

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016**B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES**

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements:

a. Current quarter compare with the corresponding quarter of the preceding year (3 months)

The Group's revenue for the current quarter ended 30 June 2016 was RM765.1 million, an increase of 7% as compared to RM714.3 million in the corresponding quarter of the preceding year. The profit before zakat and tax for the 3 months ended 30 June 2016 was recorded at RM46.1 million, a decrease of 17% from RM55.4 million in 2015.

Malaysia

The Malaysia segment reported revenue of RM724.4 million increase of 6% from RM682.4 million in the same quarter in 2015. The revenue for the current quarter was higher as compared to the corresponding quarter of the preceding year mainly attributed by the increase in revenue generated by the newly opened hospitals and existing hospitals. However, the increase in revenue has been set-off with the increase in material costs, depreciation expenses, finance costs and provision made for ESOS for the period. This has resulted to lower profit for the current quarter, which was recorded at RM46.2 million as compared to RM53.0 million in the corresponding quarter of the preceding year.

Indonesia

The Indonesia segment reported revenue of RM14.7 million, 20% increased as compared to RM12.2 million recorded in preceding year. The increase in revenue for this segment is mainly due to the increase of number of patients and other hospital activities in RS Medika Bumi Serpong Damai. Despite of the increase in the revenue, the increase in depreciation for this segment has resulted to lower profit for the quarter.

Australia

Revenue from Australia segment was reported at RM13.0 million, 31% increased as compared to revenue in the corresponding quarter of the preceding year which was reported at RM9.9 million. The increase is mainly attributable to the higher capacity of the retirement village, with additional beds which has been opened in staggered between middle of 2015 up to this quarter.

EBITDA for this segment is reported at (RM1.8 million), significantly improved with 40% reduction as compared to EBITDA of (RM2.9 million) reported in the corresponding quarter of the preceding year. However, losses for the current quarter was reported at RM2.3 million, an increase of 15% as compared to RM2.0 million in the corresponding quarter of the preceding year, as a result of increasing depreciation during the period.

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- a. Current quarter compare with the corresponding quarter of the preceding year (3 months) (continued)

Others

Revenue from this segment was reported at RM13.0 million, increased by 33% from RM9.8 million in 2015, mainly contributed by KPJ University College. However, the increase in material cost incurred by our hospital in Bangladesh and lease rental for the assets which has been sold by KPJ University College to the Al-Aqar Healthcare REIT at the end of year 2015, had resulted to lower EBITDA and profit for this segment as compared to same quarter in 2015.

- b. Current financial period compared to prior financial period (6 months)

The Group's revenue for the current period ended 30 June 2016 was RM1,509.1 million, an increase of 6% as compared to RM1,424.2 million in the corresponding period in 2015. The profit before zakat and tax for the 6 months ended 30 June 2016 was recorded at RM97.5 million, a decrease of 8% from RM106.1 million in 2015.

Malaysia

The Malaysia segment reported revenue of RM1,432.0 million increased by 5% from RM1,358.3 million in the same period in 2015. Higher revenue recorded for the current period was mainly attributed by the newly opened hospitals and existing hospitals. EBITDA for this segment shows improvement from RM193.3 million in 2015 to RM199.2 million in this period.

However, the growth in revenue from operations does not translate into an improved profit, mainly due to new hospitals not generating sufficient revenue in comparisons to the expenses incurred. This has resulted a lower profit for the current period of RM104.2 million as compared to RM108.5 million profit in the corresponding period, mainly contributed by the increase in material costs, depreciation expenses, finance costs and provision made for ESOS for the period.

Indonesia

The Indonesia segment reported revenue of RM28.3 million, an increase of 19% as compared to RM23.7 million recorded in the same period of 2015. The increase in revenue for this segment is mainly due to the increase in number of patients and other hospital activities in RS Medika Bumi Serpong Damai. However, the revenue improvement has been offset with the increased operating expenses and staff costs, resulted to lower EBITDA during this period.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2016 (CONTINUED)**B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)****b. Current financial period compared to prior financial period (6 months) (continued)****Australia**

Revenue from Australia segment was reported at RM23.9 million, about 9% increased as compared to revenue reported in the corresponding quarter of the preceding year which was reported at RM21.9 million. The increase is mainly attributable to higher capacity of the retirement village, with additional beds which has been opened in staggered between middle of 2015 up to this period.

Higher loss was reported for this financial period at RM5.7 million, which is at 78% increased against the loss in 2015 of RM3.2 million, mainly due to the revenue from newly added facilities that is still trailing behind the additional cost incurred, hence, growth from expansion is yet to be translated into profit.

Others

Revenue from this segment was reported at RM24.9 million, increased by 23% from RM20.2 million in 2015 and the loss was recorded at RM1.8 million as compared to RM0.1 million losses in 2015. The increase of revenue in this segment was mainly contributed by the increase of revenue recorded by KPJ University College.

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

Revenue during the current quarter was recorded at RM765.1 million, 3% higher as compared to the revenue in preceding quarter of RM743.9 million. The revenue hike was contributed by all segments in the Group with Malaysia segment contributed the most, at RM16.8 million increased as compared to the preceding quarter.

EBITDA for this quarter had shown a decreasing pattern as compared to the preceding quarter, mainly due to the increase in material cost and other administrative expenses. Profit for the current quarter had also decreased by 10%, which has been closed at RM46.1 million as compared to the preceding quarter of RM51.4 million.