

Company No.

247079

M

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

#### A13 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 30 September 2017 are as follows:

	RM'000
Approved and contracted	228,862
Approved but not contracted	103,529
	<hr/>
	332,391
	<hr/> <hr/>

Analysed as follows:

Building	259,767
Medical equipment	39,183
Other property, plant and equipment	33,441
	<hr/>
	332,391
	<hr/> <hr/>

### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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. Review on statement of comprehensive income for current quarter compare with the corresponding quarter of the preceding year (3 months)

##### Group

The Group's revenue for the current quarter ended 30 September 2017 was RM803.2 million, an increase of 5% as compared to RM767.0 million in the corresponding quarter of the preceding year. The profit before zakat and tax for the 3 months ended 30 September 2017 was recorded at RM50.4 million, increase by 3% from RM49.1 million in 2016.

##### Segment

##### Malaysia

The Malaysia segment reported revenue of RM762.3 million increase by 5% 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 contributed by the increase in inpatient numbers. Besides, noted also that certain existing hospitals that had turnaround during the last financial year had also contributed to the increase in revenue.

**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 2017 (CONTINUED)**

**B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)**

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

a. Review on statement of comprehensive income for current quarter compare with the corresponding quarter of the preceding year (3 months) (continued)

Indonesia

The Indonesia segment reported an increase of 15% in revenue in current quarter, RM12.7 million as compared to the revenue of RM11.0 million in the preceding year. The improvements was mainly due to economies of scale achieved at Rumah Sakit Medika Bumi Serpong Damai with improved number of outpatients. EBITDA for this segment is reported at RM2.3 million, 48% decreased as compared to EBITDA of RM4.4 million reported in the corresponding quarter of the preceding year.

Australia

Revenue from Australia segment was reported at RM14.8 million, decreased by 20% as compared to revenue in the corresponding quarter of the preceding year which was reported at RM18.6 million. However, this segment reported a huge improvement on negative EBITDA of RM8,000 during this quarter as compared to negative EBITDA of RM1.4 million reported in the corresponding quarter of the preceding year as a result of economies of scale in Jeta Gardens. In line with this improvement, losses for the current quarter was reported at RM0.6 million, an improvement of 75% as compared to RM2.4 million loss in the corresponding quarter of the preceding year.

Others

Revenue from this segment was reported at RM13.4 million, increased by 3% from RM13.0 million in 2016, mainly contributed by the additional revenue of RM0.3 million from KPJ Education (M) Sdn Bhd (f.k.a "KFC College") which was acquired in mid 2016.

b. Review on statement of comprehensive income for current financial period compared to prior financial period (9 months)

Group

The Group's revenue for the current period ended 30 September 2017 was RM2,390.1 million, an increase of 5% as compared to RM2,276.1 million in the corresponding period of the preceding year. The profit before zakat and tax for the 9 months ended 30 September 2017 was recorded at RM150.5 million, an increase of 3% from RM146.6 million in 2016 in line with the increased in revenue.

## 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 2017 (CONTINUED)

#### B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)

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

##### b. Review on statement of comprehensive income for current financial period compared to prior financial period (9 months) (continued)

###### Segment

###### Malaysia

The Malaysia segment reported revenue of RM2,265.3 million increase by 5% from RM2,156.4 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 increased in number of inpatients. In addition, the newly opened hospital, KPJ Pahang and existing hospitals that had turnaround during the last financial year also contribute to the revenue improvement.

###### Indonesia

The Indonesia segment reported a decrease of 4% in revenue of RM37.6 million as compared to the revenue of RM39.3 million in the preceding year. However, the EBITDA for this segment is reported at RM7.0 million, 2% increased as compared to EBITDA of RM6.9 million reported in the corresponding period of the preceding year mainly due to slight reduction in administrative costs during the period.

###### Australia

Revenue from Australia segment was reported at RM43.9 million, increased by 3% as compared to revenue in the corresponding period of the preceding year which was reported at RM42.5 million. The currency exchange fluctuation has 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 40% as compared to the negative EBITDA of RM6.2 million reported in the corresponding period of the preceding year as a result of economies of scale in Jeta Gardens. Losses for the current period was reported at RM5.7 million, 30% changes as compared to RM8.1 million loss in the corresponding period of the preceding year.

###### Others

Revenue from this segment was reported at RM43.4 million, increased by 15% from RM37.9 million in 2016, mainly contributed by the additional revenue of RM2.7 million from KPJ Education (M) Sdn Bhd (f.k.a "KFC College") which was acquired in mid 2016. KPJ Dhaka had also contributed to the increased revenue by RM1.4 million, as a result from additional hospital services offered starting early this year.

**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 2017 (CONTINUED)**

**B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)**

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

c. Review on statement of financial position for current financial period compared to prior financial period (9 months)

Group

The Group's total assets as at 30 September 2017 was RM4,117.1 million, a slight increase of 1% as compared to RM4,063.6 million as at 30 September 2016. However, the Group's total liabilities as at 30 September 2017 was RM2,350.9 million decrease of 3% as compared to RM2,412.2 million as at 30 September 2016.

Segment

Malaysia

Total assets from Malaysia segment was reported at RM3,594.0 million, an increase of 1% in comparison to RM3,569.6 million as at 30 September 2016. Total liabilities from this segment was reported at RM2,036.6 million decreased by 2% in comparison to RM2,078.5 million as at 30 September 2016.

The increment was mainly attributable to the increase in property, plant and equipment by RM128.7 million arising from soon-to-be opened hospitals, which are currently under construction. While the decreased in liabilities was due from the decrease in borrowings resulted from existing expansion hospitals that used internal generated fund.

Indonesia

Total assets from Indonesia segment was reported at RM148.3 million decreased by 6% in comparison to RM157.9 million as at 30 September 2016, mainly due to the depreciation of property, plant and equipment charged for the period.

The decrease was also due to lower receivables of RM15.2 million as at 30 September 2017 against RM23.7 million as at 30 September 2016, mainly due to high turnover on its trade receivables balances.

Total liabilities from Indonesia segment was reported at RM52.2 million decreased by 1% in comparison to RM52.9 million as at 30 September 2016, due to decrease in borrowings arising from repayment of the loan during the period.

Australia

The Australia segment reported total assets of RM185.3 million, a decrease of 13% as compared to RM212.5 million recorded as at 30 September 2016, due to disposal of their available-for-sale investments in December 2016. The segment reported the total liabilities of RM215.3 million decrease which represents 9% from the RM237.4 million recorded as at 30 September 2016 due to decrease in borrowings.

**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 2017 (CONTINUED)**

**B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)**

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

c. Review on statement of financial position for current financial period compared to prior financial period (9 months) (continued)

Segment (continued)

Others

Total assets from this segment was reported at RM189.5 million, an increase of 53% from RM123.6 million in 2016. This was mainly due to increase in property, plant and equipment by RM18.0 million arising from the surplus from revaluation of leasehold land amounting to RM13.0 million that was carried out end of 2016.

Total liabilities from this segment was reported at RM46.7 million increased by 8% from RM43.4 million in 2016 mainly contributed by the increased in demand in KPJ Dhaka. As a result, the payables from the purchases of consumables and materials has also increased.

d. Review on statement of statement of cash flows for current financial period compared to prior financial period (9 months)

Group

The statement of cash flows is showing good cash inflow from operating activities which has increased by almost doubled from RM155.3 million to RM300.1 million, mainly due to stronger working capital. This can be shown from the inventory turnover days reported at this quarter of 25 days, slight improvement as compared to the same period at preceding year. In line with this, debtors turnover days reported at 53 days during this period which is 17% better as compared to the same quarter in 2016 at 64 days.

Higher cash used in investing activities mainly due to increase in the addition of property, plant and equipment at RM271,000 compared to the same period at preceding quarter of RM195,000. The addition mainly from Malaysia segment of RM268,000 followed by others segment of RM3,000. This increase can also be seen from the increase in depreciation charge reported at operating activities.

Higher net cash used in financing activities due to less drawdown of facilities, higher repayment of financing facilities and dividend payment for the period.

The increase in internal generated fund from operations was offsetted with higher cash out flow for investing and financing activities hence resulted lower surplus of cash balance at the period end.