

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

30 JUNE 2018

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the second quarter and financial period ended 30 June 2018.

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 2017 and the accompanying explanatory notes attached to this report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

	Note	Individual Quarter			Cumulative Quarter		
		3 months ended			6 months ended		
		30.06.2018	30.06.2017	Var	30.06.2018	30.06.2017	Var
		RM'000	RM'000	%	RM'000	RM'000	%
			(Restated)		(Restated)		
<u>Continuing operations</u>							
Revenue		801,329	778,599	3	1,624,212	1,557,837	4
Cost of sales		(558,613)	(545,440)	2	(1,130,723)	(1,089,399)	4
Gross profit		242,716	233,159	4	493,489	468,438	5
Administrative expenses		(172,932)	(182,544)	(5)	(357,905)	(353,107)	1
Other income		4,179	5,274	(21)	9,181	10,238	(10)
Operating profit		73,963	55,889	32	144,765	125,569	15
Finance income		3,161	4,247	(26)	4,181	6,621	(37)
Finance costs		(22,504)	(19,803)	14	(42,771)	(40,674)	5
Finance costs - net		(19,343)	(15,556)	24	(38,590)	(34,053)	13
Share of results of associates		6,799	7,178	(5)	16,130	13,767	17
Profit before zakat and tax	B2	61,419	47,511	29	122,305	105,283	16
Zakat		(1,589)	(1,811)	(12)	(2,664)	(2,211)	20
Taxation	B5	(14,837)	(12,280)	21	(29,642)	(26,453)	12
Profit for the financial period from continuing operations		44,993	33,420	35	89,999	76,619	17

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

	Individual Quarter			Cumulative Quarter		
	30.06.2018	30.06.2017	Var	30.06.2018	30.06.2017	Var
	RM'000	RM'000	%	RM'000	RM'000	%
		(Restated)			(Restated)	
Discontinued operation						
(Loss)/profit for the financial period from discontinued operation	(417)	(1,968)	(79)	63	(5,111)	(101)
Net profit for the financial period	44,576	31,452	42	90,062	71,508	26
Other comprehensive income	-	896	(100)	-	896	(100)
Total comprehensive income for the financial period	44,576	32,348	38	90,062	72,404	24
Profit for the financial period attributable to:						
Owners of the Company from						
- continuing operations	42,574	33,286	28	84,783	73,350	16
- discontinued operation	(237)	(1,121)	(79)	36	(2,913)	(101)
Non-controlling interest from						
- continuing operations	2,419	134	1,705	5,216	3,269	60
- discontinued operation	(180)	(847)	(79)	27	(2,198)	(101)
	44,576	31,452	42	90,062	71,508	26
Total comprehensive income attributable to:						
Owners of the Company from						
- continuing operations	42,574	34,182	25	84,783	74,246	14
- discontinued operation	(237)	(1,121)	(79)	36	(2,913)	(101)
Non-controlling interest from						
- continuing operations	2,419	134	1,705	5,216	3,269	60
- discontinued operation	(180)	(847)	(79)	27	(2,198)	(101)
	44,576	32,348	38	90,062	72,404	24

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

	<u>Individual Quarter</u>			<u>Cumulative Quarter</u>		
	<u>30.06.2018</u>	<u>30.06.2017</u>	<u>Var</u>	<u>30.06.2018</u>	<u>30.06.2017</u>	<u>Var</u>
	RM'000	RM'000	%	RM'000	RM'000	%
		(Restated)			(Restated)	
Dividend per share (sen)	0.5	0.5	-	1.0	1.0	-
Earnings per share						
attributable to Owners						
of the Company:						
Basic (sen) from						
- continuing operations	0.97	0.74		1.93	1.68	
- discontinued operation	(0.01)	(0.03)		0.00	(0.07)	
Diluted (sen) from						
- continuing operations	0.85	0.65		1.70	1.47	
- discontinued operation	(0.01)	(0.02)		0.00	(0.06)	

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	<u>Note</u>	<u>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000 (Audited)
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property, plant and equipment	A9	2,272,433	2,206,013
Investment properties		286,629	274,205
Intangible assets		233,190	239,437
Investment in associates		417,036	405,984
Available-for-sale financial assets		4,678	4,678
Deferred tax assets		44,665	24,682
		<u>3,258,631</u>	<u>3,154,999</u>
<u>Current assets</u>			
Inventories		52,655	51,084
Trade and other receivables		617,048	611,119
Contract assets		18,700	13,777
Tax recoverable		30,712	28,560
Deposit, cash and bank balances		402,437	200,542
		<u>1,121,552</u>	<u>905,082</u>
Assets held for sale		164,967	173,827
		<u>1,286,519</u>	<u>1,078,909</u>
Total assets		<u><u>4,545,150</u></u>	<u><u>4,233,908</u></u>
<u>EQUITY AND LIABILITIES</u>			
<u>Current liabilities</u>			
Trade and other payables		502,798	444,525
Contract liabilities		70,965	76,786
Current tax liabilities		4,590	6,896
Borrowings	B7	256,924	350,369
Dividends payable		21,072	-
		<u>856,349</u>	<u>878,576</u>
Liabilities associated with assets held for sale		180,418	190,564
		<u>1,036,767</u>	<u>1,069,140</u>
Net current assets		<u>249,752</u>	<u>9,769</u>

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2018 (CONTINUED)

	<u>Note</u>	<u>30.06.2018</u> RM'000	<u>31.12.2017</u> RM'000 (Audited)
<u>Non-current liabilities</u>			
Trade and other payables		11,494	30,299
Borrowings	B7	1,436,990	1,242,340
Deferred tax liabilities		57,495	60,206
Provision for retirement benefits		2,728	2,616
Deposits		14,520	14,096
		<u>1,523,227</u>	<u>1,349,557</u>
Total liabilities		<u>2,559,994</u>	<u>2,418,697</u>
Net assets		<u>1,985,156</u>	<u>1,815,211</u>
 <u>Equity attributable to Owners of the Company</u>			
Share capital	A6	737,746	736,069
Less: Treasury shares		(60,661)	(55,411)
Reserves		1,043,372	1,046,137
		<u>1,720,457</u>	<u>1,726,795</u>
Non-controlling interest		264,699	88,416
		<u>1,985,156</u>	<u>1,815,211</u>
Total equity and liabilities		<u>4,545,150</u>	<u>4,233,908</u>
 <u>Net assets per share attributable to Owners of the Company (RM)</u>			
		<u>0.40</u>	<u>0.40</u>

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

	Non-distributable							Distributable		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			Total RM'000
At 1 January 2018	4,281,413	736,069	(55,411)	31,631	61,189	(3,367)	(5,134)	98,070	863,748	1,726,795	88,416	1,815,211
Sales of interests in a subsidiary to non-controlling interest	-	-	-	-	-	-	-	-	(51,455)	(51,455)	171,040	119,585
Comprehensive income:												
Net profit for the financial period	-	-	-	-	-	-	-	-	84,819	84,819	5,243	90,062
Other comprehensive income:												
Currency translation of foreign subsidiaries	-	-	-	-	-	-	(157)	-	-	(157)	-	(157)
Total other comprehensive income	-	-	-	-	-	-	(157)	-	-	(157)	-	(157)
Transactions with Owners:												
Issue of shares:												
- Warrants	1	1	-	(1)	-	-	-	-	-	-	-	-
- ESOS	1,746	1,676	-	-	(87)	-	-	-	-	1,589	-	1,589
- Share buy-back	-	-	(5,250)	-	-	-	-	-	-	(5,250)	-	(5,250)
	1,747	1,677	(5,250)	(1)	(87)	-	-	-	-	(3,661)	-	(3,661)
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(42,140)	(42,140)	-	(42,140)
ESOS expenses during the period	-	-	-	-	6,256	-	-	-	-	6,256	-	6,256
Lapsed ESOS	-	-	-	-	(348)	-	-	-	348	-	-	-
Total transactions with Owners	1,747	1,677	(5,250)	(1)	5,821	-	-	-	(41,792)	(39,545)	-	(39,545)
At 30 June 2018	4,283,160	737,746	(60,661)	31,630	67,010	(3,367)	(5,291)	98,070	855,320	1,720,457	264,699	1,985,156

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Number of shares '000	Share capital 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	Non-distributable Revaluation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2017	1,063,569	531,784	178,141	(54,777)	31,692	50,111	(3,367)	(2,099)	87,862	775,741	1,595,088	89,641	1,684,729
Comprehensive income:													
Net profit for the financial period	-	-	-	-	-	-	-	-	-	70,436	70,436	1,072	71,508
Other comprehensive income:													
Currency translation of foreign subsidiaries	-	-	-	-	-	-	-	896	-	-	896	-	896
Total other comprehensive income	-	-	-	-	-	-	-	896	-	-	896	-	896
Transactions with Owners:													
Issue of shares:													
- Warrants	1	1	1	-	(1)	-	-	-	-	-	1	-	1
- ESOS	2,663	8,890	1,338	-	-	(533)	-	-	-	-	9,695	-	9,695
	2,664	8,891	1,339	-	(1)	(533)	-	-	-	-	9,696	-	9,696
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(41,985)	(41,985)	-	(41,985)
ESOS expenses during the period	-	-	-	-	-	13,171	-	-	-	-	13,171	-	13,171
Lapsed ESOS	-	-	-	-	-	(3,611)	-	-	-	3,611	-	-	-
Total transactions with Owners	2,664	8,891	1,339	-	(1)	9,027	-	-	-	(38,374)	(19,118)	-	(19,118)
Transfer pursuant to S618 of CA 2016*	-	179,480	(179,480)	-	-	-	-	-	-	-	-	-	-
At 30 June 2017	1,066,233	720,155	-	(54,777)	31,691	59,138	(3,367)	(1,203)	87,862	807,803	1,647,302	90,713	1,738,015

Note: * Pursuant to Section 618 of the Companies Act 2016, any outstanding Share Premium accounts shall become part of ordinary share capital.

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

	<u>30.06.2018</u> RM'000	<u>30.06.2017</u> RM'000
OPERATING ACTIVITIES		
Profit/(loss) before zakat and tax		
- continuing operations	122,305	105,283
- discontinued operation	63	(5,111)
	<hr/>	<hr/>
Profit before zakat and tax	122,368	100,172
Adjustments for:		
Share of results of associates	(16,130)	(13,767)
Finance income	(4,181)	(6,621)
Finance costs	42,771	40,674
Trade receivables impairment charge for the year	2,627	-
Share based payments	6,256	13,171
Property, plant and equipment		
- Depreciation	73,003	66,843
- Loss on disposal	5	132
Inventories written off	93	-
Amortisation of software development expenditure	1,528	985
	<hr/>	<hr/>
Operating profit before changes in working capital	228,340	201,589
Changes in working capital:		
Inventories	(1,664)	(9,473)
Receivables	(36,702)	(38,193)
Payables	36,790	122,948
Deferred revenue	(4,748)	(5,035)
	<hr/>	<hr/>
Cash flows generated from operations	222,016	271,836
Zakat paid	(2,664)	(2,211)
Income tax paid (net of refund)	(40,506)	(37,498)
	<hr/>	<hr/>
Net cash generated from operating activities	178,846	232,127
	<hr/>	<hr/>

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)**

	<u>30.06.2018</u> RM'000	<u>30.06.2017</u> RM'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(139,918)	(215,014)
Additions to intangible assets	(142)	(8,263)
Proceeds from disposal of property, plant and equipment	1,085	8,430
Proceeds from partial disposal of interest in subsidiaries (net)	119,920	-
Interest received	4,181	6,621
Decrease in deposits with licensed banks with maturity of more than 3 months	5,988	-
Dividends received from associates	10,697	-
	<hr/>	<hr/>
Net cash generated/(used in) investing activities	1,811	(208,226)
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Issue of shares:		
- Warrants	-	1
- ESOS	1,589	9,695
- Share buy-back	(5,250)	-
Bank borrowings		
- Drawdown	252,986	48,873
- Repayment	(162,823)	(48,585)
Interest paid	(42,771)	(40,674)
Dividend paid to shareholders	(21,068)	(41,985)
	<hr/>	<hr/>
Net cash generated/(used in) financing activities	22,663	(72,675)
	<hr/>	<hr/>
Net changes in cash and cash equivalents	203,320	(48,774)
Currency translation differences	(5,679)	242
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<hr/> 184,847	<hr/> 335,125
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<hr/> 382,488 <hr/>	<hr/> 286,593 <hr/>

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018****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"), International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2017.

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 2017.

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 2018:

- MFRS 9 'Financial Instruments'
- MFRS 15 'Revenue from Contracts with Customers' and 'Clarifications to MFRS 15'
- Amendments to MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards' (Annual Improvements to MFRS Standards 2014–2016 Cycle)
- Amendments to MFRS 2 'Classification and Measurement of Share-based Payment'
- Amendments to MFRS 3 'Business Combinations' (Annual Improvements to MFRS Standards 2015–2017 Cycle)
- Amendments to MFRS 128 'Investments in Associates and Joint Ventures' (Annual Improvements to MFRS Standards 2014–2016 Cycle)
- Amendments to MFRS 140 'Transfers of Investment Property'

Standards that have been issued but not yet effective

The Group did not early adopt these new standards.

- MFRS 16 'Leases' (effective from 1 January 2019).
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation' (effective 1 January 2019).
- Amendments to MFRS 11 'Joint Arrangements' (Annual Improvements to MFRS Standards 2015–2017 Cycle) (effective 1 January 2019).
- Amendments to MFRS 112 'Income Taxes' (Annual Improvements to MFRS Standards 2015–2017 Cycle) (effective 1 January 2019).
- Amendments to MFRS 119 'Plan Amendment, Curtailment or Settlement' (effective 1 January 2019).
- Amendments to MFRS 123 'Borrowing Costs' (Annual Improvements to MFRS Standards 2015–2017 Cycle) (effective 1 January 2019).
- Amendments to MFRS 2 'Share-based Payment' (effective 1 January 2020).
- Amendment to MFRS 3 'Business Combinations' (effective 1 January 2020).

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018
(CONTINUED)**

A1 BASIS OF PREPARATION (CONTINUED)

Standards that have been issued but not yet effective (continued)

The Group did not early adopt these new standards. (continued)

- Amendments to MFRS 101 Presentation of Financial Statements (effective 1 January 2020).
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (effective 1 January 2020).
- Amendments to MFRS 134 Interim Financial Reporting (effective 1 January 2020).
- Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (effective 1 January 2020).
- Amendment to MFRS 138 Intangible Assets (effective 1 January 2020).
- Amendment to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 January 2020).
- Amendment to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective 1 January 2020).
- Amendment to IC Interpretation 132 Intangible Assets–Web Site Costs (effective 1 January 2020).

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the annual financial statements for the financial year ended 31 December 2017 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.

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.

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2017. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2018.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018
(CONTINUED)****A5 CHANGE IN ACCOUNTING ESTIMATES AND POLICIES (CONTINUED)**

The Group has adopted MFRS 15 'Revenue from Contracts with Customers' and MFRS 9 'Financial Instruments' from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amount recognised in the financial statements. In accordance with the transition provision, the Group has adopted new rules retrospectively and its comparative may be restated for the 2017 financial year. A number of new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

i. MFRS 15 'Revenue from Contracts with Customers'

The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The Group has opted to use practical expedients for completed contracts whereby the Group need not restate contracts that:

- (i) begin and end within the same annual reporting period; and
- (ii) are completed contracts at the beginning of the earliest period presented.

Under MFRS 15 Appendix C2(b), a completed contracts is a contract for which the entity has transferred all of the goods or services identified in accordance with MFRS 111 Construction Contracts, MFRS 118, Revenue and related IC interpretations.

By applying the practical expedients for completed contracts, the new accounting policy is not applicable and revenue is recognised for cash paying individual patients who did not deposit the required amounts.

Under MFRS 15 Paragraph 9(e), an entity shall account for a contract with a customer when it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

In evaluating whether collectability of an amount of consideration is probable for cash paying individual patients, the Group's new accounting policies now requires individual patients to pay more than 40% deposit with the hospitals as deposits in advance. Revenue would not be recognised for cash paying individual patients who do not make payment of the required deposits.

Had the policy of requiring patients to make predetermined payments as deposits is applied to completed contracts not met, those completed contracts would have been excluded from revenue recognition. As the Group has applied the practical expedient as allowed by the standard, the completed contracts were not restated.

Recognition of contract assets and contract liabilities was made due to the adoption of MFRS 15. Contract assets relates to revenue recognised for the services performed as at period ended that has yet to be billed that were previously presented as part of the trade and other receivables. Whereas contract liabilities are those deposit received from patients and deferred revenue in relation to wellness revenue and tuition fees recognised that were previously presented in trade and other payables and deferred revenue accordingly.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018
(CONTINUED)**

A5 CHANGE IN ACCOUNTING ESTIMATES AND POLICIES (CONTINUED)

i. MFRS 15 'Revenue from Contracts with Customers' (continued)

The following tables illustrates the Group's revenue disaggregated by the Group's major services and provide reconciliations of the disaggregated revenue with the major market segments. The table also includes the timing of revenue recognition.

	Continuing operations				Total RM'000
	<u>Hospital and healthcare charges</u>		<u>Others</u>		
	Malaysia RM'000	Others RM'000	Malaysia RM'000	Others RM'000	
<u>2018</u>					
Segment revenue	1,769,173	27,128	72,326	25,071	1,893,698
Intersegment revenue	(225,459)	-	(40,998)	(3,029)	(269,486)
Revenue from external customers	<u>1,543,714</u>	<u>27,128</u>	<u>31,328</u>	<u>22,042</u>	<u>1,624,212</u>
Timing of revenue recognition					
Point in time	1,543,714	27,128	28,054	99	1,598,995
Over time	-	-	3,274	21,943	25,217
	<u>1,543,714</u>	<u>27,128</u>	<u>31,328</u>	<u>22,042</u>	<u>1,624,212</u>
<u>2017</u>					
Segment revenue	1,693,402	32,416	56,482	29,131	1,811,431
Intersegment revenue	(223,626)	-	(26,627)	(3,341)	(253,594)
Revenue from external customers	<u>1,469,776</u>	<u>32,416</u>	<u>29,855</u>	<u>25,790</u>	<u>1,557,837</u>
Timing of revenue recognition					
Point in time	1,469,776	32,416	25,882	243	1,528,317
Over time	-	-	3,973	25,547	29,520
	<u>1,469,776</u>	<u>32,416</u>	<u>29,855</u>	<u>25,790</u>	<u>1,557,837</u>

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

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

A5 CHANGE IN ACCOUNTING ESTIMATES AND POLICIES (CONTINUED)

ii. MFRS 9 'Financial Instruments'

The standard replaces the provisions of MFRS 139 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of the new standard has not had a significant effect on the Group's accounting policies related to financial liabilities. The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed based on its contractual cash flow characteristics.

Classification and measurement of financial assets

The following table and the accompanying notes below explain the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's financial assets:

<u>Financial assets</u>	Original classification under <u>MFRS 139</u>	New classification under <u>MFRS 9</u>	Original carrying amount under <u>MFRS 139</u> RM'000	New carrying amount under <u>MFRS 9</u> RM'000
<u>31.12.2017</u>				
Available-for-sale financial assets	Available- for-sale	FVOCI – equity instruments	4,678	4,678
Trade and other receivables	Loans and receivables	Amortised costs	624,896	624,896
Deposits, cash and bank balances	Loans and receivables	Amortised costs	<u>200,542</u>	<u>200,542</u>

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018
(CONTINUED)**

A5 CHANGE IN ACCOUNTING ESTIMATES AND POLICIES (CONTINUED)

ii. MFRS 9 'Financial Instruments' (continued)

Impairment of financial assets

The Group applies MFRS 9 simplified approach in measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The identified additional impairment loss in prior years is RM1.6 million. Due to its immateriality, no restatement will be made.

From the assessments above, the Group deem that no retrospective adjustments is required. As a consequence, it is not necessary to provide an additional balance sheet (statement of financial position) as at the beginning of the earliest comparative period presented where an entity has made a retrospective change in accounting policies and/or a retrospective reclassification.

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 financial period under review, except the followings:

EQUITY SECURITIES

i. Treasury shares

On 23 April 2018, 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 2017, 63,047,000 units of KPJ Healthcare Berhad shares were bought by the Company from the open market, listed on the Bursa Malaysia for a total consideration of RM55,411,213.

During the financial year, the Company repurchased 5,647,600 ordinary shares of its issued share capital from the open market at an average price of RM0.93 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.

As at 30 June 2018, the Company held a total of 68,694,600 of its 4,283,159,732 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM 60,661,316.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018
(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 financial period under review, except the followings: (continued)

EQUITY SECURITIES (CONTINUED)

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 ("Warrants 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. During the year, each warrant has been adjusted to RM1.01 each pursuant to the Share Split exercise on 26 September 2017.

On 27 September 2017, the Company announced that the subdivision of shares has been completed, resulting to 259,226,010 of additional warrants were issued during the period.

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

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 is 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 2017, 27 February 2018, 27 February 2018, 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 fair value of ESOS is RM1.01 and the exercise price is RM3.64 (2017: RM3.64).

Following the Share Split exercise which was completed on 27 September 2017, the exercise price of the share options granted under the ESOS has been adjusted to RM0.91 (2017: RM0.91), while fair value is now RM0.25.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018
(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 financial period under review, except the followings: (continued)

EQUITY SECURITIES (CONTINUED)

iii. Employees Share Option Scheme (ESOS) (continued)

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

	<u>30.06.2018</u> Number of shares ('000)	<u>30.06.2018</u> RM'000
At start of the financial period	4,281,413	736,069
Issued during the financial period		
- exercise of warrant	1	1
- exercise of ESOS	1,746	1,676
	<u>4,283,160</u>	<u>737,746</u>
At end of financial period	<u>4,283,160</u>	<u>737,746</u>

A7 DIVIDENDS

In respect of the financial year ending 31 December 2018, the Directors declared:

- i. First interim single tier dividend of 0.50 sen per share on 4,213,630,292 ordinary shares amounting to RM21,068,151. The dividend was declared on 26 February 2018 and was fully paid on 20 April 2018.
- ii. Second interim single tier dividend of 0.50 sen per share on 4,214,465,132 ordinary shares amounting to RM 21,072,326. The dividend was declared on 30 May 2018 and was fully paid on 20 July 2018.

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018
(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 Board of Directors ("BOD"). The BOD considers the business by geographical location. The reportable segments have been identified as follows:

Continuing operations

- 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 services in Indonesia, 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 per quantitative thresholds required by MFRS 8.

Discontinued operation

- i. Australia - Providing retirement village and aged care facilities

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

Individual quarter 3 months ended

	<u>Continuing operations</u>			<u>Discontinued</u>	<u>Total</u>
	<u>Malaysia</u>	<u>Others</u>	<u>Sub-total</u>	<u>operation</u>	
	RM'000	RM'000	RM'000	Australia RM'000	RM'000
<u>30 June 2018</u>					
<u>Revenue</u>					
Revenue from external customers	777,696	23,633	801,329	14,769	816,098
<u>Results</u>					
EBITDA*	119,436	(614)	118,822	601	119,423
Profit/(loss) before zakat and tax	64,005	(2,586)	61,419	(417)	61,002
Total assets	4,055,453	324,729	4,380,183	164,967	4,545,150
Total liabilities	2,310,036	69,540	2,379,576	180,418	2,559,994
Additions to property, plant and equipment	65,630	540	66,170	-	66,170

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended (continued)

	<u>Continuing operations</u>			<u>Discontinued</u>	<u>Total</u>
	<u>Malaysia</u>	<u>Others</u>	<u>Sub-total</u>	<u>operation</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>Australia</u>	<u>RM'000</u>
<u>30 June 2017</u>					
<u>Revenue</u>					
Revenue from external customers	752,537	26,062	778,599	14,426	793,025
<u>Results</u>					
EBITDA*	97,023	1,089	98,112	(1,266)	96,846
Profit/(loss) before zakat and tax	49,089	(1,578)	47,511	(1,968)	45,543
Total assets	3,576,080	341,578	3,917,658	187,767	4,105,425
Total liabilities	2,059,450	102,326	2,161,776	205,634	2,367,410
Additions to property, plant and equipment	123,741	261	124,002	-	124,002

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

	<u>Indonesia</u>	<u>Indonesia</u>	<u>Australia</u>	<u>Australia</u>
	<u>IDR'000</u>	<u>RM'000</u>	<u>AUD'000</u>	<u>RM'000</u>
<u>30 June 2018</u>				
<u>Revenue</u>				
Revenue from external customers	32,468,080	9,461	4,795	14,769
<u>Results</u>				
EBITDA*	(19,663)	(3)	194	601
Loss before zakat and tax	(6,188,323)	(1,800)	(137)	(417)
Total assets	495,771,550	139,758	55,360	164,967
Total liabilities	141,585,669	39,913	60,545	180,418
Additions to property, plant and equipment	1,093,651	314	-	-

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 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>30 June 2017</u>				
<u>Revenue</u>				
Revenue from external customers	36,666,430	11,752	4,531	14,426
<u>Results</u>				
EBITDA*	4,564,743	1,463	(398)	(1,266)
Loss before zakat and tax	(144,932)	(46)	(618)	(1,968)
Total assets	452,163,636	149,214	57,971	187,767
Total liabilities	158,945,455	52,452	63,487	205,634
Additions to property, plant and equipment	81,818	27	-	-

Cumulative 6 months ended

	<u>Continuing operations</u>			<u>Discontinued</u> <u>operation</u>	
	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Sub-total</u> RM'000	<u>Australia</u> RM'000	<u>Total</u> RM'000
<u>30 June 2018</u>					
<u>Revenue</u>					
Revenue from external customers	1,575,043	49,169	1,624,212	29,688	1,653,900
<u>Results</u>					
EBITDA*	235,767	(341)	235,426	2,146	237,572
Profit/(loss) before zakat and tax	127,857	(5,552)	122,305	63	122,368
Total assets	4,055,453	324,729	4,380,183	164,967	4,545,150
Total liabilities	2,310,036	69,540	2,379,576	180,418	2,559,994
Additions to property, plant and equipment	137,793	2,125	139,918	-	139,918

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Cumulative 6 months ended (continued)

	<u>Continuing operations</u>			<u>Discontinued operation</u>	<u>Total</u>
	<u>Malaysia</u>	<u>Others</u>	<u>Sub-total</u>	<u>Australia</u>	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>30 June 2017</u>					
<u>Revenue</u>					
Revenue from external customers	1,502,973	54,864	1,557,837	29,097	1,586,934
<u>Results</u>					
EBITDA*	200,062	5,697	205,759	(3,706)	202,053
Profit/(loss) before zakat and tax	105,361	(78)	105,283	(5,111)	100,172
Total assets	3,576,080	341,578	3,917,658	187,767	4,105,425
Total liabilities	2,059,450	102,326	2,161,776	205,634	2,367,410
Additions to property, plant and equipment	213,257	1,757	215,014	-	215,014

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

	<u>Indonesia</u>	<u>Indonesia</u>	<u>Australia</u>	<u>Australia</u>
	<u>IDR'000</u>	<u>RM'000</u>	<u>AUD'000</u>	<u>RM'000</u>
<u>30 June 2018</u>				
<u>Revenue</u>				
Revenue from external customers	69,291,122	20,136	9,660	29,688
<u>Results</u>				
EBITDA*	3,857,536	1,121	698	2,146
(Loss)/profit before zakat and tax	(8,578,802)	(2,493)	20	63
Total assets	495,771,550	139,758	55,360	164,967
Total liabilities	141,585,669	39,913	60,545	180,418
Additions to property, plant and equipment	5,164,952	1,456	-	-

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Cumulative 6 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>30 June 2017</u>				
<u>Revenue</u>				
Revenue from external customers	77,581,903	24,865	9,138	29,097
<u>Results</u>				
EBITDA*	13,547,582	4,342	(1,164)	(3,706)
Profit/(loss) before zakat and tax	2,848,674	913	(1,605)	(5,111)
Total assets	452,163,636	149,214	57,971	187,767
Total liabilities	158,945,455	52,452	63,487	205,634
Additions to property, plant and equipment	387,879	128	-	-

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

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

	<u>30.06.2018</u>	<u>30.06.2017</u>
1 Australian Dollar		
Closing	2.9799	3.2390
Average	3.0733	3.1842
1,000 Indonesian Rupiah		
Closing	0.2819	0.3300
Average	0.2906	0.3205

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018
(CONTINUED)**

A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

In accordance with the Group Accounting policy, certain land and buildings of the Group were revalued on 31 December 2017 to reflect the fair value of the properties that has changed significantly based on a valuation carried out by independent firm of professional valuers. 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 FINANCIAL PERIOD

Except as stated in note B6, there were no material events subsequent to the financial period ended 30 June 2018 that has not been reflected in the interim financial reports.

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 last annual balance sheet date as at 31 December 2017 except as stated in note B9.

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 30 June 2018 are as follows:

	RM'000
Approved and contracted	248,200
Approved but not contracted	94,912
	<u>343,112</u>
Analysed as follows:	
Buildings	274,120
Medical equipment	46,769
Other property, plant and equipment	22,223
	<u>343,112</u>

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements:

- a. Review on statements of comprehensive income for current quarter compare with the corresponding quarter of the preceding year (3 months)

Group

The Group's revenue for the current quarter ended 30 June 2018 was RM801.3 million, an increase of 3% as compared to RM778.6 million in the corresponding quarter of the preceding year. The profit before zakat and tax for the 3 months ended 30 June 2018 was recorded at RM61.4 million, increased by 29% from RM47.5 million in 2017.

Segment : Continuing operations

Malaysia

The Malaysia segment continues to excel, reported revenue rose by 3% to RM777.7 million in current quarter from RM752.5 million reported in the same quarter of the preceding year. The improved performance was mainly contributed by the increase in number of patient episodes and complex cases per inpatient particularly for KPJ Rawang, KPJ Bandar Maharani and KPJ Pasir Gudang. Besides, increased activities at the support companies also contributed to the revenue growth. In current quarter, KPJ Perlis has commenced its operation on 17 May 2018.

Profit before zakat and tax has increased to RM62.0 million during this quarter, an increase of 26% from RM49.1 million in the same quarter in 2017, contributed by the cost optimisation initiatives by the hospitals mainly the new hospitals which were under gestation period.

Others

Revenue from this segment was reported at RM23.6 million, a decreased of 9% from RM26.1 million in corresponding quarter of the prior year. The decrease was mainly contributed by lower number of patients, particularly for Rumah Sakit Medica Bumi Serpong Damai. The decrease in revenue of Indonesian operation has affected EBITDA to be at loss of RM3,000, translated to more than 100% decreased as compared to EBITDA of RM1.5 million reported in the corresponding quarter of the preceding year.

Australia

Revenue from Australia segment was reported at RM14.8 million, slightly increased as compared to revenue in the corresponding quarter of the preceding year which was reported at RM14.4 million. This segment reported an increase of more than 100% in EBITDA during this quarter, which currently stands at RM0.6 million, as compared to negative EBITDA of RM1.3 million in the corresponding quarter of the preceding year. Stronger EBITDA was backed by better utilisation of resources, resulted from higher number of residents reported by Jeta Gardens.

Company No.

247079

M

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (continued)

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

Group

The Group's revenue for the current year ended 30 June 2018 was RM1,624.2 million, an increase of 4% as compared to RM1,557.8 million in the corresponding period of the preceding year. The profit before zakat and tax for the 6 months ended 30 June 2018 was recorded at RM122.3 million, increased by 16% from RM105.3 million in 2017.

Segment : Continuing operations

Malaysia

The Malaysia segment revenue in 2018 grew from RM1,503.0 million to RM1,575.0 million, an increase of 5% compared to the preceding year. Higher revenue was mainly contributed by the increase in number of patient episodes and complex cases per inpatient particularly for KPJ Rawang, KPJ Pasir Gudang and KPJ Bandar Maharani with expanding of beds by 45% as compared to number of beds in 2017. The increase in revenue was also attributed by the organic growth from the existing hospitals. In current period, KPJ Perlis has commenced its operation on 17 May 2018.

Profit before zakat and tax has increased to RM125.9 million during this period, an increase of 19% from RM105.4 million in the same period in 2017. The growth was mainly contributed by better cost optimisation mainly from the new hospitals which were under gestation period and higher share of results of associates during the period.

Others

Revenue from this segment was reported at RM49.2 million, 10% decreased from RM54.9 million in corresponding period of the prior year. The decrease was mainly contributed by lower number of patients, particularly for Rumah Sakit Medica Bumi Serpong Damai, and weakening of Indonesian Rupiah which resulted to increase in foreign exchange translation loss. EBITDA for Indonesian operation was reported at RM1.1 million, 74% decreased as compared to EBITDA of RM4.3 million reported in the preceding year.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements:
(continued)

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

Segment : Discontinued operation

Australia

Revenue from Australia segment was reported at RM29.7 million, increased by 2% as compared to revenue in the corresponding period of the preceding year which was reported at RM29.1 million. This segment reported an increase of more than 100% in EBITDA in current year, which currently stands at RM2.1 million, as compared to negative EBITDA of RM3.7 million in the corresponding quarter of the preceding year. Stronger EBITDA was backed by better utilisation of resources, resulted from higher number of residents reported by Jeta Gardens.

- c. Review on statements of financial position for current financial period compared to prior financial period

Group

The Group's total assets as at 30 June 2018 was RM4,545.2 million, an increase of 11% as compared to RM4,105.4 million as at 30 June 2017. The Group's total liabilities as at 30 June 2018 was RM2,560.0 million, increased by 8% as compared to RM2,367.4 million as at 30 June 2017.

Segment : Continuing operations

Malaysia

Total assets from Malaysia segment was reported at RM4,053.5 million, an increase of 13% in comparison to RM3,576.1 million as at 30 June 2017. The increment was mainly attributable to the additional investment in property, plant and equipment for the soon-to-be opened hospitals such as KPJ BDC, KPJ Bandar Dato Onn and KPJ Miri which are currently under construction. Apart from the increase in property, plant and equipment, the increment was also contributed by the cash received arising from the partial disposal of a subsidiary, Lablink (M) Sdn Bhd to KL Kappa Sdn Bhd via new issuance of ordinary shares.

Total liabilities from this segment was reported at RM2,308.1 million increased by 12% in comparison to RM2,059.5 million as at 30 June 2017. The increase in liabilities was due to construction costs incurred during the period for the ongoing projects of new hospitals.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)

Additional information as required by Appendix 9B of Bursa Malaysia Listing Requirements: (continued)

c. Review on statements of financial position for current financial period compared to prior financial period (continued)

Segment : Continuing operations (continued)

Others

Total assets for this segment is mainly contributed by the Indonesian operations of RM139.8 million, decreased by 6% in comparison to RM149.2 million as at 30 June 2017. The decrease was due to depreciation charged and appreciation of Malaysian Ringgit during the period.

Total liabilities from Indonesia operations was reported at RM39.9 million decreased by 24% in comparison to RM52.5 million as at 30 June 2017, due to repayment of the bank borrowings and payables during the period.

Segment : Discontinued operation

Australia

The Australia segment reported total assets of RM165.0 million, a decrease of 12% as compared to RM187.8 million recorded as at 30 June 2017, as well as total liabilities which also reported a decrease by RM25.2 million or by 12% compared to RM205.6 million recorded as at 30 June 2017 due to depreciation of Australian Dollar during the year.

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

Group

For the period ended 30 June 2018, the Group's cash flows from operating activities show a huge reduction in payable. The Group generated positive cash inflows from investing activities, mainly contributed by the purchase consideration received from partial disposal of interest in subsidiary, Lablink (M) Sdn Bhd. The proceed received was off-setted against the expenditure incurred for development of new hospitals, including KPJ Bandar Dato' Onn, KPJ BDC and KPJ Miri. Cash flows from financing activities has improved mainly due to issuance of Islamic Medium Term Notes ("IMTN") for a nominal value of RM200 million during this period. With this issuance, total nominal value of IMTN issued as at 30 June 2018 is amounted to RM1.1 billion.

With all the above, net cash and cash equivalent has increased by twofold as compared to the same period of the preceding year.

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

	Quarter ended 30.06.2018			Quarter ended 31.03.2018			Var
	Continuing	Discontinued	Total	Continuing	Discontinued	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Revenue	801,329	14,769	816,098	822,883	14,919	837,802	(3)
Operating profit	73,963	(42)	73,921	70,802	906	71,708	3
Profit / (loss) before zakat and tax	61,419	(417)	61,002	60,886	480	61,366	(1)
Net profit / (loss) for the financial period	44,993	(417)	44,576	45,006	480	45,486	(2)
Total comprehensive income for the financial period	44,993	(417)	44,576	45,006	480	45,486	(2)
EBITDA	118,822	601	119,423	116,604	1,545	118,149	1
Profit attributable to Owners of the Company	42,574	(237)	42,337	42,209	273	42,482	-
No. of inpatient (episode)	72,515	-	72,515	79,477	-	79,477	(9)
No. of outpatient (episode)	659,765	-	659,765	704,920	-	704,920	(6)

Revenue during the current quarter for continuing operations was recorded at RM801.3 million, 3% decreased as compared to the revenue in preceding quarter of RM822.9 million, mainly contributed by lower inpatient and outpatient numbers due to long holiday during the festive season. Despite the weakening in revenue, profit before zakat and tax for current quarter increased by 1%, which had been closed at RM61.4 million as compared to RM60.9 million in the preceding quarter. EBITDA for this quarter stands at RM118.8 million, an increase of 2% as compared to the preceding quarter of RM116.6 million.

As for discontinued operation, the revenue shows a 1% decreased from RM14.9 million in preceding quarter to RM14.8 million in current quarter, while loss before zakat and tax has decreased to RM0.4 million as compared to profit before zakat and tax of RM0.5 million in preceding quarter. EBITDA for discontinued operation have decreased from RM1.5 million in quarter 1, 2018 to RM0.6 million in current quarter.

Company No.

247079

M

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B3 CURRENT YEAR PROSPECTS

Group

For the financial year ending 31 December 2018, the Group will continue to improve its performance and enhancing its business strategies to ensure long-term growth and profitability. The Group recognises that rising in cost will continue to be the challenges in 2018. Hence, in ensuring consistent improvement of EBITDA and PBZT margin, the Group will focus on discipline cost management through innovation approaches in operational excellence from financial and other related aspects.

As for other segments, the Group will continue to remain focused and putting in robust strategy in delivering an improved results.

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		6 months ended	
	<u>30.06.2018</u>	<u>30.06.2017</u>	<u>30.06.2018</u>	<u>30.06.2017</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	14,837	12,280	29,642	26,453

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period. The effective tax rate of the Group for the period ended 30 June 2018 is lower as compared to prior period. However, the rate were slightly above the statutory tax rate due to certain expenses not deductible for tax purposes.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B6 STATUS OF CORPORATE PROPOSALS

(a) 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 ("Warrants 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").

On 27 September 2017, the Company announced that the subdivision of shares has been completed, resulting to 259,226,010 of additional warrants were issued during the period.

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. During the year, each warrant has been adjusted to RM1.01 each pursuant to the Share Split exercise on 26 September 2017.

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

<u>Issuance date</u>	<u>Expiry date</u>	<u>Exercise price</u> RM/share	<u>Number of Warrants 2014/2019</u>		
			<u>1.1.2018</u> '000	<u>Exercised</u> '000	<u>30.6.2018</u> '000
29 January 2014	23 January 2019	1.0025	345,635	(1)	345,634

(b) On 1 December 2016, a wholly-owned subsidiary of the Group, KPJSB, has entered into a Sale and Purchase Agreement with Dr Mohd Adnan bin Sulaiman and Azizan bin Sulaiman ("Purchasers") to dispose thirty percent (30%) equity shareholding of Hospital Penawar amounting to 720,000 ordinary shares to the Purchasers for a total cash consideration of RM2,209,860.

On 29 December 2016, the Purchasers have made payment of RM220,986 being 10% deposit of the total cash consideration.

Thereafter, the Purchasers have defaulted in payment of the balance purchase price within the extended time frame provided under the SPA and a further two months extension granted by KPJSB. The said SPA is therefore deemed terminated with effect from 25 July 2017.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

- (b) Notwithstanding the termination of the SPA, KPJSB is still desirous of completing the disposal of the 30% equity stake and has offered the Purchasers the option of settling the balance purchase price through staggered payments. The Purchasers have in principle agreed to this proposed option and have proposed for two lump sum payments to be paid as settlement. KPJSB has proceeded to prepare a Settlement Agreement along these terms and forwarded the Agreement to the Purchasers in October 2017 for concurrence and execution.

The Purchasers have requested for extension of time and expect to complete by 31 December 2018.

- (c) Proposed acquisition of an office premise in Kota Bharu by Perdana Specialist Hospital Sdn Bhd ("PSHSB")

On 11 June 2017, a subsidiary of the Group, PSHSB, has signed a Sale and Purchase Agreement (SPA) with KTC Convention and Apartment Sdn Bhd ("KTC") for a total cash consideration of RM6,800,000 for the proposed acquisition of an office premise in Kota Bharu, Kelantan (Level 1) ("Property").

The completion of the SPA is pending as there are conditions precedent ("CP") under the SPA which must be fulfilled by PSHSB and KTC which include:-

- a) the approval of the State Authority for the transfer of the Property from Perbadanan Kemajuan Iktisad Negeri Kelantan ("PKINK") to PSHSB;
- b) the registration of transfer and charge has been perfected

PSHSB has paid the consent fee and obtained the State Authority consent to transfer the office premise Level 1 ("SACT Application").

PSHSB has to pay KTC the balance of the purchase price in the sum of RM6,120,000 only ("Balance Purchase Consideration")

Given that the purchase consideration for Level 1 will be partly financed using the proceeds of a financing facility granted by BIMB to PDSHSB ("Financing"), there are CPs imposed by BIMB which must be met by PSHSB prior to the release of the Financing to pay for the Balance Purchase Consideration.

Barring any unforeseen circumstances and subject to the release of the Financing, the proposed acquisition of the Property is expected to be completed in the third (3rd) quarter of 2018.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

(d) Planned disposal of aged care operation in Australia

During the financial year ended 2017, the Directors have approved the divestment of aged care operations in Australia, by disposing its shares in Jeta Gardens (Qld) Pty Ltd (“Jeta Gardens”) and its subsidiaries.

As of 30 June 2018, Jeta Gardens is in a net total liability position of RM15.5 million.

The investment in Jeta Gardens has been presented as an asset held for sale since 31 December 2017 in the Statements of Financial Position, while the comparative figures in the Statements of Comprehensive Income have been restated to reflect the ‘Discontinued Operation’ in accordance with the criteria set out in MFRS 5 “Non-current Assets Held For Sale and Discontinued Operations”.

The disposal is expected to be completed towards end of 2018.

(e) Proposed Subscription and Share Purchase Agreement between Lablink (M) Sdn Bhd, KL Kappa Sdn Bhd and Kumpulan Perubatan (Johor) Sdn Bhd

On 23 January 2018, the Board of Directors of the Group had announced that the Group’s wholly-owned subsidiary, Kumpulan Perubatan (Johor) Sdn Bhd (“KPJSB”) and KPJSB’s wholly-owned subsidiary Lablink (M) Sdn Bhd (“Lablink”), had entered into a Subscription and Share Purchase Agreement (“SSPA”) with KL Kappa Sdn Bhd (“KL Kappa”) for the subscription of new shares in Lablink by KL Kappa and for the purchase of certain existing shares in Lablink by KL Kappa from KPJSB.

The SSPA was signed on the 22 March 2018 and KL Kappa has paid the total of RM119,920,226 for the purchase of 49% stake in Lablink and the SSPA now deemed completed.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B7 BORROWINGS

Details of the Group's borrowings are as follows:

	Current		Non-current		Total borrowings	
	Foreign deno '000	RM deno RM'000	Foreign deno '000	RM deno RM'000	Foreign deno '000	RM deno RM'000
<u>As at 30 June 2018</u>						
Secured:						
Term loans						
- Conventional						
RM	-	776	-	679	-	1,455
AUD	7,337	21,864	-	-	7,337	21,864
- Syariah						
RM	-	20,900	-	294,713	-	315,613
USD	2,162	8,724	5,933	23,939	8,095	32,663
Finance lease liabilities						
- Conventional						
RM	-	498	-	1,763	-	2,261
AUD	9	26	-	-	9	26
- Syariah						
RM	-	10,178	-	15,896	-	26,074
Unsecured:						
Revolving credits						
- Conventional						
AUD	1,854	5,526	-	-	1,854	5,526
- Syariah						
RM	-	209,500	-	-	-	209,500
Bank overdrafts						
- Syariah						
RM	-	6,348	-	-	-	6,348
Islamic Medium Term Notes						
Term Notes	-	-	-	1,100,000	-	1,100,000
		284,340		1,436,990		1,721,330
Transfer to liabilities associated with assets held for sale						
AUD	(9,200)	(27,416)	-	-	(9,200)	(27,416)
Total		256,924		1,436,990		1,693,914

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B7 BORROWINGS (CONTINUED)

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

	Current		Non-current		Total borrowings	
	Foreign deno '000	RM deno RM'000	Foreign deno '000	RM deno RM'000	Foreign deno '000	RM deno RM'000
<u>As at 30 June 2017</u>						
Secured:						
Term loans						
- Conventional						
RM	-	6,380	-	2,331	-	8,711
AUD	10,525	34,092	-	-	10,525	34,092
- Syariah						
RM	-	11,077	-	291,807	-	302,884
USD	411	1,843	9,698	43,469	10,109	45,312
Finance lease liabilities						
- Conventional						
RM	-	2,890	-	116	-	3,006
AUD	24	78	-	-	24	78
- Syariah						
RM	-	18,718	-	10,123	-	28,841
Unsecured:						
Revolving credits						
- Conventional						
AUD	1,854	6,007	-	-	1,854	6,007
- Syariah						
RM	-	234,500	-	-	-	234,500
Bank overdrafts						
- Syariah						
RM	-	11,735	-	-	-	11,735
Islamic Medium Term Notes						
	-	-	-	900,000	-	900,000
Total		327,320		1,247,846		1,575,166

* "deno" refers to denomination

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B7 BORROWINGS (CONTINUED)

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

The key exchange rate used is as follows;

	<u>30.06.2018</u>	<u>30.06.2017</u>
1 Australian Dollar	2.9799	3.2390
1 US Dollar	4.0350	4.4824

Material changes in borrowings

Increase in borrowings as at 30 June 2018 were mainly due to issuance of Islamic Medium Term Notes ("IMTN") for a nominal value of RM200 million. With this issuance, total nominal value of IMTN issued as at 30 June 2018 is RM1.1 billion. The proceed was used to pay for the development costs of the ongoing projects of new hospitals. There is no such material changes in borrowings during the same quarter last year.

Weighted average interest rate of borrowings are as follows:

- Term loan: 5.05% p.a. (2017: 5.18% p.a.)
- Hire purchase: 3.13% p.a. (2017: 3.74% p.a.)
- Islamic Medium Term Notes: 5.73% p.a. (2017: 5.83% p.a.)
- Overdraft: 6.28% p.a. (2017: 6.86% p.a.)
- Revolving credit: 4.17% p.a. (2017: 4.76% 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

On 16 April 2015, SMC Healthcare Sdn Bhd (Plaintiff) ("SMCH"), a wholly-owned subsidiary of the Group, had filed a writ of summons 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).

On 6 July 2017, the High Court Judge delivered its decision in favour of the Plaintiff as follows:

- 1) The Claim of the Plaintiff for the sum of RM4,160,000 was allowed;
- 2) Interest on the Judgement sum at 5% calculated from 18 February 2015, the effective termination date of the transaction.
- 3) The Counter Claim of the Defendant was dismissed.
- 4) Costs of RM50,000 to be paid by the Defendant.

The Defendant had on 4 August 2017 filed his notice of appeal at the Court of Appeal and the appeal has now been fixed for hearing on 18 July 2018.

Company No.

247079

M

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B9 MATERIAL LITIGATIONS (CONTINUED)

Since the Defendant did not file any application for stay of execution of the High Court Judgment, SMCH has proceeded to obtain a Prohibitory Order (PO) and registered the same at the Land Office on 18 August 2017.

Since the validity of the PO is only for six months from registration on the Land title, SMCH has filed an application to Court to extend the said PO and on 12 February 2018, the Court has allowed the extension for a further six months from 21 February 2018 to 20 August 2018. The Court order has been extracted, registered at the Land Office and served on the Defendant.

The Company has commissioned an alternative valuation for the subject land from Messrs Taylor Hobbs and on 27 March 2018 the said valuers have provided a forced sale value of RM9.8 million. The Company is in the process of seeking an order for sale to auction the subject property with the initial reference price of RM9.8 million.

On 18 July 2018, the Court of Appeal sitting on circuit in Kota Kinabalu allowed the appeal of the Defendant and reversed the decision of the High Court. In light of this decision, the Company is compelled to withdraw the ongoing proceedings before the Kota Kinabalu High Court seeking an Order for Sale to auction off the subject property.

The Company has filed an application seeking leave to appeal at the Federal Court against the decision of the Court of Appeal.

B10 DIVIDENDS

In respect of the financial year ending 31 December 2018, the Directors declared:

- i. First interim single tier dividend of 0.50 sen per share on 4,213,630,292 ordinary shares amounting to RM21,068,151. The dividend was declared on 26 February 2018 and was fully paid on 20 April 2018.
- ii. Second interim single tier dividend of 0.50 sen per share on 4,214,465,132 ordinary shares amounting to RM 21,072,326. The dividend was declared on 30 May 2018 and was fully paid on 20 July 2018.

B11 AUTHORISED FOR ISSUE

The Condensed Report was authorised for issue by the Board of Directors in accordance with a resolution on 15 August 2018.

Company No.

247079	M
--------	---

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B12 EARNINGS PER SHARE

Following the subdivision of shares as mentioned in note A6, the earnings per share has to be accounted for retrospectively. The comparative amount has then be restated and being showed accordingly.

(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.

	As at <u>30.06.2018</u>	As at <u>30.06.2017</u> (Restated)
<u>Continuing operations</u>		
Profit attributable to Owners of the Company (RM'000)	84,783	73,350
Weighted average number of ordinary shares in issue ('000)	4,388,363	4,373,464
Basic earnings per share (sen)	<u>1.93</u>	<u>1.68</u>
<u>Discontinued operation</u>		
Profit/(loss) attributable to Owners of the Company (RM'000)	36	(2,913)
Weighted average number of ordinary shares in issue ('000)	4,388,363	4,373,464
Basic earnings per share (sen)	<u>0.00</u>	<u>(0.07)</u>

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2018 (CONTINUED)

B12 EARNINGS PER SHARE (CONTINUED)

(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 are the warrants and ESOS.

For the warrants issued 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.

	As at 30.06.2018	As at 30.06.2017 (Restated)
<u>Continuing operations</u>		
Profit attributable to Owners of the Company (RM'000)	84,783	73,350
Weighted average number of ordinary shares in issue ('000)	4,388,363	4,373,464
Assumed shares issued from the		
- exercise of warrants ('000)	345,634	346,302
- exercise of ESOS ('000)	253,259	284,139
Weighted average number of ordinary shares in issue ('000)	4,987,256	5,003,905
Diluted earnings per share (sen)	1.70	1.47
<u>Discontinued operation</u>		
Profit/(loss) attributable to Owners of the Company (RM'000)	36	(2,913)
Weighted average number of ordinary shares in issue ('000)	4,388,363	4,373,464
Assumed shares issued from the		
- exercise of warrants ('000)	345,634	346,302
- exercise of ESOS ('000)	253,259	284,139
Weighted average number of ordinary shares in issue ('000)	4,987,256	5,003,905
Diluted earnings per share (sen)	0.00	(0.06)