

Registration No.

199201015575 (247079-M)

**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020**

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**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORTS  
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020**

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the first quarter and financial period ended 31 March 2020.

The interim report is prepared in accordance with MFRS134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia Listing Requirements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Note	Individual Quarter			Cumulative Quarter		
		3 months ended			3 months ended		
		31.03.2020	31.03.2019	Var	31.03.2020	31.03.2019	Var
		RM'000	RM'000	%	RM'000	RM'000	%
			Re-presented		Re-presented		
Revenue		884,159	880,988	-	884,159	880,988	-
Cost of sales		(617,649)	(607,639)	2	(617,649)	(607,639)	2
Gross profit		266,510	273,349	(3)	266,510	273,349	(3)
Administrative expenses		(184,240)	(185,538)	(1)	(184,240)	(185,538)	(1)
Other income		6,014	6,626	(9)	6,014	6,626	(9)
Zakat		(292)	(319)	(8)	(292)	(319)	(8)
Operating profit		87,992	94,118	(7)	87,992	94,118	(7)
Finance income		2,661	2,020	32	2,661	2,020	32
Finance costs							
- Borrowings		(25,164)	(25,275)	-	(25,164)	(25,275)	-
- Lease liabilities		(17,991)	(15,750)	14	(17,991)	(15,750)	14
Finance costs - net		(40,494)	(39,005)	4	(40,494)	(39,005)	4
Share of results of associates, net of tax		7,589	8,897	(15)	7,589	8,897	(15)
Profit before tax	B2	55,087	64,010	(14)	55,087	64,010	(14)
Tax	B5	(14,553)	(20,686)	(30)	(14,553)	(20,686)	(30)
Profit for the financial period		40,534	43,324	(6)	40,534	43,324	(6)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONTINUED)**

	<u>Individual Quarter</u>			<u>Cumulative Quarter</u>		
	<u>31.03.2020</u>	<u>31.03.2019</u>	<u>Var</u>	<u>31.03.2020</u>	<u>31.03.2019</u>	<u>Var</u>
	RM'000	RM'000	%	RM'000	RM'000	%
		Re-presented			Re-presented	
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	-
Total comprehensive income for the financial period	40,534	43,324	(6)	40,534	43,324	(6)
<b>Profit for the financial period attributable to:</b>						
Owners of the Company	38,533	39,127	(2)	38,533	39,127	(2)
Non-controlling interests	2,001	4,197	(52)	2,001	4,197	(52)
	40,534	43,324	(6)	40,534	43,324	(6)
<b>Total comprehensive income for the financial period attributable to:</b>						
Owners of the Company	38,533	39,127	(2)	38,533	39,127	(2)
Non-controlling interests	2,001	4,197	(52)	2,001	4,197	(52)
	40,534	43,324	(6)	40,534	43,324	(6)
<b>Dividend per share (sen)</b>	0.50	0.50	-	0.50	0.50	-
<b>Earnings per share attributable to Owners of the Company:</b>						
Basic (sen)	0.90	0.91		0.90	0.91	
Diluted (sen)	0.86	0.87		0.86	0.87	

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2020**

	<u>Note</u>	<u>31.03.2020</u> RM'000	<u>31.12.2019</u> RM'000 Audited
<b><u>ASSETS</u></b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment	A9	2,606,666	2,598,686
Right-of-use assets		1,066,663	1,084,159
Investment properties		329,219	328,582
Intangible assets		234,959	235,402
Investment in associates		454,662	445,715
Equity instruments classified as FVOCI*		4,678	4,678
Deferred tax assets		110,302	109,126
		<u>4,807,149</u>	<u>4,806,348</u>
<b><u>Current assets</u></b>			
Inventories		61,570	53,609
Trade and other receivables		553,623	549,602
Tax recoverable		89,254	92,679
Deposits, bank and cash balances		447,903	478,335
Dividend receivable		-	5,274
		<u>1,152,350</u>	<u>1,179,499</u>
Total assets		<u>5,959,499</u>	<u>5,985,847</u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>Current liabilities</u></b>			
Trade and other payables		746,050	770,523
Contract liabilities		70,174	66,896
Current tax liabilities		2,275	2,252
Borrowings	B7	294,810	289,513
Lease liabilities		51,786	47,359
Dividends payable		21,398	21,390
		<u>1,186,493</u>	<u>1,197,933</u>
Net current liabilities		<u>(34,143)</u>	<u>(18,434)</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020 (CONTINUED)**

	<u>Note</u>	<u>31.03.2020</u> RM'000	<u>31.12.2019</u> RM'000 Audited
<u>Non-current liabilities</u>			
Trade and other payables		2,930	7,744
Borrowings	B7	1,454,312	1,473,812
Lease liabilities		1,160,033	1,174,790
Deferred tax liabilities		67,348	64,962
Provision for retirement benefits		2,669	2,775
Deposits		15,322	14,567
		<u>2,702,614</u>	<u>2,738,650</u>
Total liabilities		<u>3,889,107</u>	<u>3,936,583</u>
Net assets		<u>2,070,392</u>	<u>2,049,264</u>
<u>Equity attributable to Owners of the Company</u>			
Share capital	A6	909,360	906,743
Less: Treasury shares		(155,310)	(155,310)
Reserves		1,157,902	1,141,392
		<u>1,911,952</u>	<u>1,892,825</u>
Non-controlling interests		158,440	156,439
		<u>2,070,392</u>	<u>2,049,264</u>
Total equity and liabilities		<u>5,959,499</u>	<u>5,985,847</u>
<u>Net assets per share attributable to Owners of the Company (RM)</u>		<u>0.43</u>	<u>0.43</u>

\* "FVOCI" refers to fair value through other comprehensive income

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Non-distributable						Distributable		Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	Number of shares RM'000	Share capital RM'000	Treasury shares RM'000	Esos reserve RM'000	Merger reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000			
At 1 January 2020	4,439,197	906,743	(155,310)	61,153	(3,367)	8,806	121,422	953,378	1,892,825	156,439	2,049,264
Comprehensive income:											
Profit for the financial period	-	-	-	-	-	-	-	38,533	38,533	2,001	40,534
Other comprehensive income:											
Currency translation differences of foreign subsidiaries	-	-	-	-	-	(623)	-	-	(623)	-	(623)
Total other comprehensive income	-	-	-	-	-	(623)	-	-	(623)	-	(623)
Transactions with Owners:											
Issue of share capital:											
- ESOS	2,703	2,617	-	(157)	-	-	-	-	2,460	-	2,460
	2,703	2,617	-	(157)	-	-	-	-	2,460	-	2,460
ESOS expenses during the financial period	-	-	-	155	-	-	-	-	155	-	155
Lapsed ESOS	-	-	-	(761)	-	-	-	761	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	(21,398)	(21,398)	-	(21,398)
Total transactions with Owners	2,703	2,617	-	(763)	-	-	-	(20,637)	(18,783)	-	(18,783)
At 31 March 2020	4,441,900	909,360	(155,310)	60,390	(3,367)	8,183	121,422	971,274	1,911,952	158,440	2,070,392

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019**

	Non-distributable							Distributable		Total	Non-controlling interest	Total equity
	Number of shares '000	Share capital 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			
At 1 January 2019												
As previously reported	4,399,148	860,295	(111,319)	24,361	71,560	(3,367)	3,540	125,993	1,012,837	1,983,900	152,803	2,136,703
Adjustment on adoption of MFRS 16	-	-	-	-	-	-	-	-	(223,828)	(223,828)	-	(223,828)
As restated	4,399,148	860,295	(111,319)	24,361	71,560	(3,367)	3,540	125,993	789,009	1,760,072	152,803	1,912,875
Comprehensive income:												
Profit for the financial period	-	-	-	-	-	-	-	-	39,127	39,127	4,197	43,324
Other comprehensive income:												
Currency translation differences of foreign subsidiaries	-	-	-	-	-	-	642	-	-	642	-	642
Disposal of property, plant and equipment	-	-	-	-	-	-	-	(5,264)	5,264	-	-	-
Total other comprehensive income	-	-	-	-	-	-	642	(5,264)	5,264	642	-	642
	4,399,148	860,295	(111,319)	24,361	71,560	(3,367)	4,182	120,729	833,400	1,799,841	157,000	1,956,841

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019 (CONTINUED)**

	Non-distributable							Distributable	Total	Non-controlling interest	Total equity	
	Number of shares	Share capital	Treasury shares	Warrant reserve	Esos reserve	Merger reserve	Exchange reserve	Revaluation reserve				Retained earnings
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Transactions with Owners:												
Issue of share capital:												
- Warrants	22,884	25,230	-	(2,117)	-	-	-	-	-	23,113	-	23,113
- ESOS	12,833	14,042	-	-	(2,364)	-	-	-	-	11,678	-	11,678
	35,717	39,272	-	(2,117)	(2,364)	-	-	-	-	34,791	-	34,791
ESOS expenses during the financial period	-	-	-	-	957	-	-	-	-	957	-	957
Lapsed ESOS	-	-	-	-	(3,166)	-	-	-	3,166	-	-	-
Lapsed warrant	-	-	-	(22,244)	-	-	-	-	22,244	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(21,598)	(21,598)	-	(21,598)
Acquisition of interest in a subsidiary	-	-	-	-	-	-	-	-	1,140	1,140	(1,740)	(600)
Total transactions with Owners	35,717	39,272	-	(24,361)	(4,573)	-	-	-	4,952	15,290	(1,740)	13,550
At 31 March 2019	4,434,865	899,567	(111,319)	-	66,987	(3,367)	4,182	120,729	838,352	1,815,131	155,260	1,970,391

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	<u>31.03.2020</u>	<u>31.03.2019</u>
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	55,087	64,010
Adjustments for:		
Share of results of associates	(7,589)	(8,897)
Finance income	(2,661)	(2,020)
Finance costs		
- Borrowings	25,164	25,275
- Lease liabilities	17,991	15,750
Dividends received from Al-Salam REIT	-	(20)
Trade receivables:		
- Impairment charge for the period (net)	1,372	2,333
Share-based payments	155	957
Gain on disposal of shares in associates (net)	-	(1,378)
Gain on disposal of shares in subsidiaries	-	(48)
Property, plant and equipment		
- Depreciation	43,026	38,353
- Written-off	-	177
- Loss on disposal	393	63
Right-of-use assets		
- Depreciation	13,536	10,250
Inventories written-off	50	40
Amortisation of software development expenditure	870	931
Provision for retirement benefits	80	80
Operating profit before working capital changes	<u>147,474</u>	<u>145,856</u>
Changes in working capital:		
Inventories	(8,011)	(191)
Receivables	(5,393)	(58,263)
Payables	(35,511)	72,046
Contract liabilities	3,278	1,995
Cash flows generated from operations	<u>101,837</u>	<u>161,443</u>
Income tax paid	(9,895)	(24,077)
Net cash generated from operating activities	<u>91,942</u>	<u>137,366</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONTINUED)**

	<u>31.03.2020</u>	<u>31.03.2019</u>
	RM'000	RM'000
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(54,566)	(51,922)
Additions to intangible assets	(427)	(3,339)
Proceeds from disposal of property, plant and equipment	(11)	806
Proceeds from disposal of interest in subsidiary	-	1,148
Proceeds from disposal of shares in an associate	-	7,918
Interest received	2,661	2,020
Dividends received from associates	10,709	11,250
	<hr/>	<hr/>
Net cash used in investing activities	(41,634)	(32,119)
	<hr/>	<hr/>
<b>FINANCING ACTIVITIES</b>		
Additional investments in subsidiaries	-	(600)
Issue of shares:		
- Warrants	-	23,113
- ESOS	2,460	11,678
Borrowings:		
- Drawdown	2,450	13,709
- Repayments	(17,627)	(18,595)
Payment of lease liabilities	(28,321)	(27,442)
Interest paid	(25,164)	(25,275)
Dividends paid to shareholders	(21,390)	(21,537)
	<hr/>	<hr/>
Net cash used in financing activities	(87,592)	(44,949)
	<hr/>	<hr/>
Net changes in cash and cash equivalents	(37,284)	60,298
Currency translation differences	5,878	855
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	268,362	404,214
RECLASSIFIED FROM NON-CURRENT ASSETS HELD FOR SALE	-	21,716
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>236,956</u>	<u>487,083</u>

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020**

**A1 BASIS OF PREPARATION**

The interim financial report has been prepared in accordance with Listing Requirements of the Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2019.

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 2019.

Standards, amendments to published standards and interpretations that are effective

The Group has applied the following amendments for the financial period beginning on 1 January 2020:

- Amendments to MFRS 3 'Business Combinations' (effective 1 January 2020)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material' (effective 1 January 2020)

The adoption of these amendments did not have any material impact on the current financial year or prior year and is not likely to affect future years.

Standards that have been issued but not yet effective

- Amendments to MFRS 101 'Classification of Liabilities as Current or Non-current' (effective 1 January 2022)

The Group did not early adopt these new standards.

**A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report of the annual financial statements for the financial year ended 31 December 2019 was unqualified.

**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 material unusual items affecting assets, liabilities, equity, net income or cash flow during the financial period under review.

**KPJ HEALTHCARE BERHAD**  
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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020  
(CONTINUED)**

**A5 CHANGE IN ACCOUNTING ESTIMATES AND POLICIES**

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 and repayments of debt and equity securities by the Company in the current period under review, except the followings:

**EQUITY SECURITIES**

i. Treasury shares

The Company did not purchase any ordinary shares from the open market on Bursa Malaysia Securities Berhad ("Bursa Malaysia") during the financial period.

Up to 31 December 2019, a total of 162,306,700 units of KPJ Healthcare Berhad shares were bought by the Company from the open market, listed on the Bursa Malaysia, at an average price of RM0.96 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and accounted for in accordance with the requirement of Section 127 of the Companies Act 2016. Such treasury shares are held at a carrying amount of RM 155,310,152.

ii. Employees Share Option Scheme

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 was initially be in-force for a period of 5 years. However, upon approval from KPJ's Board of Directors on 3 December 2019, it has been resolved that ESOS's period is extended to another 3 years, whereby no additional options will be granted. The options will expire on 27 February 2023.

The fair value of each share option on the grant date is RM0.25. 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 RM0.91 each. The options granted remained dividable 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 fair value of ESOS issued during the financial period is RM0.25 and the exercise price is RM0.91 (2019: RM0.91).

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020  
(CONTINUED)**

**A6 DEBT AND EQUITY SECURITIES (CONTINUED)**

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

**EQUITY SECURITIES (CONTINUED)**

ii. Employees Share Option Scheme (continued)

Movement of ESOS during the period:

	<u>31.03.2020</u> Units '000	<u>31.03.2019</u> Units '000
At start of the financial year	188,403	212,955
- Granted	-	1,089
- Exercised	(2,703)	(12,833)
- Lapsed	(968)	(1,696)
At end of financial period	<u>184,732</u>	<u>199,515</u>

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

	<u>31.03.2020</u> Number of shares ('000)	<u>31.03.2020</u> RM'000
At start of the financial year	4,439,197	906,743
Issued during the financial period - exercise of ESOS	2,703	2,617
At end of financial period	<u>4,441,900</u>	<u>909,360</u>

**A7 DIVIDENDS**

In respect of the financial year ending 31 December 2020, the Directors declared:

- i. First interim dividend of 0.50 sen per share on 4,279,593,856 ordinary shares amounting to RM 21,397,969. The dividend was declared on 19 February 2019 and was fully paid on 20 April 2020.

The Directors is in the opinion that the Company is able to pay its debts, identified as at the date of the statements of financial position, as being the debts as they fall due and that the company will remain solvent for the period of twelve months after the date of declaration.

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020  
(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. Others - Operating segments involved in provision of hospital and aged care services in Indonesia, Thailand, Bangladesh and Australia, 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 per quantitative thresholds required by MFRS 8.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The EXCO assesses the performance of the operating segments based on earnings before interest, tax, depreciation and amortisation (“EBITDA”) and profit before tax.

Individual quarter 3 months ended / Cumulative 3 months ended

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>31 March 2020</u>			
<u>Revenue</u>			
Revenue from external customers	844,604	39,555	884,159
<u>Results</u>			
EBITDA	147,845	5,168	153,013
Profit/(loss) before tax	61,265	(6,178)	55,087
Total assets	5,382,134	577,365	5,959,499
Total liabilities	3,458,255	430,852	3,889,107
Additions to property, plant and equipment	54,299	267	54,566

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020  
(CONTINUED)**

**A8 SEGMENT REPORTING (CONTINUED)**

Individual quarter 3 months ended / Cumulative 3 months ended (continued)

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>31 March 2019</u>			
<u>Revenue</u>			
Revenue from external customers	839,310	41,678	880,988
	<hr/>	<hr/>	<hr/>
<u>Results</u>			
EBITDA	146,989	6,122	153,111
	<hr/>	<hr/>	<hr/>
Profit/(loss) before tax	68,416	(4,406)	64,010
	<hr/>	<hr/>	<hr/>
Total assets	5,183,249	637,053	5,820,302
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total liabilities	3,393,158	456,753	3,849,911
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Additions to property, plant and equipment	48,892	3,030	51,922
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The functional currency for Indonesia and Australia operation is as follows:

	<u>Indonesia</u> IDR'000	<u>Indonesia</u> RM'000	<u>Australia</u> AUD'000	<u>Australia</u> RM'000
<u>31 March 2020</u>				
<u>Revenue</u>				
Revenue from external customers	45,466,893	13,390	4,071	11,442
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Results</u>				
EBITDA	12,502,547	3,682	202	568
	<hr/>	<hr/>	<hr/>	<hr/>
Profit/(loss) before tax	2,159,593	636	(1,045)	(2,936)
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	492,509,351	144,847	69,738	191,690
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Total liabilities	134,590,275	39,583	79,150	217,559
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Additions to property, plant and equipment	856,851	252	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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199201015575 (247079-M)

**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020  
(CONTINUED)**

**A8 SEGMENT REPORTING (CONTINUED)**

Individual quarter 3 months ended / Cumulative 3 months ended (continued)

The functional currency for Indonesia and Australia operation is as follows: (continued)

	<u>Indonesia</u> IDR'000	<u>Indonesia</u> RM'000	<u>Australia</u> AUD'000	<u>Australia</u> RM'000
<u>31 March 2019</u>				
<u>Revenue</u>				
Revenue from external customers	51,508,575	14,716	4,423	12,859
<u>Results</u>				
<u>EBITDA</u>				
	14,060,203	4,017	148	429
Profit/(loss) before tax	4,798,740	1,371	(1,037)	(3,014)
Total assets	526,375,698	150,754	75,117	217,463
Total liabilities	158,662,709	45,441	85,191	246,627
Additions to property, plant and equipment	8,809,358	2,523	-	-

The key exchange rate used, provided by the ultimate holding corporation, is as follows;

	<u>31.03.2020</u>	<u>31.03.2019</u>
1 Australian Dollar		
Closing	2.7487	2.8950
Average	2.8106	2.9070
1,000 Indonesian Rupiah		
Closing	0.2941	0.2864
Average	0.2945	0.2857

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**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020  
(CONTINUED)**

**A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT**

The Group's land and buildings, except right-of-use assets and for those under constructions were fully revalued as at 31 December 2015. As at period end, the Group assessed whether there is an indication that the carrying values of these assets have differed materially from its fair value. Where an indication exist, revaluations were carried out and the carrying value of these assets were updated to reflect its fair value based on independent valuation.

**A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER**

Except as stated in note B3, there were no material events subsequent to the financial period ended 31 March 2020 that has not been reflected in this interim financial report.

**A11 CHANGES IN THE COMPOSITION OF THE GROUP**

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

**A12 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no material changes in contingent liabilities or contingent assets since the statement of financial position as at 31 December 2019.

**A13 RELATED PARTY TRANSACTIONS**

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

**A14 CAPITAL COMMITMENTS**

Capital expenditures not provided for in the interim financial report as at 31 March 2020 are as follows:

	RM'000
Approved by the Directors and contracted	115,350
Approved by the Directors but not contracted	339,697
	<hr/>
	455,047
	<hr/> <hr/>

Analysed as follows:

Building	85,050
Medical equipment	185,107
Other property, plant and equipment	184,890
	<hr/>
	455,047
	<hr/> <hr/>

**KPJ HEALTHCARE BERHAD**  
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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020**

**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)

In the first quarter ended 31 March 2020, the Group recorded revenue of RM884.2 million as compared to RM881.0 million as reported in the same period in 2019. The increase in revenue was contributed by higher activities at the hospitals, mainly from the Malaysia segment. This is consistent with the increased in number of outpatients and inpatients procedures performed.

The Group's EBITDA was reported at RM153.0 million in current period, a slight decrease as compared to the same period in the preceding year of RM153.1 million. Meanwhile, profit before tax was recorded at RM55.1 million, a 14% decrease as compared to RM64.0 million for the period ended 31 March 2019. The reduction in EBITDA and profit before tax mainly contributed from the hospitals under gestation period such as KPJ Bandar Dato' Onn, KPJ Batu Pahat, KPJ Perlis and KPJ Miri, which remained as loss-making companies for the current quarter.

The additional expenses borne by the Group during Covid-19 was mainly from the increase in the purchase of material costs, personal protection equipment for the frontliners, ventilator machines, thermo scanners, surgical masks and hand sanitizers. The Group also contributed in terms of providing additional manpowers, loaning of equipment and cash donations to the Ministry of Health (MOH) in managing the worldwide pandemic. These contributions are allowed for tax deduction under Income Tax Act 1967 which will reduced the tax expense for the Group.

Malaysia

The revenue increase in Malaysia segment from RM839.3 million in Quarter 1, 2019 to RM844.6 million in Quarter 1, 2020 was mainly contributed by additional capacity in existing hospitals, particularly for KPJ Seremban and KPJ Ampang Puteri with the opening of the new hospital buildings. Moreover, the opening of KPJ Batu Pahat and KPJ Miri also led to the increase in the revenue recorded.

In the current quarter, the Malaysia segment recorded an EBITDA of RM147.8 million, slightly increase from RM147.0 million in the corresponding quarter of the preceding year. This segment also recorded a 10% decrease in profit before tax of RM61.3 million for the period ended 31 March 2020 as compared to RM68.4 million in the same period in 2019. The outbreak of Covid-19 towards the end of the quarter had given the big impact to Malaysian segment's EBITDA and profit before tax whereby the hospitals have incurred additional expenses on the Covid-19 test kits, personal protection equipment for the frontliners and other consumable items.

**KPJ HEALTHCARE BERHAD**  
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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020**

**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)

Others

Revenue from Others segment was recorded at RM39.6 million for the first three months in 2020, a 5% decrease from RM41.7 million reported in the corresponding quarter of the preceding year. Rumah Sakit Medica Permata Hijau (RSMPH) recorded a significant reduction in its revenue by 32% with decrease in number of patients by 48%. The decrease in RSMPH had been set-off with the revenue increase in Rumah Sakit Medika Bumi Serpong Damai by 13% for the period ended 31 March 2020 mostly from the rise of outpatient numbers. Meanwhile, Jeta Gardens reported a decrease in revenue by 11% from the lower occupancy rate for the first 3 months in 2020 as compared to the same period in 2019.

The shortfall in the Others segment's revenue also affect the bottom line of the performance for EBITDA and profit before tax. EBITDA was reported at RM5.2 million for the period ended 31 March 2020, a 15% lower from RM6.1 million reported in the same period in 2019. Meanwhile loss before tax has been posted at 41% higher from RM4.4 million reported in the corresponding quarter of the preceding year to RM6.2 million in Quarter 1, 2020.

- b. Review on statements of comprehensive income for current financial period compared to prior financial period (3 months)

In the first quarter ended 31 March 2020, the Group recorded revenue of RM884.2 million as compared to RM881.0 million as reported in the same period in 2019. The increase in revenue was contributed by higher activities at the hospitals, mainly from the Malaysia segment. This is consistent with the increased in number of outpatients and inpatients procedures performed.

The Group's EBITDA was reported at RM153.0 million in current period, a slight decrease as compared to the same period in the preceding year of RM153.1 million. Meanwhile, profit before tax was recorded at RM55.1 million, a 14% decrease as compared to RM64.0 million for the period ended 31 March 2019. The reduction in EBITDA and profit before tax mainly contributed from the hospitals under gestation period such as KPJ Bandar Dato' Onn, KPJ Batu Pahat, KPJ Perlis and KPJ Miri, which remained as loss-making companies for the current quarter.

The additional expenses borne by the Group during Covid-19 was mainly from the increase in the purchase of material costs, personal protection equipment for our frontliners, ventilator machines, thermo scanners, surgical masks and hand sanitizers. The Group also contributed in terms of providing additional manpowers, loaning of equipment and cash donations to the Ministry of Health (MOH) in managing the worldwide pandemic. These contributions are allowed for tax deduction under Income Tax Act 1967 which will reduced the tax expense for the Group.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (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 (3 months) (continued)

Malaysia

The revenue increase in Malaysia segment from RM839.3 million in Quarter 1, 2019 to RM844.6 million in Quarter 1, 2020 was mainly contributed by additional capacity in existing hospitals, particularly for KPJ Seremban and KPJ Ampang Puteri with the opening of the new hospital buildings. Moreover, the opening of KPJ Batu Pahat and KPJ Miri also led to the increase in the revenue recorded.

In the current quarter, the Malaysia segment recorded an EBITDA of RM147.8 million, slightly increase from RM147.0 million in the corresponding quarter of the preceding year. This segment also recorded a 10% decrease in profit before tax of RM61.3 million for the period ended 31 March 2020 as compared to RM68.4 million in the same period in 2019. The outbreak of Covid-19 towards the end of the quarter had given the big impact to Malaysian segment's EBITDA and profit before tax whereby the hospitals have incurred additional expenses on the Covid-19 test kits, personal protection equipment to the frontliners and other consumable items.

Others

Revenue from Others segment was recorded at RM39.6 million for the first three months in 2020, a 5% decrease from RM41.7 million reported in the corresponding quarter of the preceding year. RSMPH recorded a significant reduction in its revenue by 32% with decrease in number of patients by 48%. The decrease in RSMPH had been set-off with the revenue increase in Rumah Sakit Medika Bumi Serpong Damai by 13% for the period ended 31 March 2020 mostly from the rise of outpatient numbers. Meanwhile, Jeta Gardens reported a decrease in revenue by 11% from the lower occupancy rate for the first 3 months in 2020 as compared to the same period in 2019.

The shortfall in the Others segment's revenue also affect the bottom line of the performance for EBITDA and profit before tax. EBITDA was reported at RM5.2 million for the period ended 31 March 2020, a 15% lower from RM6.1 million reported in the same period in 2019. Meanwhile loss before tax has been posted at 41% higher from RM4.4 million reported in the corresponding quarter of the preceding year to RM6.2 million in Quarter 1, 2020.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (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 31 March 2020 was RM5,959.5 million, a 2% increase as compared to RM5,820.3 million as at 31 March 2019. The Group's total liabilities as at 31 March 2020 was RM3,889.1 million, slightly increased as compared to RM3,849.9 million as at 31 March 2019. The increase of total assets was mainly contributed by the completion of hospitals under development and expansion such as KPJ Ampang, KPJ Seremban, KPJ Miri and KPJ Kuching.

Malaysia

Malaysia segment recorded 4% increase in total assets from RM5,183.2 million as at 31 March 2019 to RM5,382.1 million as at 31 March 2020 mainly contributed by the addition of property, plant and equipment mainly arising from the newly-opened hospitals, KPJ Bandar Dato' Onn, KPJ Batu Pahat and KPJ Miri. The opening of new hospital buildings at KPJ Ampang Puteri and KPJ Seremban also add up to the increase in total assets. On the other hand, total liabilities for Malaysia segment also increase by 2%, closed at RM3,458.3 million as at 31 March 2020 in comparison to RM3,393.2 million as at 31 March 2019 largely due to purchase of medical equipment for the new hospitals. Lease liabilities was increased as well due to the recognition of lease liabilities by KPJ Batu Pahat upon its leasing transactions with Al-'Aqar Healthcare REIT during the current quarter.

Others

Total assets in this segment was significantly derived from Indonesian and Australian operations which registered at RM144.8 million and RM191.7 million respectively, and the remaining assets was contributed by other support services companies. Meanwhile, total liabilities from Indonesia and Australian operations was reported at RM39.6 million and RM 217.6 million with the balance of RM173.7 million from other support services companies. Both total assets and total liabilities for Others segment as at 31 March 2020 were reported at 9% and 6% decrease as compared to the balances as at 31 March 2019. The decreased in assets and liabilities were significantly contributed by the declined in operation activities from the Rumah Sakit Medica Permata Hijau and Jeta Gardens which led to decrease in cash and bank balances and repayment of borrowings during the current quarter.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (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)

**d. Review on statements of cash flows for current financial period compared to prior period (3 months)**

Group

The net cash generated from operating activities is RM91.9 million, decreased by 33% as compared to the same period in corresponding year which reported at RM137.4 million mainly due to the decline in profit reported for the period.

Cash outflows from investing activities was largely used for purchase of property, plant and equipment especially for development and expansion of hospital buildings, such as KPJ Penang and KPJ Puteri, the significant inflows of cash within investing activities was dividend received from associates mainly from Al-'Aqar Healthcare REIT amount to RM10.7 million.

The net cash used in financing activities were mainly from the payment of lease liabilities and dividends paid to shareholders amounting to RM28.3 million and RM21.4 million respectively. The main cash inflows for financing activities in March 2019 was from the issuance of warrants amounting to RM23.1 million. There is no such receipt in 2020 since warrant was expired in January 2019.

**B2 MATERIAL CHANGES IN QUARTERLY RESULTS**

	<u>Quarter ended</u> <u>31.03.2020</u>	<u>Quarter ended</u> <u>31.12.2019</u>	Var
	RM'000	RM'000	%
Revenue	884,159	944,003	(6)
Operating profit	87,992	98,944	(11)
EBITDA	153,013	180,722	(15)
Profit / (loss) before tax	55,087	78,334	(30)
Net profit / (loss) for the financial period	40,534	90,788	(55)
Total comprehensive income for the financial period	40,534	96,814	(58)
Profit attributable to Owners of the Company	38,533	84,001	(54)
No. of inpatient (episode)	80,352	85,920	(6)
No. of outpatient (episode)	738,890	745,377	(1)

The revenue for the current quarter ended 31 March 2020 was RM884.2 million, a 6% lower as compared to RM944.0 million as reported in the preceding quarter. For the first quarter in 2020, the Group recorded excellent performance in the month of January and February with a total revenue of RM616.2 million however due to Covid-19 pandemic, the government of Malaysia has declared a Movement Control Order (MCO) from 18 March 2020 onwards and this has affected the Group revenue, which resulted in lower revenue was recorded in the month of March of RM268.0 million as compared to the 2 months earlier as well as the preceding quarter.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONTINUED)**

**B2 MATERIAL CHANGES IN QUARTERLY RESULTS (CONTINUED)**

Profit before tax in the current quarter of 2020 of RM55.1 million reported at 30% lower with comparison to RM78.3 million recorded in the preceding quarter. Other than the gain on fair value of investment properties and higher interest income received in the last quarter, the reduction in profit before tax in current period was due to decline in revenue due to the MCO and additional expenses incurred in respect of the Covid-19 pandemic.

**B3 CURRENT YEAR PROSPECTS**

Group

For the financial year ending 31 December 2020, the Group recognises that its performance will be adversely affected by the Covid-19 pandemic which has caused widespread economic slowdown in Malaysia and globally. Specifically, the Malaysian Government's Movement Control Order commencing 18 March till 9 June 2020 made a significant impact to the operations of the Group.

For the second quarter, the Group anticipates a decline. This is due to the effects of the ongoing containment measures for the pandemic. However, the Group will remain active in providing its core services and adding new areas of services such as tele-medicine and home visits.

During this difficult time, the Group remains cautiously optimistic and will continue to focus on disciplined management of costs and operational cash flows.

**B4 PROFIT FORECAST / GUARANTEE**

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

**B5 TAX**

	<u>Individual Quarter</u> <u>3 months ended</u>		<u>Cumulative Quarter</u> <u>3 months ended</u>	
	<u>31.03.2020</u>	<u>31.03.2019</u>	<u>31.03.2020</u>	<u>31.03.2019</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	14,553	20,686	14,553	20,686

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. The effective tax rate of the Group for the first quarter ended 31 March 2020 was slightly above the statutory rate due to certain expenses not deductible for tax purposes and non-recognition of deferred tax assets arising from unutilised capital allowances and tax losses of companies under gestation period including KPJ Perlis, KPJ Bandar Dato' Onn, KPJ Batu Pahat and KPJ Miri.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONTINUED)**

**B6 STATUS OF CORPORATE PROPOSALS**

There were no significant corporate proposals during the financial period under review.

**B7 BORROWINGS**

Details of the Group's borrowings are as follows:

	Current		Non-current		Total borrowings	
	Foreign '000	RM '000	Foreign '000	RM '000	Foreign '000	RM '000
<u>As at 31 March 2020</u>						
<b>Secured:</b>						
Term loans						
- Conventional						
AUD	2,479	6,813	1,582	4,348	4,061	11,161
- Syariah						
RM	-	56,059	-	313,915	-	369,974
USD	2,233	9,415	3,111	13,119	5,344	22,534
Hire purchase creditors						
- Conventional						
RM	-	616	-	523	-	1,139
- Syariah						
RM	-	7,398	-	22,407	-	29,805
<b>Unsecured:</b>						
Revolving credits						
- Conventional						
AUD	1,854	5,097	-	-	1,854	5,097
- Syariah						
RM	-	199,750	-	-	-	199,750
Bank overdrafts						
- Syariah						
RM	-	9,662	-	-	-	9,662
Islamic Medium						
Term Notes	-	-	-	1,100,000	-	1,100,000
Total		<u>294,810</u>		<u>1,454,312</u>		<u>1,749,122</u>

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONTINUED)**

**B7 BORROWINGS (CONTINUED)**

Details of the Group's borrowings are as follows (continued):

	Current		Non-current		Total borrowings	
	Foreign	RM	Foreign	RM	Foreign	RM
	'000	'000	'000	'000	'000	'000
<u>As at 31 March 2019</u>						
<b>Secured:</b>						
Term loans						
- Conventional						
RM	-	181	-	-	-	181
AUD	4,945	14,317	-	-	4,945	14,317
- Syariah						
RM	-	45,291	-	352,306	-	397,597
USD	2,247	9,168	5,178	21,128	7,425	30,296
Hire purchase creditors						
- Conventional						
RM	-	623	-	1,101	-	1,724
AUD	4	11	-	-	4	11
- Syariah						
RM	-	4,203	-	13,308	-	17,511
<b>Unsecured:</b>						
Revolving credits						
- Conventional						
AUD	1,854	5,369	-	-	1,854	5,369
- Syariah						
RM	-	187,000	-	-	-	187,000
Bank overdrafts						
- Syariah						
RM	-	8,488	-	-	-	8,488
Islamic Medium						
Term Notes	-	-	-	1,100,000	-	1,100,000
Total		<u>274,651</u>		<u>1,487,843</u>		<u>1,762,494</u>

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONTINUED)**

**B7 BORROWINGS (CONTINUED)**

Details of the Group's borrowings are as follows (continued):

The key exchange rate used is as follows;

	<u>31.03.2020</u>	<u>31.03.2019</u>
1 Australian Dollar	2.7487	2.8950
1 US Dollar	4.2168	4.0800

Material changes in borrowings

There was no material changes in borrowings during the current period as compared to the corresponding period.

Weighted average interest rate of borrowings are as follows:

- Term loan: 5.16% p.a. (2019: 6.37% p.a.)
- Hire purchase: 2.56% p.a. (2019: 2.78% p.a.)
- Islamic Medium Term Notes: 5.76% p.a. (2019: 5.76% p.a.)
- Overdraft: 6.00% p.a. (2019: 6.55% p.a.)
- Revolving credit: 3.75% p.a. (2019: 4.54% p.a.)

**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**

There were no pending material litigations since the date of the last statement of financial position.

**B10 DIVIDENDS**

In respect of the financial year ending 31 December 2020, the Directors declared:

- First interim dividend of 0.50 sen per share on 4,279,593,856 ordinary shares amounting to RM 21,397,969. The dividend was declared on 19 February 2019 and was fully paid on 20 April 2020.

The Directors is in the opinion that the Company is able to pay its debts, identified as at the date of the statements of financial position, as being the debts as they fall due and that the company will remain solvent for the period of twelve months after the date of declaration.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONTINUED)**

**B11 EARNINGS PER SHARE**

(a) Basic earnings per share

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

	As at <u>31.03.2020</u>	As at <u>31.03.2019</u>
Profit attributable to Owners of the Company (RM'000)	38,533	39,127
Weighted average number of ordinary shares in issue ('000)	4,279,280	4,316,050
Basic earnings per share (sen)	<u>0.90</u>	<u>0.91</u>

(b) Diluted earnings per share

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 is ESOS.

For the ESOS granted to employees, 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 outstanding ESOS. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of 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 year for the ESOS calculation.

	As at <u>31.03.2020</u>	As at <u>31.03.2019</u>
Profit attributable to Owners of the Company (RM'000)	38,533	39,127
Weighted average number of ordinary shares in issue ('000)	4,279,280	4,316,050
Assumed shares issued from the - exercise of ESOS ('000)	<u>184,732</u>	<u>199,515</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,464,012</u>	<u>4,515,565</u>
Diluted earnings per share (sen)	<u>0.86</u>	<u>0.87</u>