IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Disclosure Memorandum, whether received by e-mail or otherwise received as a result of electronic communication and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached document. In accessing the attached Disclosure Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from any of RHT Health Trust Manager Pte. Ltd. (in its capacity as trustee-manager of RHT Health Trust) (the "**Company**"), DBS Bank Ltd. and United Overseas Bank Limited, as joint solicitation agents (the "**Joint Solicitation Agents**" and each a "**Joint Solicitation Agent**"), DB International Trust (Singapore) Limited (the "**Trustee**") or Deutsche Bank AG, Singapore Branch (the "**Meeting Agent**").

You are reminded that you have been given the attached Disclosure Memorandum on the basis that:

(a) you are a holder or a beneficial owner of the Notes (as defined in the attached Disclosure Memorandum);

(b) you are a person to whom it is lawful to send the attached Disclosure Memorandum and the accompanying Consent Solicitation Statement or to make a consent solicitation under applicable laws; and

(c) you consent to the delivery of the Disclosure Memorandum by electronic transmission to you. This Disclosure Memorandum has been sent to you in an electronic form. The hard copy version of this Disclosure Memorandum is in the same form as that sent to you in electronic form. However, you are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Company, the Trustee, the Joint Solicitation Agents, the Meeting Agent or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Disclosure Memorandum distributed to you in electronic format and the hard copy version available to you on request from the Meeting Agent.

You are reminded that the attached Disclosure Memorandum has been delivered to you on the basis that you are a person into whose possession this Disclosure Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to give the attached Disclosure Memorandum to any other person or otherwise make the attached Disclosure Memorandum publicly available. Any materials relating to the Disclosure Memorandum do not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the Disclosure Memorandum be made by a licensed broker or dealer and any of the Joint Solicitation Agents or any of their affiliates is a licensed broker or dealer in that jurisdiction, the Disclosure Memorandum shall be deemed to be made by the Joint Solicitation Agent(s) or such affiliate(s), as the case may be, on behalf of the Company and in such jurisdiction where it is so licensed and the Disclosure Memorandum is not being made in any such jurisdiction where neither the Joint Solicitation Agents nor any of their respective affiliates is so licensed.

Capitalised or other terms used but not otherwise defined in this disclaimer shall have the meanings set out in the attached Disclosure Memorandum and the Consent Solicitation Statement.

RESTRICTIONS: Nothing in this electronic transmission constitutes an offer to buy, or the solicitation of an offer to sell, securities in any jurisdiction in which such offer or (as the case may be) solicitation would be unlawful. The distribution of the attached Disclosure Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession the attached Disclosure Memorandum comes are required by the Company, the Joint Solicitation Agents, the Trustee and the Meeting Agent to inform themselves about, and to observe, any such restrictions.

THIS DISCLOSURE MEMORANDUM AND THE ACCOMPANYING CONSENT SOLICITATION STATEMENT ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. THIS DISCLOSURE MEMORANDUM SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING CONSENT SOLICITATION STATEMENT. If you are in doubt about any aspect of the proposal and/or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser, tax or legal adviser immediately.

Each of this disclosure memorandum (the "**Disclosure Memorandum**") and the accompanying consent solicitation statement (the "**Consent Solicitation Statement**") is addressed and distributed only to Noteholders (as defined herein) who are persons to whom it may be lawful to distribute it ("**relevant persons**"). It is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Disclosure Memorandum and the Consent Solicitation Statement relate is available only to relevant persons and will be engaged in only with relevant persons. This Disclosure Memorandum, the Consent Solicitation Statement and their respective contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons.

If you have recently sold or otherwise transferred your entire holding(s) of the Notes referred to below, you should immediately forward each of this Disclosure Memorandum and the Consent Solicitation Statement to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Unless otherwise defined herein or the context otherwise requires, capitalised expressions used in this Disclosure Memorandum shall have the meanings set out in the section hereof entitled "**Definitions**".

RHT

RHT HEALTH TRUST MANAGER PTE. LTD.

(in its capacity as trustee-manager of RHT Health Trust)

(Company Registration No. 201117555K)
(Incorporated in the Republic of Singapore)

Disclosure Memorandum

in relation to the outstanding

S$120,000,000 4.50 per cent. Notes due 2019 comprised in Series 001 (ISIN: SG6YE8000009)
(the "Notes")

issued pursuant to the S$500,000,000 Multicurrency Medium Term Note Programme of
RHT Health Trust Manager Pte. Ltd.
(in its capacity as trustee-manager of RHT Health Trust ("**RHT**"))
(the "**Company**")

The Company is seeking approval by an Extraordinary Resolution (as defined herein) of the Noteholders to, *inter alia*, (i) extend the maturity date of the Notes for six months whereby the Notes then outstanding shall be redeemed by the Issuer on the Further Extended Maturity Date (as defined herein) at 100.45 per cent. of the principal amount of such Notes, together with interest accrued, but unpaid, thereon (the "**Amendments**"), (ii) waive the occurrence of any Event(s) of Default (as defined in the Conditions defined herein) or (as the case may be) Potential Event(s) of Default (as defined in the Trust Deed) pursuant to Conditions 9(a) and/or 9(b) which may or will occur as a result of (1) breach by the Company of certain obligations under the Agency Agreement (as defined in the Trust Deed) in relation to the failure to make deposit of the redemption monies prior to the Original Extended Maturity Date in accordance with the Agency Agreement, and/or (2) (in the case of an adjourned Meeting (as defined herein)) failure to make payment of the redemption monies on the Original Extended Maturity Date, and (iii) waive the non-compliance with certain provisions of the Trust Deed (including the Conditions) and occurrence of certain Event(s) of Default or (as the case may be) Potential Event(s) of Default which has occurred or will occur as a result of the Cross-Default Events (as defined below) (the "**Extraordinary Resolution**"), all as more fully described in the section entitled "**The Proposal - Terms of the Proposal**" of the Consent Solicitation Statement (the "**Proposal**").

The consent of the Noteholders is sought for the Proposal and for such consequential changes as the Trustee (as defined herein), in its absolute discretion, may deem necessary or expedient to give effect to the actions and modifications referred to in the Extraordinary Resolution.

The Company is convening a meeting of Noteholders (the "**Meeting**") to consider the Proposal. The terms of, and the procedures relating to, the Proposal are set out in the Consent Solicitation Statement. The Consent Solicitation Statement also sets out the copy of the notice (the "**Notice of Meeting**") convening the Meeting at which an Extraordinary Resolution to approve the Proposal and its implementation will be considered and, if thought fit, passed, will on 23 January 2019 be published in *The Business Times* for communication to Noteholders in accordance with the Conditions.

This Disclosure Memorandum is prepared by the Company and sets out, among other things, the recent developments relating to the Group (as defined below), further details relating to the status of the Disposal (as defined below), as well as risk factors relating to the Proposal.

This Disclosure Memorandum should be read in conjunction with the Consent Solicitation Statement.

Joint Solicitation Agents

DBS	UOB 大華銀行
DBS Bank Ltd.	**United Overseas Bank Limited**

The date of this Disclosure Memorandum is 4 January 2019.

NOTICE

This Disclosure Memorandum contains information with regard to the Company, its respective subsidiaries and associated companies (if any), the status of the Disposal, the Proposal and the Consent Solicitation. The Company confirms that this Disclosure Memorandum contains all information which is or may be material in the context of the Proposal and the Consent Solicitation, that the information contained herein is true, accurate, complete and not misleading in all respects, that the opinions, expectations and intentions expressed in this Disclosure Memorandum have been carefully considered, are and will be based on all relevant considerations and facts existing at the date of this Disclosure Memorandum and are and will be fairly, reasonably and honestly held by the directors of the Company and that there are and will be no other facts the omission of which in the context of the Proposal and the Consent Solicitation would or might make any such information or expressions of opinion, expectation or intention misleading in any respect.

No person has been authorised to give any information or to make any representation other than those contained in this Disclosure Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, the Trustee, the Joint Solicitation Agents or the Meeting Agent. Save as expressly stated in this Disclosure Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Company or any of its respective subsidiaries or associated companies (if any).

The Joint Solicitation Agents, the Trustee and the Meeting Agent have not separately verified the information contained in this Disclosure Memorandum. None of the Joint Solicitation Agents, the Trustee or the Meeting Agent and any of their affiliates, directors, respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Extraordinary Resolution or the Proposal, the creditworthiness or financial condition or otherwise of the Company or its respective subsidiaries or associated companies (if any). Further, none of the Joint Solicitation Agents, the Trustee or the Meeting Agent makes any representation or warranty as to the Company or its respective subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein and the documents which are referred to in or incorporated by reference in, and form part of, this Disclosure Memorandum.

To the fullest extent permitted by law, none of the Joint Solicitation Agents, the Trustee or the Meeting Agent accepts any responsibility for the contents of this Disclosure Memorandum or for any other statement, made or purported to be made by the Joint Solicitation Agents, the Trustee or the Meeting Agent or on its behalf in connection with the Company, the Consent Solicitation or the Proposal. Each of the Joint Solicitation Agents, the Trustee and the Meeting Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Disclosure Memorandum or any such statement.

Each of the Disclosure Memorandum and the Consent Solicitation Statement does not constitute or form part of, and should not be construed as, an offer for sale or subscription of, or a solicitation of any offer to buy or subscribe for, any securities of the Company, or any other entity. The distribution of each of this Disclosure Memorandum and the Consent Solicitation Statement may nonetheless be restricted by law in certain jurisdictions. Persons into whose possession the Disclosure Memorandum and the Consent Solicitation Statement comes are required by the Company, the Trustee, the Joint Solicitation Agents and the Meeting Agent to inform themselves about, and to observe, any such restrictions. Each of this Disclosure Memorandum and the Consent Solicitation Statement does not constitute a solicitation in any circumstances in which such solicitation is unlawful. None of the Company, the Trustee, the Joint Solicitation Agents or the Meeting Agent will incur any liability for its own failure or the failure of any other person or persons to comply with the provisions of any such restrictions.

In order to avoid any violation of laws applicable in countries other than Singapore, this Disclosure Memorandum and the Consent Solicitation Statement have not been and will not be mailed to Noteholders who do not presently have an address in Singapore ("**Foreign Noteholders**"). Foreign Noteholders who wish to obtain a copy of each of this Disclosure Memorandum and the Consent Solicitation Statement should provide in writing such address in Singapore to the Meeting Agent not later than five (5) days before the Expiration Time (as defined in the Consent Solicitation Statement).

The delivery or distribution of each of this Disclosure Memorandum and the Consent Solicitation Statement shall not under any circumstances create any implication that the information contained in either this Disclosure Memorandum or the Consent Solicitation Statement is correct as of any time subsequent to the date hereof or that there has been no change in the information set forth in this Disclosure Memorandum, the Consent Solicitation Statement or in the affairs of the Company. Each of this Disclosure Memorandum and the Consent Solicitation Statement is solely directed at the Noteholders and no other person (except the Trustee) shall, or is entitled to, rely or act on, or be able to rely on, their contents, and it should not be relied upon by any Noteholder or the Trustee for any purpose other than for the Consent Solicitation or the Proposal.

No person has been authorised to make any recommendation on behalf of the Company, the Trustee, the Joint Solicitation Agents or the Meeting Agent as to whether Noteholders should consent to the Proposal. No person has been authorised to give any information, or to make any representation in connection therewith, other than those contained herein. If made or given, such recommendation or any such information or representation must not be relied upon as having been authorised by the Company, the Trustee, the Joint Solicitation Agents or the Meeting Agent.

None of the Joint Solicitation Agents, Meeting Agent or the Trustee expresses any opinion on the merits of the Consent Solicitation or the Proposal nor do any of them accept any responsibility for the accuracy or completeness of this Disclosure Memorandum, the Consent Solicitation Statement or any other document prepared in connection with the Consent Solicitation or the Proposal.

Each person receiving this Disclosure Memorandum and the Consent Solicitation Statement acknowledges that such person has not relied on the Company, the Trustee, the Joint Solicitation Agents or the Meeting Agent in connection with its decision on how to vote in relation to the Extraordinary Resolution. Each such person must make its own analysis and investigation regarding the Proposal and make its own voting decision, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such voting decision. If such person is in any doubt about any aspect of the Proposal and/or the action it should take, it should consult its professional advisers including but not limited to stockbrokers, bank managers, solicitors, accountants or other independent professional advisers.

In accordance with normal practice, none of the Joint Solicitation Agents, the Trustee or the Meeting Agent and their respective affiliates, directors or employees expresses any opinion on the merits of the Consent Solicitation, the Extraordinary Resolution or the Proposal nor do any of them accept any responsibility for the accuracy or completeness of this Disclosure Memorandum, the Consent Solicitation Statement or any other document prepared in connection with the Proposal, the Consent Solicitation or the Extraordinary Resolution. None of the Joint Solicitation Agents, the Trustee or the Meeting Agent has been involved in the formulation or negotiation of the Proposal. Noteholders should also note that each of the Company, the Joint Solicitation Agents, the Trustee and/or the Meeting Agent cannot and does not offer any advice on investment or tax risks, if any, faced by Noteholders. Noteholders who are unsure of the consequences of the Consent Solicitation, including, *inter alia*, the Extraordinary Resolution should seek their own independent professional advice immediately from their professional advisers including but not limited to stockbrokers, bank managers, solicitors, accountants or other independent professional advisers.

None of the Joint Solicitation Agents or their affiliates, directors or employees assumes any responsibility for the accuracy or completeness of the information concerning the Company, the Trustee or the Meeting Agent or any of their respective subsidiaries or the Consent Solicitation or the Proposal contained in this Disclosure Memorandum, the Consent Solicitation Statement or any document prepared in connection with the Proposal, the Consent Solicitation or the Extraordinary Resolution, or for any failure by the Company, the Trustee or the Meeting Agent to disclose events that may occur after the date of this Disclosure Memorandum or, as the case may be, the Consent Solicitation Statement that may affect the significance or accuracy of this information. The Joint Solicitation Agents are the agents of the Company and owe no duty to any Noteholder.

None of the Meeting Agent, its affiliates, directors or employees assumes any responsibility for the accuracy or completeness of the information concerning the Company, the Trustee, the Joint Solicitation Agents or any of their respective subsidiaries or the Consent Solicitation or the Proposal contained in this Disclosure Memorandum, the Consent Solicitation Statement or any document prepared in connection with the Proposal, the Consent Solicitation or the Extraordinary Resolution, or for any failure by the Company, the Trustee or the Joint Solicitation Agents to disclose events that may occur after the date of this Disclosure Memorandum or, as the case may be, the Consent Solicitation Statement that may affect the significance or accuracy of this information. The Meeting Agent is the agent of the Company and owes no duty to any Noteholder.

None of the Trustee or its affiliates, directors or employees assumes any responsibility for the accuracy or completeness of the information concerning the Company, the Joint Solicitation Agents, the Meeting Agent or any of their respective subsidiaries or the Proposal contained in this Disclosure Memorandum, the Consent Solicitation Statement or any document prepared in connection with the Proposal, the Consent Solicitation or the Extraordinary Resolution, or for any failure by the Company, the Joint Solicitation Agents or the Meeting Agent to disclose events that may have occurred after the date of this Disclosure Memorandum and the Consent Solicitation Statement that may affect the significance or accuracy of such information.

Each of the Joint Solicitation Agents may, to the extent permitted by applicable law, have or hold a position in the Notes and each of the Joint Solicitation Agents may, to the extent permitted by applicable law, make or continue to make a market in, or consent in respect of, or act as principal in any transactions in, or relating to, or otherwise act in relation to, the Notes. None of the Joint Solicitation Agents shall, however, in any circumstances be under any obligation to hold any position in the Notes or to make or continue to make any market in the Notes.

The Company has entered into a solicitation agency agreement with the Joint Solicitation Agents which contains provisions relating to the payment of fees and expenses and indemnity arrangements relating to the Consent Solicitation.

The Joint Solicitation Agents are acting exclusively for the Company and nobody else in relation to the Proposal and will not be responsible to any Noteholder for providing the protections afforded to its customers or for giving advice or other investment services in relation to the Proposal. Accordingly, none of the Joint Solicitation Agents or any director officer, employee, agent or affiliate of either Joint Solicitation Agent makes any recommendation on whether Noteholders should participate in the Proposal.

Noteholders should pay attention to the risk factors set out in the section titled "*Risk Factors*".

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FORWARD-LOOKING STATEMENTS

All statements contained in this Disclosure Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Company and/or the Group (including statements as to the Company's and/or the Group's revenue and profitability, prospects, future plans, and other matters discussed in this Disclosure Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of the Company and/or the Group, expected growth in the Company and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail in this Disclosure Memorandum, in particular, but not limited to, the discussion under the section "Risk Factors".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Company and/or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Disclosure Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Company does not represent or warrant that the actual future results, performance or achievements of the Company and/or the Group will be as discussed in those statements.

The delivery of this Disclosure Memorandum (or any part thereof) by the Company shall not, under any circumstances, constitute a continuing representation, or create any suggestion or implication, that there has been no change in the prospects, results of operations or general affairs of the Company or any of its respective subsidiaries or associated companies (if any) or any statement of fact or information contained in this Disclosure Memorandum since the date of this Disclosure Memorandum or the date on which this Disclosure Memorandum has been most recently amended or supplemented.

Further, the Company and the Group disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Disclosure Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

The following terms shall have the following meanings:

"**Amendments**"	The amendments to the Trust Deed, the Conditions of the Notes and the Pricing Supplements, as set out in the Extraordinary Resolution.
"**Agency Agreement**"	The agency agreement dated 5 December 2014 between (a) the Company, as issuer, (b) the Principal Paying Agent, in respect of Notes cleared through CDP, as principal paying agent, (c) Deutsche Bank AG, Hong Kong branch, in respect of Notes other than those cleared through CDP, as paying agent, and (d) the Trustee, as trustee, as amended, varied or supplemented from time to time.
"**business day**"	A day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore.
"**CCDs**"	Compulsorily convertible debentures.
"**CDP**"	The Central Depository (Pte) Limited.
"**Companies Act**"	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"**Consent Solicitation**"	The solicitation of consents from Noteholders to the Proposal, which is described in the Consent Solicitation Statement.
"**Disposal**"	The disposal as defined in the section entitled "The Proposal – Background to the Proposal" in the Consent Solicitation Statement.
"**EHSSHL**"	Escorts Heart and Super Specialty Hospital Limited.
"**Extraordinary Resolution**"	The Extraordinary Resolution to approve the Proposal to be proposed and considered at the Meeting (as set out in the section entitled "Form of Notice of Meeting" in the Consent Solicitation Statement).
"**FGHIPL**"	Fortis Global Healthcare Infrastructure Pte. Ltd.
"**FHML**"	Fortis Health Management Limited.
"**FHTL**"	Fortis Hospotel Limited.
"**First Disclosure Memorandum**"	The disclosure memorandum issued by the Company on 12 April 2018.
"**Further Extended Maturity Date**"	22 July 2019.
"**Group**" or "**RHT Group**"	RHT and its subsidiaries, jointly-controlled entities and associated companies.
"**HEPL**"	Hospitalia Eastern Private Limited, a wholly-owned subsidiary of RHT.

“**Holder**” A holder from time to time of an undivided interest in RHT as provided in the RHT Trust Deed.

“**IHH**” IHH Healthcare Berhad.

“**IHL**” International Hospital Limited.

“**Latest Practicable Date**” 31 December 2018.

“**Listing Manual**” The listing manual of the SGX-ST.

“**Mandatory Redemption Amount**” The redemption amount calculated based on the relevant redemption price and the total principal amount redeemed as determined in accordance with the table below:

Redemption Date	**Redemption Price (expressed as a percentage of the principal amount of the Notes)**
On 22 July 2018	100 per cent.
On the date falling within the period commencing from 23 July 2018 and ending on 22 October 2018	100.225 per cent.
On the date falling within the period commencing from 23 October 2018 and ending on 22 July 2019	100.45 per cent.

“**MPA**” The master purchase agreement dated 12 February 2018 entered into between, *inter alios*, the Sponsor, the Company, FGHIPL and RHSPL in relation to the Disposal.

“**Noteholders**” The holders of the Notes.

“**NTKV**” Northern TK Ventures Pte. Ltd.

“**Original Extended Maturity Date**” 22 January 2019.

“Principal Paying Agent” Deutsche Bank AG, Singapore Branch

“**Proposal**” The proposal as outlined in the section entitled “The Proposal – Terms of the Proposal” in the Consent Solicitation Statement.

“**RHSPL**” RHT Health Trust Services Pte. Ltd.

“**RHT**” or “**RHT Health Trust**” The business trust constituted by the RHT Trust Deed.

“**RHT Trust Deed**” The trust deed dated 29 July 2011 constituting RHT, as (a) amended and restated by the First Amending and Restating Deed dated 25 September 2012 and (b) supplemented by the First Supplemental Deed dated 27 September 2012, as the same may from time to time be amended, modified, supplemented or restated.

"**Second Supplemental Trust Deed**"	The second supplemental trust deed dated 3 May 2018 and made between the Company and the Trustee.
"**SGX-ST**"	Singapore Exchange Securities Trading Limited.
"**Sponsor**"	Fortis Healthcare Limited.
"**Supplemental Trust Deed**"	The supplemental trust deed dated 22 August 2017 and made between the Company and the Trustee.
"**Transaction Documents**"	Collectively, the Trust Deed, the Agency Agreement, (if applicable) the Agent Bank Agreement, the CDP Application Form and the Deed of Covenant (and any reference in this in the Trust Deed to a Transaction Document includes that Transaction Document as from time to time amended, modified or supplemented, and any document which amends, modifies or supplements that Transaction Document).
"**Trust Deed**"	The trust deed dated 5 December 2014 made between (1) the Company, as issuer and (2) the Trustee, as trustee, as supplemented by the Supplemental Trust Deed, and as further supplemented by the Second Supplemental Trust Deed, as amended, varied or supplemented from time to time, relating to the Programme and constituting the Notes.
"**Trustee**"	DB International Trust (Singapore) Limited.
"**Unit**"	A unit representing an undivided interest in RHT.
"**Unitholders**"	The holders of units in RHT.
"**Voting Certificate**"	A document issued by the Meeting Agent relating to the Notes entitling the bearer of such document to attend and cast the votes relating to such Notes in a particular way at the Meeting in accordance with the Noteholder Meeting Provisions.
"**S$**"	Singapore dollars, being the lawful currency of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Disclosure Memorandum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, or any modification thereof, and not otherwise defined in this Disclosure Memorandum shall have the same meaning assigned to it under the Companies Act, or any modification thereof, as the case may be.

The headings in this Disclosure Memorandum are inserted for convenience only and shall be ignored in construing this Disclosure Memorandum.

Any reference to a time of day in this Disclosure Memorandum is made by reference to Singapore time and date unless otherwise stated.

In this Disclosure Memorandum, unless specifically otherwise defined, terms and expressions defined in the Consent Solicitation Statement shall have the same meaning herein.

THE COMPANY

1. RECENT DEVELOPMENTS

(A) The Disposal

__Background__

On 30 April 2018, the Noteholders passed an extraordinary resolution to, *inter alia,* approve the acquisition by the Sponsor of:

(a) all of the shares in the capital of IHL held by FGHIPL;

(b) all of the shares in the capital of FHML held by FGHIPL;

(c) all of the CCDs issued by IHL, FHTL and EHSSHL and held by FGHIPL; and

(d) all of the non-convertible bonds issued by IHL, FHML, EHSSHL and HEPL and held by RHSPL,

(the "**__Disposal__**") pursuant to the MPA. FGHIPL and RHSPL are wholly-owned subsidiaries of the Company.

The Company had, on 30 April 2018, also obtained the approval of Noteholders to, *inter alia*:

(a) extend the maturity date of the Notes by six months from 22 July 2018 to the Original Extended Maturity Date of 22 January 2019 to allow time for completion of the Disposal and satisfaction of the various conditions precedent under the MPA on the basis that the long stop date for completion of the Disposal (the "**__Long Stop Date__**") under the MPA was 30 September 2018; and

(b) amend the Conditions of the Notes to introduce a new mandatory redemption event whereby the Notes then outstanding shall upon completion of the Disposal be redeemed by the Company. The aforesaid amendment was to allow for mandatory redemption of the Notes upon completion of the Disposal, in the event it occurs prior to the Original Extended Maturity Date of 22 January 2019.

In the consent solicitation statement dated 12 April 2018 and disclosure memorandum dated 12 April 2018 (the "**__First Disclosure Memorandum__**") issued by the Company, the Company had also informed Noteholders that it intends to utilise part of the net proceeds from the Disposal for, *inter alia*, redeeming the Notes pursuant to Condition 5(j) (*Mandatory Redemption upon completion of Proposed Disposal*). For further details on how the net proceeds from the Disposal will be applied by the Company, please refer to the First Disclosure Memorandum.

__First Extension of the Long Stop Date__

On 24 August 2018, the Company announced that the parties to the MPA (the "**__MPA Parties__**") had entered into an amendment agreement to the MPA pursuant to which the parties had agreed, *inter alia*, to amend the Long Stop Date from 30 September 2018 to 31 December 2018 (the "**__First Extension__**"). The First Extension had been requested by the Sponsor as it was in the process of raising funds which is pending regulatory approvals.

The Sponsor had on 13 November 2018 completed a preferential allotment of shares to NTKV (which is indirectly wholly-owned by IHH), to partly finance the consideration payable by the Sponsor under the MPA (the "**__Preferential Allotment__**"). The balance of the consideration was intended to be funded by bank borrowings to be raised by the Sponsor. As such, it was contemplated that completion of the Disposal would take place on or before 31 December 2018.

The Sponsor has informed the Company that due to certain developments, including the delay in consummation of the Preferential Allotment which was only closed on 13 November 2018, and the time that was taken to obtain clarity in relation to an order passed by the Honorable Supreme Court of India dated December 14, 2018, requiring "*Status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained*", it will require the Sponsor some more time to finalise the financing for the remaining consideration for the completion of the Disposal. The Sponsor has also informed the Company that they are currently in advanced discussions with certain third party lenders and have been making progress towards finalising financing for the remaining consideration for the Disposal.

To enable the Sponsor to finalise the financing arrangements for the remaining portion of the consideration under the MPA to complete the Disposal, the Sponsor had requested for a further extension (the "**Request**") of the Long Stop Date from 31 December 2018 to 26 March 2019 (the "**Further Extension**"). The Company having considered, *inter alia*, the interests of Unitholders and the approval of independent Unitholders of the Disposal, has agreed to the Request.

Due to the abovementioned unforeseen circumstances, the Disposal is not likely to be completed on or before the Original Extended Maturity Date. Accordingly, the Company is seeking, via the Extraordinary Resolution, to extend the maturity date of the Notes by six months to the Further Extended Maturity Date of 22 July 2019, to allow time for the completion of the Disposal.

Upon the completion of the Disposal, the net proceeds from the Disposal will be applied by the Company as described in the First Disclosure Memorandum, including towards the redemption of the Notes.

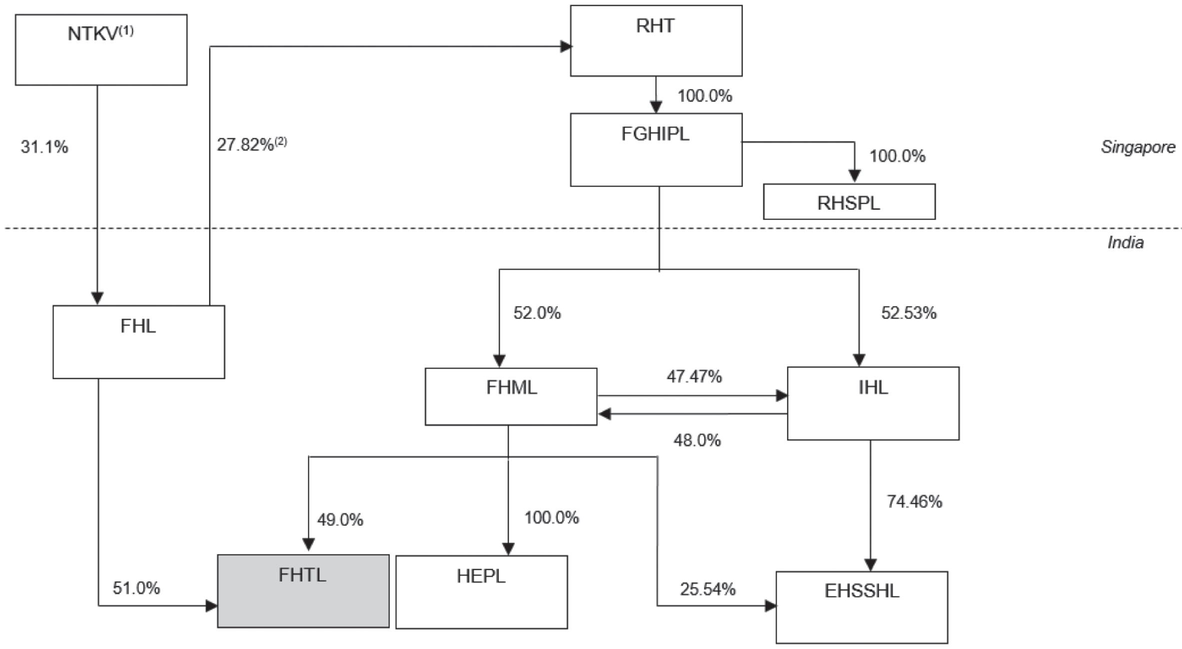
In the event that completion of the Disposal will not be taking place by the Further Extended Maturity Date of 22 July 2019 (assuming such extension is approved by Noteholders under the Extraordinary Resolution), the Company will seek alternative financing from other lenders prior to the Further Extended Maturity Date. Such financing is likely to be obtained from banks and/or other financial institutions by way of a term loan facility.

Further details of the Disposal are set out in the announcements released by the Company on 15 November 2017, 15 January 2018, 1 February 2018, 13 February 2018, 24 May 2018, 24 August 2018, 29 August 2018 and 31 December 2018, the First Disclosure Memorandum and the Consent Solicitation Statement, copies of which are available on SGXNET.

Structure of the Group

The structure of the RHT Group before and after the Disposal is illustrated below.

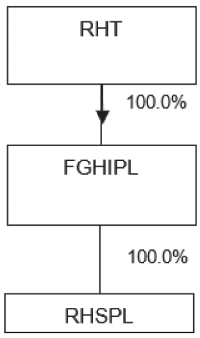
Before the Disposal Completion



Notes:

(1) NTKV is indirectly wholly-owned by IHH.
(2) Held by FHL through indirect wholly-owned subsidiaries.

After the Disposal Completion



(B) Waiver of Events of Default

Failure to Transfer to Principal Paying Agent

Under Condition 9(a), as set out in the Trust Deed, it shall be an event of default if the Company does not pay any sum payable by it under any of the Notes or the Transaction Documents (which includes the Agency Agreement) when due and such default continues for five (5) calendar days after its due date.

Under Condition 9(b), as set out in the Trust Deed, it shall be an event of default if the Company fails to perform or comply with any one or more of its obligations (other than the payment obligation of the Company referred to in Condition 9(a)) under any of the Transaction Documents or any of the Notes and if the default is capable of remedy, it is not remedied within 15 business days of notice by the Trustee to the Company requiring the same to be remedied.

Pursuant to Clause 4.1 of the Agency Agreement, the Company is required to:

(a) transfer to the Principal Paying Agent such amount as may be required for the purposes of any payment in respect of the Notes no later than 11.00 a.m. (Singapore time) at least one (1) Business Day[1] before the date on which such payment becomes due; and

(b) confirm in writing to the Principal Paying Agent by 11.00 a.m. (Singapore time) on the second Business Day prior to the due date for such transfer that irrevocable instructions have been issued by the Company for such payment to be made to the Principal Paying Agent.

Accordingly, based on the Original Extended Maturity Date of 22 January 2019, the Company is required to transfer the redemption monies in relation to the Notes to the Principal Paying Agent by 11.00 a.m. (Singapore time) on Monday, 21 January 2019 and confirm in writing to the Principal Paying Agent that irrevocable instructions for such transfer has been issued by the Company by 11.00 a.m. (Singapore time) on Friday, 18 January 2019.

In view of the proposal to extend the maturity date of the Notes to 22 July 2019 to be considered by Noteholders at the Meeting on 21 January 2019, the Company will not be providing any instructions to the Principal Paying Agent for the payment of any redemption monies in relation to the Notes prior to the date of the Meeting.

As such, the Company will be in breach of its obligations under Clause 4.1 of the Agency Agreement, resulting in Events of Default or Potential Events of Default under Conditions 9(a) and/or 9(b) and/or the representation and warranty set out in Clause 15.10 of the Trust Deed not being correct and/or complied with in all respects. Clause 15.10 of the Trust Deed contains a representation that there exists no Event of Default and that none of the Issuer, RHT or any of their respective principal subsidiaries is in breach of or default under any agreement or deed or other instrument to which it is a party or which is binding on it or any of its assets to the extent or in a manner which has or is reasonably likely to have a material adverse effect on the Issuer or RHT. This is notwithstanding the case that the maturity date of the Notes is to be extended (assuming that such extension is approved by the Noteholders under the Extraordinary Resolution) to 22 July 2019 and no payment will actually be due on 22 January 2019.

Completion of Disposal Prior to 21 January 2019

In the event that the Company is able to complete the Disposal on or before the date of the Meeting on 21 January 2019, the Company will be able to utilise part of the net proceeds thereof for the redemption of the Notes, and accordingly, the maturity date of the Notes **will not** be extended to 22 July 2019. In such an event, a further announcement will be made by the Company on or before the date of the Meeting on SGXNET.

In the event that the Disposal is completed on or before 21 January 2019, the Company will redeem the Notes at 100.45 per cent. of the principal amount of the Notes in accordance with Condition 5(j) (*Mandatory Redemption upon completion of Proposed Disposal*), no later than 21 calendar days after the completion of the Disposal. However, the date of such redemption may still fall after the Original Extended Maturity Date. Notwithstanding the foregoing, the Company will not in such event proceed with the passing of the Extraordinary Resolution.

Adjourned Meeting

Similarly, if the Meeting scheduled for 21 January 2019 is adjourned for whatever reason, the Extraordinary Resolution will not be passed prior to the Original Extended Maturity Date and the Company will be deemed to be in breach of its payment obligations under the Notes on 22 January 2019. As such, the Extraordinary Resolution includes a waiver of the occurrence of an Event of Default resulting from the non-payment of redemption monies on the Original Extended Maturity Date in such an instance.

[1] For the purposes of the Agency Agreement, the definition of "Business Day" means: if a payment is to be made on that day, (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks and foreign exchange markets are open for general business in Singapore.

Waiver Proposal

The Company is therefore seeking, via the Extraordinary Resolution, *inter alia*¸ the approval of Noteholders to release and waive any claim each Noteholder may have arising from or in connection with the Event of Default or Potential Event of Default under Conditions 9(a) and/or 9(b) as a result of:

(a) breach by the Company of its obligations under Clause 4.1 of the Agency Agreement; and/or

(b) (in the case of an adjourned Meeting) failure to make payment of the redemption monies on the Original Extended Maturity Date.

There is uncertainty as to when the Company will be able to pay the redemption monies in relation to the Notes as it is dependent on when the completion of the Disposal occurs or when the Notes are refinanced by other lenders. If the Extraordinary Resolution is not passed, any late payment of the redemption monies may trigger cross default and/or cross acceleration clauses in the facility agreements entered into by RHT Group (including the Facilities described below) relating to a substantial amount of the RHT Group's other indebtedness that may allow senior creditors to accelerate repayment on such other indebtedness, and enforce on the RHT Group's assets that constitute those creditors' security for their respective indebtedness. It is unclear whether the Noteholders, as unsecured creditors, will be able to recover any or all of their investments in the Notes in such circumstances.

(C) Banking Facilities of the RHT Group

Under Condition 9(c), as set out in the Trust Deed, it shall be an Event of Default if any representation or warranty by the Company in the Transaction Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and if the default is capable of remedy, it is not remedied within 15 business days of notice by the Trustee to the Company requiring the same to be remedied.

Under Condition 9(d), as set out in the Trust Deed, it shall be an Event of Default if any other present or future indebtedness of the RHT Group in respect of borrowed money is or is declared to be or is capable of being rendered due and payable before its stated maturity by reason of any default, event of default or the like (howsoever described) and the aggregate amount of such indebtedness in respect of which one or more of such events has / have occurred equals or exceeds S$15,000,000 or its equivalent in other currency.

Under Condition 9(i), as set out in the Trust Deed, it shall be an Event of Default if any security on or over the whole or any material part of the assets of the RHT Group becomes enforceable.

The RHT Group has loan facilities with:

(a) United Overseas Bank Limited and Siemens Bank GMBH, Singapore Branch for an aggregate amount of S$55 million ("**UOB/Siemens Facility**"); and

(b) IndusInd Bank Limited, IFSC GIFT City Branch for an amount equivalent of S$53 million ("**IndusInd Facility**"),

(collectively, the "**Facilities**" and each a "**Facility**").

Each Facility is secured by an irrevocable pledge on the shares of FGHIPL and RHSPL on a *pari passu* basis, a non-disposal undertaking on the hospital infrastructure companies owned by FGHIPL on a *pari passu* basis and a first *pari passu* legal assignment over the interest, benefits and rights over all existing and future loans granted by the borrower to its subsidiaries, and a debenture over substantially all the assets of FGHIPL and RHSPL. The proceeds of the Disposal shall first be utilised for the repayment of the Facilities and the release of the security thereunder before being applied to redeem the Notes. Further details on the use of proceeds from the Disposal are set out in the announcement released by the Company on 29 August 2018, a copy of which is available on SGXNET.

Under the terms of the Facilities:

(a) it is a review event if any financial indebtedness under the Notes is not refinanced at least 30 days prior to its maturity date, in which case, the lenders under the Facilities and FGHIPL are required to enter into negotiations with a view to agreeing to amendments to the financing agreements in respect of the Facilities. In view of the proposal to extend the maturity date of the Notes to 22 July 2019 to be considered by Noteholders at the Meeting on 21 January 2019, the Notes have not been refinanced within the stipulated deadline and accordingly, a review event has occurred which may result in the Facilities becoming immediately due and payable in the event FGHIPL and lenders are unable to agree to amendments to the financing agreements, should such lenders request for amendments; and

(b) it is an event of default under the Facilities if any financial indebtedness under the Notes is not refinanced at least 5 days prior to its maturity date. The financial indebtedness under the Notes will not be refinanced by the stipulated deadline similarly in view of the proposal to extend the maturity date of the Notes. Accordingly, an event of default may or will occur under the Facilities (the "**Potential EOD**")

(collectively, the "**Cross-Default Events**"). These Cross-Default Events have or may trigger cross-defaults in respect of other borrowings of the RHT Group and may have resulted in certain security of the RHT Group in respect of such borrowings becoming enforceable.

In addition, the Cross-Default Events have or may cause the occurrence of the Event(s) of Default or (as the case may be) Potential Event(s) of Default under Conditions 9(c), 9(d) and 9(i).

The Company is in discussions with the lenders under the Facilities to either obtain confirmation that no review event is triggered under the relevant Facilities, or to defer any review event in relation to completion of the Disposal and refinancing of Notes until the expiry of the Further Extension and to waive the Potential EOD. In light of the aforementioned, the Company is seeking, via the Extraordinary Resolution, the approval of Noteholders to release and waive any claim each Noteholder may have arising from or in connection with the Events of Default under Conditions 9(c), 9(d) and 9(i).

Prior to making a decision on whether to approve the Proposal, Noteholders should carefully consider all of the information set forth in the Consent Solicitation Statement and this Disclosure Memorandum. In particular, Noteholders should pay attention to the risk factors set out in the section titled "Risk Factors".

SELECTED FINANCIAL INFORMATION OF THE GROUP

The following tables present summary consolidated financial information of the Group as at and for the periods indicated.

The summary consolidated information as at 31 March 2016, 31 March 2017 and 31 March 2018 and for the years then ended has been derived from the Group's consolidated financial statement for the years ended 31 March 2017 and 31 March 2018 that have been audited by Ernst & Young LLP, and should be read in conjunction with such published audited consolidated financial statements and the notes thereto.

The summary consolidated financial information as at 30 September 2017 and 30 September 2018 have been derived from the Group's unaudited financial statements announcement for the two quarters ended 30 September 2018, and should be read in conjunction with such published unaudited financial statements announcement and the notes thereto. Such consolidated financial information included in this Disclosure Memorandum has not been audited nor reviewed by the Group's auditors. Potential investors should exercise caution when using such data to evaluate the Group's financial condition and results of operations.

The consolidated financial position and consolidated results of the Group's operations for the two quarters ended 30 September 2018 should not be taken as an indication of the expected financial position and results of the Group's operations for the full year ending 31 March 2019.

Consolidated Statements of Total Return

	Unaudited FY19Q2 YTD S$'000	Unaudited FY18Q2 YTD S$'000	Audited FY18 S$'000	Audited FY17 S$'000	Audited FY16* S$'000
Revenue:					
Service fee	37,527	41,607	80,758	79,610	78,773
Hospital income	5,610	5,352	10,887	9,583	9,649
Other income	1,606	1,903	4,361	2,827	2,691
Total revenue	44,743	48,862	96,006	**92,020**	**91,113**
Service fee and hospital expenses:					
Medical consumables	(4,000)	(4,568)	(8,682)	(8,279)	(7,860)
Employee benefits expense	(1,505)	(1,610)	(3,062)	(2,941)	(2,533)
Doctor charges	(3,478)	(4,123)	(7,889)	(7,856)	(6,834)
Depreciation and amortisation	(5,434)	(6,070)	(11,877)	(11,735)	(11,699)
Other service fee and other expenses	(5,722)	(6,125)	(11,905)	(11,596)	(11,130)
Hospital expenses	(4,716)	(4,644)	(9,177)	(8,323)	(7,985)
Total service fee and hospital expenses	**(24,855)**	**(27,140)**	**(52,592)**	**(50,730)**	**(48,041)**
Finance Income	7,773	8,122	15,904	7,895	492
Finance Expenses	(9,779)	(9,588)	(20,889)	(13,549)	(8,521)
Trustee-Manager Fee	(2,642)	(2,814)	(5,532)	(10,502)	(6,755)
Other Trust Expenses	(1,716)	(1,694)	(2,464)	(2,375)	(2,747)
Foreign exchange (loss)/gain	(5,579)	(5,117)	(9,652)	1,858	(10,495)
Total expenses	**(36,798)**	**(38,231)**	**(75,235)**	**(67,403)**	**(76,067)**
Share of result of an associate	4,672	5,183	10,532	4,714	–
Profit before changes in fair value of financial derivatives	**12,617**	**15,814**	**31,303**	**29,331**	**15,046**
Fair value gain/(loss) on financial derivatives	(389)	3,315	4,004	(4,506)	7,725
Profit before taxes	**12,228**	**19,129**	**35,307**	**24,825**	**22,771**
Income tax expense	(8,247)	(10,324)	(19,771)	(1,374)	(13,011)
Profit from continuing operation	**3,981**	**8,805**	**15,536**	**23,451**	**9,760**
Discontinued Operations					
Gain on disposal of 51% economic interest in a subsidiary	–	–	–	96,631	–
Profit/(loss) after tax for the period from discontinued operations	–	–	–	14,869	33,716
Profit for the period	**3,981**	**8,805**	**15,536**	**134,951**	**43,476**

	Unaudited FY19Q2 YTD S$'000	Unaudited FY18Q2 YTD S$'000	Audited FY18 S$'000	Audited FY17 S$'000	Audited FY16* S$'000
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation	(26,609)	(12,949)	(29,270)	31,899	(58,615)
Item that will not be classified to profit or loss					
Net surplus on revaluation of land and buildings	–	–	6,521	7,539	42,963
Share of net surplus on revaluation of land and buildings of associate	–	–	299	234	–
Remeasurement of defined benefit plan	12	–	(33)	(85)	(36)
Other comprehensive income for the period, net of tax	(26,597)	(12,949)	(22,483)	39,587	(15,688)
Total comprehensive income for the period attributable to unitholders of the Trust	**(22,616)**	**(4,144)**	**(6,947)**	**174,538**	**27,788**
Attributable to Unitholders of the Trust					
Total comprehensive income from continuing operation, net of tax	(22,616)	(4,144)	(6,947)	56,869	6,515
Total comprehensive income from discontinued operation, net of tax	–	–	–	117,669	21,273
Total comprehensive income for the year attributable to Unitholders of the Trust	(22,616)	(4,144)	(6,947)	174,538	27,788
Earnings per unit from continuing operation attributable to Unitholders of the Trust, expressed in cents per unit					
- Basic and diluted	0.49	1.09	1.92	2.92	1.23
Earnings per unit attributable to Unitholders of the Trust, expressed in cents per unit					
- Basic and diluted	0.49	1.09	1.92	16.83	5.46

* FHTL results are classified as share of results from discontinued operation in FY16

Balance Sheets

	Unaudited FY19Q2 (S$'000)	Audited FY 18 (S$'000)	Audited FY 17 (S$'000)	Audited FY 16 (S$'000)
Assets				
Non-current assets				
Intangible assets	80,459	86,781	94,640	127,986
Property, plant and equipment	504,424	539,011	562,074	844,851
Investment in associates	368,228	363,557	352,717	–
Financial assets	16,742	17,290	30,550	36,047
Deferred tax assets	9,609	15,785	22,529	12,532
Other assets	24,213	23,846	25,024	24,783
Total non-current assets	1,003,675	1,046,270	1,087,534	1,046,199
Current assets				
Inventories	88	119	103	130
Financial assets	24,699	42,963	2,362	79,783
Trade receivables	17,176	19,290	10,606	25,340
Other assets	2,151	1,060	809	983
Derivative financial assets	–	389	–	891
Cash and cash equivalents	4,276	8,047	7,246	5,831
Total current assets	48,390	71,868	21,126	112,958
Total assets	**1,052,065**	**1,118,138**	**1,108,660**	**1,159,157**
Liabilities				
Non-current liabilities				
Loans and borrowings	193,049	146,527	183,658	166,598
Other liabilities	21,615	18,749	12,299	3,710
Deferred tax liabilities	81,268	89,046	90,234	149,754
Total non-current liabilities	295,932	254,322	286,191	320,062
Current liabilities				
Loans and borrowings	125,820	181,370	104,607	3,438
Trade and other payables	6,078	6,417	5,502	6,032
Other liabilities	8,885	13,492	12,371	90,017
Current tax liabilities	–	–	–	–
Derivative financial instruments	–	–	3,615	–
Total current liabilities	140,783	201,279	126,095	99,487
Total liabilities	**436,715**	**455,601**	**412,286**	**419,549**
Net assets	**615,350**	**662,537**	**696,374**	**739,608**

	Unaudited FY19Q2 (S$'000)	Audited FY 18 (S$'000)	Audited FY 17 (S$'000)	Audited FY 16 (S$'000)
Unitholders' fund				
Represented by:				
Units in issue (net of unit issue cost)	522,247	520,191	518,114	510,399
Capital reserve	210,216	210,216	210,216	210,216
Foreign currency translation reserve	(74,197)	(47,588)	(18,318)	(82,469)
Revaluation reserve	48,471	48,944	43,096	142,911
Capital redemption reserve	(73)	(85)	(52)	33
Accumulated losses	(91,314)	(69,141)	(56,682)	(41,482)
Total Unitholders' fund	**615,350**	**662,537**	**696,374**	**739,608**

RISK FACTORS

Prior to making a decision on whether to approve the Extraordinary Resolution with respect to the Proposal, Noteholders should carefully consider all of the information set forth in this Disclosure Memorandum including the risk factors set out below.

The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the business, assets, financial condition, performance, results of operations and/or prospects of the Company or the Group or any decision in respect of the Proposal to be approved by way of an Extraordinary Resolution. Additional risks which the Company is currently unaware of may also impair the business, assets, financial condition, performance, results of operations and/or prospects of the Company and/or the Group. If any of the following risk factors develops into actual events, the business, assets, financial condition, performance, results of operations and/or prospects of the Company and/or the Group could be materially and adversely affected. In such cases, the ability of the Company to comply with its obligations under the Trust Deed and the Notes (to the extent amended in the event that the Extraordinary Resolution is passed) may be adversely affected.

Noteholders should not rely on the information set out herein as the sole basis for any decision in relation to the Proposal to be approved by way of an Extraordinary Resolution but should seek appropriate and relevant advice concerning the appropriateness of a decision in relation to the Proposal to be approved by way of an Extraordinary Resolution for their particular circumstances.

Limitations of this Disclosure Memorandum

This Disclosure Memorandum does not purport to nor does it contain all information that a Noteholder may require in investigating the Company or the Group, prior to making a decision in relation to the Proposal to be approved by way of an Extraordinary Resolution. This Disclosure Memorandum is not, and does not purport to be, legal, financial or investment advice. A Noteholder should make a decision in relation to the Proposal to be approved by way of an Extraordinary Resolution only after it has determined that such decision is suitable for its financial or investment objectives. Determining what decision to make in relation to the Proposal to be approved by way of an Extraordinary Resolution is suitable is a Noteholder's responsibility. Neither this Disclosure Memorandum, the Consent Solicitation Statement nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Consent Solicitation is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company, the Joint Solicitation Agents, the Trustee or the Meeting Agent that any recipient of this Disclosure Memorandum, the Consent Solicitation Statement or any such other document or information (nor any part thereof) should make any particular decision in relation to the Proposal to be approved by way of an Extraordinary Resolution. Each person receiving this Disclosure Memorandum acknowledges that such person has not relied on the Company, its respective subsidiaries and/or associated companies (if any), the Joint Solicitation Agents, the Trustee, the Meeting Agent or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its decision in relation to the Proposal to be approved by way of an Extraordinary Resolution. Any recipient of this Disclosure Memorandum contemplating its decision to be made in relation to the Proposal to be approved by way of an Extraordinary Resolution should determine for itself the relevance of the information contained in this Disclosure Memorandum, the Consent Solicitation Statement and any such other document or information (or such part thereof) and its decision should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Company and its respective subsidiaries and/or associated companies (if any), the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A Noteholder should consult with its legal, tax, financial and other advisers prior to making its decision in relation to the Proposal to be approved by way of an Extraordinary Resolution.

The risk factors discussed below also include forward-looking statements and the actual results of the Company and the Group may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and considerations and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

RISKS ASSOCIATED WITH THE PROPOSAL AND THE AMENDMENTS GENERALLY

(1) The Extraordinary Resolution, if passed, will be binding upon all Noteholders

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and the Noteholders who voted in a manner contrary to the majority.

Accordingly, if the Extraordinary Resolution is passed at the Meeting, the matters setting out such Extraordinary Resolution shall be binding upon all Noteholders and each Noteholder shall be bound to give effect to the Extraordinary Resolution.

(2) Restrictions on the transfer of the Notes will apply during the Earmarking Period

When considering whether to submit or deliver Voting Instructions (as defined in the Consent Solicitation Statement) to the Meeting Agent, Noteholders should also take into account that restrictions on the transfer of the Notes by Noteholders will apply from the time the relevant Noteholder delivers the Voting Instruction Form (as defined in the Consent Solicitation Statement) to the Meeting Agent.

Each Noteholder is to note that by submitting or delivering the Voting Instruction Form to the Meeting Agent, such Noteholder agrees that the Meeting Agent may proceed to request CDP to earmark the direct securities account or securities sub-account in which its Notes are credited and the Notes so earmarked will not be released until the earliest of:

(a) (i) in respect of a Voting Certificate (as defined in the Consent Solicitation Statement) or Voting Certificates, the surrender to the Meeting Agent of such Voting Certificate(s) by the Expiration Time (as defined in the Consent Solicitation Statement) and notification by the Meeting Agent to CDP of such surrender or the compliance in such other manner with the rules of CDP or (ii) in respect of Voting Instructions by way of a Voting Instruction Form, the notification in writing of any revocation of a Noteholder's previous instructions to the Meeting Agent by the Expiration Time and the same then being notified in writing by the Meeting Agent to the Company at its specified office or to the chairman of the Meeting at least 48 hours before the time appointed for holding the Meeting and such Notes ceasing in accordance with the procedures of CDP and with the agreement of the Meeting Agent to be held to its order;

(b) (in the case of Noteholders who are eligible to receive the Consent Fee (as defined in the Consent Solicitation Statement)) the time of the payment of the Consent Fee to such Noteholders;

(c) (in all other cases, including in the case where the Notes are held by Noteholders who have voted against the Extraordinary Resolution and such votes have not been validly revoked) the conclusion of the Meeting (or, if applicable, any adjournment of the Meeting); and

(d) the termination of the Consent Solicitation

(the "**Earmarking Period**").

During the Earmarking Period, the Notes which are the subject of the Voting Instruction Form may not be traded or transferred. Notwithstanding anything contained herein, Noteholders should note that the relevant Notes will be earmarked by CDP in accordance with its procedures and subject to its timings. Similarly, Notes so earmarked will also be released by CDP in accordance with its procedures and subject to its timings.

In the case of Noteholders who are eligible to receive the Consent Fee, such Noteholders should note that the consent fees are payable no later than two (2) business days after the date of the Meeting or (as the case may be) the date of the adjourned Meeting.

Effectively, this means that if a Noteholder was to vote in favour of the Proposal and the Extraordinary Resolution is passed, such a Noteholder will not be able to dispose of its holdings in the Notes until the final redemption of the Notes.

(3) The Proposal entails the Noteholders holding on to the Notes for an extended period and with amended terms to the Conditions

The Proposal involves seeking the approval of Noteholders for, among other things, the postponement of the maturity date of the Notes from 22 January 2019 to 22 July 2019.

The proposed postponement of the maturity date of the Notes would mean that Noteholders would be entitled to receive payment in respect of the principal amount (together with accrued interest) twelve months after the original maturity date of 22 July 2018 and six months after the first extended maturity date of 22 January 2019. Accordingly, Noteholders will have to continue to bear the risks associated with investing in the Notes for a further six months than planned.

(4) Risk associated with the Disposal

When consent was sought from Noteholders in April 2018 for, *inter alia*, extension of the maturity date of the Notes from 22 July 2018 to 22 January 2019, the risk associated with the Disposal was highlighted to the Noteholders in the First Disclosure Memorandum. Such risks continue to be present.

(5) Risk associated with the Extraordinary Resolution not being passed

There is uncertainty as to when the Company will be able to pay the redemption monies in relation to the Notes as it is dependent on when the completion of the Disposal occurs or when the Notes are refinanced by other lenders. If the Extraordinary Resolution is not passed, any late payment of the redemption monies may trigger cross default and/or cross acceleration clauses in the facility agreements entered into by RHT Group (including the Facilities described above) relating to a substantial amount of the RHT Group's other indebtedness that may allow senior creditors to accelerate repayment on such other indebtedness, and enforce on the RHT Group's assets that constitute those creditors' security for their respective indebtedness. It is unclear whether the Noteholders, as unsecured creditors, will be able to recover any or all of their investments in the Notes in such circumstances.

(6) Risk associated with the payment of proceeds arising from the Disposal

As mentioned above, the RHT Group has certain banking facilities with United Overseas Bank Limited, Siemens Bank GMBH, Singapore Branch and IndusInd Bank Limited.

When the Company receives proceeds from the Disposal, it must first apply such proceeds to repay the above facilities. Only the balance amount (following full repayment of such banking facilities) shall be applied towards paying the redemption amounts due under the Notes. In the event that the balance amount is insufficient to redeem the Notes in full and/or the Company is not able to apply such monies to redeem the Notes by Further Extended Maturity Date, the Company will have to seek alternative sources of funding to repay the Notes in full, failing which, an Event of Default will occur.

RISKS ASSOCIATED WITH CONTINUED INVESTMENT IN THE NOTES

(7) Limited Liquidity of the Notes

There can be no assurance regarding the future development of the market for the Notes, the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes, if at all.

For Noteholders who intend to submit Voting Instructions to the Meeting, please also see the risk factor above titled "Risks Associated with the Proposal and Amendments Generally – Restrictions on the transfer of the Notes will apply during the Earmarking Period".

(8) Fluctuation of market value of the Notes

The value of the Notes may fluctuate as a result of various factors, including (a) the market for similar securities, (b) general economic, political or financial conditions and (c) the Company or the Group's financial condition, results of operation and future prospects. Adverse economic developments, in Singapore as well as countries in which the Company or its subsidiaries and/or associated companies (if any) operate or have business dealings, could have a material adverse effect on the operating results and/or the financial condition of the Company or the Group.

(9) Interest rate risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

(10) Inflation risk

Noteholders may suffer erosion on their return of their investments due to inflation. Noteholders may have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

(11) The Notes may not be a sustainable form of continued investment for all investors

Each Noteholder should determine the suitability of its continued investment in the Notes in light of its own circumstances. In particular, each Noteholder should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of continuing with its investment in relevant Notes and the information contained in the Disclosure Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, its continued investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of its continued investment in the Notes;
- understand thoroughly the terms of the Notes (taking into account the amendments to the terms set out in the Proposal should such amendments be approved by Noteholders) and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its continued investment and its ability to bear any applicable risks.

(12) The Notes are unsecured and the right to redemption may be adversely affected

If the Company defaults on the Notes, or after bankruptcy, liquidation or reorganization, then, to the extent that the Group has granted security over its assets, the assets that secure its debts will be used to satisfy the obligations under that secured debt before the Company will be able to make payment on the Notes. There may only be limited assets available to make payments on the Notes in the event of an acceleration of the Company's payment obligations of the Notes.

(13) Noteholders may take enforcement action only through the Trustee

Condition 10 of the Notes provides that at any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Company as it may think fit to enforce repayment of the Notes. However, it is further provided that the Trustee is not bound to take any such proceeds unless (a) it shall have been so requested in writing by holders of not less than 25.0% in principal amount of the Notes outstanding or so directed by an extraordinary resolution passed by the Noteholders and (b) it shall have been indemnified, secured and/or pre-funded by Noteholders to its satisfaction.

Accordingly, the requisite threshold of instruction by the Noteholders must be met. In addition, the Trustee may request Noteholders to provide an indemnity and/or security to its satisfaction before it takes actions on behalf of Noteholders. Negotiating and agreeing to an indemnity and/or securities can be a lengthy process and may impact on when such pre-funding actions can be taken.

It is also provided under Condition 10 of the Notes that no Noteholder shall be entitled to proceed directly against the Company unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect is continuing.

APPENDIX I

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The names and positions of the Directors are set out below:

Name	**Position**
Mr Gurpreet Singh Dhillon	Executive Director and Chief Executive Officer
Mr Peter Joseph Seymour Rowe	Chairman of Audit and Risk Management Committee and Independent Director
Dr Yogendra Nath Mathur	Lead Independent Director
Mr Vivek Mehra	Non-Executive Chairman and Independent Director
Mr Sydney Michael Hwang	Chairman of Nominating Committee and Independent Director
Mr Eng Meng Leong	Chairman of Remuneration Committee and Independent Director
Mr Loh Min Jiann	Non-Executive and Non-Independent Director
Dr Chan Boon Kheng	Non-Executive and Non-Independent Director
Mr Daljit Singh	Non-Executive and Non-Independent Director

2. Certain information concerning the business and working experience of Mr Loh Min Jiann (Non-Executive and Non-Independent Director) is set out below.

   Mr Loh Min Jiann joined the Board of the Company as Non-Executive and Non-Independent Director on 26 November 2018. He has more than 30 years of experience in accounting and finance.

   Mr Loh is the current Chief Financial Officer of Parkway Pantai (Malaysia Operations Division) where he oversees the finances of all entities within the Parkway Pantai Malaysia Operations Division, including but not limited to, corporate finance and restructuring, financing exercises, tax and SST compliance, IT system requirement reviews and internal control reviews.

   Prior to this, Mr Loh was the Chief Financial Officer of Magnum Corporation Sdn Bhd and Magnum Berhad, where he was responsible for overseeing the finances of the corporate office together with 23 other entities within the group in various states in Malaysia.

   Mr Loh is a qualified Chartered Accountant and Certified Public Accountant. He is currently a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

3. Certain information concerning the business and working experience of Dr Chan Boon Kheng (Non-Executive and Non-Independent Director) is set out below.

   Dr Chan Boon Kheng was appointed to the Board of the Company as Non-Executive and Non-Independent Director on 26 November 2018. Dr Chan is the current Group Head of Strategic Planning and Business Development (Merger & Acquisition) at IHH Healthcare Berhad ("**IHH**"). He is also the Chief Executive Officer (South East Asia Operations) at Parkway Pantai Limited. Dr Chan brings with him over 20 years of experience in healthcare, covering a range of roles including operations, corporate and investment portfolios.

   Prior to joining IHH in 2018, Dr Chan held various leadership positions from 2008 to early 2017. Dr Chan was the Group Chief Executive Officer of Pantai Holding Berhad (ad-interim) and also held the position of Group President at Thomson Medical and Sasteria Pte. Ltd. He was also the Chairman of Innoheart Pte. Ltd and Executive Director of TMC Life Sciences Limited.

Dr Chan graduated with a Bachelor of Medicine and Bachelor of Surgery from National University of Singapore. He also holds a Masters of Business Administration (Honours) from University of Chicago.

4. Certain information concerning the business and working experience of Mr Daljit Singh (Non-Executive and Non-Independent Director) is set out below.

   Daljit Singh is the President of Fortis Healthcare Limited, Chairman of Malar Hospitals and a Director on the Board of Lanka Hospitals Corporation PLC, Dion Global Solutions Limited and Religare Health Insurance Limited. During his tenure of more 16 years with Fortis Healthcare Limited, he has held the office of the Chief Executive Officer and has led the Company's Strategy, Organisational Development and Projects Functions. He has over 44 years of management experience in the corporate sector.

   Mr Singh has been a pivotal member of the top management team of Fortis Healthcare Limited that conceptualised, formulated and implemented Fortis' growth strategy to position it as India's leading healthcare delivery organisation in a short span of almost 17 years.

   Prior to joining Fortis, Mr Singh was an Executive Director on the Board of ICI India. He was in charge of Human Resources, Manufacturing, External Relations and Communications. Amongst key responsibilities held at ICI India, he was the Chief Executive Officer for Pharmaceuticals, Specialties and Catalyst businesses. He was member of the ICI Global Manufacturing Group, SSHE Excellence Group and the Global HR Forum. During his time at ICI India, he successfully planned and executed significant change programmes.

   A graduate from the Indian Institute of Technology, Delhi, Mr. Singh was a Commonwealth Scholar to the Senior Management Programme at the Manchester Business School.

5. No Director is or was involved in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any proceedings pending as at the date of this Disclosure Memorandum which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

6. As at the date of this Disclosure Memorandum, save for Mr Gurpreet Singh Dhillon, who is the second cousin of Mr Malvinder Mohan Singh and Mr Shivinder Mohan Singh, none of the Directors is related by blood or marriage to one another nor are they related to any substantial shareholder or, as the case may be, Holder of the Company.

7. As at the date of this Disclosure Memorandum, no option to subscribe for Units, shares in, or debentures of, the Company has been granted to, or was exercised by, any Director.

SHARE CAPITAL

8. As at the date of this Disclosure Memorandum, there is only one class of units in RHT. The rights and privileges attached to the units of RHT are stated in the RHT Trust Deed.

9. The number of Units in issue as at the Latest Practicable Date is 811,402,944. No Units have been issued or are proposed to be issued, as fully or partly paid-up, for cash or for a consideration other than cash, from the date of constitution of RHT up to the date of this Disclosure Memorandum.

10. Except for the 1,111,112 ordinary shares in the capital of the RHT Health Trust Manager Pte. Ltd. in issue, no shares in, or debentures of, the RHT Health Trust Manager Pte. Ltd. have been issued or are proposed to be issued, as fully or partly paid-up, for cash or for a consideration other than cash, from the date of incorporation of the Company up to the date of this Disclosure Memorandum.

11. The issued share capital of the RHT Health Trust Manager Pte. Ltd. as at the Latest Practicable Date is as follows:

Share Designation Capital(S$)	**Issued Share(s)**	**Issued Share Capital(S$)**
Ordinary Shares	1,111,112	1,255,557.60

BORROWINGS

12. Save as disclosed in the Group's audited financial results for the financial year ended 31 March 2018 and the Group's unaudited financial results for the two quarters ended 30 September 2018, the Group had, as at the Latest Practicable Date, no other borrowings or indebtedness in the nature of borrowings of the Group including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

13. The Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Notes, the Company, RHT and the Group will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

14. There has been no significant change in the accounting policies of RHT since its audited financial accounts for the financial year ended 31 March 2018.

LITIGATION

15. There are no legal or arbitration proceedings pending or, to the best of the Directors' knowledge after making all due and careful enquiries, threatened against the Company (in its capacity as trustee-manager of RHT), RHT or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Disclosure Memorandum a material adverse effect on the financial position of the Company, RHT or the Group.

MATERIAL ADVERSE CHANGE

16. Save as disclosed in the Consent Solicitation Statement and/or this Disclosure Memorandum, there has been no material adverse change in the financial condition or business of the Company, RHT or the Group since 31 March 2018.

CONSENTS

17. Ernst & Young LLP, auditors to the Company, have given and have not withdrawn their written consent to the issue of this Disclosure Memorandum with the references herein to their name and, where applicable, reports in the form and context in which they appear in this Disclosure Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

18. Noteholders may, from 7 January 2019, between 9.00 a.m. to 5.00 p.m. (Singapore time) from Mondays to Fridays (excluding public holidays), up to 10.00 a.m. (Singapore time) on 17 January 2019 inspect copies of the following documents at the office of Deutsche Bank AG, Singapore Branch, in its capacity as the Meeting Agent, at One Raffles Quay, #16-00 South Tower, Singapore 048583 (the "**Meeting Agent Office**"), and, from the time 15 minutes prior to and during the Meeting at Level 41, Meeting Room #41-01, 12 Marina Boulevard, Marina Bay Financial Centre Tower 3, Singapore 018982:

    (a) the Trust Deed (including the Conditions of the Notes);

    (b) the Supplemental Trust Deed;

    (c) the Second Supplemental Trust Deed;

    (d) a draft of the Third Supplemental Trust Deed to be entered into between the parties to the Trust Deed so as to provide for the Amendments;

    (e) the Pricing Supplement dated 21 July 2015 relating to the first tranche of the Notes and the Pricing Supplement dated 26 May 2017 relating to the second tranche of the Notes;

    (f) the audited financial statements of the Group for the financial period ended 31 March 2018; and

    (g) the latest unaudited financial statements of the Group for the period ending 30 September 2018.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

19. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

APPENDIX II

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The information in this Appendix II has been reproduced from the audited consolidated financial statements of RHT and its subsidiaries for the financial year ended 31 March 2018 and has not been specifically prepared for inclusion in this Disclosure Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

RHT Health Trust and its Subsidiaries

Annual Financial Statements
31 March 2018

EY

Building a better working world

General Information

Trustee-Manager

RHT Health Trust Manager Pte. Ltd.

Directors

Gurpreet Singh Dhillon
Pawanpreet Singh
Dr Yogendra Nath Mathur
Eng Meng Leong
Peter Joseph Seymour Rowe
Sydney Michael Hwang
Vivek Mehra

Company Secretaries

Abdul Jabbar Bin Karam Din
Chan Poh Kuan

Registered Office

9 Battery Road
#25-01 MYP Building
Singapore 049910

Principal bankers

Axis Bank
Citibank N.A., India
IndusInd Bank Limited
Siemens Bank GMB Singapore Branch
United Overseas Bank

Auditor

Ernst & Young LLP
Partner in charge: Tan Soon Seng (Appointed since financial year ended 31 March 2018)

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The Directors of RHT Health Trust Manager Pte. Ltd. and the Trustee-Manager of RHT Health Trust (the "Trust") are pleased to present their report to the Unitholders of the Trust, together with the audited consolidated financial statements of the Trust and its subsidiaries (collectively, the “Group”) and the balance sheet and statement of changes in Unitholders’ funds of the Trust for the financial year ended 31 March 2018.

Directors

The Directors of the Trustee-Manager in office at the date of this report are:

Gurpreet Singh Dhillon
Pawanpreet Singh
Dr Yogendra Nath Mathur
Eng Meng Leong
Peter Joseph Seymour Rowe
Sydney Michael Hwang
Vivek Mehra (appointed on 1 October 2017)

Arrangements to enable Directors to acquire units or debentures

Neither at the end of nor at any time during the financial year was the Trustee-Manager a party to any arrangement whose object was to enable the Directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in, or debentures, of the Trust.

Directors' interests in units or debentures

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act, Chapter 31A of Singapore (the "Act"), particulars of the interests of Directors who held office at the end of the financial year in units in, or debentures of, the Trust are as follows:

	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Number of units				
Gurpreet Singh Dhillon	–	–	1,777,000	1,777,000
Sydney Michael Hwang	–	–	1,000,000	1,000,000
Pawanpreet Singh	–	–	300,000	–

There were no changes in any of the above mentioned interest in the Trust between the end of the financial year and 21 April 2018.

Options

There were no options granted during the financial year by the Trustee-Manager to any person to take up unissued units in the Trust.

No units have been issued during the financial year by virtue of the exercise of options to take up unissued units of the Trust.

There were no unissued units of the Trust under option at the end of the financial year.

Audit and Risk Management committee

The members of the Audit and Risk Management Committee ("ARMC") of the Trustee-Manager during the financial year and as at the date of this report were as follows:

Peter Joseph Seymour Rowe	Chairman
Dr Yogendra Nath Mathur	
Eng Meng Leong	

All members of the ARMC are independent and are Non-executive Directors.

The ARMC carried out its functions in accordance with Regulation 13(6) of the Business Trusts Regulations 2005 of Singapore. In performing its functions, the ARMC has reviewed (among others):

- with the independent internal and external auditors of the Trust, the audit plan of the Group, the independent internal auditor's evaluation of the system of internal accounting controls of the Group and the independent external auditor's report on the consolidated financial statements of the Group for the financial year;

- the assistance given by the officers of the Trustee-Manager to the independent auditor of the Trust, the scope and results of the internal audit procedures of the Group, the policies and practices put in place by the Trustee-Manager to ensure compliance with the Act and the Trust Deed dated 29 July 2011 constituting the Trust, as amended and restated (the "Trust Deed"), the procedures put in place by the Trustee-Manager for managing any conflict that may arise between the interests of Unitholders and the interests of the Trustee-Manager (including interested person transactions, indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the trust property of the Trust); and

- the balance sheet and statement of changes in Unitholders' funds of the Trust and the consolidated financial statements of the Group for the financial year ended 31 March 2018 before their submission to the Board of Directors of the Trustee-Manager.

Audit and Risk Management committee (cont'd)

The ARMC, having reviewed all non-audit services provided by the independent auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the independent auditors.

Further details regarding the ARMC are disclosed in the Corporate Governance Report.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as independent auditor.

On behalf of the Board of Directors of the Trustee-Manager:

Vivek Mehra
Director

Gurpreet Singh Dhillon
Director

Singapore

9 JUL 2018

Statement by the Trustee-Manager
For the financial year ended 31 March 2018

In our opinion,

(a) the consolidated statement of comprehensive income set out on pages 11 and 12 have been drawn up so as to give a true and fair view of the results of the business of the Group for the financial year ended 31 March 2018;

(b) the balance sheets have been drawn up so as to give a true and fair view of the state of affairs of the Trust and of the Group as at 31 March 2018;

(c) the statement of changes in Unitholders' fund set out on pages 15 and 16 are drawn up so as to give a true and fair view of the changes in Unitholders' fund of the Group and of the Trust for the year ended 31 March 2018;

(d) the consolidated cash flow statement set out on page 17 has been drawn up so as to give a true and fair view of the cash flow of the business of the Group for the financial year ended 31 March 2018; and

(e) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil out of the trust property of the Trust, its liabilities in respect of the Trust as and when they fall due.

In accordance with Section 86(2) of the Singapore Business Trusts Act, Chapter 31A (the "Act"), we further certify:

(a) the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed of the Trust;

(b) the interested person transactions entered into by the Trust during the financial year ended 31 March 2018 are not detrimental to the interests of the Unitholders of the Trust as a whole based on the circumstances at the time of the relevant transactions; and

(c) the Board of Directors of the Trustee-Manager is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of the Unitholders of the Trust as a whole.

The Board of Directors of the Trustee-Manager has, on the date of this statement, authorised the above statements and these financial statements of the Group as at and for the financial year ended 31 March 2018 for issue.

On behalf of the Board of Directors of the Trustee-Manager:

Vivek Mehra
Director

Gurpreet Singh Dhillon
Director

Singapore

9 JUL 2018

Statement by the Chief Executive Officer
For the financial year ended 31 March 2018

In accordance with Section 86(3) of the Act, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the Unitholders of the Trust as a whole.

Gurpreet Singh Dhillon
Chief Executive Officer

Singapore

9 JUL 2018

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.

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.

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.

Key Audit Matters (cont'd)

Impairment of goodwill (cont'd)

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.

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.

- 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.

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

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

RHT Health Trust and its subsidiaries

Consolidated statement of comprehensive income
For the financial year ended 31 March 2018

	Note	2018	2017
		$'000	$'000
Revenue:			
Service fee	4	80,758	79,610
Hospital income	5	10,887	9,583
Other income	6	4,361	2,827
Total revenue		96,006	92,020
Service and hospital expenses:			
Medical consumables		(8,682)	(8,279)
Employee benefits expense	7	(3,062)	(2,941)
Doctor charges		(7,889)	(7,856)
Depreciation and amortisation		(11,877)	(11,735)
Other service fee expenses		(11,905)	(11,596)
Hospital expenses	5	(9,177)	(8,323)
Total service and hospital expenses		(52,592)	(50,730)
Trustee-Manager fees	8	(5,532)	(10,502)
Other trust expenses		(2,464)	(2,375)
Finance income	9	15,904	7,895
Finance expenses	10	(20,899)	(13,549)
Foreign exchange (loss)/gain		(9,652)	1,858
Total expenses		(75,235)	(67,403)
Share of results of an associate		10,532	4,714
Profit before changes in fair value of financial derivatives		31,303	29,331
Fair value gain/(loss) on financial derivatives		4,004	(4,506)
Profit before taxes	11	35,307	24,825
Income tax expense	12	(19,771)	(1,374)
Profit from continuing operations		15,536	23,451
Discontinued operations			
Gain on disposal of 51.0% economic interest in a subsidiary	17	–	96,631
Profit after tax for the period from discontinued operations	13	–	14,869
Profit after tax for the period attributable to Unitholders of the Trust		15,536	134,951

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated statement of comprehensive income
For the financial year ended 31 March 2018

	Note	2018 $'000	2017 $'000
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss			
- Foreign currency translation		(29,270)	31,899
Items that will not be reclassified to profit or loss			
- Net surplus on revaluation of land and buildings		6,521	7,539
- Share of net surplus on revaluation of land and buildings of associate		299	234
- Re-measurement of defined benefit plan		(33)	(85)
Other comprehensive income for the year, net of tax		(22,483)	39,587
Total comprehensive income for the year attributable to Unitholders of the Trust		(6,947)	174,538
Earnings per unit from continuing operation attributable to Unitholders of the Trust, expressed in cents per unit			
- Basic and diluted	14	1.92	2.92
Earnings per unit attributable to Unitholders of the Trust, expressed in cents per unit			
- Basic and diluted	14	1.92	16.83
Attributable to:			
Unitholders of the Trust			
Total comprehensive income from continuing operations, net of tax		(6,947)	56,869
Total comprehensive income from discontinued operations, net of tax		–	117,669
Total comprehensive income for the year attributable to Unitholders of the Trust		(6,947)	174,538

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance sheets
As at 31 March 2018

	Note	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
ASSETS					
Non-current assets					
Intangible assets	15	86,781	94,640	–	–
Property, plant and equipment	16	539,011	562,074	–	–
Investment in subsidiaries	17	–	–	12,634	12,634
Investment in an associate	18	363,557	352,717	–	–
Loans to subsidiaries	19	–	–	469,245	441,959
Financial assets	20	17,290	30,550	–	–
Deferred tax assets	21	15,785	22,529	–	–
Other assets	22	23,846	25,024	–	–
Total non-current assets		1,046,270	1,087,534	481,879	454,593
Current assets					
Inventories		119	103	–	–
Financial assets	20	42,963	2,362	68,747	46,295
Trade receivables	23	19,290	10,606	–	–
Other assets		1,060	809	700	58
Derivative financial instruments	28	389	–	–	–
Cash and cash equivalents	24	8,047	7,246	18	255
Total current assets		71,868	21,126	69,465	46,608
Total assets		1,118,138	1,108,660	551,344	501,201
LIABILITIES					
Non-current liabilities					
Loans and borrowings	25	146,527	183,658	–	60,000
Other liabilities	27	18,749	12,299	–	–
Deferred tax liabilities	21	89,046	90,234	–	–
Total non-current liabilities		254,322	286,191	–	60,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance sheets
As at 31 March 2018

	Note	Group 2018 $'000	Group 2017 $'000	Trust 2018 $'000	Trust 2017 $'000
Current liabilities					
Loans and borrowings	25	181,370	104,607	120,742	517
Trade and other payables	26	6,417	5,502	–	–
Other liabilities	27	13,492	12,371	3,013	2,157
Derivative financial instruments	28	–	3,615	–	–
Total current liabilities		201,279	126,095	123,755	2,674
Net current (liabilities)/assets		(129,411)	(104,969)	(54,290)	43,934
Total liabilities		455,601	412,286	123,755	62,674
Net assets		662,537	696,374	427,589	438,527
UNITHOLDERS' FUNDS					
Units in issue	29	520,191	518,114	520,191	518,114
Capital reserve	30	210,216	210,216	–	–
Foreign currency translation reserve	30	(47,588)	(18,318)	–	–
Revaluation reserve	30	48,944	43,096	–	–
Capital redemption reserve	30	(85)	(52)	–	–
Accumulated losses		(69,141)	(56,682)	(92,602)	(79,587)
Total Unitholders' funds		662,537	696,374	427,589	438,527

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of changes in Unitholders' funds
For the financial year ended 31 March 2018

Group	Note	Units in issue (Note 29) $'000	Capital reserve $'000	Foreign currency translation reserve $'000	Revaluation reserve $'000	Other reserve $'000	(Accumulated losses)/revenue reserve $'000	Total $'000
At 1 April 2016		510,399	210,216	(82,469)	142,911	33	(41,482)	739,608
Profit for the year		–	–	–	–	–	134,951	134,951
Other comprehensive income								
- Foreign currency translation		–	–	31,899	–	–	–	31,899
- Net surplus on revaluation of land and buildings		–	–	–	4,796	–	2,743*	7,539
- Re-measurement of defined benefit plan		–	–	–	–	(85)	–	(85)
- Share of net surplus on revaluation of land and buildings of associate		–	–	–	234	–	–	234
Other comprehensive income for the year, net of tax		–	–	31,899	5,030	(85)	2,743	39,587
Total comprehensive income for the year		–	–	31,899	5,030	(85)	137,694	174,538
Disposal of 51.0% economic interest in a subsidiary	17	–	–	32,252	(104,845)	–	104,845	32,252
Payment of Trustee-Manager fees in units		7,715	–	–	–	–	–	7,715
Distribution on units in issue	37	–	–	–	–	–	(257,739)	(257,739)
At 31 March 2017 and 1 April 2017		518,114	210,216	(18,318)	43,096	(52)	(56,682)	696,374
Profit for the year		–	–	–	–	–	15,536	15,536
Other comprehensive income								
- Foreign currency translation		–	–	(29,270)	–	–	–	(29,270)
- Net surplus on revaluation of land and buildings		–	–	–	5,549	–	972*	6,521
- Re-measurement of defined benefit plan		–	–	–	–	(33)	–	(33)
- Share of net surplus on revaluation of land and buildings of associate		–	–	–	299	–	–	299
Other comprehensive income for the year, net of tax		–	–	(29,270)	5,848	(33)	972	(22,483)
Total comprehensive income for the year		–	–	(29,270)	5,848	(33)	16,508	(6,947)
Payment of Trustee-Manager fees in units		2,077	–	–	–	–	–	2,077
Distribution on units in issue	37	–	–	–	–	–	(28,967)	(28,967)
At 31 March 2018		520,191	210,216	(47,588)	48,944	(85)	(69,141)	662,537

*Relates to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of changes in Unitholders' funds
For the financial year ended 31 March 2018

	Note	Units in issue (Note 29)	(Accumulated losses)/ revenue reserve	Total
		$'000	$'000	$'000
Trust				
At 1 April 2016		510,399	(32,972)	477,427
Profit for the year, representing total comprehensive income for the financial year		–	211,124	211,124
Distribution on units in issue	37	–	(257,739)	(257,739)
Payment of Trustee-Manager fees in units		7,715	–	7,715
At 31 March 2017 and 1 April 2017		518,114	(79,587)	438,527
Profit for the year, representing total comprehensive income for the financial year		–	15,952	15,952
Distribution on units in issue	37	–	(28,967)	(28,967)
Payment of Trustee-Manager fees in units		2,077	–	2,077
At 31 March 2018		520,191	(92,602)	427,589

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

RHT Health Trust and its subsidiaries

Consolidated cash flow statement
For the financial year ended 31 March 2018

	Note	2018 $'000	2017 $'000
Cash flow from operating activities			
Profit before tax from continuing operations		35,307	24,825
Profit before tax from discontinued operations		–	118,850
Profit before tax		35,307	143,675
Adjustments for:			
Depreciation and amortisation		11,877	13,276
Finance income		(15,904)	(8,416)
Finance expenses		20,899	13,644
Fixed assets written off		–	396
Unrealised (gain)/loss on financial assets		(103)	224
Fair value (gain)/loss on financial derivatives		(4,004)	4,506
Gain on disposal of 51.0% economic interest in a subsidiary	17	–	(96,631)
Share of results of an associate		(10,532)	(4,714)
Foreign currency alignment		6,226	(3,290)
Operating cash flow before working capital changes		43,766	62,670
Changes in working capital:			
Increase in trade receivables		(9,763)	(7,102)
(Increase)/decrease in financial assets and other assets		(1,163)	13,696
(Increase)/decrease in inventories		(24)	34
(Decrease)/increase in trade and other payables and other liabilities		(3,271)	13,546
Cash flow generated from operations		29,545	82,844
Interest received		13,972	1,233
Tax paid		(5,858)	(20,602)
Net cash generated from operating activities		37,659	63,475
Cash flow from investing activities			
Purchase of intangible assets	15	(5)	(5)
Purchase of property, plant and equipment	16	(14,813)	(17,147)
Net cash flow from disposal of 51.0% economic interest in a subsidiary	17	–	201,254
(Purchase)/sales of short term investments		(27,789)	3,945
Net cash (used in)/generated from investing activities		(42,607)	188,047
Cash flow from financing activities			
Distribution paid to Unitholders	37	(28,967)	(257,739)
Interest paid		(14,255)	(9,675)
Repayment of borrowings		(114,659)	(84,801)
Proceeds from borrowings		163,681	102,006
Net cash generated from/(used in) financing activities		5,800	(250,209)
Net increase in cash and cash equivalents		852	1,313
Effect of exchange rate changes on cash and cash equivalents		(51)	102
Cash and cash equivalents at beginning of period		7,246	5,831
Cash and cash equivalents at end of year	24	8,047	7,246

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. General information

RHT Health Trust (the "Trust") is a business trust registered with the Monetary Authority of Singapore and domiciled in Singapore. The Trust was constituted by the Trust Deed and is regulated by the Business Trusts Act, Chapter 31A of Singapore. Under the Trust Deed, RHT Health Trust Manager Pte. Ltd. (the "Trustee-Manager") has declared that it will hold all the assets (including businesses) acquired on trust for the Unitholders of the Trust. The registered office of the Trustee-Manager is located at 9 Battery Road, #25-01 MYP Building, Singapore 049910. The principal place of business of the Trustee-Manager is located at 302 Orchard Road #09-03/04 Tong Building, Singapore 238862.

The principal activity of the Trust is investment holding of hospital and health care related assets located in Asia, Australasia and emerging markets in the rest of the world. The principal activities of the subsidiaries of the Trust are set out in Note 17.

The Trust was admitted to the Official List of the Main Board of Singapore Exchange Securities Trading Limited on 19 October 2012.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

All financial information is presented in Singapore Dollars (SGD or $) and has been rounded to the nearest thousand ($'000), unless otherwise stated.

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 has fully paid to the Group the outstanding amounts for such financial year.
(ii) Fortis has announced the following:
   a. Fortis has secured borrowings of INR 1.2 billion with commitment of up to INR3.4 billion.
   b. Fortis has received binding bids for fresh capital, subject to certain regulatory and shareholders' approvals.
(iii) 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.

2. Summary of significant accounting policies (cont'd)

2.1 *Basis of preparation (cont'd)*

Going concern (cont'd)

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.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2018, including the Amendments to FRS 7 *Disclosure Initiative*. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Trust.

Standards, Amendments and Interpretations issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined
IFRS 15: Revenue from Contracts with Customers	*1 January 2018*
Amendments to IFRS 15: Clarification to IFRS 15 Revenue from Contracts With Customers	*1 January 2018*
IFRS 9: Financial Instruments	*1 January 2018*
INT FRS 122: Foreign Currency Transactions and Advance Consideration	*1 January 2018*
IFRS 16: Leases	*1 January 2019*
Amendments to IAS 28 Long-term interests in Associates and Joint Venture	*1 January 2019*
IFRIC 23: Uncertainty over Income Tax Treatments	*1 January 2019*
Annual Improvements to IFRS Standards 2015 – 2017 Cycle	*Date to be determined*

Except for IFRS 9 and IFRS 16, the Group expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of IFRS 9 and IFRS 16 are described below.

2. Summary of significant accounting policies (cont'd)

2.3 *Changes in accounting policies (cont'd)*

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in IFRS 9 are based on an expected credit loss model and replace the IAS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary impact assessment of adopting IFRS 9 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts IFRS 9 in March 2019.

Classification and measurement
The Group does not expect a significant impact on its balance sheet or Unitholders' funds on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortised cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

Impairment
IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect the adoption of this standard to have a significant impact to the financial statements.

IFRS 16 *Leases*

IFRS 16 requires lessees to recognize most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – lease of 'low value' assets and short term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

The Group has performed a preliminary impact assessment of the adoption of IFRS 16 and expects that the adoption of IFRS 16 will result in increase in total assets and total liabilities, EBITDA and gearing ratio which are not expected to have a significant impact to the financial statements.

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies (cont'd)*

IFRS 16 *Leases (cont'd)*

The Group plans to adopt the new standard on the required effective date by applying IFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 April 2019.

The Group is currently in the process of analyzing the transitional approaches and practical expedients to be elected on transition to IFRS 16 and assessing the possible impact of adoption.

2.3 *Basis of consolidation and business combination*

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 March 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income ("OCI") are attributed to the Unitholders of the Trust. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. Summary of significant accounting policies (cont'd)

2.3 *Basis of consolidation and* business combination (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- Derecognises the carrying amount of any non-controlling interest;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's Cash-Generating Units ("CGU") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

The CGU to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method.

2. Summary of significant accounting policies (cont'd)

2.3 *Basis of consolidation and* business combination (cont'd)

Pursuant to this:

- Assets and liabilities are reflected at their existing carrying amounts;
- No amount is recognised for goodwill; and
- Any difference between the consideration paid by the Trust and the share capital of the subsidiary will be reflected within the equity of the Group as capital reserve.

2.4 *Foreign currency*

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Trust's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises from using this method.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Trust and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(b) *Consolidated financial statements*

For consolidation purposes, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange prevailing at the reporting date and their profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.5 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of the revaluation. Valuations for land and buildings are performed annually to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the end of the reporting period.

A revaluation surplus is recognised in other comprehensive income and accumulated to the asset revaluation reserve in equity. However, to the extent it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus of the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on revalued carrying amount of the asset and depreciation based on the assets original cost. Additionally, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	2 to 90 years
Buildings	24 to 45 years
Medical equipment	1 to 15 years
Plant and machinery	6 to 20 years
Furniture and fittings	1 to 15 years
Office equipment	1 to 4 years
Computers	2 to 6 years
Vehicles	1 to 5 years

Assets under construction are not depreciated as these assets are not yet available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual value, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively, if appropriate.

2. Summary of significant accounting policies (cont'd)

2.6 *Intangible assets*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as below:

Customer related intangible	30 years
Right to use "Fortis" brand	15 years
Goodwill	Indefinite
Other intangibles	3 years

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the CGU level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

2.7 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less cost of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. Summary of significant accounting policies (cont'd)

2.7 *Impairment of non-financial assets (cont'd)*

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

2.8 *Financial instruments – initial recognition and subsequent measurement*

(a) ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.8 *Financial instruments (cont'd)*

(a) ***Financial assets (cont'd)***

The subsequent measurement of financial assets depends on their classification as follows:

Subsequent measurement

(i) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes derivative financial instruments entered into by the Group.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.8 *Financial instruments (cont'd)*

(b) ***Financial liabilities***

Subsequent measurement

(i) Financial liabilities carried at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

2.9 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2. Summary of significant accounting policies (cont'd)

2.9 *Impairment of financial assets (cont'd)*

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.10 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. These include bank overdrafts that form an integral part of the Group's cash management. Fixed deposits with banks with original maturity for less than three months are considered as cash and cash equivalents. Pledged fixed deposits do not form part of cash and cash equivalents.

2.11 *Inventories*

Inventories of medical consumables, drugs and stores and spares are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs incurred to make the sale.

2.12 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.13 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing cost commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.14 *Employee benefits*

(a) *Defined contribution plans*

The entities within the Group located in India make contributions to the Statutory Provident Fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952, India. Provident Fund is a defined contribution scheme and the contributions are charged to the profit or loss of the year when the contributions to the respective fund is due. There are no other obligations other than the contribution payable to the fund.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting date.

2.15 *Leases*

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease income. Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.16 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Service fee

The base service income arising from the provision of Clinical Establishments Services is accounted for on a straight-line basis over the term of the arrangement. Service income relating to out-patient and day care medical and healthcare services ("OPD"), radiology and maintenance services are recognised in the profit or loss when such services are rendered. The variable performance linked fee is recognised when the Group becomes entitled to payment as per the terms of the arrangement.

The Group's subsidiaries provide the following services to Fortis Healthcare Limited ("FHL") group of companies (collectively, the "Clinical Establishment Services"):

(a) making available and maintaining the Clinical Establishment to allow FHL group of companies to operate and manage a full-fledged full service secondary, tertiary or quaternary hospital (as the case may be);
(b) the undertaking, provision, running, operation and management of the OPD Services; and
(c) the provision, running, operation and management of the Radio Diagnostic Services.

Hospital income

Hospital income is recognised when services are rendered to the patients in the two Operating Hospitals.

Lease income

Lease income is recognised in profit or loss on a straight-line basis and over the term of the lease.

Lease income is rental revenue earned from the space utilised as amenities such as pharmacy, cafeteria, book shop, Automated Teller Machines ("ATMs") and other amenities for patients and/or other attendant conveniences.

Dividend income

Dividend income is recognised when the Group's rights to receive the payment is established.

Interest income

Interest income is recognised using the effective interest method.

2. Summary of significant accounting policies (cont'd)

2.17 *Taxes*

(i) *Current income tax*

Current income tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Summary of significant accounting policies (cont'd)

2.17 *Taxes (cont'd)*

(ii) *Deferred tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(iii) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of sales tax included.

(iv) *Minimum Alternate Tax ("MAT")*

MAT paid in a year is initially charged to the profit or loss as current tax. The Group then recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of MAT under the Indian Income Tax Act, 1961, the said asset is created by way of credit to the profit or loss and shown as "MAT Credit Entitlement". The Group reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent where the Group does not have convincing evidence that it will pay income tax during the specified period.

2. Summary of significant accounting policies (cont'd)

2.18 *Segment reporting*

The Group is primarily involved in the provision of Clinical Establishment services to the operators of each hospital in each Clinical Establishment. As the rendering of services to patients in earning of hospital income is not material, no separate business segment has been disclosed.

No geographical segment information has been prepared as the Group's assets and operations are all located in India.

2.19 *Discontinued operations*

A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

2.20 *Unitholders' funds*

Unitholders' funds represent the Unitholders' residual interest in the Group's net assets.

Incremental costs directly attributable to the issue of units are recognised as a deduction from Unitholders' funds.

2.21 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. Summary of significant accounting policies (cont'd)

2.22 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Trust's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.23 *Associate*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control of those policies.

The Group accounts for its investment in associate using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the operations of the associate. Distributions received from associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate are prepared as the same reporting date as the Trust. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

3. Significant accounting judgments and estimates

The preparation of the financial statements requires the Directors to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgments*

Accounting for service agreement

Clinical Establishment is defined as a fully centrally air-conditioned institution established and specifically customised and duly fitted with all fixtures, fittings, medical equipment and infrastructure required for running and operating a hospital, offering:

(i) doctors and services for diagnosis and treatment for illness, disease, injury, deformity and/or abnormality;
(ii) diagnosis of diseases through radiological and other diagnostic or investigative services with the aid of laboratory or other medical equipment; and
(iii) beds for in-patient treatment.

The Group has entered into separate Hospital and Medical Services Agreements ("HMSAs") with FHL group of companies wherein the Group is required to provide and maintain the Group's Clinical Establishments along with other services like out-patient diagnostic and radio diagnostic services. The Group needs to exercise judgment to analyse whether the arrangement involves providing the right to use the Group's Clinical Establishments and whether the out-patient diagnostic and radio diagnostic services in the arrangement are significant to the overall arrangement. The Group has analysed the substance of the contract and have determined that fulfilment of service arrangement is based on the use of specified assets and conveys right to use the Group's Clinical Establishments. However, substantial risk and rewards of the Group's Clinical Establishments are retained by the Group even though rights to use are given to FHL group of companies. The Group has assessed that the out-patient diagnostic and radio diagnostic services in the arrangement are significant to the entire arrangement. Consequently, the Group's Clinical Establishments have been classified as part of property, plant and equipment.

Unused tax losses

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Had the Group been able to recognise all unrecognised deferred tax assets, profit would increase by $11.1 million (2017: $2.1 million).

The carrying value of unrecognised tax losses and capital allowances are disclosed in Note 21 to the financial statements.

3. Significant accounting judgments and estimates (cont'd)

3.2 *Estimates and assumptions*

Impairment of goodwill

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the budget for a period longer than five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount are disclosed and further explained in Note 15 to the financial statements.

Revaluation of property, plant and equipment

The Group measures land and buildings at revalued amounts with changes in fair value being recognised in other comprehensive income. The Group engaged an independent valuation specialist to assess the fair value. Land was valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. Buildings were valued by reference to current replacement cost of the buildings and adjusted for their remaining economic life. The revaluation of property, plant and equipment is disclosed in Note 16 to the financial statements.

4. Service fee

	Group	
	2018	**2017**
	$'000	$'000
Base fee	49,464	47,991
Variable fee	31,294	31,619
	80,758	79,610

5. Hospital income and expenses

Hospital income and expenses relate to revenue generated from and expenses incurred in the Group's two Operating Hospitals in Rajajinagar and Nagarbhavi.

6. Other income

Other income mainly relates to lease income from pharmacy, cafeteria, bookshop, ATM and other amenities in the Clinical Establishments of the Group as well as interest on service fee charged to the Operator resulting from late payment of service fee.

7. Employee benefits expense

	Group	
	2018	2017
	$'000	$'000
Salaries, bonus and other benefits	2,912	2,810
Statutory Provident Fund contributions	150	131
	3,062	2,941

8. Trustee-Manager fees

	Group	
	2018	2017
	$'000	$'000
Management fees	5,261	10,235
Trustee fees	271	267
	5,532	10,502

Under the Trust Deed, the Trustee-Manager is entitled to the following:

Management fees

Base fee

The Base fee (the "Base fee") is 0.4% (2017: 0.4%) per annum of the value of the net assets of the Group pursuant to the Trust Deed.

Performance fee

The Performance fee ("Performance fee") is 4.5% (2017: 4.5%) per annum of Distributable Income of the Group pursuant to the Trust Deed for the relevant financial year.

In 2017, a special distribution declared upon completion of disposal of 51.0% economic interest in FHTL (Note 17), the Trustee-Manager is entitled to receive a Performance fee of S$8.9 million. The Trustee-Manager elected to receive 50.0% of the Performance fee in the form of Performance fee Units, and waived the remaining 50.0% of the Performance fee it is entitled to receive.

Trustee fees

The Trustee fee is 0.03% (2017: 0.03%) per annum of the value of the net assets of the Group, subject to a minimum of $15,000 (2017: $15,000) per month, excluding out-of-pocket expenses.

9. Finance income

	Group 2018 $'000	Group 2017 $'000
Interest income from fixed deposits	12	41
Interest income from Compulsorily Convertible Debentures ("CCDs")	15,640	7,183
Others	252	671
	15,904	7,895

10. Finance expenses

	Group 2018 $'000	Group 2017 $'000
Interest on borrowings	12,527	8,984
Interest on Non-Convertible Debentures ("NCDs")	7,025	3,138
Interest on deferred payment scheme on purchase of equipment	157	167
Bank charges	271	63
Others	919	1,197
	20,899	13,549

11. Profit before taxes

The following items have been included in arriving at other service fee expenses:

	Group 2018 $'000	Group 2017 $'000
Housekeeping	4,692	4,747
Security	1,991	1,890
Power and fuel	815	811
Annual maintenance charges	1,734	1,420
Property tax	800	832
Insurance	116	109
Others	1,757	1,787
Other service fee expenses	11,905	11,596

11. Profit before taxes (cont'd)

The following items have been included in arriving at profit before taxes:

	Group	
	2018	**2017**
	$'000	$'000
Audit fees paid to:		
Auditor of the Trust	152	152
Other auditors	200	212
Non-audit fees paid to:		
Auditor of the Trust	39	58
Other auditors	236	552
Legal and other professional fees	2,243	1,826

12. Income tax expense

The major components of income tax expense

	Group	
	2018	**2017**
	$'000	$'000
Consolidated profit or loss:		
Current income tax		
Continuing operations:		
- Current income taxation	10,034	11,416
- Under/(over) provision in previous year	19	(94)
Deferred tax expense		
Continuing operations:		
- Origination and reversal of temporary differences	9,718	(9,948)
Income tax expense attributable to continuing operations	19,771	1,374
Income tax expense attributable to discontinuing operations (Note 13)	–	7,350
Income tax expense recognised in profit and loss		
Statement of comprehensive income:		
Deferred tax expense related to other comprehensive income		
- Net surplus on revaluation of land and buildings	678	3,287

12. Income tax expense (cont'd)

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2018 and 2017 is as follows:

	Group	
	2018	**2017**
	$'000	$'000
Profit before taxes		
- continuing operations	35,307	24,825
- discontinued operations	–	118,850
Total	35,307	143,675
Tax at the domestic rates applicable to profits in the countries where the Group operates	23	14,247
Adjustments:		
Income not subject to taxation	(10,969)	(12,497)
Non-deductible expenses	28,131	10,320
Deferred tax assets not recognised	1,950	3,622
Adjustment due to difference in indexation cost	–	(6,874)
Under/(over) provision in previous year	19	(94)
Change in tax rate*	617	–
Tax expense recognised in profit or loss	19,771	8,724

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. The domestic tax rates for the entities in India and Singapore are 34.608% and 17.0% (2017: 34.608% and 17.0%) respectively.

* There will be a change in domestic tax rate in India to 34.944% with effect from 1 April 2018 onwards. The revised rate has been used to compute the deferred tax for the year ended 31 March 2018.

13. Discontinued operations

On 29 July 2016, the Unitholders approved the disposal of 51.0% of CCDs in Fortis Hospotel Limited ("FHTL") and 100.0% of the Compulsorily Convertible Preference Shares ("CCPS") in EHIRCL to, and the Related Arrangements with, Interested Persons ("Disposal and Related Arrangements"). The Disposal and Related Arrangements was fully completed on 14 October 2016, however, for accounting purpose, the control was lost on 12 October 2016. Post the Disposal and Related Arrangements, as the Group retains 49.0% economic interest of FHTL, it is accounted for as an associate in accordance with IAS 28 Investments in Associates and Joint Ventures.

Income statement disclosures

The results of FHTL for the year ended 31 March 2017 are as follows:

	Group
	1 April 2016 to 12 October 2016
	$'000
Revenue	28,144
Expense	(5,925)
Profit from discontinued operations	22,219
Income tax expense (Note 12)	(7,350)
Profit for the period	14,869

Cash flow statements disclosures

The cash flows attributable to FHTL are as follows:

	2017
	$'000
Operating	22,705
Investing	(494)
Financing	(26)
Net cash inflow	22,185

14. Earnings per unit

The calculation of basic and diluted earnings per unit is based on the weighted average number of units outstanding during the financial year and profit after tax attributable to the Unitholders of the Trust.

	Group Continuing Operations		Group Discontinued Operation		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Profit for the financial year attributable to Unitholders of the Trust ($'000)	15,536	23,451	–	111,500	15,536	134,951
Weighted average number of units during the financial year ('000)	807,574	801,866	–	801,866	807,574	801,866
Basic and diluted earnings per unit (in cents per unit)	1.92	2.92	–	13.91	1.92	16.83

Diluted earnings per unit is the same as the basic loss per unit as there are no dilutive instruments in issue during the financial year.

15. Intangible assets

	Customer related intangible	Right to use "Fortis" brand	Goodwill	Other intangibles	Total
	$'000	$'000	$'000	$'000	$'000
Group					
Cost:					
At 1 April 2016	47,790	892	85,104	89	133,875
Additions	–	–	–	5	5
Disposal (Note17)	–	–	(37,621)	–	(37,621)
Currency translation differences	2,822	53	3,531	5	6,411
At 31 March 2017 and 1 April 2017	50,612	945	51,014	99	102,670
Additions	–	–	–	5	5
Currency translation differences	(3,310)	(62)	(3,337)	(6)	(6,715)
At 31 March 2018	47,302	883	47,677	98	95,960
Accumulated amortisation:					
At 1 April 2016	5,602	212	–	75	5,889
Amortisation	1,651	66	–	4	1,721
Currency translation differences	400	15	–	5	420
At 31 March 2017 and 1 April 2017	7,653	293	–	84	8,030
Amortisation	1,673	63	–	7	1,743
Currency translation differences	(567)	(22)	–	(5)	(594)
At 31 March 2018	8,759	334	–	86	9,179
Net carrying amount:					
At 31 March 2017	42,959	652	51,014	15	94,640
At 31 March 2018	38,543	549	47,677	12	86,781

Customer related intangible arises from the HMSAs which the Hospital Services Companies of the Group entered into with various FHL group of companies to provide medical and Clinical Establishment services. These Hospital Services Companies will receive Service Fees in consideration of the performance of the medical and Clinical Establishment services. Customer related intangible has an average remaining amortisation period of 24 years (2017: 25 years).

The two Operating Hospitals held by the Group, namely, Rajajinagar and Nagarbhavi operate under the "Fortis" brand name. These rights to use "Fortis" brand were transferred as part of the acquisition of subsidiaries and the two Operating Hospitals will continue to use the "Fortis" brand name. These rights to use the "Fortis" brand have an average remaining amortisation period of 9 years (2017: 10 years).

15. Intangible assets (cont'd)

The goodwill of $42.7 million (2017: $45.7 million) arises on account of requirement to recognise deferred tax liability, calculated as a difference between the tax effect of the fair value of the acquired assets and liabilities and their tax bases. Balance goodwill of $5.0 million (2017: $5.3 million) comprises the value of synergies arising from the acquisition.

Other intangibles represent existing software and licenses that were acquired by the subsidiaries prior to the acquisition. Other intangibles have an average remaining amortisation period of less than a year (2017: 1 year).

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to CGU, which are the entities providing medical and Clinical Establishment services, for impairment testing as follows:

The carrying amounts of goodwill allocated to each CGU are as follows:

	2018	2017
	$'000	$'000
Escorts Heart and Super Speciality Hospital Limited	12,312	13,174
International Hospital Limited	35,300	37,771
Fortis Health Management Limited	65	69
	47,677	51,014

The recoverable amount as at 31 March 2018 was determined based on a value-in-use calculation by applying equal weight to cash flow projections from financial budgets approved by the management of the Trustee-Manager covering a period of more than five years and market approach by estimating value from an analysis of actual transaction or offerings for economically comparable assets or businesses available as of valuation date. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond forecast period to 10.5% (2017: 11.0%) and 3.5% (2017: 3.5%). The discounted cash flow projections derived from the financial budgets approved by the Trustee-Manager cover a period of more than five years because of the long-term nature of the HMSAs. For market approach, the valuers analysed the trading multiples of companies that are comparable to respective Clinical Establishment and made adjustment for the Group structure.

The value in use calculations are most sensitive to the following assumptions:

Cash Flow Projection

Growth rates – These are based on the contractual rate for the base fee in the HMSAs and management's expectation of market development supported by industry research.

Operating costs – These are based on management's expectation of market development supported by industry research.

15. Intangible assets (cont'd)

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment–specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Market Approach

Revenue and earnings before interest, tax, depreciation and amortisation (EBITDA) multiplier – The multiples derived was based on the historical and forward looking multiples of the selected comparable companies, taking into consideration factors unique to the CGU including recent operating results, business plan and projections, anticipated future growth and cash flows.

Sensitivity to changes in assumption

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of entities to exceed its recoverable amount.

No impairment was considered necessary for the financial year ended 31 March 2017 and 2018.

16. Property, plant and equipment

Group	Freehold land	Leasehold land	Buildings	Plant and machinery	Medical equipment	Furniture and fittings	Office equipment	Computers	Vehicles	Assets under construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost or valuation:											
At 1 April 2016	445,227	102,861	232,877	36,778	27,456	3,766	795	402	52	15,244	865,458
Additions	19	–	–	–	–	–	–	–	–	18,761	18,780
Reclassification	–	–	5,357	1,280	1,031	38	45	35	36	(7,822)	–
Revaluation	522	2,033	1,801	–	–	–	–	–	–	–	4,356
Write-off	–	–	(354)	(87)	(33)	(53)	(1)	(6)	(1)	–	(535)
Disposal	(225,066)	–	(85,867)	(13,687)	(12,241)	(2,831)	(603)	(267)	–	(479)	(341,041)
Elimination of accumulated depreciation on revaluation	–	(1,393)	(5,009)	–	–	–	–	–	–	–	(6,402)
Currency translation differences	17,359	6,014	10,343	1,684	1,176	109	25	16	3	1,347	38,076
At 31 March 2017 and 1 April 2017	238,061	109,515	159,148	25,968	17,389	1,029	261	180	90	27,051	578,692
Additions	–	–	–	–	–	–	–	–	–	16,344	16,344
Reclassification	–	–	3,754	882	549	17	34	57	–	(5,293)	–
Revaluation	4,253	1,734	1,185	–	–	–	–	–	–	–	7,172
Write-off	–	–	(6)	(81)	(51)	(26)	(3)	(3)	–	–	(170)
Disposal	–	–	–	(9)	(1)	–	–	–	–	–	(10)
Elimination of accumulated depreciation on revaluation	–	(1,383)	(4,521)	–	–	–	–	–	–	–	(5,904)
Currency translation differences	(15,572)	(7,164)	(10,410)	(1,704)	(1,138)	(68)	(17)	(12)	(5)	(1,768)	(37,858)
At 31 March 2018	226,742	102,702	149,150	25,056	16,748	952	275	222	85	36,334	558,266
Representing :											
- Cost	–	–	–	25,056	16,748	952	275	222	85	36,334	79,672
- Valuation	226,742	102,702	149,150	–	–	–	–	–	–		478,594
	226,742	102,702	149,150	25,056	16,748	952	275	222	85	36,334	558,266

16. Property, plant and equipment (cont'd)

Group	Freehold land $'000	Leasehold land $'000	Buildings $'000	Plant and machinery $'000	Medical equipment $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Vehicles $'000	Assets under construction $'000	Total $'000
Accumulated depreciation:											
At 1 April 2016	–	–	–	7,704	11,472	1,031	177	218	5	–	20,607
Depreciation charge	–	1,393	5,072	2,146	2,712	135	47	44	6	–	11,555
Write-off	–	–	(64)	(29)	(24)	(16)	(1)	(5)	–	–	(139)
Disposal	–	–	–	(2,748)	(6,200)	(804)	(116)	(171)	–	–	(10,039)
Elimination of accumulated depreciation on revaluation	–	(1,393)	(5,008)	–	–	–	–	–	–	–	(6,401)
Currency translation differences	–	–	–	437	548	32	9	9	–	–	1,035
At 31 March 2017 and 1 April 2017	–	–	–	7,510	8,508	378	116	95	11	–	16,618
Depreciation charge	–	1,440	4,712	1,971	1,852	75	50	26	8	–	10,134
Write-off	–	–	(6)	(42)	(35)	(16)	(3)	(3)	–	–	(105)
Disposal	–	–	–	(5)	(1)	–	–	–	–	–	(6)
Elimination of accumulated depreciation on revaluation	–	(1,440)	(4,706)	–	–	–	–	–	–	–	(6,146)
Currency translation differences	–	–	–	(568)	(628)	(27)	(9)	(7)	(1)	–	(1,240)
At 31 March 2018	–	–	–	8,866	9,696	410	154	111	18	–	19,255
Net carrying amount:											
At 31 March 2017	238,061	109,515	159,148	18,458	8,881	651	145	85	79	27,051	562,074
At 31 March 2018	226,742	102,702	149,150	16,190	7,052	542	121	111	67	36,334	539,011

Net cash flow on additions to property, plant and equipment

During the year, additions to property, plant and equipment of the Group amounted to $16.3 million (2017: $18.8 million) of which $3.2 million (2017: $1.7 million) was payable as at the year ended 31 March 2018. Net cash outflow on purchase of property, plant and equipment for the year ended 31 March 2018 amounted to $14.8 million (2017: $17.1 million).

16. Property, plant and equipment (cont'd)

Revaluation of land and buildings

The Group engaged Cushman & Wakefield India Private Limited ("C&W"), an independent valuer to determine the fair value of land and buildings. The date of the revaluation was 31 March 2018.

Fair value of land is determined by the direct comparison approach. This means that valuations performed by the valuers are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property.

If the land were measured using the cost model, the carrying amounts would be as follows:

	Group	
	2018	**2017**
	$'000	$'000
Land at 31 March		
Cost	253,252	270,988
Accumulated depreciation	(5,222)	(4,470)
Net carrying amount	248,030	266,518

Fair value of buildings is determined based on the depreciated replacement cost method. This means that valuations performed by the valuers are based on the current replacement cost of the buildings and adjusted for their remaining economic life. The replacement cost of each building is based on the physical asset survey performed by C&W as of 31 March 2018 and adjusted based on current market trends. The remaining economic life of the buildings has been assessed by C&W based on visual inspection of the buildings.

If the buildings were measured using the cost model, the carrying amounts would be as follows:

	Group	
	2018	**2017**
	$'000	$'000
Buildings at 31 March		
Cost	127,247	132,148
Accumulated depreciation	(13,383)	(9,534)
Net carrying amount	113,864	122,614

The Group has recognised certain land which title deeds have yet to be registered in or transferred to the name of the subsidiaries concerned as effective economic benefits associated with the land which has flown to the Group.

17. Investment in subsidiaries

	Trust 2018 $'000	Trust 2017 $'000
Investments, unquoted equity shares at cost	12,634	12,634

	Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2018	Proportion (%) of ownership interest 2017
	Held by the Trust				
(1)	Fortis Global Healthcare Infrastructure Pte Ltd ("FGHIPL")	Provision of consultancy and management services and that of an investment holding company	Singapore	100	100
	Held through subsidiaries:				
(2)	Fortis Health Management Limited ("FHML")	Provision of medical and Clinical Establishment services	India	100	100
(2)	Hospitalia Eastern Private Limited ("HEPL")	Provision of medical and Clinical Establishment services	India	100	100
(2)	Fortis Hospotel Limited ("FHTL")	Provision of medical and Clinical Establishment services	India	–	49[3]
(2)	International Hospital Limited ("IHL")	Provision of medical and Clinical Establishment services	India	100	100
(2)	Escorts Heart and Super Speciality Hospital Limited ("EHSSHL")	Provision of medical and Clinical Establishment services	India	100	100
(1)	RHT Health Trust Services Pte. Ltd. ("RHSPL") (previously known as Religare Healthtrust Services Pte. Ltd.)	Provision of consultancy and management services and that of an investment holding company	Singapore	100	100

17. Investment in subsidiaries (cont'd)

(1) Audited by Ernst & Young LLP

(2) Audited by Deloitte Haskins and Sells LLP

(3) Disposal of 51.0% of its economic interest in FHTL.

The disposal of 51.0% economic interest in FHTL was effected by:

(i) the disposal by FGHIPL of 51.0% of the CCDs in FHTL to FHL.
(ii) the disposal by IHL of all of the CCPS in EHIRCL to Fortis Hospitals Limited ("FHsL")
(iii) the amendments to the terms of the FHTL CCDs Investment Agreement on the terms of the amendments agreement dated 8 July 2016 between FHTL, FGHIPL and FHL.
(iv) the amendments to the FHTL Shareholders' Agreement on the terms of the amended and restated shareholders' agreement dated 8 July 2016 between FHML, a wholly-owned subsidiary of RHT, FHL and FHTL.
(v) the partial redemption of Optionally Convertible Debentures ("OCDs") and payment of accrued interest under all the OCDs in IHL held by FHTL amounting to INR4,862.4 million (S$100.4 million).
(vi) the amendments to the Investment Agreements dated 17 September 2012 pursuant to which FHTL subscribed for 3,262.5 million OCDs issued by Kanishka Healthcare Limited ("KHL") and 3,989 million OCDs issued by EHSSIL, including the amendment to provide for the waiver by FHTL of its right to convert the OCDs in IHL held by FHTL into equity shares of IHL pursuant to an amendment agreement dated 8 July 2016 between FHTL, IHL and FGHIPL.
(vii) a corporate guarantee provided by FGHIPL in favour of FHTL as security for the obligations of IHL in respect of the Lender NCDs.
(viii) the subscription by FHTL for NCDs in FHsL for a consideration equivalent to the amount paid for the OCDs Redemption and Payment pursuant to a subscription agreement dated 8 July 2016 between FHsL, FHTL and FHL.
(ix) a corporate guarantee provided by FHL in favour of FHTL as security for the obligations of FHsL in respect of the NCDs in FHsL.

The disposal was completed on 14 October 2016. However, for accounting purpose, the control was lost on 12 October 2016, on which date the control of FHTL was passed to the acquirer.

17. Investment in subsidiaries (cont'd)

Loss of control in subsidiary

The value of assets and liabilities of FHTL recorded in the consolidated financial statements as at 12 October 2016, and the effects of the disposal were:

	12 October 2016
	$'000
Non-current assets	
Intangible assets	37,621
Property, plant and equipment	331,002
Financial assets	23,870
Other assets	4,350
Deferred tax assets	5,341
	402,184
Current assets	
Financial assets	540
Trade and other receivables	22,896
Other assets	343
Cash and cash equivalents	48
	23,827
Non-current liabilities	
Loans and borrowings	114
Deferred tax liabilities	71,485
Other liabilities	242
	71,841
Current liabilities	
Loans and borrowings	1,260
Trade and other payables	1,889
Other liabilities	3,984
	7,133
Carrying value of net assets	347,037

17. Investment in subsidiaries (cont'd)

The value of assets and liabilities of FHTL recorded in the consolidated financial statements as at 12 October 2016, and the effects of the disposal were (cont'd):

	12 October 2016 $'000
Cash consideration	301,047
Less: Repayment of interest and partial redemption of NCD owing to an associate	(99,745)
Less: Cash and cash equivalents of a subsidiary	(48)
Net cash inflow on disposal of subsidiary	201,254

Gain on disposal

Cash received	301,047
Net assets derecognised	
- Carrying value of net assets	(347,037)
- CCPS	(73,822)
- Amount owing to related party	73,822
Fair value of retained interest	
- Investment in associate	347,681
- NCD liability recognised	(198,310)
- CCD interest receivables	25,502
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity on loss of control of subsidiary	(32,252)
Gain on disposal	96,631

18. Investment in an associate

The Group has retained a 49.0% of economic interest in FHTL which previously was a subsidiary to the Group.

	Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2018	2017
(1)	Fortis Hospotel Limited ("FHTL")	India	Provision of medical and Clinical Establishment services	49	49

(1) Audited by Deloitte Haskins and Sells LLP

18. Investment in an associate (cont'd)

The summarised financial information in respect of FHTL based on its IFRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follow:

	2018	2017
	$'000	$'000
Current assets	23,871	19,550
Non-current assets excluding goodwill	566,132	545,967
Total assets	590,003	565,517
Current liabilities	16,256	7,007
Non-current liabilities	97,509	87,413
Total liabilities	113,765	94,420
Net assets	476,238	471,097
Net assets	476,238	471,097
Proportion of the Group's ownership	49%	49%
Group share of net assets	233,357	230,838
Goodwill on acquisition	50,600	50,600
Other adjustments	79,600	71,279
Carrying amount of the investment	363,557	352,717

Summarised Statement of Comprehensive Income

	1 April 2017 to 31 March 2018	13 October 2016 to 31 March 2017
	$'000	$'000
Revenue	57,692	25,808
Profit after tax from continuing operation	21,493	9,621
Other Comprehensive Income	611	478
Total Comprehensive Income	22,104	10,099

19. Loans to subsidiaries

These loans are treated as quasi-equity loans which represents an extension of investment in the subsidiaries. They are unsecured and interest free. Settlements are neither planned nor likely to occur in the foreseeable future.

20. Financial assets

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Non-current				
Accrued income	14,328	13,750	–	–
Security deposits paid	1,567	1,603	–	–
CCD interest due from an associate	–	13,095	–	–
Other advances	716	912	–	–
Others	679	1,190	–	–
	17,290	30,550	–	–
Current				
Short term investments	28,666	2,005	–	–
Fixed deposits*	196	180	–	–
Dividend receivable	–	–	59,388	26,649
Amounts due from subsidiaries	–	–	9,359	19,646
CCD interest due from an associate	13,557	–	–	–
Others	544	177	–	–
	42,963	2,362	68,747	46,295

* Fixed deposits relate to fixed deposits placed with banks with a maturity period above three months but less than twelve months.

Accrued income

Accrued income relates to base service fee accounted for on a straight line basis over the term of the HMSAs.

Short term investments

Short term investments relate to investments in quoted mutual funds and are unsecured.

Dividend receivable

Dividend receivable relates to the dividend receivable from FGHIPL.

Amounts due from subsidiaries

The amounts due from subsidiaries are non-trade, unsecured, interest free and repayable on demand.

21. Deferred tax

Deferred tax as at 31 March relates to the following:

	Group			
	Consolidated balance sheet		Consolidated profit or loss	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Fair value adjustments arising on acquisition of subsidiaries *	47,349	50,663	–	–
Fair value adjustments arising on acquisition of an associate *	3,752	4,015	–	3,852
Revaluation to fair value – land and buildings	28,763	30,080	–	–
Differences in depreciation and accrued income for tax purposes	6,631	4,749	2,282	33
Undistributed earnings of an associate	2,551	727	1,949	697
	89,046	90,234	4,231	4,582
Deferred tax assets:				
MAT credit	448	479	–	–
Unutilised tax losses	15,337	22,050	5,487	(14,530)
	15,785	22,529	5,487	(14,530)
Deferred tax expense (Note 12)			9,718	(9,948)

* Net of deferred tax assets on carry forward losses/unabsorbed capital allowances.

MAT credit

If the tax liability computed under the normal provisions of the Indian Income Tax Act, 1961 ("IITA") is less than 18.5% of the book profits shown in the profit and loss account, after making certain specified adjustments, an entity is liable to pay MAT at a rate of 18.5% of the book profits. MAT paid during any financial year is creditable for a period of 10 years against future tax liabilities arising under the normal provisions of the IITA. Should the MAT credit be assessed to be not recoverable, it will be written off to the profit and loss.

Unrecognised tax losses and unabsorbed capital allowances

At the end of the reporting period, the Group has tax losses of approximately $20.1 million (2017: $36.0 million) and unabsorbed capital allowances of approximately $41.0 million (2017: $44.0 million) that are available for offset against future taxable profits of the companies in which the losses arose, but for which no deferred tax asset is recognised for an amount of approximately $16.8 million (2017: $6.0 million) due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the entities within the Group operate.

21. Deferred tax (cont'd)

Tax consequences of proposed distributions

There are no income tax consequences (2017: Nil) attached to the distributions to the Unitholders proposed by the Trust but not recognised as a liability in the financial statements.

22. Other assets

	Group	
	2018	**2017**
	$'000	$'000
Non-current		
Prepaid taxes	23,521	24,658
Prepayment	325	366
	23,846	25,024

Prepaid taxes

Prepaid taxes mainly relate to tax deducted at source on service fee and hospital income. These prepaid taxes are offset against the corporate tax payable for the year of assessment. The unutilised amount will be refunded on the finalisation of the assessment which is not expected to be completed within the next twelve months.

23. Trade receivables

	Group	
	2018	**2017**
	$'000	$'000
Fees due from subsidiaries of a substantial Unitholder (Note 34 (a))	17,866	8,611
Hospital fees	958	889
Others	910	1,604
Total trade receivables (Gross)	19,734	11,104
Less: Allowance for impairment	(444)	(498)
Total trade receivables (Net)	19,290	10,606

Trade receivables are non-interest bearing, generally on 30 to 90 days' (2017: 30 to 90 days') terms and denominated in Indian Rupees. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

23. Trade receivables (cont'd)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $1,701,000 (2017: $1,542,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

Trade receivables past due but not impaired

	Group	
	2018	**2017**
	$'000	$'000
Less than 30 days	501	198
30 – 60 days	539	92
61 – 90 days	247	1,153
91 – 150 days	248	39
More than 150 days	166	60
	1,701	1,542

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance account used to record the impairment is as follows:

	Group	
	2018	**2017**
	$'000	$'000
Trade receivables – nominal amounts	2,007	1,943
Less : Allowance for impairment	(444)	(498)
	1,563	1,445
Movement in allowance accounts:		
At 1 April	498	472
Write-back for the year	(22)	(61)
Exchange differences	(32)	87
At 31 March	444	498

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted payments. These receivables are not secured by any collateral or credit enhancements.

24. Cash and cash equivalents

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Cash at bank	8,003	6,945	18	255
Cash at hand	44	151	–	–
Short term deposits	–	150	–	–
Cash and cash equivalents	8,047	7,246	18	255

Cash and short-term deposits denominated in foreign currency at 31 March are as follows:

	Group	
	2018	2017
	$'000	$'000
Indian Rupees	6,819	774

25. Loans and borrowings

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Non-current				
Bonds	–	60,000	–	60,000
Term loans	50,709	20,755	–	–
Deferred payment scheme	1,070	1,341	–	–
Loan from a related party	3,698	2,036	–	–
NCDs	91,050	99,526	–	–
	146,527	183,658	–	60,000
Current				
Bonds	119,369	–	119,721	–
Interest payable	2,703	517	1,021	517
Term loans	52,826	96,607	–	–
Bank overdraft	6,288	7,346	–	–
Deferred payment scheme	184	137	–	–
	181,370	104,607	120,742	517

25. Loans and borrowings (cont'd)

Bonds

As of 31 March 2018, the Group has issued a total of $120 million fixed rate notes due 2018 payable semi-annually in arrears. The notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Group and at all times rank pari passu and rateably, without any preference or priority among themselves, and pari passu with all other present and future secured obligations (other than subordinated obligations and priorities created by law) of the Group. The Notes were extended to 22 January 2019 (Note 39).

Term loans – Singapore Dollar ("SGD") denominated loans

The Group has loan facilities with United Overseas Bank Limited and Siemens Bank GMBH Singapore Branch ("UOB and Siemens Loans Facilities") for an aggregate amount of $55 million to refinance an existing loan facility as well as for working capital purposes. The interest rate is based on Swap Offer Rate plus 3.75% per annum. The loan facilities are due on 28 June 2020.

The loan amount of $55 million has been classified and presented as current liability as at 31 March 2018 as the Group did not satisfy one of the covenants as at reporting date. Subsequent to the balance sheet date, the Group has obtained the banks' consent to waive the breach of that covenant (Note 39).

On 30 October 2017, the Group entered into a loan agreement with IndusInd Bank limited, IFSC GIFT City Branch for a term loan equivalent of $53 million to replace the secured loan facilities with Axis Bank Limited. This term loan is denominated in United States Dollar ("USD") and 100% of the cash flow is hedged into SGD. The interest rate is based on Swap Offer Rate plus 3.94% per annum. The loan facility is due on the following period on tranches.

Due date	*$'000*
29-May-20	10,600
30-Nov-20	10,600
28-May-21	10,600
30-Nov-21	10,600
27-May-22	10,600

In prior year, the Group had a $30 million revolving loan facility with United Overseas Bank for the acquisition of land and expansion projects. The interest is based on Swap Offer Rate plus 2.5% per annum. The loan facility is ceased on 30 June 2017. As of 31 March 2018, the Group has fully repaid the facility.

In prior year, the Group also had a loan facility with DBS Bank Ltd for an amount of $32.5 million and a loan facility with Deutsche Bank AG, Singapore Branch, for an amount of the $32.5 million in connection with the acquisition of Mohali Clinical Establishment. The interest paid is Swap Offer Rate plus 3.5% per annum. The loan is repaid at the end of May 2017.

The amount of unamortised upfront fee in connection with the term loans as of 31 March 2018 and 31 March 2017 are $4.5 million and $0.1 million respectively.

25. Loans and borrowings (cont'd)

Term loans – Singapore Dollar ("SGD") denominated loans (cont'd)

Each of the loans is secured by:

- irrevocable pledge on the shares of FGHIPL and RHSPL on pari passu basis;
- non-disposable undertaking on the hospital infrastructure companies owned by FGHIPL on pari passu basis;
- first pari passu legal assignment over the interest, benefits and rights over all existing and future loans granted by the borrower to its subsidiaries; and
- a debenture over substantially all the assets of FGHIPL and RHSPL.

Term loan – Indian Rupees ("INR") loans

In 2017, the Group has two INR loan facilities with Axis Bank Limited amounting to INR600 million and INR1,700 million. The interest rate is based on India Base rate plus 0.75% per annum. The term of the facilities is four years from date of first drawdown including a moratorium of one year.

The loan facilities of INR600 million and INR1,700 million were secured by BG Road and Ludhiana Clinical Establishment respectively and a legal assignment over the interest, benefits and rights over all existing and future loans granted by the borrower to its subsidiaries. These term loans were fully repaid in the current year.

Deferred payment scheme

The Group entered into an agreement with Srei Equipment Finance Limited ("SREI") of medical equipment on a deferred payment basis for a total consideration of INR53.2million ($1.3 million) in FY2018, INR71.1 million ($1.5 million) in FY2017.

Deferred credit shall be paid in twenty (20) quarterly instalments over five years:

1st year:	INR2,050,000 ($44,000)
2nd year:	INR3,250,000 ($70,000)
3rd year:	INR3,750,000 ($80,000)
4th year:	INR4,200,000 ($91,000)
5th year:	INR4,750,000 ($103,000)

The interest rate is fixed at 11.5%.

Loan from a related party

The loan from a related party is unsecured, interest free and is expected to be repayable at the end of 31 March 2019.

NCDs

At the time of initial public offering, unsecured and interest bearing OCDs were issued by one of the subsidiaries in RHT Health Trust ("RHT Group") to FHTL for RHT Group's internal funding requirements. The OCDs were converted to NCDs. As FHTL became an associate in the prior year, the liability of the subsidiary which amounted to INR4,523.5 million ($91.1 million) (2017: INR4,621.2 million, $99.5 million) is no longer eliminated. In addition, the NCDs are subordinated to all other creditors of the subsidiary whether secured or unsecured.

25. Loans and borrowings (cont'd)

NCDs

The NCDs carry interest at 9.3% per annum. In addition, the interest rate varies from 9.3% to 22.0% depending on the earnings before interest and taxes of IHL. The tenure of NCDs shall be for the period of 10 years from the date of issuance. The Group has the right to redeem all or part of NCDs or any amount outstanding there under at the redemption amount at any time or prior to the maturity date as mutually agreed.

Bank overdraft

The Group had drawndown a bank overdraft facility with Induslnd Bank amounting to INR312.4 million ($6.3 million) as of 31 March 2018. The overdraft facilities are secured by a corporate guarantee and the Malar Clinical Establishment. The interest rate of the bank overdraft is approximately 9.25%.

In prior year, the Group had a bank overdraft facility with DBS India amounting to INR341.1 million ($7.3 million) as of 31 March 2017. The overdraft facilities are secured by a corporate guarantee and the Malar Clinical Establishment. The interest rate of the bank overdraft is between 10.75% to 12.25%. These amounts had been repaid during the financial year.

A reconciliation of liabilities arising from financing activities is as follows:

	2017	Cash flows	Non-cash changes			2018
			Amortised consent fees	Foreign exchange differences	Others	
	$'000	$'000	$'000		$'000	$'000
Loans and borrowings at amortised cost:						
- current	96,607	(32,540)	996	–	107,132	172,195
- non-current	80,755	82,107	753	–	(112,906)	50,709
Deferred payment scheme at amortised cost:						
- current	137	(128)	–	(8)	183	184
- non-current	1,341	–	–	(88)	(183)	1,070
Loan from related party at amortised cost:						
- non-current	2,036	161	–	1,422	79	3,698
NCDs at amortised cost:						
- non-current	99,526	–	–	(8,476)	–	91,050
Bank overdraft	7,346	(578)	–	(480)	–	6,288
Total loans and borrowings	287,748	49,022	1,749	(7,630)	(5,695)	325,194

The 'Others' column relates to reclassification of non-current portion of loans and borrowings due to passage of time.

26. Trade and other payables

	Group 2018 $'000	Group 2017 $'000
Third parties		
Trade payables	5,853	5,335
Other payables	564	167
	6,417	5,502

Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 60 days' (2017: 30 to 60 days') terms.

Other payables

Other payables are non-interest bearing, unsecured, repayable upon demand and are to be settled in cash.

27. Other liabilities

	Group		Trust	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
Non-current				
Amounts due to related parties	11,539	6,427	–	–
Capital creditors	5,412	4,205	–	–
Retirement benefits obligation	342	359	–	–
Others	1,456	1,308	–	–
	18,749	12,299	–	–
Current				
Amounts due to related parties	944	1,667	928	1,667
Amounts due to a subsidiary	–	–	312	–
Accrued operating expenses	2,856	4,083	1,773	490
Advance received from customer	44	951	–	–
Statutory dues	9,291	5,305	–	–
Retirement benefits obligation	26	22	–	–
Others	331	343	–	–
	13,492	12,371	3,013	2,157

Non-current amounts due to related parties

Amounts due to related parties mainly relate to the amounts due to the associate of the Group. These amounts are non-trade, unsecured, interest free and repayable on demand.

27. Other liabilities (cont'd)

Current amounts due to related parties

Amounts due to related parties mainly relate to Trustee-Manager fees due to the Trustee-Manager. These amounts are non-trade, unsecured, interest free and repayable on demand.

Statutory dues

This mainly relates to withholding taxes incurred and payable for the respective financial years to Indian tax authorities for interest expense payable from the Indian subsidiaries to a Singapore incorporated subsidiary. Such amounts are to be paid within the next twelve months. Other amounts relate to service taxes and provident fund payable.

28. Derivative financial instruments

	Group					
	2018			2017		
	Contract notional amount $'000	Asset $'000	Liability $'000	Contract notional amount $'000	Asset $'000	Liability $'000
Foreign currency forward contracts (current)	15,000	389	–	45,000	–	3,615

The Group has entered into foreign currency forward contracts to hedge the Group's cash flow from India in Indian Rupees.

29. Units in issue

	Group and Trust			
	2018		2017	
	No. of issued units ('000)	$'000	No. of issued units ('000)	$'000
Issued and fully paid ordinary units:				
At 1 April	806,332	518,114	797,842	510,399
Payment of Trustee-Manager fees in units	2,400	2,077	8,490	7,715
At 31 March	808,732	520,191	806,332	518,114

The Unitholders are entitled to receive distributions as and when declared by the Trust. All units carry one vote per unit without restrictions. The units have no par value.

30. Other reserves

(a) ***Capital reserve***

FHL transferred businesses to KHL and FHML at below fair value. The amount of $210,216,000 (2017: $210,216,000) of capital reserve represents the excess of interest of FHML and KHL in the net fair value of the identifiable assets and liabilities transferred over the consideration. This reserve in substance represents FHL's contribution to the Group for its retained interest.

(b) ***Foreign currency translation reserve***

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) ***Revaluation reserve***

The revaluation reserve represents increases in the fair value of land and buildings, net of tax, and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

(d) ***Capital redemption reserve***

Capital redemption reserve is a statutory reserve created in accordance with India's Companies Act 1956 in connection to redemption of preference shares of an Indian subsidiary company. The reserve is not considered a free reserve for distribution of dividends and can be utilised only for the purpose of issuing bonus shares.

(e) ***Re-measurement of defined benefit plan reserve***

Re-measurement of defined benefit plan reserve is a reserve to record the actuarial gain or loss under a defined benefit plan which is recorded in other comprehensive income.

31. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

The Group has entered into several service agreements in relation to the management of the Group and its Clinical Establishments operations. These agreements are entered into with the Trustee-Manager and FHL group of companies, which are companies that are controlled by a Unitholder that has significant influence over the Group. The fee structures of these services are as follows:

I. Trustee-Manager's fees

The details of Trustee-Manager fees are shown in Note 8 to the financial statements.

31. Significant related party transactions

II. *Sale and purchase of goods and services*

	Group	
	2018	**2017**
	$'000	$'000
Service fee earned from subsidiaries of a substantial Unitholder	80,758	79,610
Trustee-Manager fee paid to the Trustee-Manager	5,532	10,502

Included in the service fee is a technology renewal fee. During the term of the HMSAs, FHL group of companies must maintain a Technology Renewal Fund ("TRF") for funding the replacement, refurbishment and/or upgrade of medical equipment owned or used by the Hospital Services Company. A fixed amount from the Base Service Fee payable to each Hospital Services Company under each HMSAs for each quarter is retained by FHL group of companies for deposit into the TRF on a quarterly basis ("Retained TRF Amount").

FHL group of companies can draw on the TRF to pay for expenditure incurred by the Hospital Services Company for the replacement, refurbishment and/or upgrade of medical equipment owned or used by the Hospital Services Company (the "Technology Renewal Fee"). Any amounts withdrawn from the TRF require the prior written consent of the Hospital Services Company, and may only be used for the purposes of replacing any medical equipment owned by the Hospital Services Company.

III. Compensation of key management personnel

Key management of the Group are the Executive Officers of the subsidiary entities. The compensation paid or payable to key management for employee services is shown below:

	Group	
	2018	**2017**
	$'000	$'000
Short-term employee benefits paid to key management personnel	438	418

32. Commitments

(a) *Capital commitments*

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	Group	
	2018	2017
	$'000	$'000
Capital commitments in respect of property, plant and equipment	9,177	22,515

(b) *Operating lease commitments – as lessee*

The Group leases office premises from non-related parties under non-cancellable operating lease agreements. Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 March 2018 amounted to $855,000 (2017: $566,000). The future minimum lease payments under non-cancellable operating leases contracted for at the reporting period but not recognised as payable, are as follows:

	Group	
	2018	2017
	$'000	$'000
Not later than one year	582	424
Later than one year but not later than five years	5,866	3,502
	6,448	3,926

(c) *Operating lease commitments – as lessor*

The Group leases out hospital space to non-related parties under non-cancellable operating lease agreements. These non-cancellable leases have remaining lease terms of between 2 and 15 years. The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting period but not recognised as receivables, are as follows:

	Group	
	2018	2017
	$'000	$'000
Not later than one year	2,568	2,557
Later than one year but not later than five years	3,550	4,918
Later than five years	233	290
	6,351	7,765

32. Commitments (cont'd)

(d) *Medical service commitments*

The Group has entered into individual HMSA with FHL group of companies wherein the Group is required to provide and maintain the Group's Clinical Establishments along with other services like out-patient diagnostics and radio diagnostic services. The term of the individual HMSA is 15 years and the Group is entitled to receive composite service fee i.e. base and variable fee. The base fee is fixed and increase 3.0% year on year. The variable fee is based on a percentage of the FHL group of companies' net operating income in accordance with the HMSAs. Future minimum base fee receivable at the end of the reporting period is as follows:

	Group	
	2018	**2017**
	$'000	$'000
Not later than one year	49,268	46,421
Later than one year but not later than five years	212,321	200,036
Later than five years	264,887	310,745
	526,476	557,202

33. Fair value of financial instruments

(a) *Fair value hierarchy*

The Group classifies fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used 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; and
- Level 3 – unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There has been no transfer between Level 1, Level 2 and Level 3 during the financial year ended 31 March 2018.

33. Fair value of financial instruments (cont'd)

(b) ***Assets and liabilities measured at fair value***

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000
Recurring fair value measurements:				
2018				
Non-financial asset:				
Property, plant and equipment (Note 16)	–	–	478,594	478,594
Financial assets:				
Short term investments (Note 20)	28,666	–	–	28,666
Derivatives (Note 28)				
- Foreign currency forward contracts	–	389	–	389

33. Fair value of financial instruments (cont'd)

(b) *Assets and liabilities measured at fair value (cont'd)*

Group	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000
Recurring fair value measurements:				
2017				
Non-financial asset:				
Property, plant and equipment (Note 16)	–	–	506,724	506,724
Financial assets:				
Short term investments (Note 20)	2,005	–	–	2,005
Financial liabilities:				
Derivatives (Note 28)				
- Foreign currency forward contracts	–	3,615	–	3,615

(c) *Level 2 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Foreign currency forward contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, and forward rate curves.

33. Fair value of financial instruments (cont'd)

(d) *Level 3 fair value measurements*

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 March 2018 ($'000)	Valuation techniques	Significant unobservable inputs	Range of significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Recurring fair value measurements: ***Non-financial asset:*** <u>Property, plant and equipment</u> (Note 16)					
Freehold land	226,742	Direct comparison approach	Price per square feet	$27 to $418	Increase/(decrease) in estimated price per square feet will result in a higher/(lower) fair value
Leasehold land	102,702	Direct comparison approach	Price per square feet	$59 to $164	Increase/(decrease) in estimated price per square feet will result in a higher/(lower) fair value
Buildings	149,150	Depreciated replacement cost approach	Replacement cost per square feet	$47 to $79	Increase/(decrease) in estimated replacement cost per square feet will result in a higher/(lower) fair value
			Balance economic life	31 years to 40 years	Increase/(decrease) in estimated balance useful life will result in a higher/(lower) fair value

33. Fair value of financial instruments (cont'd)

(d) ***Level 3 fair value measurements (cont'd)***

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)*

Description	Fair value at 31 March 2017 ($'000)	Valuation techniques	Significant unobservable inputs	Range of significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Recurring fair value measurements:					
Non-financial asset:					
Property, plant and equipment (Note 16)					
Freehold land	238,061	Direct comparison approach	Price per square feet	$28 to $439	Increase/(decrease) in estimated price per square feet will result in a higher/(lower) fair value
Leasehold land	109,515	Direct comparison approach	Price per square feet	$63 to $174	Increase/(decrease) in estimated price per square feet will result in a higher/(lower) fair value
Buildings	159,148	Depreciated replacement cost approach	Replacement cost per square feet	$6 to $92	Increase/(decrease) in estimated replacement cost per square feet will result in a higher/(lower) fair value
			Balance economic life	32 years to 41 years	Increase/(decrease) in estimated balance useful life will result in a higher/(lower) fair value

33. Fair value of financial instruments (cont'd)

(d) ***Level 3 fair value measurements (cont'd)***

(ii) *Valuation policies and procedures*

The Group engages external, independent and qualified valuers to determine the fair value of the Group's unquoted shares and properties at the end of every financial year.

The Trustee-Manager is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge for the valuation of the unquoted shares and properties.

For valuation performed by external valuers, management reviews the appropriateness of the valuation methodologies and assumptions adopted.

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent external sources, or internal sources if necessary and appropriate. Significant valuation issues are reported to the Audit and Risk Management Committee.

(e) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Financial assets - current (other than short term investments) (Note 20), trade receivables (Note 23), other assets - current, cash and cash equivalents (Note 24), loans and borrowings (current) (Note 25), trade and other payables (Note 26) and other liabilities - current (Note 27).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

33. Fair value of financial instruments (cont'd)

(f) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 March but for which fair value is disclosed.

	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant observable inputs other than quoted prices (Level 2) $'000	Significant un-observable inputs (Level 3) $'000	Total $'000	Carrying amount $'000
2018					
Group					
Assets:					
Financial assets (non-current)	–	–	13,181	13,181	17,290
Liabilities:					
Loans and borrowings (non-current)					
- NCDs	–	–	82,131	82,131	91,050
2017					
Group					
Assets:					
Financial assets (non-current)	–	–	29,061	29,061	30,550
Liabilities:					
Loans and borrowings (non-current)					
- Bonds	59,670	–	–	59,670	60,000
- NCDs	–	–	89,055	89,055	99,526

Determination of fair value

Financial assets (non-current) (Note 20) and loans and borrowings (non-current) (Note 25)

The fair value of the financial assets (non-current) and loans and borrowings (non-current) have been determined using discounted expected cash flows at market incremental lending rates for similar types of lending, borrowing or leasing agreements at the end of the reporting period. For bonds, fair value is determined based on quoted market prices.

33. Fair value of financial instruments (cont'd)

(g) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.***

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	2018		2017	
	Carrying amount	Fair value	Carrying Amount	Fair value
	$'000	$'000	$'000	$'000
Trust				
Financial assets:				
Loans to subsidiaries	469,245	*	441,959	*

* The loans are unsecured and non-interest bearing. It has no fixed repayment terms and is repayable only when the subsidiary's cash flow permits. Accordingly, fair value is not determinable as the timing of the future cash flows arising from the loan cannot be estimated reliably.

34. Financial risk management objectives and policies

The Group and the Trust are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and Trust's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

34. Financial risk management objectives and policies (cont'd)

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group exposure to credit risk arises primarily from trade receivables.

Trade receivable

Credit risk on service fee receivable is concentrated with FHL group of companies which is also the substantial Unitholder of the Trust. As at the reporting date, 93.0% (2017: 96.0%) of the total trade receivable was due from FHL located in India. During the year, FHL group of companies had been late in paying the service fee. FHL had since provided an undertaking to RHT Group to settle the outstanding amount in tranches. As at the date of report, amount of service fee receivable for the year ended 31 March 2018 has been fully received (Note 23).

FHL had provided banker's guarantee to guarantee 2 months of service fee which expired on 30 April 2018. FHL has provided an undertaking to procure that its subsidiary, Fortis Healthcare International Pte Ltd ("FHIPL"), pledges its holdings of 64,120,195 shares in Lankan Hospital Corporation Plc ("Lanka"), representing 28.66% of the total number of issued shares of Lanka ("Lanka Shares") in favour of the RHT entities and FHL to secure the payment obligations of FHL under HMSAs.

For hospital income receivable from corporate clients, these clients are debtors with a good payment record with the Group.

Other financial assets

For other financial assets including cash and bank balances, short term deposits and investment in mutual funds, the Group minimises credit risk by dealing with counterparties which have a good credit rating.

The maximum exposure to credit risk is represented by the carrying value of each financial asset on the balance sheet.

(b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from loans and borrowings. The Group's interest bearing loans and borrowings (Note 25) at floating rate are re-priced at intervals of less than 3 to 12 months from the end of the reporting period.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD and INR interest rates had been 50 (2017: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $571,000 (2017: $620,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

34. Financial risk management objectives and policies (cont'd)

(c) *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's net investments in foreign subsidiaries. The Group's net investments in foreign subsidiaries are not hedged as currency positions in INR are considered long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in the INR exchange rates against the respective functional currency of the Group entities, with all other variables held constant.

	2018		2017	
	Profit before tax	**Equity**	**Profit before tax**	**Equity**
	$'000	$'000	$'000	$'000
INR/SGD				
– strengthened 5% (2017: 5%)	1,681	31,549	5,784	33,161
– weakened 5% (2017: 5%)	(1,681)	(31,549)	(5,784)	(33,161)

(d) *Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and the Trust's exposure to liquidity risk arises primarily from mismatch of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

34. Financial risk management objectives and policies (cont'd)

(d) *Liquidity risk (cont'd)*

The table below summarises the maturity profile of the Group's and the Trust's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Within 1 year $'000	1 - 5 years $'000	More than 5 years $'000	Total $'000
Group				
2018				
Trade and other payables	6,417	–	–	6,417
Other liabilities	4,142	18,218	–	22,360
Loans and borrowings	146,216	122,948	175,666	444,830
	156,775	141,166	175,666	473,607
2017				
Trade and other payables	5,502	–	–	5,502
Other liabilities	7,012	11,727	–	18,739
Loans and borrowings	107,421	88,029	192,084	387,534
Derivative financial instruments	3,615	–	–	3,615
	123,550	99,756	192,084	415,390
Trust				
2018				
Other liabilities	3,013	–	–	3,013
Loans and borrowings	133,478	–	–	133,478
	136,491	–	–	136,491
2017				
Other liabilities	2,157	–	–	2,157
Loans and borrowings	2,700	61,339	–	64,039
	4,857	61,339	–	66,196

34. Financial risk management objectives and policies (cont'd)

(e) *Classification of financial instruments*

Set out below is a comparison by category of all the Group's and Trust's financial instruments that are carried out in the financial statements.

	Loans and receivables	Fair value through profit or loss	Total
	$'000	$'000	$'000
Group			
2018			
Assets			
Non-current			
Financial assets	17,290	–	17,290
Current			
Trade receivables	19,290	–	19,290
Financial assets	42,963	–	42,963
Other assets	756	–	756
Derivative financial instruments	–	389	389
Cash and cash equivalents	8,047	–	8,047
	88,346	389	88,735

	Financial liabilities carried at amortised cost	Fair value through profit or loss	Total
	$'000	$'000	$'000
2018			
Liabilities			
Non-current			
Loans and borrowings	146,527	–	146,527
Other liabilities	18,218	–	18,218
Current			
Loans and borrowings	181,370	–	181,370
Trade and other payables	6,417	–	6,417
Other liabilities	4,142	–	4,142
	356,674	–	356,674

34. Financial risk management objectives and policies (cont'd)

(e) *Classification of financial instruments (cont'd)*

	Loans and receivables $'000	Fair value through profit or loss $'000	Total $'000
Group			
2017			
Assets			
Non-current			
Financial assets	30,550	–	30,550
Current			
Trade receivables	10,606	–	10,606
Financial assets	2,362	–	2,362
Other assets	753	–	753
Cash and cash equivalents	7,246	–	7,246
	51,517	–	51,517

	Financial liabilities carried at amortised cost $'000	Fair value through profit or loss $'000	Total $'000
2017			
Liabilities			
Non-current			
Loans and borrowings	183,658	–	183,658
Other liabilities	11,727	–	11,727
Current			
Loans and borrowings	104,607	–	104,607
Trade and other payables	5,502	–	5,502
Derivative financial instruments	–	3,615	3,615
Other liabilities	7,012	–	7,012
	312,506	3,615	316,121

34. Financial risk management objectives and policies (cont'd)

(e) ***Classification of financial instruments (cont'd)***

	Loans and receivables
	$'000
Trust	
2018	
Assets	
Non-current	
Loans to subsidiaries	469,245
Current	
Cash and cash equivalents	18
Financial assets	68,747
	538,010

	Financial liabilities carried at amortised cost
	$'000
2018	
Liabilities	
Current	
Other liabilities	3,013
Loans and borrowings	120,742
	123,755

34. Financial risk management objectives and policies (cont'd)

(e) *Classification of financial instruments (cont'd)*

	Loans and receivables $'000
Trust	
2017	
Assets	
Non-current	
Loans to subsidiaries	441,959
Current	
Cash and cash equivalents	255
Financial assets	46,295
	488,509

	Financial liabilities carried at amortised cost $'000
2017	
Liabilities	
Non-current	
Loans and borrowings	60,000
Current	
Other liabilities	2,157
Loans and borrowings	517
	62,674

35. Capital management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to support its businesses and maximise Unitholders' value.

In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of distribution payment, return capital to Unitholders, issue new units, buy back issued units, obtain new borrowings or sell assets to reduce borrowings. The Group may also issue new units to finance future growth.

The Group seeks to raise unsecured debt structured specifically to match the cash flow profile of its underlying assets. The Group's general philosophy on leverage is to ensure that its subsidiaries have sufficient financial flexibility to meet their capital expenditure and operational needs, and at the same time, service their debt obligations promptly and reliably.

The Trustee-Manager monitors capital based on the ratio of the Group's net borrowings to adjusted net assets attributable to Unitholders. Net borrowings are calculated as total loans and borrowings less cash and cash equivalents. Adjusted net assets are calculated as net assets excluding external loans and borrowings.

	Group	
	2018	**2017**
	$'000	$'000
Net borrowings (less NCDs)	228,800	181,493
Adjusted net assets attributable to Unitholders	899,384	885,113
Ratio	25.4%	20.5%

36. Segment information

The Trustee-Manager considers that the Group operates primarily within a single business segment which is the provision of medical and Clinical Establishment services and within a single geographical segment, being India.

As the rendering of services to patients in earning hospital income is not material, no separate business segment has been disclosed.

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2018	2017	2018	2017
	$'000	$'000	$'000	$'000
India	96,006	92,020	625,792	656,714

The non-current assets information presented above consist of intangible assets and property, plant and equipment.

Information about a major customer

Revenue from FHL group of companies contributed 84.0% (2017: 87.0%) of the total revenue of the Group.

37. Distributions

	Group and Trust	
	2018	2017
	$'000	$'000
Declared and paid during the year		
- Exempt (one-tier) distribution of 24.8 cents per unit paid on 28 October 2016 ("Special Distribution")	–	198,300
- Exempt (one-tier) distribution of 1.22 cents per unit paid on 1 March 2018 (2017: 3.60 cents per unit paid on 9 December 2016)	9,857	28,961
Proposed but not recognised as a liability as at 31 March		
- Exempt (one-tier) distribution of 1.14 cents per unit paid on 14 June 2018 (2017: of 2.37 cents per unit paid on 15 June 2017)	9,220	19,110
Total distributions paid during the year	28,967	257,739

38. Proposed Disposal

On 12 February 2018, the Group has entered into a master purchase agreement with Fortis Healthcare Limited to acquire all of the following assets held by the Group's wholly-owned subsidiaries, FGHIPL and RHSPL (the "Proposed Disposal"):

(a) all of the shares in the capital of IHL held by FGHIPL;
(b) all of the shares in the capital of FHML held by FGHIPL;
(c) all of the CCDs issued by IHL, FHTL and EHSSHL and held by FGHIPL; and
(d) all of the non-convertible bonds issued by IHL, FHML, EHSSHL and HEPL and held by RHSPL.

The aggregate consideration for the Proposed Disposal is INR 46,500 million (S$958.8 million), net of applicable taxes. The Proposed Disposal will be subject to, amongst other things, the approval of the unitholders of the Group at an extraordinary general meeting to be convened, the Noteholders' approval and the approval from the Competition Commission of India.

39. Subsequent event

The SGD denominated loans (Note 25) are defaulted when Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh ("FHL Promotors") together do not or cease to beneficially own (directly or indirectly) and control at least 35 per cent. of the entire issued and paid up share capital of FHL. The FHL Promoters' ownerships interest in FHL reduced to approximately 8.84 per cents and subsequently to 0.77 per cent. This reduction triggered a default for the outstanding borrowings. The default was waived by the banks and noteholders on 30 April 2018. In addition to the waiver, the Notes were extended to 22 January 2019.

As the waiver was granted subsequent to year end, the defaulted loans, UOB and Siemens Loan Facilities are classified as current despite the loan due date on 28 June 2020. These loans were classified to non-current on the date the waiver was granted.

40. Authorisation of financial statements

These financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Trustee-Manager on 9 July 2018.

APPENDIX III

ANNOUNCEMENT OF THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2018

The information in this Appendix III has been reproduced from the unaudited consolidated financial statements of RHT and its subsidiaries for the second quarter ended 30 September 2018 and has not been specifically prepared for inclusion in this Disclosure Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

RHT | HEALTH TRUST

About RHT Health Trust

RHT Health Trust ("RHT") is a registered Business Trust with an investment mandate to invest principally in medical and healthcare assets and services, in Asia, Australasia and emerging markets in the rest of the world. RHT may also develop medical and healthcare assets. It is expected that the medical services will be provided directly by RHT or in collaboration with third parties.

On 26 September 2018, Unitholders passed the resolutions to approve the Proposed Disposal of RHT's entire asset portfolio of clinical establishments and hospitals in India to Fortis Healthcare Limited as well as to approve the Proposed Trust Deed Amendments.

RHT's current investment mandate is principally to invest in income-yielding real estate and real estate related assets used or to be used primarily as business space[1] in Asia and Australasia.

On 24 August 2018, the Trustee-Manager had announced that it has agreed with Fortis Healthcare Limited ("Fortis") under the Amendment Agreement that the consideration (and adjustments thereto) shall be computed on the INR: SGD closing offer rate on Bloomberg L.P. one (1) business day prior to Completion, in which case the reference rate for computing the consideration (and adjustments thereto) shall be the closing rate on 30 September 2018 ("Foreign Exchange Adjustment Amendment"). As 30 September 2018 was a Sunday, the closing offer rate on 28 September 2018 (Friday) being the last business day of month of INR52.99: SGD1.00 was applied.

Fortis obtained the shareholders' approval in relation to the Amendment Agreement on 29 October 2018. The Proposed Disposal is dependent upon, among other things, approval from the Competition Commission of India ("CCI"). We are awaiting formal confirmation of this approval.

Key Information on the Portfolio

RHT's Portfolio as of 30 September 2018 comprises interest in twelve RHT Clinical Establishments, four Greenfield Clinical Establishments and two Operating Hospitals located across India.

Clinical Establishments

Amritsar
Bengaluru, BG Road
Chennai, Malar
Faridabad
Jaipur
Kolkata
Mohali (including land acquired as an extension)
Mumbai, Kalyan
Mumbai, Mulund
Noida
Gurgaon (Associate)
New Delhi, Shalimar Bagh (Associate)

Greenfield Clinical Establishments

Ludhiana
Chennai
Hyderabad
Greater Noida

Operating Hospitals

Bengaluru, Nagarbhavi
Bengaluru, Rajajinagar

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[1] Business space includes, but is not limited to, space used for information technology, information technology enabled services (includes various services ranging from call centres, claims processing, medical transcription, e-customer relationship management, supply chain management to back office operations such as accounting, data processing and data mining), high tech, science, healthcare, education, accommodation, business, industrial, logistics, warehousing and office purposes and such other supporting amenities.

Foreign exchange rate

	FY19 Q2	FY18 Q2	FY19 YTD	FY18 YTD
Average rate	51.71	47.43	50.99	47.01
Closing rate	53.07(3)	47.82	53.07	47.82
Effective forward rate	53.90(1)	49.37(2)	53.90(1)	49.37(2)

(1) Based on estimated forward rate. No hedge has been entered into for FY19 distributions.

(2) The Trustee-Manager hedged 50% of the expected INR cash flow, leaving the remaining unhedged portion of INR cash flow to be realised at the spot rate. The Trustee-Manager assumed a forward rate for the unhedged INR cash flow to determine the Distributable Income. Any difference between the actual spot rate and the estimated forward rate will be adjusted in the next distribution. The average forward rate disclosed is the weighted average of the contracted forward rate and the estimated forward rate used to determine the Distributable Income.

(3) Reference rate is mid-market rate quoted from www.xe.com on 30 September 2018.

Hedging policy

The Trustee-Manager has not and will not be entering into any hedge for the INR cash flow for the financial year beginning 1 April 2018 and for the future periods, since it has entered into the Master Purchase Agreement ("MPA") for the Proposed Disposal.

In the prior financial year, the Trustee-Manager hedged a maximum of 50% of the INR cash flow against receivables by RHT every half yearly from India.

Distribution policy

RHT's policy is to distribute at least 90.0% of its distributable income on a semi-annual basis, for every six-month period ending 30 September and 31 March. Since the financial year ended 31 March 2018, the Trustee-Manager announced its intention to distribute 95.0% of RHT's distributable income. The 5.0% which is retained will be used to fund the Trust's operational requirements as well as expenditure for potential investments. Please see paragraph 11 and 12 for more details on distributions.

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1 Unaudited Results for the quarter ended 30 September 2018

The Board of Directors of the Trustee-Manager announces the following unaudited results of RHT and its subsidiary companies ("RHT Group") for the quarter ended 30 September 2018.

1(a) Consolidated Statement of Comprehensive Income and Distributable Income Statement

	Notes	FY19 Q2 S$'000	FY18 Q2 S$'000	Var	FY19 YTD S$'000	FY18 YTD S$'000	Var
Revenue:							
Service fee	2	18,789	20,685	-9%	37,527	41,607	-10%
Hospital income	3	3,041	2,811	8%	5,610	5,352	5%
Other income	4	676	853	-21%	1,606	1,903	-16%
Total revenue		**22,506**	**24,349**	**-8%**	**44,743**	**48,862**	**-8%**
Service fee and hospital expenses:							
Medical consumables	5	(2,141)	(2,287)	-6%	(4,000)	(4,568)	-12%
Employee benefits expense	6	(735)	(799)	-8%	(1,505)	(1,610)	-7%
Doctor charges	7	(1,755)	(2,062)	-15%	(3,478)	(4,123)	-16%
Depreciation and amortisation		(2,687)	(3,029)	-11%	(5,434)	(6,070)	-10%
Other service fee expenses	8	(2,894)	(3,047)	-5%	(5,722)	(6,125)	-7%
Hospital expenses	3	(2,500)	(2,348)	6%	(4,716)	(4,644)	2%
Total service fee and hospital expenses		**(12,712)**	**(13,572)**	**-6%**	**(24,855)**	**(27,140)**	**-8%**
Finance Income	9	3,895	3,975	-2%	7,773	8,122	-4%
Finance Expenses	10	(4,521)	(5,436)	-17%	(9,779)	(9,588)	2%
Trustee-Manager Fee	11	(1,297)	(1,463)	-11%	(2,642)	(2,814)	-6%
Other Trust Expenses	12	(1,044)	(542)	93%	(1,716)	(1,694)	1%
Foreign exchange loss	13	(4,732)	(1,748)	n.m	(5,579)	(5,117)	n.m
Total expenses		**(20,411)**	**(18,786)**	**9%**	**(36,798)**	**(38,231)**	**-4%**
Share of results of an associate	1	2,391	2,312	3%	4,672	5,183	n.m
Profit before changes in fair value of financial derivatives		**4,486**	**7,875**	**-43%**	**12,617**	**15,814**	**-20%**
Fair value gain/(loss) on financial derivatives		-	445	n.m	(389)	3,315	n.m
Profit before taxes		**4,486**	**8,320**	**-46%**	**12,228**	**19,129**	**-36%**
Income tax expense	14	(4,491)	(8,696)	-48%	(8,247)	(10,324)	-20%
(Loss)/profit for the period attributable to Unitholders of the Trust		**(5)**	**(376)**	**-99%**	**3,981**	**8,805**	**-55%**
Other Comprehensive Income							
Items that may be reclassified subsequently to profit or loss							
Foreign currency translation		(21,579)	(7,478)	n.m	(26,609)	(12,949)	n.m
Items that will not be reclassified to profit or loss							
Remeasurement of defined benefit plan		5	-	n.m	12	-	n.m
Other Comprehensive Income for the period, net of tax		(21,574)	(7,478)	n.m	(26,597)	(12,949)	n.m
Total Comprehensive Income for the period attributable to Unitholders of the Trust		**(21,579)**	**(7,854)**	**n.m**	**(22,616)**	**(4,144)**	**n.m**

(1) n.m – not meaningful.

1(a) Consolidated Statement of Comprehensive Income and Distributable Income Statement (Cont'd)

Reconciliation to Unitholders Distributable Income	Notes	FY19 Q2 S$'000	FY18 Q2 S$'000	FY19 YTD S$'000	FY18 YTD S$'000
Profit for the period attributable to Unitholders of the Trust		**(5)**	**(376)**	**3,981**	**8,805**
Distribution adjustments:					
Impact of non-cash straight-lining		(237)	(401)	(479)	(806)
Technology renewal fee		(151)	(165)	(306)	(332)
Depreciation and amortisation		2,687	3,029	5,434	6,070
Trustee-Manager fees payable in units	11	-	732	-	1,407
Deferred payment of Trustee-Manager fees [a]	11	649	-	1,321	-
Tax adjustment	14	1,989	6,033	3,198	5,013
Foreign exchange differences	15	4,100	744	5,184	400
Compulsorily Convertible Debentures ("CCD") interest income	9	(3,637)	(3,966)	(7,339)	(7,960)
Non-Convertible Debentures ("NCD") interest expense	10	1,661	1,783	3,497	3,575
Distribution adjustments of an associate	1	1,578	2,180	3,409	3,783
Others (includes working capital adjustment)		(712)	80	(1,427)	163
Total Distributable Income attributable to Unitholders of the Trust		**7,922**	**9,673**	**16,473**	**20,118**

(a) Deferred till the earlier of the Completion of the Proposed Disposal or 31 March 2019.

Notes to Consolidated Statement of Comprehensive Income and Distributable Income Statement

1. On 12 October 2016, the Group disposed 51.0% economic interest in Fortis Hospotel Limited ("FHTL") and accounts FHTL as an associate. The results and non-cash adjustments of 100.0% as well as 49.0% economic interest in FHTL have been presented below.

<u>Results of an associate</u>	FY19 Q2 S$'000	FY18 Q2 S$'000	FY19 YTD S$'000	FY18 YTD S$'000
Revenue:				
Total revenue	**13,584**	**14,704**	**27,056**	**29,503**
Total expenses	**(6,511)**	**(7,641)**	**(13,115)**	**(15,412)**
Profit before tax	**7,073**	**7,063**	**13,941**	**14,091**
Income tax expenses	(2,194)	(2,344)	(4,406)	(3,512)
Profit for the period	**4,879**	**4,719**	**9,535**	**10,579**
Share of 49.0% of profit for the period	**2,391**	**2,312**	**4,672**	**5,184**
Distribution adjustments:				
Impact of non-cash straight-lining	(670)	(893)	(1,351)	(1,792)
Technology renewal fee	(28)	(10)	(37)	(20)
Depreciation and amortisation	1,449	1,643	2,920	3,297
Tax adjustment	3	86	15	(999)
Capital expenditure	-	(56)	-	(112)
Interest income and expense with related parties	3,032	3,679	6,080	7,346
Others	(564)	-	(670)	-
FHTL's distribution adjustments	**3,222**	**4,449**	**6,957**	**7,720**
Share of 49.0% of non-cash adjustment	**1,578**	**2,180**	**3,409**	**3,783**
Net cash flow from FHTL	**8,101**	**9,168**	**16,492**	**18,299**
Share of 49.0% of net cash flow from FHTL	**3,969**	**4,492**	**8,081**	**8,967**

Note: The following notes do not include a performance analysis of FHTL. Please refer to the relevant sections of paragraph 8 on pages 13 to 16 for FHTL's performance analysis.

Notes to Consolidated Statement of Comprehensive Income and Distributable Income Statement (Cont'd)

2. The service fee is the aggregate of the base and variable service fees for the provision of the Clinical Establishment services, including but not limited to the Out-Patient Department services ("OPD") and the Radio Diagnostic Services ("RDS").

INR mn	FY19 Q2	FY18 Q2	Variance (%)	FY19 YTD	FY18 YTD	Variance (%)
Base Fee*	588	571	3	1,177	1,142	3
Variable Fee	371	391	(5)	712	776	(8)
Total Fee	**959**	**962**	**(0)**	**1,889**	**1,918**	**(2)**

*Excluding impact of straight-lining.

The service fee in INR terms is lower for the current quarter and year-to-date. This is due to lower variable fee resulting from a drop in revenue recorded by the Operator at the RHT Clinical Establishments. The drop is a result of the lower occupancy rate. The depreciation of INR against SGD resulted in a further decrease in revenue in SGD terms. The decrease in service fee is offset by the higher Base Fee for the quarter resulting from the contractual 3% increase.

3. RHT has 2 Operating Hospitals, Bengaluru, Rajajinagar Operating Hospital and the Bengaluru, Nagarbhavi Operating Hospital. The hospital income and expenses arise solely from the provision of medical services at these hospitals.

The net hospital income for the current quarter and year-to-date in INR terms is higher due to higher Average Revenue per Occupied Bed ("ARPOB") resulting from the increase in high value surgeries in medical programmes such as Cardiology and Orthopaedics.

4. Other income includes income from the pharmacy, cafeteria, bookshop, automated teller machines, and other amenities in the Clinical Establishments of the Group. Other income in INR terms for both the quarter and year-to-date was lower due to the decrease in variable rental income from the pharmacy.

5. Medical consumables expense as a percentage of the variable fee for the quarter and year-to-date is higher due to inflationary increase in cost.

6. Employee benefits in INR terms for the quarter and year-to-date was slightly higher due to annual inflationary wage increases.

7. Doctor charges in INR terms for both the quarter and year-to-date was lower as a result of decrease in variable fees and is consistent as a percentage of the variable fee compared to the corresponding quarter and year-to-date.

8. Other service fee expenses mainly consist of housekeeping costs, security costs, power and fuel expenses, annual equipment maintenance charges for both medical and non-medical equipment owned by RHT Group, rent, property taxes and insurance, as well as administrative expenses.

Other service fee expenses in INR terms is higher compared to the corresponding quarter mainly due to the increase in housekeeping expense as a result of the implementation of minimum wages.

9. At the time of initial public offering, interest bearing CCDs were issued by entities in the RHT Group including, FHTL to one of the subsidiaries for the infusion of funds to complete the acquisition of the initial portfolio by RHT. As FHTL became an associate on 13 October 2016, such interest income of the subsidiary will no longer be eliminated. However, such CCD interest income is correspondingly recognised as CCD interest expense in the results of the associate and both the CCD interest income and expense are added back for distribution purpose.

Excluding the interest income from a related party, the higher finance income for the current quarter and year-to-date is due to the increase in income from mutual fund investments.

10. Similarly, as stated above, interest bearing Optionally Convertible Debentures ("OCDs") were issued by entities in the RHT Group including, one of the subsidiaries to FHTL for RHT Group's internal funding requirements. Such OCDs were converted to Non-Convertible Debentures ("NCDs") as part of the disposal. As FHTL has become an associate, such interest expense of the subsidiary will no longer be eliminated. However, such NCD interest expense is correspondingly recognised as NCD interest income in the results of the associate and both the NCD interest expense and income are added back for distribution purpose.

    Excluding the interest expense to FHTL, the finance expense was higher for the corresponding quarter due to bond and loan consent fees incurred and higher amount drawn on the overdraft facility in India.

11. The Trustee-Manager Fee for the quarter and year-to-date is lower compared to the corresponding quarter due to lower Distributable Income available for distribution and Net Asset value.

12. Other trust expense was higher for the current quarter compared to the corresponding quarter. This is due to legal and professional fees incurred for the consent solicitation exercise during the quarter.

13. The foreign exchange gain/ (loss) are on the account of:
    (i) unrealised differences from interest receivables denominated in INR; and
    (ii) realised differences from the settlement of forward contracts and interest received (settlement of forward contracts is only applicable for corresponding period and FY19 Q1) .

    The foreign exchange loss for the quarter and year-to-date arises mainly from the depreciation of INR against SGD for the INR denominated net receivables.

14. Income tax expense relate to withholding tax expense on the offshore interest payment from the India subsidiary companies to the Singapore holding company and deferred tax in certain India subsidiary companies.

INR mn	FY19 Q2	FY18 Q2	FY19 YTD	FY18 YTD
Current tax	129	127	257	250
Deferred tax	102	283	163	235

    The deferred tax expense recognised for the quarter and year-to-date is due to the utilisation of unabsorbed tax losses previously recognised.

15. Included in foreign exchange differences are:
    (i) adjustments for the Distributable Income based on the average forward INR/SGD rate of 53.90[2] against the INR/SGD rate of 50.99 for the translation of the Statement of Comprehensive Income, (ii) changes in fair value on financial derivatives and; (iii) foreign exchange differences recorded in the Statement of Comprehensive Income.

[2] The Trustee-Manager assumes a forward rate for the unhedged INR cashflow to determine the Distributable Income. Any difference between the actual spot rate on realisation of INR cashflow and the estimated forward rate will be adjusted in the next distribution. Please see paragraph 11 and 12 for additional details.

1(b)(i) Balance Sheets

	Notes	Group 30 September 2018	Group 31 March 2018	Trust 30 September 2018	Trust 31 March 2018
		S$'000	S$'000	S$'000	S$'000
ASSETS					
Non-current assets					
Intangible assets	2	80,459	86,781	-	-
Property, plant and equipment	3	504,424	539,011	-	-
Invesment in subsidiary		-	-	12,634	12,634
Loan to a subsidiary		-	-	439,302	469,245
Investment in an associate	1	368,228	363,557	-	-
Financial assets	4	16,742	17,290	-	-
Deferred tax assets	5	9,609	15,785	-	-
Other assets	6	24,213	23,846	-	-
Total non-current assets		1,003,675	1,046,270	451,936	481,879
Current assets					
Inventories		88	119	-	-
Financial assets	4	24,699	42,963	59,220	68,747
Trade receivables	7	17,176	19,290	-	-
Other assets	6	2,151	1,060	1,157	700
Derivative financial instruments		-	389	-	-
Cash and bank balances		4,276	8,047	128	18
Total current assets		48,390	71,868	60,505	69,465
Total assets		**1,052,065**	**1,118,138**	**512,441**	**551,344**
LIABILITIES					
Non-current liabilities					
Loans and borrowings		193,049	146,527	-	-
Other liabilities	9	21,615	18,749	-	-
Deferred tax liabilities	8	81,268	89,046	-	-
Total non-current liabilities		295,932	254,322	-	-
Current liabilities					
Loans and borrowings		125,820	181,370	121,044	120,742
Trade and other payables		6,078	6,417	-	-
Other liabilities	9	8,885	13,492	3,691	3,013
Total current liabilities		140,783	201,279	124,735	123,755
Total liabilities		**436,715**	**455,601**	**124,735**	**123,755**
Net assets		**615,350**	**662,537**	**387,706**	**427,589**
Unitholders' funds					
Represented by:					
Units in issue (net of Unit issue		522,247	520,191	522,247	520,191
Capital reserve	10	210,216	210,216	-	-
Foreign currency translation reserve		(74,197)	(47,588)	-	-
Revaluation reserve		48,471	48,944	-	-
Other reserves	11	(73)	(85)	-	-
Accumulated losses		(91,314)	(69,141)	(134,541)	(92,602)
Total Unitholders' fund		**615,350**	**662,537**	**387,706**	**427,589**

Notes to Balance Sheets

1. Investment in an associate
The investment in an associate relates to investment in 49% of Fortis Hospotel Limited ("FHTL"). The increase in investment in an associate relates to the recognition of the share of profits from FHTL for the quarter.

2. Intangible assets
Intangible assets comprises of:
(i) Customer related intangibles – arose from the Hospital and Medical Services Agreements which RHT Group entered into with the Sponsor, Fortis Healthcare Limited, to provide medical and Clinical Establishment services.

(ii) Rights to use "Fortis" brand – The two Operating Hospitals owned by RHT Group will continue to use the "Fortis" brand name for a period of 15 years from the date of transfer.

(iii) Goodwill – Goodwill mainly arose from the recognition of the deferred tax liability, being the difference between the tax effect of the value of acquired assets and liabilities and their respective tax bases. The balance of goodwill comprises the value of synergies arising from the acquisition.

The decrease in intangible assets is due to the amortisation of intangible assets for the quarter as well as the depreciation of INR against SGD.

3. Property, plant and equipment
Property, plant and equipment comprises land and buildings, plant and machinery, medical equipment and other assets of the Clinical Establishment and the 2 Operating Hospitals.

Property, plant and equipment decreased due to the depreciation of INR against SGD and depreciation charges but the decrease was partially offset by additions during the period.

4. Financial assets
The non-current financial assets mainly relate to accrued income on straight-lining of the base service fee, fixed deposits pledged as security and security deposits paid. The slight decrease is mainly attributable to depreciation of INR against SGD offset by the impact of the recognition of accrued income on straight-lining of the base service fees.

The current financial assets mainly relate to investment in mutual funds, fixed deposits, recoverable advances, FHTL CCD interest receivable from an associate, security deposits as well as interest receivable from Fortis. The decrease is mainly due to sale of investment in mutual funds, receipt of FHTL CCD interest as well as depreciation of INR against SGD.

5. Deferred tax assets
Deferred tax assets are made up of unabsorbed tax losses to be utilised against future taxable profits. The unabsorbed tax losses was recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary difference can be utilised.

The decrease in deferred tax assets was mainly due to the utilisation of unabsorbed tax losses as well as depreciation of INR against SGD.

6. Other assets
Other non-current assets comprise of prepaid expenses and prepaid taxes deducted at source on service fee, hospital income and interest income on inter-company debt instrument. The increase is due to the tax deducted at source on the service fee for the period.

Other current assets comprise of GST receivables and prepaid expenses. The increase in other current assets is due to the increase in prepayments of professional fees in relation to the Proposed Disposal and GST receivables.

7. Trade receivables

Trade receivables comprises of service fees receivable from the Operators, rent receivable and receivables from corporate clients of the 2 Operating Hospitals.

The decrease is mainly due to the receipt of outstanding amounts in relation to FY18.

8. Deferred tax liabilities

The deferred tax liabilities arose from the fair value adjustments arising from the acquisition of subsidiaries at the time of Initial Public Offering, revaluation of land, differences in depreciation and accrued income for tax purpose.

The decrease in INR terms is mainly due to reversal of deferred tax liabilities in relation to difference in depreciation.

9. Other liabilities

Other non-current liabilities comprise mainly of interest payable on NCDs owing to an associate and retention amounts owing to creditors (capital in nature) as a result of ongoing capital expenditure for expansion and upgrading projects. The increase is mainly due to the accrual of interest payable on NCDs owing to an associate. The increase is offset by depreciation of INR against SGD.

Other current liabilities comprise of statutory dues and other creditors. The decrease is mainly due to settlements of statutory dues and repayment of other creditors.

10. Capital reserve

The capital reserve represents the excess of interest of associates in the fair value of the net identifiable assets and liabilities transferred over the consideration paid. This reserve in substance represents the Sponsor's contribution to the Group for the Sponsor's retained interest. Please refer to page A-9 of the Prospectus dated 15 October 2012 for more details.

11. Other reserves

Other reserves comprise of:

(i) Capital redemption reserve is a statutory reserve created in accordance with India's Companies Act 2013 in connection to redemption of preference shares of an India subsidiary company. The reserve is not considered a free reserve for distribution of dividend and can be utilised only for the purpose of issuing bonus shares.

(ii) Re-measurement of defined benefit plan reserve is a reserve to record the actuarial gain or loss under a defined benefit plan which is recorded in other comprehensive income.

1(b)(ii) Group's Borrowings and Debt Securities

	30 September 2018		31 March 2018	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Amount Repayable in One Year or Less, or on Demand	5,818	120,002	61,999	119,371
Amount Repayable after One Year	105,318	87,731	51,940	94,587
	111,136	207,733	113,939	213,958

Details of Collateral

Singapore

Secured

The Group has loan facilities with

(i) United Overseas Bank Limited and Siemens Bank GMBH, Singapore Branch for an aggregate amount of S$55 million; and

(ii) IndusInd Bank Limited, IFSC GIFT City Branch for an amount equivalent of S$53 million.

Each term loan facility is secured by an irrevocable pledge on the shares of Fortis Global Healthcare Infrastructure Pte Ltd ("FGHIPL") and RHT Health Trust Services Pte. Ltd. ("RHSPL") on a pari passu basis, a non-disposal undertaking on the hospital infrastructure companies owned by FGHIPL on a pari passu basis and a first pari passu legal assignment over the interest, benefits and rights over all existing and future loans granted by the borrower to its subsidiaries, a debenture over substantially all the assets of FGHIPL and RHSPL. The amount of unamortised upfront fees as of 30 September 2018 is S$3.7 million.

As at 31 March 2018, there was an event of default under the UOB/Siemens Facilities which triggered a cross default in respect to the notes outstanding. As the waiver of default was received subsequent to the year end, the Siemens and UOB loans are classified as current as per the accounting standards as of 31 March 2018. These loans have been reclassified to non-current since FY19 Q1.

Unsecured

The Trustee-Manager has issued 4.50% fixed rate notes payable semi-annually in arrears aggregating to a total of S$120 million. The notes are due on 22 January 2019. The notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Trustee-Manager and at all times rank pari passu and rateably, without any preference or priority amongst themselves, and pari passu with all other present and future secured obligations (other than subordinated obligations and priorities created by law) of the Trustee-Manager. The bond expense has been fully amortised as of 30 September 2018.

India

Secured

The overdraft facilities from IndusInd Bank are secured by corporate guarantees and the Malar Clinical Establishment. As of 30 September 2018, the overdraft facilities amounted to INR 145.4 million (approximately S$2.7 million).

One of the subsidiaries has a loan amounting to INR 58.3 million (approximately S$1.1 million) secured against the asset purchased from the lender for which INR 10.5 million (approximately S$0.2 million) is repayable in one year or less.

Unsecured

The Group received an unsecured and interest-free loan amounting to INR 171.9 million (approximately S$3.2 million) from the Sponsor for the development of the Ludhiana Greenfield Clinical Establishment. This loan is repayable upon completion of the Ludhiana Greenfield Clinical Establishment. The Group also received unsecured and interest-free loans amounting to INR 9.5 million (approximately S$0.2 million) from an associate.

At the time of initial public offering, unsecured and interest-bearing OCDs were issued by one of the subsidiaries in RHT Group to FHTL for RHT Group's internal funding requirements. The OCDs were converted to NCDs as part of the Disposal. As FHTL became an associate, the liability of the subsidiary which amounted to INR 4,482.4 million (approximately S$84.5 million) is no longer eliminated. In addition, the NCDs are subordinated to all other creditors of the subsidiary whether secured or unsecured.

1(c) Consolidated Cash Flow Statement

	Group		Group	
	FY19 Q2 S$'000	FY18 Q2 S$'000	FY19 YTD S$'000	FY18 YTD S$'000
Profit before tax	**4,486**	**8,320**	**12,228**	**19,129**
Adjustments for:				
Depreciation and amortisation expense	2,687	3,029	5,434	6,070
Finance income	(3,895)	(3,975)	(7,773)	(8,122)
Finance expenses	4,521	5,436	9,779	9,588
Unrealised gain on financial assets	(131)	-	(227)	-
Fair value (gain) / loss on financial derivatives	-	(445)	389	(3,315)
Share of results of an associate	(2,391)	(2,312)	(4,672)	(5,183)
Foreign exchange loss	4,732	1,748	5,905	2,178
Foreign currency alignment	715	(89)	401	(343)
Operating cash flow before working capital changes	**10,724**	**11,712**	**21,464**	**20,002**
Changes in working capital:				
(Increase) / decrease in trade receivables	(1,548)	(6,678)	919	(15,483)
(Increase) / decrease in financial assets and other assets	(6,514)	(51)	(7,777)	5,141
Decrease / (increase) in inventories	15	11	25	(17)
Increase in trade and other payables and other liabilities	2,140	1,529	3,138	4,019
Cash flow generated from operations	**4,817**	**6,523**	**17,769**	**13,662**
Interest received	6,851	9	20,982	162
Tax paid	(367)	(292)	(11,611)	(5,578)
Net cash generated from / (used in) operating activities	**11,301**	**6,240**	**27,140**	**8,246**
Cash flow from investing activities				
Purchase of property, plant and equipment	(1,211)	(3,100)	(3,022)	(9,273)
Purchase of short term investments	(924)	(18)	9,847	1,980
Net cash (used in) / generated from investing activities	**(2,135)**	**(3,118)**	**6,825**	**(7,293)**
Cash flow from financing activities				
Distribution paid to Unitholders	(17,407)	-	(26,627)	(19,110)
Interest paid	(4,006)	(3,214)	(8,608)	(6,290)
(Repayment to) / net proceeds from borrowings	(3,226)	867	(2,066)	22,919
Net cash (used in) / generated from financing activities	**(24,639)**	**(2,347)**	**(37,301)**	**(2,481)**
Net (decrease) / increase in cash and cash equivalents	**(15,473)**	**775**	**(3,336)**	**(1,528)**
Effects of currency translation on cash and cash equivalents	(358)	-	(435)	(8)
Cash and cash equivalent at beginning of period	20,107	4,935	8,047	7,246
Cash and cash equivalents at end of period	**4,276**	**5,710**	**4,276**	**5,710**

1(d)(i) Statement of Changes in Unitholders' Funds

Group S$'000	Units in issue (net of units issue cost)	Capital reserve	Foreign currency translation reserve	Revaluation reserve	Other reserve	(Accumulated losses)/ Revenue reserves	Total
At 1 April 2018	**520,191**	**210,216**	**(47,588)**	**48,944**	**(85)**	**(69,141)**	**662,537**
Profit for the period	-	-	-	-	-	3,986	**3,986**
Other Comprehensive Income							
Foreign currency translation	-	-	(5,030)	-	-	-	**(5,030)**
Net surplus revaluation of land and buildings	-	-	-	(250)	-	250	**-**
Remeasurement of defined benefit plan	-	-	-	-	7	-	**7**
Total Comprehensive Income	-	-	(5,030)	(250)	7	4,236	**(1,037)**
Payment of Trustee-Manager fees in Units	684	-	-	-	-	-	**684**
Distribution on Units in issue	-	-	-	-	-	(9,220)	**(9,220)**
At 30 June 2018	**520,875**	**210,216**	**(52,618)**	**48,694**	**(78)**	**(74,125)**	**652,964**
Profit for the period	-	-	-	-	-	(5)	**(5)**
Other Comprehensive Income							
Foreign currency translation	-	-	(21,579)	-	-	-	**(21,579)**
Net surplus revaluation of land and buildings	-	-	-	(223)	-	223	**-**
Remeasurement of defined benefit plan	-	-	-	-	5	-	**5**
Total Comprehensive Income	-	-	(21,579)	(223)	5	218	**(21,579)**
Payment of Trustee-Manager fees in units	1,372	-	-	-	-	-	**1,372**
Distribution on units in issue	-	-	-	-	-	(17,407)	**(17,407)**
At 30 September 2018	**522,247**	**210,216**	**(74,197)**	**48,471**	**(73)**	**(91,314)**	**615,350**
At 1 April 2017	**518,114**	**210,216**	**(18,318)**	**43,096**	**(52)**	**(56,682)**	**696,374**
Profit for the period	-	-	-	-	-	9,181	**9,181**
Other Comprehensive Income							
Foreign currency translation	-	-	(5,471)	-	-	-	**(5,471)**
Depreciation transfer for land and building	-	-	-	103	-	(103)	**-**
Total Comprehensive Income	-	-	(5,471)	103	-	9,078	**3,710**
Payment of Trustee-Manager fees in Units	1,374	-	-	-	-	-	**1,374**
Distribution on Units in issue	-	-	-	-	-	(19,110)	**(19,110)**
At 30 June 2017	**519,488**	**210,216**	**(23,789)**	**43,199**	**(52)**	**(66,714)**	**682,348**
Profit for the period	-	-	-	-	-	(376)	**(376)**
Other Comprehensive Income							
Foreign currency translation	-	-	(7,478)	-	-	-	**(7,478)**
Net surplus revaluation of land and buildings	-	-	-	(205)	-	205	**-**
Total Comprehensive Income	-	-	(7,478)	(205)	-	(171)	**(7,854)**
At 30 September 2017	**519,488**	**210,216**	**(31,267)**	**42,994**	**(52)**	**(66,885)**	**674,494**

1(d)(i) Statement of Changes in Unitholders' Funds (Cont'd)

	Units in issue (net of Unit issue cost)	Revenue reserves/ (Accumulated losses)	Total
	S$'000	S$'000	S$'000
Trust			
At 1 April 2018	**520,191**	**(92,602)**	**427,589**
Loss for the period, representing total Comprehensive Income for the period	-	(10,214)	**(10,214)**
Payment of Trustee-Manager fees in Units	684	-	**684**
Distribution on Units in issue	-	(9,220)	**(9,220)**
At 30 June 2018	**520,875**	**(112,036)**	**408,839**
Loss for the period, representing total Comprehensive Income for the period	-	(5,098)	**(5,098)**
Payment of Trustee-Manager fees in units	1,372	-	**1,372**
Distribution on Units in issue	-	(17,407)	**(17,407)**
At 30 September 2018	**522,247**	**(134,541)**	**387,706**

	Units in issue (net of Unit issue cost)	Revenue reserves/ (Accumulated losses)	Total
	S$'000	S$'000	S$'000
At 1 April 2017	**518,114**	**(79,587)**	**438,527**
Loss for the period, representing total Comprehensive Income for the period	-	(7,847)	**(7,847)**
Payment of Trustee-Manager fees in Units	1,374	-	**1,374**
Distribution on Units in issue	-	(19,110)	**(19,110)**
At 30 June 2017	**519,488**	**(106,544)**	**412,944**
Profit for the period, representing total Comprehensive Income for the period	-	10,106	**10,106**
At 30 September 2017	**519,488**	**(96,438)**	**423,050**

1(d)(ii) Units in issue

	FY19 YTD		FY18 YTD	
	Number of Units		Number of Units	
	'000	S$'000	'000	S$'000
Balance as at 1 April	**808,732**	**520,191**	**806,332**	**518,114**
Issue of new Units - Payment of Trustee-Manager fees in Units	912	684	1,510	1,374
Balance as at 30 June	**809,644**	**520,875**	**807,842**	**519,488**
Issue of new units - Payment of Trustee-Manager fees in Units	1,759	1,372	-	-
Balance as at 30 September	**811,403**	**522,247**	**807,842**	**519,488**

2 Audit

The figures in this announcement have not been audited or reviewed by our auditor.

3 Auditors' Report

Not applicable.

4 Accounting Policies

The Group has applied the same accounting policies and methods of computation as in the Group's 31 March 2018 annual financial statement dated 9 July 2018 except for the adoption of all new and revised IFRS that are effective for annual periods beginning 1 April 2018 (IFRS 15: Revenue from contracts with customers; and IFRS 9: Financial Instruments).The changes in accounting standards do not have a material impact to the Group and its financial statements.

5 Changes in Accounting Policies

There is no change in the accounting policies and methods of computation adopted except as mentioned above.

6 Earnings Per Unit ("EPU") and Distribution Per Unit ("DPU")

	Group			
	FY19 Q2	FY18 Q2	FY19 YTD	FY18 YTD
Weighted number of Units	811,024,664	807,841,944	809,927,354	807,181,835
Total Units	811,402,944	807,841,944	811,402,944	807,841,944
EPU (cents)				
Net profit (S$'000)	(5)	(376)	3,981	8,805
Based on weighted number of Units as at 30 September	**(0.001)**	**(0.047)**	**0.492**	**1.091**
Distributable Income attributable for Distribution per unit (cents)				
Distributable Income* (S$'000)	7,922	9,673	16,473	20,118
Distributable Income attributable for distribution (S$'000)	7,526	9,189	15,649	19,112
Based on total Units as at 30 September	**0.928**	**1.138**	**1.929**	**2.366**

Diluted EPU is the same as the basic EPU as there were no dilutive instruments in issue during the financial period.

*The lower Distributable Income for both the current quarter and year-to-date is on the account of:-
(a) higher interest payments resulting from increased borrowings and higher interest rates;
(b) depreciation of the forward rate in determining the Distributable Income; and
(c) increase in professional fees.

Please see paragraph 8 for review of performance.

DPU is provided for illustration purposes only. Please see paragraph 11 and 12 for information on Distribution to Unitholders.

7 Net Asset Value ("NAV")

	Group	
	30 September 2018	31 March 2018
NAV	**615,350,000**	**662,537,000**
No. of Units in issue at end of period	**811,402,944**	**808,731,944**
NAV per Unit (S$)	**0.758**	**0.819**

The decrease in NAV per Unit by around 7.4% is mainly due to depreciation of the closing INR against SGD from 49.68 to 53.07 and the payment of distribution to Unitholders.

8 Review of Group's Performance

Quarter analysis

Portfolio							
	FY19 Q2	FY19 Q1	Variance		FY18 Q2	Variance	
	S$'000	S$'000	S$'000	%	S$'000	S$'000	%
Total Revenue (excluding straight lining)	22,269	21,995	274	1.2	23,948	(1,679)	(7.0)
Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)	12,244	12,599	(355)	(2.8)	13,405	(1,161)	(8.7)
	INR'000	INR'000	INR'000	%	INR'000	INR'000	%
Total Revenue (excluding straight lining)	1,151,430	1,105,566	45,864	4.1	1,136,099	15,331	1.3
Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)	633,520	633,250	270	0.0	636,031	(2,511)	(0.4)

FHTL(1)							
	FY19 Q2	FY19 Q1	Variance		FY18 Q2	Variance	
	S$'000	S$'000	S$'000	%	S$'000	S$'000	%
Total Revenue (excluding straight lining)	12,914	12,791	123	1.0	13,811	(897)	(6.5)
Net Service Fee (excluding straight-lining, depreciation and amortisation)	10,693	10,613	80	0.8	11,444	(751)	(6.6)
	INR'000	INR'000	INR'000	%	INR'000	INR'000	%
Total Revenue (excluding straight lining)	667,699	642,941	24,758	3.9	655,130	12,569	1.9
Net Service Fee (excluding straight-lining, depreciation and amortisation)	552,900	533,414	19,486	3.7	542,978	9,922	1.8

Group(2)							
	FY19 Q2	FY19 Q1	Variance		FY18 Q2	Variance	
Adjusted net service fee margin	61%	63%		(2.0)	62%		(1.0)
Distributable Income (S$'000)	7,922	8,551	(629)	(7.4)	9,673	(1,751)	(18.1)

Note:

(1) The table showing FHTL's results represent the performance of FHTL on a 100.0% basis before RHT's share. On 12 October 2016, the Group disposed 51.0% of its economic interest in FHTL and consequentially shares 49.0% of the results of FHTL going forward. Please refer to Note 1 of Paragraph 1(a) for the actual contribution from FHTL to the Group.

(2) This table considers the performance of FHTL which was accounted for as an associate.

FY19 Q2 against FY19 Q1

Exchange rate
The foreign exchange rates used to translate the results of the India subsidiary companies are INR/SGD 51.71 and INR/SGD 50.27 for the quarter ended 30 September 2018 and 30 June 2018 respectively.

Total Revenue
Total Revenue for FY19 Q2 in INR terms is higher than FY19 Q1 mainly due to higher variable fees recorded by the Operator at the Clinical Establishments as a result of higher occupancy. Increase in occupancy at the Clinical Establishments is due to an increase in common cases of dengue and viral related medical cases.

Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)
Despite the increase in Total Revenue, Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation) in INR terms remained fairly consistent. The Net Service Fee and Hospital Income margin excluding FHTL dropped from 57% to 55% mainly due to inflationary increase in consumables and higher housekeeping cost due to implementation of minimum wages.

Contribution from FHTL
Net Service Fee from FHTL increased against FY19 Q1 as a result of increase in total revenue. The increase in total revenue in FHTL is mainly due to higher revenue recorded by the Operator of the Clinical Establishments. The higher variable fees is a consequence of higher occupancy as a result of an increase in common cases of dengue and viral related medical cases. The net service fees margin has remained consistent.

Distributable Income
Despite the increase in Net Service Fees and contribution from FHTL, Distributable Income is lower due to depreciation of the forward rate.

FY19 Q2 against FY18 Q2

Exchange rate
The foreign exchange rates used to translate the results of the India subsidiary companies are SGD/INR 51.71 and SGD/INR 47.73 for the quarter ended 30 September 2018 and 30 September 2017 respectively.

Total Revenue
Total Revenue for the quarter in INR terms is higher compared to the corresponding quarter. This is mainly due to a contractual 3% increase in base fees and higher hospital income. The increase is offset by a lower variable fee attributable to lower occupancy.

Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)
Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation) has decreased in INR terms despite increase in total revenue. This is mainly due to inflationary increase in cost.

Contribution from FHTL
Net Service Fee from FHTL increased against FY18 Q2 due to the higher total revenue recorded. The higher total revenue is due to the contractual 3% increase in base fee offset by a lower variable fee attributed to lower occupancy rate and lower ARPOB. The net service fees margin has remained consistent.

Distributable Income
The lower Distributable Income for the current quarter is due to depreciation of the forward rate, higher interest payments resulting from increased borrowings, higher interest rates and higher professional fees.

Year-to-date analysis

Portfolio				
	FY19 YTD	FY18 YTD	Variance	
	S$'000	S$'000	S$'000	%
Total Revenue (excluding straight lining)	44,264	48,056	(3,792)	(7.9)
Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)	24,843	26,986	(2,143)	(7.9)
	INR'000	INR'000	INR'000	%
Total Revenue (excluding straight lining)	2,256,996	2,259,171	(2,175)	(0.1)
Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)	1,266,770	1,268,674	(1,904)	(0.2)
FHTL[(1)]				
	FY19 YTD	FY18 YTD	Variance	
	S$'000	S$'000	S$'000	%
Total Revenue (excluding straight lining)	25,705	27,711	(2,006)	(7.2)
Net Service Fee (excluding straight-lining, depreciation and amortisation)	21,306	22,919	(1,613)	(7.0)
	INR'000	INR'000	INR'000	%
Total Revenue (excluding straight lining)	1,310,640	1,302,738	7,902	0.6
Net Service Fee (excluding straight-lining, depreciation and amortisation)	1,086,314	1,077,422	8,892	0.8

Group[(2)]				
	FY19 YTD	FY18 YTD	Variance	
Adjusted net service fee margin	62%[(3)]	62%[(3)]		-
Distributable Income (S$'000)	16,473	20,118	(3,645)	(18.1)

Note:
(1) The table showing FHTL's results represent the performance of FHTL on 100.0% basis before RHT's share. On 12 October 2016, the Group disposed 51.0% of its economic interest in FHTL and consequentially shares of 49.0% of the results of FHTL going forward. Please refer to Note 1 of Paragraph 1(a) for actual contribution from FHTL to the Group.
(2) This table considers the performance of FHTL which was accounted as an associate.
(3) Considering 100.0% of FHTL, the adjusted net service fee margin would have been at around 66% for both FY2018 and FY2019.

FY19 YTD against FY18 YTD

Exchange rate
The foreign exchange rates used to translate the results of the Indian subsidiary companies are SGD/INR 50.99 and SGD/INR 47.01 for the quarter 30 September 2018 and 30 September 2017 respectively.

Total Revenue
Total revenue for FY 19 YTD in INR terms has decreased slightly by 0.1% against FY18 YTD. Decrease in total revenue is a result of decrease in variable fees due to a decrease in revenue recorded by the Operator at the Clinical Establishments. The lower variable fees is mainly attributed to a decrease in occupancy rate. However, the impact is offset with the contractual 3% increase in base fee and higher hospital income.

Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation)
Net Service Fee and Hospital Income (excluding straight-lining, depreciation and amortisation) in INR terms is lower compared to corresponding period. This is consistent with the lower revenue despite inflationary cost increase during the quarter.

Contribution from FHTL
Net Service Fee from FHTL in INR terms increased against FY18 YTD due to contractual 3% increase in base fees. However, the increase is offset by the decrease in occupancy. Net Service Fee margin has remained fairly consistent.

Distributable Income
The lower Distributable Income for the current period is due to depreciation of the forward rate, higher interest payments resulting from increased borrowings, higher interest rates and higher professional fees.

9 Variance from Forecast

No forecast has been provided.

10 Market and Industry Information

Over the last 12 months, there have been various new measures introduced by the Indian government which are relevant for the healthcare industry. While some of these measures are aimed at enhancing the standard of healthcare in India, others serve to help meet some of the healthcare demand in the country. These include:

- The medical devices rule, which took effect in January 2018, aims to bring in price control on critical medical devices such as stents and orthopaedic implants and certain diagnostic equipment.
- The capping of prices charged by hospitals for cardiac stents and knee implant procedures.
- The Clinical Establishment Act, 2010 (“Act”) and the Amendment Bills have taken effect in some states within India. The Act has been enacted by the Central Government to provide for the registration and regulation of all clinical establishments in the country, with a view to prescribe the minimum standards of facilities and services provided by them.
- The private healthcare hospitals have been directed to increase the number of designated free/ subsidised beds in their hospitals for the underprivileged.
- The Government’s recent budget encourages companies to make corporate social responsibility funds available for programmes to address health goals.

These measures may have an effect on the margins of the Operator and make the operating environment more challenging. There is no certainty that there will not be further regulatory controls coming into effect, which may have an impact on the healthcare industry operators. We continue to monitor the situation and as and when there are new developments in the industry.

11 Information on Distribution

Any distribution declared for:

Current financial period

Yes. A distribution of 1.92 Singapore Cents per Unit is declared which is equivalent to S$15.65 million.

Unitholders will not be subject to Singapore tax on the Distributions.

Event	**Date**
Distribution period	**1 April 2018 to 30 September 2018**
Ex-distribution date and time	**14 November 2018 at 9.00 a.m.**
Books closure date and time	**16 November 2018 at 5.00 p.m.**
Payment date	**28 December 2018**

Corresponding period of the immediately preceding year

No.

12 Distribution

Please refer to paragraph 11.

13 Interested Person Transactions

RHT has not obtained any general interested person transactions mandate from the Unitholders.

Separately, on 26 September 2018, Unitholders of RHT approved the Proposed Disposal of RHT's entire asset portfolio of clinical establishments and hospitals in India to Fortis Healthcare Limited.

14 Confirmation by Board

The Board of Directors of RHT Health Trust Manager Pte. Ltd. has confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material aspect.

15 Confirmation by Issuer

The issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

By Order of the Board
RHT Health Trust Manager Pte. Ltd.

Gurpreet Singh Dhillon
Executive Director & Chief Executive Officer
5 November 2018

THE COMPANY

RHT Health Trust Pte. Ltd.
(in its capacity as trustee-manager of RHT Health Trust)
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#15-01
Singapore 049910

THE TRUSTEE

DB International Trust (Singapore) Limited
One Raffles Quay
#16-00 South Tower
Singapore 048583

THE MEETING AGENT

Deutsche Bank AG, Singapore Branch

Submission of a Voting Instruction Form should be directed to:

Deutsche Bank AG, Singapore Branch
One Raffles Quay
#13-00 South Tower
(Central Mail Room)
Singapore 048583
Attention: Corporate Trust

Questions or request for assistance in connection with Voting Instructions and/or Voting Instruction Forms should be directed to:

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