A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 30 September 2018 are as follows:

	RM'000
Approved and contracted	154,495
Approved but not contracted	116,747
	271,242

Analysed as follows:

Buildings	219,728
Medical equipment	28,129
Other property, plant and equipment	23,385
	271,242

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 September 2018 was RM820.6 million, an increase of 4% as compared to RM788.4 million in the corresponding quarter of the preceding year. The profit before zakat and tax for the 3 months ended 30 September 2018 was recorded at RM62.9 million, increased by 24% from RM50.9 million in 2017.

Segment : Continuing operations

Malaysia

The Malaysia segment continues to excel, reported revenue rose by 4% to RM794.9 million in current quarter from RM762.3 million reported in the same quarter of the preceding year. The improved performance was mainly contributed by the increase in number of patient visits, number of beds and surgeries particularly for KPJ Rawang, KPJ Pasir Gudang and KPJ Bandar Maharani. Extended promotions to the neighbouring country and online promotions are also factors to the increase in revenue. Besides, increased activities at the support companies also contributed to the revenue growth.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 : Continuing operations (continued)

Malaysia (continued)

Profit before zakat and tax has increased to RM64.3 million during this quarter, an increase of 20% from RM53.7 million in the same quarter in 2017, contributed by the cost optimisation initiatives by the hospitals.

Others

Revenue from this segment was reported at RM25.7 million, a decreased of 2% 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, due to stricter regulations imposed by the government over cases and treatment on patients under BPJS Kesehatan scheme, an Indonesian National Health Insurance System.

The decrease in revenue of Indonesian operation has affected EBITDA of RM1.7 million, translated to 19% decreased as compared to EBITDA of RM2.1 million reported in the corresponding quarter of the preceding year.

Segment : Discontinued operation

Australia

Revenue from Australia segment was reported at RM14.6 million, slightly decreased as compared to revenue in the corresponding quarter of the preceding year which was reported at RM14.8 million. This segment reported a decrease of 50% in EBITDA during this quarter, which currently stands at RM0.3 million, as compared to EBITDA of RM0.6 million in the corresponding quarter of the preceding year.

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

Group

The Group's revenue for the current year ended 30 September 2018 was RM2,444.8 million, an increase of 4% as compared to RM2,346.3 million in the corresponding period of the preceding year. The profit before zakat and tax for the 9 months ended 30 September 2018 was recorded at RM185.2 million, increased by 19% from RM156.2 million in 2017.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 (9 months) (continued)

Segment : Continuing operations

Malaysia

The Malaysia segment revenue in 2018 grew from RM2,265.3 million to RM2,369.9 million, an increase of 5% compared to the preceding year. Higher revenue was mainly contributed by the increase in number of patient visits, number of beds and surgeries particularly for KPJ Rawang, KPJ Pasir Gudang and KPJ Bandar Maharani. Extended promotions to the neighbouring country and online promotions are also factors to the increase in revenue. The increase in revenue was also attributed by the organic growth from the existing hospitals.

Profit before zakat and tax has increased to RM192.1 million during this period, an increase of 21% from RM159.0 million in the same period in 2017. The growth was mainly contributed by better cost optimisation.

Others

Revenue from this segment was reported at RM74.8 million, 8% decreased from RM81.0 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, due to stricter regulations imposed by the government over cases and treatment on patients under BPJS Kesehatan scheme, an Indonesian National Health Insurance System.

EBITDA for Indonesian operation was reported at RM2.8 million, decreased by 56% as compared to EBITDA of RM6.4 million reported in the preceding year.

Segment : Discontinued operation

Australia

Revenue from Australia segment was reported at RM44.3 million, increased by 1% as compared to revenue in the corresponding period of the preceding year which was reported at RM43.9 million. This segment reported an increase of more than 100% in EBITDA in current year, which currently stands at RM2.5 million, as compared to negative EBITDA of RM1.9 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.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 30 September 2018 was RM4,606.3 million, an increase of 12% as compared to RM4,108.9 million as at 30 September 2017. The Group's total liabilities as at 30 September 2018 was RM2,607.1 million, increased by 11% as compared to RM2,342.0 million as at 30 September 2017.

Segment : Continuing operations

Malaysia

Total assets from Malaysia segment was reported at RM4,114.5 million, an increase of 14% in comparison to RM3,594.0 million as at 30 September 2017. The increment was mainly attributable to the additional investments 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. In addition, KPJ Ampang Puteri which is in the midst of expansion of the hospital building has also contributed to the increase in total assets. Apart from the increase in property, plant and equipment, the increment was also contributed by the cash received from partial disposal of an interest in subsidiary, Lablink (M) Sdn Bhd to KL Kappa Sdn Bhd via new issuance of ordinary shares, which was completed during the last quarter.

Total liabilities from this segment was reported at RM2,359.3 million increased by 16% in comparison to RM2,038.3 million as at 30 September 2017. The increase in liabilities was due to construction costs incurred during the period for the ongoing projects of new and existing hospitals.

Others

Total assets for this segment is mainly contributed by the Indonesian operations of RM138.7 million, decreased by 6% in comparison to RM148.3 million as at 30 September 2017. Meanwhile, total liabilities from Indonesia operations was reported at RM38.5 million, decreased by 26% in comparison to RM52.2 million as at 30 September 2017. The decrease was mainly due to the depreciation of Malaysian Ringgit and repayment of the bank borrowings and payables during the period.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 RM160.3 million, a decrease of 9% as compared to RM177.0 million recorded as at 30 September 2017, as well as total liabilities which also reported a decrease by RM29.1 million or by 14% compared to RM204.7 million recorded as at 30 September 2017 due to the depreciation of Malaysian Ringgit during the period.

d. Review on statements 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 in line with the increase in profit during the financial period. Furthermore, debtors' turnover days reported at 43 days during this period which is 19% better as compared to the same quarter in 2017 at 53 days.

Cash used in investing activities, mainly on the expenditure incurred for development of new hospitals, including KPJ Bandar Dato' Onn, KPJ BDC and KPJ Miri, as well as for existing hospitals including KPJ Ampang Puteri. The expenditure were off-setted with the purchase consideration received from the partial disposal of an interest in subsidiary, Lablink (M) Sdn Bhd.

Included in the cash flows from financing activities were repurchased of 27.7 million ordinary shares from the open market amounting RM29.6 million, and 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 September 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.