

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 2016 was RM767.0 million, an increase of 6% as compared to RM721.8 million in the corresponding quarter of the preceding year. The profit before zakat and tax for the 3 months ended 30 September 2016 was recorded at RM49.1 million, a decrease of 12% from RM55.5 million in 2015 mainly resulted from increase in depreciation and finance costs from newly opened hospitals including KPJ Sabah and KPJ Pahang.

Malaysia

The Malaysia segment reported revenue of RM724.4 million increase of 5% from RM689.3 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 RM52.8 million as compared to RM60.0 million in the corresponding quarter of the preceding year.

Indonesia

The Indonesia segment reported revenue of RM11.0 million, 6% increased as compared to RM10.4 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 RM18.6 million, 69% increased as compared to revenue in the corresponding quarter of the preceding year which was reported at RM11.0 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 the month of May 2016.

EBITDA for this segment is reported at (RM1.4 million), significantly improved with 26% reduction as compared to EBITDA of (RM1.9 million) reported in the corresponding quarter of the preceding year. Losses for the current quarter was reported at RM2.4 million, an improvement of 8% as compared to RM2.6 million in the corresponding quarter of the preceding year.

Others

Revenue from this segment was reported at RM13.0 million, increased by 16% from RM11.2 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.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 (CONTINUED)**B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)****b. Current financial period compared to prior financial period (9 months)**

The Group's revenue for the current period ended 30 September 2016 was RM2,276.1 million, an increase of 6% as compared to RM2,146.0 million in the corresponding period in 2015. The profit before zakat and tax for the 9 months ended 30 September 2016 was recorded at RM146.6 million, a decrease of 9% from RM161.5 million in 2015.

Malaysia

The Malaysia segment reported revenue of RM2,156.4 million increased by 5% from RM2,047.6 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 was recorded at RM301.9 million in this period, a slight improvement as compared to RM297.3 million recorded in 2015.

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 RM157.0 million as compared to RM168.5 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 RM39.3 million, an increase of 15% as compared to RM34.1 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.

Australia

Revenue from Australia segment was reported at RM42.5 million, about 29% increased as compared to revenue reported in the corresponding quarter of the preceding year which was reported at RM32.9 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 the month of May 2016.

Higher loss was reported for this financial period at RM8.1 million against the loss in 2015 of RM5.8 million, mainly due to the additional cost incurred from newly added facilities, hence, growth from expansion is yet to be translated into profit.

Others

Revenue from this segment was reported at RM37.9 million, increased by 21% from RM31.4 million in 2015 and the loss was recorded at RM2.2 million as compared to RM1.7 million losses in 2015. The increase of revenue in this segment was mainly contributed by the increase of revenue recorded by KPJ University College.