

Company No.

247079	M
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KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

30 SEPTEMBER 2017

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORTS
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2017**

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the third quarter and financial period ended 30 September 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 2016 and the accompanying explanatory notes attached to this report.

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	Note	Individual Quarter			Cumulative Quarter		
		3 months ended			9 months ended		
		30.09.2017	30.09.2016	Var	30.09.2017	30.09.2016	Var
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	B1	803,203	767,039	5	2,390,137	2,276,109	5
Cost of sales		(569,425)	(536,507)	6	(1,679,852)	(1,591,180)	6
Gross profit		233,778	230,532	1	710,285	684,929	4
Administrative expenses		(185,758)	(181,591)	2	(552,738)	(534,394)	3
Other income		5,175	3,134	65	16,106	13,816	17
Operating profit		53,195	52,075	2	173,653	164,351	6
Finance income		4,260	5,241	-19	10,881	10,368	5
Finance costs		(16,780)	(18,137)	-7	(57,454)	(55,276)	4
Finance costs – net		(12,520)	(12,896)	-3	(46,573)	(44,908)	4
Share of results of associates		9,682	9,904	-2	23,449	27,147	-14
Profit before zakat and tax	B2	50,357	49,083	3	150,529	146,590	3
Zakat		(726)	(570)	27	(2,937)	(1,710)	72
Taxation	B5	(16,542)	(14,234)	16	(42,995)	(42,511)	1
Net profit for the financial period		33,089	34,279	-4	104,597	102,369	2
Other comprehensive income		-	83	-100	896	188	377
Total comprehensive income for the financial year		33,089	34,362	-4	105,493	102,557	3

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**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)**

	Note	Individual Quarter			Cumulative Quarter		
		3 months ended			9 months ended		
		<u>30.09.2017</u>	<u>30.09.2016</u>	<u>Var</u>	<u>30.09.2017</u>	<u>30.09.2016</u>	<u>Var</u>
		RM'000	RM'000	%	RM'000	RM'000	%
Profit attributable to:							
Owners of the Company		30,555	32,497	-6	100,991	97,004	4
Non-controlling interest		2,534	1,782	42	3,606	5,365	-33
Net profit attributable to shareholders		<u>33,089</u>	<u>34,279</u>	-4	<u>104,597</u>	<u>102,369</u>	2
Total comprehensive income attributable to:							
Owners of the Company		30,555	32,580	-6	101,887	97,192	5
Non-controlling interest		2,534	1,782	42	3,606	5,365	-33
Net profit attributable to shareholders		<u>33,089</u>	<u>34,362</u>	-4	<u>105,493</u>	<u>102,557</u>	3
Dividend per share (sen)	A7	<u>0.38</u>	<u>0.38</u>		<u>1.38</u>	<u>1.27</u>	
Earnings per share (sen)	B11						
- Basic		1.58	1.71		5.24	5.12	
- Diluted		<u>1.21</u>	<u>1.29</u>		<u>3.97</u>	<u>3.81</u>	

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**UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017**

	<u>Note</u>	<u>30.09.2017</u> RM'000	<u>Audited</u> <u>31.12.2016</u> RM'000
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property, plant and equipment	A9	2,158,277	1,966,535
Investment properties		280,436	280,436
Intangible assets		241,441	245,567
Investment in associates		409,964	391,540
Available-for-sale financial assets		2,146	2,146
Deferred tax assets		12,200	18,757
Trade and other receivables		-	34,621
		<hr/>	<hr/>
		3,104,464	2,939,602
		<hr/>	<hr/>
<u>Current assets</u>			
Inventories		50,890	47,119
Trade and other receivables		611,366	555,518
Tax recoverable		32,205	33,861
Deposit, cash and bank balances		318,180	359,399
		<hr/>	<hr/>
		1,012,641	995,897
		<hr/>	<hr/>
Total assets		<u>4,117,105</u>	<u>3,935,499</u>
EQUITY AND LIABILITIES			
<u>Current liabilities</u>			
Trade and other payables		589,723	490,922
Current tax liabilities		5,046	12,047
Borrowings	B7	317,470	333,445
Deferred revenue		72,592	76,804
Dividends payable		15,818	15,720
		<hr/>	<hr/>
		1,000,649	928,938
		<hr/>	<hr/>
Net current assets		<u>11,992</u>	<u>66,959</u>

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UNAUDITED CONDENSED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017 (CONTINUED)

	<u>Note</u>	<u>30.09.2017</u> RM'000	<u>Audited</u> <u>31.12.2016</u> RM'000
<u>Non-current liabilities</u>			
Borrowings	B7	1,271,781	1,242,313
Deferred tax liabilities		61,561	63,041
Provision for retirement benefits		2,568	2,548
Deposits		14,293	13,930
		<u>1,350,203</u>	<u>1,321,832</u>
Total liabilities		<u>2,350,852</u>	<u>2,250,770</u>
Net assets		<u>1,766,253</u>	<u>1,684,729</u>
<u>Equity attributable to owners of the Company</u>			
Share capital	A6	735,254	531,784
Share premium		-	178,141
Less: Treasury shares		(54,777)	(54,777)
Reserves		994,929	939,940
		<u>1,675,406</u>	<u>1,595,088</u>
Non-controlling interest		90,847	89,641
Total equity		<u>1,766,253</u>	<u>1,684,729</u>
Total equity and liabilities		<u>4,117,105</u>	<u>3,935,499</u>
<u>Net assets per share attributable to owners of the Company (RM)</u>			
		<u>0.39</u>	<u>0.37</u>

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

	Non-distributable									Distributable		Non-controlling interest	Total equity
	Number of shares	Share capital	Share premium	Treasury shares	Warrant reserve	Esos reserve	Merger reserve	Exchange reserve	Revaluation reserve	Retained earnings	Total		
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	1,063,569	531,784	178,141	(54,777)	31,692	50,111	(3,367)	(2,099)	87,862	775,741	1,595,088	89,641	1,684,729
Comprehensive income:													
Profit for the financial period	-	-	-	-	-	-	-	-	-	100,991	100,991	3,606	104,597
Other comprehensive income:													
Currency translation of foreign subsidiaries	-	-	-	-	-	-	-	583	-	-	583	-	583
Total other comprehensive income	-	-	-	-	-	-	-	583	-	-	583	-	583
Transactions with owners:													
Issue of shares:													
- Warrants	166	669	-	-	(669)	-	-	-	-	-	-	-	-
- ESOS	6,421	22,804	1,856	-	-	(1,284)	-	-	-	-	23,376	-	23,376
- Subdivision of shares	3,210,471	-	-	-	-	-	-	-	-	-	-	-	-
	3,217,058	23,473	1,856	-	(669)	(1,284)	-	-	-	-	23,376	-	23,376
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(57,803)	(57,803)	-	(57,803)
ESOS expenses during the period	-	-	-	-	-	13,171	-	-	-	-	13,171	-	13,171
Lapsed ESOS	-	-	-	-	-	(469)	-	-	-	469	-	-	-
Dividends paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2,400)	(2,400)
Total transactions with owners	3,217,058	23,473	1,856	-	(669)	11,418	-	-	-	(57,334)	(21,256)	(2,400)	(23,656)
Transfer pursuant to S618(2) of CA 2016*	-	179,997	(179,997)	-	-	-	-	-	-	-	-	-	-
At 30 September 2017	4,280,627	735,254	-	(54,777)	31,023	61,529	(3,367)	(1,516)	87,862	819,398	1,675,406	90,847	1,766,253

Note: *pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any outstanding Share Premium accounts shall become part of Share Capital.

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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Issued and fully paid ordinary shares of RM0.50 each			Non-distributable						Distributable		Non- controlling interest RM'000	Total equity RM'000
	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 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
Comprehensive income:													
Profit for the financial period	-	-	-	-	-	-	-	-	-	97,004	97,004	5,365	102,369
Other comprehensive income:													
Currency translation of foreign subsidiaries	-	-	-	-	-	-	-	188	-	-	188	-	188
Total other comprehensive income	-	-	-	-	-	-	-	188	-	-	188	-	188
Transactions with owners:													
Issue of shares:													
- Warrants	1	1	1	-	(1)	-	-	-	-	-	1	-	1
- ESOS	7,802	3,901	32,349	-	-	(7,850)	-	-	-	-	28,400	-	28,400
	7,803	3,902	32,350	-	(1)	(7,850)	-	-	-	-	28,401	-	28,401
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(52,701)	(52,701)	-	(52,701)
ESOS expenses during the period	-	-	-	-	-	15,108	-	-	-	-	15,108	-	15,108
Lapsed ESOS	-	-	-	-	-	(1,910)	-	-	-	-	(1,910)	-	(1,910)
Total transactions with owners	7,803	3,902	32,350	-	(1)	5,348	-	-	-	(52,701)	(11,102)	-	(11,102)
At 30 September 2016	1,062,296	531,148	180,177	(54,777)	31,692	29,844	(3,367)	(1,840)	105,914	738,882	1,557,673	93,807	1,651,480

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**UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017**

	<u>9 months ended</u>	
	<u>30.09.2017</u>	<u>30.09.2016</u>
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before zakat and tax	150,529	146,590
Adjustments for:		
Share of results of associates	(23,449)	(27,147)
Finance income	(10,881)	(10,368)
Finance costs	57,454	55,276
Share based payments	13,171	15,108
Provision for impairment of receivables	-	3,848
Property, plant and equipment		
- Depreciation	104,786	97,114
- Loss on disposal	392	-
- Written-off	-	27
Amortisation of software development expenditure	1,152	3,482
Gain on disposal of shares in an associates	-	829
Operating profit before changes in working capital	<u>293,154</u>	<u>284,759</u>
Changes in working capital:		
Inventories	(3,771)	(6,388)
Receivables	(21,227)	(24,619)
Payables	82,391	(37,332)
Deferred revenue	(4,212)	(1,143)
Cash flows generated from operations	<u>346,335</u>	<u>215,277</u>
Zakat paid	(2,937)	-
Income tax paid (net of refund)	<u>(43,263)</u>	<u>(59,974)</u>
Net cash generated from operating activities	<u>300,135</u>	<u>155,303</u>

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UNAUDITED CONDENSED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

	<u>9 months ended</u>	
	<u>30.09.2017</u>	<u>30.09.2016</u>
	RM'000	RM'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(271,440)	(195,194)
Additions to intangible assets	(9,354)	-
Proceeds from disposal of property, plant and equipment	8,430	-
Proceeds from disposal of shares in an associate	-	2,870
Interest received	10,881	10,368
	<u>(261,483)</u>	<u>(181,956)</u>
FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(2,400)	(2,400)
Issue of shares:		
- Warrants	669	1
- ESOS	23,376	28,400
Bank borrowings		
- Drawdown	75,729	161,490
- Repayment	(53,764)	(83,628)
Interest paid	(57,454)	(55,276)
Dividend paid to shareholders	(57,803)	(37,000)
Designated account	-	7,632
	<u>(71,647)</u>	<u>19,219</u>
Net cash (used in) / generated from financing activities		
	<u>(71,647)</u>	<u>19,219</u>
Net changes in cash and cash equivalents	(32,995)	(7,434)
Currency translation differences	248	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>335,125</u>	<u>420,069</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u><u>302,378</u></u>	<u><u>412,635</u></u>

KPJ HEALTHCARE BERHAD
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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
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 2016.

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 2016.

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 12 ‘Disclosure of Interest in Other Entities’.
- Amendments to MFRS 107 ‘Statement of Cash Flows – Disclosure Initiative’.
- Amendments to MFRS 112 ‘Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses’.

The adoption of these amendments has required additional disclosures in the financial statements for the financial year ending 31 December 2017. Other than that, the adoption of these amendments did not have any material impact on the financial statements for the current financial period.

Standards that have been issued but not yet effective

The Group did not early adopt these new standards.

- MFRS 1 ‘Amendments to MFRS 1’ (Annual improvements to MFRS standards 2014-2016 cycle) (effective from 1 January 2018).
- MFRS 2 ‘Classification and Measurement of Share-based Payment Transactions’ (Amendments to MFRS 2) (effective from 1 January 2018).
- MFRS 9 ‘Financial Instruments’ (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.
- 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).

The effects of the above new standards and amendments to standards and interpretation are currently being assessed by the Directors.

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2017 (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 2016 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

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, share buy-backs, and repayments of debt and equity securities by the Company in the current financial period under review, except for the followings:

EQUITY SECURITIES

i. Treasury shares

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

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.

Up to 31 December 2016, 15,520,000 units of KPJ Healthcare Berhad shares were bought by the Company from the open market, listed on the Bursa Malaysia, at an average buy-back price of RM3.46 per share for a total consideration of RM54,413,249 including transaction cost and was financed by internally generated fund. The shares were retained as treasury shares.

On 27 September 2017, the Company announced that the subdivision of shares has been completed, resulted to the balance of treasury shares stands at 62,080,000 units.

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2017 (CONTINUED)**

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

EQUITY SECURITIES (CONTINUED)

ii. Free warrants (2014/2019)

On 29 January 2014, Warrants 2014/2019 were issued for free to the subscribers of the renounceable rights issue of 43,637,326 new ordinary shares of RM0.50 each in the Company's rights shares on the basis of one (1) Rights Share for every fifteen (15) existing shares held by the entitled shareholders of the Company, together with 87,274,452 free detachable new warrants ("Warrant(s) 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 warrant is entitled at any time during the exercise year, to subscribe for one (1) new ordinary share at the exercise price of RM1.01

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

iii. Employees Share Option Scheme (ESOS)

An Employees Share Option Scheme ("ESOS") was implemented on 27 February 2015 for the benefit of senior executives and 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 was 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 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 options expire on 27 February 2020.

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.

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2017 (CONTINUED)**

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

EQUITY SECURITIES (CONTINUED)

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

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.

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>30.09.2017</u> Number of shares ('000)	<u>30.09.2017</u> RM'000
At start of the financial period	1,063,569	531,784
Issued during the financial period		
- exercise of Free warrants (1 free warrant for every 15 shares) (Refer A6 (ii))	166	669
- exercise of ESOS	6,421	22,804
- subdivision of shares	3,210,471	-
Transfer of share premium pursuant to S618(2) of CA 2016	-	179,997
At end of financial period	<u>4,280,627</u>	<u>735,254</u>

KPJ HEALTHCARE BERHAD
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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2017 (CONTINUED)**

A7 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.

A8 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal management reporting provided to the chief operating decision maker ("CODM"), which is the Executive Committee ("EXCO"). The EXCO considers the business by geographical location. The reportable segments have been identified as follows:

- (i) Malaysia - All healthcare activities including the private hospitals, pathology and laboratory services and distribution of pharmaceutical, medical and consumer healthcare products.
- (ii) Indonesia - Private hospitals
- (iii) Australia - Providing retirement village and aged care facilities
- (iv) Others - Operating segments involved in provision of hospital services in 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.

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

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

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended

	<u>Malaysia</u> RM'000	<u>Indonesia</u> RM'000	<u>Australia</u> RM'000	<u>Others</u> RM'000	<u>Group</u> RM'000
<u>30 September 2017</u>					
<u>Revenue</u>					
Revenue from external customers	762,320	12,729	14,770	13,384	803,203
<u>Results</u>					
EBITDA*	104,980	2,271	(8)	(1,994)	105,249
Profit/(loss) before zakat and tax	53,675	343	(583)	(3,078)	50,357
Total assets	3,593,987	148,335	185,276	189,507	4,117,105
Total liabilities	2,036,648	52,203	215,256	46,745	2,350,852
Additions to property, plant and equipment	54,364	227	18	1,817	56,426
<u>30 September 2016</u>					
<u>Revenue</u>					
Revenue from external customers	724,427	11,004	18,639	12,969	767,039
<u>Results</u>					
EBITDA*	98,233	4,361	(1,391)	658	101,861
Profit/(loss) before zakat and tax	51,095	706	(2,403)	(315)	49,083
Total assets	3,569,568	157,963	212,472	123,629	4,063,632
Total liabilities	2,078,509	52,858	237,380	43,405	2,412,152
Additions to property, plant and equipment	76,261	864	962	58	78,145

KPJ HEALTHCARE BERHAD
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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2017 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

The above Indonesia and Australia segments in their functional currency 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>30 September 2017</u>				
<u>Revenue</u>				
Revenue from external customers	44,929,989	12,729	4,638	14,770
<u>Results</u>				
EBITDA*	7,083,626	2,271	(2)	(8)
Profit/(loss) before zakat and tax	1,068,625	343	(183)	(583)
Total assets	464,889,821	148,335	57,149	185,276
Total liabilities	360,073,274	52,203	66,458	215,256
Additions to property, plant and equipment	687,879	227	5	18
<u>30 September 2016</u>				
<u>Revenue</u>				
Revenue from external customers	42,468,886	11,004	6,223	18,639
<u>Results</u>				
EBITDA*	14,743,070	4,361	(464)	(1,391)
Profit/(loss) before zakat and tax	2,386,748	706	(802)	(2,403)
Total assets	534,019,608	157,963	67,496	212,472
Total liabilities	375,508,041	52,858	75,409	237,380
Additions to property, plant and equipment	2,920,892	864	376	962

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2017 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Cumulative 9 months ended

	<u>Malaysia</u> RM'000	<u>Indonesia</u> RM'000	<u>Australia</u> RM'000	<u>Others</u> RM'000	<u>Group</u> RM'000
<u>30 September 2017</u>					
<u>Revenue</u>					
Revenue from external customers	2,265,293	37,594	43,867	43,383	2,390,137
<u>Results</u>					
EBITDA*	311,085	6,990	(3,714)	(441)	313,920
Profit/(loss) before zakat and tax	159,036	1,256	(5,694)	(4,069)	150,529
Total assets	3,593,987	148,335	185,276	189,507	4,117,105
Total liabilities	2,036,648	52,203	215,256	46,745	2,350,852
Additions to property, plant and equipment	267,621	355	18	3,446	271,440
<u>30 September 2016</u>					
<u>Revenue</u>					
Revenue from external customers	2,156,413	39,266	42,513	37,917	2,276,109
<u>Results</u>					
EBITDA*	297,414	6,858	(6,155)	863	298,980
Profit/(loss) before zakat and tax	155,292	1,543	(8,090)	(2,155)	146,590
Total assets	3,569,568	157,963	212,472	123,629	4,063,632
Total liabilities	2,078,509	52,858	237,380	43,405	2,412,152
Additions to property, plant and equipment	187,935	1,302	4,376	1,581	195,194

KPJ HEALTHCARE BERHAD
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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2017 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

The above Indonesia and Australia segments in their functional currency is as follows:

Cumulative 9 months ended

	<u>Indonesia</u> IDR'000	<u>Indonesia</u> RM'000	<u>Australia</u> AUD'000	<u>Australia</u> RM'000
<u>30 September 2017</u>				
<u>Revenue</u>				
Revenue from external customers	132,936,343	37,594	13,776	43,867
<u>Results</u>				
EBITDA*	21,808,595	6,990	(1,166)	(3,714)
Profit/(loss) before zakat and tax	3,918,732	1,256	(1,788)	(5,694)
Total assets	464,889,821	148,335	57,149	185,276
Total liabilities	360,073,274	52,203	66,458	215,256
Additions to property, plant and equipment	1,075,758	355	5	18
<u>30 September 2016</u>				
<u>Revenue</u>				
Revenue from external customers	150,231,623	39,266	14,194	42,513
<u>Results</u>				
EBITDA*	23,184,584	6,858	(2,055)	(6,155)
Profit/(loss) before zakat and tax	5,216,362	1,543	(2,701)	(8,090)
Total assets	534,019,608	157,963	67,496	212,472
Total liabilities	375,508,041	52,858	75,409	237,380
Additions to property, plant and equipment	4,401,623	1,302	1,461	4,376

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

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2017 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

The key exchange rate used as at 30 September 2017 is as follows;

	<u>30.09.2017</u>	<u>30.09.2016</u>
1 Australian Dollar		
Closing	3.3090	3.1479
Average	3.1842	2.9952
1,000 Indonesian Rupiah		
Closing	0.3300	0.3109
Average	<u>0.3205</u>	<u>0.2958</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 2016 to reflect the fair value of the properties that has changed significantly based on a valuation carried out by an 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 FINANCIAL PERIOD

Except as stated in note B6, there were no material events subsequent to the financial period ended 30 September 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 quarter.

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 2016 except as stated in note B9.

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A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

A13 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 30 September 2017 are as follows:

	RM'000
Approved and contracted	228,862
Approved but not contracted	103,529
	<hr/>
	332,391
	<hr/> <hr/>

Analysed as follows:

Building	259,767
Medical equipment	39,183
Other property, plant and equipment	33,441
	<hr/>
	332,391
	<hr/> <hr/>

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 30 September 2017 was RM803.2 million, an increase of 5% as compared to RM767.0 million in the corresponding quarter of the preceding year. The profit before zakat and tax for the 3 months ended 30 September 2017 was recorded at RM50.4 million, increase by 3% from RM49.1 million in 2016.

Segment

Malaysia

The Malaysia segment reported revenue of RM762.3 million increase by 5% from RM724.4 million in the same quarter in 2016. The revenue for the current quarter was higher as compared to the corresponding quarter of the preceding year mainly contributed by the increase in inpatient numbers. Besides, noted also that certain existing hospitals that had turnaround during the last financial year had also contributed to the increase in revenue.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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)

Indonesia

The Indonesia segment reported an increase of 15% in revenue in current quarter, RM12.7 million as compared to the revenue of RM11.0 million in the preceding year. The improvements was mainly due to economies of scale achieved at Rumah Sakit Medika Bumi Serpong Damai with improved number of outpatients. EBITDA for this segment is reported at RM2.3 million, 48% decreased as compared to EBITDA of RM4.4 million reported in the corresponding quarter of the preceding year.

Australia

Revenue from Australia segment was reported at RM14.8 million, decreased by 20% as compared to revenue in the corresponding quarter of the preceding year which was reported at RM18.6 million. However, this segment reported a huge improvement on negative EBITDA of RM8,000 during this quarter as compared to negative EBITDA of RM1.4 million reported in the corresponding quarter of the preceding year as a result of economies of scale in Jeta Gardens. In line with this improvement, losses for the current quarter was reported at RM0.6 million, an improvement of 75% as compared to RM2.4 million loss in the corresponding quarter of the preceding year.

Others

Revenue from this segment was reported at RM13.4 million, increased by 3% from RM13.0 million in 2016, mainly contributed by the additional revenue of RM0.3 million from KPJ Education (M) Sdn Bhd (f.k.a "KFC College") which was acquired in mid 2016.

b. Review on statement of comprehensive income for current financial period compared to prior financial period (9 months)

Group

The Group's revenue for the current period ended 30 September 2017 was RM2,390.1 million, an increase of 5% as compared to RM2,276.1 million in the corresponding period of the preceding year. The profit before zakat and tax for the 9 months ended 30 September 2017 was recorded at RM150.5 million, an increase of 3% from RM146.6 million in 2016 in line with the increased in revenue.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 period compared to prior financial period (9 months) (continued)

Segment

Malaysia

The Malaysia segment reported revenue of RM2,265.3 million increase by 5% from RM2,156.4 million in the same period in 2016. The revenue for the current period was higher as compared to the corresponding period of the preceding year mainly attributed by the increase in revenue generated by increased in number of inpatients. In addition, the newly opened hospital, KPJ Pahang and existing hospitals that had turnaround during the last financial year also contribute to the revenue improvement.

Indonesia

The Indonesia segment reported a decrease of 4% in revenue of RM37.6 million as compared to the revenue of RM39.3 million in the preceding year. However, the EBITDA for this segment is reported at RM7.0 million, 2% increased as compared to EBITDA of RM6.9 million reported in the corresponding period of the preceding year mainly due to slight reduction in administrative costs during the period.

Australia

Revenue from Australia segment was reported at RM43.9 million, increased by 3% as compared to revenue in the corresponding period of the preceding year which was reported at RM42.5 million. The currency exchange fluctuation has contributed to favorable impact on the increment of the revenue of the Group.

This segment reported a negative EBITDA of RM3.7 million, an improvement of 40% as compared to the negative EBITDA of RM6.2 million reported in the corresponding period of the preceding year as a result of economies of scale in Jeta Gardens. Losses for the current period was reported at RM5.7 million, 30% changes as compared to RM8.1 million loss in the corresponding period of the preceding year.

Others

Revenue from this segment was reported at RM43.4 million, increased by 15% from RM37.9 million in 2016, mainly contributed by the additional revenue of RM2.7 million from KPJ Education (M) Sdn Bhd (f.k.a “KFC College”) which was acquired in mid 2016. KPJ Dhaka had also contributed to the increased revenue by RM1.4 million, as a result from additional hospital services offered starting early this year.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 (9 months)

Group

The Group's total assets as at 30 September 2017 was RM4,117.1 million, a slight increase of 1% as compared to RM4,063.6 million as at 30 September 2016. However, the Group's total liabilities as at 30 September 2017 was RM2,350.9 million decrease of 3% as compared to RM2,412.2 million as at 30 September 2016.

Segment

Malaysia

Total assets from Malaysia segment was reported at RM3,594.0 million, an increase of 1% in comparison to RM3,569.6 million as at 30 September 2016. Total liabilities from this segment was reported at RM2,036.6 million decreased by 2% in comparison to RM2,078.5 million as at 30 September 2016.

The increment was mainly attributable to the increase in property, plant and equipment by RM128.7 million arising from soon-to-be opened hospitals, which are currently under construction. While the decreased in liabilities was due from the decrease in borrowings resulted from existing expansion hospitals that used internal generated fund.

Indonesia

Total assets from Indonesia segment was reported at RM148.3 million decreased by 6% in comparison to RM157.9 million as at 30 September 2016, mainly due to the depreciation of property, plant and equipment charged for the period.

The decrease was also due to lower receivables of RM15.2 million as at 30 September 2017 against RM23.7 million as at 30 September 2016, mainly due to high turnover on its trade receivables balances.

Total liabilities from Indonesia segment was reported at RM52.2 million decreased by 1% in comparison to RM52.9 million as at 30 September 2016, due to decrease in borrowings arising from repayment of the loan during the period.

Australia

The Australia segment reported total assets of RM185.3 million, a decrease of 13% as compared to RM212.5 million recorded as at 30 September 2016, due to disposal of their available-for-sale investments in December 2016. The segment reported the total liabilities of RM215.3 million decrease which represents 9% from the RM237.4 million recorded as at 30 September 2016 due to decrease in borrowings.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 (9 months) (continued)

Segment (continued)

Others

Total assets from this segment was reported at RM189.5 million, an increase of 53% from RM123.6 million in 2016. This was mainly due to increase in property, plant and equipment by RM18.0 million arising from the surplus from revaluation of leasehold land amounting to RM13.0 million that was carried out end of 2016.

Total liabilities from this segment was reported at RM46.7 million increased by 8% from RM43.4 million in 2016 mainly contributed by the increased in demand in KPJ Dhaka. As a result, the payables from the purchases of consumables and materials has also increased.

d. Review on statement of statement of cash flows for current financial period compared to prior financial period (9 months)

Group

The statement of cash flows is showing good cash inflow from operating activities which has increased by almost doubled from RM155.3 million to RM300.1 million, mainly due to stronger working capital. This can be shown from the inventory turnover days reported at this quarter of 25 days, slight improvement as compared to the same period at preceding year. In line with this, debtors turnover days reported at 53 days during this period which is 17% better as compared to the same quarter in 2016 at 64 days.

Higher cash used in investing activities mainly due to increase in the addition of property, plant and equipment at RM271,000 compared to the same period at preceding quarter of RM195,000. The addition mainly from Malaysia segment of RM268,000 followed by others segment of RM3,000. This increase can also be seen from the increase in depreciation charge reported at operating activities.

Higher net cash used in financing activities due to less drawdown of facilities, higher repayment of financing facilities and dividend payment for the period.

The increase in internal generated fund from operations was offsetted with higher cash out flow for investing and financing activities hence resulted lower surplus of cash balance at the period end.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

	<u>Quarter ended</u> <u>30.09.2017</u> RM'000	<u>Quarter ended</u> <u>30.06.2017</u> RM'000	<u>Var</u> %
Revenue	803,203	793,025	1
Operating profit	53,195	53,921	-1
Profit before zakat and tax	50,357	45,543	11
Net profit for the financial period	33,089	31,452	5
Total comprehensive income for the financial year	33,089	32,348	2
EBITDA	105,246	101,092	4
No. of inpatient (episode)	71,479	71,303	0
No. of outpatient (episode)	618,980	614,701	1

Revenue during the current quarter was recorded at RM803.2 million, slightly increased as compared to the revenue in preceding quarter of RM793.0 million. The increase in the revenue was largely contributed by the improvement in number of patients in current quarter compared to the preceding quarter which was affected by the festive holidays and fasting month.

EBITDA for this quarter had shown a slight improvement as compared to the preceding quarter to RM105.2 million from RM101.1 million in line with the increase in revenue. The slight improved was contributed by increase in number of outpatient and inpatient from the newly opened hospitals. Profit before zakat and tax for current quarter had also increased by 11%, which has been closed at RM50.4 million as compared to RM45.5 million in the preceding quarter.

B3 CURRENT YEAR PROSPECTS

Group

For the financial year ending 31 December 2017, the Group is confident that the revenue from the matured and new hospitals will continue to improve and foresee that our results will be improving in tandem with more new hospitals completing their gestation period.

Segment

Malaysia

As the biggest segment in the Group, this segment will also continue to improve and foresee that their results will be improving especially from the new hospitals that has completed their gestation period. Besides, the existing hospitals with expansion planning will also be the contributors on sustaining its positive performance.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

B3 CURRENT YEAR PROSPECTS (CONTINUED)

Segment (continued)

Indonesia

With the rising demand and positive economic outlook in this segment, the hospital operation will continue to expand its bed capacity and services.

Australia

As a result of economies of scale in Jeta Gardens and higher capacity of the retirement village, Australia segment is committed to work harder to maintain its business performance.

Others

Business activities within this segment will continue to grow and improve in tandem with the improvement of group core activities of providing hospital services.

B4 PROFIT FORECAST / GUARANTEE

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

B5 TAXATION

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	<u>30.09.2017</u>	<u>30.09.2016</u>	<u>30.09.2017</u>	<u>30.09.2016</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	16,542	14,234	42,995	42,511

The effective tax rate of the Group for the 9 months period ended 30 September 2017 has remained the same as per prior period. However, for the current quarter, the effective tax rate is higher due to revised tax payable for certain companies as a result of profit improvement within the Group.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

B6 STATUS OF CORPORATE PROPOSALS

(a) Free warrants (2014/2019)

On 29 January 2014, the Warrants 2014/2019 are 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 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 ("Warrant(s) 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.

Set out below are details of the Warrants issued by the Company during the financial period:

<u>Issuance date</u>	<u>Expiry date</u>	<u>Exercise price</u>	<u>Number of warrants 2014/2019</u>			
			<u>01.01.2017</u>	<u>Exercised</u>	<u>Granted</u>	<u>30.09.2017</u>
		RM/share	'000	'000	'000	'000
29 January 2014	23 January 2019	1.01	86,575	(166)	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 Company, 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, KPJ will prepare and sign the Supplementary Agreement with Barun Development Co. Barun Development Co is the owner of Se Barun Hospital.

During last quarter, KPJ and Se Barun have agreed to change the collaboration on the development of spine centre to training arrangement.

The terms and conditions of this training arrangement are expected to be finalised by fourth (4th) quarter of 2017.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

- (c) On 1 December 2016, the Company 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 has made payment of RM220,986 being 10% deposit of total cash consideration.

SPA deemed terminated with effect from 25 July 2017 since the Purchaser has not paid the balance purchase price within the time frame under the SPA and the further 2 months extension given thereafter.

Negotiations are currently under way for settlement of the balance purchase price through staggered payment.

The proposal is expected to be completed in the first (1st) quarter of 2018.

- (d) Subdivision of shares (Chapter 13 of Listing Requirements)

On 20 April 2017, the Company proposed to undertake a proposed 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 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.

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 proposal was completed on 27 September 2017.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

- (e) Proposed acquisition of an office premise in Kota Bharu by Perdana Specialist Hospital Sdn Bhd (“PSHSB”)

On 11 June 2017, a subsidiary of the Company, 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.

The completion of the SPA is pending as there are conditions precedent 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 to PSHSB (“SACT Application”) and the outcome of the SACT Application is also pending.

The proposal is expected to be completed in the fourth (4th) quarter of 2017.

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 30 September 2017</u>						
Secured:						
Term loans						
- Conventional						
RM	-	815	-	1,432	-	2,247
AUD	3,681	12,181	5,841	19,329	9,523	31,510
- Syariah						
RM	-	4,741	-	297,782	-	302,523
USD	533	2,248	9,832	41,505	10,365	43,753
Finance lease liabilities						
- Conventional						
RM	-	1,747	-	2,469	-	4,216
AUD	14	46	6	20	20	66
- Syariah						
RM	-	16,045	-	9,244	-	25,289

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 30 September 2017</u>						
Unsecured:						
Revolving credits						
- Conventional						
AUD	1,815	6,007	-	-	1,815	6,007
- Syariah						
RM	-	269,500	-	-	-	269,500
Bank overdrafts						
- Syariah						
RM	-	4,140	-	-	-	4,140
Islamic Medium Term Notes						
	-	-	-	900,000	-	900,000
Total		317,470		1,271,781		1,589,251

As at 30 September 2016

Secured:

Term loans

- Conventional						
RM	-	9,224	-	15,608	-	24,832
AUD	9,905	31,181	4,725	14,873	14,630	46,054
- Syariah						
RM	-	88,187	-	236,884	-	325,071
USD	544	2,248	15,287	63,220	15,831	65,468

Finance lease liabilities

- Conventional						
RM	-	1,746	-	3,833	-	5,579
AUD	15	46	20	65	35	111
- Syariah						
RM	-	25,667	-	27,603	-	53,270

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 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 30 September 2016</u>						
Unsecured:						
Revolving credits						
- Conventional						
AUD	1,844	5,803	-	-	1,844	5,803
- Syariah						
RM	-	160,000	-	-	-	160,000
Bank overdrafts						
- Syariah						
RM	-	7,096	-	-	-	7,096
Islamic Medium						
Term Notes	-	-	-	922,608	-	922,608
Total		<u>331,198</u>		<u>1,284,694</u>		<u>1,615,892</u>

* "deno" refers to denomination

The key exchange rate used as at 30 September 2017 is as follows;

	<u>30.09.2017</u>	<u>30.09.2016</u>
1 Australian Dollar	3.3090	3.1479
1 US Dollar	4.2213	4.1355

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.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

B9 MATERIAL LITIGATIONS

On 16 April 2015, SMC Healthcare Sdn Bhd (Plaintiff), a wholly-owned subsidiary of the Company, had filed a writ of summon 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 Court of Appeal. No hearing date was given thus far.

As at the end of the period, the Defendant has not filed any application to stay for execution of the High Court Judgment.

The Prohibitory Order (PO) which was presented for registration at the Land Office on 18 August 2017 has been registered on the land title. The validity of the PO is 6 months upon registration and can be extended further by the Court, if necessary. If the Defendant still defaults in payment thereafter, the Plaintiff will file a writ of execution to seek an order for sale and auction the property. The PO has been personally served on the Defendant on 6 November 2017.

B10 DIVIDEND PAYABLE

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.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

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 30.09.2017	Previously Reported As at 30.09.2016	Restated As at 30.09.2016
Profit for the financial period attributable to equity holders of the Company (RM'000)	100,991	97,004	97,004
Weighted average number of ordinary shares in issue ('000)	1,928,398	1,066,945	1,896,408
Basic earnings per share (sen)	<u>5.24</u>	<u>9.09</u>	<u>5.12</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 30.09.2017	Previously Reported As at 30.09.2016	Restated As at 30.09.2016
Profit for the financial period attributable to equity holders of the Company (RM'000)	100,991	97,004	97,004
Weighted average number of ordinary shares in issue ('000)	1,928,398	1,066,945	1,896,408
Assumed shares issued from the			
- exercise of warrants ('000)	345,635	86,575	346,300
- exercise of ESOS ('000)	267,411	76,199	304,796
Weighted average number of ordinary shares in issue ('000)	<u>2,541,444</u>	<u>1,229,719</u>	<u>2,547,504</u>
Basic earnings per share (sen)	<u>3.97</u>	<u>7.89</u>	<u>3.81</u>

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

B12 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained profits/(accumulated losses) is prepared pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at <u>30.09.2017</u> RM'000	As at <u>30.09.2016</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	811,711	669,536
- Unrealised loss	(49,362)	(29,497)
	<u>762,349</u>	<u>640,039</u>
Total share of retained profits from associates		
- Realised gains	53,025	73,599
- Unrealised gains	48,621	42,075
	<u>863,995</u>	<u>755,713</u>
Less: Consolidation adjustments	(44,597)	(16,831)
Total group retained profits as per consolidated financial statements	<u><u>819,398</u></u>	<u><u>738,882</u></u>