

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE 30 JUNE 2021**

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORTS
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2021**

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 2021.

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 2020 and the accompanying explanatory notes attached to this report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	Note	Individual Quarter			Cumulative Quarter		
		3 months ended			6 months ended		
		30.06.2021	30.06.2020	Var	30.06.2021	30.06.2020	Var
	RM'000	RM'000	%	RM'000	RM'000	%	
		Restated			Restated		
Revenue		632,829	475,849	33	1,238,773	1,141,665	9
Cost of sales		(407,582)	(320,583)	27	(792,358)	(723,710)	9
Gross profit		225,247	155,266	45	446,415	417,955	7
Administrative expenses		(184,241)	(113,111)	63	(355,632)	(293,530)	21
Other income		4,956	10,330	(52)	10,497	16,344	(36)
Zakat		(868)	(852)	2	(1,076)	(1,144)	(6)
Operating profit		45,094	51,633	(13)	100,204	139,625	(28)
Finance income		2,445	3,350	(27)	5,170	6,011	(14)
Finance costs		(22,004)	(20,534)	7	(46,081)	(45,698)	1
- Borrowings		(17,681)	(17,986)	(2)	(36,031)	(35,977)	0
- Lease liabilities							
Finance costs - net		(37,240)	(35,170)	6	(76,942)	(75,664)	2
Share of results of associates, net of tax		6,332	2,505	>100	11,080	10,094	10
Profit before tax	B2	14,186	18,968	(25)	34,342	74,055	(54)
Tax	B5	(5,433)	(8,035)	(32)	(10,351)	(22,588)	(54)
Profit for the financial period		8,753	10,933	(20)	23,991	51,467	(53)

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (CONTINUED)**

	Individual Quarter			Cumulative Quarter		
	30.06.2021	30.06.2020	Var	30.06.2021	30.06.2020	Var
	RM'000	RM'000	%	RM'000	RM'000	%
		Restated			Restated	
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	-
Total comprehensive income for the financial period	8,753	10,933	(20)	23,991	51,467	(53)
Profit for the financial period attributable to:						
Owners of the Company	6,958	12,657	(45)	19,934	51,190	(61)
Non-controlling interests	1,795	(1,724)	>100	4,057	277	>100
	8,753	10,933	(20)	23,991	51,467	(53)
Total comprehensive income for the financial period attributable to:						
Owners of the Company	6,958	12,657	(45)	19,934	51,190	(61)
Non-controlling interests	1,795	(1,724)	>100	4,057	277	>100
	8,753	10,933	(20)	23,991	51,467	(53)
Dividend per share (sen)	-	0.30	(100)	-	0.80	(100)
Earnings per share attributable to Owners of the Company:						
Basic (sen)	0.17	0.30		0.47	1.20	
Diluted (sen)	0.16	0.29		0.45	1.15	

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	<u>Note</u>	<u>30.06.2021</u> RM'000	<u>31.12.2020</u> RM'000 Audited
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property, plant and equipment	A9	2,864,288	2,863,583
Right-of-use assets		1,017,794	1,051,172
Investment properties		342,035	337,748
Intangible assets		236,067	235,828
Investment in associates		448,989	450,794
Equity instruments classified as FVOCI*		1,120	1,120
Deferred tax assets		136,083	130,921
Trade and other receivables		6,212	-
		<u>5,052,588</u>	<u>5,071,166</u>
<u>Current assets</u>			
Inventories		53,562	52,052
Trade and other receivables		495,547	457,400
Tax recoverable		108,816	93,737
Deposits, bank and cash balances		265,502	462,234
Dividend receivable		8,425	4,842
		<u>931,852</u>	<u>1,070,265</u>
Total assets		<u><u>5,984,440</u></u>	<u><u>6,141,431</u></u>
<u>EQUITY AND LIABILITIES</u>			
<u>Current liabilities</u>			
Trade and other payables		581,905	605,055
Contract liabilities		55,856	55,978
Current tax liabilities		15,994	19,638
Borrowings	B7	858,544	505,776
Lease liabilities		45,738	45,531
		<u>1,558,037</u>	<u>1,231,978</u>
Net current liabilities		<u>(626,185)</u>	<u>(161,713)</u>

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021 (CONTINUED)**

	<u>Note</u>	<u>30.06.2021</u> RM'000	<u>31.12.2020</u> RM'000
<u>Non-current liabilities</u>			
Trade and other payables		5,552	4,281
Borrowings	B7	999,249	1,449,231
Lease liabilities		1,140,438	1,153,419
Deferred tax liabilities		86,993	85,650
Provision for retirement benefits		2,871	2,786
Deposits		12,119	11,874
		<u>2,247,222</u>	<u>2,707,241</u>
Total liabilities		<u>3,805,259</u>	<u>3,939,219</u>
Net assets		<u>2,179,181</u>	<u>2,202,212</u>
<u>Equity attributable to Owners of the Company</u>			
Share capital	A6	915,286	909,504
Less: Treasury shares		(155,310)	(155,310)
Reserves		1,312,020	1,295,890
		<u>2,071,996</u>	<u>2,050,084</u>
Non-controlling interests		107,185	152,128
Total equity		<u>2,179,181</u>	<u>2,202,212</u>
Total equity and liabilities		<u>5,984,440</u>	<u>6,141,431</u>
<u>Net assets per share attributable to Owners of the Company (RM)</u>			
		<u>0.47</u>	<u>0.46</u>

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

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	Non-distributable						Distributable		Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	Number of shares '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 2021	4,442,043	909,504	(155,310)	59,798	(3,367)	(937)	226,128	1,014,268	2,050,084	152,128	2,202,212
Comprehensive income:											
Profit for the financial period	-	-	-	-	-	-	-	19,934	19,934	4,057	23,991
Other comprehensive income:											
Currency translation differences of foreign subsidiaries	-	-	-	-	-	(3,234)	-	-	(3,234)	-	(3,234)
Total other comprehensive income	-	-	-	-	-	(3,234)	-	-	(3,234)	-	(3,234)
Transactions with Owners:											
Issue of share capital:											
- ESOS	5,727	5,782	-	(570)	-	-	-	-	5,212	-	5,212
	5,727	5,782	-	(570)	-	-	-	-	5,212	-	5,212
Lapsed ESOS	-	-	-	(1,507)	-	-	-	1,507	-	-	-
Dividends paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	(49,000)	(49,000)
Total transactions with Owners	5,727	5,782	-	(2,077)	-	-	-	1,507	5,212	(49,000)	(43,788)
At 30 June 2021	4,447,770	915,286	(155,310)	57,721	(3,367)	(4,171)	226,128	1,035,709	2,071,996	107,185	2,179,181

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	Non-distributable						Distributable		Total	Non-controlling interest	Total equity
	Number of shares '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	-	-	-	-	-	-	-	51,190	51,190	277	51,467
Other comprehensive income:											
Currency translation differences of foreign subsidiaries	-	-	-	-	-	(893)	-	-	(893)	-	(893)
Revaluation Surplus	-	-	-	-	-	-	888	-	888	-	888
Total other comprehensive income	-	-	-	-	-	(893)	888	-	(5)	-	(5)
Transactions with Owners:											
Issue of share capital:											
- ESOS	2,720	2,632	-	(157)	-	-	-	-	2,475	-	2,475
	2,720	2,632	-	(157)	-	-	-	-	2,475	-	2,475
ESOS expenses during the financial period	-	-	-	619	-	-	-	-	619	-	619
Lapsed ESOS	-	-	-	(914)	-	-	-	914	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	(34,237)	(34,237)	-	(34,237)
Total transactions with Owners	2,720	2,632	-	(452)	-	-	-	(33,323)	(31,143)	-	(31,143)
At 30 June 2020	4,441,917	909,375	(155,310)	60,701	(3,367)	7,913	122,310	971,245	1,912,867	156,716	2,069,583

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

	<u>30.06.2021</u>	<u>30.06.2020</u>
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	34,342	74,055
Adjustments for:		
Share of results of associates	(11,080)	(10,094)
Finance income	(5,170)	(6,011)
Finance costs		
- Borrowings	46,081	45,698
- Lease liabilities	36,031	35,977
Trade receivables:		
- Impairment charge for the period (net)	1,120	744
Share-based payments	-	619
Property, plant and equipment:		
- Depreciation	92,318	86,527
- Written-off	3	54
- (Gain)/loss on disposal	(62)	23
Right-of-use assets:		
- Depreciation	33,375	27,056
Amortisation of software development expenditure	5,715	1,734
Inventories written-off	-	114
Provision for retirement benefits	161	161
	<hr/>	<hr/>
Operating profit before working capital changes	232,834	256,657
Changes in working capital:		
Inventories	(1,510)	859
Receivables	(45,133)	80,732
Payables	(34,170)	(234,233)
Contract liabilities	(122)	(8,786)
	<hr/>	<hr/>
Cash flows generated from operations	151,899	95,229
Income tax refund	1,756	2,274
Income tax paid	(31,588)	(24,316)
	<hr/>	<hr/>
Net cash generated from operating activities	122,067	73,187
	<hr/>	<hr/>

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (CONTINUED)**

	<u>30.06.2021</u>	<u>30.06.2020</u>
	RM'000	RM'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(93,136)	(72,759)
Additions to right-of-use assets	-	(1,907)
Additions to intangible assets	-	(4,415)
Proceeds from disposal of property, plant and equipment	175	115
Interest received	5,170	6,011
Decrease in deposits with licensed banks	183,484	-
Dividends received from associates	8,956	10,709
	<hr/>	<hr/>
Net cash used in investing activities	104,649	(62,246)
FINANCING ACTIVITIES		
Grant income received	6,830	3,003
Dividends paid to non-controlling interests	(49,000)	-
Issue of shares:		
- ESOS	5,212	2,475
Borrowings:		
- Drawdown	193,360	74,732
- Repayments	(297,832)	(64,635)
Payment of lease liabilities	(56,478)	(56,623)
Interest paid	(46,081)	(45,698)
Dividends paid to shareholders	-	(21,398)
	<hr/>	<hr/>
Net cash used in financing activities	(243,989)	(108,144)
	<hr/>	<hr/>
Net changes in cash and cash equivalents	(17,273)	(97,203)
Currency translation differences	(3,234)	2,595
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	215,020	268,362
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	194,513	173,754
	<hr/> <hr/>	<hr/> <hr/>

Registration No.

199201015575 (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 2021**

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 2020.

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 2020.

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 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2
- Amendments to MFRS 16: Leases - COVID-19 Related Rent Concessions beyond 30 June 2021 (effective 1 April 2021)

Standards that have been issued but not yet effective

- Amendments to MFRS 3: Reference to the Conceptual Framework (effective 1 January 2022)
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use (effective 1 January 2022)
- Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract (effective 1 January 2022)
- Annual Improvements to MFRS Standards 2018-2020:
 - Amendments to MFRS 1: First-time Adoption of International Financial Reporting Standards - Subsidiary as A First-time Adopter (effective 1 January 2022)
 - Amendments to MFRS 9: Financial Instruments - Fees in the ‘10 percent’ Test for Derecognition of Financial Liabilities (effective 1 January 2022)
 - Amendments to MFRS 141: Agriculture - Taxation in Fair Value Measurements (effective 1 January 2022)
- MFRS 17: Insurance Contracts (effective 1 January 2023)
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies (effective 1 January 2023)
- Amendments to MFRS 108: Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)

The Group did not early adopt these new standards.

Registration No.

199201015575 (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 2021
(CONTINUED)**

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the annual financial statements for the financial year ended 31 December 2020 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.

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:

DEBT SECURITIES

i. **Islamic Medium Term Notes**

Islamic Medium Term Notes (IMTN) Tranche 1 amounting to RM250.0 million was fully paid on 16 April 2021.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2021
(CONTINUED)**

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

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 2020, the Company held a total of 162,306,700 of its 4,442,042,736 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM155,310,152 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.

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 is RM0.25 and the exercise price is RM0.91 (2020: RM0.91).

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:

Movement of ESOS during the period:

	<u>30.06.2021</u> Units ‘000	<u>30.06.2020</u> Units ‘000
At start of the financial year	180,510	188,403
- Exercised	(5,727)	(2,720)
- Lapsed	(2,584)	(1,562)
At end of the financial period	<u>172,199</u>	<u>184,121</u>

Registration No.

199201015575 (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 2021
(CONTINUED)**

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

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

	<u>30.06.2021</u>	<u>30.06.2021</u>
	Number of shares ('000)	RM'000
At start of the financial year	4,442,043	909,504
Issued during the financial period - exercise of ESOS	<u>5,727</u>	<u>5,782</u>
At end of the financial period	<u><u>4,447,770</u></u>	<u><u>915,286</u></u>

A7 DIVIDENDS

There were no dividend recommended by the Directors during the 6 months period ended 30 June 2021.

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 KPJ Group Management Committee ("KGMC"). The KGMC 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 KGMC assesses the performance of the operating segments based on earnings before interest, tax, depreciation and amortisation ("EBITDA") and profit before tax.

Registration No.

199201015575 (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 2021
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> <u>segments</u> RM'000	<u>Adjustments</u> <u>and</u> <u>eliminations</u> RM'000	<u>Total</u> RM'000
<u>30 June 2021</u>					
<u>Revenue</u>					
Revenue from external customers	601,327	34,527	635,854	(3,025)	632,829
<u>Results</u>					
EBITDA	120,749	(931)	119,818	(2,958)	116,860
Finance costs (net)	(34,247)	(5,860)	(40,107)	2,867	(37,240)
Depreciation and amortisation	(59,368)	(6,185)	(65,553)	119	(65,434)
Profit/(loss) before tax	27,134	(12,976)	14,158	28	14,186
Tax	(4,808)	(625)	(5,433)	-	(5,433)
Profit/(loss) after tax	22,326	(13,601)	8,725	28	8,753
Total assets	5,718,653	536,481	6,255,134	(270,694)	5,984,440
Total liabilities	3,684,791	391,228	4,076,019	(270,760)	3,805,259
Additions to property, plant and equipment	65,596	153	65,749	-	65,749

Registration No.

199201015575 (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 2021
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended (continued)

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> <u>segments</u> RM'000	<u>Adjustments</u> <u>and</u> <u>eliminations</u> RM'000	<u>Total</u> RM'000
<u>30 June 2020</u>					
<u>Revenue</u>					
Revenue from external customers	452,275	25,994	478,269	(2,420)	475,849
<u>Results</u>					
EBITDA	107,565	6,678	114,243	(2,220)	112,023
Finance costs (net)	(31,552)	(5,838)	(37,390)	2,220	(35,170)
Depreciation and amortisation	(50,879)	(7,006)	(57,885)	-	(57,885)
Profit/(loss) before tax	25,134	(6,166)	18,968	-	18,968
Tax	(7,757)	(278)	(8,035)	-	(8,035)
Profit/(loss) after tax	17,377	(6,444)	10,933	-	10,933
Total assets	5,444,433	570,557	6,014,990	(226,547)	5,788,443
Total liabilities	3,543,799	401,608	3,945,407	(226,547)	3,718,860
Additions to property, plant and equipment	35,997	960	36,957	-	36,957

Registration No.

199201015575 (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 2021
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended (continued)

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>30 June 2021</u>				
<u>Revenue</u>				
Revenue from external customers	33,773,435	9,656	4,272	13,204
<u>Results</u>				
EBITDA	3,522,901	1,008	(52)	(166)
Finance costs (net)	(7,121,884)	(2,036)	(382)	(1,176)
Depreciation and amortisation	(3,084,829)	(882)	(881)	(2,723)
Loss before tax	(6,683,812)	(1,910)	(1,315)	(4,065)
Tax	(773,056)	(221)	-	-
Loss after tax	(7,456,868)	(2,131)	(1,315)	(4,065)
Total assets	459,305,750	130,994	59,489	185,850
Total liabilities	91,465,638	26,086	71,284	222,698
Additions to property, plant and equipment	98,526	28	-	-

Registration No.

199201015575 (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 2021
(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 2020</u>				
<u>Revenue</u>				
Revenue from external customers	13,204,562	3,944	4,194	12,395
<u>Results</u>				
EBITDA	(4,814,659)	(1,430)	2,280	6,593
Finance costs (net)	(7,338,156)	(2,178)	(402)	(1,192)
Depreciation and amortisation	(2,686,456)	(797)	(1,149)	(3,377)
(Loss)/profit before tax	(14,839,271)	(4,405)	729	2,024
Tax	(958,799)	(284)	(13)	(38)
(Loss)/profit after tax	<u>(15,798,070)</u>	<u>(4,689)</u>	<u>716</u>	<u>1,986</u>
Total assets	<u>472,002,026</u>	<u>139,807</u>	<u>68,575</u>	<u>198,572</u>
Total liabilities	<u>104,773,801</u>	<u>31,034</u>	<u>76,661</u>	<u>221,988</u>
Additions to property, plant and equipment	<u>3,224,851</u>	<u>957</u>	<u>-</u>	<u>-</u>

Registration No.

199201015575 (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 2021
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Cumulative 6 months ended

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> <u>segments</u> RM'000	<u>Adjustments</u> <u>and</u> <u>eliminations</u> RM'000	<u>Total</u> RM'000
<u>30 June 2021</u>					
<u>Revenue</u>					
Revenue from external customers	1,175,549	69,151	1,244,700	(5,927)	1,238,773
<u>Results</u>					
EBITDA	248,512	(37)	248,475	(5,783)	242,692
Finance costs (net)	(69,648)	(12,895)	(82,543)	5,601	(76,942)
Depreciation and amortisation	(119,148)	(12,499)	(131,647)	239	(131,408)
Profit/(loss) before tax	59,716	(25,431)	34,285	57	34,342
Tax	(9,124)	(1,227)	(10,351)	-	(10,351)
Profit/(loss) after tax	50,592	(26,658)	23,934	57	23,991
Total assets	5,718,653	536,481	6,255,134	(270,694)	5,984,440
Total liabilities	3,684,791	391,228	4,076,019	(270,760)	3,805,259
Additions to property, plant and equipment	92,699	437	93,136	-	93,136

Registration No.

199201015575 (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 2021
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Cumulative 6 months ended (continued)

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> <u>segments</u> RM'000	<u>Adjustments</u> <u>and</u> <u>eliminations</u> RM'000	<u>Total</u> RM'000
<u>30 June 2020</u>					
<u>Revenue</u>					
Revenue from external customers	1,084,964	61,595	1,146,559	(4,894)	1,141,665
<u>Results</u>					
EBITDA	262,952	6,564	269,516	(4,480)	265,036
Finance costs (net)	(68,172)	(11,972)	(80,144)	4,480	(75,664)
Depreciation and amortisation	(102,222)	(13,095)	(115,317)	-	(115,317)
Profit/(loss) before tax	92,558	(18,503)	74,055	-	74,055
Tax	(22,109)	(479)	(22,588)	-	(22,588)
Profit/(loss) after tax	70,449	(18,982)	51,467	-	51,467
Total assets	5,444,433	570,557	6,014,990	(226,547)	5,788,443
Total liabilities	3,543,799	401,608	3,945,407	(226,547)	3,718,860
Additions to property, plant and equipment	90,298	1,226	91,524	-	91,524

Registration No.

199201015575 (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 2021
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Cumulative 6 months ended (continued)

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>30 June 2021</u>				
<u>Revenue</u>				
Revenue from external customers	65,797,203	18,818	8,570	26,636
<u>Results</u>				
EBITDA	(982,517)	(281)	334	1,039
Finance costs (net)	(15,709,790)	(4,493)	(1,025)	(3,185)
Depreciation and amortisation	(5,695,804)	(1,629)	(1,801)	(5,599)
Loss before tax	(22,388,111)	(6,403)	(2,492)	(7,745)
Tax	(1,713,287)	(490)	-	-
Loss after tax	<u>(24,101,398)</u>	<u>(6,893)</u>	<u>(2,492)</u>	<u>(7,745)</u>
Total assets	<u>459,305,750</u>	<u>130,994</u>	<u>59,489</u>	<u>185,850</u>
Total liabilities	<u>91,465,638</u>	<u>26,086</u>	<u>71,284</u>	<u>222,698</u>
Additions to property, plant and equipment	<u>1,093,969</u>	<u>312</u>	<u>-</u>	<u>-</u>

Registration No.

199201015575 (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 2021
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended / 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 2020</u>				
<u>Revenue</u>				
Revenue from external customers	50,233,424	14,849	8,265	23,837
<u>Results</u>				
EBITDA	(10,984,438)	(3,247)	2,509	7,237
Finance costs (net)	(15,375,507)	(4,545)	(851)	(2,455)
Depreciation and amortisation	(5,307,848)	(1,569)	(2,008)	(5,790)
Loss before tax	(31,667,793)	(9,361)	(350)	(1,008)
Tax	(1,485,115)	(439)	(27)	(78)
Loss after tax	<u>(33,152,908)</u>	<u>(9,800)</u>	<u>(377)</u>	<u>(1,086)</u>
Total assets	<u>472,002,026</u>	<u>139,807</u>	<u>68,575</u>	<u>198,572</u>
Total liabilities	<u>104,773,801</u>	<u>31,034</u>	<u>76,661</u>	<u>221,988</u>
Additions to property, plant and equipment	<u>4,081,702</u>	<u>1,209</u>	<u>-</u>	<u>-</u>

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

	<u>30.06.2021</u>	<u>30.06.2020</u>
1 Australian Dollar		
Closing	3.1241	2.8957
Average	3.1081	2.8841
1,000 Indonesian Rupiah		
Closing	0.2852	0.2962
Average	<u>0.2860</u>	<u>0.2956</u>

Registration No.

199201015575 (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 2021
(CONTINUED)**

A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The Group's land and buildings were fully revalued as at 31 December 2020. As at period end, the Group assess whether there is an indication that the carrying values of these assets have differ 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 B6, there were no material events subsequent to the financial period ended 30 June 2021 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 2020.

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 2021 are as follows:

	RM'000
Approved by the Directors and contracted	159,349
Approved by the Directors but not contracted	153,551
	<u>312,900</u>

Analysed as follows:

Building	122,020
Medical equipment	135,223
Other property, plant and equipment	55,657
	<u>312,900</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 2021

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 period (3 months)

The Group's revenue for the current quarter of RM632.8 million was higher by RM157.0 million representing a 33% increase as compared to RM475.8 million in the corresponding quarter last year.

Malaysia

Revenue from the Group's Malaysian operations increased by RM149.1 million mainly due to the active management of selected COVID-19 cases in KPJ hospitals, providing vaccination services at 25 PPVs registered with ProtectHealth Corporation under the NIP and decanting of non-COVID-19 patients from public hospitals.

Others

The Group's Other segments which include its overseas venture and education services registered revenue of RM34.5 million representing a 33% increase from RM26.0 million reported in the same corresponding quarter last year.

The Group recorded a 4% increase in EBITDA of RM116.9 million from RM112.0 million as reported in the same period last year. The minimal increase in EBITDA has resulted to a lower profit before tax ("PBT") of RM14.2 million as compared to RM19.0 million in the same period in 2020.

Malaysia

EBITDA edged up 12% to RM120.7 million on the back of RM27.1 million in PBT representing an 8% increase from RM25.1 million recorded in the corresponding quarter last year, owing to benefit from the COVID-19 pandemic and vaccination drive across the country.

The decline is also attributable to the increasing costs of operating under the new normal alongside high provision reversal in 2020 with benefits received from PRIHATIN Economic Stimulus Package and PENJANA Economic Recovery Plan.

The quarter under review also saw an increase in patients visits to 713,917 from 532,137 in the same period last year. This increase has resulted to a 41% rise in the Malaysian's segment Bed Occupancy Rate ("BOR") from 35% in the same period last year.

Others

This segment reported a negative EBITDA of RM0.9 million and loss before tax ("LBT") of RM13.0 million against a positive EBITDA of RM6.7 million and LBT of RM6.2 million in same corresponding quarter last year, owing to negative foreign exchange of RM6.7 million.

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 2021 (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

For the six-months period ended 30 June 2021, the Group recorded revenue of RM1,238.8 million an increase of 9% as compared to RM1,141.7 million recorded for the same period last year, as detailed below:

Malaysia

Malaysia segment closed its revenue for the 6 months ended 30 June 2021 with RM1,175.5 million, 8% above RM1,085.0 million in the same period in 2020. This was achieved via the increase of patient visits at 1.4 million, a growth of 17% from 1.2 million in the same period last year.

The EBITDA and PBT were closed at RM248.5 million and RM59.7 million respectively, representing a 6% and 36% lower as compared to the same period last year at RM263.0 million and RM92.6 million respectively. Despite the increase in revenue, the operating efficiency is yet to be achieved due to high fixed costs which comprises of staff costs, maintenance costs and depreciation/amortisation and finance costs. Furthermore, the losses from new hospitals under gestation period also contributed to the lower EBITDA and PBT for the current period.

Revenue from the Group's Malaysian operations increased mainly resulting from active management of selected COVID-19 cases in KPJ hospitals, providing vaccination services at 25 PPVs registered with ProtectHealth Corporation under the NIP and decanting of non-COVID-19 patients from public hospitals. The new revenue streams have increased the activities at our group of hospitals and achieved a better performance as compared to the same period in 2020.

During this period, the Group had performed 40,236 surgery cases and 6,788 delivery cases, an increase of 9% and 16%, respectively.

As the number of COVID-19 cases increases, one of the subsidiary companies of the Group, Lablink (M) Sdn Bhd, had continued to receive high numbers of RTK and PCR tests which resulted to an increase of external revenue to RM12.2 million from RM10.3 million in the same period last 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 2021 (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 (continued)

Others

For the 6 months ended 30 June 2021, the Group's Other segments which include its overseas venture and education services registered revenue had recorded a total revenue of RM69.2 million, a 12% increase from RM61.6 million as reported in the same period in 2020.

In the reported period the two hospitals in Indonesia had recorded an increased inpatient days of 1,051 which resulted to a total revenue of RM18.8 million against RM14.8 million in the same period last year. This increase was due to higher number of COVID-19 cases.

The aged care and retirement village in Australia, Jeta Garden, recorded higher occupancy rate at 83% during the reported period as compared to 78% in the same period in 2020 which resulted to total revenue of RM26.6 million as compared to RM23.8 million.

The Group recorded EBITDA for the current quarter of RM242.7 million, a decrease of 8% as compared to RM265.0 million in the corresponding quarter last year. The Group also recorded PBT for the six-months period of RM34.3 million representing a decline 54% from RM74.1 million in the same period last year as detailed below:

Malaysia

The Malaysian operations results had decline by RM14.4 million primarily from the higher operating costs as mentioned above. The decline is also attributable to the high provision reversal in 2020 with benefits received from PRIHATIN Economic Stimulus Package and PENJANA Economic Recovery Plan.

Others

This segment reported a negative EBITDA of RM37,000 and loss before tax of RM25.4 million against a positive EBITDA of RM6.6 million and loss before tax of RM18.5 million in the same period in 2020. The loss before tax was mainly due to the loss arising from foreign currency translation of RM9.9 million.

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 2021 (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

The Group's financial position as 30 June 2021, recorded total assets worth of RM5,984.4 million 3% above RM5,788.4 million as reported as at 30 June 2020. The increase of RM196.0 million was contributed by increase in value of non-current assets, land and buildings, which were recently revalued at 31 December 2020, in line with the Groups' five years revaluation policy on its property, plant and equipment, completion of acquisition of a subsidiary, Kluang Specialist Hospital Sdn Bhd, in November 2020 and the completion the development of new hospital building for KPJ Kuching. This increase was mitigated by decrease in deposits, cash and bank balances due to the repayment of Islamic Medium Term Notes ("IMTN") amounted to RM250.0 million in April 2021. As at 30 June 2021 the group's deposits, cash and bank balances were recorded at RM265.5 million.

The Group's total liabilities as at 30 June 2021 was closed at RM3,805.3 million, 2% higher as compared to RM3,718.9 million as at 30 June 2020. The increase of RM86.4 million was due to drawdown of additional borrowing facilities, IMTN and short-term revolving credit ("STRC"), to pay for the Group's total commitment during the period.

As at 30 June 2021, the Group is in a Net Current Liabilities position due to the reclassification of non-current liabilities, IMTN, amounted to RM400.0 million as the repayment is now due within the next 12 months. In addressing the net current liabilities position of RM226.2 million (net of IMTN which will be due in April 2022) as at balance sheet date of 30 June 2021, the Group has a total of unutilised borrowing facilities totalling to RM300.0 million which can be utilised immediately.

Malaysia

As at 30 June 2021 Malaysia segment reported total assets at RM5,718.7 million 5% higher from RM5,444.4 million as at 30 June 2020. The increase were mainly from the additions of property, plant and equipment, new hospital buildings and medical equipment. Meanwhile, total liabilities as at 30 June 2021 was at RM3,684.8 million, 4% higher as compared to RM3,543.8 as at 30 June 2020.

Others

Other segment's total assets and total liabilities as at 30 June 2021 registered at RM536.5 million and RM391.2 million respectively in comparison to RM570.6 million and RM401.6 million respectively as reported in the same period in 2020. The decline of business activities in this segment along with the impairment of land at Jeta Gardens resulted in a decrease of 6% and 3%, respectively.

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 2021 (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

For the 6 months ended 30 June 2021, the net cash generated from operating activities is RM122.1 million, increased by 67% from RM73.2 million in the same period ended 30 June 2020. The increment is in line with increase in hospital activities during this period in comparison to the same period in 2020.

The cash outflow from investing activities was mainly for payment to contractors for the development projects of new hospital buildings of KPJ Penang and KPJ Puteri and the cash inflows were from a liquidation of fixed deposits placed with licensed bank amounted to RM183.5 million and dividend received from investment in an associate, Al-'Aqar Healthcare REIT, amounted to RM9.0 million.

The cash inflows from financing activities were mainly from the drawdown of borrowings amounted RM193.4 million and the cash outflows were for repayment of IMTN, payment of lease liabilities and payment of dividend to non-controlling interest amounting to RM297.8 million, RM56.5 million and RM49.0 million, respectively.

The above cash inflow and outflows has resulted to net changes of cash and cash equivalents of RM17.3 million and brings to a closing balance of to RM194.5 million as at 30 June 2021, an increase of RM20.7 million from a closing balance of RM173.8 million as reported in the same period in 2020.

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

	<u>Quarter ended</u> <u>30.06.2021</u> RM'000	<u>Quarter ended</u> <u>31.03.2021</u> RM'000	Var %
Revenue	632,829	605,944	4
Operating profit	45,094	55,110	(18)
EBITDA	116,860	125,832	(7)
Profit before tax	14,186	20,156	(30)
Net profit for the financial period	8,753	15,238	(43)
Total comprehensive income for the financial period	8,753	15,238	(43)
Profit attributable to Owners of the Company	6,958	12,976	(46)
No. of inpatient (episode)	56,438	51,541	10
No. of outpatient (episode)	702,191	661,006	6

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 2021 (CONTINUED)

B2 MATERIAL CHANGES IN QUARTERLY RESULTS (CONTINUED)

The Group recorded 4% increase in its total revenue for the current quarter at RM632.8 million against RM605.9 million in the preceding quarter with increase in number of patients at 6%. The minimal growth between quarter 1 and quarter 2 was mainly due to the surge of COVID-19 infected cases. In the second quarter ended 30 June 2021, the emergence of virus variants brought back the volatility of hospital activities despite numbers of vaccinated citizens continued to increase. On 1 June 2021, the whole country went into full lockdown for 14 days and this continued until end of the month. Despite of the surge in positive COVID-19 cases, the hospitals continued to admit COVID-19 infected patients, providing vaccination services at 25 PPVs registered with ProtectHealth Corporation under the NIP and decanting of non-COVID-19 patients from public hospitals.

In the current quarter ended 30 June 2021, Group's EBITDA of RM116.9 million and PBT of RM14.2 million reported at 7% and 30% lower than RM125.8 million and RM20.2 million as reported in the preceding quarter. The decreased in both was a result of increase in costs as the above new revenue streams were intensified in the current quarter. These activities at the hospitals resulted to additional costs, where significantly arising from drugs, medical supplies and direct manpower costs in delivering the healthcare services as required under the Standard Operating Procedures ("SOP") in providing healthcare services during this COVID-19 global pandemic. Other costs contributed to the lower PBT is the additional depreciation/amortisation costs arising from adding additional beds, new medical equipment and upgrading of facilities at some of our existing hospitals, namely, KPJ Sri Manjung and KPJ Taiping which was opened to the public in the current quarter. The high fixed costs in running a new hospitals continued to be main challenges in achieving group operational efficiency with limited revenue growth during this Movement Control Order ("MCO") period, hence disciplined and consistent cost optimisation continued to be our main focus.

B3 CURRENT YEAR PROSPECTS

KPJ will continue to operate in a challenging environment for the remaining year of 2021. The imposition of a series of MCO over an extended period due to the recent resurgence in the number of COVID-19 cases has significantly impacted the Group's operations. Although economic and business activities have resumed, restricted cross-border movements and tighter SOPs for areas under the Conditional Movement Control Order ("CMCO") continues to weigh on recovery efforts across the Group's business operations. Nevertheless, the Group will remain vigilant and focused on delivering its services whilst protecting its cash position to ensure the Group remains resilient during these unprecedented times.

A number of foundational shifts are arising from and being exacerbated by COVID-19's spread. This includes consumers' increasing involvement in their healthcare decision-making; the rapid adoption of virtual health such as telemedicine and other digital innovations; the push for interoperable data and data analytics usage; and unprecedented public-private collaborations in vaccine and therapeutics development. Amid these dynamics and as part of its transformation programme, the Group has identified key strategic focus areas over 2021 and 2022 that will shape its ability to navigate from recovering to thriving in the post-pandemic "new normal" and advance its journey in the industry.

As the healthcare ecosystem is being challenged to quickly pivot, adapt, and innovate our focus will cover greater adoption of virtual health and other digital innovations, as well as new public-private collaborations. This includes several initiatives to actively relieving pressure on public hospitals via decanting of non-COVID-19 cases and offering of more than 100 different services and procedures to the public hospitals, based on a cost recovery formula to ensure affordability.

Registration No.

199201015575 (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 2021 (CONTINUED)

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

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	<u>30.06.2021</u>	<u>30.06.2020</u>	<u>30.06.2021</u>	<u>30.06.2020</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	5,433	8,035	10,351	22,588

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 current quarter and period ended 30 June 2021 were significantly above the statutory rate mainly due to certain expenses were not deductible for tax purposes. On top of that, there were tax losses for new businesses under gestation which includes KPJ Perlis, KPJ Bandar Dato' Onn, KPJ Batu Pahat and KPJ Miri.

B6 STATUS OF CORPORATE PROPOSALS

(a) Proposal for lease renewal

The Group had on 22 June 2021 announced that it had entered into 6 separate lease renewal agreements with AmanahRaya Trustees Berhad ("ART"), being the trustee for and behalf of Al-'Aqar Healthcare REIT ("Al-'Aqar") and Damansara REIT Managers Sdn Berhad ("DRMSB"), being the manager of Al-'Aqar to renew the lease of the 6 properties ("Proposed Lease Renewal") for the following properties:

<u>Subsidiaries</u>	<u>Hospital</u>
i. Ampang Puteri Specialist Hospital Sdn Bhd	KPJ Ampang Puteri Specialist Hospital
ii. Rawang Specialist Hospital Sdn Bhd	KPJ Damansara Specialist Hospital
iii. Ipoh Specialist Hospital Sdn Bhd	KPJ Ipoh Specialist Hospital
iv. Johor Specialist Hospital Sdn Bhd	KPJ Johor Specialist Hospital
v. Pasir Gudang Specialist Hospital Sdn Bhd	KPJ Puteri Specialist Hospital
vi. Selangor Specialist Hospital Sdn Bhd	KPJ Selangor Specialist Hospital

The proposed lease renewal was approved by the shareholders in the Extraordinary General Meeting ("EGM") on 22 June 2021. The conditions in the lease agreements had been fulfilled and all the lease agreements had been signed and dated 22 June 2021, marking the completion of the proposed lease renewal. The lease agreements commenced on 30 June 2021.

Registration No.

199201015575 (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 2021 (CONTINUED)

B7 BORROWINGS

Details of the Group's borrowings are as follows:

	Current		Non-current		Total borrowings	
	Foreign	RM	Foreign	RM	Foreign	RM
	'000	'000	'000	'000	'000	'000
<u>As at 30 June 2021</u>						
Secured:						
Term loans						
- Conventional						
RM	-	2,040	-	50,603	-	52,643
AUD	3,188	9,961	64	199	3,252	10,160
- Syariah						
RM	-	79,052	-	251,290	-	330,342
USD	2,095	8,693	1,048	4,346	3,143	13,039
Hire purchase creditors						
- Conventional						
RM	-	310	-	161	-	471
- Syariah						
RM	-	14,799	-	42,650	-	57,449
Unsecured:						
Revolving credits						
- Conventional						
RM	-	50,000	-	-	-	50,000
AUD	1,854	5,794	-	-	1,854	5,794
- Syariah						
RM	-	269,000	-	-	-	269,000
Bank overdrafts						
- Conventional						
RM	-	132	-	-	-	132
- Syariah						
RM	-	18,763	-	-	-	18,763
Islamic Medium						
Term Notes						
RM	-	400,000	-	650,000	-	1,050,000
Total		<u>858,544</u>		<u>999,249</u>		<u>1,857,793</u>

Registration No.

199201015575 (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 2021 (CONTINUED)

B7 BORROWINGS (CONTINUED)

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

	Current		Non-current		Total borrowings	
	Foreign '000	RM '000	Foreign '000	RM '000	Foreign '000	RM '000
<u>As at 30 June 2020</u>						
Secured:						
Term loans						
- Conventional						
AUD	809	2,343	3,248	9,406	4,057	11,749
- Syariah						
RM	-	51,540	-	321,547	-	373,087
USD	2,182	9,482	2,545	11,056	4,727	20,538
Hire purchase creditors						
- Conventional						
RM	-	424	-	519	-	943
- Syariah						
RM	-	10,693	-	39,118	-	49,811
Unsecured:						
Revolving credits						
- Conventional						
RM	-	20,000	-	-	-	20,000
AUD	1,854	5,370	-	-	1,854	5,370
- Syariah						
RM	-	202,000	-	-	-	202,000
Bank overdrafts						
- Syariah						
RM	-	7,538	-	-	-	7,538
Islamic Medium						
Term Notes						
RM	-	250,000	-	850,000	-	1,100,000
Total		<u>559,390</u>		<u>1,231,646</u>		<u>1,791,036</u>

The key exchange rate used is as follows:

	<u>30.06.2021</u>	<u>30.06.2020</u>
1 Australian Dollar	3.1241	2.8957
1 US Dollar	4.1486	4.3450

Registration No.

199201015575 (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 2021 (CONTINUED)

B7 BORROWINGS (CONTINUED)

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

Material changes in borrowings

Increase in borrowings as at 30 June 2021 as compared to 30 June 2020 mainly due to the withdrawal of revolving credit during the current period amounted to RM182.5 million. The withdrawal will be used for the working capital. The increase in revolving credit has been offset against the repayment made on IMTN amounting to RM250 million during this quarter.

Weighted average interest rate of borrowings are as follows:

- Term loan: 4.46% p.a. (2020: 4.19% p.a.)
- Hire purchase: 2.66% p.a. (2020: 2.58% p.a.)
- Islamic Medium Term Notes: 5.23% p.a. (2020: 5.76% p.a.)
- Overdraft: 5.03% p.a. (2020: 5.18% p.a.)
- Revolving credit: 2.63% p.a. (2020: 3.20% 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

There were no dividend recommended by the Directors during the 6 months period ended 30 June 2021.

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 2021 (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>30.06.2021</u>	As at <u>30.06.2020</u>
Profit attributable to Owners of the Company (RM'000)	19,934	51,190
Weighted average number of ordinary shares in issue ('000)	4,283,767	4,279,290
Basic earnings per share (sen)	<u>0.47</u>	<u>1.20</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 period for the ESOS calculation.

	As at <u>30.06.2021</u>	As at <u>30.06.2020</u>
Profit attributable to Owners of the Company (RM'000)	19,934	51,190
Weighted average number of ordinary shares in issue ('000)	4,283,767	4,279,290
Assumed shares issued from the - exercise of ESOS ('000)	<u>172,199</u>	<u>184,121</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,455,966</u>	<u>4,463,411</u>
Diluted earnings per share (sen)	<u>0.45</u>	<u>1.15</u>