

Company No.

247079	M
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KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

31 MARCH 2016

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the three months ended 31 March 2016.

The interim report is prepared in accordance with MFRS134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia's Listing Requirements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to this report.

UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>3 months ended</u>	
		<u>31.03.2016</u>	<u>31.03.2015</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
		RM'000	RM'000	RM'000	RM'000
Revenue	B1	743,946	709,887	743,946	709,887
Cost of sales		<u>(511,700)</u>	<u>(491,316)</u>	<u>(511,700)</u>	<u>(491,316)</u>
Gross profit		232,246	218,571	232,246	218,571
Administration and Other operating expenses		(174,747)	(170,947)	(174,747)	(170,947)
Other income		3,638	6,108	3,638	6,108
Operating profit		61,137	53,732	61,137	53,732
Finance income		2,693	2,558	2,693	2,558
Finance cost		<u>(20,747)</u>	<u>(14,609)</u>	<u>(20,747)</u>	<u>(14,609)</u>
Finance costs – net		(18,054)	(12,051)	(18,054)	(12,051)
Associates - share of results		8,338	8,935	8,338	8,935
Profit before zakat and tax	B2	51,421	50,616	51,421	50,616
Zakat		(400)	(570)	(400)	(570)
Income tax expense	B5	<u>(14,398)</u>	<u>(13,666)</u>	<u>(14,398)</u>	<u>(13,666)</u>
Profit net of tax		36,623	36,380	36,623	36,380
Other comprehensive income		-	18	-	18
Total comprehensive income for the period		<u>36,623</u>	<u>36,398</u>	<u>36,623</u>	<u>36,398</u>

Company No.

247079	M
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KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 (CONTINUED)**

	Note	<u>Individual Quarter</u> <u>3 months ended</u>		<u>Cumulative Quarter</u> <u>3 months ended</u>	
		<u>31.03.2016</u>	<u>31.03.2015</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Equity holders of the Company		34,173	33,894	34,173	33,894
Non-controlling interest		2,450	2,486	2,450	2,486
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net profit attributable to shareholders		<u>36,623</u>	<u>36,380</u>	<u>36,623</u>	<u>36,380</u>
Total comprehensive income attributable to:					
Equity holders of the Company		34,173	33,912	34,173	33,912
Non-controlling interest		2,450	2,486	2,450	2,486
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net profit attributable to shareholders		<u>36,623</u>	<u>36,398</u>	<u>36,623</u>	<u>36,398</u>
Dividend per share (sen)	A7	<u>1.75</u>	<u>2.60</u>	<u>1.75</u>	<u>2.60</u>
Earnings per share (sen)	B11				
- Basic					
- at par value of RM0.50		3.25	3.23	3.25	3.23
- Diluted					
- at par value of RM0.50		<u>3.24</u>	<u>3.23</u>	<u>3.24</u>	<u>3.23</u>

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	<u>Note</u>	<u>31.03.2016</u>	<u>Audited</u> <u>31.12.2015</u>
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	1,834,245	1,831,949
Investment properties		279,833	279,833
Interest in associates		481,459	475,495
Available-for-sale financial assets		282	282
Intangible assets		250,728	252,126
Deferred tax assets		19,182	18,956
Trade and other receivables		34,621	32,661
		<u>2,900,350</u>	<u>2,891,302</u>
Current assets			
Inventories		45,653	48,053
Receivables, deposits and prepayments		568,681	517,375
Tax recoverable		19,877	25,646
Deposit, cash and bank balances		392,967	433,206
		<u>1,027,178</u>	<u>1,024,280</u>
Total assets		<u><u>3,927,528</u></u>	<u><u>3,915,582</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	A6	528,139	527,246
Reserves		1,025,431	999,114
		<u>1,553,570</u>	<u>1,526,360</u>
Less: Treasury shares		(54,777)	(54,777)
Total equity attributable to shareholders of the Company		<u>1,498,793</u>	<u>1,471,583</u>
Non-controlling interest		<u>90,892</u>	<u>88,442</u>
Total equity		<u><u>1,589,685</u></u>	<u><u>1,560,025</u></u>
LIABILITIES			
Non-current liabilities			
Borrowings	B7	1,194,299	1,178,881
Deposits		12,766	13,914
Deferred tax liabilities		53,990	69,177
Provision for retirement benefits		2,361	2,298
		<u>1,263,416</u>	<u>1,264,270</u>

Company No.

247079	M
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KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2016 (CONTINUED)

	<u>31.03.2016</u> RM'000	<u>Audited</u> <u>31.12.2015</u> RM'000
Current liabilities		
Payables	591,354	616,883
Borrowings	B7	
- bank overdrafts	10,533	7,063
- others	341,975	352,086
Current tax liabilities	25,023	18,225
Deferred revenue	87,330	78,849
Dividends payable	18,212	18,181
	<u>1,074,427</u>	<u>1,091,287</u>
Total liabilities	<u>2,337,843</u>	<u>2,355,557</u>
Total equity and liabilities	<u>3,927,528</u>	<u>3,915,582</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)		
- at par value of RM0.50	<u>1.42</u>	<u>1.39</u>

Company No.

247079 M

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016

Note	Attributable to owners of the Company														
	Issued and fully paid ordinary shares of RM0.50 each				Non-distributable						Distributable			Non-controlling interest	Total equity
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserve RM'000	Esos reserve RM'000	Merger reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000		
At 1 January 2016	1,054,493	527,246	147,827	(54,777)	31,693	24,496	(3,367)	(2,028)	105,914	694,579	1,471,583	88,442	1,560,025		
Comprehensive income:															
Profit for the financial period	-	-	-	-	-	-	-	-	-	34,173	34,173	2,450	36,623		
Other comprehensive income:															
Translation of foreign subsidiaries	-	-	-	-	-	-	-	15	-	-	15	-	15		
Issue of shares:															
- Warrants	1	1	1	-	(1)	-	-	-	-	-	1	-	1		
- ESOS	1,784	892	7,400	-	-	(1,796)	-	-	-	-	6,496	-	6,496		
	1,785	893	7,401	-	(1)	(1,796)	-	-	-	-	6,497	-	6,497		
ESOS – granted during the period	-	-	-	-	-	6,112	-	-	-	-	6,112	-	6,112		
Lapsed ESOS	-	-	-	-	-	(1,375)	-	-	-	-	(1,375)	-	(1,375)		
Dividends on ordinary shares															
31 December 2015															
- 4th Interim	-	-	-	-	-	-	-	-	-	(18,212)	(18,212)	-	(18,212)		
At 31 March 2016	1,056,278	528,139	155,228	(54,777)	31,692	27,437	(3,367)	(2,013)	105,914	710,540	1,498,793	90,892	1,589,685		

Company No.

247079 M

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015

Note	Attributable to owners of the Company														
	Issued and fully paid ordinary shares of RM0.50 each				Non-distributable								Distributable	Non-Controlling Interest	Total equity
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Treasury shares RM'000	Warrant reserve RM'000	Merger reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000			
At 1 January 2015	1,030,748	515,374	70,507	(54,777)	31,952	(3,367)	1,895	58,429	639,347	1,259,360	89,780	1,349,140			
Total comprehensive income for the period	-	-	-	-	-	-	18	-	33,894	33,912	2,486	36,398			
Issue of shares:															
- Warrants	2,165	1,082	1,385	-	-	-	-	-	-	2,467	-	2,467			
- Private placement	17,509	8,754	55,679	-	-	-	-	-	-	64,433	-	64,433			
	19,674	9,836	57,064	-	-	-	-	-	-	66,900	-	66,900			
Dividend in respect of the financial year ended:															
31 December 2014															
- 4th Interim	-	-	-	-	-	-	-	-	(26,906)	(26,906)	-	(26,906)			
At 31 March 2015	1,050,422	525,210	127,571	(54,777)	31,952	(3,367)	1,913	58,429	646,335	1,333,266	92,266	1,425,532			

Company No.

247079

M

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

	<u>3 months ended</u>	
	<u>31.03.2016</u>	<u>31.03.2015</u>
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit for the financial period attributable to equity holders of the Company	34,173	33,894
Adjustments for:		
Zakat	400	570
Taxation	14,398	13,666
Non-controlling interest	2,450	2,486
Associated companies	(8,338)	(8,935)
Finance income	(2,693)	(2,558)
Finance costs	20,747	14,609
Grant of equity – settled share options to employee	6,112	-
Property, plant and equipment		
- depreciation	31,220	30,837
Amortisation of software development expenditure	1,398	-
Operating profit before changes in working capital	<u>99,867</u>	<u>84,569</u>
Changes in working capital:		
Inventories	2,400	(9,261)
Receivables	(47,177)	(6,361)
Payables	(17,534)	(31,090)
Cash from operations	<u>37,556</u>	<u>37,857</u>
Income tax paid (net of refund)	(17,244)	(20,486)
Net cash from operating activities	<u>20,312</u>	<u>17,371</u>

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016 (CONTINUED)

	<u>31.03.2016</u>	<u>3 months ended 31.03.2015</u>
	RM'000	RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(33,516)	(51,255)
Interest received	2,693	2,558
Net cash used in investing activities	<u>(30,823)</u>	<u>(48,697)</u>
FINANCING ACTIVITIES		
Issue of shares:		
- Warrants	1	2,467
- Private placement	-	64,433
- ESOS	6,496	-
Bank borrowings		
- drawdown	16,913	87,189
- repayment	(11,606)	(58,126)
Dividend paid to shareholders	(18,181)	(20,303)
Interest paid	(20,747)	(14,609)
Net cash from financing activities	<u>(27,124)</u>	<u>61,051</u>
Net changes in cash and cash equivalents	(37,635)	29,725
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>420,069</u>	<u>289,549</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u><u>382,434</u></u>	<u><u>319,274</u></u>
DEPOSITS, CASH AND BANK BALANCES		
Deposits with licensed banks	36,551	124,753
Cash and bank balances	356,416	210,760
Deposits, cash and bank balances	392,967	335,513
Less: Bank overdraft	(10,533)	(6,030)
Deposits pledged with licensed banks	-	(10,209)
CASH AND CASH EQUIVALENTS	<u><u>382,434</u></u>	<u><u>319,274</u></u>

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016****A1 BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Malaysian Financial Reporting Standard ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2015.

Standards, amendments to published standards and interpretations that are effective

The Group has applied the following amendments for the financial year beginning on 1 January 2016:

- Amendments to MFRS 11 'Joint Arrangements'
- Amendments to MFRS 116 'Property, Plant and Equipment'
- Amendments to MFRS 138 'Intangible Assets'
- Amendments to MFRS 127 'Equity Method in Separate Financial Statements'
- Amendments to MFRS 10, MFRS 12 and MFRS 128 'Investment Entities: Applying the Consolidation Exception'
- Amendments to MFRS 101 'Disclosure Initiatives'

The adoption of these amendments did not have material impact on the current or prior years financial performance or position of the Group.

Standards that have been issued but not yet effective

The Group did not early adopt these new standards.

MFRS 9	Financial Instruments (effective from 1 January 2018)
MFRS 15	Revenue from Contracts with Customers (effective from 1 January 2018)

Adoption of these standards will not have any material impact on the financial report in the period of initial application.

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements was unqualified.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016
(CONTINUED)**

A3 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations have not been significantly affected by any seasonal or cyclical trend.

**A4 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH
FLOWS**

There were no items, transactions or events of a material and unusual nature which would substantially affect the earnings, revenue, assets, liabilities, equity or cash flows of the Group for the current financial period under review.

A5 CHANGE IN ACCOUNTING ESTIMATES

There is no change in the estimates of amounts reported in prior financial years that has a material effect in the current financial period under review.

A6 DEBT AND EQUITY SECURITIES

There has been no issuance of shares, share buy-backs, and repayments of debt and equity securities by the Company in the current financial period under review, except for the followings:

EQUITY SECURITIES

i. Treasury shares

On 28 May 2015, at the Annual General Meeting, the shareholders of the Company renewed their approval for the Company to buy-back its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company.

Up to 31 December 2015, 15,520,000 units of KPJ Healthcare Berhad shares were bought by the Company from the open market, listed on the Bursa Malaysia, at an average buy-back price of RM3.46 per share for a total consideration of RM54,413,249 including transaction cost and was financed by internal generated fund. The shares were retained as treasury shares.

ii. Free warrants (2014/2019)

On 29 January 2014, Warrants 2014/2019 were issued for free to the subscribers of the renounceable rights issue of 43,637,326 new ordinary shares of RM0.50 each in the Company's rights shares on the basis of one (1) Rights Share for every fifteen (15) existing shares held by the entitled shareholders of the Company, together with 87,274,652 free detachable new warrants ("Warrant(s) 2014/2019") on the basis of two (2) Warrants 2014/2019 for every one (1) Rights Share subscribed at an issue price of RM4.01 per Rights Share ("Rights Issue").

Each new warrant (2014/2019) is entitled at any time during the exercise period, to subscribe for one (1) new ordinary share at the exercise price of RM4.01.

Balance of free warrants which have yet to be exercised at the end of the financial period is disclosed in Note B6.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016
(CONTINUED)

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

EQUITY SECURITIES (CONTINUED)

iii. Employees Share Option Scheme (ESOS)

An Employees Share Option Scheme ("ESOS") was implemented on 27 February 2015 for the benefit of senior executives and certain employees of the Company. The ESOS shall be in-force for a period of 5 years. The fair value of each share option on the grant date was RM1.01. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives.

The exercise price of the share options granted under the ESOS is RM3.64 each. The options granted are divided into 5 equal tranches which vest on 14 April 2015, 27 February 2016, 27 February 2017, 27 February 2018 and 27 February 2019. The vesting condition is that the offeree must be an employee or director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates. The options expire on 27 February 2020.

The number of issued and paid up ordinary share capital as a result of the above mentioned exercise is as follows:

	<u>31.03.2016</u>	<u>31.03.2016</u>
	Number of shares ('000)	RM'000
<u>Ordinary shares of RM0.50 each</u>		
At start of the financial period	1,054,493	527,246
Issued during the financial period		
- exercise of Free warrants (1 free warrant for every 15 shares) (Refer A6 (ii))	1	1
- exercise of ESOS	1,784	892
At end of financial period	<u>1,056,278</u>	<u>528,139</u>

A7 DIVIDENDS PAID

In respect of the financial year ended 31 December 2015, the Directors declared:

- (i) 4th interim single tier dividend of 1.75 cents per share on 1,040,687,247 ordinary shares amounting to RM18,212,023. The dividend was declared on 29 February 2016 and was fully paid on 15 April 2016.

The total interim dividend declared for the financial year ended 31 December 2015 is 7.00 cents per RM0.50 ordinary shares, bringing total of RM72,710,624, and was fully paid to our shareholders at the date of this report.

The directors do not propose any final dividend for the financial year ended 31 December 2015.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016
(CONTINUED)

A8 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker ("CODM"), which is the Executive Committee ("EXCO"). The EXCO considers the business by geographical location. The reportable segments have been identified as follows:

- (i) Malaysia - All healthcare activities including the private hospitals, pathology and laboratory services and distribution of pharmaceutical, medical and consumer healthcare products.
- (ii) Indonesia - Private hospitals
- (iii) Australia - Providing retirement village and aged care facilities
- (iv) Others – Operating segments involved in provision of hospital services in Thailand and Bangladesh, private university college of nursing and allied health and sale of hospital merchandise and other similar activities, none of which are individually significant to warrant separate disclosure.

The reportable segments have changed from the previous financial year due to the changes in the internal management reporting structure of the CODM. Comparatives have been restated to conform to the revised reportable segments.

The EXCO assesses the performance of the operating segments based on EBITDA and profit before zakat and tax.

	<u>Malaysia</u> (RM'000)	<u>Indonesia</u> (RM'000)	<u>Australia</u> (RM'000)	<u>Others</u> (RM'000)	<u>Group</u> (RM'000)
<u>Period ended 31 March 2016</u>					
<u>Revenue</u>					
Revenue from external customers	707,613	13,585	10,855	11,893	743,946
<u>Period ended 31 March 2016</u>					
<u>Results</u>					
EBITDA*	104,264	1,391	(2,949)	682	103,388
Profit/(loss) before zakat and tax	58,025	593	(3,388)	(3,809)	51,421
Total assets	3,470,077	155,857	192,427	109,167	3,927,528
Total liabilities	1,936,430	165,141	150,745	85,527	2,337,843
Additions to property, plant and equipment	33,121	44	-	351	33,516

* Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016
(CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

	<u>Malaysia</u> (RM'000)	<u>Indonesia</u> (RM'000)	<u>Australia</u> (RM'000)	<u>Others</u> (RM'000)	<u>Group</u> (RM'000)
<u>Period ended 31 March 2015</u>					
<u>Revenue</u>					
Revenue from external customers	675,951	11,549	11,989	10,398	709,887
<u>Period ended 31 March 2015</u>					
<u>Results</u>					
EBITDA*	95,685	920	(991)	448	96,062
Profit/(loss) before zakat and tax	55,453	251	(1,158)	(3,930)	50,616
Total assets	3,129,646	48,756	141,899	114,047	3,434,348
Total liabilities	1,731,020	48,784	141,856	87,156	2,008,816
Additions to property, plant and equipment	50,720	59	-	476	51,255

* Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

In accordance with the Group Accounting policy, land and buildings of the Group were revalued on 31 December 2015 based on comparison method carried out by an independent firm of professional valuers in determining its fair value. The book values of the land and buildings were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve.

A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

Except as stated in note B6, there were no material events subsequent to the financial period ended 31 March 2016 that has not been reflected in the interim financial reports.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016
(CONTINUED)

A11 CHANGES IN THE COMPOSITION OF THE GROUP

There are no changes in the composition of the Group during the current quarter.

A12 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date as at 31 December 2015 except as stated in note B9.

A13 CAPITAL COMMITMENT

Capital expenditures not provided for in the interim financial report as at 31 March 2016 are as follows:

	RM'000
Approved and contracted	430,347
Approved but not contracted	192,867
	<u>623,214</u>
Analysed as follows:	
Building	494,906
Medical equipment	63,270
Other property, plant and equipment	65,038
	<u>623,214</u>

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016

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. Current quarter compare with the corresponding quarter of the preceding year (3 months)

The Group's revenue for the current quarter ended 31 March 2016 was RM743.9 million, an increase of 5% as compared to RM709.9 million in the corresponding quarter of the preceding year. The profit before zakat and tax for the 3 months ended 31 March 2016 was recorded at RM51.4 million, an increase of 2% from RM50.6 million in 2015.

Malaysia

The Malaysia segment reported revenue of RM707.6 million increase of 5% from RM675.9 million in the same quarter in 2015. The revenue for the current quarter was higher as compared to the corresponding quarter of the preceding year mainly attributed by the increase in revenue generated by the newly developed hospitals and existing hospitals. The profit for the current quarter ended 31 March 2016 was RM58 million as compared to RM55.5 million in the corresponding quarter of the preceding year.

Indonesia

The Indonesia segment reported revenue of RM13.6 million, a slight increase as compared to RM11.5 million recorded in preceding year. The increase in revenue for this segment is due to the increase of number of patients at both hospitals, particularly from Rumah Sakit Bumi Serpong Damai.

Australia

Revenue from Australia segment was reported at RM10.9 million, about 9% decreased as compared to revenue reported in the corresponding quarter of the preceding year which was reported at RM12 million. Higher loss was reported for this quarter at RM3.4 million, which is at 100% more, against the loss in 2015 of RM1.2 million due to the decrease in revenue, as well as increasing operating expenses.

Others

Revenue from this segment was reported at RM11.9 million, increased by 14% from RM10.4 million in 2015 and the loss was recorded at RM3.8 million, a slight decreased as compared to RM3.9 million losses in 2015. The increase of revenue in this segment was mainly contributed by the increase of revenue recorded by KPJ University College. This indirectly had reduced the total loss for this segment.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016 (CONTINUED)**B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)****b. Current financial period compared to prior financial period (3 months)**

The Group's revenue for the current period ended 31 March 2016 was RM743.9 million, an increase of 5% as compared to RM709.9 million in the corresponding period in 2015. The profit before zakat and tax for the 3 months ended 31 March 2016 was recorded at RM51.4 million, an increase of 2% from RM50.6 million in 2015.

Malaysia

The Malaysia segment reported revenue of RM707.6 million increases of 5% from RM675.9 million in the same quarter in 2015. The revenue for the current quarter was higher as compared to the corresponding period mainly attributed by the increase in revenue generated by the newly developed hospitals and existing hospitals. The profit for the current quarter ended 31 March 2016 was RM58 million as compared to RM55.5 million in the corresponding period.

Indonesia

The Indonesia segment reported revenue of RM13.6 million, a slight increase as compared to RM11.5 million recorded in preceding year. The increase in revenue for this segment is due to the increase of number of patients at both hospitals, particularly from Rumah Sakit Bumi Serpong Damai.

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Revenue from Australia segment was reported at RM10.9 million, about 9% decreased as compared to revenue reported in the corresponding quarter of the preceding year which was reported at RM12 million. Higher loss was reported for this quarter at RM3.4 million, which is at 100% more, against the loss in 2015 of RM1.2 million due to the decrease in revenue, as well as increasing operating expenses.

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KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016 (CONTINUED)

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

The profit before zakat and taxation for the current quarter of RM51.4 million increased by 7% as compared to the preceding quarter of RM48.1 million. The increase of RM3.3 million was largely due to better performance contributed by the hospitals in this first quarter of 2016.

B3 CURRENT YEAR PROSPECTS

In the year 2015, it was evidenced that the demand for healthcare services has increased in line with the population growth, better life expectancy, rapid ageing and the rising of middle income group. The Group will remain focused in maintaining its market position through enhancing its capacity and continuously improve service delivery to patients.

For the financial year ending 31 December 2016, the Group envisage that the revenue growth from the new start up and existing hospitals will continue to improve however the result will be moderated as most new greenfield hospitals will go through an average gestation period between three to five years. In light of the challenging economic environment and entry of the new players to the industry, the Group expects to deliver a moderate performance growth.

B4 PROFIT FORECAST / GUARANTEE

The Company is not subject to any variance of actual profit from forecast profit/profit guarantee for the current financial period under review.

B5 TAXATION

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	<u>31.03.2016</u>	<u>31.03.2015</u>	<u>31.03.2016</u>	<u>31.03.2015</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	<u>14,398</u>	<u>13,666</u>	<u>14,398</u>	<u>13,666</u>

The effective tax rate of the Group for the period ended 31 March 2016 is higher than the statutory tax rate due to the Group is unable to utilise the benefits of current year accumulated losses from the new subsidiaries to net off the total tax expenses for the Group.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016 (CONTINUED)

B6 STATUS OF CORPORATE PROPOSALS

a) Free warrants (2014/2019)

On 29 January 2014, the Warrants 2014/2019 are issued for free to the subscribers of the renounceable rights issue of 43,637,326 new ordinary shares of RM0.50 each in the Company Rights Shares on the basis of one (1) Rights Share for every fifteen (15) existing shares held by the entitled shareholders of the Company, together with 87,274,652 free detachable new warrants ("Warrant(s) 2014/2019") on the basis of two (2) Warrants 2014/2019 for every one (1) Rights Share subscribed at an issue price of RM4.01 per Rights Share ("Rights Issue").

Set out below are details of the Warrants (2014/2019) issued by the Company during the financial year:

<u>Issuance date</u>	<u>Expiry date</u>	<u>Exercise price</u> RM/share	<u>Number of warrants 2014/2019</u>		
			<u>1.1.2016</u> '000	<u>Exercised</u> '000	<u>31.03.2016</u> '000
29 January 2014	23 January 2019	4.01	86,576	(1)	86,575

b) Proposed acquisition of commercial parcel(s) from Coronade Properties Sdn Bhd by Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB")

On 19 November 2015, a wholly-owned subsidiary of the company, KPJSB had entered into a Sale and Purchase Agreement ("SPA") with Coronade Properties Sdn Bhd (formerly known as Arab Asia Properties Sdn Bhd) for the proposed acquisition of commercial parcel(s) representing approximately 125,000 square feet in gross floor area in a building to be erected, for a total purchase consideration of RM90,000,000.

The proposed acquisition is expected to be completed in the second (2nd) quarter of 2016.

c) Proposed development and renting of a hospital building by Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB")

On 9 December 2015, a wholly-owned subsidiary of the company, KPJSB, had entered into several agreements with Dinamik Serimas Sdn Bhd and Pelaburan Hartanah Berhad for the proposed development and renting of a hospital building to be known as the "KPJ Damansara Specialist Hospital II" ("Proposed Hospital").

The proposed acquisition is expected to be completed in the second (2nd) quarter of 2016.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016 (CONTINUED)

B7 BORROWINGS

Details of the Group's borrowings are as follows:

	<u>31.03.2016</u> RM'000	<u>Audited</u> <u>31.12.2015</u> RM'000
<u>Current</u>		
Secured:		
Term loans		
- Syariah compliant	88,296	88,333
- Conventional	55,856	61,597
Finance lease liabilities	15,323	19,656
Unsecured:		
- Revolving credits		
- Syariah-compliant	182,500	182,500
Bank overdrafts	10,533	7,063
	<u>352,508</u>	<u>359,149</u>
<u>Non-current</u>		
Secured:		
Term loans		
- Syariah compliant	315,358	302,701
- Conventional	48,050	49,545
Finance lease liabilities	35,672	31,416
Unsecured:		
Islamic Medium Term Notes	795,219	795,219
	<u>1,194,299</u>	<u>1,178,881</u>
Total	<u><u>1,546,807</u></u>	<u><u>1,538,030</u></u>

The Group's borrowings are denominated as follows:

	<u>31.03.2016</u> RM'000	<u>Audited</u> <u>31.12.2015</u> RM'000
Ringgit Malaysia	1,443,246	1,430,741
Australian Dollar	56,001	53,242
US Dollar	47,560	54,047
Total	<u><u>1,546,807</u></u>	<u><u>1,538,030</u></u>

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016 (CONTINUED)**B8 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK**

As at the date of this report, there were no financial instruments with off balance sheet risk.

B9 MATERIAL LITIGATIONS

On 16 April 2015, SMC Healthcare Sdn Bhd (Plaintiff), a wholly-owned subsidiary of the Company, had filed a writ of summon at Kota Kinabalu High Court claiming the balance of the deposit for purchase of land measuring 4.0 acres in the sum of RM4,160,000 from Chen Sheau Yang (Defendant). The said sealed copy of writ of summons had been served to the Defendant on 13 May 2015. The High Court had fixed for a Trial to be held on 7 to 9 March 2016. The Mention which was originally fixed on 29 February 2016 had been brought forward by the High Court to 24 February 2016. During the Mention, the High Court had fixed a new Trial dates, which are on 13 to 15 September 2016. The High Court had also fixed a date on 8 August 2016 for Review of the status of this case.

B10 DIVIDENDS

In respect of the financial year ended 31 December 2015, the Directors declared:

- (i) 4th interim single tier dividend of 1.75 cents per share on 1,040,687,247 ordinary shares amounting to RM18,212,023. The dividend was declared on 29 February 2016 and was fully paid on 15 April 2016.

The total interim dividend declared for the financial year ended 31 December 2015 is 7.00 cents per RM0.50 ordinary shares, bringing total of RM72,710,624, and was fully paid to our shareholders at the date of this report.

The directors do not propose any final dividend for the financial year ended 31 December 2015.

B11 EARNINGS PER SHARE**(a) Basic earnings per share**

Basic earnings per share of the Group is calculated by dividing the Group's net profit attributable to ordinary equity holders by the average number of ordinary shares in issue during the financial period.

	<u>As at</u> <u>31.03.2016</u>	<u>As at</u> <u>31.03.2015</u>
Profit for the financial period attributable to equity holders of the Company (RM'000)	34,173	33,894
Weighted average number of ordinary shares in issue ('000)	1,052,845	1,049,670
Basic earnings per share (sen) - at par value of RM0.50	<u>3.25</u>	<u>3.23</u>

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016 (CONTINUED)

B11 EARNINGS PER SHARE (CONTINUED)

(b) Diluted

For the diluted earnings per share calculation, the average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares for the Group are the warrants and ESOS.

For the warrants and ESOS granted to employees issued, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding warrants and ESOS. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants and ESOS. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the 'bonus' element in the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to profit for the financial period for the warrants and ESOS calculation.

	<u>As at</u> <u>31.03.2016</u>	<u>As at</u> <u>31.03.2015</u>
Profit for the financial period attributable to equity holders of the Company (RM'000)	34,173	33,894
Weighted average number of ordinary shares in issue ('000)	1,052,845	1,049,670
Assumed shares issued from the		
- exercise of warrants ('000)	372	-
- exercise of ESOS ('000)	766	-
Weighted average number of ordinary shares in issue ('000)	1,053,983	1,049,670
Diluted earnings per share (sen)		
- at par value of RM0.50	<u>3.24</u>	<u>3.23</u>

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2016 (CONTINUED)

B12 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained profits/(accumulated losses) is prepared pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	<u>As at</u> <u>31.03.2016</u>	<u>As at</u> <u>31.03.2015</u>
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	661,790	594,542
- Unrealised loss	(40,697)	(19,175)
	<u>621,093</u>	<u>575,367</u>
Total share of retained profits from associates		
- Realised gains	54,865	8,935
- Unrealised gains	42,075	72,123
	<u>718,033</u>	<u>656,425</u>
Less: Consolidation adjustments	(7,493)	(10,090)
Total group retained profits as per consolidated financial statements	<u><u>710,540</u></u>	<u><u>646,335</u></u>