B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2019

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 compared to the corresponding quarter of the preceding year (3 months)

Group

The Group's revenue registered a positive growth of 6% from RM801.3 million in quarter 2, 2018 to RM847.3 million in the current quarter ended 30 June 2019 driven by better performance from Malaysia and Others segments.

EBITDA improved significantly by 30% disclosed at RM154.9 million during this quarter as compared to RM118.8 million in corresponding quarter. The adoption of MFRS 16 with effect from 1 January 2019 boosted the Group's EBITDA since the Group does not recognised lease rental, and instead recognised depreciation and finance costs derived from the right-of-use assets and lease liabilities respectively. [Refer to Note A5(d)(ii) on the reconciliation between EBITDA and PBZT with MFRS 16 impact].

The PBZT for the 3 months ended 30 June 2019 was recorded at RM66.7 million, increase by 9% from RM61.4 million in 2018, in line with the increase in revenue.

Segment : Continuing operations

Malaysia

Malaysia segment's revenue grew by 6% to RM820.4 million in current quarter ended 30 June 2019 underpinned by the increase in number of patient visits and surgeries especially for KPJ Rawang, KPJ Pasir Gudang and KPJ Johor. In addition, the newly-opened hospital, KPJ Perlis and KPJ Bandar Dato' Onn are also contributing factors to the double-digit increment to the revenue of the period. Increase activities at the support companies also contributed to the revenue growth.

EBITDA for Malaysia was notably high at RM146.5 million in this quarter from RM120.9 million during the second quarter 2018, resulted from the exclusion of lease rental from the administrative expenses upon adoption of MFRS 16. The lease rental amounted to RM22.4 million was deducted in arriving to the EBITDA in quarter 2, 2018.

PBZT recorded a slight increase from RM65.9 million during this quarter from RM65.5 million in the same quarter in 2018 lead by the increase in revenue by 6%. However, the increase in PBZT has been set-off by the MFRS 16 impact recognised during the quarter, largely contributed by higher depreciation and finance costs amounting to RM6.2 million and RM9.1 million respectively.

Others

Revenue from this segment improved favourably by 13% at RM26.9 million from RM23.7 million in corresponding quarter of the prior year mainly from Indonesian operation. Rumah Sakit Medika Bumi Serpong Damai reported additional 12 beds as compared to the same period in prior year. Furthermore, both Indonesian hospitals saw an overall increase in number of patients mainly contributed by consecutive marketing activities and treatment packages introduced during the quarter.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2019 (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:

a. Review on statements of comprehensive income for current quarter compared to the corresponding quarter of the preceding year (3 months) (continued)

Segment : Continuing operations (continued)

Others (continued)

EBITDA recognised for Indonesian operation increased exceptionally by more than 100% from loss EBITDA in quarter 2, 2018 to EBITDA of RM2.6 million in 2019. Lower operational cost incurred and better utilisation of resources has led to the good performance during the quarter.

Segment : Discontinued operation

Australia

Revenue from Australia segment was narrowed from RM14.8 million in 2018 to RM13.0 million in current quarter. The reduction was due to lower average residential occupancy rate in Jeta Gardens which recorded at 88% during this quarter as compared to 96% in the corresponding quarter. The fall in occupancy rate was due to incline competition from newly opened facilities close to Jeta Gardens.

EBITDA for this segment plummeted to loss EBITDA of RM1.6 million from EBITDA of RM0.6 million in the corresponding quarter of the preceding year. This is mainly due to inability to fully utilise the capacities and resources as a result of lower occupancy rate.

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

Group

The Group's revenue registered a positive growth of 4% from RM1,642.2 million as at 30 June 2018 to RM1,715.4 million as at 30 June 2019 driven by better performance from Malaysia and Others segments.

EBITDA improved significantly by 32% disclosed at RM309.8 million during this period as compared to RM235.4 million in corresponding year. The adoption of MFRS 16 with effect from 1 January 2019 boosted the Group's EBITDA since the Group does not recognised lease rental but instead recognised depreciation and finance costs derived from the right-of-use assets and lease liabilities respectively. [Refer to Note A5(d)(ii) on the reconciliation between EBITDA and PBZT with MFRS 16 impact].

The PBZT for the 6 months ended 30 June 2019 was recorded at RM133.1 million, increase by 9% from RM122.3 million in 2018, in line with the increase in revenue.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2019 (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) (continued)

Segment : Continuing operations

Malaysia

Malaysia segment's revenue grew by 5% to RM1,659.7 million for the period ended 30 June 2019 underpinned by the increase in number of patient visits and surgeries especially for KPJ Rawang, KPJ Pasir Gudang and KPJ Johor. In addition, the newly-opened hospital, KPJ Perlis and KPJ Bandar Dato' Onn are also contributing factors to the double-digit increment to the revenue of the period. Increase activities at the support companies also contributed to the revenue growth.

EBITDA for Malaysia was notably high at RM297.6 million in this period, 26% increased from RM235.8 million as at 30 June 2018, resulted from the exclusion of lease rental from the administrative expenses upon adoption of MFRS 16. The lease rental amounted to RM42.9 million was deducted in arriving to the EBITDA in 2018.

PBZT recorded an increase by 6% to RM135.6 million as at 30 June 2019 from RM127.9 million in the corresponding period in 2018 lead by the increased in revenue. However, the increase in PBZT has been set-off by the MFRS 16 impact amounting to RM4.3 million recognised during the period, largely contributed by higher depreciation and finance costs amounting to RM19.2 million and RM28.0 million respectively.

Others

Revenue from this segment improved favourably by 13%, closed at RM55.7 million during this period from RM49.2 million in prior year mainly from Indonesian operation. Rumah Sakit Medika Bumi Serpong Damai reported additional 12 beds as compared to the same period in prior year. Furthermore, both Indonesian hospitals saw an overall increase in number of patients mainly contributed by consecutive marketing activities and treatment packages introduced during the period.

EBITDA recognised for Indonesian operation increased exceptionally by more than 100% from EBITDA of RM1.1 million in 2018 to EBITDA of RM6.6 million in 2019. Lower operational cost incurred and better utilisation of resources has led to the good performance during the period.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2019 (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) (continued)

Segment : Discontinued operation

Australia

Revenue from Australia segment was narrowed from RM29.7 million in 2018 to RM25.8 million in current quarter. The reduction was due to lower average residential occupancy rate in Jeta Gardens which recorded at 88% during this quarter as compared to 96% in the corresponding quarter. The fall in occupancy rate was due to incline competition from newly opened facilities close to Jeta Gardens.

EBITDA for this segment plummeted to loss EBITDA of RM3.1 million from EBITDA of RM2.1 million in the corresponding period of the preceding year. This is mainly due to inability to fully utilise the capacities and resources as a result of lower occupancy rate.

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 2019 was RM5,573.0 million, an increase of 23% as compared to RM4,545.2 million as at 30 June 2018. The Group's total liabilities as at 30 June 2019 was RM3,699.0 million, increased by 44% as compared to RM2,560.0 million as at 30 June 2018. The increase is mainly contributed by the progress of new hospitals under development.

In line with adoption of MFRS 16, both total assets and total liabilities were notably high during this quarter due to recognition of right-of-use assets and lease liabilities amounting to RM780.0 million and RM1,067.3 million respectively. There are no such balances in the prior financial period.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2019 (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 : Continuing operations

Malaysia

Total assets from Malaysia segment was reported at RM5,030.3 million, an increase of 24% in comparison to RM4,055.5 million as at 30 June 2018. The increment was mainly attributable to the additional investments in property, plant and equipment especially for the newly-opened hospitals, KPJ Bandar Dato Onn and KPJ Perlis and soon-to-be opened hospitals such as KPJ BDC and KPJ Miri which are currently under construction. In addition, KPJ Ampang Puteri, KPJ Puteri, KPJ Seremban and KPJ Penang which are in the midst of expansion of the hospital building has also contributed to the increase in total assets. Apart from that, the impact of the adoption of MFRS 16 has led to recognition of right-of-use assets as at 30 June 2019 amounting to RM680.3 million.

Total liabilities from this segment was reported at RM3,334.5 million boosted by 44% in comparison to RM2,310.0 million as at 30 June 2018. The increase in liabilities was due to construction costs incurred during the period for the ongoing projects of new and existing hospitals. On top of that, in relation to the MFRS 16 adoption, total lease liabilities had been closed at RM943.3 million in total liabilities.

Others

Total assets for this segment is dominantly contributed by the Indonesian operations of RM149.6 million, increased by 7% in comparison to RM139.8 million as at 30 June 2018. Additional fair value of land and hospital equipment is one of the factors to the incline in total assets by RM3.9 million and RM3.8 million respectively.

Meanwhile, total liabilities from Indonesia operations was reported at RM41.3 million, 3% increase in comparison to RM39.9 million as at 30 June 2018.

Included in total assets and total liabilities from others segment is amount recognised in relation to MFRS 16, which are right-of-use assets and lease liabilities amounting to RM99.8 million and RM123.9 million respectively. This addition is contributed by KPJ Healthcare University College and Malaysia College of Hospitality & Management.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2019 (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 RM140.4 million, a decrease of 15% as compared to RM165.0 million recorded as at 30 June 2018, as well as total liabilities which also reported a decrease by RM19.5 million or by 11% compared to RM180.4 million recorded as at 30 June 2018. The decrease in total assets and liabilities was contributed from the sale of investment in Al-‘Aqar Healthcare REIT and repayment of loan respectively.

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

Group

The statement of cash flows is showing a better cash inflows from operating activities concurrent with the increase in profit during the financial period. Debtors’ turnover days has improved at 40 days during this period as compared to the same period in 2018 at 50 days.

Investing activities recorded net cash outflows, mainly due to development in KPJ BDC and KPJ Miri. On the same note, cash was also used to support expansion plans for existing hospitals such as KPJ Ampang Puteri, KPJ Puteri, KPJ Seremban and KPJ Penang. The impact was soften by dividend received from associates, mainly from Al-‘Aqar Healthcare REIT.

The cash generated from financing activities were mainly funds received from issuance of shares through warrants and ESOS amounting to RM37.8 million, government grant received by KPJ Bandar Dato’ Onn in relation to the incentives for the development of hospital building amounting to RM10.4 million and drawdown on the borrowings amounting to RM24.7 million. The cash outflows for financing activities was mainly due to higher dividend paid to shareholders amounting to RM64.7 million as compared to only RM21.1 million in the corresponding period, this is due to timing difference at the point of payment.