



(a business trust constituted on 29 July 2011 and registered on 25 September 2012  
under the laws of the Republic of Singapore)

managed by

**RHT Health Trust Manager Pte. Ltd.**

**EMPHASIS OF MATTER BY INDEPENDENT AUDITORS ON THE FINANCIAL  
STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, RHT Health Trust Manager Pte. Ltd. (the "Trustee-Manager") wishes to announce that its independent auditors, Ernst & Young LLP (the Auditors"), has included an emphasis of matter in respect of the ability of RHT Health Trust ("RHT") to refinance the S\$120 million of bonds due in January 2019 in the Independent Auditors' Report on the financial statements of the Group for the financial year ended 31 March 2018 (the "FY2018 Financial Statements"). The Directors' opinion on the going concern assumption is included in Note 2.1 of the Financial Statements.

The audit opinion in the Independent Auditors' Report however remains unqualified.

A copy of the Independent Auditors' Report together with the extract of the relevant note to the Financial Statements is attached to this announcement for reference.

The Independent Auditors' Report and the FY2018 Financial Statements will form part of RHT's Annual Report for FY2018 (the "FY2018 Annual Report") which will be released on SGXNET and dispatched to the Unitholders of RHT in due course. Unitholders of RHT are advised to read this announcement in conjunction with the FY2018 Annual Report.

By Order of the Board

Gurpreet Singh Dhillon  
Executive Director and Chief Executive Officer  
**RHT Health Trust Manager Pte. Ltd.**  
(Registration Number: 201117555K)  
(as Trustee-Manager of RHT Health Trust)

9 July 2018

## **RHT Health Trust and its subsidiaries**

### **Independent auditor's report to the Unitholders of RHT Health Trust For the financial year ended 31 March 2018**

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#### **Report on the Audit of the Consolidated Financial Statements**

##### **Opinion**

We have audited the financial statements of RHT Health Trust (constituted in the Republic of Singapore pursuant to the Trust Deed) (the "Trust") and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets of the Group and the Trust as at 31 March 2018, the statements of changes in Unitholders' funds equity of the Group and the Trust and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in Unitholders' funds of the Trust are properly drawn up in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A (the "Act") and International Financial Reporting Standards (IFRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at 31 March 2018 and of the consolidated financial performance, consolidated changes in Unitholders' funds and consolidated cash flows of the Group and changes in Unitholders' funds of the Trust for the year ended on that date.

##### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Material uncertainty related to going concern**

We draw attention to Note 2.1 to the financial statements. As at 31 March 2018, the Group's current liabilities exceeded current assets by \$129.4 million (2017: \$104.9 million). Included in current liabilities is \$120.0 million of bonds due in January 2019. These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern. The ability of the Group to continue as a going concern is dependent on the Group's ability to obtain refinancing to repay the bonds due in January 2019 and generating cashflows from its operations.

If the going concern assumption is not appropriate and the financial statements are presented on a realisation basis, the carrying value of assets and liabilities may be materially different from that currently recorded in the balance sheet. If the Group and Trust is unable to continue in operational existence for the foreseeable future, the Group and Trust may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and Trust may have to reclassify its non-current assets as current assets and non-current liabilities as current liabilities. No such adjustments have been made to these financial statements.

## RHT Health Trust and its subsidiaries

### Independent auditor's report to the Unitholders of RHT Health Trust For the financial year ended 31 March 2018

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#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### Valuation of land and buildings

Land and buildings are measured, using the revaluation model, at its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. The carrying amount of land and buildings as at 31 March 2018 was \$478.6 million and this accounts for 43% of the total assets. The valuation of land and buildings is significant to our audit due to the magnitude of the carrying amount and the valuation is highly dependent on a range of estimates made by management and the external valuer engaged by management.

Accordingly, we have determined this matter to be a key audit matter. As disclosed in Note 33(d), the fair value of land and buildings are measured using significant unobservable inputs. The most significant judgement and estimates affecting the valuations are price per square feet, replacement cost per square feet and estimated economic useful life of the buildings. Management has engaged an external valuer to support their determination of the individual fair value of the land and buildings annually.

Amongst others, we have considered the objectivity, independence and expertise of the external valuer. In addition, we inquired of the external valuer to obtain an understanding of their valuation methodologies. We assessed the appropriateness of the valuation methodologies and property related data used in the valuation process and adopted by the external valuer. In addition, our internal valuation specialists assisted us in evaluating the appropriateness of the property related data by comparing them against available industry data, taking into consideration comparability and market factors. We assessed the appropriateness of the movements in fair value of the land and buildings, and the revaluation reserve of land and buildings. We also assessed the adequacy of the disclosures on the land and buildings in Note 16 and Note 33(d) to the financial statements.

## **RHT Health Trust and its subsidiaries**

### **Independent auditor's report to the Unitholders of RHT Health Trust For the financial year ended 31 March 2018**

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#### **Key Audit Matters (cont'd)**

##### Impairment of goodwill

As at 31 March 2018, the goodwill is carried at \$47.7 million which represents 4% of the total non-current assets.

As disclosed in Note 15, the Group has determined each entity providing medical and clinical establishment services as a cash-generating unit ("CGU"). As part of the impairment assessment, the carrying value of the CGU to which goodwill has been allocated to is compared to its recoverable amount. The recoverable amount is determined using the value-in-use calculation based on cash flow projections. Determining the recoverable amount is judgemental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rate and discount rate. As the goodwill impairment assessment requires significant estimation, we have determined this to be a key audit matter.

Our audit procedures, included amongst others, evaluating the assumptions and methodology used by the Group in estimating the recoverable amount. We checked whether the cash flows were based on approved management budgets that reflected business plans, and evaluated management's forecasting process by comparing previous forecasts to actual results. We evaluated management's assumptions by comparing them to historical data as well as market and economic outlook. On the discount rate applied, we evaluated the reasonableness of the rate by considering the key elements such as risk-free rate, equity beta, market risk premium and cost of debt to the source data and external observable data, and making comparison to the rates used by other players in the same industry. We have engaged our internal valuation specialists to assist us in performing some of these procedures. We also assessed the adequacy of the disclosures on the impairment test in Note 15 to the financial statements.

#### **Other Information**

The Trustee-Manager is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **RHT Health Trust and its subsidiaries**

### **Independent auditor's report to the Unitholders of RHT Health Trust For the financial year ended 31 March 2018**

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#### **Responsibilities of the Manager for the Financial Statements**

RHT Health Trust Manager Pte. Ltd., the Trustee-Manager of the Trust, is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Trustee-Manager's responsibilities include overseeing the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## **RHT Health Trust and its subsidiaries**

### **Independent auditor's report to the Unitholders of RHT Health Trust For the financial year ended 31 March 2018**

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#### **Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Trustee-Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Trustee-Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Trust and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Companies Act, Chapter 50.

The engagement partner on the audit resulting in this independent auditor's report is Tan Soon Seng.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

9 July 2018

## **Extract of Note 2.1 Basis of Preparation of Financial Statements**

### *Going concern*

As at 31 March 2018, the Group's current liabilities exceeded current assets by \$129.5 million (2017: \$104.9 million). The net current liabilities position is mainly due to \$120.0 million of bonds which are payable within the next 12 months. Accordingly, the Directors need to assess the ability of the Group to continue as a going concern.

The Directors have considered the following:

- (i) Subsequent to the financial year ended 31 March 2018, Fortis Healthcare Limited ("Fortis"), the operator of the Group's clinical establishment, has fully paid to the Group the outstanding amounts for such financial year.
- (ii) Fortis has secured borrowings of INR 1.2 billion with commitment of up to INR 3.4 billion.
- (iii) Fortis has announced that it has received binding bids in relation to a bid process for binding offers for Fortis.
- (iv) The Group is currently in discussion with the banks to extend and/or refinance the \$120 million of Notes due on 22 January 2019.

In the opinion of the Directors, the Group is able to continue as a going concern as the Directors are of the view that the Group reasonably expects to obtain refinancing to repay the bonds due in January 2019 and generate cash flows from its operations for a period of 12 months from the approved date of these financial statements.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.