Annual Audited Accounts

Amended Announcements
Please refer to the earlier announcement reference number: DCS-28022023-00024

IHH HEALTHCARE BERHAD

Subject	Annual Audited Accounts - 31 Dec 2022

Please refer attachment below.

Attachments

IHH_Audited Financial Statements for year ended 31 Dec 2022.pdf
2.0 MB

Announcement Info

Company Name	IHH HEALTHCARE BERHAD
Stock Name	IHH
Date Announced	24 Mar 2023
Category	Document Submission
Reference Number	DCS-24032023-00019

IHH Healthcare Berhad
(Registration No. 201001018208 (901914-V))
(Incorporated in Malaysia)
and its subsidiaries

Financial statements for the year ended 31 December 2022

IHH Healthcare Berhad
(Registration No. 201001018208 (901914-V))
(Incorporated in Malaysia)
and its subsidiaries

Directors' report for the year ended 31 December 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

Principal activities

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in note 41 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in note 41 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	1,548,398	278,927
Non-controlling interests	96,744	-
	1,645,142	278,927

Reserves and provisions

Except as disclosed in the financial statements, there were no material transfers to or from reserves and provisions during the financial year under review.

Dividends

Since the end of the previous financial year, the Company paid a first and final single tier cash dividend of 6 sen per ordinary share amounting to RM528,162,000 for the financial year ended 31 December 2021 on 29 April 2022.

The Board of Directors have declared that a first and final single tier cash dividend of 7 sen per ordinary share for the financial year ended 31 December 2022 to be paid on 28 April 2023 to shareholders whose names appear in the Record of Depositors of Bursa Malaysia Depository Sdn Bhd and The Central Depository (Pte) Limited ("CDP") at the close of business on 31 March 2023. The Company shall apply the RM:SGD noon middle rate as disclosed in the Bank Negara Malaysia's website on 31 March 2023 as the basis for computing the dividend quantum to be paid in SGD to the Singapore investors whose Company's shares are traded on SGX-ST.

Registration No. 201001018208 (901914-V)

Directors of the Company

Directors who served during the financial year until the date of this report are:

Tan Sri Mohammed Azlan Bin Hashim	
Takeshi Akutsu	Appointed on 1 April 2022
Tomo Nagahiro	Appointed on 3 February 2023
Lim Tsin-Lin	Appointed on 16 February 2023
Mehmet Ali Aydinlar	
Tunku Alizakri Bin Raja Muhammad Alias	
Jill Margaret Watts	
Dato' Muthanna Bin Abdullah	
Ong Ai Lin	
Satoshi Tanaka	
Masato Sugahara	Resigned on 31 March 2022
Takeshi Saito	Resigned on 27 January 2023
Dr. Farid Bin Mohamed Sani	Resigned on 10 February 2023
Dr. Kelvin Loh Chi-Keon	Resigned on 22 February 2023
Mok Jia Mei (Alternate Director to Dr. Farid Bin Mohamed Sani)	Appointed on 21 March 2022 and resigned on 10 February 2023
Mok Jia Mei (Alternate Director to Lim Tsin-Lin)	Appointed on 16 February 2023
Tomo Nagahiro (Alternate Director to Masato Sugahara)	Ceased on 31 March 2022
Tomo Nagahiro (Alternate Director to Takeshi Akutsu)	Appointed on 1 April 2022 and resigned on 27 January 2023
Wong Eugene (Alternate Director to Dr. Farid Bin Mohamed Sani)	Resigned on 21 February 2022

The names of Directors of subsidiaries are set out in the subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made a part hereof.

Directors' interests

The interests and deemed interests in the ordinary shares, units convertible into ordinary shares and options over ordinary shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares				
	At 1 January 2022	**Options exercised**	**Bought**	**Sold**	**At 31 December 2022**
Interests in the Company					
Mehmet Ali Aydinlar					
- Direct	421,644,132	4,179,000	-	14,500,000*	411,323,132
- Deemed	98,287,041	-	14,500,000*	-	112,787,041
Ong Ai Lin					
- Direct	10,000	-	-	-	10,000

*: Change of interest due to transfer of 14,500,000 shares in IHH Healthcare Berhad from Raffles Nominees (Pte) Limited (direct) to Raffles Nominees (Pte) Limited for SZA Gayrimenkul Yatirim Insaat ve Ticaret Anonim Sirketi (indirect).

Directors' interests (continued)

	Number of ordinary shares of TL1.00 each				
	At 1 January 2022	**Options exercised**	**Bought**	**Sold**	**At 31 December 2022**
Interests in subsidiaries					
Acibadem Saglik Yatirimlari Holding A.S. ("ASYH")					
Mehmet Ali Aydinlar					
- Direct	217,211,842	-	-	-	217,211,842
- Deemed	16,828,159	-	-	-	16,828,159
Acibadem Saglik Hizmetleri ve Ticaret A.S. ("ASH")					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
- Deemed	1	-	-	-	1
Acibadem Proje Yonetimi A.S.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
Aplus Hastane Otelcilik Hizmetleri A.S.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
- Deemed	2	-	-	-	2

	Number of ordinary shares of TL2.00 each				
	At 1 January 2022	**Options exercised**	**Bought**	**Sold**	**At 31 December 2022**
Interests in a subsidiary					
International Hospital Istanbul A.S.					
Mehmet Ali Aydinlar					
- Direct	1	-	-	-	1
- Deemed	1	-	-	-	1

	Number of options over ordinary shares				
	At 1 January 2022	**Granted**	**Exercised**	**Lapsed/ cancelled**	**At 31 December 2022**
Interests in the Company Enterprise Option Scheme ("EOS")					
Mehmet Ali Aydinlar	5,127,000	-	4,179,000	-	948,000

Directors' interests (continued)

	Number of units				
	At 1 January 2022	Options exercised	Bought	Sold	At 31 December 2022
Interests in a subsidiary					
Parkway Life Real Estate Investment Trust ("PLife REIT")					
Dr. Kelvin Loh Chi-Keon					
- Direct	120,000	-	-	-	120,000

Except as disclosed above, none of the other Directors holding office as at 31 December 2022 had any interest in the ordinary shares, units convertible into ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in note 38 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of the EOS as disclosed in note 21 to the financial statements.

Issue of shares and debentures

During the financial year, the Company issued 9,326,000 new ordinary shares pursuant to the exercise of vested Enterprise Option Scheme ("EOS") units.

Upon completion of the above, the issued and fully paid number of shares of the Company increased from 8,796,717,463 to 8,806,043,463 as at 31 December 2022.

There were no other changes in the issued and paid-up capital of the Company, and no other debenture were issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of share options pursuant to the following scheme:

EOS

At an extraordinary general meeting held on 15 June 2015, the Company's shareholders approved the establishment of the EOS for granting of non-transferrable options to eligible employees of the Group any time during the existence of the scheme.

The salient features and the other terms of the EOS are, *inter alia*, as follows:

(i) Eligible employees are executive directors and selected senior management employed by the Group who has been selected by the Board at its discretion, if as at the offer date, the employee:

- has attained the age of 18 years;
- is in the full time employment and payroll of the Group including contract employees or in the case of a director, is on the board of directors of the Group; and
- falls within such other categories and criteria that the Board may from time to time at its absolute discretion determine.

(ii) The aggregate number of shares to be issued under the EOS shall not exceed 2% of the issued and paid-up ordinary share capital (excluding treasury shares) of the Company.

(iii) The EOS shall be in force for a period of 10 years from 22 June 2015.

(iv) The EOS options granted in each year will vest in the participants over a three-year period, in equal proportion (or substantially equal proportion) each year.

(v) The exercise price for the EOS option granted shall be determined by the Board which shall be based on the 5-day weighted average market price of the underlying shares a day immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant regulatory from time to time (subject to the Board's discretion to grant the discount).

(vi) Each EOS option gives a conditional right to the participant to receive 1 Share, upon exercise of the option and subject to the payment of the exercise price.

(vii) The EOS options are granted if objective performance targets or such other objective conditions of exercise that the Board may determine from time to time on a yearly basis and which are met.

(viii) The total number of EOS options which may be allocated to a participant who either singly or collectively with persons connected with him owns 20% or more of the issued and paid-up capital of the Company shall not exceed in aggregate 10% of the total number of Shares to be issued under the EOS.

(ix) Options granted but not yet vested and any unexercised options shall lapse with immediate effect and cease to be exercisable if the participant is no longer in employment with the Group, by way of termination, disqualification or resignation or in the case of a director, cease or disqualified to be a Director of the Group or the participant becomes a bankrupt, unless the Board determines otherwise.

The options granted during the financial year is disclosed in note 21 to the financial statements.

Indemnity and insurance costs

During the financial year, the Company maintained a Directors' and Officers' Liability Insurance for the Group's directors and officers. The insurance premium incurred by the Company was RM877,000.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision made for doubtful debts, and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for those disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Significant events

Significant events during the financial year are as disclosed in notes 39 and 40 to the financial statements.

Subsequent event

Significant event subsequent to the end of the reporting period is as disclosed in note 46 to the financial statements.

Consolidation of subsidiaries with different financial year end

Pursuant to Section 247(7) of the Companies Act 2016, the Company has applied and has been granted approval by the Companies Commission of Malaysia for the following subsidiaries of the Company to continue to have or to adopt a financial year which does not coincide with the Company in relation to the financial year ended 31 December 2022:

- Parkway Healthcare India Private Limited
- Andaman Alliance Healthcare Limited
- Ravindranath GE Medical Associates Private Limited ("RGE") and its subsidiaries ("RGE Group")
- Fortis Healthcare Limited ("Fortis") and its subsidiaries ("Fortis Group")

The details of the subsidiaries of RGE and Fortis are disclosed in note 41 to the financial statements.

Auditors

The auditors, KPMG PLT have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in note 28 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Tan Sri Mohammed Azlan Bin Hashim
Director

....

Ong Ai Lin
Director

Date: 28 FEB 2023

IHH Healthcare Berhad

(Registration No. 201001018208 (901914-V))
(Incorporated in Malaysia)

and its subsidiaries

Statements of financial position as at 31 December 2022

		Group		Company	
	Note	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Assets					
Property, plant and equipment	3	11,882,760	10,840,572	195	330
Right-of-use assets	4	6,685,030	6,529,336	1,293	2,293
Investment properties	5	3,938,335	3,875,123	-	-
Goodwill on consolidation	6	13,209,372	12,170,705	-	-
Intangible assets	6	2,737,840	2,022,627	-	-
Investments in subsidiaries	7	-	-	20,743,073	19,713,748
Interests in associates	8	133,076	157,613	-	-
Interests in joint ventures	9	6,751	6,307	-	-
Other financial assets	10	127,620	76,345	-	-
Trade and other receivables	14	196,563	131,425	2,771	8,371
Tax recoverables		374,905	302,224	-	-
Derivative assets	24	258,970	297,208	-	-
Deferred tax assets	11	633,943	567,731	1,433	1,311
Total non-current assets		40,185,165	36,977,216	20,748,765	19,726,053
Development properties	12	76,471	73,862	-	-
Inventories	13	519,431	455,065	-	-
Trade and other receivables	14	2,625,424	2,497,529	30,534	76,505
Tax recoverables		73,641	18,373	-	117
Other financial assets	10	249,717	340,733	-	111,394
Derivative assets	24	149,816	127,967	-	-
Cash and cash equivalents	15	3,663,511	5,017,680	154,512	1,214,880
		7,358,011	8,531,209	185,046	1,402,896
Assets classified as held for sale	16	924,311	1,844	-	-
Total current assets		8,282,322	8,533,053	185,046	1,402,896
Total assets		48,467,487	45,510,269	20,933,811	21,128,949

Registration No. 201001018208 (901914-V)

Statements of financial position as at 31 December 2022 (continued)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Equity					
Share capital	17	19,684,881	19,614,918	19,684,881	19,614,918
Other reserves	18	(158,140)	(2,846,392)	23,294	33,799
Retained earnings		6,665,236	5,656,406	1,184,127	1,433,173
Total equity attributable to owners of the Company		26,191,977	22,424,932	20,892,302	21,081,890
Perpetual securities	19	-	2,158,358	-	-
Non-controlling interests	7	2,967,080	2,693,541	-	-
Total equity		29,159,057	27,276,831	20,892,302	21,081,890
Liabilities					
Loans and borrowings	20	7,565,989	7,609,491	-	-
Lease liabilities		1,407,923	1,783,904	298	1,307
Employee benefits	21	172,261	135,225	9,730	5,711
Trade and other payables	23	1,255,005	1,420,424	-	-
Derivative liabilities	24	-	471	-	-
Deferred tax liabilities	11	1,648,525	1,234,665	-	-
Total non-current liabilities		12,049,703	12,184,180	10,028	7,018
Bank overdrafts	15	44,135	24,229	-	-
Loans and borrowings	20	1,592,791	1,237,427	-	-
Lease liabilities		223,118	218,630	1,008	996
Employee benefits	21	148,470	165,127	4,032	5,668
Trade and other payables	23	4,208,470	4,052,574	24,761	31,905
Derivative liabilities	24	4,379	-	-	-
Tax payable		378,637	351,271	1,680	1,472
		6,600,000	6,049,258	31,481	40,041
Liabilities directly associated with assets classified as held for sale	16	658,727	-	-	-
Total current liabilities		7,258,727	6,049,258	31,481	40,041
Total liabilities		19,308,430	18,233,438	41,509	47,059
Total equity and liabilities		48,467,487	45,510,269	20,933,811	21,128,949

IHH Healthcare Berhad
(Registration No. 201001018208 (901914-V))
(Incorporated in Malaysia)
and its subsidiaries

Statements of profit or loss and other comprehensive income for the year ended 31 December 2022

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Revenue	25	17,988,687	17,131,763	340,436	1,393,542
Other operating income		497,786	722,449	31,471	1,826
Inventories and consumables		(3,796,895)	(3,604,102)	-	-
Purchases and contracted services		(1,700,658)	(1,533,014)	-	-
Development cost of properties sold		-	(2,540)	-	-
Staff costs	26	(6,319,461)	(6,079,462)	(54,689)	(74,883)
Depreciation and impairment of property, plant and equipment	3	(1,374,475)	(1,116,081)	(233)	(245)
Depreciation and impairment of right-of-use assets	4	(357,893)	(320,859)	(1,000)	(988)
Amortisation and impairment of intangible assets	6	(58,452)	(47,251)	-	-
Operating lease expenses	4c	(87,955)	(80,649)	(709)	(1,052)
Net loss on impairment of financial instruments		(44,686)	(80,605)	-	-
Other operating expenses		(2,486,260)	(1,929,742)	(46,802)	(13,285)
Finance income	27	113,383	543,601	13,968	2,450
Finance costs	27	(657,413)	(1,087,627)	(317)	(1,491)
Net monetary gain arising from hyperinflationary economy		462,512	-	-	-
Share of profits of associates (net of tax)	8	36,836	31,034	-	-
Share of profits of joint ventures (net of tax)	9	2,035	8,822	-	-
Profit before tax	28	2,217,091	2,555,737	282,125	1,305,874
Income tax expense	31	(571,949)	(379,152)	(3,198)	(1,303)
Profit for the year		1,645,142	2,176,585	278,927	1,304,571
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences from foreign operations		224,633	(397,621)	586	40
Realisation of foreign currency translation reserve ("FCTR") upon disposal of a joint venture		-	47,723	-	-
Hyperinflationary adjustments		669,372	-	-	-
Hedge of net investments in foreign operations		313,681	151,274	-	-
Cash flow hedge		22,137	11,617	-	-
Cost of hedging		1,292	(213)	-	-
	29	1,231,115	(187,220)	586	40

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Statements of profit or loss and other comprehensive income for the year ended 31 December 2022 (continued)

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liabilities	29	(15,297)	(8,512)	-	-
Total other comprehensive income for the year, net of tax		1,215,818	(195,732)	586	40
Total comprehensive income for the year		2,860,960	1,980,853	279,513	1,304,611
Profit attributable to:					
Owners of the Company		1,548,398	1,862,525	278,927	1,304,571
Non-controlling interests	7	96,744	314,060	-	-
Profit for the year		1,645,142	2,176,585	278,927	1,304,571
Total comprehensive income attributable to:					
Owners of the Company		2,835,443	1,714,730	279,513	1,304,611
Non-controlling interests		25,517	266,123	-	-
Total comprehensive income for the year		2,860,960	1,980,853	279,513	1,304,611
Earnings per ordinary share (sen):					
Basic	32	17.00	20.20		
Diluted	32	16.99	20.20		

The notes on pages 20 to 167 are an integral part of these financial statements.

IHH Healthcare Berhad
(Registration No. 201001018208 (901914-V))
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and its subsidiaries

Statements of changes in equity for the year ended 31 December 2022

		/------ Attributable to owners of the Company									------/			
		/------ Non-distributable							------/	Distributable				
Group	**Note**	**Share capital RM'000**	**Share option reserve RM'000**	**Revaluation reserve RM'000**	**Hedge reserve RM'000**	**Cost of hedging reserve RM'000**	**Capital reserve RM'000**	**Legal reserve RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Perpetual securities RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2021		19,473,364	80,168	83,434	12,454	408	(3,777,228)	55,590	1,556,893	4,254,736	21,739,819	2,158,061	3,137,489	27,035,369
Foreign currency translation differences from foreign operations		-	-	-	-	-	-	-	(245,378)	-	(245,378)	-	(152,243)	(397,621)
Realisation of FCTR upon disposal of subsidiaries and a joint venture		-	-	-	-	-	-	-	47,723	-	47,723	-	-	47,723
Hedge of net investments in foreign operations		-	-	-	-	-	-	-	53,802	-	53,802	-	97,472	151,274
Cash flow hedge		-	-	-	4,132	-	-	-	-	-	4,132	-	7,485	11,617
Costs of hedging		-	-	-	-	(76)	-	-	-	-	(76)	-	(137)	(213)
Remeasurement of defined benefit liabilities		-	-	-	-	-	-	-	-	(7,998)	(7,998)	-	(514)	(8,512)
Total other comprehensive income for the year	29	-	-	-	4,132	(76)	-	-	(143,853)	(7,998)	(147,795)	-	(47,937)	(195,732)
Profit for the year		-	-	-	-	-	-	-	-	1,862,525	1,862,525	-	314,060	2,176,585
Total comprehensive income for the year		-	-	-	4,132	(76)	-	-	(143,853)	1,854,527	1,714,730	-	266,123	1,980,853
Contributions by and distributions to owners														
Share-based payment transactions	21	-	5,930	-	-	-	4	-	-	-	5,934	-	8	5,942
Transfer to share capital on share options exercised		141,554	(38,364)	-	-	-	-	-	-	-	103,190	-	-	103,190
Cancellation of vested share options		-	(13,860)	-	-	-	-	-	-	13,860	-	-	-	-
Dividends to owners of the Company	33	-	-	-	-	-	-	-	-	(351,163)	(351,163)	-	-	(351,163)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(242,744)	(242,744)
Payment of coupon on perpetual securities	19	-	-	-	-	-	344	-	-	-	344	(88,003)	-	(87,659)
Accrued perpetual securities distribution	19	-	-	-	-	-	-	-	-	(88,300)	(88,300)	88,300	-	-
Issue of shares by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	477	477
Changes in ownership interests in subsidiaries	40	-	-	-	1	-	(6,276)	-	(6)	-	(6,281)	-	(45,316)	(51,597)
Acquisition of subsidiaries	39	-	-	-	-	-	-	-	-	-	-	-	20,439	20,439
Disposal of subsidiaries	39	-	-	-	-	-	86,823	-	-	(25,030)	61,793	-	(70,176)	(8,383)
Changes in fair value/recognition of liabilities on put options granted to non-controlling interests		-	-	-	-	-	(755,134)	-	-	-	(755,134)	-	(372,759)	(1,127,893)
Transfer per statutory requirements		-	-	-	-	-	-	2,224	-	(2,224)	-	-	-	-
Total transactions with owners		141,554	(46,294)	-	1	-	(674,239)	2,224	(6)	(452,857)	(1,029,617)	297	(710,071)	(1,739,391)
At 31 December 2021		19,614,918	33,874	83,434	16,587	332	(4,451,467)	57,814	1,413,034	5,656,406	22,424,932	2,158,358	2,693,541	27,276,831

Registration No. 201001018208 (901914-V)

Statements of changes in equity for the year ended 31 December 2022 (continued)

		/---------- Attributable to owners of the Company									----------/			
		/---------- Non-distributable							----------/	Distributable				
Group	**Note**	**Share capital RM'000**	**Share option reserve RM'000**	**Revaluation reserve RM'000**	**Hedge reserve RM'000**	**Cost of hedging reserve RM'000**	**Capital reserve RM'000**	**Legal reserve RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Perpetual securities RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2022		19,614,918	33,874	83,434	16,587	332	(4,451,467)	57,814	1,413,034	5,656,406	22,424,932	2,158,358	2,693,541	27,276,831
Hyperinflationary restatement to 1 January 2022		-	-	-	-	-	421,267	(26,450)	1,064,261	59,161	1,518,239	-	259,758	1,777,997
At 1 January 2022, restated		19,614,918	33,874	83,434	16,587	332	(4,030,200)	31,364	2,477,295	5,715,567	23,943,171	2,158,358	2,953,299	29,054,828
Foreign currency translation differences from foreign operations		-	-	-	-	-	-	-	489,854	-	489,854	-	(265,221)	224,633
Hyperinflationary adjustments		-	-	-	-	-	96,694	2,238	610,368	(20,308)	688,992	-	(19,620)	669,372
Hedge of net investments in foreign operations		-	-	-	-	-	-	-	111,509	-	111,509	-	202,172	313,681
Cash flow hedge		-	-	-	7,869	-	-	-	-	-	7,869	-	14,268	22,137
Costs of hedging		-	-	-	-	459	-	-	-	-	459	-	833	1,292
Remeasurement of defined benefit liabilities		-	-	-	-	-	-	-	-	(11,638)	(11,638)	-	(3,659)	(15,297)
Total other comprehensive income for the year	29	-	-	-	7,869	459	96,694	2,238	1,211,731	(31,946)	1,287,045	-	(71,227)	1,215,818
Profit for the year		-	-	-	-	-	-	-	-	1,548,398	1,548,398	-	96,744	1,645,142
Total comprehensive income for the year		-	-	-	7,869	459	96,694	2,238	1,211,731	1,516,452	2,835,443	-	25,517	2,860,960
Contributions by and distributions to owners														
Share-based payment transactions	21	-	3,319	-	-	-	-	-	-	-	3,319	-	-	3,319
Transfer to share capital on share options exercised		69,963	(14,221)	-	-	-	-	-	-	-	55,742	-	-	55,742
Cancellation of vested share options		-	(189)	-	-	-	-	-	-	189	-	-	-	-
Dividends to owners of the Company	33	-	-	-	-	-	-	-	-	(528,162)	(528,162)	-	-	(528,162)
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	(184,854)	(184,854)
Redemption and payment of coupon on perpetual securities	19	-	-	-	-	-	(47,158)	-	-	-	(47,158)	(2,210,570)	-	(2,257,728)
Accrued perpetual securities distribution	19	-	-	-	-	-	-	-	-	(52,212)	(52,212)	52,212	-	-
Changes in ownership interests in subsidiaries	40	-	-	-	(2)	-	(15,853)	-	(5)	-	(15,860)	-	(39,037)	(54,897)
Changes in fair value of liabilities on put options granted to non-controlling interests		-	-	-	-	-	(2,306)	-	-	-	(2,306)	-	212,155	209,849
Transfer per statutory requirements		-	-	-	-	-	-	2,778	-	(2,778)	-	-	-	-
Others		-	-	-	(16,180)	-	-	-	-	16,180	-	-	-	-
Total transactions with owners		69,963	(11,091)	-	(16,182)	-	(65,317)	2,778	(5)	(566,783)	(586,637)	(2,158,358)	(11,736)	(2,756,731)
At 31 December 2022		19,684,881	22,783	83,434	8,274	791	(3,998,823)	36,380	3,689,021	6,665,236	26,191,977	-	2,967,080	29,159,057

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Statements of changes in equity for the year ended 31 December 2022 (continued)

		/----------------- Attributable to owners of the Company			---------------------/
		/--------------- Non-distributable		--------------/	Distributable	
Company	**Note**	**Share capital RM'000**	**Share option reserve RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 January 2021		19,473,364	80,168	(115)	465,905	20,019,322
Foreign currency translation differences from foreign operations, representing total other comprehensive income for the year		-	-	40	-	40
Profit for the year		-	-	-	1,304,571	1,304,571
Total comprehensive income for the year		-	-	40	1,304,571	1,304,611
Contributions by and distributions to owners of the Company						
Share-based payment transactions		-	5,930	-	-	5,930
Transfer to share capital on share options exercised		141,554	(38,364)	-	-	103,190
Cancellation of vested share options		-	(13,860)	-	13,860	-
Dividends to owners of the Company	33	-	-	-	(351,163)	(351,163)
Total transactions with owners of the Company		141,554	(46,294)	-	(337,303)	(242,043)
At 31 December 2021		19,614,918	33,874	(75)	1,433,173	21,081,890

Statements of changes in equity for the year ended 31 December 2022 (continued)

		/---- Attributable to owners of the Company ----/				
		/---- Non-distributable ----/			Distributable	
Company	**Note**	**Share capital RM'000**	**Share option reserve RM'000**	**Foreign currency translation reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 January 2022		19,614,918	33,874	(75)	1,433,173	21,081,890
Foreign currency translation differences from foreign operations, representing total other comprehensive income for the year		-	-	586	-	586
Profit for the year		-	-	-	278,927	278,927
Total comprehensive income for the year		-	-	586	278,927	279,513
Contributions by and distributions to owners of the Company						
Share-based payment transactions		-	3,319	-	-	3,319
Transfer to share capital on share options exercised		69,963	(14,221)	-	-	55,742
Cancellation of vested share options		-	(189)	-	189	-
Dividends to owners of the Company	33	-	-	-	(528,162)	(528,162)
Total transactions with owners of the Company		69,963	(11,091)	-	(527,973)	(469,101)
At 31 December 2022		19,684,881	22,783	511	1,184,127	20,892,302

The notes on pages 20 to 167 are an integral part of these financial statements.

IHH Healthcare Berhad

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and its subsidiaries

Statements of cash flows for the year ended 31 December 2022

		Group		Company	
	Note	**2022 RM'000**	**2021 RM'000 Restated**	**2022 RM'000**	**2021 RM'000**
Cash flows from operating activities					
Profit before tax		2,217,091	2,555,737	282,125	1,305,874
Adjustments for:					
Dividend income	25	(63)	(2,585)	(340,436)	(1,393,542)
Finance income	27	(113,383)	(543,601)	(13,968)	(2,450)
Finance costs	27	657,413	1,087,627	317	1,491
Depreciation and impairment of property, plant and equipment	3	1,374,475	1,116,081	233	245
Depreciation and impairment of right-of-use assets	4	357,893	320,859	1,000	988
Amortisation and impairment of intangible assets	6	58,452	47,251	-	-
Impairment loss made:					
- Goodwill	28	150,066	6,090	-	-
- Trade and other receivables	28	44,686	80,605	8,567	-
Write-off:					
- Property, plant and equipment	28	1,087	1,863	-	-
- Trade and other receivables	28	10,048	20,749	-	-
- Inventories	28	4,296	3,601	-	-
Gain on disposal of property, plant and equipment	28	(11,864)	(14,975)	-	-
Gain on disposal of an investment property	28	-	(16,335)	-	-
Gain on disposal of subsidiaries	28	-	(53,032)	-	-
Gain on disposal of a joint venture	28	-	(139,053)	-	-
Change in fair value of investment properties	28	(23,750)	(87,107)	-	-
Remeasurement to fair value of interest in a joint venture	28	-	(86,061)	-	-
Provision for loan taken by a joint venture	28	-	2,563	-	-
Share of profits of associates (net of tax)		(36,836)	(31,034)	-	-
Share of profits of joint ventures (net of tax)		(2,035)	(8,822)	-	-
Equity-settled share-based payments	21	3,319	5,942	1,353	2,750
Net monetary gain arising from hyperinflationary economy		(462,512)	-	-	-
Operating profit/(loss) before changes in working capital		4,228,383	4,266,363	(60,809)	(84,644)
Changes in working capital:					
Development properties		(2,609)	(1,185)	-	-
Inventories		(108,513)	(138,254)	-	-
Trade and other receivables		(579,931)	(1,034,778)	77,506	(8,647)
Trade and other payables		746,445	930,047	(799,733)	20,559
Cash generated from/(used in) operations		4,283,775	4,022,193	(783,036)	(72,732)
Tax paid		(616,132)	(490,316)	(3,001)	(2,566)
Net cash from/(used in) operating activities		3,667,643	3,531,877	(786,037)	(75,298)

Statements of cash flows for the year ended 31 December 2022 (continued)

	Note	Group 2022 RM'000	Group 2021 RM'000 Restated	Company 2022 RM'000	Company 2021 RM'000 Restated
Cash flows from investing activities					
Interest received		85,597	52,017	13,340	1,597
Acquisitions of subsidiaries and a business, net of cash and cash equivalents acquired	39	(50,125)	(221,761)	-	-
Investment in subsidiaries		-	-	(268,582)	-
Purchase of other financial assets		(77,668)	(12,722)	-	-
Net placement of fixed deposits with tenor of more than 3 months		(85,012)	(2,129)	-	-
Purchase of property, plant and equipment		(1,668,399)	(1,027,402)	(97)	(63)
Purchase of investment properties		(206,941)	(312,868)	-	-
Development and purchase of intangible assets		(47,848)	(43,381)	-	-
Net cash inflow from disposal of subsidiaries	39	-	192,561	-	-
Proceeds from disposal of joint ventures	9	-	225,080	-	-
Proceeds from disposal of other financial assets		136,608	83,039	112,099	83,039
Proceeds from disposal of property, plant and equipment		35,017	76,777	-	-
Proceeds from disposal of an investment property		-	111,299	-	-
Proceeds from disposal of intangible assets		-	16,026	-	-
Dividends received from subsidiaries	25	-	-	340,372	1,390,957
Dividends received from associates		23,457	15,212	-	-
Dividends received from joint ventures		1,420	16,891	-	-
Repayment of advances by a joint venture		-	9,671	-	-
Net cash (used in)/from investing activities		(1,853,894)	(821,690)	197,132	1,475,530
Cash flows from financing activities					
Finance costs paid		(293,706)	(303,118)	-	-
Proceeds from loans and borrowings		4,061,286	2,833,956	-	-
Repayment of loans and borrowings		(3,632,316)	(3,374,149)	-	-
Payment of lease liabilities	4d	(337,144)	(383,142)	(1,019)	(1,007)
Payment of perpetual securities distribution and redemption		(2,257,728)	(87,659)	-	-
Dividends paid to owners of the Company		(528,162)	(351,163)	(528,162)	(351,163)
Dividends paid to non-controlling interests		(184,854)	(242,744)		-
Proceeds from exercise of share options		55,742	103,190	55,742	103,190
Repurchase of shares from non-controlling interests		(56,795)	-	-	-
Proceeds from issue of shares by subsidiaries to non-controlling interests		-	846	-	-
Proceeds from issuance of fixed rate notes		348,535	-	-	-
Redemption of fixed rate notes		(94,711)	-	-	-
Repayment of advances from a subsidiary		-	-	-	(83,039)
Net cash used in financing activities		(2,919,853)	(1,803,983)	(473,439)	(332,019)

Statements of cash flows for the year ended 31 December 2022 (continued)

	Note	Group 2022 RM'000	Group 2021 RM'000 Restated	Company 2022 RM'000	Company 2021 RM'000 Restated
Net (decrease)/increase in cash and cash equivalents		(1,106,104)	906,204	(1,062,344)	1,068,213
Effect of exchange rate fluctuations on cash held		(371,069)	(85,065)	1,976	(9)
Hyperinflationary restatement of cash and cash equivalents at beginning of the period		146,074	-	-	-
Cash and cash equivalents at 1 January		4,993,451	4,172,312	1,214,880	146,676
Cash and cash equivalents at 31 December		3,662,352	4,993,451	154,512	1,214,880

The notes on pages 20 to 167 are an integral part of these financial statements.

IHH Healthcare Berhad
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and its subsidiaries

Notes to the financial statements

IHH Healthcare Berhad is a company incorporated and domiciled in Malaysia. It is listed on Bursa Malaysia Securities Berhad and Singapore Exchange Securities Trading Limited. The address of the Company's principal place of business and registered office is as follows:

Level 11, Block A
Pantai Hospital Kuala Lumpur
8 Jalan Bukit Pantai
59100 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group" or "IHH Group" and individually referred to as "Group entities") and the Group's interests in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2022 do not include other entities.

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in note 41 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 28 February 2023.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023
- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements –Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16*, Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards and amendments:

- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17, *Insurance Contracts* and Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information* which are not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2024 for the amendment that is effective for annual periods beginning on or after 1 January 2024.

The initial application of the abovementioned amendments is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in note 2 and the following application of MFRS 129.

Application of MFRS 129, *Financial Reporting in Hyperinflationary Economies* for component entities whose functional currency is the Turkish Lira

The cumulative three-year inflation rate in Turkey has risen to above 100% as of March 2022, based on the Turkish nation-wide consumer price indices announced by the Turkish Statistical Institute (“TSI”). Hence Turkey is considered a hyperinflationary economy under MFRS 129 starting from April 2022. Consequently, the financial statements of the entities whose functional currency is the Turkish Lira are restated for the changes in the general purchasing power of the Turkish Lira as at 31 December 2022 based on MFRS 129. The restatement is calculated by means of conversion factors derived from the Turkish nation-wide consumer price index published by the TSI. The price index and conversion factors used to restate the financial statements of component entities whose functional currency is the Turkish Lira are as follows:

Date	Index	Conversion factor
31 December 2022	1,128.45	1.00
31 December 2021	686.95	1.64

1. Basis of preparation (continued)

(b) Basis of measurement (continued)

Application of MFRS 129, *Financial Reporting in Hyperinflationary Economies* for component entities whose functional currency is the Turkish Lira (continued)

MFRSs require the financial statements of an entity with a functional currency that is hyperinflationary to be restated in accordance with MFRS 129 requirements whether they are based on a historical cost or a current cost approach and to be applied retrospectively, as of 1 January 2022, as if the currency had always been hyperinflationary. The basic principle in MFRS 129 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the reporting date. Comparative figures for prior period are not restated as these financial statements are presented in Ringgit Malaysia, which is a non-hyperinflationary currency. Any difference between the adjusted balances of opening equity for the effects of applying MFRS 129 and the closing equity of the previous year are recognised in other comprehensive income as part of the foreign currency translation reserve.

The main procedures applied for the restatements mentioned above are as follows:

- Monetary assets and liabilities that are carried at amounts current at the reporting date are not restated because they are already expressed in terms of the measuring unit current at the reporting date.

- Non-monetary assets and liabilities that are not carried at amounts current at the reporting date, and components of shareholders' equity are restated by applying the monthly conversion factors that reflect the change in consumer price index from the month of the transaction or, if applicable, from the month of their most recent revaluation to the reporting date.

- Property, plant and equipment, intangible assets and right-of-use assets are restated by applying the monthly conversion factors that reflect the change in consumer price index from the month of the transaction or, if applicable, from the month of their most recent revaluation to the reporting date. Depreciation and amortisation is based on the restated costs.

- All items in the statement of profit or loss and other comprehensive income, except for the depreciation charges explained above and deferred tax charges, are restated by applying the monthly conversion factors that reflect the change in consumer price index as at the month of the transaction to the reporting date.

- The effects of inflation on the net monetary positions of the entities, are included in the statement of profit or loss as "Net monetary gain arising from hyperinflationary economy".

- All items in the statement of cash flows are restated by applying the monthly conversion factors that reflect the change in consumer price index from the month on which the transaction originated to the reporting date.

1. Basis of preparation (continued)

(c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - measurement of the recoverable amounts of property, plant and equipment
- Note 5 - measurement of the fair value of investment properties
- Note 6 - measurement of the recoverable amounts of cash-generating units
- Note 22 - measurement of retirement benefits
- Note 23 - measurement of fair value of liabilities on put options granted to non-controlling interests
- Note 44 - assessment on whether the risk of loss is remote, possible or probable required significant judgement given the complexities involved

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a gain on bargain purchase is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

(vi) Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs, adjusted for hyperinflationary effects as described in note 1(b), where applicable. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Associates (continued)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of investment includes transaction costs.

(vii) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(viii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(ix) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions between subsidiaries in the Group, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group’s interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Foreign operations

The assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

The income and expenses of foreign operations in hyperinflationary economies are translated to RM at exchange rates at the end of the reporting period. Prior to translating the financial statements of foreign operations in hyperinflationary economies, their financial statements for the current period are restated to account for changes in the general purchasing power of the local currency. The restatement is based on changes in the relevant price indices in the period from initial recognition to the end of the reporting period.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(a) Amortised cost (continued)

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(o)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

(c) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(c) Fair value through other comprehensive income (continued)

(i) Debt investments (continued)

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(o)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see note 2(o)(i)).

Financial liabilities

Except for liabilities on put options granted to non-controlling interests, the categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

(a) Fair value through profit or loss (continued)

On initial recognition, the Group may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, *Financial Instruments*, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group recognises the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss and liabilities on put options granted to non-controlling interests are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Liabilities on put options granted to non-controlling interests

The Group granted put options to the non-controlling interests in existing subsidiaries over their equity interests in those subsidiaries which provide for settlement in cash by the Group. The Group recognises a liability for the present value of the exercise price of the options. Subsequent to initial recognition, the Group recognises the changes in the carrying amount of the financial liabilities in equity.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

- the recognition of an asset to be received and the liability to pay for it on the trade date, and

- derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- the recognition of an asset on the day it is received by the Group, and

- derecognition of an asset and recognition of any gain or loss on disposal on the day that it is delivered by the Group.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group applies settlement date accounting unless otherwise stated for the specific class of asset.

(v) Hedge accounting

At inception of a designated hedging relationship, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedges directly affected by interest rate benchmark reform

<u>Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from Interest rate benchmark reform</u>

For the purpose of evaluating whether there is an economic relationship between the hedged items and the hedging instruments, the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

Phase 1 amendments: Prior to interest rate benchmark reform – when there is uncertainty arising from Interest rate benchmark reform (continued)

For a cash flow hedge of a forecasted transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of contractual cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform

When the basis for determining the contractual cash flows of the hedged item or the hedging instrument changes as a result of interest rate benchmark reform and therefore there is no longer uncertainty arising about the cash flows of the hedged item or the hedging instrument, the Group amends the hedge documentation of that hedging relationship to reflect the changes required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

Phase 2 amendments: Replacement of benchmark interest rates – when there is no longer uncertainty arising from interest rate benchmark reform (continued)

For this purpose, the hedge designation is amended only to make one or more of the following changes:

- designating an alternative benchmark rate as the hedged risk;
- updating the description of hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- updating the description of the hedging instrument.

The Group amends the description of the hedging instrument only if the following conditions are met:

- it makes a change required by interest rate benchmark reform by changing the basis for determining the contractual cash flows of the hedging instrument;
- the chosen approach that is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument; and
- the original hedging instrument is not derecognised.

The Group amends the formal hedge documentation by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If changes are made in addition to those changes required by interest rate benchmark reform described above, then the Group first considers whether those additional changes result in the discontinuation of the hedge accounting relationship. If the additional changes do not result in discontinuation of the hedge accounting relationship, then the Group amends the formal hedge documentation for changes required by interest rate benchmark reform as mentioned above.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Group deems that the hedging reserve recognised in other comprehensive income for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

(a) Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(v) Hedge accounting (continued)

(a) Cash flow hedge (continued)

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(b) Hedge of a net investment

A hedge of a net investment is a hedge in the interest of the net assets of a foreign operation. In a net investment hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss. The cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss on disposal of the foreign operation.

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(viii) Interest rate benchmark reform

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. No immediate gain or loss is recognised. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and

- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Group applies the policies on accounting for modifications to the additional changes.

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable, willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement costs when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" and "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset, adjusted for hyperinflationary effects as described in note 1(b), where applicable, less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction (construction-in-progress) are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	5 - 60 years
• Hospital and medical equipment, renovations, furniture and fittings and equipment	3 - 25 years
• Laboratory and teaching equipment	2 - 10 years
• Motor vehicles	4 - 8 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

2. Significant accounting policies (continued)

(e) Leases

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(i) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

2. Significant accounting policies (continued)

(e) Leases (continued)

(i) Recognition and initial measurement (continued)

(a) As a lessee (continued)

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15, *Revenue from Contracts with Customers*, to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

2. Significant accounting policies (continued)

(e) Leases (continued)

(ii) Subsequent measurement

(a) As a lessee

The ROU asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term, adjusted for hyperinflationary effects as described in note 1(b), where applicable. The estimated useful lives of ROU assets are determined on the same basis as those of property, plant and equipment. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in profit or loss if the carrying amount of the ROU asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. The Group applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9, *Financial Instruments* (see note 2(o)(i)).

(f) Goodwill on consolidation

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses, adjusted for hyperinflationary effects as described in note 1(b), where applicable. In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

2. Significant accounting policies (continued)

(g) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to prepare the asset for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

(ii) Other intangible assets

Customer relationships that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

Brand names and hospital licenses that have indefinite lives and other intangible assets that are not yet available for use are stated at cost less impairment losses, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

2. Significant accounting policies (continued)

(g) Intangible assets (continued)

(iv) Amortisation

Amortisation is calculated based on the cost of an asset less its residual value, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

• Customer relationships	5 - 20 years
• Capitalised development costs	5 - 10 years
• Brand use rights	remaining term of the right
• Other intangibles	2 - 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

(h) Investment properties

(i) Recognition and measurement

Investment properties are properties which are owned or ROU asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. ROU asset held under a lease contract that meets the definition of investment property is initially measured similarly as other ROU assets.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

2. Significant accounting policies (continued)

(h) Investment properties (continued)

(i) Recognition and measurement (continued)

The fair value of investment properties held by the Group as a ROU asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(i) Development properties

Properties under development

The cost of properties under development comprises specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure that can be allocated on a reasonable basis to the properties under development. Borrowing costs payable on loans funding development properties are also capitalised, on a specific identification basis, as part of the cost of the development properties until the completion of development.

Development properties are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less cost to be incurred in selling the properties.

Completed properties

Completed properties comprise completed development properties held for sale. It is stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less cost to be incurred in selling the properties.

2. Significant accounting policies (continued)

(j) Inventories

Inventories are measured at the lower of cost and net realisable value, adjusted for hyperinflationary effects as described in note 1(b), where applicable.

The cost of inventories is calculated using the weighted average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their existing location and condition. Due allowance is made for all damaged, expired and slow moving items.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any allowance for write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any allowance for write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Contract assets/contract liabilities

Contract assets are recognised when the Group's right to consideration is conditional on something other than the passage of time. Contract assets are subject to impairment in accordance to MFRS 9, *Financial Instruments* (see note 2(o)(i)).

Contract liabilities are stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(l) Contract costs

(i) Incremental costs of obtaining a contract

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs.

(ii) Costs to fulfil a contract

The Group recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost, adjusted for hyperinflationary effects as described in note 1(b), where applicable, and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

2. Significant accounting policies (continued)

(m) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(n) Assets classified as held for sale

Assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, contract assets, contract costs, financial assets, deferred tax assets, and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint ventures ceases once classified as held for sale or distribution.

(o) Impairment

(i) Financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

2. Significant accounting policies (continued)

(o) Impairment (continued)

(i) Financial assets (continued)

The Group measures loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss.

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

2. Significant accounting policies (continued)

(o) Impairment (continued)

(ii) Other assets

The carrying amounts of other assets (except for inventories, lease receivables, deferred tax assets, development properties, investment properties measured at fair value and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time and whenever there is an indication that they may be impaired.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. Significant accounting policies (continued)

(p) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of shares and share options classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Distributions of non-cash assets to owners of the Company

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in profit or loss.

(q) Perpetual securities

Perpetual securities do not have a maturity date and the issuer is able to elect to defer making a distribution, subject to the terms and conditions of the securities issue. Accordingly, perpetual securities are presented within equity as the issuer is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities. Distributions are treated as dividends which will be directly debited from retained earnings. Incremental costs directly attributable to the issuance of perpetual securities are deducted against the proceeds from the issue.

(r) Compound financial instruments

A compound financial instrument is a non-derivative financial instrument that contains both a liability and an equity component.

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, when the number of shares to be issued does not vary with changes in their fair value.

The proceeds are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

2. Significant accounting policies (continued)

(r) Compound financial instruments (continued)

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

Interest, losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

(s) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contributions to defined contribution plans are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group has non-funded defined benefit plans given to employees of certain subsidiaries within the Group.

The Group's net obligation in respect of defined benefit retirement plan and termination plan are calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

2. Significant accounting policies (continued)

(s) Employee benefits (continued)

(ii) Defined benefit plans (continued)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

(iii) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of the employee share options is measured using the trinomial option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average cost of capital, earnings before interest, tax, depreciation, amortisation, exchange differences and other non-operational items (“EBITDA”) multiples, expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

2. Significant accounting policies (continued)

(t) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(u) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following criteria is met over time:

- the customer simultaneously receives and consumes the benefits provided as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income receivable under operating lease is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease. Contingent rentals are recognised as income in the reporting period in which they are earned.

(iii) Government grant income

Government grants related to assets are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

2. Significant accounting policies (continued)

(u) Revenue and other income (continued)

(iv) Dividend income

Dividend income from investments is recognised in profit or loss on the date that the right to receive payment is established.

(v) Finance income

Finance income comprises interest income from bank deposits and debt securities, net fair value gain of financial instruments that are recognised in profit or loss and net exchange gain from foreign currency denominated interest-bearing borrowings and lending.

Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(v) Finance costs

Finance costs comprises interest expense on borrowings, lease liabilities and bonds, amortisation of borrowing transaction costs and discount on bonds, bank charges, net fair value losses on financial instruments that are recognised in profit or loss and net exchange losses from foreign currency denominated interest-bearing borrowings and lending.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2. Significant accounting policies (continued)

(w) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(h), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

2. Significant accounting policies (continued)

(x) Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

Both basic and diluted EPS of the Group are adjusted to take into consideration the effect of perpetual securities distribution on earnings.

(y) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(z) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where 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 entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

2. Significant accounting policies (continued)

(aa) Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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3. Property, plant and equipment

Group	Note	Freehold land RM'000	Buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction - in-progress RM'000	Total RM'000
Cost								
At 1 January 2021		1,372,294	7,094,692	9,470,909	72,971	52,227	1,000,935	19,064,028
Acquisitions through business combinations	39	-	-	105,537	-	2,235	54	107,826
Disposal of subsidiaries	39	(37,756)	(235,105)	(88,635)	-	(67)	(4,952)	(366,515)
Additions		4,520	20,410	397,962	6,715	7,688	664,234	1,101,529
Disposals		(49,020)	(2,510)	(128,537)	-	(4,046)	(2,889)	(187,002)
Write off		-	(41)	(56,187)	(515)	(282)	-	(57,025)
Reclassification		2,432	50,432	223,471	(914)	2,652	(278,073)	-
Transfer from development properties	12	-	17,405	-	-	-	-	17,405
Transfer to assets classified as held for sale	16	-	(2,083)	-	-	-	-	(2,083)
Translation differences		(19,555)	(69,060)	(812,762)	-	(6,282)	(35,210)	(942,869)
At 31 December 2021		1,272,915	6,874,140	9,111,758	78,257	54,125	1,344,099	18,735,294
At 1 January 2022		1,272,915	6,874,140	9,111,758	78,257	54,125	1,344,099	18,735,294
Hyperinflationary restatement to 1 January 2022		34,828	143,467	907,346	-	4,361	23,640	1,113,642
At 1 January 2022, restated		1,307,743	7,017,607	10,019,104	78,257	58,486	1,367,739	19,848,936
Acquisitions through business combinations		-	1,014	845	-	-	-	1,859
Additions		-	50,566	663,367	9,188	6,078	945,784	1,674,983
Disposals		-	(5,524)	(149,407)	-	(4,418)	(10,049)	(169,398)
Write off		-	-	(18,323)	(1,375)	-	-	(19,698)
Reclassification		-	49,101	620,047	1,744	3,310	(674,202)	-
Transfer to intangible assets	6	-	-	-	-	-	(41,188)	(41,188)
Transfer to assets classified as held for sale	16	(28,267)	(103,218)	(268,601)	(88,019)	(2,344)	(140,773)	(631,222)
Hyperinflationary adjustments		24,040	11,543	877,834	-	4,735	(50,665)	867,487
Translation differences		(21,082)	214,837	239,430	205	750	(26,008)	408,132
At 31 December 2022		1,282,434	7,235,926	11,984,296	-	66,597	1,370,638	21,939,891

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3. Property, plant and equipment (continued)

Group	Note	Freehold land RM'000	Buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction - in-progress RM'000	Total RM'000
Accumulated depreciation and impairment losses								
At 1 January 2021		-	1,573,529	5,831,455	48,699	40,836	12	7,494,531
Acquisitions through business combinations	39	-	-	53,219	-	1,559	-	54,778
Disposal of subsidiaries	39	-	(41,034)	(71,536)	-	(67)	-	(112,637)
Depreciation charge for the year		-	155,881	780,930	7,152	4,710	-	948,673
Impairment loss		-	-	165,843	-	55	1,510	167,408
Disposals		-	(896)	(121,904)	-	(3,067)	-	(125,867)
Write off		-	(41)	(54,324)	(515)	(282)	-	(55,162)
Transfer to assets classified as held for sale	16	-	(345)	-	-	-	-	(345)
Translation differences		-	(20,112)	(453,535)	-	(3,044)	34	(476,657)
At 31 December 2021		-	1,666,982	6,130,148	55,336	40,700	1,556	7,894,722
At 1 January 2022		-	1,666,982	6,130,148	55,336	40,700	1,556	7,894,722
Hyperinflationary restatement to 1 January 2022		-	34,959	576,009	-	5,864	-	616,832
At 1 January 2022, restated		-	1,701,941	6,706,157	55,336	46,564	1,556	8,511,554
Depreciation charge for the year		-	154,662	826,122	3,108	6,281	-	990,173
Impairment loss		-	18	31,290	-	-	352,994	384,302
Disposals		-	(2,197)	(141,258)	-	(4,046)	-	(147,501)
Write off		-	-	(17,257)	(1,354)	-	-	(18,611)
Reclassification		-	357	(1,193)	836	-	-	-
Transfer to assets classified as held for sale	16	-	(41,688)	(237,538)	(57,922)	(2,062)	(1,466)	(340,676)
Hyperinflationary adjustments		-	18,113	442,285	-	2,211	-	462,609
Translation differences		-	33,106	174,376	(4)	546	7,257	215,281
At 31 December 2022		-	1,864,312	7,782,984	-	49,494	360,341	10,057,131

3. Property, plant and equipment (continued)

Group	Note	Freehold land RM'000	Buildings RM'000	Hospital and medical equipment, renovations, furniture and fittings and equipment RM'000	Laboratory and other teaching equipment RM'000	Motor vehicles RM'000	Construction - in-progress RM'000	Total RM'000
Net carrying amount								
At 1 January 2021		1,372,294	5,521,163	3,639,454	24,272	11,391	1,000,923	11,569,497
At 31 December 2021		1,272,915	5,207,158	2,981,610	22,921	13,425	1,342,543	10,840,572
At 1 January 2022, restated		1,307,743	5,315,666	3,312,947	22,921	11,922	1,366,183	11,337,382
At 31 December 2022		1,282,434	5,371,614	4,201,312	-	17,103	1,010,297	11,882,760

3. Property, plant and equipment (continued)

Securities

As at 31 December 2022, property, plant and equipment of the Group with carrying amounts of RM2,085,246,000 (2021: of RM2,645,020,000) were charged to licensed financial institutions for credit facilities and term loans granted to the Group.

Borrowing costs

In 2022, the Group capitalised borrowing costs at 4.6% to 5.5% (2021: 3.0% to 5.3%), amounting to RM26,131,000 (2021: RM27,079,000).

ROU assets depreciation

Included in the additions of construction-in-progress of the Group is the depreciation expense of ROU assets amounting to RM3,589,000 (2021: RM3,822,000) (see note 4).

Impairment loss

The Group recognised the following material impairment loss:

<u>2022</u>
Parkway Shanghai Hospital ("PSH"), a part of the China healthcare services operating segment, was planned to be operational in 2022. However, its construction and preparation for opening was longer than expected and was hampered by the COVID-19 pandemic. The Group performed an assessment of the recoverable amount of PSH's property, plant and equipment, using the value in use approach, and determined it to be lower than the carrying amount. The value in use calculations apply a discounted cash flow model using cash flow projections based on the approved financial budgets for 2023 and 10 years business plans with a perpetual terminal value. PSH's operations was assumed to ramp up to reach a steady-state revenue growth of 20% year-on-year and EBITDA margins of about 20%. A pre-tax discount rate of 14.7% and perpetual growth rate of 3% was used to estimate the terminal value. Accordingly, in 2022, an impairment loss of RM353,000,000 was recognised in 'depreciation and impairment of property, plant and equipment' in the statement of profit or loss.

<u>2021</u>
Gleneagles Chengdu Hospital ("GCD"), a part of the China healthcare services operating segment, was operational in late 2019. However, its ramp up was longer than expected and was hampered by the COVID-19 pandemic. The Group performed an assessment of the recoverable amount of the property, plant and equipment of GCD and determined it to be lower than the carrying amount. The recoverable amount was estimated, using a market-comparison approach, based on its fair value less costs of disposal, where majority of the property, plant and equipment (except for certain medical equipment) were written down to nil. Accordingly, in 2021, an impairment loss of RM166,074,000 was recognised in 'depreciation and impairment of property, plant and equipment' in the statement of profit or loss. The fair value measurement was categorised as a Level 3 fair value.

4. Leases

The Group leases certain land and buildings, building space, offices, equipment and vehicles. The leases are between more than 1 year and 99 years and may have options to renew after expiry. Lease payments are renegotiated at the end of lease terms or periodically to reflect market rentals.

(a) Right-of-use assets

	Note	Land and buildings RM'000	Equipment RM'000	Motor vehicles RM'000	Total RM'000
Group					
At 1 January 2021		6,510,451	86,742	14,939	6,612,132
Acquisitions through business combinations		34,694	-	-	34,694
Additions		429,929	21,308	-	451,237
Modification/reassessment		56,924	(1,057)	2,796	58,663
Depreciation charge for the year		(293,842)	(26,597)	(2,354)	(322,793)
Impairment loss		(1,888)	-	-	(1,888)
Translation differences		(278,744)	(16,713)	(7,252)	(302,709)
At 31 December 2021		6,457,524	63,683	8,129	6,529,336
At 1 January 2022		6,457,524	63,683	8,129	6,529,336
Hyperinflationary restatement to 1 January 2022		151,178	1,141	1,358	153,677
At 1 January 2022, restated		6,608,702	64,824	9,487	6,683,013
Acquisitions through business combinations		-	-	64	64
Additions		213,885	25,068	-	238,953
Modification/reassessment		100,156	(355)	104	99,905
Depreciation charge for the year		(333,445)	(24,459)	(5,512)	(363,416)
Reversal of impairment loss		1,934	-	-	1,934
Transfer to assets classified as held for sale	16	(264,314)	(769)	-	(265,083)
Hyperinflationary adjustments		6,607	99,904	(3,907)	102,604
Translation differences		184,443	2,613	-	187,056
At 31 December 2022		6,517,968	166,826	236	6,685,030

4. Leases (continued)

(a) Right-of-use assets (continued)

Depreciation capitalised in carrying amount of another asset

During the year, depreciation expense of ROU assets amounting to RM3,589,000 (2021: RM3,822,000) was capitalised in property, plant and equipment (see note 3).

Extension options

Some properties, equipment and motor vehicles leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group estimated that the potential future lease payments, should it exercise the extension options, would result in an increase in lease liability of RM90,706,000 as at 31 December 2022 (2021: RM88,506,000).

Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement, whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances, including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

Restriction imposed by lease

For certain leases of properties, equipment and vehicles, the Group is restricted from entering into any sub-lease arrangements.

Leases committed but not yet commenced

As at 31 December 2022, the Group has entered into new leases which will result in an increase in lease liability of RM17,021,000 (2021: RM53,611,000).

4. Leases (continued)

(b) Leases as lessor

Operating lease

The Group leases out investment properties and certain properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following were recognised in profit or loss:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Rental income	269,349	272,339
Variable rental income that do not depend on an index or rate	1,352	1,515
	270,701	273,854

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease receivables after the end of the financial year:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Less than one year	214,353	198,300
One to two years	183,245	168,771
Two to three years	131,897	140,717
Three to four years	109,341	110,072
Four to five years	94,306	101,522
More than five years	504,662	542,945
Total	1,237,804	1,262,327

4. Leases (continued)

(c) Amounts recognised in profit or loss

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
(Expenses)/income arising from leases:				
Expenses relating to short-term leases	(68,219)	(65,152)	(709)	(1,050)
Expenses relating to leases of low-value assets	(6,003)	(3,231)	-	(2)
Expenses relating to variable lease payments not included in the measurement of lease liabilities	(13,733)	(12,266)	-	-
Income from subleasing ROU assets	15,365	10,958	-	-

(d) Cash outflows for leases as lessee

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Included in net cash used in operating activities				
Payment relating to short-term leases	(68,219)	(65,152)	(709)	(1,050)
Payment relating to leases of low-value assets	(6,003)	(3,231)	-	(2)
Payment relating to variable lease payments not included in the measurement of lease liabilities	(13,733)	(12,266)	-	-
	(87,955)	(80,649)	(709)	(1,052)
Included in net cash used in financing activities				
Payment of lease liabilities	(337,144)	(383,142)	(1,019)	(1,007)
Total cash outflows for leases	(425,099)	(463,791)	(1,728)	(2,059)

5. Investment properties

	Group 2022 RM'000	Group 2021 RM'000
At 1 January	3,875,123	3,612,547
Additions	204,229	315,587
Change in fair value recognised in profit or loss	23,750	87,107
Translation differences	(164,767)	(140,118)
At 31 December	3,938,335	3,875,123

Investment properties include land, retail units and medical suites within hospitals and nursing homes with care services leased or intended to be leased to external parties.

Change in fair value is recognised as a gain or loss in profit or loss and is respectively included in 'other operating income' or 'other operating expenses' in the statement of profit or loss and other comprehensive income. All gains or losses are unrealised.

The followings are recognised in profit or loss in respect of investment properties:

	Group 2022 RM'000	Group 2021 RM'000
Rental income	195,803	199,387
Direct operating expenses:		
- income generating investment properties	(25,138)	(28,544)
- non-income generating investment properties	(1,201)	(1,195)
	169,464	169,648

Fair value hierarchy

The fair values of investment properties are categorised as follows:

	Level 3 2022 RM'000	Level 3 2021 RM'000
Land and buildings	3,938,335	3,875,123

5. Investment properties (continued)

Determination of fair value

The fair values of investment properties were determined by external, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of properties being valued.

Valuation processes

In determining the fair value, the valuers have used valuation methods which involved certain estimates. In assessing the fair value measurements, the Group reviewed the valuation methodologies and evaluated the assessments made by the valuers. The Group exercised its judgement and was satisfied that the valuation methods and estimates were reflective of the current market conditions. The valuation reports were prepared in accordance with recognised appraisal and valuation standards.

The following table shows the valuation techniques used in the determination of fair values of investment properties, as well as the significant unobservable inputs used in the valuation models.

Valuation technique	**Significant unobservable inputs**	**Inter-relationship between significant unobservable inputs and fair value measurement**
Discounted cash flow approach: The method involves the estimation and the projection of an income stream over a period and discounting the income stream with an appropriate rate of return.	• Risk-adjusted discount rates range from 4.2% to 7.0% (2021: 4.5% to 7.0%) • Terminal yield rates range from 4.5% to 6.6% (2021: 4.8% to 6.8%)	The estimated fair value would increase/(decrease) if: • the risk-adjusted discount rates were lower/(higher); or • the terminal yield rates were lower/(higher).
Direct comparison approach: The method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.	• Premium made for differences in type of development (including design, use and proximity to complementary businesses) range from 0% to 30% (2021: 0% to 30%)	The estimated fair value would increase/(decrease) if premium made for differences in type of development was higher/ (lower).
Direct capitalisation approach: The method capitalises an income stream into a present value using revenue multipliers or single-year capitalisation rates.	• Capitalisation rates range from 4.4% to 6.5% (2021: 4.5% to 6.7%)	The estimated fair value would increase/(decrease) if the capitalisation rates were lower/(higher).

6. Goodwill on consolidation and intangible assets

Group	Note	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Other intangibles* RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
Cost								
At 1 January 2021		1,575,030	198,108	307,859	437,206	2,518,203	12,786,763	15,304,966
Acquisitions through business combinations	39	-	71,761	32,791	130,312	234,864	238,414	473,278
Disposal of subsidiaries	39	-	-	-	-	-	(64,578)	(64,578)
Additions		-	-	-	43,381	43,381	-	43,381
Disposals		-	-	-	(16,512)	(16,512)	-	(16,512)
Write off		-	-	-	(49,340)	(49,340)	-	(49,340)
Translation differences		(62,962)	(102,296)	(31,625)	(31,704)	(228,587)	(182,737)	(411,324)
At 31 December 2021		1,512,068	167,573	309,025	513,343	2,502,009	12,777,862	15,279,871
At 1 January 2022		1,512,068	167,573	309,025	513,343	2,502,009	12,777,862	15,279,871
Hyperinflationary restatement to 1 January 2022		266,276	95,605	82,221	45,613	489,715	482,164	971,879
At 1 January 2022, restated		1,778,344	263,178	391,246	558,956	2,991,724	13,260,026	16,251,750
Acquisitions through business combinations		-	-	-	4,865	4,865	50,332	55,197
Additions		-	-	-	81,670	81,670	-	81,670
Disposals		-	-	-	(4,646)	(4,646)	-	(4,646)
Transfer from property, plant and equipment	3	-	-	-	41,188	41,188	-	41,188
Transfer to assets classified as held for sale	16	-	-	-	(6,715)	(6,715)	(224,976)	(231,691)
Hyperinflationary adjustments		187,413	47,393	63,111	40,617	338,534	458,895	797,429
Translation differences		4,183	21,202	(5,178)	721	20,928	394,460	415,388
At 31 December 2022		1,969,940	331,773	449,179	716,656	3,467,548	13,938,737	17,406,285

*: Other intangibles include capitalised development costs and brand use rights.

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6. Goodwill on consolidation and intangible assets (continued)

Group	Note	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Other intangibles* RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
Accumulated amortisation and impairment losses								
At 1 January 2021		-	-	255,626	272,148	527,774	663,651	1,191,425
Acquisitions through business combinations	39	-	-	-	2,230	2,230	-	2,230
Disposal of subsidiaries	39	-	-	-	-	-	(64,578)	(64,578)
Amortisation charge for the year		-	-	13,915	33,336	47,251	-	47,251
Impairment loss		-	-	-	-	-	6,090	6,090
Disposal		-	-	-	(485)	(485)	-	(485)
Write off		-	-	-	(49,340)	(49,340)	-	(49,340)
Translation differences		-	-	(30,944)	(17,104)	(48,048)	1,994	(46,054)
At 31 December 2021		-	-	238,597	240,785	479,382	607,157	1,086,539
At 1 January 2022		-	-	238,597	240,785	479,382	607,157	1,086,539
Hyperinflationary restatement to 1 January 2022		-	-	81,548	38,591	120,139	-	120,139
At 1 January 2022, restated		-	-	320,145	279,376	599,521	607,157	1,206,678
Amortisation charge for the year		-	-	8,091	41,418	49,509	-	49,509
Impairment loss		-	-	8,943	-	8,943	150,066	159,009
Disposal		-	-	-	(4,514)	(4,514)	-	(4,514)
Transfer to assets classified as held for sale	16	-	-	-	(5,323)	(5,323)	-	(5,323)
Hyperinflationary adjustments		-	-	62,594	23,840	86,434	-	86,434
Translation differences		-	-	(3,202)	(1,660)	(4,862)	(27,858)	(32,720)
At 31 December 2022		-	-	396,571	333,137	729,708	729,365	1,459,073

*: Other intangibles include capitalised development costs and brand use rights.

6. Goodwill on consolidation and intangible assets (continued)

Group	Brand names RM'000	Hospital licences RM'000	Customer relationships RM'000	Other intangibles* RM'000	Total intangible assets RM'000	Goodwill on consolidation RM'000	Total intangible assets and goodwill RM'000
Net carrying amount							
At 1 January 2021	1,575,030	198,108	52,233	165,058	1,990,429	12,123,112	14,113,541
At 31 December 2021	1,512,068	167,573	70,428	272,558	2,022,627	12,170,705	14,193,332
At 1 January 2022, restated	1,778,344	263,178	71,101	279,580	2,392,203	12,652,869	15,045,072
At 31 December 2022	1,969,940	331,773	52,608	383,519	2,737,840	13,209,372	15,947,212

*: Other intangibles include capitalised development costs and brand use rights.

6. Goodwill on consolidation and intangible assets (continued)

Goodwill, brand names and hospital licences are allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill, brand names and hospital licences are monitored for internal management purposes.

Brand names and hospital licences were acquired as part of business combinations and the economic benefits from utilising them is expected to continue indefinitely without significant costs.

The aggregate carrying amounts of goodwill, brand names and hospital licences allocated to each operating unit were as follows:

	Goodwill		Brand names		Hospital licences	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Group						
Singapore healthcare services	6,274,846	5,892,205	1,145,173	1,145,173	-	-
Malaysia healthcare services	2,324,601	2,231,673	151,500	151,500	12,310	12,310
India healthcare services						
- Fortis Group	2,627,833	2,716,985	-	-	-	-
China healthcare services	42,338	195,871	-	-	-	-
Turkey healthcare services	1,775,456	754,587	673,267	215,395	319,463	155,263
PLife REIT[#]	164,298	154,408	-	-	-	-
Education services	-^	224,976	-	-	-	-
	13,209,372	12,170,705	1,969,940	1,512,068	331,773	167,573

[#]: Parkway Life Real Estate Investment Trust ("PLife REIT").
^: Goodwill for education services was transferred to assets classified as held for sale.

Amortisation

The amortisation of customer relationships, capitalised development costs and brand use rights were recognised in 'amortisation and impairment of intangible assets' in the statements of profit or loss and other comprehensive income.

Impairment testing for cash-generating units containing goodwill, brand names and hospital licences

(a) Healthcare services and Education services CGUs

Key assumptions used in determining recoverable amount

For the purpose of impairment testing, the carrying amounts are allocated to the Group's operating divisions which are the cash-generating units ("CGU"). Recoverable amount of each CGU, except for PLife REIT, is estimated based on its value in use. The value in use calculations apply a discounted cash flow model using cash flow projections based on past experience, actual operating results, approved financial budgets for 2023 and 5 years business plans with a perpetual terminal value.

6. Goodwill on consolidation and intangible assets (continued)

Impairment testing for cash-generating units containing goodwill, brand names and hospital licences (continued)

(a) Healthcare services and Education services CGUs (continued)

Key assumptions used in determining recoverable amount (continued)

The key assumptions for the computation of value in use of goodwill, brand names and hospital licences included the following:

(i) Anticipated annual revenue growth rates for 2023 to 2027 (2021: 2022 to 2026):

	2022 Per annum	2021 Per annum
Singapore healthcare services	2% - 9%	0% - 13%
Malaysia healthcare services	8% - 9%	5% - 10%
India healthcare services		
- Fortis Group	9% - 12%	7% - 12%
China healthcare services	14% - 91%	16% - 23%
Turkey healthcare services	25% - 54%	9% - 13%
Education services	-^	4% - 6%

(ii) EBITDA margins assumptions:

	2022	2021
Singapore healthcare services	26% - 30%	29% - 31%
Malaysia healthcare services	26% - 28%	27% - 29%
India healthcare services		
- Fortis Group	20% - 24%	17% - 25%
China healthcare services	1% - 20%	0% - 33%
Turkey healthcare services	24% - 26%	25% - 27%
Education services	-^	32% - 38%

The projections were in line with the proposed expansion plans for the respective CGUs.

^: Goodwill for education services was transferred to assets classified as held for sale.

6. Goodwill on consolidation and intangible assets (continued)

Impairment testing for cash-generating units containing goodwill, brand names and hospital licences (continued)

(a) Healthcare services and Education services CGUs (continued)

Key assumptions used in determining recoverable amount (continued)

(iii) Terminal value was estimated using the perpetuity growth model:

	2022	**2021**
Singapore healthcare services	1.0%	1.0%
Malaysia healthcare services	3.0%	3.0%
India healthcare services		
- Fortis Group	4.6%	4.6%
China healthcare services	3.0%	3.0%
Turkey healthcare services	7.0%	5.0%
Education services	-^	0%

The terminal values were applied to steady-state estimated earnings at the end of the projected period.

(iv) Pre-tax discount rates for the respective CGUs at date of assessment:

	2022	**2021**
Singapore healthcare services	6.0%	6.2%
Malaysia healthcare services	7.9%	7.3%
India healthcare services		
- Fortis Group	11.5%	12.3%
China healthcare services	14.7%	9.8%
Turkey healthcare services	39.5%	19.1%
Education services	-^	12.5%

(v) There will be no other significant changes in government policies and regulations which will directly affect the CGUs' businesses. With the exception of Turkey healthcare services, inflation for operating expenses is in line with estimated gross domestic product growth rates for the respective countries based on past trends.

^: Goodwill for education services was transferred to assets classified as held for sale.

6. Goodwill on consolidation and intangible assets (continued)

Impairment testing for cash-generating units containing goodwill, brand names and hospital licences (continued)

(a) Healthcare services and Education services CGUs (continued)

Key assumptions used in determining recoverable amount (continued)

The values assigned to the key assumptions represent the Group's assessment of future trends in the healthcare and education market and are based on both external sources and internal sources (historical data).

During the year, the China healthcare services CGU continued to incur operating losses arising from challenges faced in its business operations, especially in the midst of the COVID-19 pandemic. The Group performed an assessment of recoverable amount using the value in use approach and determined the recoverable amount of the CGU was lower than its carrying amount. Accordingly, an impairment loss of RM150,066,000 on goodwill over China healthcare services CGU was recognised in 'other operating expenses' in the statement of profit or loss.

Except as mentioned above, the Group believes there are no reasonably foreseeable changes in the above key assumptions that would cause the carrying values of the remaining CGUs to materially exceed their recoverable amounts, other than changes in prevailing operating environments, of which the impact is not ascertainable.

(b) PLife REIT

The recoverable amount of PLife REIT is based on fair value less cost to sell, using the open market price of PLife REIT as at the end of the financial year.

7. Investments in subsidiaries

	Company 2022 RM'000	Company 2021 RM'000
Cost of investment		
Unquoted shares in Malaysia	23,035,788	22,009,669
Unquoted shares outside Malaysia	3,206	-
	23,038,994	22,009,669
Allowance for impairment loss	(2,295,921)	(2,295,921)
	20,743,073	19,713,748

During the year, the Company capitalised intercompany balances due from Integrated Healthcare Turkey Yatirimlari Limited of RM760,746,000.

Details of the subsidiaries are as disclosed in note 41.

Although the Group owns less than half of the ownership interest in the following entities, the Group consolidated them as subsidiaries in accordance with MFRS 10, *Consolidated Financial Statements,* on the following basis:

(a) Fortis

The Group controls majority of Fortis' board by virtue of the share subscription agreement with Fortis.

(b) PLife REIT

The Group has *de facto* control over PLife REIT, on the basis that the remaining voting rights in PLife REIT are widely dispersed and there is no indication all other shareholders exercise their votes collectively.

The Group, via PLife REIT, does not hold any ownership interest in the special purpose entities ("SPEs") listed in note 41. Notwithstanding that the Group does not have any direct or indirect shareholdings in these SPEs, the Group has accounted for the SPEs as subsidiaries in accordance with MFRS 10, *Consolidated Financial Statements*, as PLife REIT receives substantially all of the returns related to the SPEs' operations and net assets and has the current ability to direct these SPEs' activities that most significantly affect their returns based on the terms of agreements under which these SPEs were established.

7. Investments in subsidiaries (continued)

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	/-------------- Material NCI	------------/			
2022	**PLife REIT RM'000**	**Fortis Group RM'000**	**GHK[(i)] RM'000**	**Other individually immaterial subsidiaries RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	64.42%	68.83%	40.00%		
Carrying amount of NCI	1,354,170	2,147,775[(ii)]	(974,868)	449,003	2,976,080
Profit/(loss) allocated to NCI	147,914	213,344[(iii)]	(84,723)	(179,791)	96,744
Summarised financial information before intra-group elimination					
As at 31 December					
Non-current assets	5,196,157	5,707,481	2,166,890		
Current assets	242,109	673,250	164,409		
Non-current liabilities	(2,903,491)	(1,729,721)	(4,581,935)		
Current liabilities	(263,538)	(730,698)	(186,231)		
Net assets/(liabilities)	2,271,237	3,920,312[(ii)]	(2,436,867)		
Year ended 31 December					
Revenue	376,199	3,374,257	868,697		
Profit/(loss) for the year	230,308	294,494[(iii)]	(211,809)		
Total comprehensive income/(expense)	227,418	(83,636)	(214,874)		
Cash flows from/(used in) operating activities	300,983	384,391	(10,235)		
Cash flows used in investing activities	(398,155)	(213,955)	(49,458)		
Cash flows from/(used in) financing activities	151,881	(204,176)	34,166		
Net increase/(decrease) in cash and cash equivalents	54,709	(33,740)	(25,527)		
Dividends paid to NCI	131,841	-	-		

(i) GHK Hospital Limited ("GHK").

(ii) Includes net assets of RM472,197,000 attributable to NCIs within Fortis Group which are individually immaterial.

(iii) Includes total profit of RM33,562,000 attributable to NCIs within Fortis Group which are individually immaterial.

7. Investments in subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

	/-------------- Material NCI	------------/			
2021	**PLife REIT RM'000**	**Fortis Group RM'000**	**GHK[(i)] RM'000**	**Other individually immaterial subsidiaries RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	64.40%	68.83%	40.00%		
Carrying amount of NCI	1,298,175	1,831,025[(ii)]	(841,946)	406,287	2,693,541
Profit/(loss) allocated to NCI	186,832	262,096[(iii)]	(101,292)	(33,576)	314,060

Summarised financial information before intra-group elimination			
As at 31 December			
Non-current assets	4,999,740	5,728,832	2,122,089
Current assets	120,333	634,200	149,319
Non-current liabilities	(2,588,197)	(2,130,844)	(4,198,459)
Current liabilities	(362,417)	(731,680)	(177,713)
Net assets/(liabilities)	2,169,459	3,500,508[(ii)]	(2,104,764)
Year ended 31 December			
Revenue	370,694	3,113,435	712,072
Profit/(loss) for the year	293,257	330,583[(iii)]	(253,230)
Total comprehensive income/(expense)	306,849	317,441	(258,434)
Cash flows from/(used in) operating activities	277,087	497,994	(16,093)
Cash flows used in investing activities	(231,223)	(198,991)	(21,227)
Cash flows (used in)/from financing activities	(30,776)	(288,223)	57,556
Net increase in cash and cash equivalents	15,088	10,780	20,236
Dividends paid to NCI	167,094	-	-

(i) GHK Hospital Limited ("GHK").

(ii) Includes net assets of RM331,069,000 attributable to NCIs within Fortis Group which are individually immaterial.

(iii) Includes total profit of RM94,808,000 attributable to NCIs within Fortis Group which are individually immaterial.

7. Investments in subsidiaries (continued)

Significant restrictions

PLife REIT

The Group does not have significant restrictions on its ability to access or use the assets and settle the liabilities of PLife REIT other than those resulting from the regulatory framework within which the subsidiary operates. PLife REIT is regulated by the Monetary Authority of Singapore ("MAS") and is supervised by the Singapore Exchange Securities Trading Limited ("SGX-ST") for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with PLife REIT are either subject to review by PLife REIT's Trustee or must be approved by a majority of votes by the remaining holders of Units in PLife REIT ("Unitholders") at a meeting of Unitholders.

The assets of PLife REIT are held in trust by a Trustee for the Unitholders.

8. Interests in associates

	Group	
	2022	**2021**
	RM'000	**RM'000**
Investment in shares		
Unquoted shares	50,260	47,742
Quoted shares	392,895	407,040
Share of post-acquisition reserves	(310,079)	(297,169)
	133,076	157,613
Fair value of quoted shares		
Level 1	90,532	86,578

The Group does not have any material associates.
Details of the associates are disclosed in note 42.

9. Interests in joint ventures

	Group	
	2022	**2021**
	RM'000	**RM'000**
Investment in unquoted shares	202,519	203,412
Share of post-acquisition reserves	(76,129)	(74,523)
	126,390	128,889
Allowance for impairment loss	(119,639)	(122,582)
	6,751	6,307

The Group does not have any material joint ventures.
Details of the joint ventures are disclosed in note 43.

10. Other financial assets

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Non-current				
Investments at fair value through other comprehensive income ("FVOCI")				
- Unquoted shares	114,573	72,581	-	-
Investments at amortised cost				
- Fixed deposits with tenor of more than 12 months	12,688	3,354	-	-
Others	359	410	-	-
	127,620	76,345	-	-
Current				
Investments at fair value through profit or loss ("FVTPL")				
- Money market funds	-	111,394	-	111,394
Investments at amortised cost				
- Fixed deposits with tenor of more than 3 months	232,972	229,339	-	-
- Others	16,745	-	-	-
	249,717	340,733	-	111,394

11. Deferred tax assets and liabilities

The amounts included in the statements of financial position after appropriate offsetting are as follows:

	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Group						
Unutilised tax losses	169,436	198,231	-	-	169,436	198,231
Investment tax allowances	165,969	161,137	-	-	165,969	161,137
Receivables/payables	163,679	283,700	(37,880)	(63,546)	125,799	220,154
Property, plant and equipment	190,161	20,270	(828,360)	(582,191)	(638,199)	(561,921)
Investment properties	-	-	(118,891)	(120,891)	(118,891)	(120,891)
Intangible assets	-	-	(550,741)	(437,398)	(550,741)	(437,398)
Leases	28,126	5,550	(209,896)	(142,754)	(181,770)	(137,204)
Others	15,002	12,747	(1,187)	(1,789)	13,815	10,958
	732,373	681,635	(1,746,955)	(1,348,569)	(1,014,582)	(666,934)
Set off	(98,430)	(113,904)	98,430	113,904	-	-
	633,943	567,731	(1,648,525)	(1,234,665)	(1,014,582)	(666,934)

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11. Deferred tax assets and liabilities (continued)

	Note	Unutilised tax losses RM'000	Investment tax allowances RM'000	Receivables/ payables RM'000	Property, plant and equipment RM'000	Investment properties RM'000	Intangible assets RM'000	Leases RM'000	Others RM'000	Total RM'000
Group										
At 1 January 2021		235,084	6,348	178,913	(566,671)	(118,582)	(439,681)	(45,041)	9,123	(740,507)
Acquired through business combinations	39	-	-	813	(8,408)	-	(40,276)	117	-	(47,754)
Disposal of subsidiaries	39	-	-	-	12,876	-	-	-	-	12,876
Recognised in profit or loss	31	(34,979)	237,707	72,669	(5,955)	(10,333)	6,233	(88,411)	2,024	178,955
Recognised in other comprehensive income	29	-	-	3,400	-	-	-	-	-	3,400
Translation differences		(1,874)	(82,918)	(35,641)	6,237	8,024	36,326	(3,869)	(189)	(73,904)
At 31 December 2021		198,231	161,137	220,154	(561,921)	(120,891)	(437,398)	(137,204)	10,958	(666,934)
At 1 January 2022		198,231	161,137	220,154	(561,921)	(120,891)	(437,398)	(137,204)	10,958	(666,934)
Hyperinflationary restatement to 1 January 2022		-	-	(10,415)	(73,180)	-	(95,412)	(43,843)	10	(222,840)
At 1 January 2022, restated		198,231	161,137	209,739	(635,101)	(120,891)	(532,810)	(181,047)	10,968	(889,774)
Recognised in profit or loss	31	(137,965)	159,775	(52,602)	(29,648)	(9,602)	46,560	(204)	2,891	(20,795)
Recognised in other comprehensive income	29	-	-	2,816	-	-	-	-	-	2,816
Transfer to assets classified as held for sale and liabilities directly associated with assets classified as held for sale	16	-	-	(16,085)	33,202	-	-	(229)	(11)	16,877
Hyperinflationary adjustments		93,171	(132,732)	(16,265)	(2,421)	-	(68,674)	(452)	(726)	(128,099)
Translation differences		15,999	(22,211)	(1,804)	(4,231)	11,602	4,183	162	693	4,393
At 31 December 2022		169,436	165,969	125,799	(638,199)	(118,891)	(550,741)	(181,770)	13,815	(1,014,582)

11. Deferred tax assets and liabilities (continued)

Deferred tax assets and liabilities are offset where there is legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2022 RM'000	2021 RM'000
Deductible temporary difference	1,127,545	1,223,589
Unutilised tax losses	3,881,375	3,740,951
	5,008,920	4,964,540

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the respective subsidiaries can utilise the benefits therefrom. Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the countries in which the subsidiaries operate.

The unutilised tax losses carried forward do not expire under current tax legislations, except for the amount of RM1,487,783,000 (2021: RM1,573,572,000) which will expire in the next 1 to 8 years.

12. Development properties

	Group	
	2022 RM'000	2021 RM'000
Medical suites	76,471	73,862

13. Inventories

	Group	
	2022 RM'000	2021 RM'000
Pharmaceuticals, surgical and medical supplies	519,431	455,065

At 31 December 2022, there was floating charge over inventories with carrying amount of RM66,167,000 (2021: RM99,821,000) made to financial institutions as securities for credit facilities granted to certain subsidiaries.

14. Trade and other receivables

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current				
Other receivables	14,344	20,188	-	-
Interest receivables	59	60	-	-
Deposits	36,990	58,517	-	-
Financial assets, at amortised cost	51,393	78,765	-	-
Prepayments	145,170	52,660	2,771	8,371
	196,563	131,425	2,771	8,371
Current				
Trade receivables	2,197,441	2,146,387	-	-
Trade amounts due from:				
- Associates	5,052	4,965	-	-
- Joint ventures	4,445	2,596	-	-
	2,206,938	2,153,948	-	-
Other receivables	131,273	91,688	151	-
Non-trade amounts due from:				
- Subsidiaries	-	-	23,466	68,754
- Associates	32	62	-	-
- Joint ventures	1,523	1,599	-	-
Interest receivables	5,344	11,150	77	90
Deposits	91,489	120,080	5	5
Financial assets, at amortised cost	2,436,599	2,378,527	23,699	68,849
Prepayments	188,825	119,002	6,835	7,656
	2,625,424	2,497,529	30,534	76,505

Amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

15. Cash and cash equivalents

	Note	Group 2022 RM'000	Group 2021 RM'000 Restated	Company 2022 RM'000	Company 2021 RM'000
Cash and bank balances		1,345,870	1,516,681	154,512	324,838
Fixed deposits with tenor of 3 months or less		482,774	1,597,418	-	890,042
Deposits placed in escrow account		1,834,246	1,900,284	-	-
Restricted cash		621	3,297	-	-
Cash and cash equivalents in the statements of financial position		3,663,511	5,017,680	154,512	1,214,880
Add:					
Cash and cash equivalents included in assets classified as held for sale	16	42,976	-	-	-
Less:					
Secured bank overdrafts		(44,135)	(24,229)	-	-
Cash and cash equivalents in the statements of cash flows		3,662,352	4,993,451	154,512	1,214,880

Deposits placed in escrow account

These are the amounts deposited in accordance with the requirements of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers Regulations) ("SEBI (SAST) Regulations") relating to the Group's Mandatory Open Offer ("Offer") to acquire up to an additional 197,025,660 and 4,894,308 equity shares of Fortis and Fortis Malar Hospitals Limited respectively (see note 37). These amounts can only be released in the manner prescribed in Clause 17(10) of the SEBI (SAST) Regulations.

16. Assets classified as held for sale and liabilities directly associated with assets classified as held for sale

	Group	
	2022 RM'000	2021 RM'000
Assets classified as held for sale		
Property, plant and equipment	290,546	1,844
Right-of-use assets	265,083	-
Goodwill on consolidation	224,976	-
Intangible assets	1,392	-
Other financial assets	66,145	-
Trade and other receivables	29,633	-
Tax recoverables	1,489	-
Deferred tax assets	38	-
Inventories	2,033	-
Cash and cash equivalents	42,976	-
	924,311	1,844
Liabilities directly associated with assets classified as held for sale		
Loan and borrowings	138,354	-
Lease liabilities	358,169	-
Employee benefits	3,784	-
Trade and other payables	141,427	-
Deferred tax liabilities	16,915	-
Tax payable	78	-
	658,727	-

In 2022, the Group planned to divest its investments in IMU Health Sdn. Bhd. ("IMUH", a wholly owned subsidiary), and Gleneagles Chengdu Hospital Company Limited ("GCD", a 49.07% owned subsidiary), in the near term. Accordingly, the assets and liabilities of IMUH and its subsidiaries and GCD were transferred to assets classified as held for sale and liabilities directly associated with assets classified as held for sale.

On 27 February 2023, the divestment of GCD was completed.

17. Share capital

	Group and Company			
	Number of shares 2022 '000	Amount 2022 RM'000	Number of shares 2021 '000	Amount 2021 RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January	8,796,717	19,614,918	8,777,219	19,473,364
Issued pursuant to the surrender of vested Long Term Incentive Plan ("LTIP") units	-	-	1,854	10,127
Issued pursuant to the exercise of vested Enterprise Option Scheme ("EOS") units	9,326	69,963	17,644	131,427
At 31 December	8,806,043	19,684,881	8,796,717	19,614,918

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

18. Other reserves

The movement in each category of the other reserves are disclosed in the consolidated statements of changes in equity.

The nature and purpose of each category of reserves are as follows:

(a) Share option reserve

Share option reserve comprises the cumulative value of employee services received for the issue of share options and conditional award of performance shares.

(b) Revaluation reserve

Revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification as investment property.

(c) Hedge reserve

Hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments used to hedge against cash flow variability arising from interest payments on floating rate loans.

(d) Cost of hedging reserve

Cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the time value element of interest rate cap contracts.

18. Other reserves (continued)

(e) Capital reserve

Capital reserve comprises mainly:

(i) non-cash contribution from/distribution to holding companies within the Group for the common control transfer of subsidiaries;

(ii) difference between the consideration paid/received and net assets acquired/disposed in equity transactions with non-controlling interests;

(iii) capital gain/loss arising from the payment of a non-controlling interest's subscriptions to the share capital of subsidiaries or arising from the Group's subscription of additional shares of non-wholly owned subsidiaries;

(iv) financial liabilities arising from initial issue of put options to non-controlling interests for sale of interests in subsidiaries to the Group, and its subsequent remeasurement; and

(v) Realised exchange gains/losses on payment of coupons of perpetual securities.

(f) Legal reserve

Legal reserve comprises of reserves set aside by certain local authorities, and are distributable only if certain conditions are met.

(g) Foreign currency translation reserve

Foreign currency translation reserve of the Group comprises:

(i) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company;

(ii) the exchange differences on monetary items which form part of the Group's net investment in the foreign operations, provided certain conditions are met;

(iii) the effective portion of any foreign currency differences arising from hedges of the Group's net investment in a foreign operation; and

(iv) the difference between the adjusted balances of opening equity for the effects of applying MFRS 129 and the closing equity of the previous year.

19. Perpetual securities

In July 2017, a wholly owned subsidiary, Parkway Pantai Limited ("PPL") established a US$2.0 billion Multicurrency Term Note Programme ("MTN programme").

In the same month, senior perpetual securities ("perpetual securities") with an aggregate principal amount of US$500.0 million (equivalent to RM2.2 billion) were issued by PPL under the MTN programme. The perpetual securities bore an initial semi-annual distribution of 4.25% per annum which will be reset in July 2022 and at every 5 years thereafter.

The salient features of the perpetual securities were as follows:

(i) unrated and listed on the Singapore Stock Exchange;

(ii) direct, unconditional, unsubordinated and unsecured obligations of PPL;

(iii) no fixed redemption date but PPL had the option to redeem at the end of 5 years from date of issuance at their principal amounts and on each subsequent semi-annual periodic distribution payment date;

(iv) may also be redeemed at the option of PPL upon the occurrence of certain events as detailed in the terms and conditions of offering circular and pricing supplement of the perpetual securities;

(v) expected periodic distribution amount may be deferred by PPL and are cumulative, subject to the terms and conditions in the offering circular of the perpetual securities; and

(vi) shall at all times rank *pari passu* and without any preference among the perpetual securities issued and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of PPL, from time to time outstanding.

The issued perpetual securities were classified as equity as the payment of cumulative distribution or redemption of the securities were at the option of PPL.

During the financial year, coupon distributions amounting to RM52,212,000 (2021: RM88,300,000) were accrued to perpetual security holders, and coupon distributions amounting to RM90,582,000 (2021: to RM87,659,000) were paid to the perpetual security holders.

On 27 July 2022, PPL completed the redemption of its US$500.0 million perpetual securities. Following the redemption, all the outstanding perpetual securities have been cancelled and delisted from the Singapore Stock Exchange.

20. Loans and borrowings

	Group 2022 RM'000	Group 2021 RM'000
Non-current		
Secured		
Bank loans	522,857	1,079,929
Loans from corporates	2,792	2,221
Unsecured		
Bank loans	5,534,248	5,162,308
Fixed rate medium term notes	588,418	431,713
Loans from corporates*	917,674	933,320
	7,565,989	7,609,491
Current		
Secured		
Bank loans	634,656	179,823
Loans from corporates	1,533	1,008
Unsecured		
Bank loans	889,896	1,055,928
Fixed rate medium term notes	66,022	-
Loans from corporates	684	668
	1,592,791	1,237,427
Total loans and borrowings	9,158,780	8,846,918

*: Includes loans from non-controlling interests of RM916,992,000 (2021: RM869,305,000).

20. Loans and borrowings (continued)

The terms and conditions of outstanding loans and borrowings are as follows:

Group	Currency	Nominal interest rate %	Year of maturity	Carrying amount RM'000
2022				
Secured bank loans	EUR	Euribor[1] + 1.4% to 1.5% Euribor[1] + 2.7%, no less than 4%	2024 – 2030	93,612
Secured bank loans	INR	MCLR[2] + 0.0% to 2.80% 7.75% or the rate as may be mutually agreed	2023 – 2030	533,304
Secured bank loans	MKD	NBMRIR[3] + 2.05%	2024	2,842
Secured bank loans	MKD	4.5%	2023	13,587
Secured bank loans	RMB	PBC LPR[5] + 0.25%	2022 - 2031	514,168
Secured loans from corporates	INR	7.0% - 8.7%	2023	4,324
Unsecured bank loans	EUR	1.9%	2024	30,121
Unsecured bank loans	EUR	Euribor[1] + 1.05% to 1.4%	2025 - 2028	555,093
Unsecured bank loans	HKD	HIBOR[6] + 0.83% to 1.07%	2024 - 2025	2,015,310
Unsecured bank loans	JPY	TIBOR[11] + 0.33%	2024	145,039
Unsecured bank loans	SGD	COF[8]	2023	117,857
Unsecured bank loans	JPY	TONA[12] + 0.34% to 0.5%	2025 - 2027	1,284,941
Unsecured bank loans	EUR	3.39%	2023	116,032
Unsecured bank loans	SGD	SORA[9] + 0.35% to 0.55%	2024 - 2026	556,779
Unsecured bank loans	SGD	SWAP rate + 0.87%	2027	1,214,896
Unsecured bank loans	TRY	9.0% - 18.4%	2023 - 2024	388,076
Unsecured fixed rate medium term notes	JPY	0.51% - 0.97%	2023 - 2029	654,440
Unsecured loans from corporates	HKD	HIBOR[6] + 1.30%	2026	913,247
Unsecured loans from corporates	RMB	PBC interest rate[4]	2023 - 2025	3,745
Unsecured loans from corporates	AED	0.00%	2024	683
Unsecured loans from corporates	USD	6.00%	2023	684
				9,158,780
2021				
Secured bank loans	EUR	Euribor[1] + 1.4% to 1.9%	2022 - 2030	111,150
Secured bank loans	INR	MCLR[2] + 0.0% to 2.85%	2022 - 2030	685,002
Secured bank loans	MKD	3.60%	2022	11,038
Secured bank loans	MKD	NBMRIR[3] + 2.05%	2022 - 2024	7,219
Secured bank loans	RMB	PBC interest rate[4]	2022 - 2031	436,625
Secured bank loans	RMB	PBC LPR[5] + 0.848%	2022	8,718
Secured loans from corporates	INR	7.80% - 9.00%	2022 - 2025	3,229
Unsecured bank loans	EUR	1.85%	2022 - 2024	44,741
Unsecured bank loans	EUR	Euribor[1] + 0.38% to 1.90%	2022 - 2028	821,767
Unsecured bank loans	HKD	HIBOR[6] + 0.83% to 1.07%	2024 - 2025	1,823,869
Unsecured bank loans	JPY	LIBOR[7] + 0.30% to 0.50%	2024 - 2027	1,303,685
Unsecured bank loans	JPY	COF[8]	2022	291,892
Unsecured bank loans	MYR	COF[8] + 0.4% to 0.7%	2022 - 2023	338,025
Unsecured bank loans	SGD	0.72%	2022	143,297
Unsecured bank loans	SGD	SORA[9] + 0.35% to 0.5%	2024 - 2026	517,843
Unsecured bank loans	SGD	SOR[10] + 0.79%	2025	673,103
Unsecured bank loans	SGD	SWAP rate + 0.95%	2027	212,515
Unsecured bank loans	TRY	15.92%	2022	47,499
Unsecured fixed rate medium term notes	JPY	0.51% - 0.65%	2023 - 2027	431,713
Unsecured loans from corporates	HKD	HIBOR[6] + 1.30%	2026	865,331
Unsecured loans from corporates	RMB	PBC interest rate[4]	2023 - 2025	67,343
Unsecured loans from corporates	AED	0.00%	2022	646
Unsecured loans from corporates	USD	6.00%	2023	668
				8,846,918

20. Loans and borrowings (continued)

[1] Euro Interbank Offer Rate
[2] Marginal Cost of Funds Based Lending Rate
[3] National Bank of Macedonia Reference Interest Rate
[4] People's Bank of China benchmark loan interest rate
[5] People's Bank of China loan prime rate
[6] Hong Kong Interbank Offered Rate
[7] London Interbank Offered Rate
[8] Bank's Cost of Funds
[9] Singapore Overnight Rate Average
[10] Singapore Swap Offer Rate
[11] Tokyo Interbank Offered Rate
[12] Tokyo Overnight Average

The secured Indian Rupee ("INR") denominated bank loans are secured over the assets of certain subsidiaries and associates.

The secured INR denominated loans from corporates are secured over specific equipment of certain subsidiaries.

The secured Macedonian Denar ("MKD") and Euro Dollars ("EUR") denominated bank borrowings are secured over assets of certain subsidiaries.

The secured Chinese Renminbi ("RMB") denominated bank loans are secured over medical equipment, hospital in construction and a ROU asset relating to prepaid lease for land.

Breach of loan covenant

ParkwayHealth Shanghai Hospital Company Limited breached a non-financial covenant in respect of a bank loan amounting to RM514.0 million, whereby its medical licence was not obtained by 31 December 2022. Consequently, the bank loan became repayable on demand and was classified in full as a current liability. However, the bank had not called an event of default. The medical licence was obtained on 19 January 2023.

Unsecured fixed rate medium term notes

PLife REIT has through its wholly owned subsidiary, Parkway Life MTN Pte Ltd ("PLife MTN"), put in place a SGD500 million Multicurrency Debt Issuance Programme, to provide PLife REIT with the flexibility to tap various types of capital market products including issuance of perpetual securities when needed.

Under the Debt Issuance Programme, PLife MTN is able to issue notes while HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of PLife REIT) ("PLife REIT Trustee") is able to issue perpetual securities.

All sums payable in respect of the notes issued by PLife MTN are unconditionally and irrevocably guaranteed by PLife REIT Trustee.

As at 31 December 2022, there are five series of outstanding fixed rate notes issued under the Multicurrency Debt Issuance Programme amounting to JPY19.9 billion (approximately RM654.4 million) (2021: JPY11.8 billion (approximately RM431.7 million)) with maturity dates between 2023 to 2029 (2021: 2023 to 2027).

Loans from corporates

The HKD-denominated loans from corporates are in relation to the non-controlling interest's share of financing granted to a subsidiary, GHK.

20. Loans and borrowings (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities

	Bank loans RM'000	Fixed rate medium term notes RM'000	Loans from corporates RM'000	Lease liabilities RM'000	Interest payables RM'000	Total RM'000
Group						
At 1 January 2021	8,269,846	462,925	928,289	1,945,310	70,176	11,676,546
Net changes from financing cash flows	(543,070)	-	-	(383,142)	(300,241)	(1,226,453)
Acquisition of subsidiaries	23,972	-	-	35,001	-	58,973
Disposal of subsidiaries	(55,273)	-	-	-	-	(55,273)
Change in leases	-	-	-	509,612	-	509,612
Foreign exchange movement	(221,977)	(31,212)	9,315	(268,152)	5,387	(506,639)
Other liability-related changes	4,490	-	(387)	163,905	309,629	477,637
At 31 December 2021/1 January 2022	7,477,988	431,713	937,217	2,002,534	84,951	10,934,403
Net changes from financing cash flows	425,310	253,824	-	(337,144)	(290,045)	51,945
Acquisition of subsidiaries	759	-	-	-	-	759
Change in leases	-	-	-	338,858	-	338,858
Foreign exchange movement	(245,507)	(31,097)	37,967	(154,268)	(147)	(393,052)
Transfer to liabilities directly associated with assets classified as held for sale	(90,113)	-	(52,501)	(377,266)	(7,815)	(527,695)
Other liability-related changes	13,220	-	-	158,327	336,095	507,642
At 31 December 2022	7,581,657	654,440	922,683	1,631,041	123,039	10,912,860

20. Loans and borrowings (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

Company	Lease liabilities RM'000
1 January 2021	253
Net changes from financing cash flows	(1,007)
Change in leases	3,034
Other liability-related changes	23
At 31 December 2021/1 January 2022	2,303
Net changes from financing cash flows	(1,019)
Other liability-related changes	22
At 31 December 2022	1,306

21. Employee benefits

	Note	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Non-current					
Retirement benefits	22	92,820	91,649	-	-
Provision for unconsumed leave		19,243	8,188	-	-
Deferred bonus scheme		2,947	895	1,462	371
Gratuity		26,556	17,320	8,268	5,340
Others		30,695	17,173	-	-
		172,261	135,225	9,730	5,711
Current					
Retirement benefits	22	9,543	7,785	-	-
PTM long term incentive plan (cash-settled)		1,659	1,911	-	-
Defined contribution plan		52,278	46,307	221	96
Provision for unconsumed leave		72,388	94,391	1,946	2,066
Deferred bonus scheme		10,179	11,730	1,865	1,747
Gratuity		-	1,759	-	1,759
Others		2,423	1,244	-	-
		148,470	165,127	4,032	5,668

PTM long term incentive plan (cash-settled)

In 2009, the long term incentive ("LTI") plan of a subsidiary, Parkway Trust Management Limited ("PTM"), was approved to award eligible employees with units in PLife REIT held by PTM when certain prescribed performance targets are met. The LTI plan is administered by the Nominating and Remuneration Committee of PTM.

21. Employee benefits (continued)

Provision for unconsumed leave

The balances represent the cash value of the unconsumed leave balance entitled to the employees at the end of the financial year. Employees of certain subsidiaries can carry-forward a portion of the unconsumed leave and utilise it in future service periods or receive cash compensation on termination of employment. Unconsumed leave that does not fall due wholly within twelve months after the end of the period in which the employees render the related service and are not expected to be utilised wholly within twelve months after the end of such period is classified as non-current. The obligation is measured based on independent actuarial valuation using projected unit credit method.

Deferred bonus scheme (cash-settled)

There are various deferred bonus schemes within the Group that are awarded to eligible employees when certain prescribed performance targets are met and/or the employee remains within the Group for a prescribed period. These deferred bonus schemes would vest in tranches over a prescribed period. The aim of such deferred bonus schemes is to make total employee remuneration sufficiently competitive to recruit, reward, retain and motivate outstanding employees.

Share-based payment scheme

Enterprise Option Scheme ("EOS")

On 15 June 2015, at an extraordinary general meeting, the Company's shareholders approved the establishment of the EOS scheme to grant share options to eligible personnel.

The EOS options granted in each year will vest in the participants over a 3-year period. Each EOS option gives the participant a right to receive one share, upon exercise of the option and subject to the payment of the exercise price.

The exercise price for the EOS option granted shall be determined by the Board which shall be based on the 5-day weighted average market price of the underlying shares a day immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Securities or any other relevant regulatory from time to time (subject to the Board's discretion to grant the discount).

The EOS shall be in force for a period of 10 years from 22 June 2015.

21. Employee benefits (continued)

Share-based payment scheme (continued)

EOS (continued)

The movement in the number of outstanding EOS options are as follows:

	Key management personnel		Other eligible employees	
	Weighted average exercise price	**Number of options '000**	**Weighted average exercise price**	**Number of options '000**
2022				
Outstanding at 1 January	RM5.89	5,127	RM6.09	16,714
Granted during the year	-	-	RM5.92	16,580
Forfeited during the year	-	-	RM5.92	(1,311)
Exercised during the year	RM5.92	(4,179)	RM6.03	(5,147)
Outstanding at 31 December	RM5.79	948	RM6.01	26,836
Exercisable at 31 December	RM5.79	948	RM6.12	12,637
2021				
Outstanding at 1 January	RM5.89	5,127	RM6.04	41,704
Forfeited during the year	-	-	RM6.37	(7,346)
Exercised during the year	-	-	RM5.85	(17,644)
Outstanding at 31 December	RM5.89	5,127	RM6.09	16,714
Exercisable at 31 December	RM5.92	4,179	RM6.19	12,706

The EOS options outstanding as at 31 December has the following features:

	2022	**2021**
Exercise price	RM5.67-RM6.55	RM5.67 - RM6.55
Weighted average contractual life (in years)	6.61	7.12

22. Retirement benefits

Certain Malaysia-based and India-based subsidiaries of the Group have defined benefits plans that provide pension benefits to employees upon retirement. The plans entitle a retired employee to receive one lump sum payment upon retirement. At the end of the financial year, the present values of the unfunded obligations are as follows:

	Note	Group 2022 RM'000	Group 2021 RM'000
Present value of unfunded obligations		102,363	99,434
Movement in liability for defined benefit obligations			
At 1 January		99,434	91,040
Recognised in staff costs		17,401	17,528
Recognised in other comprehensive income		(408)	(2,434)
Others		(14,064)	(6,700)
At 31 December		102,363	99,434

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period:

	Group 2022 %	Group 2021 %
Discount rate	4.2 - 7.4	4.0 - 6.75
Future salary growth	5.0 - 8.0	5.0 - 8.0
Future mortality	0.01 - 1.15	0.01 - 1.15

23. Trade and other payables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Trade payables	173	276	-	-
Other payables	31,573	17,565	-	-
Accruals	3,954	3,643	-	-
Interest payables	100,356	70,981	-	-
Liabilities on put options granted to non-controlling interests	1,057,572	1,263,581	-	-
	1,193,628	1,356,046	-	-
Deposits	61,377	64,378	-	-
	1,255,005	1,420,424	-	-
Current				
Trade payables	1,742,850	1,515,294	-	-
Other payables	488,206	473,499	2,311	2,803
Non-trade amounts due to:				
- Subsidiaries	-	-	1,353	549
- Associates	660	-	-	-
- Joint ventures	263	283	-	-
Accruals	1,181,526	1,079,028	21,097	28,553
Interest payables	22,683	13,970	-	-
Provision for loan taken by a joint venture	47,688	45,131	-	-
Liabilities on put options granted to non-controlling interests	535,093	674,867	-	-
	4,018,969	3,802,072	24,761	31,905
Deposits and rental advance billings	185,763	171,560	-	-
Contract liabilities	3,738	78,942	-	-
	4,208,470	4,052,574	24,761	31,905

Amounts due to subsidiaries are unsecured, interest-free and are repayable on demand.

23. Trade and other payables (continued)

Contract liabilities

Contract liabilities mainly relate to considerations received/receivable from students for education services. Revenue from educational services is recognised over the course semester. The contract liabilities are recognised as revenue over a period of 30 to 270 days when the services are rendered.

Significant changes to contract liabilities balance during the year are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Contract liabilities at the beginning of the period recognised as revenue	78,942	75,847

Liabilities on put options granted to non-controlling interests

(a) Pursuant to the acquisition of Ravindranath GE Medical Associates Private Limited ("RGE") in 2015, the Group granted the following put options to a non-controlling interest of RGE:

(i) An option for the non-controlling interest to sell their 7.13% interest in RGE, on a fully diluted basis, to the Group at a fixed consideration of INR1,463.0 million (equivalent to RM79.9 million) (2021: equivalent to RM82.8 million) less price adjustment of not more than INR110.0 million (equivalent to RM6.0 million) subject to the occurrence of a certain event in 2018 pursuant to an option agreement entered with the non-controlling interests. Since 31 December 2018, this put option does not have any value as the target was not met; and

(ii) Another option to sell their remaining interest in RGE to the Group at the prevailing market price on the date the option is exercised. This put option can only be exercised from December 2020 onwards and does not have an expiry date. As at 31 December 2022, this put option has a carrying value of RM278,563,000 (2021: RM235,496,000).

(b) Pursuant to the acquisition of City Hospitals and Clinics AD ("City Clinic"), the Group granted put options to non-controlling interests of Acibadem City Clinic B.V. ("ACC BV"), who were formerly shareholders of City Clinic, to sell their shares in ACC BV, to the Group at the higher of the prevailing market price or an amount determined by the formula prescribed in the agreement. These put options are exercisable from June 2027 to May 2032 (2021: exercisable until May 2022). As at 31 December 2022, this put option has a carrying value of RM150,761,000 (2021: RM257,275,000).

(c) Pursuant to the disposal of 15% equity interest in ACC BV by the Group to International Finance Corporation ("IFC"), the Group granted put options to IFC to sell their shares in ACC BV to the Group at the higher of the cost of investment of IFC or an amount determined by the formula prescribed in the agreement. The put options are exercisable from June 2022 to May 2026. As at 31 December 2022, this put option has a carrying value of RM256,530,000 (2021: RM182,095,000).

23. Trade and other payables (continued)

Liabilities on put options granted to non-controlling interests (continued)

(d) Pursuant to the acquisition of Angsana Holdings Pte. Ltd. ("Angsana") in 2017, the Group granted put options to the non-controlling interests to sell their existing interests in Angsana to the Group at the prevailing market price on the date the options are exercised. The put options are exercisable from August 2020 onwards and do not have an expiry date. As at 31 December 2022 and 2021, this put option does not have any value as it is out of the money.

(e) Pursuant to a shareholders' agreement and exit agreement entered into by SRL Limited ("SRL"), Fortis and certain non-controlling interests of SRL ("SRL minority shareholders"), Fortis granted a cash put option to the SRL minority shareholders to sell their shares in SRL to Fortis upon the occurrence of certain trigger event as stated in the exit agreement. On 30 March 2021, SRL, Fortis and the SRL minority shareholders signed an amendment agreement to incorporate new proposed exit rights for the SRL minority shareholders, and to also simultaneously terminate the existing exit agreement. Accordingly, the SRL minority shareholders have agreed not to exercise the cash put option for a further period of 36 months from 5 February 2021. As at 31 December 2022, this put option has a carrying value of RM868,275,000 (2021: RM1,221,647,000).

(f) Pursuant to the acquisition of General Hospital Acibadem Bel Medic (f.k.a. Opsta Bolnica Bel Medic (Bel Medic General Hospital)) ("Bel Medic") (see note 39), the Group granted put options to non-controlling interests of Bel Medic to sell their shares in Bel Medic to the Group at an amount determined by the formula prescribed in the shareholders' agreement. These put options are exercisable between July 2026 and July 2029, unless expedited upon the occurrence of a certain event from July 2024. If expedited, the put options can be exercised at a prescribed discount. As at 31 December 2022, this put option has a carrying value of RM38,536,000 (2021: RM41,935,000).

During the year, change in value of liabilities on put options granted to non-controlling interests amounting to RM209,849,000 gain (2021: RM1,061,542,000 loss) was recognised in equity.

Provision for loan taken by a joint venture

In 2013, Khubchandani Hospitals Private Limited ("KHPL"), a 50% owned joint venture, was granted a term loan facility to fund the construction and pre-operating costs of its hospital. A wholly owned subsidiary of the Group, Parkway Holdings Limited ("PHL"), is a joint sponsor under the Sponsor Support Agreement for the term loan facility where the sponsors are required to provide for any shortfall payable by KHPL in the event of termination or non-completion of the hospital project. On 5 January 2017, the bank served a notice to KHPL that the hospital project was unlikely to be completed. In view that KHPL is unlikely to be able to repay the loan, the Group made a provision for its 50% share of the amounts that KHPL owes the licensed bank.

24. Derivative assets and liabilities

	Group 2022 RM'000	Group 2021 RM'000
Non-current assets		
Held at fair value through profit or loss		
- Foreign exchange forward contracts	35,922	17,921
- Cross currency swaps	148,715	249,945
Held for hedging		
- Cross currency interest rate swaps	61,410	27,199
- Interest rate swaps	124	-
- Interest rate caps	12,799	2,143
	258,970	297,208
Current assets		
Held at fair value through profit or loss		
- Foreign exchange forward contracts	6,553	3,530
- Cross currency swaps	143,263	124,437
	149,816	127,967
Non-current liabilities		
Held for hedging		
- Interest rate swaps	-	(471)
Current liabilities		
Held at fair value through profit or loss		
- Foreign exchange forward contracts	(4,379)	-

	Nominal value 2022 RM'000	Nominal value 2021 RM'000	Fair value 2022 RM'000	Fair value 2021 RM'000
Derivatives at fair value through profit or loss				
- Foreign exchange forward contracts	508,135	240,632	38,096	21,451
- Cross currency swaps	171,657	360,489	291,978	374,382
- Call option granted to NCI	27,321	28,305	-	-
Derivatives used for hedging				
- Interest rate caps	1,145,324	863,268	12,799	2,143
- Interest rate swaps	145,286	161,085	124	(471)
- Cross currency interest rate swaps	265,828	252,311	61,410	27,199
	2,263,551	1,906,090	404,407	424,704

The Group enters into interest rate caps, interest rate swaps, cross currency interest rate swaps, cross currency swaps and foreign exchange forward contracts to manage interest rate fluctuations and exchange rate fluctuations on certain loans, as set out in note 35(vi) and (vii).

24. Derivative assets and liabilities (continued)

Call option granted to NCI

The Group granted a call option to non-controlling interests of RGE to purchase the Group's 3% interest in RGE on a fully diluted basis, at a fixed price of INR500.0 million (equivalent to RM27.3 million), pursuant to an option agreement entered with the non-controlling interests. The call option granted to non-controlling interests is classified as a financial derivative liability. There was no change in fair value of the call option during 2022 and 2021.

Offsetting financial assets and financial liabilities

The Group's derivative transactions are entered into under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements, the amounts owed by each counterparty in respect of the same transactions outstanding in the same currency under the agreement are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all outstanding transactions.

The above agreements do not meet the criteria for offsetting in the statement of financial position as the right to set-off recognised amounts is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously in its normal course of business.

25. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Healthcare services	17,424,688	16,569,364	-	-
Education services	267,054	266,919	-	-
Management fees	26,181	15,045	-	-
Sale of development properties	-	3,996	-	-
Revenue from contracts with customers	17,717,923	16,855,324	-	-
Rental income	270,701	273,854	-	-
Dividend income				
- from subsidiaries	-	-	340,373	1,390,957
- from money market funds	63	2,585	63	2,585
	17,988,687	17,131,763	340,436	1,393,542

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by reportable segments:

	Healthcare services RM'000	Education services RM'000	Management fees RM'000	Sale of development properties RM'000	Total RM'000
2022					
Reportable segments					
Singapore	5,054,825	8,011	1,800	-	5,064,636
Malaysia	3,154,046	-	-	-	3,154,046
India	3,835,197	-	16,672	-	3,851,869
Greater China	993,981	-	2,831	-	996,812
Turkiye and Europe	4,384,857	-	-	-	4,384,857
IMU Health	1,729	259,043	-	-	260,772
Others	53	-	4,878	-	4,931
	17,424,688	267,054	26,181	-	17,717,923
2021					
Reportable segments					
Singapore	4,945,877	10,987	1,605	-	4,958,469
Malaysia	2,695,331	-	-	3,996	2,699,327
India	3,703,050	-	8,418	-	3,711,468
Greater China	876,133	-	7	-	876,140
Turkiye and Europe	4,347,258	-	-	-	4,347,258
IMU Health	1,715	255,932	-	-	257,647
Others	-	-	5,015	-	5,015
	16,569,364	266,919	15,045	3,996	16,855,324

25. Revenue (continued)

Healthcare services revenue

Healthcare services revenue generally relates to contracts with patients in which performance obligations are to provide healthcare services. The performance obligations for inpatient services are generally satisfied over a short period, and revenue from inpatient services is recorded when the healthcare services is performed. The performance obligations for outpatient and daycase services are generally satisfied over a period of less than one day, and revenue is also recorded when the healthcare services is performed. The Group has a range of credit terms which are typically short term, in line with market practice, and without any financing component. There are no variable considerations, and no obligation for returns or refunds or warranties for healthcare-related services.

Education services revenue

Education services revenue primarily consist of tuition fees. Tuition fee for educational services not yet provided is recorded as contract liability (see note 23) and recognised as revenue over the period when the services are rendered. There are no variable considerations. The Group maintains a tuition refund policy which provided for all, or a portion of tuition fees to be refunded if a student withdrew a semester within the stated refund periods. Refunds are recorded as a reduction of the related remaining contract liability and a reduction of revenue in the month that the student withdraws from a semester. If a student withdraws at the time when only a portion, or none, of the tuition fees was refundable, then the Group continues to recognise the tuition fees that was not refunded over the period of the related semester.

Management fees

Management fee is recognised over time for management and consultancy services provided. The stage of completion is assessed by reference to surveys of work performed. The Group has a range of credit terms which are typically short term, in line with market practice, and without any financing component.

26. Staff costs

	Group		**Company**	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Salaries, bonuses and other costs	6,042,111	5,826,720	52,054	70,863
Contribution to defined contribution plans	274,031	246,800	1,282	1,270
Equity-settled share-based payments	3,319	5,942	1,353	2,750
	6,319,461	6,079,462	54,689	74,883

Staff costs includes remuneration of the Executive Director. Refer to note 30 for details.

27. Finance income and costs

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Finance income				
Interest income	77,586	49,084	13,326	1,517
Fair value gain on investments at FVTPL	987	933	642	933
Fair value gain on financial derivatives	34,810	493,584	-	-
	113,383	543,601	13,968	2,450
Finance costs				
Interest on loans and borrowings	(339,734)	(308,311)	-	-
Interest on lease liabilities	(158,060)	(163,326)	(22)	(23)
Interest on amounts due to a subsidiary	-	-	(295)	(1,468)
Exchange loss on loans and borrowings	(144,194)	(604,966)	-	-
Other finance costs	(41,556)	(38,103)	-	-
Less: Capitalised interest expenses in property, plant and equipment from:				
- Interest on loans and borrowings	20,934	21,282	-	-
- Interest on lease liabilities	5,197	5,797	-	-
	(657,413)	(1,087,627)	(317)	(1,491)

28. Profit before tax

(a) Auditors' remuneration charged to profit or loss comprises:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Auditors' remuneration				
Audit fees				
- KPMG PLT	(2,024)	(1,519)	(487)	(473)
- Overseas affiliates of KPMG PLT	(8,956)	(8,426)	(585)	(438)
- Other auditors	(548)	(354)	-	-
Non-audit fees				
- KPMG PLT	(1,401)	(926)	(1,240)	(896)
- Overseas affiliates of KPMG PLT	(4,431)	(3,855)	(2,123)	(1,167)

28. Profit before tax (continued)

(b) Profit before tax is arrived at after crediting/(charging):

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Material income/(expenses)					
Government grants		31,023	71,175	25	278
Exchange gains - net		92,526	10,512	31,043	331
Impairment loss (made)/written back					
- Property, plant and equipment	3	(384,302)	(167,408)	-	-
- Intangible assets	6	(8,943)	-	-	-
- Goodwill	6	(150,066)	(6,090)	-	-
- Trade and other receivables		(44,686)	(80,605)	(8,567)	-
Write-off:					
- Property, plant and equipment	3	(1,087)	(1,863)	-	-
- Trade and other receivables		(10,048)	(20,749)	-	-
- Inventories		(4,296)	(3,601)	-	-
Gain on disposal of property, plant and equipment		11,864	14,975	-	-
Gain on disposal of an investment property		-	16,335	-	-
Gain on disposal of subsidiaries	39	-	53,032	-	-
Gain on disposal of joint ventures		-	139,053	-	-
Change in fair value of investment properties	5	23,750	87,107	-	-
Remeasurement to fair value of interest in a joint venture		-	86,061	-	-

29. Other comprehensive income

	2022 Before tax RM'000	2022 Tax benefit RM'000 (note 11)	2022 Net of tax RM'000	2021 Before tax RM'000	2021 Tax benefit RM'000 (note 11)	2021 Net of tax RM'000
Group						
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences from foreign operations	224,633	-	224,633	(397,621)	-	(397,621)
Realisation of FCTR upon disposal/substantive liquidation of subsidiaries and a joint venture	-	-	-	47,723	-	47,723
Hyperinflationary adjustments	669,372	-	669,372	-	-	-
Hedge of net investments in foreign operations	313,681	-	313,681	151,274	-	151,274
Cash flow hedge	22,137	-	22,137	11,617	-	11,617
Cost of hedging	1,292	-	1,292	(213)	-	(213)
	1,231,115	-	1,231,115	(187,220)	-	(187,220)
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liabilities	(18,113)	2,816	(15,297)	(11,912)	3,400	(8,512)
	1,213,002	2,816	1,215,818	(199,132)	3,400	(195,732)
Company						
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences from foreign operations	586	-	586	40	-	40

30. Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers the Directors of the Company to be key management personnel in accordance with MFRS 124, *Related Party Disclosures*.

The key management personnel compensation are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-executive directors:				
- Fees	7,733	8,522	5,055	5,593
- Remuneration and other benefits	28	28	28	28
- Share-based payment	1,132	1,065	-	-
	8,893	9,615	5,083	5,621
Executive director:				
- Remuneration and other benefits	23,363	23,124	10,556	10,369
	32,256	32,739	15,639	15,990

The estimated monetary value of directors' benefit-in-kind is RM168,000 (2021: RM156,000).

31. Income tax expense

		Group		Company	
		2022	**2021**	**2022**	**2021**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Current tax expense					
Current year		574,197	565,593	3,248	1,486
Over provided in prior years		(23,043)	(7,486)	-	(167)
		551,154	558,107	3,248	1,319
Deferred tax expense/(credit)					
Origination and reversal of temporary differences		14,147	(209,389)	(50)	(205)
Changes in tax rates		-	32,579	-	-
Under/(over) provided in prior years		6,648	(2,145)	-	189
	11	20,795	(178,955)	(50)	(16)
		571,949	379,152	3,198	1,303

31. Income tax expense (continued)

Reconciliation of income tax expense

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Profit before tax	2,217,091	2,555,737	282,125	1,305,874
Less:				
Share of profits of associates (net of tax)	(36,836)	(31,034)	-	-
Share of profits of joint ventures (net of tax)	(2,035)	(8,822)	-	-
	2,178,220	2,515,881	282,125	1,305,874
Income tax calculated using Malaysia tax rate of 24% (2021: 24%)	522,773	603,811	67,710	313,410
Effect of tax rates in foreign jurisdictions	(41,776)	(94,882)	(269)	(227)
Effect of change in tax rates	(28,490)	32,579	-	-
Tax exempt income	(62,350)	(181,992)	(81,760)	(334,543)
Tax incentive	(64)	(215)	-	-
Non-deductible expenses	256,747	226,717	17,517	22,641
Recognition of deferred tax assets	(104,477)	(228,246)	-	-
Deferred tax assets not recognised	45,981	31,011	-	-
(Over)/under provided in prior years	(16,395)	(9,631)	-	22
	571,949	379,152	3,198	1,303

32. Earnings per share

	Group 2022	Group 2021
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders (RM'000)		
Profit after tax and non-controlling interests	1,548,398	1,862,525
Perpetual securities distribution accrued	(52,212)	(88,300)
	1,496,186	1,774,225

Basic earnings per share

	Group 2022	Group 2021
Weighted average number of shares ('000)	8,803,471	8,782,187
Basic earnings per share (sen)	17.00	20.20

32. Earnings per share (continued)

Diluted earnings per share

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	Group	
	2022	**2021**
Weighted average number of ordinary shares used in calculation of basic earnings per share ('000)	8,803,471	8,782,187
Weighted average number of unissued ordinary shares from units under LTIP ('000)	-	459
Weighted average number of unissued ordinary shares from units under EOS ('000)	834	85
Weighted average number of ordinary shares used in calculation of diluted earnings per share ('000)	8,804,305	8,782,731
Diluted earnings per share (sen)	16.99	20.20

At 31 December 2022, 18,759,000 outstanding EOS options (2021: 21,509,000) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices of the Company for the period during which the options were outstanding.

33. Dividends

Dividends recognised by the Company:

	Per ordinary share sen	Total amount RM'000	Date of payment
2022			
First and final single tier cash dividend for financial year ended 31 December 2021	6.0	528,162	29 April 2022
2021			
First and final single tier cash dividend for financial year ended 31 December 2020	4.0	351,163	30 April 2021

33. Dividends (continued)

The Board of Directors have declared that a first and final single tier cash dividend of 7 sen per ordinary share for the financial year ended 31 December 2022 to be paid on 28 April 2023 to shareholders whose names appear in the Record of Depositors of Bursa Malaysia Depository Sdn Bhd and CDP at the close of business on 31 March 2023. The Company shall apply the RM: SGD noon middle rate as disclosed in the Bank Negara Malaysia's website on 31 March 2023 as the basis for computing the dividend quantum to be paid in SGD to the Singapore investors whose Company's shares are traded on SGX-ST.

	Per ordinary share	**Total amount**
	sen	**RM'000**
First and final single tier cash dividend for financial year ended 31 December 2022	7	616,423 *

* Based on 8,806,043,000 ordinary shares as at 28 February 2023.

34. Segment reporting

Operating segments

The Group has seven significant reportable segments, as described below, which are the Group's strategic business units. Except for IMU Health and PLife REIT, the strategic business units offer hospital and healthcare services in different locations, and are managed separately. IMU Health is an educational service provider while PLife REIT is a real estate investment trust. For each of the strategic business units, the Group's Board of Directors reviews internal management reports on at least a quarterly basis.

The Group's significant reportable segments comprise:

- Singapore
- Malaysia
- India
- Greater China
- Turkiye and Europe
- IMU Health
- PLife REIT

Management monitors the operating results of each of its business units for the purpose of making decisions on resource allocation and performance assessment. Performance is measured based on segment EBITDA.

Inter-segment pricing is determined on negotiated basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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34. Segment reporting (continued)

2022	Hospital and Healthcare: Singapore RM'000	Malaysia RM'000	India RM'000	Greater China RM'000	Turkiye and Europe RM'000	Southeast Asia RM'000	IMU Health Malaysia RM'000	PLife REIT RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Revenue and expenses											
Revenue from external customers	5,143,114	3,181,790	3,865,251	998,378	4,384,857	-	260,772	149,531	4,994	-	17,988,687
Inter-segment revenue	763	1,585	-	1	4,868	-	1,489	226,668	1,539,019	(1,774,393)	-
Total segment revenue	5,143,877	3,183,375	3,865,251	998,379	4,389,725	-	262,261	376,199	1,544,013	(1,774,393)	17,988,687
EBITDA	1,600,156	909,700	646,624	(60,291)	983,587	(346)	84,750	278,442	1,249,304	(1,640,799)	4,051,127
Depreciation and impairment of property, plant and equipment	(176,312)	(215,290)	(152,735)	(506,554)	(291,978)	-	(5,279)	(24,475)	(1,852)	-	(1,374,475)
Depreciation and impairment of ROU assets	(301,564)	(26,513)	(38,175)	(71,763)	(116,701)	-	(1,235)	(12,894)	(6,178)	217,130	(357,893)
Amortisation and impairment of intangible assets	-	(1,756)	(31,508)	(12,962)	(11,202)	-	(255)	-	(9,236)	8,467	(58,452)
Foreign exchange differences	(360)	(1,484)	7,539	(336)	(2,202)	(5,158)	(12)	10,810	83,729	-	92,526
Finance income	226	8,050	14,496	2,916	58,542	47	2,836	16,413	18,289	(8,432)	113,383
Finance costs	(62,238)	(5,053)	(90,743)	(112,318)	(400,969)	-	(1,527)	(18,296)	(35,071)	68,802	(657,413)
Net monetary gain arising from hyperinflationary economy	-	-	-	-	462,512	-	-	-	-	-	462,512
Share of profits of associates (net of tax)	2,001	-	14,849	-	-	19,986	-	-	-	-	36,836
Share of profits of joint ventures (net of tax)	1,421	-	614	-	-	-	-	-	-	-	2,035
Others	43,224	(8,045)	-	(136,319)	-	-	-	-	(13,583)	21,628	(93,095)
Profit/(loss) before tax	1,106,554	659,609	370,961	(897,627)	681,589	14,529	79,278	250,000	1,285,402	(1,333,204)	2,217,091
Income tax expense	(183,867)	(183,333)	(94,472)	(2,518)	(51,656)	-	(18,833)	(19,692)	(17,578)	-	(571,949)
Profit/(loss) for the year	922,687	476,276	276,489	(900,145)	629,933	14,529	60,445	230,308	1,267,824	(1,333,204)	1,645,142
Assets and liabilities											
Cash and cash equivalents	340,604	408,027	1,910,258	212,551*	333,230	7,551	-*	129,903	321,387	-	3,663,511
Other assets	18,885,130	6,422,804	7,557,717	3,233,926	8,356,431	60,042	640,710	5,308,363	4,066,047	(9,727,194)	44,803,976
Segment assets as at 31 December 2022	19,225,734	6,830,831	9,467,975	3,446,477	8,689,661	67,593	640,710	5,438,266	4,387,434	(9,727,194)	48,467,487
Loans and borrowings	-	-	538,993	3,446,473*	1,083,334	-	-*	2,759,055	1,330,925	-	9,158,780
Other liabilities	9,822,637	1,016,211	2,759,695	1,079,894	2,991,417	21,841	210,149	407,974	1,528,567	(9,688,735)	10,149,650
Segment liabilities as at 31 December 2022	9,822,637	1,016,211	3,298,688	4,526,367	4,074,751	21,841	210,149	3,167,029	2,859,492	(9,688,735)	19,308,430

*: Certain balances had been transferred to assets classified as held for sale and liabilities directly associated with assets classified as held for sale.

34. Segment reporting (continued)

2021	Hospital and Healthcare						IMU Health Malaysia	PLife REIT	Others	Eliminations	Total
	Singapore	Malaysia	India	Greater China	Turkiye and Europe	Southeast Asia					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue and expenses											
Revenue from external customers	5,033,275	2,727,152	3,728,706	876,887	4,347,258	-	257,647	153,167	7,671	-	17,131,763
Inter-segment revenue	962	1,000	-	-	-	-	2,411	217,527	3,951,006	(4,172,906)	-
Total segment revenue	5,034,237	2,728,152	3,728,706	876,887	4,347,258	-	260,058	370,694	3,958,677	(4,172,906)	17,131,763
EBITDA	1,692,982	760,144	664,462	(69,554)	1,198,862	(330)	86,709	349,919	3,652,225	(4,055,989)	4,279,430
Depreciation and impairment of property, plant and equipment	(169,538)	(212,335)	(155,180)	(349,275)	(191,898)	(6)	(12,834)	(23,817)	(1,198)	-	(1,116,081)
Depreciation and impairment of ROU assets	(284,352)	(25,847)	(34,834)	(78,267)	(83,200)	-	(4,172)	(12,711)	(3,819)	206,343	(320,859)
Amortisation and impairment of intangible assets	-	(3,051)	(26,771)	(3,956)	(12,834)	-	(639)	-	(10,448)	10,448	(47,251)
Foreign exchange differences	(453)	(183)	1,974	438	89	(87)	2	6,001	2,731	-	10,512
Finance income	297	10,645	14,665	4,936	496,093	1	2,530	12,831	3,070	(1,467)	543,601
Finance costs	(8,772)	(1,029)	(122,943)	(66,242)	(864,216)	-	-	(14,439)	(18,143)	8,157	(1,087,627)
Share of profits of associates (net of tax)	1,263	-	10,875	-	-	18,896	-	-	-	-	31,034
Share of profits of joint ventures (net of tax)	889	-	7,933	-	-	-	-	-	-	-	8,822
Others	50,701	(4,220)	275,583	(29,063)	-	(38,845)	-	-	-	-	254,156
Profit/(loss) before tax	1,283,017	524,124	635,764	(590,983)	542,896	(20,371)	71,596	317,784	3,624,418	(3,832,508)	2,555,737
Income tax expense	(204,488)	(125,535)	(119,592)	(6,874)	146,597	-	(17,036)	(24,527)	(27,697)	-	(379,152)
Profit/(loss) for the year	1,078,529	398,589	516,172	(597,857)	689,493	(20,371)	54,560	293,257	3,596,721	(3,832,508)	2,176,585
Assets and liabilities											
Cash and cash equivalents	204,952	287,144	2,187,615	334,779	279,815	5,453	123,119	79,485	1,515,318	-	5,017,680
Other assets	13,939,564	6,080,287	7,341,305	3,789,831	4,516,816	56,083	536,791	5,040,588	3,715,858	(4,524,534)	40,492,589
Segment assets as at 31 December 2021	14,144,516	6,367,431	9,528,920	4,124,610	4,796,631	61,536	659,910	5,120,073	5,231,176	(4,524,534)	45,510,269
Loans and borrowings	-	300,000	689,545	3,201,887	1,716,517	-	38,025	2,545,131	355,813	-	8,846,918
Other liabilities	4,999,550	822,734	2,970,532	1,035,515	2,267,330	15,821	178,195	405,483	1,131,803	(4,440,443)	9,386,520
Segment liabilities as at 31 December 2021	4,999,550	1,122,734	3,660,077	4,237,402	3,983,847	15,821	216,220	2,950,614	1,487,616	(4,440,443)	18,233,438

34. Segment reporting (continued)

Geographical segment

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of operations. Segment assets are based on the geographical location of the assets.

	Singapore RM'000	Malaysia RM'000	India RM'000	Greater China RM'000	Japan RM'000	Turkiye and Europe RM'000	Others[1] RM'000	Eliminations RM'000	Total RM'000
2022									
Revenue from external customers	5,143,114	3,442,724	3,865,251	998,378	149,369	4,384,857	4,994	-	17,988,687
Non-current assets[2]	15,305,218	5,565,936	5,695,916	2,757,195	2,469,366	6,630,406	120,203	(90,903)	38,453,337
2021									
Revenue from external customers	5,033,275	2,984,937	3,728,706	876,887	153,029	4,347,258	7,671	-	17,131,763
Non-current assets[2]	14,465,303	5,970,496	5,782,177	3,596,894	2,503,205	3,090,961	114,721	(85,394)	35,438,363

[1]: Others include balances relating to corporate offices, which are unallocated.
[2]: Non-current assets consist of property, plant and equipment, ROU assets, investment properties, goodwill on consolidation and intangible assets.

35. Financial instruments

(i) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost
(b) Fair value through profit or loss ("FVTPL")
 - Mandatorily required by MFRS 9
(c) Fair value through other comprehensive income ("FVOCI")
 - Equity instrument designated upon initial recognition ("EIDUIR")
(d) Derivatives used for hedging

2022 Group	Carrying amount RM'000	Amortised cost RM'000	Mandatorily at FVTPL RM'000	FVOCI - EIDUIR RM'000	Derivatives used for hedging RM'000
Financial assets					
Other financial assets					
- Unquoted shares	114,573	-	-	114,573	-
- Fixed deposits	245,660	245,660	-	-	-
- Others	16,745	16,745	-	-	-
Trade and other receivables[1]	2,487,992	2,487,992	-	-	-
Derivative assets					
- Foreign exchange forward contracts	42,475	-	42,475	-	-
- Cross currency swaps	291,978	-	291,978	-	-
- Cross currency interest rate swaps	61,410	-	-	-	61,410
- Interest rate caps	12,799	-	-	-	12,799
- Interest rate swaps	124	-	-	-	124
Cash and cash equivalents	3,663,511	3,663,511	-	-	-
	6,937,267	6,413,908	334,453	114,573	74,333
Financial liabilities					
Bank overdrafts	(44,135)	(44,135)	-	-	-
Loans and borrowings	(9,158,780)	(9,158,780)	-	-	-
Trade and other payables[2]	(3,619,932)	(3,619,932)	-	-	-
Derivative liabilities					
- Foreign exchange forward contracts	(4,379)	-	(4,379)	-	-
	(12,827,226)	(12,822,847)	(4,379)	-	-
Company					
Financial assets					
Trade and other receivables[1]	23,699	23,699	-	-	-
Cash and cash equivalents	154,512	154,512	-	-	-
	178,211	178,211	-	-	-
Financial liabilities					
Trade and other payables[2]	(24,761)	(24,761)	-	-	-

[1]: Excludes prepayments.
[2]: Excludes liabilities on put options granted to non-controlling interests, deposits, rental advance billings and contract liabilities.

35. Financial instruments (continued)

(i) Categories of financial instruments (continued)

2021 Group	Carrying amount RM'000	Amortised cost RM'000	Mandatorily at FVTPL RM'000	FVOCI - EIDUIR RM'000	Derivatives used for hedging RM'000
Financial assets					
Other financial assets					
- Unquoted shares	72,581	-	-	72,581	-
- Money market funds	111,394	-	111,394	-	-
- Fixed deposits	232,693	232,693	-	-	-
Trade and other receivables[(1)]	2,457,292	2,457,292	-	-	-
Derivative assets					
- Foreign exchange forward contracts	21,451	-	21,451	-	-
- Cross currency swaps	374,382	-	374,382	-	-
- Cross currency interest rate swaps	27,199	-	-	-	27,199
- Interest rate caps	2,143	-	-	-	2,143
Cash and cash equivalents	5,017,680	5,017,680	-	-	-
	8,316,815	7,707,665	507,227	72,581	29,342
Financial liabilities					
Bank overdrafts	(24,229)	(24,229)	-	-	-
Loans and borrowings	(8,846,918)	(8,846,918)	-	-	-
Trade and other payables[(2)]	(3,219,670)	(3,219,670)	-	-	-
Derivative liabilities					
- Interest rate swaps	(471)	-	-	-	(471)
	(12,091,288)	(12,090,817)	-	-	(471)
Company					
Financial assets					
Money market funds	111,394	-	111,394	-	-
Trade and other receivables[(1)]	68,849	68,849	-	-	-
Cash and cash equivalents	1,214,880	1,214,880	-	-	-
	1,395,123	1,283,729	111,394	-	-
Financial liabilities					
Trade and other payables[(2)]	(31,905)	(31,905)	-	-	-

[(1)]: Excludes prepayments.
[(2)]: Excludes liabilities on put options granted to non-controlling interests, deposits, rental advance billings and contract liabilities.

35. Financial instruments (continued)

(ii) Net gains/(losses) arising from financial instruments

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Financial assets at amortised cost				
- Recognised in profit or loss	22,852	(52,270)	13,326	1,517
Financial liabilities at amortised cost				
- Recognised in profit or loss	(504,550)	(932,661)	(296)	(1,468)
Financial instruments mandatorily at FVTPL				
- Recognised in profit or loss	35,860	497,102	705	3,518
Derivatives used for hedging				
- Recognised in other comprehensive income	41,345	30,417	-	-
	(404,493)	(457,412)	13,735	3,567

(iii) Financial risk management

The Group and the Company have exposures to the following risks from their financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(iv) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's primary exposure to credit risk, arises principally through its trade receivables and investment in debt securities. The Company's exposure to credit risk arises principally from its amounts due from subsidiaries and financial guarantee provided to banks for banking facilities and cross currency swaps granted to subsidiaries.

35. Financial instruments (continued)

(iv) Credit risk (continued)

Trade receivables

Risk management objectives, policies and processes for managing the risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on major customers requiring credit over a certain amount. Self-pay customer may be requested to place an initial deposit or obtain a letter of guarantee at the time of admission to the hospital. Additional deposit is requested from the customer when the hospital charges exceed a certain level.

At the end of each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk are represented by the carrying amounts of financial assets in the statements of financial position.

Credit risk concentration profile

The exposure of credit risk for trade receivables as at the end of the reporting period (by geographical distribution) were as follows:

		Group	
	Note	**2022 RM'000**	**2021 RM'000**
Singapore		663,081	1,032,650
Malaysia		508,387	389,327
India		538,408	496,420
Greater China		92,762	83,484
Southeast Asia		127,442	36,861
Turkiye and Europe		603,613	440,543
Others		39,377	21,486
		2,573,070	2,500,771
Impairment losses		(366,132)	(346,823)
	14	2,206,938	2,153,948

35. Financial instruments (continued)

(iv) Credit risk (continued)

Trade receivables (continued)

Credit risk concentration profile (continued)

At 31 December 2021, the Group has outstanding trade receivables from one significant customer amounting to RM196,727,000, which is individually 5% or more of the Group's gross trade receivables. There is no significant credit risk concentration as at 31 December 2022.

Recognition and measurement of impairment losses

The Group uses a provision matrix to measure the lifetime expected credit loss ("ECL") allowance for trade receivables. In measuring the ECL, trade receivables are grouped based on shared credit risk characteristics such as customer types, geographic region and days past due. Customer types include self-pay customers, insurers, third party administrators and government bodies.

Loss rate is calculated using a "roll-rate" method based on the probability of a receivable progressing through successive stages of delinquency to being written off.

In calculating the ECL rates, the Group considers historical loss rates for each category of customers, based on actual credit loss experience over the past four years. This is adjusted by scalar factors to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The scalar factors for self-pay customers are based on actual and forecast real income growth rates of respective countries. The scalar factors for corporate and government customers are based on default probability risk rates of the customer.

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

Group	Gross carrying amount RM'000	Impairment loss RM'000	Net balance RM'000
2022			
Not credit impaired			
Not past due	1,102,414	(13,564)	1,088,850
Past due 1 – 30 days	381,697	(7,062)	374,635
Past due 31 – 180 days	563,269	(25,752)	537,517
Past due 181 days – 1 year	157,811	(35,065)	122,746
Past due more than 1 year	207,251	(166,581)	40,670
	2,412,442	(248,024)	2,164,418
Credit impaired			
Individually impaired	160,628	(118,108)	42,520
	2,573,070	(366,132)	2,206,938

35. Financial instruments (continued)

(iv) Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

	Gross carrying amount RM'000	Impairment loss RM'000	Net balance RM'000
2021			
Not credit impaired			
Not past due	1,035,754	(3,218)	1,032,536
Past due 1 – 30 days	399,085	(3,449)	395,636
Past due 31 – 180 days	628,780	(21,848)	606,932
Past due 181 days – 1 year	103,716	(28,722)	74,994
Past due more than 1 year	226,786	(204,764)	22,022
	2,394,121	(262,001)	2,132,120
Credit impaired			
Individually impaired	106,650	(84,822)	21,828
	2,500,771	(346,823)	2,153,948

The movement in the allowance for impairment in respect of trade receivables during the year are shown below:

	Group RM'000
At 1 January 2021	378,313
Disposal of subsidiaries	(5,477)
Impairment loss	26,369
Written off	(40,613)
Others	2,046
Translation differences	(13,815)
At 31 December 2021/1 January 2022	346,823
Impairment loss	59,381
Written off	(7,765)
Transfer to assets classified as held for sale	(63)
Translation differences	(32,244)
At 31 December 2022	366,132

35. Financial instruments (continued)

(iv) Credit risk (continued)

Fixed deposits and cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated and with good credit ratings. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The Group and the Company consider their fixed deposits and cash and cash equivalents to have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on fixed deposits and cash and cash equivalents was negligible.

Amounts due from subsidiaries

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company regularly monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

The Company determines the probability of default from these receivables individually using internal information available. The Company considers these receivable balances as low credit risk unless there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly or the balance is overdue for more than 365 days. As at the end of the reporting period, the ECL allowance on these low-credit-risk balances is insignificant.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provided unsecured financial guarantees to banks in respect of banking facilities and cross currency swaps ("CCS") arrangements granted to certain subsidiaries.

The Company monitors on an ongoing basis the abilities of the borrowing entities to service their loans and CCS obligations on an individual basis.

35. Financial instruments (continued)

(iv) Credit risk (continued)

Financial guarantees (continued)

Exposure to credit risk, credit quality and collateral

The maximum exposure of the Company in respect of financial guarantees at 31 December 2022 amounted to RM134,720,000 (2021: RM958,051,000) representing the outstanding bank loans and CCS obligations of its subsidiaries.

At the end of the reporting period, the Company does not consider it probable that claims will be made against the Company under the financial guarantees. The financial guarantees are not recognised since the fair value on initial recognition was not material.

Provision for loan taken by a joint venture

Risk management objectives, policies and processes for managing the risk

A wholly owned subsidiary, PHL is a joint sponsor under the Sponsor Support Agreement for the term loan facility granted to KHPL whereby the sponsors are required to provide for any shortfall payable by KHPL in respect of the term loan facility in the event of termination or non-completion of hospital project.

Exposure to credit risk, credit quality and collateral

The maximum exposure of the Group in respect of the loan at the reporting date amounted to RM47,688,000 (2021: RM45,131,000) representing the Group's 50% share of bank loans drawn down and interest payable by KHPL (see note 23).

On 5 January 2017, the bank served a notice to KHPL that the hospital project was unlikely to be completed. In view that KHPL is unlikely to be able to repay the loan, the Group made a provision for its 50% share of the amounts KHPL owed the bank.

(v) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables and loans and borrowings.

35. Financial instruments (continued)

(v) Liquidity risk (continued)

Maturity analysis

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents and bank facilities deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it has sufficient cash and available undrawn credit facilities to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The following table provides the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period. The amounts are gross and undiscounted, include contractual interest payments and exclude the impact of netting arrangements:

Group 2022	**Carrying amount RM'000**	**Contractual cash flows RM'000**	**Within 1 year RM'000**	**After 1 year but within 5 years RM'000**	**After 5 years RM'000**
Non-derivative financial liabilities					
Bank overdrafts	44,135	44,135	44,135	-	-
Loans and borrowings	9,158,780	10,556,446	2,028,489	6,765,549	1,762,408
Lease liabilities	1,631,041	3,461,018	379,954	1,285,937	1,795,127
Trade and other payables*	5,212,597	5,212,597	4,018,969	1,128,226	65,402
	16,046,553	19,274,196	6,471,547	9,179,712	3,622,937
Derivative financial instruments					
Foreign exchange forward contracts (gross-settled)	(38,096)				
- inflows		(363,876)	(120,457)	(243,419)	-
- outflows		326,214	107,470	218,744	-
Cross currency interest rate swaps (gross-settled)	(61,410)				
- inflows		(330,916)	(24,250)	(306,666)	-
- outflows		267,841	750	267,091	-
Cross currency swaps (gross-settled)	(291,978)				
- inflows		(676,389)	(227,237)	(449,152)	-
- outflows		319,370	119,804	199,566	
Interest rate swaps (net-settled)	(124)	(127)	(114)	(13)	-
Interest rate caps (net- settled)	(12,799)	(12,825)	(127)	(12,698)	-
	(404,407)	(470,708)	(144,161)	(326,547)	-
	15,642,146	18,803,488	6,327,386	8,853,165	3,622,937

*: Excludes deposits, rental advance billings and contract liabilities.

35. Financial instruments (continued)

(v) Liquidity risk (continued)

Maturity analysis (continued)

Group 2021	Carrying amount RM'000	Contractual cash flows RM'000	Within 1 year RM'000	After 1 year but within 5 years RM'000	After 5 years RM'000
Non-derivative financial liabilities					
Bank overdrafts	24,229	24,229	24,229	-	-
Loans and borrowings	8,846,918	9,694,086	1,391,862	6,775,320	1,526,904
Lease liabilities	2,002,534	3,656,522	385,632	1,186,896	2,083,994
Trade and other payables*	5,158,118	5,158,118	3,456,134	1,639,879	62,105
	16,031,799	18,532,955	5,257,857	9,602,095	3,673,003
Derivative financial instruments					
Foreign exchange forward contracts (gross-settled)	(21,451)				
- inflows		(240,633)	(80,510)	(160,123)	-
- outflows		222,064	75,374	146,690	-
Cross currency interest rate swaps (gross-settled)	(27,199)				
- inflows		(283,110)	(8,364)	(274,746)	-
- outflows		255,374	832	254,542	-
Cross currency swaps (gross-settled)	(374,382)				
- inflows		(687,399)	(230,936)	(456,463)	-
- outflows		428,871	160,881	267,990	
Interest rate swaps (net-settled)	471	481	225	256	-
Interest rate caps (net- settled)	(2,143)	-	-	-	-
	(424,704)	(304,352)	(82,498)	(221,854)	-
	15,607,095	18,228,603	5,175,359	9,380,241	3,673,003

*: Excludes deposits, rental advance billings and contract liabilities.

35. Financial instruments (continued)

(v) Liquidity risk (continued)

Maturity analysis (continued)

Company **2022**	**Carrying amount** **RM'000**	**Contractual cash flows** **RM'000**	**Within 1 year** **RM'000**	**After 1 year but within 5 years** **RM'000**	**After 5 years** **RM'000**
Non-derivative financial liabilities					
Lease liabilities	1,306	1,317	1,018	299	-
Trade and other payables#	24,761	24,761	24,761	-	-
	26,067	26,078	25,779	299	-
2021					
Non-derivative financial liabilities					
Lease liabilities	2,303	2,334	1,018	1,316	-
Trade and other payables#	31,905	31,905	31,905	-	-
	34,208	34,239	32,923	1,316	-

#: Excludes deposits and rental advance billings.

The above table has not included financial guarantees amounting to RM134,720,000 (2021: RM958,051,000) for outstanding bank loans and CCS obligations of its subsidiaries, of which the guarantee may be called by the banks anytime if the subsidiaries default.

(vi) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's financial position or cash flows.

(a) Foreign currency risk

The Group is exposed to foreign exchange risk on sales, purchases, cash and cash equivalents, receivables and payables, and loans and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the Singapore Dollar, United States Dollar, Euro Dollar, Japanese Yen, India Rupee and Chinese Renminbi.

Risk management objectives, policies and processes for managing the risk

The Group uses foreign exchange forward contracts to manage its exposure to foreign currency movements on its net income denominated in Japanese Yen from its investments in Japan. Where necessary, the foreign exchange forward contracts are rolled over at maturity.

35. Financial instruments (continued)

(vi) Market risk (continued)

(a) Foreign currency risk (continued)

Risk management objectives, policies and processes for managing the risk (continued)

The Group actively monitors its foreign currency risk and minimises such risk by borrowing in the functional currency of the borrowing entity or by borrowing in the same currency as the foreign investment (i.e. natural hedge of net investments).

The Group also enters in cross currency interest rate swaps to realign borrowings to the same currency of the Group's foreign investments to achieve a natural hedge (see note 35(vii)).

In respect of other monetary assets and liabilities held in currencies other than the functional currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rate where necessary to address short term imbalances.

The nominal value and fair value of the foreign exchange forward contracts, cross currency swaps and cross currency interest rate swaps are disclosed in note 24.

35. Financial instruments (continued)

(vi) Market risk (continued)

(a) Foreign currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting period are as follows:

Group 2022	**Singapore Dollar RM'000**	**United States Dollar RM'000**	**Euro Dollar RM'000**	**Japanese Yen RM'000**	**India Rupee RM'000**	**Chinese Renminbi RM'000**	**Others* RM'000**
Carrying value							
Trade and other receivables	235	18,875	57,240	-	81	-	4,409
Intra-group receivables	90,482	224,041	324,175	-	19,050	808	386
Cash and cash equivalents	15,646	79,075	248,173	41,879	-	1,047	100,417
Loans and borrowings	-	(684)	(656,574)	-	-	-	(683)
Trade and other payables	(665)	(98,435)	502,861	(1,595)	(51,335)	-	(2,657)
Intra-group payables	(141,936)	(308,744)	(232,640)	-	-	(137)	(3,351)
Liabilities on put options granted to non-controlling interests	-	-	(445,826)	-	(278,563)	-	-
Foreign exchange forward contracts	-	12,472	139,193	(299,289)	-	-	-
Cross currency swaps	-	-	171,656	-	-	-	-
	(36,238)	(73,400)	108,258	(259,005)	(310,767)	1,718	98,521

*: Others include mainly British Pound, Hong Kong Dollar, Malaysian Ringgit, United Arab Emirates Dirham, Mauritian Rupee and Sri Lankan Rupee.

35. Financial instruments (continued)

(vi) Market risk (continued)

(a) Foreign currency risk (continued)

Exposure to foreign currency risk (continued)

Group 2021	**Singapore Dollar RM'000**	**United States Dollar RM'000**	**Euro Dollar RM'000**	**Japanese Yen RM'000**	**India Rupee RM'000**	**Chinese Renminbi RM'000**	**Others* RM'000**
Carrying value							
Trade and other receivables	161	17,747	7,214	-	69	-	523
Intra-group receivables	103,019	3,242	-	-	14,085	586	-
Cash and cash equivalents	205,319	535,131	69,775	803	-	7,835	7,213
Loans and borrowings	-	(668)	(803,459)	-	-	-	(18,903)
Trade and other payables	(100)	(88,844)	(39,884)	(1,613)	(52,231)	(5,775)	(1,001)
Intra-group payables	(94,461)	(3,304)	-	-	-	(1,275)	(24,309)
Liabilities on put options granted to non-controlling interests	-	-	(439,371)	-	(235,496)	-	-
Foreign exchange forward contracts	-	2,725	3,499	(214,536)	-	-	-
Cross currency swaps	-	-	676,233	-	-	-	-
	213,938	466,029	(525,993)	(215,346)	(273,573)	1,371	(36,477)

*: Others include mainly British Pound, Hong Kong Dollar, Malaysian Ringgit, Swiss Franc, Australian Dollar and Bangladeshi Taka.

35. Financial instruments (continued)

(vi) Market risk (continued)

(a) Foreign currency risk (continued)

Exposure to foreign currency risk (continued)

Company	Singapore Dollar RM'000	Malaysian Ringgit RM'000	United States Dollar RM'000	Australian Dollar RM'000
2022				
Trade and other receivables	18,766	-	709	-
Cash and cash equivalents	10,846	-	27,559	-
Trade and other payables	(710)	(984)	(1,126)	-
	28,902	(984)	27,142	-
2021				
Trade and other receivables	87,137	-	-	-
Cash and cash equivalents	201,062	-	4,107	-
Trade and other payables	-	(166)	-	-
	288,199	(166)	4,107	-

Sensitivity analysis

Any reasonable movement in foreign currencies exchange rates will not have a material impact on the performance of the Group and the Company.

(b) Interest rate risk

This relates to changes in interest rates which affect mainly the Group's fixed deposits and its loans and borrowings. The Group's fixed rate financial assets and loans and borrowings are exposed to a risk of change in their fair values while the variable rate financial assets and loans and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The Group has no significant concentration of interest rate risk that may arise from exposure to Group's fixed deposits and its obligations with banks and financial institutions.

Risk management objectives, policies and processes for managing the risk

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts as well as by rolling over its fixed deposits and variable rate borrowings on a short-term basis. In respect of long term borrowings, the Group may enter into interest rate derivatives to manage its exposure to adverse movements in interest rates.

35. Financial instruments (continued)

(vi) Market risk (continued)

(b) Interest rate risk (continued)

Interest rate swaps, cross currency interest rate swaps and interest rate caps have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy.

The nominal value and fair value of the interest rate swaps, cross currency interest rate swaps and interest rate caps are disclosed in note 24.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Group		Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Fixed rate instruments				
Fixed deposits	729,055	1,833,408	-	890,042
Bank loans	(547,816)	(246,575)	-	-
Fixed rate medium term notes	(654,440)	(431,713)	-	-
Loans from corporates	(5,691)	(4,543)	-	-
Variable rate instruments				
Bank overdrafts	(44,135)	(24,229)	-	-
Bank loans	(7,033,841)	(7,231,413)	-	-
Loans from corporates	(916,992)	(932,674)	-	-
Provision for loan taken by a joint venture	(47,688)	(45,131)	-	-
Derivative instruments				
Interest rate caps	1,145,324	863,268	-	-
Interest rate swaps	145,286	161,085	-	-
Cross currency interest rate swaps	265,828	252,311	-	-

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

35. Financial instruments (continued)

(vi) Market risk (continued)

(b) Interest rate risk (continued)

Sensitivity analysis (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would not have a material impact on the profit or loss or equity of the Group.

Managing interest rate benchmark reform and associated risks

Overview

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as "interest rate benchmark reform"). The Group has exposures to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The Group anticipates that interest rate benchmark reform will impact its existing risk management practice and application of hedge accounting.

The Group evaluates the extent to which contracts reference IBOR cash flows, whether such contracts will need to be amended as a result of interest rate benchmark reform and how to manage communication about interest rate benchmark reform with counterparties.

Hedge accounting

During the year, where hedge accounting is applied, the Group has completed the supplementary loan agreement for the bank loans and trade confirmation amendment for the derivatives instrument (hedged items) impacted by the interest rate benchmark reform with the respective counterparties at no increase in loan interest. The interest-bearing loans and derivatives (hedging instruments) had been transited on the same date and to the same benchmark indexes to avoid any ineffectiveness in relation to the application of the hedge accounting. Therefore, there is no longer uncertainty about when and how replacement may occur with respect to the relevant hedged items and hedging instruments. As a result, the Group no longer applies the amendments to MFRS 9 issued in September 2019 (Phase 1) to those hedging relationships.

35. Financial instruments (continued)

(vii) Material hedging activities

Hedge of net investments in foreign operations

The Group borrows loans denominated in Japanese Yen ("JPY") and utilised cross currency interest rate swaps to realign the Singapore dollar denominated loan back into effective JPY denominated loan to maintain a natural hedge for its JPY denominated investments.

The amounts related to items designated as hedging instruments were as follows:

Foreign currency risk	Nominal amount RM'000	Carrying amount Assets RM'000	Carrying amount Liabilities RM'000	Line item in the statement of financial position where the hedging instrument is included	Changes in the value of the hedging instrument recognised in OCI RM'000
2022					
Foreign currency denominated loans and borrowings	2,290,792	-	(2,283,578)	Loans and borrowings	313,681
2021					
Foreign currency denominated loans and borrowings (Restated)	2,285,982	-	(2,278,823)	Loans and borrowings	151,274

The amounts related to items designated as hedged items were as follows:

	Change in value used for calculating hedge ineffectiveness RM'000	Foreign currency translation reserve RM'000	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied RM'000
2022			
Net investment in SPEs with JPY functional currency	(339,837)	(506,950)	
2021			
Net investment in SPEs with JPY functional currency	(149,585)	(162,012)	-

35. Financial instruments (continued)

(viii) Fair value information

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Fair value				Carrying
Group	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**	**amount**
2022		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets						
Unquoted shares at FVOCI	10	-	-	114,573	114,573	114,573
Foreign exchange forward contracts	24	-	42,475	-	42,475	42,475
Cross currency swaps	24	-	291,978	-	291,978	291,978
Cross currency interest rate swaps	24	-	61,410	-	61,410	61,410
Interest rate caps	24	-	12,799	-	12,799	12,799
Interest rate swaps	24	-	124	-	124	124
Financial liabilities						
Foreign exchange forward contracts	24	-	(4,379)	-	(4,379)	(4,379)
Fixed rate medium term notes	20	-	(647,919)	-	(647,919)	(654,440)
Liabilities on put options granted to NCI	23	-	-	(1,592,665)	(1,592,665)	(1,592,665)

35. Financial instruments (continued)

(viii) Fair value information (continued)

Group	Note	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total	Carrying amount
2021		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Financial assets						
Unquoted shares at FVOCI	10	-	-	72,581	72,581	72,581
Money market funds at FVTPL	10	-	111,394	-	111,394	111,394
Foreign exchange forward contracts	24	-	21,451	-	21,451	21,451
Cross currency swaps	24	-	374,382	-	374,382	374,382
Cross currency interest rate swaps	24	-	27,199	-	27,199	27,199
Interest rate caps	24	-	2,143	-	2,143	2,143
Financial liabilities						
Interest rate swaps	24	-	(471)	-	(471)	(471)
Fixed rate medium term notes	20	-	(434,080)	-	(434,080)	(431,713)
Liabilities on put options granted to NCI	23	-	-	(1,938,448)	(1,938,448)	(1,938,448)
Company						
2022						
Financial assets						
Money market funds at FVTPL	10	-	-	-	-	-
2021						
Financial assets						
Money market funds at FVTPL	10	-	111,394	-	111,394	111,394

35. Financial instruments (continued)

(viii) Fair value information (continued)

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices that are observable for the financial assets or liabilities either directly or indirectly.

Derivatives, money market funds and mutual funds

The fair value of foreign exchange forward contracts, cross currency swaps, cross currency interest rate swaps, interest rate swaps, interest rate caps, money market funds and mutual funds are based on banker quotes.

Transfer between Level 1 and Level 2 fair values

There has been no transfers between Level 1 and Level 2 fair values during the financial year (2021: no transfer in either direction).

Level 3 fair value

The following table shows a reconciliation of financial instrument measured at Level 3 fair values:

	Unquoted shares at FVOCI RM'000
At 1 January 2021	59,714
Purchase of equity investments	12,722
Translation differences	145
At 31 December 2021/1 January 2022	72,581
Purchase of equity investments	37,515
Translation differences	4,477
At 31 December 2022	114,573

Measurement of fair values

The carrying amounts of financial assets and financial liabilities with a maturity of less than one year (including trade and other receivables, other financial assets, cash and cash equivalents, bank overdrafts and trade and other payables) are measured on the amortised cost basis and approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

35. Financial instruments (continued)

(viii) Fair value information (continued)

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

(a) Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Group			
Interest rate swaps, foreign exchange forward contracts, cross currency swaps, cross currency interest rate swaps and interest rate caps	*Market comparison technique:* The fair values are based on valuations provided by the financial institutions that are the counterparties to the transactions. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.	Not applicable	Not applicable

(b) Financial instruments not carried at fair value

Type	Valuation technique
Group	
Unsecured fixed rate medium term notes	*Market comparison*: The fair value is estimated taking into consideration of the quoted price.
Loans and borrowings	*Discounted cash flows*: Based on the current market rate of borrowing of the respective Group entities at the reporting date.
Liabilities on put options granted to non-controlling interests	*Discounted cash flows:* Based on the subsidiary's equity value computed mainly using the discounted cash flow method based on present value of projected free cash flows of the subsidiary discounted using a risk-adjusted discount rate. For liabilities on put options granted to non-controlling interests, the expected payment is then discounted using a risk-adjusted discount rate. *Market approach:* The fair values are computed by taking into consideration comparable companies of the underlying equity instrument, market multiples, financial information of the underlying equity instrument, enterprise to equity value and a discount/premium applied in the valuation.

36. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group monitors and maintains an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

		Group	
	Note	2022 RM'000	2021 RM'000
Loans and borrowings	20	9,158,780	8,846,918
Bank overdrafts		44,135	24,229
Lease liabilities		1,631,041	2,002,534
Less: Cash and cash equivalents	15	(3,663,511)	(5,017,680)
Net debt		7,170,445	5,856,001
Total equity		29,159,057	27,276,831
Debt-to-equity ratio		0.25	0.21

There were no changes in the Group's approach to capital management during the financial year.

37. Capital and other commitments

	Group	
	2022 RM'000	2021 RM'000
(a) Capital expenditure commitments		
Property, plant and equipment and investment properties		
- Contracted but not provided for	1,152,671	541,431
(b) Other commitments		
Maximum amount committed for Fortis Open Offer[1]	1,830,228	1,896,122
Maximum amount committed for Malar Open Offer[1]	15,511	16,070
	1,845,739	1,912,192

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

37. Capital and other commitments (continued)

On 13 November 2018, IHH acquired 31.17% equity interest in Fortis through a preferential allotment by Fortis to an indirect wholly owned subsidiary of the Company, NTK. As a consequence of the preferential allotment by Fortis, NTK is required to carry out the following:

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

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

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

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

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

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

(i) The Special Leave Petition (Civil) No. 20417 of 2017, the Original Contempt Petition (in which the Interim Status Quo Order was passed) and the Fortis Contempt Petition are disposed of.

(ii) The Delhi High Court may consider issuing appropriate process and appointing forensic auditor(s) to analyse the transactions entered into between Fortis and RHT Health Trust and other related transactions.

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

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

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

37. Capital and other commitments (continued)

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

38. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel include all the Directors of the Company.

Khazanah Nasional Berhad ("KNB") is a wholly owned entity of MoF Incorporated, which is in turn owned by the Ministry of Finance of Malaysia. KNB and entities directly controlled or jointly controlled by the Government of Malaysia (collectively, "government-controlled entities") are related to the Group and the Company by virtue of KNB's substantial shareholdings of 25.94% (2021: 25.74%) equity interest in the Company. The Group and the Company enter into transactions with some of these government-controlled entities, which include but are not limited to provision of medical services, purchasing of goods, use of public utilities and amenities, and the placing of bank deposits. All the transactions entered into by the Group and the Company with the government-related entities are conducted in the ordinary course of the Group's and of the Company's businesses on negotiated terms or terms comparable to those with other entities that are not government-related, except otherwise disclosed elsewhere in the financial statement.

The Group has related party relationships with its substantial shareholders, associates, joint ventures and key management personnel and government-controlled entities. The Company also has related party relationships with its subsidiaries.

Related party transactions

Related party transactions are entered into in the normal course of business and have been established under negotiated terms. From time to time, substantial shareholders and key management personnel of the Group, and parties directly/jointly-controlled by them, may receive services from or sell services to the Group.

38. Related parties (continued)

Related party transactions (continued)

Other than government-controlled entities and as disclosed elsewhere in the financial statements, significant transactions carried out on terms agreed with related parties are as follows:

	Group 2022 RM'000	Group 2021 RM'000
*With substantial shareholders**		
Sales and provision of services	456	453
Purchases and consumption of services	(12,607)	(10,376)
With associates and joint ventures		
Sales and provision of services	8,020	8,392
Rental income	3,184	3,137
Purchases and consumption of services	(9,569)	(10,249)
*With key management personnel**		
Sales and provision of services	4,616	4,240
Purchases and consumption of services	(82,165)	(65,243)

	Company 2022 RM'000	Company 2021 RM'000
With subsidiaries		
Share-based payment transactions	1,966	3,180
Rental expense	(1,707)	(2,040)

Other than government-controlled entities and as disclosed elsewhere in the financial statements, significant related party balances related to the above transactions are as follows:

	Group 2022 RM'000	Group 2021 RM'000
Trade and other receivables		
Substantial shareholders*	49	50
Key management personnel*	7,048	821
	7,097	871
Trade and other payables		
Substantial shareholders*	(1,176)	(761)
Key management personnel*	(8,018)	(3,194)
	(9,194)	(3,955)
Lease liabilities		
Substantial shareholders*	(153,488)	(259,254)

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

39. Acquisition and disposal of subsidiaries/business

Acquisitions of subsidiaries and business in 2022

(a) On 25 May 2022, a sole proprietorship named Marija Mirkovic Sindjelic PR Laboratorija Za Mikrobiologiju SA Virusologijom Acibadem Bel Medic Beograd ("Marija Mirkovic") has been established pursuant to the Consultancy Agreement entered into by General Hospital Acibadem Bel Medic (*formerly known as Opsta Bolnica Bel Medic (Bel Medic General Hospital)*) ("ABM") with the sole proprietor. ABM has control power over Marija Mirkovic and has consolidated the financial statements of Marija Mirkovic into ABM's financial statements under MFRS 10, *Consolidated Financial Statements*. Accordingly, Marija Mirkovic is a direct subsidiary of ABM pursuant to MFRS10, *Consolidated Financial Statements*.

(b) On 1 July 2022, SRL acquired the business of RK Diagnostic Lab ("RK Diagnostic"), a proprietorship firm, for a total consideration of INR112.5 million (equivalent to RM6.1 million).

(c) On 9 August 2022, Acibadem Saglik Hizmetleri ve Ticaret A.S. ("ASH"), acquired 100% equity interest in Ortopedia Ozel Saglik Hizmetleri Anonim Sirketi ("Ortopedia") for a total consideration of TL200.0 million (equivalent to RM46.5 million). Post completion of the acquisition, Ortopedia has become a direct subsidiary of ASH.

There were no material acquisitions during the year.

Acquisitions of subsidiaries in 2021

(a) On 5 April 2021, SRL acquired the remaining 50% equity interest in DDRC SRL Diagnostics Limited ("DDRC SRL") not already held by its wholly owned subsidiary, SRL Diagnostics Private Limited, for a total cash consideration of INR3.5 billion (equivalent to RM199.4 million). Post the acquisition, SRL's direct and indirect equity interest in DDRC SRL increased from 50% to 100% and DDRC SRL became an indirect subsidiary of the Group.

(b) On 20 July 2021, ACC BV acquired 70% equity interest in Bel Medic for a total consideration of EUR10.0 million (equivalent to RM49.4 million). Bel Medic is a private healthcare operator in Belgrade, Serbia and it currently operates a 54-bedded general hospital and five outpatient clinics. Post completion of the acquisition, the following entities have become direct/indirect subsidiaries of ACC BV:

Entity	**Relationship with ACC BV**
Bel Medic	Direct subsidiary
Health Center Acibadem Bel Medic (*f.k.a. Dom Zdravlja Bel Medic (Health Center)*)	Indirect subsidiary
Health Center Acibadem Bel Medic Slavija (*f.k.a. Dom Zdravlja Bel Medic Slavija (Health Center Slavija)*)	Indirect subsidiary
Bel Food & Coffee d.o.o.	Indirect subsidiary

39. Acquisition and disposal of subsidiaries/business (continued)

Acquisitions of subsidiaries in 2021 (continued)

Identifiable assets acquired and liabilities assumed

The following summarises the recognised fair value of assets acquired and liabilities assumed at the date of acquisition:

	Note	DDRC SRL RM'000	Bel Medic RM'000	Total RM'000
Property, plant and equipment	3	25,311	27,737	53,048
ROU assets	4	3,416	31,278	34,694
Intangible assets	6	160,448	72,186	232,634
Other financial assets		29	-	29
Trade and other receivables		14,237	3,348	17,585
Tax recoverables		1,013	-	1,013
Deferred tax assets	11	930	-	930
Inventories		4,528	2,592	7,120
Cash and cash equivalents		7,844	5,717	13,561
Loans and borrowings		-	(23,972)	(23,972)
Lease liabilities		(3,723)	(31,278)	(35,001)
Employee benefits		(3,950)	(53)	(4,003)
Trade and other payables		(8,460)	(9,903)	(18,363)
Deferred tax liabilities	11	(39,439)	(9,245)	(48,684)
Tax payable		-	(266)	(266)
Net identifiable assets acquired		162,184	68,141	230,325

Net cash outflow arising from acquisitions of subsidiaries

	DDRC SRL RM'000	Bel Medic RM'000	Total RM'000
Purchase consideration settled in cash and cash equivalents	199,432	49,436	248,868
Less: Deferred purchase consideration	(13,546)	-	(13,546)
Less: Cash and cash equivalents acquired	(7,844)	(5,717)	(13,561)
	178,042	43,719	221,761

39. Acquisition and disposal of subsidiaries/business (continued)

Acquisitions of subsidiaries in 2021 (continued)

Goodwill

	Note	DDRC SRL RM'000	Bel Medic RM'000	Total RM'000
Fair value of consideration transferred		199,432	49,436	248,868
Non-controlling interests, based on their proportionate interests in the recognised amounts of assets and liabilities of acquiree		-	20,439	20,439
Fair value of pre-existing interest in the acquiree		199,432	-	199,432
Fair value of net identified assets acquired		(162,184)	(68,141)	(230,325)
Goodwill	6	236,680	1,734	238,414

The remeasurement to fair value of the Group's existing 50% interest in DDRC SRL resulted in a gain of RM86,061,000. The amount was recognised in 'other operating income' in profit or loss.

Goodwill on DDRC SRL was attributable mainly to the synergies expected to be achieved by integrating the entities into the Group's existing diagnostic business. None of the goodwill recognised is expected to be deductible for tax purposes.

Acquisition-related costs

The Group incurred acquisition-related costs of RM682,000 during the year for Bel Medic and RM592,000 for DDRC SRL. The acquisition-related cost pertains to external legal fees, due diligence costs, valuation cost, stamp duty costs and other professional and accounting fees. The acquisition-related costs were included in 'other operating expenses' in profit or loss.

Post-acquisition contributions to the Group

For the nine months ended 31 December 2021, DDRC SRL contributed revenue of RM133.9 million and profit of RM34.6 million. If the acquisition had occurred on 1 January 2021, management estimates that consolidated revenue would have been RM17,188.4 million and consolidated profit for the year would have been RM2,186.0 million.

For the five and half months ended 31 December 2021, Bel Medic contributed revenue of RM40.4 million and profit of RM1.8 million. If the acquisition had occurred on 1 January 2021, management estimates that consolidated revenue would have been RM17,176.7 million and consolidated profit for the year would have been RM2,176.7 million.

39. Acquisition and disposal of subsidiaries/business (continued)

Disposal of subsidiaries in 2021

On 13 December 2021, Gleneagles Development Pte Ltd ("GDPL") disposed its entire 62.23% equity interest in Continental for a total consideration of INR3,450.0 million (equivalent to RM194.2 million). Consequential thereto, Continental and its subsidiaries ceased to be subsidiaries of the Group.

The effects of the above disposal are as follows:

	Note	RM'000
Property, plant and equipment	3	253,878
Other financial assets		4,971
Tax recoverables		6,970
Deferred tax assets	11	3,811
Inventories		2,702
Trade and other receivables		18,166
Cash and cash equivalents		1,669
Loans and borrowings		(55,273)
Employee benefits		(2,262)
Trade and other payables		(32,145)
Deferred tax liabilities	11	(16,687)
Non-controlling interests		(70,176)
Net identifiable assets disposed		115,624
Realisation of FCTR		25,574
Gain on disposal of subsidiaries		53,032
Cash consideration		194,230
Less: cash and cash equivalents disposed		(1,669)
Net proceeds from disposal of subsidiaries		192,561

40. Changes in ownership interest in subsidiaries

Changes in ownership interests in subsidiaries in 2022

(a) On 5 April 2022, PTM transferred 123,500 PLife REIT units that it owned to its eligible employees in accordance to PTM's LTI plan. Consequential thereto, IHH Group's effective interest in PLife REIT was diluted from 35.60% to 35.58%.

(b) On 23 September 2022, ACC BV, an indirect subsidiary, repurchased 41,533 of its own shares at a consideration of EUR12.6 million (equivalent to RM58.5 million). The shares were retained as treasury shares. Consequential thereto, ASH's effective interest in ACC BV has increased from 64.05% to 66.82%.

Changes in ownership interests in subsidiaries in 2021

(a) On 4 February 2021, Medical Resources International Pte Ltd ("MRI") increased its interest in Chengdu Shenton Health Clinic Co., Ltd ("Chengdu Shenton Clinic") following MRI's cash contribution of RMB1.41 million (equivalent to RM881,000) to the registered capital of Chengdu Shenton Clinic. Post the cash contribution, MRI's interest in Chengdu Shenton Clinic increased from 60.95% to 61.75%.

(b) On 4 March 2021, MRI increased its interest in Chengdu Shenton Clinic following the conversion of the shareholder's loan of RMB1.41 million (equivalent to RM894,000) to the registered capital of Chengdu Shenton Clinic. Post the conversion of the shareholder's loan, MRI's interest in Chengdu Shenton Clinic increased from 61.75% to 62.42%.

(c) On 5 April 2021, PTM transferred 130,600 PLife REIT units that it owned to its eligible employees in accordance to PTM's LTI plan. Consequential thereto, the Group's effective interest in PLife REIT was diluted from 35.62% to 35.60%.

(d) On 24 May 2021, ASH acquired the remaining 0.01% equity interest in Acibadem Poliklinikleri A.S. ("POL") at no consideration. Post the acquisition, ASH's equity interest in POL increased from 99.99% to 100%.

(e) On 30 September 2021, ASH acquired additional 15% equity interest in ACC BV from its 53.82% owned subsidiary, Clinical Hospital Acibadem Sistina Skopje ("Acibadem Sistina") for a total consideration of EUR24.0 million (equivalent to RM116.9 million). Post completion of the acquisition, ASH's direct equity interest in ACC BV increased from 49.05% to 64.05% and Acibadem Sistina ceased to be a shareholder of ACC BV.

41. Subsidiaries

Details of subsidiaries are as follows:

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Direct subsidiaries				
IMU Health Sdn. Bhd.	Malaysia	Investment holding and provision of management services to its subsidiaries	100	100
Integrated Healthcare Holdings Limited	Federal Territory of Labuan Malaysia	Investment holding	100	100
Integrated Healthcare Turkey Yatirimlari Limited	Federal Territory of Labuan Malaysia	Investment holding	100	100
IHH Financial Services Pte. Ltd. # *(f.k.a IHH Treasury Services Pte. Ltd.)*	Singapore	Treasury centre	100	-
IHH Laboratories Holdings Sdn. Bhd.	Malaysia	Investment holding	100	-
Indirect subsidiaries				
Held through IMU Health Sdn. Bhd.:				
IMU Education Sdn. Bhd.	Malaysia	Establishing and carrying on the business of managing educational institutions, colleges, schools and other centres of learning, research and education	100	100
IMU Healthcare Sdn. Bhd.	Malaysia	Investment holding and provision of healthcare services	100	100
IMC Education Sdn. Bhd.	Malaysia	Provision of educational programs and training courses for healthcare and related fields	100	100
IMU Omega Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	-
Held through Integrated Healthcare Holdings Limited:				
Parkway Pantai Limited #	Singapore	Investment holding	100	100
Held through IMU Healthcare Sdn. Bhd.:				
IMU Dialysis Sdn. Bhd.	Malaysia	Establishing, operating and managing dialysis centre(s) for the provision of haemodialysis services	60.00	60.00

41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Integrated Healthcare Turkey Yatirimlari Limited:				
Integrated Healthcare Hastaneler Turkey Sdn. Bhd.	Malaysia	Investment holding	100	100
Held through IHH Laboratories Holdings Sdn. Bhd.:				
IHH Laboratories Pte Ltd #	Singapore	Investment holding and provision of services for medical diagnostic laboratory tests	100	-
Held through Parkway Pantai Limited:				
Parkway HK Holdings Limited #(1)	Hong Kong	Investment holding	100	100
Parkway Holdings Limited #	Singapore	Investment holding	100	100
Pantai Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100
Parkway Group Healthcare Pte Ltd #(2)	Singapore	Investment holding and provision of management and consultancy services	100	100
Gleneagles Development Pte Ltd #(3)	Singapore	Investment holding	100	100
Parkway Healthcare Indo-China Pte. Ltd. #	Singapore	Investment holding	100	100
Northern TK Venture Pte. Ltd. #	Singapore	Investment holding	100	100
Angsana Holdings Pte. Ltd. #	Singapore	Investment holding	55.00	55.00
Held through Integrated Healthcare Hastaneler Turkey Sdn. Bhd.:				
Acibadem Saglik Yatırımlari Holding A.S. #	Turkey	Investment holding	90.00	90.00
Held through IHH Laboratories Pte Ltd:				
Parkway Laboratory Services Ltd. # (16)	Singapore	Provision of comprehensive diagnostic laboratory services	100	-
Pantai Premier Pathology Sdn. Bhd. (16)	Malaysia	Provision of medical laboratory services	100	-
Held through Acibadem Saglik Yatırımlari Holding A.S.:				
APlus Hastane Otelcilik Hizmetleri A.S. #	Turkey	Provision of catering, laundry and cleaning services for hospitals	89.99	89.99
Acibadem Proje Yonetimi A.S. #	Turkey	Supervise and manage the construction of healthcare facilities	89.99	89.99

41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Acibadem Saglik Yatırımlari Holding A.S. (continued):				
Acibadem Saglik Hizmetleri ve Ticaret A.S. #	Turkey	Provision of medical, surgical and hospital services	89.79	89.79
Held through Acibadem Saglik Hizmetleri ve Ticaret A.S.:				
Acibadem Poliklinikleri A.S. #	Turkey	Provision of outpatient and surgical (in certain clinics only) services	89.79	89.79
Acibadem Labmed Saglik Hizmetleri A.S. #	Turkey	Provision of laboratory services	89.79	89.79
International Hospital İstanbul A.S. #	Turkey	Provision of medical, surgical and hospital services	80.81	80.81
Acibadem Mobil Saglik Hizmetleri A.S. #	Turkey	Provision of emergency, home and ambulatory care services	89.79	89.79
Clinical Hospital Acibadem Sistina Skopje #	Macedonia	Provision of medical, surgical and hospital services	48.33	48.33
Acibadem Sistina Medikal Kompani Doo Skopje #	Macedonia	Provision of medical equipment and import and wholesale of drug and medical materials	44.90	44.90
Acibadem International Medical Center B.V. #	Netherlands	Provision of outpatient services	89.79	89.79
Acibadem Teknoloji A.S. #	Turkey	Conduct research, develop and commercially market healthcare information systems, web-based applications and other technology solutions nationally and internationally	89.79	89.79
Acibadem City Clinic B.V. #	Netherlands	Investment holding	59.90	57.51
Acibadem International Healthcare GmbH +	Germany	Operation of hospitals, clinics and other medical facilities and provision of services in the healthcare sector	89.79	89.79
LifeClub Saglikli Yasam Hizmetleri A.S. #	Turkey	Provision of e-consulting activities, wellness services and marketplace activities relating to all health-related products and memberships	89.79	89.79

41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Acibadem Saglik Hizmetleri ve Ticaret A.S. (continued):				
Ortopedia Ozel Saglik Hizmetleri Anonim Sirketi #	Turkey	Provision of orthopedics services	89.79	-
Held through Acibadem Poliklinikleri A.S.:				
Bodrum Medikal Saglik Hizmetleri A.S. #	Turkey	Provision of outpatient services	53.88	53.88
Held through Acibadem City Clinic B.V.:				
Acibadem City Clinic EAD #	Bulgaria	Investment holding	60.00	57.51
General Hospital Acibadem Bel Medic ##	Serbia	Provision of medical, surgical and hospital services	42.00	40.26
Held through General Hospital Acibadem Bel Medic:				
Health Center Acibadem Bel Medic ##	Serbia	Provision of medical and general surgical services	42.00	40.26
Bel Food & Coffee d.o.o ##	Serbia	Provision of services of preparation and serving food	42.00	40.26
Marlo Milosavljevic PR Poliklinika Bel Medic Beograd (Vracar) ##	Serbia	Policlinic for specialized examinations	42.00	40.26
Marija Mirkovic Sindjelic PR Laboratorija Za Mikrobiologiju SA Virusologijom Acibadem Bel Medic Beograd ##	Serbia	Policlinic for specialized examinations	42.00	-
Held through Health Center Acibadem Bel Medic:				
Health Center Acibadem Bel Medic Slavija *(f.k.a. Dom Zdravlja Bel Medic Slavija (Health Center Slavija))* ##	Serbia	Provision of medical services	42.00	40.26
Held through Acibadem City Clinic EAD:				
Acibadem City Clinic University Hospital EOOD #	Bulgaria	University multi-profile hospital for acute care	60.00	57.51
Acibadem City Clinic Diagnostic and Consultation Centre EOOD #	Bulgaria	Outpatient diagnostic and consultative centre	60.00	57.51
Acibadem City Clinic Medical Center Varna EOOD #	Bulgaria	Outpatient medical centre	60.00	57.51
Acibadem City Clinic Pharmacies EOOD #	Bulgaria	Pharmacy	60.00	57.51

41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Acibadem City Clinic EAD (continued):				
Healthcare Consulting EOOD #	Bulgaria	Clinical research	60.00	57.51
Tokuda Clinical Research Center AD #	Bulgaria	Clinical research	51.00	48.89
Acibadem City Clinic Services EOOD #	Bulgaria	Facility management and building maintenance	60.00	57.51
Tokuda Pharmacy EOOD #	Bulgaria	Pharmacy	60.00	57.51
Acibadem City Clinic Diagnostic and Consultation Center Tokuda EAD #	Bulgaria	Outpatient diagnostic and consultative centre	60.00	57.51
Acibadem City Clinic Tokuda University Hospital EAD (f.k.a. Acibadem City Clinic Tokuda Hospital EAD) #	Bulgaria	Multi-profile hospital for acute care	60.00	57.51
Acibadem City Clinic Mladost EOOD #	Bulgaria	Ownership of hospital and healthcare facilities	60.00	57.51
Held through Pantai Holdings Sdn. Bhd.:				
Pantai Group Resources Sdn. Bhd.	Malaysia	Investment holding	100	100
Pantai Hospitals Sdn. Bhd.	Malaysia	Investment holding and provision of management and consultation services to hospitals and medical centres	100	100
Pantai Management Resources Sdn. Bhd.	Malaysia	Dormant	100	100
Gleneagles (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100
Prince Court Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Held through Pantai Group Resources Sdn. Bhd.:				
Pantai Premier Pathology Sdn. Bhd. (16)	Malaysia	Provision of medical laboratory services	-	100
Pantai Integrated Rehab Services Sdn. Bhd.	Malaysia	Provision of rehabilitation services	100	100
Pantai Wellness Sdn. Bhd.	Malaysia	Provision of health and wellness services	100	100

41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Pantai Group Resources Sdn. Bhd. (continued):				
IHH Technology Sdn. Bhd. (f.k.a POEM Corporate Health Services Sdn. Bhd.) [15]	Malaysia	Provision of occupational and environmental health services and other industry specific medical services to corporate clients	-	100
Twin Towers Medical Centre KLCC Sdn. Bhd.	Malaysia	Operation of an outpatient and daycare medical centre	100	100
Held through Pantai Hospitals Sdn. Bhd.:				
Pantai Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services, as well as providing administrative support, management and consultancy services	100	100
Cheras Medical Centre Sdn. Bhd.	Malaysia	Dormant	100	100
Pantai Klang Specialist Medical Centre Sdn. Bhd.	Malaysia	Dormant	100	100
Syarikat Tunas Pantai Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Paloh Medical Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	95.60	95.60
Hospital Pantai Ayer Keroh Sdn. Bhd.	Malaysia	Dormant	100	100
Hospital Pantai Indah Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Pantai Hospital Sungai Petani Sdn. Bhd.	Malaysia	Dormant	100	100
Pantai Screening Services Sdn. Bhd.	Malaysia	Dormant	100	100
Gleneagles Hospital (Kuala Lumpur) Sdn. Bhd.	Malaysia	Dormant	100	100
Pantai Hospital Manjung Sdn. Bhd.	Malaysia	Dormant	100	100

41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Pantai Hospitals Sdn. Bhd. (continued):				
Pantai Hospital Johor Sdn. Bhd.	Malaysia	Development, construction and leasing of medical facility buildings	100	100
Amanjaya Specialist Centre Sdn. Bhd.	Malaysia	Provision of medical, surgical and hospital services	100	100
Held through Pantai Medical Centre Sdn. Bhd.:				
Pantai-ARC Dialysis Services Sdn. Bhd.	Malaysia	Provision of haemodialysis services	51.00	51.00
Oncology Centre (KL) Sdn. Bhd.	Malaysia	Provision of comprehensive professional oncological services, inclusive of diagnostic, radiotherapy and chemotherapy treatment	100	100
Held through Pantai Premier Pathology Sdn. Bhd.:				
Orifolio Options Sdn. Bhd.	Malaysia	Letting of property	100	100
Held through Gleneagles (Malaysia) Sdn. Bhd.:				
Pulau Pinang Clinic Sdn. Bhd.	Malaysia	Provision of hospital services	71.88	71.88
GEH Management Services (M) Sdn. Bhd.	Malaysia	Dormant	100	100
Held through Parkway Healthcare Indo-China Pte. Ltd.:				
Andaman Alliance Healthcare Limited #^	Myanmar	Provision of medical and health related facilities and services	52.00	52.00
Held through Parkway HK Holdings Limited:				
Parkway Healthcare (Hong Kong) Limited #	Hong Kong	Provision of medical and healthcare outpatient services	100	100
GHK Hospital Limited #	Hong Kong	Private hospital ownership, development and management	60.00	60.00
Parkway Medical Services (Hong Kong) Limited +	Hong Kong	Provision of healthcare services	60.00	-
Held through Parkway Holdings Limited:				
Parkway Hospitals Singapore Pte Ltd. #	Singapore	Private hospitals ownership and management	100	100
Parkway Trust Management Limited #	Singapore	Provision of management services to PLife REIT	100	100
Parkway Investments Pte Ltd. #	Singapore	Investment holding	100	100

41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Parkway Holdings Limited (continued):				
Parkway Novena Pte Ltd. #	Singapore	Development, ownership and management of private hospital premises	100	100
Parkway Irrawaddy Pte Ltd. #	Singapore	Development, ownership and management of a medical centre	100	100
Parkway Shenton Pte Ltd. #	Singapore	Investment holding and operation of a network of clinics and provision of comprehensive medical and surgical advisory services	100	100
Medi-Rad Associates Ltd. #	Singapore	Operation of radiology clinics	100	100
Parkway Laboratory Services Ltd. # (16)	Singapore	Provision of comprehensive diagnostic laboratory services	-	100
Gleneagles Medical Holdings Limited #	Singapore	Investment holding	100	100
Parkway College of Nursing and Allied Health Pte. Ltd. #	Singapore	Provision of courses in nursing and allied health	100	100
iXchange Pte. Ltd. #	Singapore	Agent and administrator for managed care and related services	100	100
Gleneagles Management Services Pte Ltd. #	Singapore	Provision of advisory, administrative, management and consultancy services to healthcare facilities	100	100
Held through Parkway Hospitals Singapore Pte Ltd.:				
Parkway Promotions Pte Ltd. #	Singapore	Dormant	100	100
Held through Parkway Group Healthcare Pte Ltd.:				
Parkway-Healthcare (Mauritius) Ltd. ##	Mauritius	Investment holding	100	100
Gleneagles International Pte. Ltd. #	Singapore	Investment holding	100	100
PCH Holding Pte. Ltd. #	Singapore	Investment holding	70.10	70.10

41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Parkway Group Healthcare Pte Ltd. (continued):				
Shanghai Gleneagles Hospital Management Co., Ltd. #	People's Republic of China	Provision of management and consultancy services to healthcare facilities	100	100
IHH Technology Sdn. Bhd. (f.k.a POEM Corporate Health Services Sdn. Bhd.) (15)	Malaysia	Provision of software system integration and application management services	100	-
Held through PCH Holding Pte Ltd.:				
Medical Resources International Pte Ltd #	Singapore	Investment holding	70.10	70.10
M & P Investments Pte Ltd #	Singapore	Investment holding	70.10	70.10
Parkway (Shanghai) Hospital Management Ltd. #	People's Republic of China	Provision of management and consultancy services to healthcare facilities	70.10	70.10
Held through M & P Investments Pte Ltd.:				
ParkwayHealth Shanghai Hospital Company Limited #	People's Republic of China	Provision of medical and health related facilities and services	49.07	49.07
Gleneagles Chengdu Hospital Company Limited #	People's Republic of China	Provision of specialised care and services	49.07	49.07
Held through Medi-Rad Associates Ltd.:				
Radiology Consultants Pte Ltd #	Singapore	Provision of radiology consultancy and interpretative services	100	100
Held through Gleneagles Development Pte Ltd.:				
Ravindranath GE Medical Associates Private Limited #^(4)	India	Private hospital ownership and management, specialty tertiary care including multi organ transplant healthcare facility	75.62	75.62
Parkway Healthcare India Private Limited #^(5)	India	Provision of management and consultancy services	100	100
Held through Ravindranath GE Medical Associates Private Limited:				
Centre for Digestive and Kidney Diseases (India) Private Limited #^	India	Private hospital ownership and management, specialty tertiary care including multi organ transplant healthcare facility	49.14	49.14
Global Clinical Research Services Private Limited #^	India	Provision of clinical research services	75.38	75.38

41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Parkway Shenton Pte Ltd.:				
Nippon Medical Care Pte Ltd. #	Singapore	Operation of clinics	70.00	70.00
Parkway Shenton International Holdings Pte Ltd. #	Singapore	Investment holding	100	100
Shenton Family Medical Clinics Pte Ltd. #	Singapore	To provide, establish and carry on the business of clinics	100	100
Held through Medical Resources International Pte Ltd.:				
Shanghai Rui Xin Healthcare Co., Ltd. #(6)	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Rui Hong Clinic Co., Ltd. #(7)	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Xin Rui Healthcare Co., Ltd. #(8)	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Chengdu Shenton Health Clinic Co., Ltd. #	People's Republic of China	Management and operation of medical and health related facilities and services	43.76	43.76
Held through Parkway (Shanghai) Hospital Management Ltd.:				
Shanghai Shu Kang Hospital Investment Management Co., Ltd. #	People's Republic of China	Investment holding	70.10	70.10
Suzhou Industrial Park Yuan Hui Clinic Co., Ltd. #	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Held through Shanghai Shu Kang Hospital Investment Management Co., Ltd.:				
Shanghai Mai Kang Hospital Investment Management Co., Ltd. #	People's Republic of China	Investment holding	70.10	70.10
Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd.:				
Chengdu Rui Rong Clinic Co., Ltd. #	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Rui Pu Clinic Co., Ltd. #	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10

41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Shanghai Mai Kang Hospital Investment Management Co., Ltd. (continued):				
Shanghai Rui Xiang Clinic Co., Ltd. [#]	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Shanghai Rui Ying Clinic Co., Ltd. [#]	People's Republic of China	Provision of medical and healthcare outpatient services	70.10	70.10
Held through Northern TK Venture Pte Ltd.:				
Fortis Healthcare Limited [#^]	India	Operates multi-specialty hospitals	31.17	31.17
Held through Fortis Healthcare Limited:				
Hiranandani Healthcare Private Limited [#^]	India	Operates a multi-specialty hospital	31.17	31.17
Fortis Hospotel Limited [##^(9)]	India	Provision of medical and Clinical Establishment services	31.17	31.17
Fortis La Femme Limited [#^]	India	Investment holding	31.17	31.17
Fortis Healthcare International Pte Limited [##^]	Mauritius	Investment holding	31.17	31.17
SRL Limited [#^]	India	Operates a network of diagnostics centres	17.98	17.98
Escorts Heart Institute and Research Centre Limited [#^]	India	Operates a multi-specialty hospital	31.17	31.17
Fortis Hospitals Limited [#^]	India	Operates a network of multi-specialty hospitals	31.17	31.17
Fortis CSR Foundation [##^]	India	Non-profit company for carrying out Corporate Social Responsibilities	31.17	31.17
International Hospital Limited [##^(10)]	India	Provision of medical and Clinical Establishment services and operates a hospital	31.17	31.17
Fortis Health Management Limited [##^(11)]	India	Provision of medical and Clinical Establishment services and operates a hospital	31.17	31.17
Escorts Heart and Super Speciality Hospital Limited [##^(12)]	India	Provision of medical and Clinical Establishment services	31.17	31.17

41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Fortis Health Management Limited:				
Hospitalia Eastern Private Limited ##^	India	Provision of medical and Clinical Establishment services	31.17	31.17
Held through SRL Limited:				
SRL Diagnostics Private Limited #^	India	Operates a network of diagnostics centres	17.98	17.98
DDRC SRL Diagnostics Limited ##(13)	India	Operates a network of diagnostic centres	17.98	17.98
SRL Reach Limited #^	India	Operates a network of diagnostics centres	17.98	17.98
SRL Diagnostics FZ-LLC ##^	United Arab Emirates	Operates a network of diagnostics centres	17.98	17.98
Held through Fortis Hospitals Limited:				
Fortis Emergency Services Limited ##^	India	Operates ambulance services	31.17	31.17
Fortis Cancer Care Limited #^	India	Investment holding	31.17	31.17
Fortis Malar Hospitals Limited #^	India	Operates a multi-specialty hospital	19.55	19.55
Fortis Health Management (East) Limited #^	India	Dormant	31.17	31.17
Birdie & Birdie Realtors Private Limited ##^	India	Dormant	31.17	31.17
Stellant Capital Advisory Services Private Limited ##^	India	Merchant banker	31.17	31.17
Fortis Global Healthcare (Mauritius) Limited ##^	Mauritius	Investment holding	31.17	31.17
Held through Escorts Heart Institute and Research Centre Limited:				
Fortis Asia Healthcare Pte Ltd #^	Singapore	Investment holding	31.17	31.17
Fortis HealthStaff Limited ##^	India	Dormant	31.17	31.17
Held through Fortis Asia Healthcare Pte Limited:				
Fortis Healthcare International Pte Limited #^	Singapore	Investment holding	31.17	31.17

41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Fortis Healthcare International Pte Limited:				
MENA Healthcare Investment Company Limited ##^	British Virgin Islands	Investment holding	25.73	25.73
Held through MENA Healthcare Investment Company Limited:				
Medical Management Company Limited ##^	British Virgin Islands	Investment holding	25.73	25.73
Held through Fortis Malar Hospitals Limited:				
Malar Stars Medicare Limited #^	India	Investment holding	19.55	19.55
Held through Stellant Capital Advisory Services Private Limited:				
RHT Health Trust Manager Pte Limited ##^	Singapore	Trustee-manager of a Business Trust	31.17	31.17
Held through Parkway Investments Pte Ltd.:				
Gleneagles Medical Centre Ltd. #	Singapore	Dormant	100	100
Gleneagles Pharmacy Pte Ltd #	Singapore	Dormant	100	100
Mount Elizabeth Medical Holdings Limited. #	Singapore	Investment holding	100	100
Parkway Life Real Estate Investment Trust # (14)	Singapore	Real estate investment trust	35.58	35.60
Held through Parkway Life Real Estate Investment Trust:				
Matsudo Investment Pte. Ltd. #	Singapore	Investment holding	35.58	35.60
Parkway Life Japan2 Pte. Ltd. #	Singapore	Investment holding	35.58	35.60
Parkway Life Japan3 Pte. Ltd. #	Singapore	Investment holding	35.58	35.60
Parkway Life Japan4 Pte. Ltd. #	Singapore	Investment holding	35.58	35.60
Parkway Life MTN Pte. Ltd. #	Singapore	Provision of financial and treasury services	35.58	35.60
Parkway Life Malaysia Pte. Ltd. #	Singapore	Investment holding	35.58	35.60
Held through Parkway Life Japan2 Pte Ltd.:				
Godo Kaisha Del Monte ++	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Tenshi 1 ++	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Tenshi 2 ++	Japan	Special purpose entity - Investment in real estate	35.58	35.60
G.K. Nest ++	Japan	Special purpose entity - Investment in real estate	35.58	35.60

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41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Parkway Life Japan3 Pte Ltd. (continued):				
Godo Kaisha Healthcare 1 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Healthcare 2 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Healthcare 3 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Healthcare 4 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Healthcare 5 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Held through Parkway Life Japan4 Pte Ltd.:				
Godo Kaisha Samurai [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 2 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 3 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 4 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 5 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 6 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 7 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 8 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 9 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 10 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 11 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 12 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 13 [++]	Japan	Special purpose entity - Investment in real estate	35.58	35.60

41. Subsidiaries (continued)

Name of subsidiary	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Held through Parkway Life Japan4 Pte Ltd. (continued):				
Godo Kaisha Samurai 14 ++	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 15 ++	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 16 ++	Japan	Special purpose entity - Investment in real estate	35.58	35.60
Godo Kaisha Samurai 17 ++	Japan	Special purpose entity - Investment in real estate	35.58	-
Godo Kaisha Samurai 18 ++	Japan	Special purpose entity - Investment in real estate	35.58	-
Held through Parkway Life Malaysia Pte Ltd.:				
Parkway Life Malaysia Sdn. Bhd.	Malaysia	Special purpose entity - Investment in real estate	35.58	35.60
Held through Angsana Holdings Pte Ltd.:				
Angsana Molecular & Diagnostics Laboratory Pte. Ltd. #	Singapore	Provision of medical laboratories including biochemistry, chemistry, haematology and molecular blood analysis and testing	55.00	55.00
Angsana Molecular & Diagnostics Laboratory (HK) Limited #	Hong Kong	Provision of molecular diagnostic assays and services	55.00	55.00
Angsana Molecular & Diagnostics Laboratory Sdn. Bhd.	Malaysia	Research laboratories and carry on business, including taking blood samples for testing	55.00	55.00

41. Subsidiaries (continued)

[1] PPL and PHL hold 99.99% and 0.01% shares in Parkway HK Holdings Limited respectively.

[2] PPL and PHL hold 78.52% and 21.48% shares in Parkway Group Healthcare Pte Ltd ("PGH") respectively.

[3] PPL holds more than 99.99% shares in GDPL. The remaining shares are held by Gleneagles International Pte Ltd.

[4] GDPL and Parkway-Healthcare (Mauritius) Ltd. hold 74.12% and 1.50% shares in RGE respectively. The Group consolidated 75.62% of RGE on the basis of shareholding interests that give rise to present access to the rights and rewards of ownership in RGE. The Group's equity interest in RGE is 75.62% on a fully diluted basis.

[5] GDPL and PGH hold more than 99.99% and less than 0.01% in Parkway Healthcare India Private Limited respectively.

[6] MRI and Shanghai Mai Kang Hospital Investment Management Co., Ltd. ("Shanghai Mai Kang") hold 70% and 30% shares in Shanghai Rui Xin Healthcare Co., Ltd. respectively.

[7] MRI and Shanghai Mai Kang hold 70% and 30% shares in Shanghai Rui Hong Clinic Co., Ltd. respectively.

[8] MRI and Shanghai Mai Kang hold 70% and 30% shares in Shanghai Xin Rui Healthcare Co., Ltd. respectively.

[9] Fortis and Fortis Health Management Limited ("FHML") hold 74.35% and 25.65% shares in Fortis Hospotel Limited respectively.

[10] Fortis and FHML hold 78.40% and 21.60% shares in International Hospital Limited ("IHL") respectively.

[11] Fortis and IHL hold 52% and 48% shares in FHML respectively.

[12] Fortis, IHL and FHML hold 48.58%, 38.29% and 13.13% shares in Escorts Heart and Super Speciality Hospital Limited respectively.

[13] SRL Limited and SRL Diagnostics Private Limited hold 50% shares each in DDRC SRL respectively.

[14] Parkway Investments Pte. Ltd., PTM and Integrated Healthcare Holdings Limited hold 35.25% (2021: 35.25%), 0.29% (2021: 0.31%) and 0.04% (2021: 0.04%) of the units in PLife REIT respectively.

[15] In 2022, PGH acquired IHH Technology Sdn. Bhd. (f.k.a.POEM Corporate Health Services Sdn. Bhd.) from Pantai Group Resources Sdn. Bhd.

[16] In 2022, IHH Laboratories Pte. Ltd. acquired Pantai Premier Pathology Sdn. Bhd. from Pantai Group Resources Sdn. Bhd. and Parkway Laboratory Services Limited from PHL.

[#] Audited by other member firms of KPMG International.

[##] Audited by firms other than member firms of KPMG International.

[+] Audit is not required.

[++] Not required to be audited under the laws of country of incorporation. These special purpose entities have been consolidated in the financial statements in accordance with MFRS 10, as the Group primarily bears the risks and enjoys the benefits of the investments held by these special purpose entities.

^ The entity was granted approval by Companies Commission of Malaysia to have a financial year which does not coincide with the Company.

42. Associates

Details of associates are as follows:

Name of associate	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
<u>Indirect associates</u>				
Held through Gleneagles Medical Holdings Limited:				
PT Tritunggal Sentra Utama Surabaya##	Indonesia	Provision of medical diagnostic services	30.00	30.00
Asia Renal Care Mt Elizabeth Pte Ltd ##	Singapore	Provision of dialysis services and medical consultancy services	20.00	20.00
Asia Renal Care (Katong) Pte Ltd ##	Singapore	Provision of dialysis services and medical consultancy services	20.00	20.00
Held through Medi-Rad Associates Ltd:				
Positron Tracers Pte. Ltd. #	Singapore	Ownership and operation of a cyclotron for production of radioactive tracers	33.00	33.00
Held through Fortis Healthcare International Limited:				
RHT Health Trust ## (1)	Singapore	Investment holding/Business Trust	8.67	8.67
Held through Fortis Healthcare International Pte Limited:				
The Lanka Hospitals Corporation Plc #	Sri Lanka	Operates a multi-specialty hospital	8.93	8.93
Held through Acibadem Saglik Hizmetleri ve Ticaret A.S.:				
Famicord Acibadem Kordon Kani Saglik Hizmetleri A.S. #	Turkey	Provision of cord blood banking services	26.94	26.94
Held through Parkway Holdings Limited:				
Gleneagles JPMC Sdn. Bhd. #	Brunei Darussalam	Management and operation of a cardiac and cardiothoracic care centre	40.00	40.00

1 Fortis Healthcare International Limited holds 25.14% shares in RHT Health Trust. The other 2.68% is held by RHT Health Trust Manager Pte Limited.

Audited by other member firms of KPMG International.

Audited by firms other than member firms of KPMG International.

43. Joint ventures

Details of joint ventures are as follows:

Name of joint venture	Place of incorporation and business	Principal activities	Effective ownership interest and voting interest 2022 %	2021 %
Indirect joint ventures				
Held through Parkway-Healthcare (Mauritius) Ltd:				
Apollo Gleneagles PET-CT Private Limited ##	India	Operation of PET-CT radio imaging centre	50.00	50.00
Held through Shenton Family Medical Clinics Pte Ltd:				
Shenton Family Medical Clinic (Ang Mo Kio) +	Singapore	Operation of medical clinic	60.00	60.00
Shenton Family Medical Clinic (Bedok Reservoir) +	Singapore	Operation of medical clinic	50.00	50.00
Shenton Family Medical Clinic (Duxton) +	Singapore	Operation of medical clinic	50.00	50.00
Shenton Family Medical Clinic (Jurong East) +	Singapore	Operation of medical clinic	50.00	50.00
Shenton Family Medical Clinic (Tampines) +	Singapore	Operation of medical clinic	50.00	50.00
Shenton Family Medical Clinic (Towner) +	Singapore	Operation of medical clinic	50.00	50.00
Held through Parkway Group Healthcare Pte Ltd:				
Khubchandani Hospitals Private Limited ##	India	Dormant	50.00	50.00
Held through SRL Limited:				
SRL Diagnostics (Nepal) Private Limited ##	Nepal	Operates a network of diagnostics centers	8.99	8.99
Held through Fortis Hospitals Limited:				
Fortis C-Doc Healthcare Limited #(1)	India	Operates a hospital	18.70	18.70
Held through Fortis Cancer Care Limited:				
Fortis Cauvery (Partnership Firm) ##	India	Under members voluntary liquidation	15.90	15.90

1 The Group has accounted for the entity as a joint venture in accordance with MFRS on the basis that the entity's operating decisions are made jointly with the joint venture partner.

Audited by other member firms of KPMG International.

Audited by firms other than member firms of KPMG International.

+ Audit is not required.

44. Material litigations

The following are the material litigations of the Group:

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

(a) The Delhi Development Authority ("DDA") had terminated the lease deeds and allotment letters relating to land parcels on which the Fortis Escorts Hospital exists due to certain alleged non-compliances of such documents. Consequent to the termination, DDA issued show cause notice and initiated eviction proceedings against EHIRCL. These terminations, show cause notices and eviction proceedings have been challenged by EHIRCL before the High Court of Delhi, Supreme Court of India and Estate Officer of DDA. The Supreme Court of India, vide its order dated 14 November 2019, has quashed the show cause notice for eviction proceedings. Based on external legal counsel advice, Fortis is of the understanding that EHIRCL will be able to suitably defend the termination of lease deeds and allotment letters and accordingly considers that no adjustments to the financial statements are required.

(b) In relation to the judgement of the High Court of Delhi relating to provision of free treatment/beds to the economically weaker sections of society pursuant to such obligations set forth under certain land grant orders/allotment letters ("EWS Obligations"), the Directorate of Health Services ("DoHS"), Government of NCT of Delhi, appointed a firm to calculate "unwarranted profits" arising to EHIRCL due to alleged non-compliance of such EWS Obligations. Following various hearings and appeals between 2014 and 2018, in a hearing before the DoHS in May 2018, an order was passed imposing a penalty of INR5.0 billion (equivalent to RM275.1 million) which was challenged by EHIRCL before the Delhi High Court. Through an order dated 1 June 2018, the Delhi High Court has issued notice and directed that no coercive steps may be taken subject to EHIRCL depositing a sum of INR50.0 million (equivalent to RM2.7 million) before the DoHS. In compliance of the above direction, EHIRCL had deposited the stipulated amount on 20 June 2018. Matter is sub judice before the Delhi High Court. Based on its internal assessment and advice from its counsel, since the documents available, EHIRCL believes that it is in compliance of the conditions of free treatment and free beds to patients of economic weaker sections and expects the demand to be set aside.

45. Comparatives

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

	As previously reported RM'000	Effects of reclassification RM'000	As restated RM'000
Financial period ended 31 December 2021			
Change in restricted cash	11,097	(11,097)	-
Net cash used in financing activities	**(1,792,886)**	**(11,097)**	**(1,803,983)**
Net decrease in cash and cash equivalents	**917,301**	**(11,097)**	**906,204**
Effect of exchange rate fluctuations on cash and cash equivalents	(91,478)	6,413	(85,065)
Cash and cash equivalents at beginning of the period	2,264,047	1,908,265	4,172,312
Cash and cash equivalents at end of the period	**3,089,870**	**1,903,581**	**4,993,451**

46. Subsequent event

On 14 February 2023, ASH acquired the entire equity stake in Ozel Kent Saglik Hizmetleri ve Malzemeleri Sanayi Ticaret A.S. ("Kent") for a total consideration of EUR55.0 million (equivalent to RM255.3 million). Kent is a private healthcare operator in Izmir, Turkiye and it currently operates a 340-bedded Kent Hospital and 2 medical centres. Post completion of the acquisition, Kent has become a direct subsidiary of ASH, whilst Alsancak Ozel Kent Tıp Merkezi A.S. and Ozel Kent Radyoloji Goruntuleme ve Ticaret A.S. have become indirect wholly owned subsidiaries of ASH.

IHH Healthcare Berhad
(Registration No. 201001018208 (901914-V))
(Incorporated in Malaysia)
and its subsidiaries

Statement by Directors pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 9 to 167 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....

Tan Sri Mohammed Azlan Bin Hashim
Director

....

Ong Ai Lin
Director

Date: 28 FEB 2023

IHH Healthcare Berhad
(Registration No. 201001018208 (901914-V))
(Incorporated in Malaysia)
and its subsidiaries

Statutory declaration pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Joerg Ayrle**, the officer primarily responsible for the financial management of IHH Healthcare Berhad, do solemnly and sincerely declare that the financial statements set out on pages 9 to 167 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Joerg Ayrle, Passport No.: C4KLC5TX4 at Kuala Lumpur in the Federal Territory on 28 FEB 2023

....
Joerg Ayrle

Before me:

PESURUHJAYA SUMPAH
W 903
ROSLIZA BINTI ARIFFIN
1/2/2022 - 31/12/2024
MALAYSIA

Commissioner for Oaths

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IHH HEALTHCARE BERHAD

(Registration No. 201001018208 (901914-V))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IHH Healthcare Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 9 to 167.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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 Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

a. Valuation of assets – Group

Refer to Notes 2(d) to 2(g) - Significant accounting policies: Property, plant and equipment, Leases, Goodwill on consolidation and Intangible assets and Notes 3, 4 and 6 – Property plant and equipment, Leases and Goodwill on consolidation and intangible assets.

The key audit matter

As at 31 December 2022, the Group's property, plant and equipment, right-of-use assets, goodwill and intangible assets of RM34.5 billion represented 71.2% of the Group's total assets.

In view of the financial significance of the balances, the inherent uncertainties and the level of judgement required by us in evaluating the Group's impairment assessments, valuation of assets is a key audit matter.

How the matter was addressed in our audit

We performed, amongst others, the following audit procedures:

- We benchmarked the impairment test data and financial information of cash generating units ("CGUs") of the Group against industry data to identify CGUs with higher risk of impairment for further assessment.
- We challenged the recoverable amounts of the CGUs by performing retrospective assessment, comparing key assumptions to the latest internal board approved budget and plan, external and internal information, and benchmarked discount rates to economic and industry data.
- We also assessed the adequacy of the disclosures on the impairment assessment in the Group's financial statements.

b. Application of MFRS 129, *Financial Reporting in Hyperinflationary Economies* in Turkey – Group

Refer to Notes 1(b) – Basis of measurement.

The key audit matter

MFRS 129, *Financial Reporting in Hyperinflationary Economies* requires the financial statements of entities with functional currency of a hyperinflationary economy to be restated for the changes in the general purchasing power.

During the financial year ended 31 December 2022, the cumulative three-year inflation rate in Turkey has risen to above 100%, based on the Turkish nation-wide consumer price indices announced by the Turkish Statistical Institute ("TSI"). Accordingly, Turkey is considered a hyperinflationary economy. The Group has significant operations where their functional currency is the Turkish Lira. The initial application of MFRS 129 is complex and hence, the audit of this application required us to involve our more experienced engagement team members and specialists. Consequently, this is a key audit matter.

Key Audit Matters (continued)

b. Application of MFRS 129, *Financial Reporting in Hyperinflationary Economies* in Turkey – Group (continued)

How the matter was addressed in our audit

We performed, amongst others, the following audit procedures:

- We obtained an understanding of the Group's approach in applying the requirements of MFRS 129.
- We compared the general price index used in the application of MFRS 129 against the price index published by the TSI.
- We recomputed the restatement of the financial statements of the entities whose functional currency is the Turkish Lira and compared the restatements with the requirements of the accounting standards.
- We assessed the adequacy of the disclosures on the application of MFRS 129 in the Group's financial statements.

c. Impairment of investment in a subsidiary – Company

Refer to Note 2(a)(i) - Significant accounting policies: "Subsidiaries" and Note 7 – Investments in subsidiaries.

The key audit matter

As at 31 December 2022, the Company's carrying value of cost of investments in subsidiaries of RM20.7 billion represented 99.1% of the Company's total assets.

We identified the impairment assessment of the cost of investment in subsidiaries as a key audit matter as it required us to exercise judgement in evaluating the assessments performed by the Company.

How the matter was addressed in our audit

We performed, amongst others, the following audit procedures:

- We challenged the Company's assessments of indicators of impairment by determining whether external and internal factors were appropriately considered.
- We evaluated the performance of the subsidiaries and benchmarked the financial information of the subsidiaries against industry data to identify subsidiaries with higher risk of impairment for further assessment.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 approved standards on auditing in Malaysia and International Standards on Auditing 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, 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 of the Group and of the Company, 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 internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company 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 auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. 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 Directors 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 Directors 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, actions taken to eliminate threats or safeguards applied.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' 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 accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 41 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Thong Foo Vung
Approval Number: 02867/08/2024 J
Chartered Accountant

Petaling Jaya, Malaysia

Date: 28 February 2023