

Company No.

247079	M
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**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORTS**

**31 DECEMBER 2017**

**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORTS****FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017**

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the fourth quarter and financial year ended 31 December 2017.

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.

**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	Note	Individual Quarter			Cumulative Quarter		
		3 months ended			12 months ended		
		31.12.2017	31.12.2016	Var	31.12.2017	31.12.2016	Var
		RM'000	RM'000	%	RM'000	RM'000	%
			(Restated)		Audited	Audited	
						(Restated)	
<b>Continuing operations</b>							
Revenue	B1	833,728	736,007	13	3,179,998	2,969,603	7
Cost of sales		(566,115)	(516,235)	10	(2,214,653)	(2,084,641)	6
Gross profit		267,613	219,772	22	965,345	884,962	9
Administrative expenses		(198,769)	(156,158)	27	(731,517)	(662,723)	10
Other income		10,813	16,050	-33	26,271	29,866	-12
Operating profit		79,657	79,664	0	260,099	252,105	3
Finance income		3,851	4,763	-19	13,637	15,131	-10
Finance costs		(22,496)	(24,910)	-10	(79,950)	(80,186)	0
Finance costs - net		(18,645)	(20,147)	-7	(66,313)	(65,055)	2
Share of results of associates		16,091	6,500	148	39,540	33,647	18
Profit before zakat and tax	B2	77,103	66,017	17	233,326	220,697	6
Zakat		(973)	(2,097)	-54	(3,910)	(3,807)	3
Taxation	B5	(13,125)	(10,746)	22	(56,120)	(53,257)	5
Profit for the financial year from continuing operations		63,005	53,174	18	173,296	163,633	6

## KPJ HEALTHCARE BERHAD

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CONDENSED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

Note	Individual Quarter			Cumulative Quarter		
	3 months ended			12 months ended		
	31.12.2017	31.12.2016	Var	31.12.2017	31.12.2016	Var
	RM'000	RM'000	%	RM'000	RM'000	%
		(Restated)		Audited	Audited	
					(Restated)	
<b>Discontinued operation</b>						
(Loss) / gain for the financial year from discontinued operation	(692)	332	-308	(6,386)	(7,758)	-18
Net profit for the financial year	62,313	53,506	16	166,910	155,875	7
Other comprehensive income	6,277	15,261	-59	7,173	15,449	-54
Total comprehensive income for the financial year	68,590	68,767	0	174,083	171,324	2
<b>Profit for the financial year attributable to:</b>						
Owners of the Company from						
- continuing operations	61,317	52,002	18	165,554	153,617	8
- discontinued operation	(394)	189	-308	(3,640)	(4,422)	-18
Non-controlling interest from						
- continuing operations	1,688	1,172	44	7,742	10,016	-23
- discontinued operation	(298)	143	-308	(2,746)	(3,336)	-18
	62,313	53,506	16	166,910	155,875	7
<b>Total comprehensive income attributable to:</b>						
Owners of the Company from						
- continuing operation	67,594	67,263	0	172,727	169,066	2
- discontinued operations	(394)	189	-308	(3,640)	(4,422)	-18
Non-controlling interest from						
- continuing operations	1,688	1,172	44	7,742	10,016	-23
- discontinued operation	(298)	143	-308	(2,746)	(3,336)	-18
	68,590	68,767	0	174,083	171,324	2

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# KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

## CONDENSED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

Note	Individual Quarter 3 months ended			Cumulative Quarter 12 months ended		
	31.12.2017 RM'000	31.12.2016 RM'000 (Restated)	Var %	31.12.2017 RM'000 Audited	31.12.2016 RM'000 Audited (Restated)	Var %
<b>Dividend per share (sen) *</b>	0.40	0.38	5	1.78	1.64	9
<b>Earnings per share attributable to Owners of the Company:*</b>						
Basic (sen) from						
- continuing operations	1.37	1.17		3.78	3.53	
- discontinued operation	0.00	0.01		(0.08)	(0.10)	
Diluted (sen) from						
- continuing operations	1.21	1.03		3.32	3.08	
- discontinued operation	0.00	0.00		(0.07)	(0.09)	

\* The comparative figure was recomputed based on the enlarged number of ordinary shares in issue after the share split exercise which was completed on 27 September 2017.

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

AUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017

	<u>Note</u>	<u>31.12.2017</u> RM'000	<u>31.12.2016</u> RM'000
<b><u>ASSETS</u></b>			
<b><u>Non-current assets</u></b>			
Property, plant and equipment	A9	2,206,013	1,966,535
Investment properties		274,205	280,436
Intangible assets		239,437	245,567
Investment in associates		405,984	391,540
Available-for-sale financial assets		4,678	2,146
Deferred tax assets		24,682	18,757
Trade and other receivables		-	34,621
		<u>3,154,999</u>	<u>2,939,602</u>
<b><u>Current assets</u></b>			
Inventories		51,084	47,119
Trade and other receivables		624,896	555,518
Tax recoverable		28,560	33,861
Deposit, cash and bank balances		200,542	359,399
		<u>905,082</u>	<u>995,897</u>
Assets held for sale		<u>173,827</u>	<u>-</u>
		<u>1,078,909</u>	<u>995,897</u>
Total assets		<u><u>4,233,908</u></u>	<u><u>3,935,499</u></u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>Current liabilities</u></b>			
Trade and other payables		452,847	490,922
Current tax liabilities		6,896	12,047
Borrowings	B7	350,369	333,445
Deferred revenue		68,464	76,804
Dividends payable		-	15,720
		<u>878,576</u>	<u>928,938</u>
Liabilities associated with assets held for sale		<u>190,564</u>	<u>-</u>
		<u>1,069,140</u>	<u>928,938</u>
Net current assets		<u>9,769</u>	<u>66,959</u>

## KPJ HEALTHCARE BERHAD

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AUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017 (CONTINUED)

	<u>Note</u>	<u>31.12.2017</u> RM'000	<u>31.12.2016</u> RM'000
<u>Non-current liabilities</u>			
Trade and other payables		30,299	-
Borrowings	B7	1,242,340	1,242,313
Deferred tax liabilities		60,206	63,041
Provision for retirement benefits		2,616	2,548
Deposits		14,096	13,930
		<u>1,349,557</u>	<u>1,321,832</u>
Total liabilities		<u>2,418,697</u>	<u>2,250,770</u>
Net assets		<u>1,815,211</u>	<u>1,684,729</u>
<u>Equity attributable to Owners of the Company</u>			
Share capital	A6	736,069	531,784
Share premium		-	178,141
Less: Treasury shares		(55,411)	(54,777)
Reserves		1,046,137	939,940
		<u>1,726,795</u>	<u>1,595,088</u>
Non-controlling interest		88,416	89,641
Total equity		<u>1,815,211</u>	<u>1,684,729</u>
Total equity and liabilities		<u>4,233,908</u>	<u>3,935,499</u>
<u>Net assets per share attributable to Owners of the Company (RM) *</u>			
		<u>0.40</u>	<u>0.37</u>

\* The comparative figure was recomputed based on the enlarged number of ordinary shares in issue after the share split exercise which was completed on 27 September 2017.

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## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### AUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Non-distributable									Distributable		Non-controlling interest	Total equity
	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	Revaluation reserve RM'000	Retained earnings RM'000	Total 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
Net profit for the financial year	-	-	-	-	-	-	-	-	-	161,914	161,914	4,996	166,910
Other comprehensive income:													
Currency translation of foreign subsidiaries	-	-	-	-	-	-	-	(3,035)	-	-	(3,035)	-	(3,035)
Revaluation surplus	-	-	-	-	-	-	-	-	10,208	-	10,208	-	10,208
Total other comprehensive income	-	-	-	-	-	-	-	(3,035)	10,208	-	7,173	-	7,173
Transactions with Owners:													
Issue of shares:													
- Warrants	167	730	1	-	(61)	-	-	-	-	-	670	-	670
- ESOS	7,207	24,075	1,338	-	-	(1,324)	-	-	-	-	24,089	-	24,089
- Share buy-back	-	-	-	(634)	-	-	-	-	-	-	(634)	-	(634)
	7,374	24,805	1,339	(634)	(61)	(1,324)	-	-	-	-	24,125	-	24,125
Subdivision of shares	3,210,470	-	-	-	-	-	-	-	-	-	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(74,676)	(74,676)	-	(74,676)
ESOS expenses during the year	-	-	-	-	-	13,171	-	-	-	-	13,171	-	13,171
Lapsed ESOS	-	-	-	-	-	(769)	-	-	-	769	-	-	-
Dividends paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(6,221)	(6,221)
Total transactions with Owners	3,217,844	24,805	1,339	(634)	(61)	11,078	-	-	-	(73,907)	(37,380)	(6,221)	(43,601)
Transfer pursuant to S618 of CA 2016*	-	179,480	(179,480)	-	-	-	-	-	-	-	-	-	-
At 31 December 2017	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

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

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## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

AUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Issued and fully paid ordinary shares of RM0.50 each									Non-distributable	Distributable		
	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	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2016	1,054,493	527,246	147,827	(54,777)	31,693	24,496	(3,367)	(2,028)	105,914	694,579	1,471,583	88,442	1,560,025
Net profit for the financial year	-	-	-	-	-	-	-	-	-	149,195	149,195	6,680	155,875
Other comprehensive income:													
Translation of foreign subsidiaries	-	-	-	-	-	-	-	(71)	-	-	(71)	-	(71)
Revaluation surplus	-	-	-	-	-	-	-	-	15,520	-	15,520	-	15,520
Reclassification to associates	-	-	-	-	-	-	-	-	(33,572)	-	(33,572)	-	(33,572)
Total other comprehensive income	-	-	-	-	-	-	-	(71)	(18,052)	-	(18,123)	-	(18,123)
Transactions with Owners:													
Issue of shares:													
- Warrants	1	1	1	-	(1)	-	-	-	-	-	1	-	1
- ESOS	9,075	4,537	30,313	-	-	(1,815)	-	-	-	-	33,035	-	33,035
	9,076	4,538	30,314	-	(1)	(1,815)	-	-	-	-	33,036	-	33,036
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(68,421)	(68,421)	-	(68,421)
ESOS expenses during the financial year	-	-	-	-	-	27,818	-	-	-	-	27,818	-	27,818
Lapsed ESOS	-	-	-	-	-	(388)	-	-	-	388	-	-	-
Dividends paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(5,481)	(5,481)
Total transactions with Owners	9,076	4,538	30,314	-	(1)	25,615	-	-	-	(68,033)	(7,567)	(5,481)	(13,048)
At 31 December 2016	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



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

**AUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	<u>31.12.2017</u> RM'000	<u>31.12.2016</u> RM'000
<b>OPERATING ACTIVITIES</b>		
Profit before zakat and tax		
- continuing operations	233,326	220,697
- discontinued operation	(8,050)	(10,526)
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Profit before zakat and tax	225,276	210,171
Adjustments for:		
Share of results of associates	(39,540)	(33,647)
Finance income	(13,948)	(16,298)
Finance costs	82,260	83,137
Trade receivables		
- Impairment	15,484	11,113
- Reversal of impairment	(1,682)	(957)
Impairment of goodwill	-	16,356
Share based payments	13,171	27,818
(Gain)/loss on fair value on investment properties	(2,313)	92
Gain on disposal of shares in associates (net)	(1,524)	(13,960)
Property, plant and equipment		
- Depreciation	127,875	129,874
- Written-off	12	10,398
- Gain on disposal	614	(9,886)
Inventories written off	213	186
Amortisation of software development expenditure	3,090	2,145
	<hr/>	<hr/>
Operating profit before changes in working capital	408,988	416,542
Changes in working capital:		
Inventories	(4,178)	748
Receivables	(61,017)	(46,459)
Payables	131,264	(146,766)
Deferred revenue	(8,340)	(2,045)
	<hr/>	<hr/>
Cash flows generated from operations	466,717	222,020
Zakat paid	(3,910)	(3,807)
Income tax refund	2,187	8,907
Income tax paid	(68,477)	(83,898)
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Net cash generated from operating activities	396,517	143,222
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## KPJ HEALTHCARE BERHAD

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AUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

	31.12.2017 RM'000	31.12.2016 RM'000
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(450,796)	(258,035)
Additions to intangible assets	(9,288)	(11,942)
Purchase of available-for-sale financial assets	(2,532)	(1,864)
Proceeds from disposal of property, plant and equipment	2,061	23,195
Acquisition of subsidiaries, net of cash acquired	-	69
Proceeds from sale of interest in subsidiaries	-	254
Proceeds from disposal of shares in associates	8,739	75,101
Interest received	13,948	16,298
(Increase)/decrease in deposits with licensed banks with maturity of more than 3 months	(4,941)	2,519
Dividends received from associates	23,390	22,889
Net cash used in investing activities	<u>(419,419)</u>	<u>(131,516)</u>
<b>FINANCING ACTIVITIES</b>		
Grant income received	2,731	5,467
Dividends paid to non-controlling interests	(6,221)	(5,481)
Issue of shares:		
- Warrants	670	1
- ESOS	24,089	33,035
- Shares buy back	(634)	-
Bank borrowings		
- Drawdown	118,837	164,386
- Repayment	(102,666)	(132,208)
Interest paid	(82,260)	(83,137)
Dividend paid to shareholders	(90,396)	(70,882)
Designated account	3,001	(474)
Net cash used in financing activities	<u>(132,849)</u>	<u>(89,293)</u>
Net changes in cash and cash equivalents	(155,751)	(77,587)
Currency translation differences	5,473	275
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>335,125</u>	<u>412,437</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u><u>184,847</u></u>	<u><u>335,125</u></u>

## KPJ HEALTHCARE BERHAD

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AUDITED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)NON-CASH TRANSACTIONS

	At 1.1.2017 RM'000	Non – cash movement			At 31.12.2017 RM'000
		Cash flows RM'000	Foreign exchange movement RM'000	New leases RM'000	
Current borrowings	320,832	28,820	(4,546)	3,169	348,275
Non-current borrowings	1,242,313	(12,649)	-	12,676	1,242,340
	<u>1,563,145</u>	<u>16,171</u>	<u>(4,546)</u>	<u>15,845</u>	<u>1,590,615</u>
Cash and cash equivalents (other than bank overdraft)	(347,738)	170,838	(10,041)	-	(186,941)
Bank overdrafts	12,613	(10,519)	-	-	2,094
	<u>(335,125)</u>	<u>160,319</u>	<u>(10,041)</u>	<u>-</u>	<u>(184,847)</u>
	<u>1,228,020</u>	<u>176,490</u>	<u>(14,587)</u>	<u>15,845</u>	<u>1,405,768</u>

**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER  
2017****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 2017:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative'
- Amendments to MFRS 112 'Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses'
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 12 'Disclosures of Interests in Other Entities'

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

Standards that have been issued but not yet effective

The Group did not early adopt these new standards.

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement".
- Amendments to MFRS 9 'Prepayment features with negative compensation' (effective 1 January 2019).
- MFRS 15 'Revenue from contracts with customers' and 'Clarifications to MFRS 15' (effective from 1 January 2018).
- Amendments to MFRS 128 'Investment in Associates and Joint Ventures' (effective from 1 January 2018).
- Amendments to MFRS 140 "Classification on 'Change in Use' – Assets transferred to, or from, Investment Properties" (effective from 1 January 2018).
- IC Interpretation 22 'Foreign currency translations and Advance Consideration' (effective from 1 January 2018).
- MFRS 16 'Leases' (effective from 1 January 2019).
- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019)
- Annual Improvements to MFRSs 2015 – 2017 Cycle

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER  
2017 (CONTINUED)****A1 BASIS OF PREPARATION (CONTINUED)**Standards that have been issued but not yet effective (continued)

Management has assessed the impact of MFRS 9 and MFRS 15 to the financial statements of the Group.

For the MFRS 9, management expects a small increase in the loss allowance for its trade debtors from the adoption of the new standard on 1 January 2018. Meanwhile, the Group's equity instruments that are currently classified as available-for-sale and its accounting for financial liabilities will have no impact on the adoption of the new standard.

As for the MFRS 15, management has identified following areas that may be affected following the adoption of the new standard:

- Recognition of revenue derives from new customers with no historical records. The standard permits recognition of revenue, if it is probable that consideration may be received. Without historical information, revenue recognised from this group of customer may only be recognised upon receipts of payment. This will result in non-recognition of revenue despite services have been rendered.
- Recognition of revenue from packages. For this group of customer, revenue were recognised upon services rendered. However, MFRS 15 requires allocation of transaction prices to performance obligation ("PO") after discounts and resulted in revenue being accrued for PO yet to be satisfied. The accrued revenue recognised monthly may be reduced after reflecting the elements of discounts as required by the new standards.
- Presentation of contract assets and contract liabilities in the Statements of Financial Position. MFRS 15 requires separate presentation of contract assets and contract liabilities in the Statements of Financial Position. This will result in some reclassifications as of 1 January 2018 in relation to contract with agents for bringing customers to hospitals (Contract Asset) and contract liabilities in relation to POs yet to be satisfied.

**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 year under review.

**KPJ HEALTHCARE BERHAD**

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER  
2017 (CONTINUED)****A5 CHANGE IN ACCOUNTING ESTIMATES**

There is no change in the estimates of amounts reported in prior financial years that has a material effect in the current financial year 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 financial year under review, except the followings:

**EQUITY SECURITIES****i. Treasury shares**

On 20 April 2017, 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.

During the financial year, the Company repurchased 687,000 ordinary shares of its issued share capital from the open market at an average price of RM0.92 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 31 December 2017, the Company held a total of 63,047,000 of its 4,281,413,272 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM55,411,213.

**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 RM1.0025 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.

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
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2017 (CONTINUED)****A6 DEBT AND EQUITY SECURITIES (CONTINUED)****EQUITY SECURITIES (CONTINUED)****iii. Employees Share Option Scheme (ESOS)**

An Employees Share Option Scheme ("ESOS") was implemented on 27 February 2015 for the benefit of senior executives and certain employees of the Company. The ESOS shall be in-force for a period of 5 years. The fair value of each share option on the grant date 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 2016, 27 February 2017, 27 February 2017, 27 February 2018 and 27 February 2019. The vesting condition is that the offeree must be an employee or director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates. The options expire on 27 February 2020.

During the year, the Company offered additional ESOS to eligible employees. The fair value of additional ESOS issued during the year is RM1.01 and the exercise price is RM3.64 (2016: 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, while fair value is now RM0.25

**iv. Subdivision of shares (Chapter 13 of Listing Requirements)**

On 20 April 2017, the Company proposed to undertake a share split involving the subdivision of every 1 ordinary share in KPJ into 4 ordinary shares in KPJ held on an entitlement date to be determined and announced later.

On 8 June 2017, Bursa Malaysia Securities Berhad ("Bursa Malaysia") had vide its letter approved the following:-

1. Proposed share split ;
2. Listing of and quotation of up to 259,725,882 additional warrants to be issued pursuant to the adjustments arising from the proposed share split ; and
3. Listing of and quotation of up to 259,725,882 new KPJ Shares to be issued arising from the exercise of additional warrants.

On 3 July 2017, Bursa Malaysia had vide its letter, resolved to grant the Company an extension of time up to 4 August 2017 to issue the circular to shareholders in relation to the proposed share split.

On 2 August 2017, a circular in relation to the proposed share split has been issued to shareholders and Extraordinary General Meeting ("EGM") scheduled on 24 August 2017. The proposal has been approved at the said EGM.

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A NOTES TO THE INTERIM FINANCIAL REPORT  
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2017 (CONTINUED)

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

EQUITY SECURITIES (CONTINUED)

iv. Subdivision of shares (Chapter 13 of Listing Requirements) (continued)

On 26 September 2017, the subdivision of shares has taken place on the entitlement date as at 5.00 p.m. on 26 September 2017, based on the following:-

1. 1,070,156,823 ordinary shares in KPJ will be subdivided into 4,280,627,292 ordinary shares in KPJ; and
2. 259,226,010 additional of warrants will be issued.

On 27 September 2017, the Company announced that the subdivision has been completed following the listing of and quotation for 4,280,627,292 subdivided shares and 259,226,010 additional warrants on the Main Market of Bursa Malaysia with effect from 9.00 a.m. on Wednesday, 27 September 2017.

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

	<u>31.12.2017</u>	<u>31.12.2017</u>
	Number of shares ('000)	RM'000
At start of the financial year	1,063,569	531,784
Issued during the financial year		
- exercise of Free warrants (1 free warrant for every 15 shares) (Refer A6 (ii))	167	730
- exercise of ESOS	7,207	24,075
- subdivision of shares	3,210,470	-
Transfer from share premium pursuant to S618 of CA 2016 *	-	179,480
At end of financial year	<u>4,281,413</u>	<u>736,069</u>

\* Pursuant to Section 618 of the Companies Act 2016, any outstanding Share Premium accounts shall become part of Ordinary Share Capital.



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2017 (CONTINUED)****A7 DIVIDENDS**

In respect of the financial year ended 31 December 2017, the Directors declared:

- (i) First interim single tier dividend of 2.20 sen per share on 1,048,780,787 ordinary shares amounting to RM23,073,175. The dividend was declared on 22 February 2017 and was fully paid on 28 April 2017. On 27 September 2017 the proposed sub division of shares was completed and resulted in number of shares increasing from 1,070,156,823 to 4,280,627,292 hence the restated dividend per share based on the larger number of share is 0.55 sen per share.
- (ii) Second interim single tier dividend of 1.80 sen per share on 1,050,642,255 ordinary shares amounting to RM18,911,560. The dividend was declared on 26 May 2017 and was fully paid on 21 July 2017. On 27 September 2017 the proposed sub division of shares was completed and resulted in number of shares increasing from 1,070,156,823 to 4,280,627,292 hence the restated dividend per share based on the larger number of share is 0.45 sen per share.
- (iii) Third interim single tier dividend of 1.50 sen per share on 1,054,566,823 ordinary shares amounting to RM15,818,499. The dividend was declared on 24 August 2017 and was fully paid on 12 October 2017. On 27 September 2017 the proposed sub division of shares was completed and resulted in number of shares increasing from 1,070,156,823 to 4,280,627,292 hence the restated dividend per share based on the larger number of share is 0.38 sen per share.
- (iv) Fourth interim single tier dividend of 0.40 sen per share on 4,218,227,992 ordinary shares amounting to RM16,872,909. The dividend was declared on 23 November 2017 and was fully paid on 22 December 2017.

**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.

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2017 (CONTINUED)**

**A8 SEGMENT REPORTING (CONTINUED)**

Individual quarter 3 months ended

	<u>Continuing operations</u>			<u>Discontinued operation</u>	
	<u>Malaysia</u>	<u>Others</u>	<u>Sub-total</u>	<u>Australia</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>31 December 2017</u>					
<u>Revenue</u>					
Revenue from external customers	806,063	27,665	833,728	10,949	844,677
<u>Results</u>					
EBITDA*	133,785	(9,789)	123,996	584	124,580
Profit/(loss) before zakat and tax	90,219	(13,116)	77,103	(2,356)	74,747
Total assets	3,747,427	312,654	4,060,081	173,827	4,233,908
Total liabilities	2,143,915	84,218	2,228,133	190,564	2,418,697
Additions to property, plant and equipment	193,478	1,723	195,201	-	195,201
<u>31 December 2016</u>					
<u>Revenue</u>					
Revenue from external customers	699,175	36,832	736,007	8,978	744,985
<u>Results</u>					
EBITDA*	114,315	10,710	125,025	1,322	126,347
Profit/(loss) before zakat and tax	58,950	7,067	66,017	(2,436)	63,581
Total assets	3,322,014	417,035	3,739,049	196,450	3,935,499
Total liabilities	1,683,370	358,270	2,041,640	209,130	2,250,770
Additions to property, plant and equipment	59,841	5,890	65,731	-	65,731

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
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2017 (CONTINUED)**

**A8 SEGMENT REPORTING (CONTINUED)**

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

Individual quarter 3 months ended

	<u>Indonesia</u> IDR'000	<u>Indonesia</u> RM'000	<u>Australia</u> AUD'000	<u>Australia</u> RM'000
<u>31 December 2017</u>				
<u>Revenue</u>				
Revenue from external customers	22,215,457	11,217	3,458	10,949
<u>Results</u>				
EBITDA*	(21,790,978)	(7,094)	284	584
(Loss) before zakat and tax	(29,953,224)	(8,965)	(744)	(2,356)
Total assets	434,005,964	129,898	54,892	173,827
Total liabilities	149,219,480	47,037	60,177	190,564
Additions to property, plant and equipment	805,298	208	-	-
<u>31 December 2016</u>				
<u>Revenue</u>				
Revenue from external customers	35,601,174	20,295	1,977	8,978
<u>Results</u>				
EBITDA*	23,920,694	8,239	418	1,322
Profit/(loss) before zakat and tax	18,784,775	6,149	(769)	(2,436)
Total assets	214,425,960	70,761	60,813	196,450
Total liabilities	249,861,691	86,057	64,566	209,130
Additions to property, plant and equipment	6,658,983	2,348	-	-

**KPJ HEALTHCARE BERHAD**  
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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER  
2017 (CONTINUED)**

**A8 SEGMENT REPORTING (CONTINUED)**

Cumulative 12 months ended

	<u>Continuing operations</u>			<u>Discontinued operation</u>	
	<u>Malaysia</u>	<u>Others</u>	<u>Sub-total</u>	<u>Australia</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>31 December 2017</u>					
<u>Revenue</u>					
Revenue from external customers	3,071,356	108,642	3,179,998	54,816	3,234,814
<u>Results</u>					
EBITDA*	444,871	(3,240)	441,631	(3,130)	438,501
Profit/(loss) before zakat and tax	249,206	(15,880)	233,326	(8,050)	225,276
Total assets	3,747,427	312,654	4,060,081	173,827	4,233,908
Total liabilities	2,143,915	84,218	2,228,133	190,564	2,418,697
Additions to property, plant and equipment	461,099	5,524	466,623	18	466,641
<u>31 December 2016</u>					
<u>Revenue</u>					
Revenue from external customers	2,855,588	114,015	2,969,603	51,491	3,021,094
<u>Results</u>					
EBITDA*	411,728	18,431	430,159	(4,832)	425,327
Profit/(loss) before zakat and tax	214,242	6,455	220,697	(10,526)	210,171
Total assets	3,322,014	417,035	3,739,049	196,450	3,935,499
Total liabilities	1,683,370	358,270	2,041,640	209,130	2,250,770
Additions to property, plant and equipment	247,776	8,773	256,549	4,376	260,925

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A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER  
2017 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

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

Cumulative 12 months ended

	<u>Indonesia</u> IDR'000	<u>Indonesia</u> RM'000	<u>Australia</u> AUD'000	<u>Australia</u> RM'000
<u>31 December 2017</u>				
<u>Revenue</u>				
Revenue from external customers	155,151,800	48,811	17,310	54,816
<u>Results</u>				
EBITDA*	(347,477)	(104)	(988)	(3,130)
(Loss) before zakat and tax	(25,756,766)	(7,709)	(2,542)	(8,050)
Total assets	434,005,964	129,898	54,892	173,827
Total liabilities	149,219,480	47,037	60,177	190,564
Additions to property, plant and equipment	1,881,056	563	6	18
<u>31 December 2016</u>				
<u>Revenue</u>				
Revenue from external customers	185,836,797	59,561	16,171	51,491
<u>Results</u>				
EBITDA*	47,105,278	15,097	(1,518)	(4,832)
Profit/(loss) before zakat and tax	24,001,137	7,692	(3,306)	(10,527)
Total assets	214,425,960	70,761	62,036	196,450
Total liabilities	249,861,691	86,057	64,566	209,130
Additions to property, plant and equipment	11,060,606	3,650	1,351	4,376

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

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER  
2017 (CONTINUED)****A8 SEGMENT REPORTING (CONTINUED)**

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

	<u>31.12.2017</u>	<u>31.12.2016</u>
1 Australian Dollar		
Closing	3.1667	3.2390
Average	3.2028	3.1842
1,000 Indonesian Rupiah		
Closing	0.2993	0.3300
Average	<u>0.3146</u>	<u>0.3205</u>

**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 YEAR**

Except as stated in note B6, there were no material events subsequent to the financial year ended 31 December 2017 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 year.

**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.

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER  
2017 (CONTINUED)****A14 CAPITAL COMMITMENTS**

Capital expenditures not provided for in the interim financial report as at 31 December 2017 are as follows:

	RM'000
Approved and contracted	187,065
Approved but not contracted	273,337
	<hr/> 460,402 <hr/>

Analysed as follows:

Buildings	314,490
Medical equipment	111,993
Other property, plant and equipment	33,919
	<hr/> 460,402 <hr/>

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING  
REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR  
ENDED 31 DECEMBER 2017****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 statement 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 31 December 2017 was RM833.7 million, an increase of 13% as compared to RM736.0 million in the corresponding quarter of the preceding year. The profit before zakat and tax for the 3 months ended 31 December 2017 was recorded at RM77.1 million, increased by 17% from RM66.0 million in 2016.

Segment : Continuing operationsMalaysia

The Malaysia segment continues to excel, reported a revenue of RM806.1 million, an increase of 15% from RM699.2 million in the corresponding quarter of the preceding year. The revenue for the current quarter was higher mainly contributed by the increase in number of patient episodes and complex cases per inpatient in line with more promotional activities and healthcare tourism effort during the year.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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)

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

Segment : Continuing operations (continued)

## Malaysia (continued)

During the last financial year, the Group continued to record revenue growth arising from the new hospitals within the Group, such as KPJ Klang, KPJ Rawang, KPJ Pasir Gudang, KPJ Bandar Maharani and KPJ Pahang. A total of 25 new consultants from various disciplines joined the Group which contributed to an increase of 8% for its inpatient and outpatient treated at our hospitals. This is evident by the increase in profit before zakat and tax that has increased from RM59.0 million in the fourth quarter of 2016 to RM90.2 million in the same quarter in 2017.

## Others

Revenue for this quarter from this segment was reported at RM27.7 million, a decrease from RM36.8 million mainly contributed by the Indonesian operations. The Indonesian operations reported a decrease of 45% in revenue in current quarter that stands at RM11.2 million as compared to the revenue of RM20.3 million in the preceding year. The decrease was mainly contributed by lower number of patients, particularly for Rumah Sakit Medika Permata Hijau, and also due to appreciation of Malaysian Ringgit towards end of the year has resulted to increase in foreign exchange loss. EBITDA for this Indonesian operation is reported at negative RM7.1 million, 187% decreased as compared to positive EBITDA of RM8.2 million reported in the corresponding quarter of the preceding year.

The decrease in revenue recorded by Indonesian operations was off set with the increase in KPJ University College and KPJ Dhaka. In 2017, 3 new programmes have been approved by the Ministry of Higher Education (MOHE) Malaysia which intake commenced in September 2017. Loss before zakat and tax incurred during this period for this segment which stands at RM13.1 million as compared to profit of RM7.1 million during the same period in 2016 was mainly contributed by foreign exchange losses from KPJ Dhaka due to appreciation of Malaysian Ringgit.

Segment : Discontinued operation

## Australia

Revenue from Australia segment was reported at RM10.9 million, increased by 21% as compared to revenue in the corresponding quarter of the preceding year which was reported at RM9.0 million. However, this segment reported a decrease of more than 100% in EBITDA during this quarter, which currently stands at negative EBITDA of RM0.6 million, as compared to RM1.3 million in the corresponding quarter of the preceding year. This is mainly due to higher operational cost incurred by Jeta Gardens, as well as foreign exchange loss due to appreciation of Malaysian Ringgit against the Australian Dollar.



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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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 statement of comprehensive income for current financial year compared to prior financial year (12 months)

Group

The Group's revenue for the current period ended 31 December 2017 was RM3,180.0 million, an increase of 7% as compared to RM2,969.6 million in the corresponding period of the preceding year. The profit before zakat and tax for the 12 months ended 31 December 2017 was recorded at RM233.3 million, an increase of 6% from RM220.7 million in 2016 in line with the increased in revenue.

Segment : Continuing operations

Malaysia

The Malaysia segment reported revenue of RM3,071.4 million increase by 8% from RM2,855.6 million in the same period in 2016. The revenue for the current year was higher as compared to last year mainly contributed by the increase in number of episodes and complex cases per inpatient, in line with more promotional activities and healthcare tourism effort. During the year, a total of 25 new consultants from various disciplines joined the Group which contributed to an increase of 3% for numbers of inpatient and outpatient treated at our hospitals, with number of surgery cases increased to more than 92,000.

In 2017, the new hospitals within the Group, such as KPJ Klang, KPJ Rawang, KPJ Pasir Gudang, KPJ Bandar Maharani and KPJ Pahang has shown tremendous improvement and contributed significantly to the Group's revenue growth. This has resulted to an increase in profit before zakat and tax by 16% from RM214.2 million in financial year ended 2016 to RM249.2 million in 2017.

Others

Revenue from other segment reported a decrease from RM114.0 million in 2016 to RM108.6 million in 2017, mainly due to the Indonesian operations. The Indonesian operations reported a decrease of 18% in revenue of RM48.8 million as compared to the revenue of RM59.6 million in the preceding year with huge decrease in EBITDA at RM0.1 million, as compared to EBITDA of RM15.1 million reported in the corresponding period of the preceding year, mainly contributed by lower number of patients, particularly for Rumah Sakit Medika Permata Hijau, and also due to appreciation of Malaysian Ringgit towards end of the year has resulted to increase in foreign exchange loss.

The decrease in Indonesian operations is off setted with the increase in revenue recorded by KPJ University College and KPJ Dhaka. In 2017, 3 new programmes have been approved by the Ministry of Higher Education (MOHE) Malaysia and which intake commenced in September 2017.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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 statement of comprehensive income for current financial year compared to prior financial year (12 months) (continued)

Segment : Continuing operations (continued)

Others (continued)

KPJ Dhaka is still going through its gestation period, its performance in year 3 recorded revenue increase of 57% from RM7.5 million to RM11.8 million, as a result of number of consultants increased from 17 to 24. Loss before zakat and tax incurred during this period, which stands at RM4.2 million as compared to profit of RM3.2 million during the period in 2016 was due to its expanding activities which is yet to be cost efficient as well as due to the appreciation of Malaysian Ringgit towards US Dollar.

Segment : Discontinued operation

Australia

Revenue from Australia segment was reported at RM54.8 million, increased by 6% as compared to revenue in the corresponding period of the preceding year which was reported at RM51.5 million. This segment reported a negative EBITDA of RM3.1 million, an improvement of 35% as compared to the negative EBITDA of RM4.8 million reported in the corresponding period of the preceding year.

c. Review on statement of financial position for current financial period compared to prior financial period (12 months)

Group

The Group's total assets as at 31 December 2017 was RM4,233.9 million, an increase of 8% as compared to RM3,935.5 million as at 31 December 2016. In line with the increment, the Group's total liabilities as at 31 December 2017 was RM2,418.7 million increased by 7% as compared to RM2,250.8 million as at 31 December 2016.

Segment : Continuing operations

Malaysia

Total assets from Malaysia segment was reported at RM3,747.4 million, an increase of 13% in comparison to RM3,322.0 million as at 31 December 2016. The increment was mainly attributable to the increase in property, plant and equipment by RM461.1 million arising from soon-to-be opened hospitals, which are currently under construction and expansion project for existing hospitals.

Total liabilities from this segment was reported at RM2,143.9 million increased by 27% in comparison to RM1,683.4 million as at 31 December 2016. While the increased in liabilities was due by the increment of construction costs incurred during the financial year.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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 statement of financial position for current financial period compared to prior financial period (12 months) (continued)

Segment : Continuing operations

Others

Total assets mainly contributed by the assets belonged to Indonesian operations, which was reported at RM129.9 million increased by 83% in comparison to RM70.8 million as at 31 December 2016. The increase was also due to increase in property, plant and equipment and receivables during the year.

Total liabilities from Indonesia operations was reported at RM47.0 million decreased by 45% in comparison to RM86.1 million as at 31 December 2016, due to decrease in borrowings arising from repayment of the loan during the period.

There are also decrease in bank balance and trade receivables balances for KPJ University College and MCHM (fka KFCH College) from RM346.3 million in 2016 to RM182.8 million in 2017.

Segment : Discontinued operation

Australia

The Australia segment reported total assets of RM173.8 million, a decrease of 12% as compared to RM196.5 million recorded as at 31 December 2016, due to disposal of their available-for-sale investments by piecemeal throughout the year. The segment reported the total liabilities of RM190.6 million increase, represents decrease of 9% compared to RM209.1 million recorded as at 31 December 2016.

d. Review on statement of cash flows for current financial period compared to prior financial period (12 months)

Group

The statement of cash flows recorded an increase of cash inflow of more than 100% from its operating activities from RM141.2 million to RM396.5 million. The increase is supported by the revenue growth and efficient management of inventories and trade receivables.

A total of RM419.4 million was used in investing activities in 2017 to develop new hospitals. The development of KPJ Perlis, KPJ Bandar Dato' Onn, KPJ BDC and KPJ Miri are expected to be completed in year 2018 and 2019.

Net cash used in financing activities was higher than the previous financial year due to fourth quarter dividend was paid in December 2017 whilst for 2016 amount was paid in January 2017.

Company No.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**B2 MATERIAL CHANGES IN QUARTERLY RESULTS**

	<u>Quarter ended 31.12.2017</u>			<u>Quarter ended 30.09.2017</u>			
	Continuing	Discontinued	Total	Continuing	Discontinued	Total	Var
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	%
Revenue	833,728	10,949	844,677	788,433	14,770	803,203	5
Operating profit	79,657	738	80,395	54,873	(1,678)	53,195	51
Profit before zakat and tax	77,103	(2,356)	74,747	50,940	(583)	50,357	48
Net profit for the financial period	63,005	(692)	62,313	33,672	(583)	33,089	88
Total comprehensive income for the financial year	69,282	(692)	68,590	33,672	(583)	33,089	107
EBITDA	123,996	584	124,580	105,254	(8)	105,246	18
Profit attributable to Owners of the Company	61,317	(394)	60,923	30,887	(332)	30,555	99
No. of inpatient (episode)	73,680	-	73,680	71,479	-	71,479	3
No. of outpatient (episode)	645,662	-	645,662	618,980	-	618,980	4

Revenue during the current quarter for continuing operations was recorded at RM833.7 million, 6% increased as compared to the revenue in preceding quarter of RM788.4 million. The increase was largely contributed by the increase in number of outpatients and inpatients. As for discontinued operation, the revenue shows a 26% decreased from RM14.8 million in preceding quarter to RM10.9 million in current quarter. As a total, the revenue earned in this quarter shows a 5% improvement as compared to the preceding quarter.

EBITDA for continuing operations for this quarter had shown an improvement as compared to the preceding quarter to RM124.0 million from RM105.3 million in line with the increase in revenue. This improvement was contributed by increase in number of patient visits at the hospitals. EBITDA for discontinued operation have significantly improved during this quarter, mainly contributed by the increment of interest charged as compared to the preceding quarter.

Profit before zakat and tax for continuing operations for current quarter had also increased by 51%, which had been closed at RM77.1 million as compared to RM50.9 million in the preceding quarter. The good performance for the current quarter was contributed by the margin improvement of hospitals within the Group specifically from the new hospitals. The loss incurred by discontinued operation, on the other hand, has increased due to higher operational costs incurred at the year end, as well as appreciation of Malaysian Ringgit against the Australian Dollar towards end of 2017.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)****B3 CURRENT YEAR PROSPECTS**Group

For the financial year ending 31 December 2018, the Group will continue to improve its performance and confident that the revenue of already matured and maturing hospitals from Malaysia segment will continue to grow in tandem with increasing demand from the public through healthcare awareness and health tourism promotional activities.

The Group recognises that rising in cost will continue to be our challenges in 2018, hence in ensuring consistent improvement of EBITDA and PBZT margin the Group will focused on discipline cost management through innovation approaches in operational excellence from financial and other related aspects. With more new hospitals completing their gestation period, the Group results will be further improved.

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 year under review.

**B5 TAXATION**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	<u>31.12.2017</u>	<u>31.12.2016</u>	<u>31.12.2017</u>	<u>31.12.2016</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	13,125	10,746	56,120	53,257

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 current and corresponding periods were lower, due to higher provision was provided in the preceding quarter of both periods. However, the effective tax rates for the 12 months were slightly above the statutory tax rate due to certain expenses being not deductible for tax purposes.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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 RM1.0025 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 year:

<u>Issuance date</u>	<u>Expiry date</u>	Exercise ____price RM/share	<u>Number of Warrants 2014/2019</u>		
			<u>1.1.2017</u> '000	<u>Exercised</u> '000	<u>26.9.2017</u> '000
Before share split:					
29 January 2014	23 January 2019	4.01	<u>86,575</u>	<u>(166)</u>	<u>86,409</u>
After share split:					
29 January 2014	23 January 2019	1.0025	86,409	259,226	345,635

**(b) Proposed collaboration with Se Barun Hospital by Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB")**

On 23 September 2016, a wholly-owned subsidiary of the Group, KPJSB, has signed a Memorandum of Agreement (MOA) in Seoul, Korea for the development of spine centre in KPJ Tawakkal Health Centre. Based on the MOA, KPJSB will prepare and sign the Supplementary Agreement with Barun Development Co. Barun Development Co is the owner of Se Barun Hospital.

During last quarter, KPJSB and Se Barun have agreed to change the collaboration on the development of spine centre to training arrangement, to date, the arrangement is yet to be agreed upon and due to the prolonged process, the proposed collaboration was held in abeyance.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)****B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)**

- (c) 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 14 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.

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 on or before 28 February 2018.

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. As of date, the Purchasers have yet to execute and return the said Agreement. KPJSB will explore other options in the event this transaction is not concluded before the end of the second quarter of 2018.

- (d) 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).

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

KTC has submitted an application for the State Authority consent to transfer the office premise Level 1 to PSHSB ("SACT Application"). The issuance of official written approval of the SACT Application is still pending and subject to payment of consent fee of RM197,000 ("Consent Fee") by Perbadanan Kemajuan Iktisad Negeri Kelantan ("PKINK"). PKINK has through KTC requested PSHSB to pay the Consent Fee. The consent is valid till May 2018. Given that the purchase consideration for Level 1 will be partly financed by BIMB, there will be CP to be met by PSHSB, barring any unforeseen circumstances.

The proposal is expected to be completed in the third (3rd) quarter of 2018.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)****B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)****(e) Disposal of carpark block to Al-Aqar Healthcare Reit**

On 11 December 2017, the Board of Directors of the Group had announced that the Group's Subsidiary, KPJ Selangor Specialist Hospital had entered into a Sale and Purchase Agreement ("SPA") with the REIT Trustee, being the trustee of Al-Aqar Healthcare REIT to dispose a 5-storey carpark block together with a half basement level and an open roof level (building only) in Shah Alam for a consideration of RM13,000,000. The Conditions Precedent stated in the Sale and Purchase Agreement had been fulfilled on 27 December 2017.

**(f) Planned disposal of aged care operation in Australia**

During the year, 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 31 December 2017, Jeta Gardens is in a net total liability position of RM16.7 million.

The disposal is expected to be completed in 2018. The investment in Jeta Gardens has been presented as an asset held for sale as at 31 December 2017 in the financial statements in accordance with the criteria set out in MFRS 5 "Non-current Assets Held For Sale and Discontinued Operations".

**(g) Proposed Subscription and Share Purchase Agreement between Lablink (M) Sdn Bhd, KI 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" or "Investor") 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 proposed SSPA marks the beginning of the partnership between KPJ Group and KL Kappa to grow Lablink's pathology and diagnostics businesses in Malaysia and explore new growth markets in Southeast Asia to become the region's leader in pathology and diagnostics services. The SSPA involves the proposed issuance of new shares in Lablink to KL Kappa and the selling of existing Lablink shares by KPJSB to KL Kappa that will collectively result in KL Kappa having a 49% stake in Lablink's enlarged share capital, with the remaining 51% held by KPJSB.

Subject to the adjustment mechanism contained in the SSPA, KL Kappa shall subscribe for new Lablink shares and purchase existing Lablink shares from KPJSB for a total cash consideration of RM119,920,226.

The proposal is expected to be completed in the second (2nd) quarter of 2018.



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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)**

**B7 BORROWINGS**

Details of the Group's borrowings are as follows:

	Current		Non-current		Total borrowings	
	Foreign deno	RM deno	Foreign deno	RM deno	Foreign deno	RM deno
	'000	RM'000	'000	RM'000	'000	RM'000
<u>As at 31 December 2017</u>						
<b>Secured:</b>						
Term loans						
- Conventional						
RM	-	1,237	-	1,188	-	2,425
AUD	9,031	28,283	-	-	9,031	28,283
- Syariah						
RM	-	20,943	-	286,973	-	307,916
USD	471	1,910	8,921	36,193	9,392	38,103
Finance lease liabilities						
- Conventional						
RM	-	891	-	2,183	-	3,074
AUD	16	50	-	-	16	50
- Syariah						
RM	-	13,794	-	15,803	-	29,597
<b>Unsecured:</b>						
Revolving credits						
- Conventional						
AUD	1,854	5,871	-	-	1,854	5,871
- Syariah						
RM	-	309,500	-	-	-	309,500
Bank overdrafts						
- Syariah						
RM	-	2,094	-	-	-	2,094
Islamic Medium Term Notes						
	-	-	-	900,000	-	900,000
		384,573		1,242,340		1,626,913
Transfer to liabilities associated with assets held for sale						
AUD	(10,901)	(34,204)	-	-	(10,901)	(34,204)
Total		350,369		1,242,340		1,592,709

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)****B7 BORROWINGS (CONTINUED)**

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

	Current		Non-current		Total borrowings	
	Foreign deno	RM deno	Foreign deno	RM deno	Foreign deno	RM deno
	'000	RM'000	'000	RM'000	'000	RM'000
<u>As at 31 December 2016</u>						
<b>Secured:</b>						
Term loans						
- Conventional						
RM	-	422	-	2,376	-	2,798
AUD	12,651	40,976	-	-	12,651	40,976
- Syariah						
RM	-	18,924	-	288,623	-	307,547
USD	1,597	7,158	9,305	41,709	10,902	48,867
Finance lease liabilities						
- Conventional						
RM	-	6,377	-	519	-	6,896
AUD	29	95	-	-	29	95
- Syariah						
RM	-	28,475	-	9,086	-	37,561
<b>Unsecured:</b>						
Revolving credits						
- Conventional						
AUD	1,823	5,905	-	-	1,823	5,905
- Syariah						
RM	-	212,500	-	-	-	212,500
Bank overdrafts						
- Conventional						
RM	-	7,244	-	-	-	7,244
- Syariah						
RM	-	5,369	-	-	-	5,369
Islamic Medium						
Term Notes	-	-	-	900,000	-	900,000
Total		333,445		1,242,313		1,575,758

\* "deno" refers to denomination

The key exchange rate used is as follows;

	31.12.2017	31.12.2016
1 Australian Dollar	3.1667	3.2390
1 US Dollar	4.0573	4.4824

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)****B8 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK**

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

**B9 MATERIAL LITIGATIONS**

On 16 April 2015, SMC Healthcare Sdn Bhd (Plaintiff) ("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.

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.

The sealed copy of the PO was served personally on the Defendant on 6 November 2017, but the Defendant has not taken any action to make payment of the judgement sum.

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 once sealed and extracted will be registered at the Land Office and thereafter served on the Defendant.

In preparation for filing of a writ of execution to obtain an order for sale to auction the subject property, SMCH has commissioned Messrs CH Williams to value the said property and the said Valuer has on 21 December 2017 reverted with a forced-sale value of RM 22.1 million. This value shall be used as the reference when seeking the auction order.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)****B10 DIVIDENDS**

In respect of the financial year ending 31 December 2017, the Directors declared:

- (i) First interim single tier dividend of 2.20 sen per share on 1,048,780,787 ordinary shares amounting to RM23,073,175. The dividend was declared on 22 February 2017 and was fully paid on 28 April 2017. On 27 September 2017 the proposed sub division of shares was completed and resulted in number of shares increased from 1,070,156,823 to 4,280,627,292 hence the restated dividend per share based on the larger number of share is 0.55 sen per share.
- (ii) Second interim single tier dividend of 1.80 sen per share on 1,050,642,255 ordinary shares amounting to RM18,911,560. The dividend was declared on 26 May 2017 and was fully paid on 21 July 2017. On 27 September 2017 the proposed sub division of shares was completed and resulted in number of shares increased from 1,070,156,823 to 4,280,627,292 hence the restated dividend per share based on the larger number of share is 0.45 sen per share.
- (iii) Third interim single tier dividend of 1.50 sen per share on 1,054,566,823 ordinary shares amounting to RM15,818,499. The dividend was declared on 24 August 2017 and was fully paid on 12 October 2017. On 27 September 2017 the proposed sub division of shares was completed and resulted in number of shares increased from 1,070,156,823 to 4,280,627,292 hence the restated dividend per share based on the larger number of share is 0.38 sen per share.
- (iv) Fourth interim single tier dividend of 0.40 sen per share on 4,218,227,992 ordinary shares amounting to RM16,872,909. The dividend was declared on 23 November 2017 and was fully paid on 22 December 2017.

**B11 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 31.12.2017	As at 31.12.2016
<u>Continuing operations</u>		
Profit attributable to Owners of the Company (RM'000)	165,554	153,617
Weighted average number of ordinary shares in issue ('000)	4,378,914	4,347,889
Basic earnings per share (sen)*	<u>3.78</u>	<u>3.53</u>

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)****B11 EARNINGS PER SHARE (CONTINUED)****(a) Basic earnings per share (continued)**

	As at 31.12.2017	As at 31.12.2016
<u>Discontinued operation</u>		
Loss attributable to Owners of the Company (RM'000)	(3,640)	(4,422)
Weighted average number of ordinary shares in issue ('000)	4,378,914	4,347,889
Basic earnings per share (sen)*	<u>(0.08)</u>	<u>(0.10)</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 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 31.12.2017	As at 31.12.2016
<u>Continuing operations</u>		
Profit attributable to Owners of the Company (RM'000)	165,554	153,617
Weighted average number of ordinary shares in issue ('000)	4,378,914	4,347,889
Assumed shares issued from the		
- exercise of warrants ('000)	345,635	346,302
- exercise of ESOS ('000)	260,007	299,704
Weighted average number of ordinary shares in issue ('000)	<u>4,984,556</u>	<u>4,993,895</u>
Diluted earnings per share (sen)*	<u>3.32</u>	<u>3.08</u>

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)****B11 EARNINGS PER SHARE (CONTINUED)****(b) Diluted earnings per share (continued)**

	As at <u>31.12.2017</u>	As at <u>31.12.2016</u>
<u>Discontinued operation</u>		
Loss attributable to Owners of the Company (RM'000)	(3,640)	(4,422)
Weighted average number of ordinary shares in issue ('000)	4,378,914	4,347,889
Assumed shares issued from the		
- exercise of warrants ('000)	345,635	346,302
- exercise of ESOS ('000)	260,007	299,704
Weighted average number of ordinary shares in issue ('000)	<u>4,984,556</u>	<u>4,993,895</u>
Diluted earnings per share (sen)*	<u>(0.07)</u>	<u>(0.09)</u>

\* The comparative figure was recomputed based on the enlarged number of ordinary shares in issue after the share split exercise, which was completed on 27 September 2017, in accordance with MFRS 133 "Earnings per Share".