021)	(447)	-	(222,544)
Depreciation of ROU assets	(71,701)	(6,177)	(5,824)	(19,179)	(15,781)	-	(751)	(6,394)	(3,185)	(1,477)	53,397	(77,072)
Amortisation of intangible assets	-	(439)	(3,457)	(1,009)	(1,473)	-	(153)	(3,708)	-	-	-	(10,239)
Foreign exchange differences	(62)	(202)	(3,765)	19	132	(2,502)	(1)	269	2,406	1,738	-	(1,968)
Finance income	55	1,171	1,102	1,092	29,099	1	735	1,979	5,006	10,171	(178)	50,233
Finance costs	(1,233)	(2,226)	(19,544)	(17,268)	(79,642)	-	-	(1,605)	(3,419)	(2,832)	1,205	(126,564)
Share of profits of associates (net of tax)	134	-	3,506	-	-	4,220	-	-	-	-	-	7,860
Share of profits of joint ventures (net of tax)	565	-	7	-	-	-	-	(2)	-	-	-	570
Others	-	-	-	4,402	-	-	-	-	-	-	-	4,402
Profit/(Loss) before tax	255,317	113,076	30,212	(86,566)	151,640	1,480	18,548	82,002	67,590	9,096	(21,247)	621,148
Income tax expense	(47,505)	(33,223)	(13,289)	(621)	76,584	-	(4,919)	(18,784)	(4,894)	(4,437)	-	(51,088)
Profit/(Loss) for the period	207,812	79,853	16,923	(87,187)	228,224	1,480	13,629	63,218	62,696	4,659	(21,247)	570,060
<u>Assets and liabilities</u>												
Cash and cash equivalents	287,470	381,008	1,870,320	212,551	332,955	7,551	-	120,366	129,903	321,387	-	3,663,511
Other assets	18,642,961	6,287,281	6,282,713	3,233,926	8,350,388	60,042	640,710	1,719,420	5,308,363	4,066,047	(9,787,875)	44,803,976
Segment assets as at 31 December 2022	18,930,431	6,668,289	8,153,033	3,446,477	8,683,343	67,593	640,710	1,839,786	5,438,266	4,387,434	(9,787,875)	48,467,487
Loans and borrowings	-	-	537,531	3,446,473	1,079,663	-	-	5,133	2,759,055	1,330,925	-	9,158,780
Other liabilities	9,730,773	957,659	2,496,034	1,079,894	3,041,060	21,841	210,149	425,113	407,974	1,528,567	(9,749,414)	10,149,650
Segment liabilities as at 31 December 2022	9,730,773	957,659	3,033,565	4,526,367	4,120,723	21,841	210,149	430,246	3,167,029	2,859,492	(9,749,414)	19,308,430

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

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	
	31 Mar 2023	31 Mar 2022
	RM'000	RM'000
Transactions with substantial shareholders*		
- Sales and provision of services	40	62
- Purchase and consumption of services	(3,769)	(3,674)
Transactions with key management personnel*		
- Sales and provision of services	3,612	796
- Purchase and consumption of services	(31,644)	(16,377)

*: Including parties directly/jointly-controlled by substantial shareholders or key management personnel.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

A11 CHANGES IN THE COMPOSITION OF THE GROUP

- (a) On 14 February 2023, Acibadem Saglik Hizmetleri ve Ticaret A.S. (“ASH”) acquired the entire equity stake in Ozel Kent Saglik Hizmetleri ve Malzemeleri Sanayi Ticaret A.S. (“Kent”) for a total consideration of EUR55.0 million (equivalent to RM251.1 million). Kent is a private healthcare operator in Izmir, Turkiye and it currently operates a 340-bedded Kent Hospital and 2 medical centres. Post completion of the acquisition, Kent has become a direct subsidiary of ASH, whilst Alsancak Ozel Kent Tıp Merkezi A.S. and Ozel Kent Radyoloji Goruntuleme ve Ticaret A.S. have become indirect wholly-owned subsidiaries of ASH.

The effects of the acquisition are as follows:

	Provisional RM'000
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	35,111
Right-of-use assets	6,202
Intangible assets	632
Deferred tax assets	30
Tax recoverables	1,071
Inventories	7,679
Trade and other receivables	29,959
Cash and cash equivalents	5,996
Loans and borrowings	(51,080)
Employee benefits	(740)
Trade and other payables	(53,435)
Book value of net identifiable liabilities acquired	<u>(18,575)</u>
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration in cash and cash equivalents	251,104
Less: cash and cash equivalents acquired	<u>(5,996)</u>
	<u>245,108</u>
Goodwill	
Total purchase consideration	251,104
Book value of net identifiable liabilities acquired	<u>18,575</u>
Goodwill	<u>269,679</u>

As at 31 March 2023, the Group is in the midst of performing a purchase price allocation (“PPA”) for the acquisition of Kent, and would adjust goodwill accordingly upon the completion of the PPA.

- (b) On 27 February 2023, M&P Investments Pte Ltd, an indirect wholly-owned subsidiary, completed the disposal of its 70% equity interest in Gleneagles Chengdu Hospital Company Limited to Perennial Healthcare Pte Ltd.
- (c) On 28 March 2023, General Hospital Acibadem Bel Medic, an indirect subsidiary, had established a wholly-owned subsidiary, Acibadem Bel Medic Logistics D.O.O. Beograd (“ABML”) in Serbia. The initial capital of ABML is Serbian Dinar 1,000 (equivalent to RM41) and its intended principal activity is wholesale trade of medical devices and medical materials.
- (d) On 31 March 2023, Parkway Trust Management Limited (“PTM”), an indirect wholly-owned subsidiary, transferred 133,400 Parkway Life Real Estate Investment Trust (“PLife REIT”) units that it owned to its eligible employees in accordance to PTM’s long term incentive plan. Consequential thereto, IHH Group’s effective interest in PLife REIT was diluted from 35.58% to 35.55%.

**A NOTES TO THE INTERIM FINANCIAL REPORT
 FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

- (e) On 31 March 2023, IHH completed the disposal of the entire issued ordinary share capital of IMU Health Sdn Bhd (“IMUH”) to Inbound Education Holdings Sdn Bhd. Post completion of the disposal, IMUH and its subsidiaries, namely IMU Education Sdn Bhd, IMU Healthcare Sdn Bhd, IMC Education Sdn Bhd, IMU Dialysis Sdn Bhd and IMU Omega Sdn Bhd have ceased to be subsidiaries of IHH on 31 March 2023. Please refer to note B6 for further details.

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

On 2 May 2023, Ortopedia merged with ASH. All assets and liabilities of Ortopedia were transferred to ASH and Ortopedia was subsequently dissolved. The internal reorganisation was undertaken in order to streamline the Acibadem Holdings Group structure and management.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material contingent liabilities or contingent assets as at 31 May 2023.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

A14 CAPITAL COMMITMENTS

	31 Mar 2023 RM'000	31 Dec 2022 RM'000
a. Capital expenditure commitments		
<i>Property, plant and equipment and investment properties</i>		
- Contracted but not provided for	1,144,636	1,152,671
b. Other commitments		
Maximum amount committed for Fortis Open Offer ¹	1,800,880	1,830,228
Maximum amount committed for Malar Open Offer ¹	15,263	15,511
	<u>1,816,143</u>	<u>1,845,739</u>

¹ The actual number of Fortis Healthcare Limited ("Fortis") shares and the actual number of Fortis Malar Hospitals Limited ("Malar") shares that Northern TK Venture Pte. Ltd. ("NTK") will be acquiring can only be determined at the end of the Fortis Open Offer and Malar Open Offer respectively.

On 13 November 2018, IHH acquired 31.17% 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 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 13 July 2018, NTK, together with IHH and Parkway Pantai Limited ("PPL") had made a public announcement to all the public shareholders who are eligible to tender their shares in the Fortis Open Offer and Malar Open Offer.

Subsequently on 14 December 2018, the Supreme Court of India passed an order in the matter of "Mr Vinay Prakash Singh v. Sameer Gehlaut & Ors." [Contempt Petition (Civil) No. 2120 of 2018] ("Original Contempt Petition"), directing "status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained" ("Interim Status Quo Order"). Pursuant thereto, decision was taken not to proceed with Fortis Open Offer and Malar Open Offer.

Vide its judgment dated 15 November 2019 ("Judgment"), the Supreme Court of India issued suo-moto contempt notice to, among others, Fortis, and its Registry to register a fresh contempt petition in regard to alleged violation of the Interim Status Quo Order ("Fortis Contempt Petition").

On 22 September 2022, the Supreme Court pronounced the final order and on 23 September 2022, the written judgment was made available. The Supreme Court held, among others, that:

- (i) The Special Leave Petition (Civil) No. 20417 of 2017, the Original Contempt Petition (in which the Interim Status Quo Order was passed) and the Fortis Contempt Petition are disposed of.
- (ii) The Delhi High Court may consider issuing appropriate process and appointing forensic auditor(s) to analyse the transactions entered into between Fortis and RHT Health Trust and other related transactions.

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

(iii) It will be open to the Delhi High Court to pass such directions as the facts and circumstances presented before it may justify.

Neither IHH, NTK or PPL are party to Daiichi Sankyo Co. Ltd's ("Daiichi") pending execution proceedings* before the Delhi High Court. Daiichi had moved Delhi High Court requesting the Delhi High Court to pass appropriate directions (in view of the Supreme Court Judgment) in connection with the forensic audit and the execution proceedings are ongoing.

Following the decision of the Supreme Court of India, on 16 November 2022, the Securities and Exchange Board of India ("SEBI") had advised NTK to proceed with the Fortis Open Offer and the Malar Open Offer after obtaining an appropriate order from the Delhi High Court. In view of the aforementioned, IHH is obtaining advice from legal counsel.

*: Daiichi filed execution proceedings before the Delhi High Court to enforce and execute an arbitral award issued in its favour ("Arbitral Award"). Pursuant to the Arbitral Award (which IHH Group is not a party to), Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh ("Singh Brothers") and persons and entities related to them were directed to pay an amount of approximately INR 25.62 billion with interest to Daiichi in connection with a dispute relating to the sale of shares of Ranbaxy Laboratories Limited by the Singh Brothers to Daiichi.

**A NOTES TO THE INTERIM FINANCIAL REPORT
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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	Fair value Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
31 March 2023					
Financial assets					
Unquoted shares at FVOCI	-	-	117,626	117,626	117,626
Foreign exchange forward contracts	-	59,680	-	59,680	59,680
Cross currency swaps	-	265,279	-	265,279	265,279
Cross currency interest rate swaps	-	65,852	-	65,852	65,852
Interest rate caps	-	5,648	-	5,648	5,648
Financial liabilities					
Foreign exchange forward contracts	-	(5,471)	-	(5,471)	(5,471)
Interest rate swaps	-	(56)	-	(56)	(56)
Fixed rate medium term notes	-	(675,301)	-	(675,301)	(674,508)
Liabilities on put options granted to non-controlling interest	-	-	(1,594,543)	(1,594,543)	(1,594,543)
31 December 2022					
Financial assets					
Unquoted shares at FVOCI	-	-	114,573	114,573	114,573
Foreign exchange forward contracts	-	42,475	-	42,475	42,475
Cross currency swaps	-	291,978	-	291,978	291,978
Cross currency interest rate swaps	-	61,410	-	61,410	61,410
Interest rate caps	-	12,799	-	12,799	12,799
Interest rate swaps	-	124	-	124	124
Financial liabilities					
Foreign exchange forward contracts	-	(4,379)	-	(4,379)	(4,379)
Fixed rate medium term notes	-	(647,919)	-	(647,919)	(654,440)
Liabilities on put options granted to non-controlling interest	-	-	(1,592,665)	(1,592,665)	(1,592,665)

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

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

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

	1st quarter ended		
	31 Mar 2023	31 Mar 2022	Variance
	RM'000	RM'000	%
REVENUE¹			
Singapore	1,317,337	1,161,442	13%
Malaysia	874,968	665,951	31%
India	815,404	684,756	19%
Greater China	298,633	220,664	35%
Turkiye and Europe	1,456,089	1,006,969	45%
Hospital and Healthcare	4,762,431	3,739,782	27%
IMU Health	53,899	62,176	-13%
Labs total revenue	407,271	463,697	-12%
Less: Labs inter-segment revenue	(167,978)	(143,226)	-17%
Labs	239,293	320,471	-25%
Others[^]	1,431	1,155	24%
Group (Excluding PLife REIT)	5,057,054	4,123,584	23%
PLife REIT total revenue	100,972	94,710	7%
Less: PLife REIT inter-segment revenue	(61,934)	(55,236)	-12%
PLife REIT	39,038	39,474	-1%
	5,096,092	4,163,058	22%
Adjustment for hyperinflationary economy ⁴	46,314	-	-
Group	5,142,406	4,163,058	24%
EBITDA²			
Singapore	390,872	369,564	6%
Malaysia	248,274	173,241	43%
India	123,372	90,904	36%
Greater China	9,057	(18,276)	150%
Turkiye and Europe	296,832	257,848	15%
Southeast Asia	(33)	(239)	86%
Hospital and Healthcare	1,068,374	873,042	22%
IMU Health	13,029	21,917	-41%
Labs	93,173	102,436	-9%
Others[^]	(41,410)	(16,808)	-146%
Group (Excluding PLife REIT)	1,133,166	980,587	16%
PLife REIT	78,584	72,803	8%
Eliminations³	(64,188)	(56,920)	-13%
	1,147,562	996,470	15%
Adjustment for hyperinflationary economy ⁴	1,895	-	-
Group	1,149,457	996,470	15%

¹: Relates to external revenue only.

²: Relates to the EBITDA performance of each strategic business units, after elimination of dividend income from within the Group.

³: Relates to the elimination of inter-segment income and expenses.

⁴: Arises from the application of MFRS 129 .

[^]: "Others" comprise mainly corporate office as well as other investment holding entities.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYIA'S LISTING REQUIREMENTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

Q1 2023 vs Q1 2022

The Group's Q1 2023 revenue increased 24% over Q1 2022 while its Q1 2023 EBITDA increased 15%. Excluding effects of MFRS 129, the Group's Q1 2023 revenue and EBITDA increased 22% and 15% respectively over Q1 2022.

The increase in EBITDA was mainly driven by higher revenue offset by higher cost of operations, donations and aid extended to support humanitarian efforts for the earthquake in Turkiye, and translational effects from a weakened TL against RM during in the quarter.

The Group's Q1 2023 PATMI excluding exceptional items ("PATMI (Excl EI)") decreased 19% to RM329.9 million, mainly due to higher net finance costs and a debit adjustment of RM121.8 million in Q1 2023 relating to the application of MFRS 129 which mainly resulted from higher depreciation and amortisation on reindexation, and deferred tax recognised on the uplifted carrying value of the reindexed assets.

Hospital and Healthcare

Hospital and Healthcare's Q1 2023 revenue increased 27% to RM4,764.5 million whilst its Q1 2023 EBITDA increased 22% to RM1,069.4 million. The growth in revenue was mainly due to the strong recovery from core non-COVID-19 revenues as both local and foreign patients returned to seek treatment at the Group's hospitals. The commencement of operations at Atasehir Hospital in September 2022, the continuous ramp-up of operations at GHK Hospital, as well as the acquisitions of Ortopedia on 9 August 2022 and Kent on 14 February 2023 also contributed to the increase.

Singapore hospital inpatient admissions decreased 2% to 15,564 in Q1 2023 while its revenue per inpatient admission increased 12% to RM51,785 with a case-mix of more acute patients seeking treatment at the Singapore hospitals and price adjustments. Malaysia hospital inpatient admissions increased 41% to 58,939 in Q1 2023 while its revenue per inpatient admission decreased 1% to RM9,690. Patients, including those with less acute illnesses, have returned to the Malaysia hospitals in Q1 2023. India hospital inpatient admissions increased 8% to 82,031 in Q1 2023 while its revenue per inpatient admission increased 15% to RM8,798. Turkiye and Europe hospital inpatient admissions increased 14% to 65,570 in Q1 2023 while its revenue per inpatient admission increased 44% to RM11,480 with price adjustments to counter inflation.

The increase in Hospital and Healthcare's Q1 2023 EBITDA was mainly driven by higher revenue offset by higher staff cost and other operating expenses, donations and aid extended to support humanitarian efforts for the earthquake in Turkiye, as well as translational effects from a weakened TL against RM during in the quarter.

IMU Health

IMU Health's Q1 2023 revenue decreased 13% to RM53.9 million due to a change in the timing of the academic semester and student intake as compared to Q1 2022. EBITDA decreased 41% to RM13.0 million due to higher expenses as a result of increased activities in campus.

PLife REIT

PLife REIT's Q1 2023 external revenue decreased 1% to RM39.0 million whilst EBITDA increased 8% to RM 78.6 million. EBITDA increased mainly due to contribution from five nursing homes acquired in September 2022 and higher inter-segment rental income from the hospitals in Singapore.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYIA'S LISTING REQUIREMENTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

Others

Q1 2023 revenue increased 24% to RM1.4 million whilst EBITDA losses increased 146% to RM41.4 million. EBITDA losses increased mainly due to higher staff cost from annual increment and completion bonus recognised upon the successful divestment of IMU. In addition, EBITDA loss increased from a low base in Q1 2022 where there was a reversal of overprovision of bonus.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

	1st quarter ended 31 Mar 2023 RM'000	4th quarter ended 31 Dec 2022 RM'000	Variance %
<u>REVENUE¹</u>			
Singapore	1,317,337	1,298,772	1%
Malaysia	874,968	854,432	2%
India	815,404	843,792	-3%
Greater China	298,633	286,061	4%
Turkiye and Europe	1,456,089	1,334,440	9%
Hospital and Healthcare	4,762,431	4,617,497	3%
IMU Health	53,899	70,005	-23%
Labs total revenue	407,271	406,774	0%
Less: Labs inter-segment revenue	(167,978)	(164,777)	-2%
Labs	239,293	241,997	-1%
Others[^]	1,431	1,628	-12%
Group (Excluding PLife REIT)	5,057,054	4,931,127	3%
PLife REIT total revenue	100,972	96,282	5%
Less: PLife REIT inter-segment revenue	(61,934)	(58,579)	-6%
PLife REIT	39,038	37,703	4%
	5,096,092	4,968,830	3%
Adjustment for hyperinflationary economy ⁴	46,314	(112,015)	141%
Group	5,142,406	4,856,815	6%
<u>EBITDA²</u>			
Singapore	390,872	378,492	3%
Malaysia	248,274	229,997	8%
India	123,372	125,172	-1%
Greater China	9,057	(12,407)	173%
Turkiye and Europe	296,832	350,628	-15%
Southeast Asia	(33)	(28)	-18%
Hospital and Healthcare	1,068,374	1,071,854	0%
IMU Health	13,029	19,323	-33%
Labs	93,173	105,333	-12%
Others[^]	(41,410)	(77,694)	47%
Group (Excluding PLife REIT)	1,133,166	1,118,816	1%
PLife REIT	78,584	60,841	29%
Eliminations³	(64,188)	(57,533)	-12%
	1,147,562	1,122,124	2%
Adjustment for hyperinflationary economy ⁴	1,895	(49,013)	104%
Group	1,149,457	1,073,111	7%

¹: Relates to external revenue only

²: Relates to the EBITDA performance of each strategic business units, after elimination of dividend income from within the Group

³: Relates to the elimination of inter-segment income and expenses

⁴: Arises from the application of MFRS 129

[^]: "Others" comprise mainly corporate office as well as other investment holding entities

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYIA'S LISTING REQUIREMENTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

Q1 2023 vs Q4 2022

The Group's quarter-on-quarter revenue and EBITDA increased by 6% and 7% respectively. Excluding effects of MFRS 129, the Group's quarter-on-quarter revenue and EBITDA increased by 3% and 2% respectively.

EBITDA increased quarter-on-quarter on the back of a higher revenue and a lower base in Q4 2022 with a valuation loss on PLife REIT's investment properties of RM19.5 million being recorded. It was partially offset by higher cost of operations.

The Group's PATMI (Excl EI) decreased 3% quarter-on-quarter. Excluding effects of MFRS 129, the Group's quarter-on-quarter PATMI (Excl EI) increased by 6%.

Hospital and Healthcare

Hospital and Healthcare recorded a 4% quarter-on-quarter increase in revenue, whilst its EBITDA was flat quarter-on-quarter.

Singapore hospital inpatient admissions increased 4% quarter-on-quarter, while its revenue per inpatient admission decreased 6%. Malaysia hospital inpatient admissions increased 3% quarter-on-quarter, while its revenue per inpatient admission decreased 1%. India hospital inpatient admissions decreased 2% quarter-on-quarter, while its revenue per inpatient admission increased 4%. Turkiye and Europe hospital inpatient admissions increased 2% quarter-on-quarter, while its revenue per inpatient increased 12%.

EBITDA was flat quarter-on-quarter as higher revenue was partially offset by higher cost of operations as well as donations and aid extended to support humanitarian efforts for the earthquake in Turkiye.

IMU Health

IMU Health's revenue decreased 23% quarter-on-quarter mainly due to timing of the academic semester and student intake. EBITDA decreased 33% quarter-on-quarter as a result of lower revenues.

PLife REIT

PLife REIT's external revenue increased 4% quarter-on-quarter due to revenue contribution from five nursing homes acquired in September 2022.

PLife REIT's EBITDA increased 29% quarter-on-quarter due to a lower base in Q4 2022 with a valuation loss on PLife REIT's investment properties of RM19.5 million being recorded.

Others

Revenue decreased 12% quarter-on-quarter while EBITDA losses decreased 47%. EBITDA losses decreased mainly due to higher professional fees expense in relation to potential acquisitions being recorded in Q4 2022, offset by higher staff cost from annual increment and completion bonus recognised upon the successful divestment of IMU.

**B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYIA'S LISTING REQUIREMENTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023**

B3 CURRENT YEAR FINANCIAL PROSPECTS

As the world transited out of the pandemic in the second half of 2022, the Group saw its COVID-related business easing off and replaced with the return of local and foreign patients to its hospitals. This, together with an increasing demand for quality healthcare services from an ageing population in the regions that the Group operates, has put the Group on an accelerated path of operational recovery with inpatient admission expected to exceed pre-COVID times across its markets. The Group will also add more than 2,000 new beds across Malaysia, India and Turkiye over the next three years, while exploring other strategic opportunities to meet growing healthcare needs and demand both locally and from the region.

In addition, the Group plans to grow and expand its reach and services across several dimensions. It will expand across the healthcare continuum by extending its service of care for patients. It will expand its value chain vertically, particularly in its laboratory and diagnostics business, to provide end-to-end services to its patients. Finally, it will expand into the new growth arena of digital services by using technology platforms as a seamless complement to its offline services.

Notwithstanding the strong underlying demand for quality healthcare services, the Group expects cost pressures from elevated inflation, tight supply of nurses, and rising interest rates. The Group will maintain a tight rein on costs and leverage synergies from its international network to achieve cost savings, while at the same time, delivering appropriate care and value to its patients. The Group aims to achieve this via its Value-Driven Outcomes (“VDO”) initiatives, which would lead to improved outcomes and care while ensuring cost effectiveness through eliminating waste and unnecessary practices such as unneeded medical tests.

Besides pursuing operational growth, the Group continues to seek earnings-accretive opportunities to acquire strategic assets across Asia and Europe, backed by its healthy balance sheet. On 14 February 2023, the Group expanded into Turkiye’s third largest city of Izmir with the acquisition of 100% of Kent, which operates the largest private hospital in Izmir. In addition, the Group continually reviews its asset portfolio and will divest any non-core and/or non-performing assets at an appropriate time. On 27 February 2023 and 31 March 2023, the Group completed the divestment of Gleneagles Chengdu Hospital and IMU Health respectively.

Despite expected near-term headwinds, the Group is confident of its long-term growth trajectory, underpinned by megatrends in healthcare as well as its operational resilience and strong financial position. The Board declared a special dividend of 9.6 sen per share, which would be paid out on 30 June 2023, following the sale of IMU Health, in order for shareholders to participate in the Group’s value creation even as it continues to pursue its growth agenda.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

B4 PROFIT FORECAST/GUARANTEE

Not applicable as no profit forecast/guarantee was issued.

B5 TAXATION

	1st quarter ended	
	31 Mar 2023	31 Mar 2022
	RM'000	RM'000
Current tax expense	118,101	131,872
Deferred tax expense/(credit)	122,443	(80,784)
	<u>240,544</u>	<u>51,088</u>

Q1 2023 and Q1 2022 effective tax rates* were 13.5% and 8.3% respectively. The Group's effective tax rates differ from the Malaysia statutory tax rate mainly due to certain non-taxable income and non-tax deductible expenses (refer to page 2 for list of exceptional items), as well as unrecognised tax losses arising from some subsidiaries' operations and hospitals that are under construction or in a start-up phase.

* 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 31 May 2023:

1. Following the 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"):
 - (i) Mandatory Open Offer for acquisition of up to 197,025,660 Fortis Shares representing additional 26.10% of the Expanded Voting Share Capital (as defined herein) of Fortis by the Acquirer ("Fortis Open Offer"); and
 - (ii) Mandatory Open Offer for acquisition of up to 4,894,308 fully paid up equity shares of face value of INR10 each, representing 26.11% of the fully diluted voting equity share capital of Fortis Malar Hospitals Limited ("Malar") by the Acquirer ("Malar Open Offer").

Refer to Section A14 for details and status of the Fortis Open Offer and Malar Open Offer.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

2. Proposed disposal of the entire issued ordinary share capital of IMU Health Sdn Bhd ("IMUH"), by IHH to Inbound Education Holdings Sdn Bhd ("IEHSB") ("Proposed Disposal of IMU"); and proposed disposal of the entire issued share capital of IMU Omega ("Hospital HoldCo"), by IMUH to Columbia Asia Sdn Bhd ("CASB") ("Proposed Facility Disposal") (collectively the "Proposed Disposals"), for a cash consideration to be determined based on a total enterprise value of RM1,345 million

IHH and IEHSB had on 7 June 2022 entered into a conditional share sale agreement ("IMU SSA") whereby IHH will dispose 1,140,032 ordinary shares in IMUH representing the entire issued ordinary share capital of IMUH to IEHSB.

In conjunction with the Proposed Disposal of IMU, IHH will also dispose of a hospital situated on the land bearing title particulars GRN 46835, Lot 38387, Mukim Petaling, Daerah Kuala Lumpur ("Facility") together with the assets and liabilities of the Facility ("Facility Business"), which are currently owned by its indirect wholly owned subsidiary, IMU Education Sdn Bhd ("IMU Education") to CASB. IHH will execute various internal restructuring steps ("Proposed Restructuring") within IMU Group to facilitate the Proposed Facility Disposal.

To facilitate the Proposed Restructuring, IMU Education and IMU Omega had entered into an asset purchase agreement ("Facility APA") in respect of the Facility Business on 27 June 2022. On 27 July 2022, IMUH, IHH and CASB had entered into a conditional share sale agreement for the disposal of the entire issued share capital of IMU Omega by IMUH to CASB ("Facility SSA") pursuant to the Proposed Facility Disposal.

The Proposed Disposal of IMU, the Proposed Facility Disposal and the Proposed Restructuring (collectively the "Proposed Transactions") are not subject to IHH shareholders' approval but are subject to approvals from various regulatory bodies.

The completion of the Proposed Transactions pursuant to the terms of the IMU SSA, Facility SSA and Facility APA occurred on 31 March 2023.

Please refer to IHH's announcements dated 7 June 2022, 27 June 2022, 21 July 2022, 27 July 2022, 5 August 2022, 11 November 2022, 6 March 2023 and 31 March 2023 for further details of the Proposed Transactions.

The Proposed Disposals were completed for a total cash consideration of approximately RM1,394 million¹. For the financial period ended 31 March 2023, the Group recognised a gain on disposal amounting to RM862.1 million.

As at 31 May 2023, the consideration amount is subject to further post-completion adjustments under the terms of the IMU SSA and Facility SSA. The gain on disposal recognised will be adjusted accordingly.

As at 31 May 2023, out of the proceeds of RM1,394.0 million received from the Proposed Disposal, RM600.0 million was utilised for the payment of the first and final single tier cash dividend for the financial year ended 31 December 2022, and was paid out on 28 April 2023. The remaining RM794.0 million is expected to be utilised for the payment of the special cash dividend for the financial year ending 31 December 2023, to be paid on 30 June 2023. Refer to Section B11 for details on the special dividend.

¹ Including (i) completion adjustments made to the Initial Consideration (RM1,346.0 million), and (ii) dividends of RM138.0 million paid by the IMU Group to IHH since 7 June 2022 (date on which IHH and IEHSB had entered into the IMU SSA); and after deducting an amount of approximately RM64.0 million that has been applied by IMU Education towards prepayment of its existing bank loan as of 31 March 2023.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

B7 LOANS, BORROWINGS AND OVERDRAFTS

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

	31 Mar 2023	31 Dec 2022
	RM'000	RM'000
Non-current		
Secured		
Bank loans	464,887	522,857
Loans from corporates	3,224	2,792
Unsecured		
Bank loans	5,329,450	5,534,248
Fixed rate medium term notes	487,351	588,418
Loans from corporates*	906,742	917,674
	<u>7,191,654</u>	<u>7,565,989</u>
Current		
Secured		
Bank overdrafts	51,834	44,135
Bank loans	610,917	634,656
Loans from corporates	1,711	1,533
Unsecured		
Bank loans	1,362,692	889,896
Fixed rate medium term notes	187,157	66,022
Loans from corporates	1,041	684
	<u>2,215,352</u>	<u>1,636,926</u>
Total	<u><u>9,407,006</u></u>	<u><u>9,202,915</u></u>

* Includes loans from non-controlling interests of RM906,295,000 (2022: RM916,992,000)

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

	31 Mar 2023	31 Dec 2022
	RM'000	RM'000
Hong Kong Dollar	2,914,005	2,928,559
Japanese Yen	2,148,844	2,084,418
Singapore Dollar	2,066,457	2,005,562
Euro	856,737	669,559
Renminbi	538,275	517,914
Indian Rupees	492,593	581,761
Turkish Lira	361,336	388,075
Macedonian Denar	27,270	25,698
Others	1,489	1,369
	<u>9,407,006</u>	<u>9,202,915</u>

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

B8 FINANCIAL DERIVATIVE INSTRUMENTS

The Group's outstanding net derivative financial instruments as at 31 March 2023:

	Notional amount as at 31 Mar 2023 RM'000	Fair value amount as at 31 Mar 2023 RM'000
Derivative assets		
Foreign exchange forward contracts		
- Within 1 year	177,255	29,896
- Between 1 - 3 years	207,139	21,564
- More than 3 years	117,449	8,220
	<u>501,843</u>	<u>59,680</u>
Interest rate caps		
- Between 1 - 3 years	802,506	2,104
- More than 3 years	377,985	3,544
	<u>1,180,491</u>	<u>5,648</u>
Cross currency interest rate swaps		
- Between 1 - 3 years	272,917	65,852
Cross currency swaps		
- Within 1 year	85,413	166,895
- Between 1 - 3 years	54,759	98,384
	<u>140,172</u>	<u>265,279</u>
	<u>2,095,423</u>	<u>396,459</u>
Derivative liabilities		
Interest rate swaps		
- Within 1 year	149,747	(56)
Foreign exchange forward contracts		
- Within 1 year	13,924	(5,471)
Call option granted to non-controlling interests		
- Within 1 year	26,883	-
	<u>190,554</u>	<u>(5,527)</u>

Foreign exchange forward contracts

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

Interest rate caps

Interest rate caps are entered by the Group to protect against an increase in interest rates beyond the pre-determined cap rate.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

Cross currency interest rate swaps and cross currency swaps

Cross currency interest rate swaps and cross currency 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 values of cross currency interest rate swaps and cross currency swaps are determined based on bank quotes.

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.

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 are disclosed in Section B13.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

B10 MATERIAL LITIGATIONS

The following are the material litigations of the Group:

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

- (a) The Delhi Development Authority ("DDA") had terminated the lease deeds and allotment letters relating to land parcels on which the Fortis Escorts Hospital exists due to certain alleged non-compliances of such documents. Consequent to the termination, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. These terminations, show cause notices and eviction proceedings have been challenged by EHIRCL before the High Court of Delhi, Supreme Court of India and Estate Officer of DDA. The Supreme Court of India, vide its order dated 14 November 2019, has quashed the show cause notice for eviction proceedings. Based on external legal counsel advice, Fortis is of the understanding that EHIRCL will be able to suitably defend the termination of lease deeds and allotment letters and accordingly considers that no adjustments to the financial statements are required.
- (b) In relation to the judgement of the High Court of Delhi relating to provision of free treatment/beds to the economically weaker sections of society pursuant to such obligations set forth under certain land grant orders/allotment letters ("EWS Obligations"), the Directorate of Health Services ("DoHS"), Government of NCT of Delhi, appointed a firm to calculate "unwarranted profits" arising to EHIRCL due to alleged non-compliance of such EWS Obligations. Following various hearings and appeals between 2014 and 2018, in a hearing before the DoHS in May 2018, an order was passed imposing a penalty of INR5.0 billion (equivalent to RM275.1 million) which was challenged by EHIRCL before the Delhi High Court. Through an order dated 1 June 2018, the Delhi High Court has issued notice and directed that no coercive steps may be taken subject to EHIRCL depositing a sum of INR50.0 million (equivalent to RM2.7 million) before the DoHS. In compliance of the above direction, EHIRCL had deposited the stipulated amount on 20 June 2018. Matter is sub judice before the Delhi High Court. Based on its internal assessment and advice from its counsel, since the documents available, EHIRCL believes that it is in compliance of the conditions of free treatment and free beds to patients of economic weaker sections and expects the demand to be set aside.

B11 DIVIDENDS

The Board of Directors have declared that a special cash dividend of 9.6 sen per ordinary share for the financial year ending 31 December 2023 to be paid on 30 June 2023 to shareholders whose names appear in the Record of Depositors of Bursa Malaysia Depository Sdn Bhd and The Central Depository (Pte) Limited ("CDP") at the close of business on 31 May 2023. The Company shall apply the RM:SGD noon middle rate as disclosed in the Bank Negara Malaysia's website on 31 May 2023 as the basis for computing the dividend quantum to be paid in SGD to the Singapore investors whose Company's shares are traded on SGX-ST.

For details of the dividends paid by the Company during the financial period ended 31 March 2023, please refer to Section A7.

B ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

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.

	1st quarter ended	
	31 Mar 2023	31 Mar 2022
	RM'000	RM'000
Basic and diluted earnings per share is based on:		
i) <u>Net profit attributable to ordinary shareholders</u>		
Profit after tax and non-controlling interests	1,390,519	493,259
Perpetual securities distribution accrued	-	(22,023)
	<u>1,390,519</u>	<u>471,236</u>
ii) <u>Net profit attributable to ordinary shareholders (excluding EI)</u>		
Profit after tax and non-controlling interests (excluding EI)	329,866	407,423
Perpetual securities distribution accrued	-	(22,023)
	<u>329,866</u>	<u>385,400</u>
(a) Basic EPS		
	'000	'000
Weighted average number of shares	<u>8,806,212</u>	<u>8,799,469</u>
	sen	sen
Basic EPS	15.79	5.36
Basic EPS (excluding EI)	<u>3.75</u>	<u>4.38</u>

(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.

	1st quarter ended	
	31 Mar 2023	31 Mar 2022
	'000	'000
Weighted average number of ordinary shares used in calculation of basic earnings per share	8,806,212	8,799,469
Weighted number of unissued ordinary shares from share options under EOS	71	1,709
Weighted average number of dilutive ordinary shares for computation of diluted EPS	<u>8,806,283</u>	<u>8,801,178</u>
	sen	sen
Diluted EPS	15.79	5.35
Diluted EPS (excluding EI)	<u>3.75</u>	<u>4.38</u>

At 31 March 2023, 1,675,682 (31 March 2022: nil) outstanding EOS options 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 MALAYIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2023

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

	1st quarter ended	
	31 Mar 2023	31 Mar 2022
	RM'000	RM'000
Dividend income	-	47
Other operating income	104,408	89,800
Foreign exchange differences	5,309	(1,968)
Impairment loss made:		
- Property, plant and equipment	(112)	(23)
- Trade and other receivables	(34,070)	(9,467)
- Inventories	-	(270)
Write off:		
- Property, plant and equipment	(95)	(123)
- Trade and other receivables	(1,125)	(1,819)
- Inventories	(1,459)	(836)
Change in fair value of investment properties	(792)	(1,893)
Gain on disposal of property, plant and equipment	3,486	864
Gain on disposal of subsidiaries	981,417	-
Finance income		
Interest income	18,529	21,036
Exchange gain on net borrowings	16,225	-
Fair value gain on financial instruments	4,834	29,197
	39,588	50,233
Finance costs		
Interest on loans and borrowings	(112,978)	(54,052)
Interest on lease liabilities	(43,410)	(34,254)
Exchange loss on net borrowings	-	(29,587)
Fair value loss on financial instruments	(14,753)	(785)
Other finance costs	(14,080)	(7,886)
	(185,221)	(126,564)