

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023**

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 2023.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Individual Quarter			For the		
		3 months ended			financial year ended		
		31.12.2023	31.12.2022	Var	31.12.2023	31.12.2022	Var
		RM'000	RM'000	%	RM'000	RM'000	%
			Restated		Audited	Audited	
						Restated	
<u>Continuing operations</u>							
Revenue		911,455	765,825	19	3,418,701	2,868,474	19
Cost of sales		(533,425)	(439,587)	21	(1,986,783)	(1,696,400)	17
Gross profit		378,030	326,238	16	1,431,918	1,172,074	22
Administrative expenses		(275,286)	(218,848)	26	(980,264)	(788,424)	24
Other income		9,159	14,748	(38)	67,336	28,602	>100
Zakat		(557)	(1,225)	(55)	(3,063)	(2,680)	14
Operating profit		111,346	120,913	(8)	515,927	409,572	26
Finance income		7,814	2,760	>100	20,149	12,141	66
Finance costs							
- Borrowings		(24,580)	(20,213)	22	(97,190)	(91,853)	6
- Lease liabilities		(23,996)	(25,857)	(7)	(107,701)	(102,482)	5
Finance costs - net		(40,762)	(43,310)	(6)	(184,742)	(182,194)	1
Share of results of associates, net of tax		12,858	14,098	(9)	46,757	47,764	(2)
Profit before tax		83,442	91,701	(9)	377,942	275,142	37
Tax	B5	1,712	(14,217)	>100	(75,345)	(73,208)	3
Profit for the financial period/year from continuing operations		85,154	77,484	10	302,597	201,934	50
<u>Discontinued operations</u>							
Loss for the financial period/year from discontinued operations		(17,818)	(11,490)	55	(32,191)	(19,281)	67

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	Individual Quarter			For the		
	3 months ended			financial year ended		
	31.12.2023	31.12.2022	Var	31.12.2023	31.12.2022	Var
	RM'000	RM'000	%	RM'000	RM'000	%
		Restated		Audited	Audited Restated	
Profit for the financial period/year	67,336	65,994	2	270,406	182,653	48
Other comprehensive income for the financial period/year, net of tax:						
- from continuing operations	29,091	3,391	>100	27,348	2,143	>100
- from discontinued operations	-	321	(100)	4,215	94	>100
Total comprehensive income for the financial period/year	96,427	69,706	38	301,969	184,890	63
Profit for the financial period/year attributable to:						
Owners of the Company						
- continuing operations	83,504	73,471	14	281,292	178,610	57
- discontinued operations	(10,114)	(10,059)	1	(17,884)	(11,629)	54
Non-controlling interests						
- continuing operations	1,650	4,013	(59)	21,305	23,324	(9)
- discontinued operations	(7,704)	(1,431)	>100	(14,307)	(7,652)	87
	67,336	65,994	2	270,406	182,653	48
Total comprehensive income for the financial period/year attributable to:						
Owners of the Company						
- continuing operations	112,595	76,867	46	308,640	180,758	71
- discontinued operations	(10,114)	(9,743)	4	(13,669)	(11,540)	18
Non-controlling interests						
- continuing operations	1,650	4,013	(59)	21,305	23,324	(9)
- discontinued operations	(7,704)	(1,431)	>100	(14,307)	(7,652)	87
	96,427	69,706	38	301,969	184,890	63

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR
THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

	Individual Quarter			For the		
	3 months ended			financial year ended		
	31.12.2023	31.12.2022	Var	31.12.2023	31.12.2022	Var
	RM'000	RM'000	%	RM'000	RM'000	%
		Restated		Audited	Audited Restated	
Dividend per share (sen)	<u>1.30</u>	<u>1.00</u>	30	<u>3.35</u>	<u>2.00</u>	68
Earnings per share attributable to Owners of the Company:						
Basic (sen)						
- continuing operations	1.91	1.69		6.45	4.11	
- discontinued operations	(0.23)	(0.23)		(0.41)	(0.27)	
Diluted (sen)						
- continuing operations	1.91	1.65		6.45	4.02	
- discontinued operations	(0.23)	(0.22)		(0.41)	(0.26)	

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31
DECEMBER 2023**

	<u>Note</u>	<u>31.12.2023</u> RM'000 Audited	<u>31.12.2022</u> RM'000 Audited
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property, plant and equipment	A9	2,774,474	2,760,222
Right-of-use assets		1,585,857	1,577,039
Investment properties		358,166	360,420
Intangible assets		198,470	206,043
Investment in associates		513,857	486,308
Equity instruments classified as FVOCI*		1,507	1,241
Deferred tax assets		125,653	114,281
Trade and other receivables		19,262	17,115
		<u>5,577,246</u>	<u>5,522,669</u>
<u>Current assets</u>			
Inventories		73,008	65,872
Trade and other receivables		673,649	645,705
Tax recoverable		98,008	126,380
Deposits, bank and cash balances		785,227	467,919
Dividend receivable		3,873	8,066
		<u>1,633,765</u>	<u>1,313,942</u>
Assets held for sale		35,151	157,455
		<u>1,668,916</u>	<u>1,471,397</u>
Total assets		<u>7,246,162</u>	<u>6,994,066</u>
<u>EQUITY AND LIABILITIES</u>			
<u>Current liabilities</u>			
Trade and other payables		658,292	720,220
Contract liabilities		87,779	48,708
Current tax liabilities		11,060	4,321
Borrowings	B7	546,955	839,415
Lease liabilities		39,920	44,677
Dividend payable		3,200	2,980
		<u>1,347,206</u>	<u>1,660,321</u>
Liabilities associated with assets held for sale		54,349	13,163
		<u>1,401,555</u>	<u>1,673,484</u>
Net current assets/(liabilities)		<u>267,361</u>	<u>(202,087)</u>

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31
DECEMBER 2023 (CONTINUED)**

	<u>Note</u>	<u>31.12.2023</u> RM'000 Audited	<u>31.12.2022</u> RM'000 Audited
<u>Non-current liabilities</u>			
Trade and other payables		-	1,743
Borrowings	B7	1,364,964	1,047,763
Lease liabilities		1,870,338	1,818,168
Deferred tax liabilities		67,038	84,530
Provision for retirement benefits		2,069	2,212
Deposits		12,046	11,948
		<u>3,316,455</u>	<u>2,966,364</u>
Total liabilities		<u>4,718,010</u>	<u>4,639,848</u>
Net assets		<u>2,528,152</u>	<u>2,354,218</u>
<u>Equity attributable to Owners of the Company</u>			
Share capital	A6	999,190	976,329
Less: Treasury shares		(155,310)	(155,310)
Reserves		1,539,284	1,406,241
		<u>2,383,164</u>	<u>2,227,260</u>
Non-controlling interests		144,988	126,958
Total equity		<u>2,528,152</u>	<u>2,354,218</u>
Total equity and liabilities		<u>7,246,162</u>	<u>6,994,066</u>
Net assets per share attributable to Owners of the Company (RM)		<u>0.53</u>	<u>0.49</u>

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

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

Audited

	Non-distributable									Distributable		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	FVOCI reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	RM'000		
At 1 January 2023	4,505,528	976,329	(155,310)	40,276	(3,367)	(217)	1,764	237,733	1,130,052	2,227,260	126,958	2,354,218	
Comprehensive income:													
Profit for the financial year	-	-	-	-	-	-	-	-	263,408	263,408	6,998	270,406	
Other comprehensive income:													
Currency translation differences of foreign subsidiaries	-	-	-	-	-	-	5,425	-	-	5,425	-	5,425	
Revaluation surplus	-	-	-	-	-	-	-	21,657	-	21,657	-	21,657	
Fair value on FVOCI	-	-	-	-	-	266	-	-	-	266	-	266	
Total other comprehensive income	-	-	-	-	-	266	5,425	21,657	-	27,348	-	27,348	
	<u>4,505,528</u>	<u>976,329</u>	<u>(155,310)</u>	<u>40,276</u>	<u>(3,367)</u>	<u>49</u>	<u>7,189</u>	<u>259,390</u>	<u>1,393,460</u>	<u>2,518,016</u>	<u>133,956</u>	<u>2,651,972</u>	

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)**

Audited

Non-distributable Distributable

	<u>Number of shares</u> '000	<u>Share capital</u> RM'000	<u>Treasury shares</u> RM'000	<u>Esos reserve</u> RM'000	<u>Merger reserve</u> RM'000	<u>FVOCI reserve</u> RM'000	<u>Exchange reserve</u> RM'000	<u>Revaluation reserve</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000	<u>Non- controlling interest</u> RM'000	<u>Total equity</u> RM'000
Transactions with Owners:												
Issue of share capital:												
- ESOS	21,080	22,861	-	(3,678)	-	-	-	-	-	19,183	-	19,183
	21,080	22,861	-	(3,678)	-	-	-	-	-	19,183	-	19,183
Acquisition of non- controlling interest	-	-	-	-	-	-	-	-	(73)	(73)	73	-
Disposal of interest in subsidiaries	-	-	-	-	-	-	4,215	(31,123)	19,150	(7,758)	16,439	8,681
Lapsed ESOS	-	-	-	(36,598)	-	-	-	-	36,598	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(146,204)	(146,204)	-	(146,204)
Dividends paid to non- controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	-	(5,480)	(5,480)
Total transactions with Owners	21,080	22,861	-	(40,276)	-	-	4,215	(31,123)	(90,529)	(134,852)	11,032	(123,820)
At 31 December 2023	4,526,608	999,190	(155,310)	-	(3,367)	49	11,404	228,267	1,302,931	2,383,164	144,988	2,528,152

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

Audited

	<u>Non-distributable</u> <u>Distributable</u>										<u>Non- controlling interest</u>	<u>Total equity</u>
	<u>Number of shares</u> '000	<u>Share capital</u> RM'000	<u>Treasury shares</u> RM'000	<u>Esos reserve</u> RM'000	<u>Merger reserve</u> RM'000	<u>FVOCI reserve</u> RM'000	<u>Exchange reserve</u> RM'000	<u>Revaluation reserve</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000		
At 1 January 2022	4,489,159	959,521	(155,310)	45,622	(3,367)	-	(725)	237,768	1,051,921	2,135,430	115,078	2,250,508
Comprehensive income:												
Profit for the financial year	-	-	-	-	-	-	-	-	166,981	166,981	15,672	182,653
Other comprehensive income:												
Currency translation differences of foreign subsidiaries	-	-	-	-	-	-	2,489	-	-	2,489	-	2,489
Revaluation deficit	-	-	-	-	-	-	-	(35)	-	(35)	-	(35)
Fair value on FVOCI	-	-	-	-	-	(217)	-	-	-	(217)	-	(217)
Total other comprehensive income	-	-	-	-	-	(217)	2,489	(35)	-	2,237	-	2,237
	<u>4,489,159</u>	<u>959,521</u>	<u>(155,310)</u>	<u>45,622</u>	<u>(3,367)</u>	<u>(217)</u>	<u>1,764</u>	<u>237,733</u>	<u>1,218,902</u>	<u>2,304,648</u>	<u>130,750</u>	<u>2,435,398</u>

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

Audited

Non-distributable Distributable

	<u>Number of shares</u> '000	<u>Share capital</u> RM'000	<u>Treasury shares</u> RM'000	<u>Esos reserve</u> RM'000	<u>Merger reserve</u> RM'000	<u>FVOCI reserve</u> RM'000	<u>Exchange reserve</u> RM'000	<u>Revaluation reserve</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000	<u>Non- controlling interest</u> RM'000	<u>Total equity</u> RM'000
Transactions with Owners:												
Issue of share capital:												
- ESOS	16,369	16,808	-	(1,913)	-	-	-	-	-	14,895	-	14,895
	16,369	16,808	-	(1,913)	-	-	-	-	-	14,895	-	14,895
Acquisition of non- controlling interest	-	-	-	-	-	-	-	-	(5,420)	(5,420)	(392)	(5,812)
Lapsed ESOS	-	-	-	(3,433)	-	-	-	-	3,433	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(86,863)	(86,863)	-	(86,863)
Dividends paid to non- controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	-	(3,400)	(3,400)
Total transactions with Owners	16,369	16,808	-	(5,346)	-	-	-	-	(88,850)	(77,388)	(3,792)	(81,180)
At 31 December 2022	4,505,528	976,329	(155,310)	40,276	(3,367)	(217)	1,764	237,733	1,130,052	2,227,260	126,958	2,354,218

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	<u>31.12.2023</u>	<u>31.12.2022</u>
	RM'000	RM'000
	Audited	Audited
OPERATING ACTIVITIES		
Profit before tax		
- continuing operations	377,942	275,142
- discontinued operations	(31,752)	(19,384)
	<u>346,190</u>	<u>255,758</u>
Adjustments for:		
Share of results of associates	(46,757)	(47,764)
Finance income	(20,410)	(12,259)
Finance costs		
- Borrowings	97,377	92,084
- Lease liabilities	108,501	103,582
Trade receivables:		
- Allowance for ECL	-	(5,755)
Gain on disposal of shares in subsidiaries	(44,781)	-
Property, plant and equipment:		
- Depreciation	198,057	189,933
- Written-off	588	1,875
- Loss/(gain) on disposals	865	(2,064)
- Impairment (net)	20,804	(6,709)
Right-of-use assets:		
- Depreciation	72,970	67,313
Investment properties:		
- Gain on fair value	(860)	(3,280)
- Impairment	3,593	-
Intangible assets:		
- Amortisation of software development expenditure	10,583	10,408
- Written-off	-	3,559
Inventories written-off	394	(64)
Provision for retirement benefits	180	197
Gain on disposals of assets held for sale	(1,288)	(4,353)
	<u>746,006</u>	<u>642,461</u>
Operating profit before working capital changes		
Changes in working capital:		
Inventories	(7,530)	(12,661)
Receivables	(25,912)	(171,562)
Payables	(17,338)	96,151
Contract liabilities	39,071	(2,233)
	<u>734,297</u>	<u>552,156</u>
Cash flows generated from operations		
Income tax refund	19,634	1,613
Income tax paid	(96,051)	(93,657)
Retirement benefits paid	(323)	(340)
	<u>657,557</u>	<u>459,772</u>
Net cash generated from operating activities		

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

	<u>31.12.2023</u>	<u>31.12.2022</u>
	RM'000	RM'000
	Audited	Audited
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(237,492)	(234,181)
Additions to intangible assets	(3,010)	-
Additional investment in an associate	-	(25,010)
Proceeds from disposal of property, plant and equipment	2,242	3,266
Disposals of interest in subsidiaries:		
- Proceeds, net of cash and cash equivalents disposed	19,807	-
- Settlement of Shareholder's Loan	156,277	-
Proceeds from disposal of assets held for sale	20,082	192,000
Interest received	20,236	12,259
(Decrease)/increase in deposits with licensed banks with maturity of more than 3 months	(99,989)	663
Dividends received from associates	27,242	25,193
	<u> </u>	<u> </u>
Net cash used in investing activities	(94,605)	(25,810)
	<u> </u>	<u> </u>
FINANCING ACTIVITIES		
Acquisition of non-controlling interests	-	(5,812)
Dividends paid to non-controlling interests	(5,260)	(1,494)
Issue of shares:		
- ESOS	19,183	14,895
Borrowings:		
- Drawdown	707,641	840,755
- Repayments	(691,410)	(817,437)
Payment of lease liabilities	(141,749)	(133,815)
Interest paid	(97,190)	(92,084)
Dividends paid to shareholders	(146,204)	(86,863)
Designated account	(79,744)	(4,683)
	<u> </u>	<u> </u>
Net cash used in financing activities	(434,733)	(286,538)
	<u> </u>	<u> </u>
Net changes in cash and cash equivalents	128,219	147,424
Currency translation differences	7,418	(531)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>416,866</u>	<u>269,973</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u><u>552,503</u></u>	<u><u>416,866</u></u>

Registration No.

199201015575 (247079-M)

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(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2023**

A1 BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with MFRS134 “*Interim Financial Reporting*”, the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards, the requirements of the Companies Act 2016 in Malaysia and paragraph 9.22 of the Bursa Malaysia Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022.

ACCOUNTING POLICIES

The accounting policies are consistent with those adopted in audited annual financial statements for the financial year ended 31 December 2022. The Group has applied the following amendments that are applicable to the Group beginning on 1 January 2023.

Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

The adoption of the above standards and interpretations did not give rise to significant effect on the financial performance or position of the Group except for the adoption of Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies which have an impact on the Group’s disclosure of accounting policies.

The amendments to standards that have been issued but not yet effective are disclosed below:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group intends to adopt these standards, if applicable, when they become effective.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2023 (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 2022 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 in the current financial period under review, except the followings:

i. 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 Group. 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.

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 (2022: RM0.91).

The options expired on 27 February 2023, whereby no additional options will be granted.

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2023 (CONTINUED)**

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

There has been no issuance of shares and repayments of debt and equity securities in the current financial year under review, except the followings: (continued)

i. Employees Share Option Scheme (continued)

Movement of ESOS during the financial year:

	<u>31.12.2023</u> Units '000	<u>31.12.2022</u> Units '000
At start of the financial year	102,421	123,805
Exercised	(21,080)	(16,369)
Lapsed/ expired	(81,341)	(5,015)
At end of the financial year	<u>-</u>	<u>102,421</u>

The number of issued and fully paid ordinary share capital as a result of the above-mentioned exercises is as follows:

	<u>31.12.2023</u> Number of shares ('000)	<u>31.12.2023</u> RM'000
At start of the financial year	4,505,528	976,329
Issued during the financial year - exercise of ESOS	<u>21,080</u>	<u>22,861</u>
At end of the financial year	<u>4,526,608</u>	<u>999,190</u>

ii. Islamic Medium-Term Notes ("Sukuk")

On 13 March 2023, the Group issued its inaugural Sustainability Sukuk of RM555.0 million from the RM3.0 billion Sukuk Wakalah Programme in three (3) tranches with tenure of five-year, seven-year and ten-year Sukuk Wakalah being priced at a profit rate of 4.50%, 4.69% and 4.86% respectively.

The proceeds from the issuance of Sustainability Sukuk Wakalah are for the purpose of capital expenditure, working capital, refinancing of existing borrowings, and other expenses as defined in the Sustainability Sukuk Framework.

The Group also made payments amounting RM450.0 million for its Sukuk Murabahah Programme during the financial year.

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2023 (CONTINUED)**

A7 DIVIDENDS

The dividends paid or declared by the Company since 31 December 2022 were as follows: -

	RM
In respect of the financial year ended 31 December 2023:	
First interim dividend of 0.60 sen per share on 4,364,301,366 shares. The dividend was declared on 17 February 2023 and paid on 14 April 2023.	26,185,808
Second interim dividend of 0.65 sen per share on 4,364,301,366 shares. The dividend was declared on 30 May 2023 and paid on 4 July 2023.	28,367,959
Third interim dividend of 0.80 sen per share on 4,364,301,366 shares. The dividend was declared on 29 August 2023 and paid on 3 October 2023.	34,914,411
Fourth interim dividend of 1.05 sen per share on 4,364,301,366 shares. The dividend was declared on 28 November 2023 and paid on 28 December 2023.	45,825,164
Special interim dividend of 0.25 sen per share on 4,364,301,366 shares. The dividend was declared on 28 November 2023 and paid on 28 December 2023.	10,910,753
	<u>146,204,095</u>

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

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2023 (CONTINUED)**

A8 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker (“CODM”), which is the KPJ Group Management Committee (“KGMC”). The KGMC 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 and retirement village services in 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.

Discontinued Operations

- i. Indonesia - Operating segments involved in provision of hospital services in Indonesia. The Group had in April 2022, decided to divest of its interest in all entities in Indonesia’s region (referred as “Indonesia operations”) as part of its strategic plan to place greater focus on the Group’s core Malaysia segment. The divestments were completed on 5 April 2023 and 18 September 2023.
- ii. Aged care - Operating segment involved in providing aged care services by Jeta Gardens in Australia. The Group had in December 2023, decided to divest of its interest in aged care business in Australia as part of its strategic plan to place greater focus on the Group’s core Malaysia segment. The divestment was completed on 31 January 2024.

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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended

	<u>Continuing operations</u>						
	<u>Malaysia</u>	<u>Others</u>	<u>Total</u>	<u>Adjustments</u>	<u>Sub-total</u>	<u>Discontinued</u>	<u>Total</u>
	RM'000	RM'000	segments	and	RM'000	operations	RM'000
			RM'000	eliminations		RM'000	RM'000
				RM'000			
<u>31 December 2023</u>							
<u>Revenue</u>							
Revenue from external customers	892,329	19,858	912,187	(732)	911,455	17,280	928,735
<u>Results</u>							
Depreciation and amortisation	(67,830)	(2,200)	(70,030)	120	(69,910)	(1,613)	(71,523)
Finance costs (net)	(41,514)	438	(41,076)	314	(40,762)	(1,089)	(41,851)
Share of results of associates	12,834	24	12,858	-	12,858	-	12,858
Profit/(loss) before tax	91,291	(7,806)	83,485	(43)	83,442	(17,818)	65,624
Tax	1,615	97	1,712	-	1,712	-	1,712
Profit/(loss) after tax	92,906	(7,709)	85,197	(43)	85,154	(17,818)	67,336
EBITDA/ (LBITDA)	200,635	(6,044)	194,591	(477)	194,114	(15,116)	178,998
Total assets	7,125,267	237,156	7,362,423	(151,412)	7,211,011	35,151	7,246,162
Total liabilities	4,450,502	362,712	4,813,214	(149,553)	4,663,661	54,349	4,718,010
Additions to property, plant and equipment	79,634	3,613	83,247	-	83,247	-	83,247

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months (continued)

	<u>Continuing operations</u>						<u>Total</u> RM'000
	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total segments</u> RM'000	<u>Adjustments and eliminations</u> RM'000	<u>Sub-total</u> RM'000	<u>Discontinued operations</u> RM'000	
<u>31 December 2022</u>							
<u>Revenue</u>							
Revenue from external customers	753,129	15,688	768,817	(2,992)	765,825	24,520	790,345
<u>Results</u>							
Depreciation and amortisation	(62,761)	(1,774)	(64,535)	120	(64,415)	(3,615)	(68,030)
Finance costs (net)	(40,263)	(3,238)	(43,501)	191	(43,310)	(720)	(44,030)
Share of results of associates	13,935	163	14,098	-	14,098	-	14,098
Profit/(loss) before tax	103,975	(9,890)	94,085	(2,384)	91,701	(12,010)	79,691
Tax	(14,583)	366	(14,217)	-	(14,217)	520	(13,697)
Profit/(loss) after tax	89,392	(9,524)	79,868	(2,384)	77,484	(11,490)	65,994
EBITDA/(LBITDA)	206,999	(4,878)	202,121	(2,695)	199,426	(7,675)	191,751
Total assets	6,859,318	335,752	7,195,070	(358,459)	6,836,611	157,455	6,994,066
Total liabilities	4,511,522	473,705	4,985,227	(358,542)	4,626,685	13,163	4,639,848
Additions to property, plant and equipment	68,135	885	69,020	-	69,020	5,133	74,153

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended (continued)

The functional currencies for Indonesia and Australia operations are as follows:

	31 December 2023		31 December 2022			
	Australia AUD'000	Australia RM'000	Indonesia IDR'000	Indonesia RM'000	Australia AUD'000	Australia RM'000
<u>Revenue</u>						
Revenue from external customers	6,127	19,482	37,544,774	9,818	5,357	16,040
<u>Results</u>						
Depreciation and amortisation	(512)	(1,640)	(4,891,168)	(1,246)	(610)	(1,828)
Finance costs (net)	534	1,526	2,315,735	691	(769)	(2,307)
Share of results of associates	8	23	-	-	18	53
Profit/(loss) before tax	(7,739)	(24,025)	(37,106,920)	(10,794)	(1,515)	(4,526)
Tax	-	-	1,754,156	520	-	-
Profit/(loss) after tax	(7,739)	(24,025)	(35,352,764)	(10,274)	(1,515)	(4,526)
EBITDA/(LBITDA)	(7,739)	(23,911)	(34,531,487)	(10,239)	(136)	(391)
Total assets	25,643	80,144	489,276,641	138,661	46,644	139,550
Total liabilities	72,265	225,858	46,446,718	13,163	78,159	233,836
Additions to property, plant and equipment	355	1,110	18,361,340	5,133	-	-

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

For the financial year ended

	<u>Continuing operations</u>						
	<u>Malaysia</u>	<u>Others</u>	<u>Total</u>	<u>Adjustments</u>	<u>Sub-total</u>	<u>Discontinued</u>	<u>Total</u>
	RM'000	RM'000	segments	and	RM'000	operations	RM'000
			RM'000	eliminations		RM'000	RM'000
<u>31 December 2023</u>							
<u>Revenue</u>							
Revenue from external customers	3,351,819	70,459	3,422,278	(3,577)	3,418,701	85,750	3,504,451
<u>Results</u>							
Depreciation and amortisation	(264,194)	(11,607)	(275,801)	479	(275,322)	(6,288)	(281,610)
Finance costs (net)	(172,754)	(14,096)	(186,850)	2,108	(184,742)	(726)	(185,468)
Share of results of associates	45,967	790	46,757	-	46,757	-	46,757
Profit/(loss) before tax	405,172	(27,185)	377,987	(45)	377,942	(31,752)	346,190
Tax	(74,575)	(770)	(75,345)	-	(75,345)	(439)	(75,784)
Profit/(loss) after tax	330,597	(27,955)	302,642	(45)	302,597	(32,191)	270,406
EBITDA/(LBITDA)	842,120	(1,482)	840,638	(2,632)	838,006	(24,738)	813,268
Total assets	7,125,267	237,156	7,362,423	(151,412)	7,211,011	35,151	7,246,162
Total liabilities	4,450,502	362,712	4,813,214	(149,553)	4,663,661	54,349	4,718,010
Additions to property, plant and equipment	240,319	3,745	244,064	-	244,064	399	244,463

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

For the financial year 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>Sub-total</u> RM'000	<u>Discontinued</u> <u>operations</u> RM'000	<u>Total</u> RM'000
<u>31 December 2022</u>							
<u>Revenue</u>							
Revenue from external customers	2,825,304	57,605	2,882,909	(14,435)	2,868,474	89,620	2,958,094
<u>Results</u>							
Depreciation and amortisation	(247,639)	(11,549)	(259,188)	479	(258,709)	(8,944)	(267,653)
Finance costs (net)	(168,760)	(15,439)	(184,199)	2,005	(182,194)	(1,211)	(183,405)
Share of results of associates	46,740	1,024	47,764	-	47,764	-	47,764
Profit/(loss) before tax	318,744	(32,718)	286,026	(10,884)	275,142	(19,384)	255,758
Tax	(72,215)	(993)	(73,208)	-	(73,208)	103	(73,105)
Profit/(loss) after tax	246,529	(33,711)	212,818	(10,884)	201,934	(19,281)	182,653
EBITDA/(LBITDA)	735,143	(5,730)	729,413	(13,368)	716,045	(9,229)	706,816
Total assets	6,859,318	335,752	7,195,070	(358,459)	6,836,611	157,455	6,994,066
Total liabilities	4,511,522	473,705	4,985,227	(358,542)	4,626,685	13,163	4,639,848
Additions to property, plant and equipment	263,304	1,135	264,439	-	264,439	6,143	270,582

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

For the financial year ended (continued)

The functional currencies for Indonesia and Australia operations are as follows:

	31 December 2023				31 December 2022			
	Indonesia IDR'000	Indonesia RM'000	Australia AUD'000	Australia RM'000	Indonesia IDR'000	Indonesia RM'000	Australia AUD'000	Australia RM'000
Revenue								
Revenue from external customers	86,455,135	25,340	21,471	65,671	131,402,778	37,844	18,336	55,190
Results								
Depreciation and amortisation	(10,242,238)	(3,002)	(2,023)	(6,189)	(20,236,111)	(5,828)	(1,808)	(5,443)
Finance costs (net)	296,827	87	(1,704)	(5,212)	45,139	13	(2,237)	(6,734)
Share of results of associates	-	-	91	274	-	112	336	-
Profit/(loss) before tax	4,394,405	1,288	(15,065)	(46,078)	(26,993,055)	(7,774)	(6,955)	(20,935)
Tax	(1,497,782)	(439)	-	-	357,639	103	-	-
Profit/(loss) after tax	2,896,623	849	(15,065)	(46,078)	(26,635,416)	(7,671)	(6,955)	(20,935)
EBITDA/(LBITDA)	14,339,816	4,203	(11,338)	(34,677)	(6,802,083)	(1,959)	(2,910)	(8,758)
Total assets	-	-	25,643	80,144	489,276,641	138,661	46,644	139,550
Total liabilities	-	-	72,265	225,858	46,446,718	13,163	78,159	233,836
Additions to property, plant and equipment	1,284,610	399	355	1,110	21,676,076	6,143	-	-

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2023 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

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

	<u>31.12.2023</u>	<u>31.12.2022</u>
1 Australian Dollar		
Closing	3.1254	2.9918
Average	3.0586	3.0099
1,000 Indonesian Rupiah		
Closing	0.2983	0.2834
Average	0.2908	0.2880

A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The Group's land and buildings were fully revalued as at 31 December 2020, except for certain land and buildings that were revalued on 31 December 2023 following its completion and commencement of its operations in the financial year 2023.

A10 MATERIAL EVENTS SUBSEQUENT TO THE REPORTING PERIOD

There were no material events subsequent to the financial year ended 31 December 2023 that has not been reflected in this interim financial report.

A11 CHANGES IN THE COMPOSITION OF THE GROUP

On 5 April 2023, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), through its wholly-owned subsidiaries Crossborder Aim (M) Sdn Bhd ("CASB") and Crossborder Hall (M) Sdn Bhd ("CHSB"), collectively wholly-owned subsidiaries of KPJ Healthcare Berhad completed the disposals of its entire 100% equity interest in PT Al-Aqar Permata Hijau ("PTAPH") and its 80% interest in PT Khidmat Perawatan Jasa Medika ("PT KPJ Medika") for cash consideration totalling RM22.4 million and settlement of Shareholder's Loan amounting RM18.8 million.

On 18 September 2023, KPJSB, through its wholly-owned subsidiaries CASB and CHSB, collectively wholly-owned subsidiaries of KPJ Healthcare Berhad, completed the disposals of its entire 100% equity interest in PT Al-Aqar Bumi Serpong Damai ("PTABSD") and 75% equity interest in PT KPJ Medica ("KPJM") to PT Nusautama Medicalindo for cash consideration totalling RM13.7 million and settlement of Shareholder's Loan amounting RM137.5 million.

With the completion of the disposals, Indonesia operations ceased to become subsidiaries of the Group.

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2023 (CONTINUED)**

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 2023.

A13 RELATED PARTY TRANSACTIONS

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

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 31 December 2023 are as follows:

	RM'000
Approved by the Directors and contracted	196,854
Approved by the Directors but not contracted	183,146
	<u>380,000</u>

Analysed as follows:

Building	44,323
Medical equipment	165,163
Other property, plant and equipment	170,514
	<u>380,000</u>

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 financial year (3 months)

Group

The consolidated revenue from continuing operations for the current quarter shows an increase of 19% to RM911.5 million in comparison to RM765.8 million in the last quarter of 2022. This is contributed from a 4% increase in patient visits to 857,537 versus 820,734 patients in the corresponding quarter, supported with the higher number of beds to 3,643 as compared to 3,437 beds before. The bed occupancy rate ("BOR") also increased from 64% to 69% in the quarter under review.

The Group's EBITDA and profit before tax ("PBT") is at RM194.1 million and RM83.4 million respectively, a decrease of 3% and 9% as compared to the performance in Q4 2022 of RM199.4 million and RM91.7 million mainly due to impact of impairment loss on certain property, plant and equipment and the retirement village business' investment property in Australia totaling to RM6.8 million for the quarter.

Malaysia

Malaysia segment closed its revenue at RM892.3 million in the current quarter, an improvement of 18% from Q4 2022 of RM753.1 million. Patient visits increased by 4% from 775,763 patients to 808,050 patients along with the increase in surgery cases by 6% and inpatient days by 29,380 days. KPJ Damansara 2, KPJ Penang and KPJ Puteri registered the highest revenue increase, as they are newly opened hospital and building blocks.

EBITDA was lower by 3% to RM200.6 million compared to RM207.0 million, while PBT decreased to RM91.3 million from RM104.0 million, mainly due to impact of net impairment loss on certain property, plant and equipment.

Others

This segment includes the retirement village business in Australia operated by Jeta Gardens, education services by KPJ Healthcare University ("KPJU") and hospital and management services by KPJ Dhaka. This segment recorded a 27% increase in revenue in the current quarter under review to RM19.9 million from RM15.7 million in Q4 2022.

However, it recorded a higher EBITDA loss at RM6.0 million as compared to RM4.9 million in Q4 2022, while loss before tax improved to RM7.8 million against RM9.9 million in the same quarter in 2022.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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 year compared to prior financial year

Group

For the year ended 31 December 2023, the Group's revenue of RM3,418.7 million is 19% higher compared to prior year RM2,868.5 million. EBITDA and PBT improved by 17% and 37% to RM838.0 million and RM377.9 million, respectively. Apart from the growing hospital activities, the Group recorded a net gain of RM38.0 million from the disposal of the Indonesia operations but softened by the net impairment loss on PPE and investment properties amounting to RM6.8 million.

Malaysia

The revenue for Malaysia segment in year 2023 closed at RM3,351.8 million, a surge of 19% from RM2,825.3 million in the preceding year. This is mainly contributed from the increase in inpatient visits from 297,071 patients to 350,330 patients in the current financial year, evidenced by the higher BOR to 67% as compared to 58% in year 2022. In addition, the surgery cases grew by 11% from 93,842 cases to 103,767 cases.

The excellent revenue performance contributed to EBITDA improvement by 15% from RM735.1 million to RM842.1 million, while PBT improved by 27% to RM405.2 million as compared to RM318.7 million recorded in the previous financial year. The results were supplemented with the gains on disposal of the Indonesia operations by the Group.

Others

This segment recorded an increase in revenue of 22% to RM70.5 million contributed by increases from KPJ Dhaka of RM6.3 million and KPJU of RM4.8 million.

This segment recorded a lower EBITDA loss of RM1.5 million, as compared to the previous year while loss before tax also improved by 17% to RM27.2 million compared to RM32.7 million in year 2022.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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 year compared to prior financial year

The Group recorded net current assets of RM267.4 million as at 31 December 2023, compared to net current liabilities of RM202.1 million as at 31 December 2022.

Total assets closed at RM7,246.2 million, 4% higher than RM6,994.1 million as at 31 December 2022. The proceeds received from the completion of disposal of Indonesia subsidiaries, completion of sale and leaseback arrangement with Al-'Aqar Healthcare REIT, the opening of new hospital (KPJ Damansara 2) and the development in KPJ Penang are the main contributing factors to the increase in total assets. Additionally, the growing hospital activities led to an increase in the trade and other receivables balances as at 31 December 2023.

The Group's total liabilities as at 31 December 2023 was RM4,718.0 million, 2% higher than RM4,639.8 million as at 31 December 2022. This was derived from the issuance of Sukuk Wakalah during the year as well as increase in lease liabilities balance from the new lease arrangements, offset by the repayment of Sukuk Murabahah of RM450.0 million during the year.

d. Review on statements of cash flows for current financial year compared to prior financial year

For both years, the Group recorded a net cash generated from operating activities, with 2023 being 43% higher to RM657.6 million in comparison to RM459.8 million in the prior financial year as a result of significant improvement in hospital operations' performance.

Additions to PPE of RM237.5 million being the highest contributor to the cash outflows from investing activities mainly due to expansion of hospital business such as in KPJ Damansara 2, KPJ Penang, KPJ Ipoh, KPJ Johor and KPJ Ampang. The outflows were offset by the proceeds from disposals of interest in the Indonesia subsidiaries and land in Jeta Garden aggregating to RM196.2 million. This resulted in net cash used in investing activities amounting to RM94.6 million.

Cash inflows from financing activities were primarily generated from the drawdown of borrowings, mainly from the new issuance of Sukuk Wakalah Programme of RM555.0 million. This was offset with payments of certain borrowings in the current year including Sukuk Murabahah Programme of RM450.0 million and payment of lease liabilities of RM141.7 million. The cash outflow further derived from the dividends paid to shareholders in the current financial year of RM135.3 million plus a special dividend of RM10.9 million, totaling to RM146.2 million. The net cash used in financing activities closed at RM434.7 million.

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

	Quarter ended 31.12.2023			Quarter ended 30.09.2023			Var %
	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000	
Revenue	911,455	17,280	928,735	906,894	26,296	933,190	-
Operating profit/(loss)	111,346	2,079	113,425	173,903	(1,386)	172,517	(34)
Other income	9,159	1,055	10,214	48,185	(2,028)	46,157	(78)
EBITDA/ (LBITDA)	194,114	(18,258)	175,856	255,486	2,020	257,506	(32)
Profit/(loss) before tax	83,442	(17,818)	65,624	136,288	(1,071)	135,217	(51)
Net profit/(loss) for the financial period	85,154	(17,818)	67,336	100,454	(1,272)	99,182	(32)
Total comprehensive income/(expense) for the financial period	114,245	(17,818)	96,427	98,519	883	99,402	(3)
Profit/(loss) attributable to Owners of the Company	83,504	(10,114)	73,390	92,077	(331)	91,746	(20)
No. of inpatient (episode)	94,504	-	94,504	96,968	1,063	98,031	(4)
No. of outpatient (episode)	763,033	-	763,033	771,512	13,682	785,194	(3)

The Group's revenue recorded a marginal decrease as compared to the previous quarter, with a slight drop in inpatient and outpatient visits by 4% and 3% respectively.

Net profit for the current quarter decreased by 32% to RM67.3 million from RM99.2 million as compared to corresponding period, on the back of absence of net gain recognised arising from divestment of Indonesia operations during Q3 2023 amounting to RM23.3 million as well as net impact of impairment loss on certain property, plant and equipment and the retirement village business' investment property in Australia totalling to RM7.6m.

During the quarter, the Group has also recognised RM16.8 million impairment losses on PPE from Jeta Garden's aged care business (classified under discontinued operations in the profit or loss).

The discontinued operations are related to the divestment of Indonesia operations (completed on 5 April 2023 and 28 September 2023) and aged care operations in Australia (completed on 31 January 2024).

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

B3 CURRENT YEAR PROSPECTS

Bank Negara Malaysia expects the Malaysian economy to grow between 4% and 5% in 2024, and this augurs well with the Group's focus on its Malaysian operations. The Group expects an increase in number of patients for the year, supported with increase in new beds and services as well as hiring of new consultants. The health tourism sector is expected to exceed RM2 billion of revenue in 2024, which the Group aims to capitalise on.

B4 PROFIT FORECAST / GUARANTEE

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

B5 TAX

	Individual Quarter 3 months ended		For the financial year ended	
	<u>31.12.2023</u>	<u>31.12.2022</u>	<u>31.12.2023</u>	<u>31.12.2022</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	1,712	(14,217)	(75,345)	(73,208)

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial period/year. The effective tax rate ("ETR") for the current period/year is slightly lower than the statutory rate mainly due to recognition of deferred tax assets attributed from tax losses of several hospitals which were previously not recognised.

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

B6 STATUS OF CORPORATE PROPOSALS

On 13 December 2023, the Group announced the proposed disposal of the aged care business by its subsidiaries, Jeta Gardens (Qld) Pty Ltd and Jeta Gardens Aged Care (Qld) Pty Ltd ("Jeta Gardens") to DPG Services Pty Ltd for a net cash payment of AUD0.70 million. Following the fulfilment of conditions precedent and the obligations on completion, the disposal was completed on 31 January 2024.

B7 BORROWINGS

Details of the Group's borrowings are as follows:

	<u>Current</u>		<u>Non-current</u>		<u>Total borrowings</u>	
	<u>Foreign</u>	<u>RM</u>	<u>Foreign</u>	<u>RM</u>	<u>Foreign</u>	<u>RM</u>
	'000	'000	'000	'000	'000	'000
<u>As at 31 December 2023</u>						
<u>Secured</u>						
Term loans:						
- Syariah						
RM	-	55,596	-	131,138	-	186,734
Hire purchase creditors:						
- Conventional						
RM	-	38	-	59	-	97
- Syariah						
RM	-	18,415	-	28,767	-	47,182
<u>Unsecured</u>						
Revolving credits:						
- Syariah						
RM	-	254,500	-	-	-	254,500
Bank overdrafts:						
- Syariah						
RM	-	18,406	-	-	-	18,406
Islamic Medium Term						
Notes:						
- Sukuk Murabahah						
RM	-	200,000	-	-	-	200,000
- Sukuk Wakalah						
RM	-	-	-	1,205,000	-	1,205,000
Total		<u>546,955</u>		<u>1,364,964</u>		<u>1,911,919</u>

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

B7 BORROWINGS (CONTINUED)

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

	<u>Current</u>		<u>Non-current</u>		<u>Total borrowings</u>	
	<u>Foreign</u>	<u>RM</u>	<u>Foreign</u>	<u>RM</u>	<u>Foreign</u>	<u>RM</u>
	'000	'000	'000	'000	'000	'000
<u>As at 31 December 2022</u>						
<u>Secured</u>						
Term loans:						
- Conventional						
AUD	541	1,620	45	136	586	1,756
- Syariah:						
RM	-	55,234	-	159,188	-	214,422
Hire purchase creditors:						
- Conventional						
RM	-	36	-	97	-	133
- Syariah:						
RM	-	17,709	-	38,342	-	56,051
<u>Unsecured:</u>						
Revolving credits:						
- Conventional						
AUD	1,854	5,548	-	-	1,854	5,548
- Syariah						
RM	-	292,800	-	-	-	292,800
Bank overdrafts:						
- Syariah						
RM	-	16,468	-	-	-	16,468
Islamic Medium Term						
Notes:						
- Sukuk Murabahah						
RM	-	450,000	-	200,000	-	650,000
- Sukuk Wakalah						
RM	-	-	-	650,000	-	650,000
Total		<u>839,415</u>		<u>1,047,763</u>		<u>1,887,178</u>

The key exchange rate used is as follows:

	<u>31.12.2023</u>	<u>31.12.2022</u>
1 Australian Dollar	<u>3.1254</u>	<u>3.0049</u>

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

B7 BORROWINGS (CONTINUED)

Material changes in borrowings

The Group made its second issuance from Sukuk Wakalah for a nominal value of RM555.0 million during the current year.

Weighted average interest rate of borrowings are as follows:

- Term loan: 6.59% p.a. (2022: 5.98% p.a.)
- Hire purchase: 2.60% p.a. (2022: 2.56% p.a.)
- Islamic Medium-Term Notes: 4.54% p.a. (2022: 4.77% p.a.)
- Overdraft: 6.87% p.a. (2022: 6.28% p.a.)
- Revolving credit: 5.06% p.a. (2022: 4.27% 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

The dividends paid or declared by the Company since 31 December 2022 were as follows:-

	RM
In respect of the financial year ended 31 December 2023:	
First interim dividend of 0.60 sen per share on 4,364,301,366 shares. The dividend was declared on 17 February 2023 and paid on 14 April 2023.	26,185,808
Second interim dividend of 0.65 sen per share on 4,364,301,366 shares. The dividend was declared on 30 May 2023 and paid on 4 July 2023.	28,367,959
Third interim dividend of 0.80 sen per share on 4,364,301,366 shares. The dividend was declared on 29 August 2023 and paid on 3 October 2023.	34,914,411
Fourth interim dividend of 1.05 sen per share on 4,364,301,366 shares. The dividend was declared on 28 November 2023 and paid on 28 December 2023.	45,825,164
Special interim dividend of 0.25 sen per share on 4,364,301,366 shares. The dividend was declared on 28 November 2023 and paid on 28 December 2023.	10,910,753
	<u>146,204,095</u>

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

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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 attributable to ordinary equity holders by the average number of ordinary shares in issue during the financial year.

	As at <u>31.12.2023</u>	As at <u>31.12.2022</u>
<u>Continuing operations</u>		
Profit attributable to Owners of the Company (RM'000)	281,292	178,610
Weighted average number of ordinary shares in issue ('000)	4,361,014	4,341,403
Basic earnings per share (sen)	<u>6.45</u>	<u>4.11</u>
<u>Discontinued operations</u>		
Loss attributable to Owners of the Company (RM'000)	(17,884)	(11,629)
Weighted average number of ordinary shares in issue ('000)	4,361,014	4,341,403
Basic earnings per share (sen)	<u>(0.41)</u>	<u>(0.27)</u>

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONTINUED)

B11 EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

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

	As at <u>31.12.2023</u>	As at <u>31.12.2022</u>
<u>Continuing operations</u>		
Profit attributable to Owners of the Company (RM'000)	281,292	178,610
Weighted average number of ordinary shares in issue ('000)	4,361,014	4,341,403
Assumed shares issued from the - exercise of ESOS ('000)	-	102,421
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue ('000)	4,361,014	4,443,824
Diluted earnings per share (sen)	<u>6.45</u>	<u>4.02</u>
<u>Discontinued operations</u>		
Loss attributable to Owners of the Company (RM'000)	(17,884)	(11,629)
Weighted average number of ordinary shares in issue ('000)	4,361,014	4,341,403
Assumed shares issued from the - exercise of ESOS ('000)	-	102,421
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue ('000)	4,361,014	4,443,824
Diluted earnings per share (sen)	<u>(0.41)</u>	<u>(0.26)</u>