B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 registered a decent growth of 10% in revenue from RM820.6 million in quarter 3, 2018 to RM906.4 million in the current quarter ended 30 September 2019 primarily driven by an improved performance by segments in continued operations.

EBITDA of the Group reported at RM156.5 million during the current quarter, 32% higher as compared to RM118.3 million in corresponding quarter. It was underpinned by the adoption of MFRS 16, which uplifted the Group's EBITDA since the Group did not recognise 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 profit before tax with MFRS 16 impact].

The profit before tax for the 3 months ended 30 September 2019 closed at RM71.9 million, increased by 16% from RM61.9 million in 2018 contributed by cost optimisation and initiatives from the hospitals as well as revenue increment during the period.

Segment : Continuing operations

Malaysia

The Malaysia segment continued to excel with 10% revenue increment to RM876.5 million in current quarter supported by the increase in number of patient visits, radiology cases and surgeries especially for KPJ Johor, KPJ Selangor and KPJ Rawang. The new addition to the Group's group of hospitals, KPJ Batu Pahat, which commenced its operation on 18 September 2019, also contributed to the improved revenue of the period. Increased activities within the support companies also contributed to the revenue growth.

EBITDA for Malaysia was recorded at RM151.4 million in this quarter from RM117.0 million during the third quarter 2018. The double-digit increment arose from the exclusion of lease rental from the administrative expenses upon adopting MFRS 16. The lease rental amounted to RM21.1 million was deducted in arriving to the EBITDA in quarter 3, 2019.

Profit before tax recorded 16% increase to RM69.3 million during this quarter from RM59.9 million in the same quarter in 2018 led by the increase in revenue by 10%. Despite the fact that the increase in profit before tax has been set-off by the MFRS 16 impact recognised during the quarter especially on depreciation and finance costs amounting to RM9.7 million and RM14.0 million respectively, the Group managed to set higher profit before tax margin with 7.9% as compared to last year's 7.5%. This was due to cost optimisation and initiatives from the hospitals as well as better performance by support companies.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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

Revenue from this segment improved favourably by 16% to RM29.9 million from RM25.7 million in corresponding quarter of the prior year mainly from Indonesian operation. Rumah Sakit Medika Bumi Serpong Damai reported 21% increase in number of patients mainly contributed by consecutive marketing activities and treatment packages offered throughout the quarter.

EBITDA recognised for Indonesian operation increased significantly by more than 100% from EBITDA of RM1.7 million in quarter 3, 2018 to EBITDA of RM3.6 million in 2019. Lower operational cost incurred and better utilisation of resources has led to the improved performance during the quarter.

Segment : Discontinued operation

Australia

Revenue from Australia segment narrowed from RM14.6 million in 2018 to RM12.7 million in current quarter. This was due to lower average residential occupancy rate reported in Jeta Gardens. The fall in occupancy rate was attributable to incline competition from newly-opened facilities close to Jeta Gardens and the increment in incentives from the Australia's government to encourage home care, thus, enabling people to stay in their own homes longer before admission into residential aged care.

EBITDA for this segment plummeted to loss EBITDA of RM1.9 million from EBITDA of RM0.3 million in the corresponding quarter of the preceding year. This was 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 (9 months)

Group

The Group's revenue registered a positive growth of 7% from RM2,444.8 million as at 30 September 2018 to RM2,621.9 million as at 30 September 2019 primarily driven by improved performance by segments in continued operations.

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

Group (continued)

EBITDA improved significantly by 32% disclosed at RM464.8 million during this period as compared to RM351.0 million in corresponding year. It was underpinned by the adoption of MFRS 16, which uplifted the Group's EBITDA since the Group did not recognise 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 profit before tax with MFRS 16 impact].

The profit before tax for the 9 months ended 30 September 2019 was recorded at RM203.5 million, increased by 12% from RM181.5 million in 2018, consistent with the increase in revenue.

Segment : Continuing operations

Malaysia

The Malaysia segment recorded revenue of RM2,536.2 million increase by 7% from RM2,369.9 million in the same period in 2018. Higher revenue was steered by the increase in number of patient visits, radiology cases and surgeries performed especially for KPJ Johor, KPJ Rawang and KPJ Selangor. KPJ Batu Pahat which opened on 18 September 2019 has contributed to the Malaysia's segment revenue alongside with other newly-opened hospitals such as KPJ Perlis and KPJ Bandar Dato' Onn. Increased activities at the support companies also contributed to the revenue growth.

EBITDA for Malaysia has increased noticeably by 29% from RM350.1 million to RM452.9 million in this period. This was resulted from the exclusion of lease rental from the administrative expenses upon adoption of MFRS 16. The lease rental amounted to RM63.9 million was deducted in arriving to the EBITDA in 2018.

Profit before tax has increased by 13% to RM208.7 million as at 30 September 2019 from RM185.1 million in the corresponding period in 2018, contributed by the increase in revenue for the period. Higher profit before tax was attributable to the increase in share of profit from associates especially from Vejthani Hospital in Thailand. However, the increase in profit before tax has been set-off by the MFRS 16 impact amounting to RM6.9 million recognised during the period, dominantly contributed by higher depreciation and finance costs amounting to RM28.9 million and RM42.0 million respectively.

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

Segment : Continuing operations (continued)

Others

Revenue from this segment improved favourably by 14% to RM85.6 million during this period from RM74.8 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 substantially by more than 100% from RM2.8 million in 2018 to RM10.2 million in 2019. Lower operational cost incurred and better utilisation of resources has led to the good performance during the period.

Segment : Discontinued operation

Australia

Revenue from Australia segment narrowed from RM44.3 million in 2018 to RM38.5 million during this period. The reduction was due to lower average residential occupancy rate in Jeta Gardens which recorded at 83% during this period-end as compared to 94% in the corresponding quarter. The fall in occupancy rate was due to incline competition from newly-opened facilities close to Jeta Gardens and the increment in incentives from the Australia's government to encourage home care, thus, enabling people to stay in their own homes longer before admission into residential aged care.

EBITDA for this segment plummeted to loss EBITDA of RM4.9 million from EBITDA of RM2.5 million in the corresponding period of the preceding year. This was mainly due to inability to fully utilise the capacities and resources as a result of lower occupancy rate.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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

Group

The Group's total assets as at 30 September 2019 was RM5,662.5 million, an increase of 23% as compared to RM4,606.3 million as at 30 September 2018. The Group's total liabilities as at 30 September 2019 was RM3,793.4 million, increased by 46% as compared to RM2,606.7 million as at 30 September 2018. The increase was 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 RM769.3 million and RM1,060.1 million respectively. There were no such balances during the corresponding period-end.

Segment : Continuing operations

Malaysia

Total assets from Malaysia segment was reported at RM5,127.1 million, an increase of 25% in comparison to RM4,114.5 million as at 30 September 2018. The increment was mainly attributable to the additional investments in property, plant and equipment arising from the newly-opened hospitals, KPJ Bandar Dato Onn, KPJ Perlis and KPJ Batu Pahat and soon-to-be opened hospitals such as KPJ BDC and KPJ Miri which are currently under construction. Meanwhile, KPJ Ampang Puteri, KPJ Puteri, KPJ Seremban and KPJ Penang which are in the midst of expansion of the hospital building have also contributed to the increase in total assets. On top of that, the impact of adopting MFRS 16 has led to recognition of right-of-use assets as at 30 September 2019 amounting to RM670.9 million.

Total liabilities from this segment was reported at RM3,414.0 million increased by 45% in comparison to RM2,359.0 million as at 30 September 2018. The increase in liabilities was due to construction costs incurred during the period for the ongoing projects of new and existing hospitals. Apart from that, total lease liabilities was closed at RM937.2 million in as an impact from adoption of MFRS 16.

Others

Total assets for this segment is dominantly contributed by the Indonesian operations of RM153.4 million, increased by 11% in comparison to RM138.7 million as at 30 September 2018. Additional fair value of land and building is one of the factors to the increase in total assets by RM3.9 million.

Meanwhile, total liabilities from Indonesia operations was reported at RM39.2 million, 2% increase in comparison to RM38.5 million as at 30 September 2018.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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

Others

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 RM98.4 million and RM123.0 million respectively. This addition was contributed by KPJ Healthcare University College and Malaysian College of Hospitality & Management.

Segment : Discontinued operation

Australia

The Australia segment reported total assets of RM131.4 million, a decrease of 18% as compared to RM160.3 million recorded as at 30 September 2018, as well as total liabilities which also reported a decrease by RM22.4 million or by 13% compared to RM175.6 million recorded as at 30 September 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 (9 months)

Group

The statement of cash flows showed favourable cash inflows from operating activities consistent with the increase in profit during the financial period. Debtors’ turnover days has improved to 41 days during this period as compared to the same period in 2018 of 48 days.

Cash used in investing activities mainly incurred on the development in KPJ BDC and KPJ Miri. Cash was also used to support expansion plans for existing hospitals such as KPJ Ampang Puteri, KPJ Puteri, KPJ Seremban and KPJ Penang. Despite of the cash outflows, investing activities was relieved 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 RM38.4 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 RM49.2 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 RM42.1 million in the corresponding period. This was due to timing difference at the point of payment. Also included in the cash flows from financing activities was repurchased of 39.5 million ordinary shares from the open market amounting to RM37.1 million.