

## 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 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 30 June 2018 was RM801.3 million, an increase of 3% as compared to RM778.6 million in the corresponding quarter of the preceding year. The profit before zakat and tax for the 3 months ended 30 June 2018 was recorded at RM61.4 million, increased by 29% from RM47.5 million in 2017.

##### Segment : Continuing operations

##### Malaysia

The Malaysia segment continues to excel, reported revenue rose by 3% to RM777.7 million in current quarter from RM752.5 million reported in the same quarter of the preceding year. The improved performance was mainly contributed by the increase in number of patient episodes and complex cases per inpatient particularly for KPJ Rawang, KPJ Bandar Maharani and KPJ Pasir Gudang. Besides, increased activities at the support companies also contributed to the revenue growth. In current quarter, KPJ Perlis has commenced its operation on 17 May 2018.

Profit before zakat and tax has increased to RM62.0 million during this quarter, an increase of 26% from RM49.1 million in the same quarter in 2017, contributed by the cost optimisation initiatives by the hospitals mainly the new hospitals which were under gestation period.

##### Others

Revenue from this segment was reported at RM23.6 million, a decreased of 9% from RM26.1 million in corresponding quarter of the prior year. The decrease was mainly contributed by lower number of patients, particularly for Rumah Sakit Medica Bumi Serpong Damai. The decrease in revenue of Indonesian operation has affected EBITDA to be at loss of RM3,000, translated to more than 100% decreased as compared to EBITDA of RM1.5 million reported in the corresponding quarter of the preceding year.

##### Australia

Revenue from Australia segment was reported at RM14.8 million, slightly increased as compared to revenue in the corresponding quarter of the preceding year which was reported at RM14.4 million. This segment reported an increase of more than 100% in EBITDA during this quarter, which currently stands at RM0.6 million, as compared to negative EBITDA of RM1.3 million in the corresponding quarter of the preceding year. Stronger EBITDA was backed by better utilisation of resources, resulted from higher number of residents reported by Jeta Gardens.

Company No.

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### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 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)

- b. Review on statements of comprehensive income for current financial period compared to prior financial period (6 months)

##### Group

The Group's revenue for the current year ended 30 June 2018 was RM1,624.2 million, an increase of 4% as compared to RM1,557.8 million in the corresponding period of the preceding year. The profit before zakat and tax for the 6 months ended 30 June 2018 was recorded at RM122.3 million, increased by 16% from RM105.3 million in 2017.

##### Segment : Continuing operations

##### Malaysia

The Malaysia segment revenue in 2018 grew from RM1,503.0 million to RM1,575.0 million, an increase of 5% compared to the preceding year. Higher revenue was mainly contributed by the increase in number of patient episodes and complex cases per inpatient particularly for KPJ Rawang, KPJ Pasir Gudang and KPJ Bandar Maharani with expanding of beds by 45% as compared to number of beds in 2017. The increase in revenue was also attributed by the organic growth from the existing hospitals. In current period, KPJ Perlis has commenced its operation on 17 May 2018.

Profit before zakat and tax has increased to RM125.9 million during this period, an increase of 19% from RM105.4 million in the same period in 2017. The growth was mainly contributed by better cost optimisation mainly from the new hospitals which were under gestation period and higher share of results of associates during the period.

##### Others

Revenue from this segment was reported at RM49.2 million, 10% decreased from RM54.9 million in corresponding period of the prior year. The decrease was mainly contributed by lower number of patients, particularly for Rumah Sakit Medica Bumi Serpong Damai, and weakening of Indonesian Rupiah which resulted to increase in foreign exchange translation loss. EBITDA for Indonesian operation was reported at RM1.1 million, 74% decreased as compared to EBITDA of RM4.3 million reported in the preceding year.

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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 (6 months) (continued)

Segment : Discontinued operation

Australia

Revenue from Australia segment was reported at RM29.7 million, increased by 2% as compared to revenue in the corresponding period of the preceding year which was reported at RM29.1 million. This segment reported an increase of more than 100% in EBITDA in current year, which currently stands at RM2.1 million, as compared to negative EBITDA of RM3.7 million in the corresponding quarter of the preceding year. Stronger EBITDA was backed by better utilisation of resources, resulted from higher number of residents reported by Jeta Gardens.

c. Review on statements of financial position for current financial period compared to prior financial period

Group

The Group's total assets as at 30 June 2018 was RM4,545.2 million, an increase of 11% as compared to RM4,105.4 million as at 30 June 2017. The Group's total liabilities as at 30 June 2018 was RM2,560.0 million, increased by 8% as compared to RM2,367.4 million as at 30 June 2017.

Segment : Continuing operations

Malaysia

Total assets from Malaysia segment was reported at RM4,053.5 million, an increase of 13% in comparison to RM3,576.1 million as at 30 June 2017. The increment was mainly attributable to the additional investment in property, plant and equipment for the soon-to-be opened hospitals such as KPJ BDC, KPJ Bandar Dato Onn and KPJ Miri 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 via new issuance of ordinary shares.

Total liabilities from this segment was reported at RM2,308.1 million increased by 12% in comparison to RM2,059.5 million as at 30 June 2017. The increase in liabilities was due to construction costs incurred during the period for the ongoing projects of new hospitals.

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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)

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

Segment : Continuing operations (continued)

Others

Total assets for this segment is mainly contributed by the Indonesian operations of RM139.8 million, decreased by 6% in comparison to RM149.2 million as at 30 June 2017. The decrease was due to depreciation charged and appreciation of Malaysian Ringgit during the period.

Total liabilities from Indonesia operations was reported at RM39.9 million decreased by 24% in comparison to RM52.5 million as at 30 June 2017, due to repayment of the bank borrowings and payables during the period.

Segment : Discontinued operation

Australia

The Australia segment reported total assets of RM165.0 million, a decrease of 12% as compared to RM187.8 million recorded as at 30 June 2017, as well as total liabilities which also reported a decrease by RM25.2 million or by 12% compared to RM205.6 million recorded as at 30 June 2017 due to depreciation of Australian Dollar during the year.

d. Review on statements of cash flows for current financial period compared to prior financial period (6 months)

Group

For the period ended 30 June 2018, the Group's cash flows from operating activities show a huge reduction in payable. 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. The proceed received was off-setted against the expenditure incurred for development of new hospitals, including KPJ Bandar Dato' Onn, KPJ BDC and KPJ Miri. Cash flows from financing activities has improved mainly due to issuance of Islamic Medium Term Notes ("IMTN") for a nominal value of RM200 million during this period. With this issuance, total nominal value of IMTN issued as at 30 June 2018 is amounted to RM1.1 billion.

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