

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 2017**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 2017 was RM793.0 million, an increase of 4% as compared to RM765.1 million in the corresponding quarter of the preceding year. The profit before zakat and tax for the 3 months ended 30 June 2017 was recorded at RM45.5 million, slightly decrease from RM46.1 million in 2016.

Malaysia

The Malaysia segment reported revenue of RM753.0 million increase by 4% from RM724.4 million in the same quarter in 2016. 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 hospital, KPJ Pahang and existing hospitals that had turnaround during the last financial year. Besides, increased activities at the support companies also contributed to the revenue growth.

Indonesia

The Indonesia segment reported a decrease of 23% in revenue in current quarter, RM11.3 million as compared to the revenue of RM14.7 million in the preceding year, however, the EBITDA improved due to economies of scale of Rumah Sakit Medika Bumi Serpong Damai with improved number of outpatient. EBITDA for this segment is reported at RM1.8 million, 64% increased as compared to EBITDA of RM1.1 million reported in the corresponding quarter of the preceding year.

Australia

Revenue from Australia segment was reported at RM14.4 million, increased by 11% as compared to revenue in the corresponding quarter of the preceding year which was reported at RM13.0 million. The increase was mainly attributable to the higher capacity of the retirement village. The currency exchange fluctuation also contributed to favorable impact on the increment of the revenue of the Group.

This segment reported a negative EBITDA of RM1.3 million, an improvement of 28% as compared to the negative EBITDA of RM1.8 million reported in the corresponding quarter of the preceding year. Losses for the current quarter was reported at RM2.0 million, an improvement of 13% as compared to RM2.3 million loss in the corresponding quarter of the preceding year.

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Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (cont'd)

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

Others

Revenue from this segment was reported at RM14.3 million, increased by 10% from RM13.0 million in 2016, mainly contributed by the additional revenue of RM1.3 million from KFC College which was acquired in November 2016. KPJ Dhaka had also contributed to the increased revenue recorded in this segment, as a result from additional hospital services offered starting early this year.

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

The Group's revenue for the current period ended 30 June 2017 was RM1,586.9 million, an increase of 5% as compared to RM1,509.1 million in the corresponding period of the preceding year. The profit before zakat and tax for the 6 months ended 30 June 2017 was recorded at RM100.2 million, an increase of 3% from RM97.5 million in 2016 in line with the increased in revenue.

Malaysia

The Malaysia segment reported revenue of RM1,503.0 million increase by 5% from RM1,432.0 million in the same period in 2016. The revenue for the current period was higher as compared to the corresponding period of the preceding year mainly attributed by the increase in revenue generated by the newly opened hospital, KPJ Pahang and existing hospitals that had turnaround during the last financial year. Besides, support companies also contributed to the revenue growth.

Indonesia

The Indonesia segment reported a decrease of 12% in revenue of RM24.9 million as compared to the revenue of RM28.3 million in the preceding year, however, the EBITDA improved due to economies of scale of Rumah Sakit Medika Bumi Serpong Damai with improved number of outpatient as well as reduced administrative costs during the year. EBITDA for this segment is reported at RM4.7 million, 88% increased as compared to EBITDA of RM2.5 million reported in the corresponding period of the preceding year. Profit for the current period was reported at RM0.9 million, an increase of 13% as compared to RM0.8 million recorded in the corresponding period of the preceding year.

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Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (cont'd)

b. Current financial period compared to prior financial period (6 months) (cont'd)**Australia**

Revenue from Australia segment was reported at RM29.1 million, increased by 22% as compared to revenue in the corresponding period of the preceding year which was reported at RM23.9 million. The increase was mainly attributable to the higher capacity of the retirement village. The currency exchange fluctuation also contributed to favorable impact on the increment of the revenue of the Group.

This segment reported a negative EBITDA of RM3.7 million, an improvement of 23% as compared to the negative EBITDA of RM4.8 million reported in the corresponding period of the preceding year. Losses for the current quarter was reported at RM5.1 million, an improvement of 11% as compared to RM5.7 million loss in the corresponding period of the preceding year.

Others

Revenue from this segment was reported at RM30.0 million, increased by 20% from RM24.9 million in 2016, mainly contributed by the additional revenue of RM2.4 million from KFC College which was acquired in November 2016. KPJ Dhaka had also contributed to the increased revenue by RM1.5 million, as a result from additional hospital services offered starting early this year.

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

Revenue during the current quarter was recorded at RM793.0 million, slightly decreased as compared to the revenue in preceding quarter of RM793.9 million. The decline in the revenue was largely due to the festive holidays during current quarter which has affected the EBITDA and profit before zakat and tax to decrease to RM101.1 million from RM107.6 million and RM45.5 million from RM54.6 million in the preceding quarter, respectively.

However in comparison to the same quarter in 2016, the result from both quarters in 2017 has improved despite having to weather for the rising cost of employees due to additional provision for ESOS and higher depreciation charge from new equipment in current quarter.

Even with these additional costs incurred, for the 6 months ended 30 June 2017, the Group recorded an increased profit of RM100.2 million against prior year of RM97.5 million, this is driven by demand for private healthcare services and economies of scale achieved from the operation of new hospitals. The Group anticipate that these notably performance will be progressively improved in the following quarters.