

Company No.

247079

M

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018

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 statements 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 31 March 2018 was RM822.9 million, an increase of 6% as compared to RM779.2 million in the corresponding quarter of the preceding year. The profit before zakat and tax for the 3 months ended 31 March 2018 was recorded at RM60.9 million, increased by 5% from RM57.8 million in 2017.

Segment : Continuing operations

Malaysia

The Malaysia segment continues to excel, reported a revenue of RM797.3 million, an increase of 6% from RM750.4 million in the corresponding quarter of the preceding year. The revenue for the current quarter was higher mainly contributed by the increase in number of patient episodes and complex cases per inpatient particularly for KPJ Rawang with 128 beds increased by 45% as compared to number of beds in the same quarter in 2017. Other hospitals that recorded a double-digit growth in number of inpatients includes KPJ Tawakkal, KPJ Klang, KPJ Pasir Gudang and KPJ Bandar Maharani, that also translated to significant increment in revenue for this quarter.

Profit before zakat and tax has increased to RM63.9 million during this quarter, an increase of 13% from RM56.3 million in the same quarter in 2017, mainly contributed by the increase in revenue and higher share of results of associates during the period.

Others

Revenue for this quarter from this segment was reported at RM25.5 million, decreased by 11% from RM28.8 million in corresponding quarter of the prior year. The Indonesian operations reported a decrease of 18% in revenue in current quarter that stands at RM10.7 million as compared to the revenue of RM13.1 million in the preceding year. The decrease was mainly contributed by lower number of patients, particularly for Rumah Sakit Medica Bumi Serpong Damai, and also due to appreciation of Malaysian Ringgit resulted to increase in foreign exchange translation loss. EBITDA for this Indonesian operation is reported at RM1.1 million, 62% decreased as compared to EBITDA of RM2.9 million reported in the corresponding quarter of the preceding year.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018 (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 statements of comprehensive income for current quarter compare with the corresponding quarter of the preceding year (3 months) (continued)

Segment : Discontinued operation

Australia

Revenue from Australia segment was reported at RM14.9 million, increased by 1% as compared to revenue in the corresponding quarter of the preceding year which was reported at RM14.7 million. This segment reported an increase of more than 100% in EBITDA during this quarter, which currently stands at RM1.5 million, as compared to negative EBITDA of RM2.4 million in the corresponding quarter of the preceding year. This is due to increase in number of residents reported in aged care operation.

- b. Review on statements of comprehensive income for current financial period compared to prior financial period (3 months)

Group

The Group's revenue for the current quarter ended 31 March 2018 was RM822.9 million, an increase of 6% as compared to RM779.2 million in the corresponding quarter of the preceding year. The profit before zakat and tax for the 3 months ended 31 March 2018 was recorded at RM60.9 million, increased by 5% from RM57.8 million in 2017.

Segment : Continuing operations

Malaysia

The Malaysia segment continues to excel, reported a revenue of RM797.3 million, an increase of 6% from RM750.4 million in the corresponding quarter of the preceding year. The revenue for the current quarter was higher mainly contributed by the increase in number of patient episodes and complex cases per inpatient particularly for KPJ Rawang with 128 beds increased by 45% as compared to number of beds in the same quarter in 2017. Other hospitals that recorded a double-digit growth in number of inpatients includes KPJ Tawakkal, KPJ Klang, KPJ Pasir Gudang and KPJ Bandar Maharani, that also translated to significant increment in revenue for this quarter.

Profit before zakat and tax has increased to RM63.9 million during this quarter, an increase of 13% from RM56.3 million in the same quarter in 2017, mainly contributed by the increase in revenue and higher share of results of associates during the period.

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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 statements of comprehensive income for current financial period compared to prior financial period (3 months) (continued)

Segment : Continuing operations (continued)

Others

Revenue for this quarter from this segment was reported at RM25.5 million, decreased by 11% from RM28.8 million in corresponding quarter of the prior year. The Indonesian operations reported a decrease of 18% in revenue in current quarter that stands at RM10.7 million as compared to the revenue of RM13.1 million in the preceding year. The decrease was mainly contributed by lower number of patients, particularly for Rumah Sakit Medica Bumi Serpong Damai, and also due to appreciation of Malaysian Ringgit resulted to increase in foreign exchange translation loss. EBITDA for this Indonesian operation is reported at RM1.1 million, 62% decreased as compared to EBITDA of RM2.9 million reported in the corresponding quarter of the preceding year.

Segment : Discontinued operation

Australia

Revenue from Australia segment was reported at RM14.9 million, increased by 1% as compared to revenue in the corresponding quarter of the preceding year which was reported at RM14.7 million. This segment reported an increase of more than 100% in EBITDA during this quarter, which currently stands at RM1.5 million, as compared to negative EBITDA of RM2.4 million in the corresponding quarter of the preceding year. This is due to increase in number of residents reported in aged care operation.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018 (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 statements of financial position for current financial period compared to prior financial period

Group

The Group's total assets as at 31 March 2018 was RM4,494.9 million, an increase of 12% as compared to RM3,998.6 million as at 31 March 2017. The Group's total liabilities as at 31 March 2018 was RM2,536.5 million, increased by 11% as compared to RM2,280.8 million as at 31 March 2017.

Segment : Continuing operations

Malaysia

Total assets from Malaysia segment was reported at RM4,001.2 million, an increase of 15% in comparison to RM3,466.3 million as at 31 March 2017. The increment was mainly attributable to the increase in property, plant and equipment for the soon-to-be opened hospitals such as BDC Specialist Hospital, KPJ Bandar Dato Onn and Miri Specialist Hospital which are currently under construction. Apart from the increase in property, plant and equipment, the increment was also contributed by the cash received arising from the partial disposal of a subsidiary, Lablink (M) Sdn Bhd to KL Kappa Sdn Bhd which lead to the increase of the Group's cash and bank balances.

Total liabilities from this segment was reported at RM2,269.9 million increased by 16% in comparison to RM1,961.7 million as at 31 March 2017. The increase in liabilities was due to construction costs incurred during the period for the ongoing projects of new hospitals.

Others

Total assets for this segment mainly contributed by the assets belonged to Indonesian operations, which was reported at RM140.8 million decreased by 7% in comparison to RM151.9 million as at 31 March 2017. The decrease was due to depreciation charged and appreciation of Malaysian Ringgit during the quarter.

Total liabilities from Indonesia operations was reported at RM42.4 million decreased by 23% in comparison to RM55.2 million as at 31 March 2017, due to decrease in borrowings arising from repayment of the loan during the period.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2018 (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 statements of financial position for current financial period compared to prior financial period (continued)

Segment : Discontinued operation

Australia

The Australia segment reported total assets of RM168.2 million, a decrease of 14% as compared to RM195.9 million recorded as at 31 March 2017, as well as total liabilities which also reported a decrease by RM32.4 million or by 15% compared to RM216.8 million recorded as at 31 March 2017 due to appreciation of Malaysian Ringgit during the quarter.

d. Review on statements of cash flows for current financial period compared to prior financial period (3 months)

Group

For the first quarter ended 31 March 2018, the Group's cash flows position is healthy with strong operating cash flow. The Group generated positive cash inflows from investing activities, mainly contributed by the purchase consideration received from partial disposal of interest in subsidiary, Lablink (M) Sdn Bhd towards the end of the current quarter. The proceed received was off-setted against the development of new hospitals, including KPJ Bandar Dato' Onn, KPJ BDC and KPJ Miri, which are expected to be completed towards end of this year and next year. Cash flows from financing activities has improved mainly due to issuance of Islamic Medium Term Notes ("IMTN") for a nominal value of RM100 million during this quarter. With this issuance, total nominal value of IMTN issued as at 31 March 2018 is amounted to RM1 billion.

With all the above, net cash and cash equivalent has increased by more than 100% as compared to the same period of the preceding year.