

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020**

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the second quarter and financial period ended 30 June 2020.

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 2019 and the accompanying explanatory notes attached to this report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	Note	Individual Quarter			Cumulative Quarter		
		3 months ended			6 months ended		
		30.06.2020	30.06.2019	Var	30.06.2020	30.06.2019	Var
	RM'000	RM'000	%	RM'000	RM'000	%	
		Re-presented			Re-presented		
Revenue		626,624	860,269	(27)	1,510,783	1,741,257	(13)
Cost of sales		(467,536)	(602,974)	(22)	(1,085,185)	(1,210,613)	(10)
Gross profit		159,088	257,295	(38)	425,598	530,644	(20)
Administrative expenses		(116,933)	(169,590)	(31)	(301,173)	(355,128)	(15)
Other income		10,330	4,359	>100	16,344	10,985	49
Zakat		(852)	(1,145)	(26)	(1,144)	(1,464)	(22)
Operating profit		51,633	90,919	(43)	139,625	185,037	(25)
Finance income		3,350	3,415	(2)	6,011	5,435	11
Finance costs		(20,534)	(23,238)	(12)	(45,698)	(48,513)	(6)
- Borrowings		(17,986)	(15,933)	13	(35,977)	(31,683)	14
- Lease liabilities							
Finance costs - net		(35,170)	(35,756)	(2)	(75,664)	(74,761)	1
Share of results of associates, net of tax		2,505	8,203	(69)	10,094	17,100	(41)
Profit before tax	B2	18,968	63,366	(70)	74,055	127,376	(42)
Tax	B5	(8,035)	(19,499)	(59)	(22,588)	(40,185)	(44)
Profit for the financial period		10,933	43,867	(75)	51,467	87,191	(41)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

	Individual Quarter			Cumulative Quarter		
	30.06.2020	30.06.2019	Var	30.06.2020	30.06.2019	Var
	RM'000	RM'000	%	RM'000	RM'000	%
		Re-presented			Re-presented	
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	-
Total comprehensive income for the financial period	10,933	43,867	(75)	51,467	87,191	(41)
Profit for the financial period attributable to:						
Owners of the Company	12,657	41,828	(70)	51,190	80,955	(37)
Non-controlling interests	(1,724)	2,039	>(100)	277	6,236	(96)
	10,933	43,867	(75)	51,467	87,191	(41)
Total comprehensive income for the financial period attributable to:						
Owners of the Company	12,657	41,828	(70)	51,190	80,955	(37)
Non-controlling interests	(1,724)	2,039	>(100)	277	6,236	(96)
	10,933	43,867	(75)	51,467	87,191	(41)
Dividend per share (sen)	0.30	0.50	(40)	0.80	1.00	(20)
Earnings per share attributable to Owners of the Company:						
Basic (sen)	0.30	0.96		1.20	1.87	
Diluted (sen)	0.29	0.92		1.15	1.79	

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	<u>Note</u>	<u>30.06.2020</u> RM'000	<u>31.12.2019</u> RM'000 Audited
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property, plant and equipment	A9	2,600,625	2,598,686
Right-of-use assets		1,055,302	1,084,159
Investment properties		329,833	328,582
Intangible assets		238,083	235,402
Investment in associates		455,991	445,715
Equity instruments classified as FVOCI*		4,678	4,678
Deferred tax assets		110,810	109,126
		<u>4,795,322</u>	<u>4,806,348</u>
<u>Current assets</u>			
Inventories		52,636	53,609
Trade and other receivables		468,126	549,602
Tax recoverable		89,784	92,679
Deposits, bank and cash balances		382,575	478,335
Dividend receivable		-	5,274
		<u>993,121</u>	<u>1,179,499</u>
Total assets		<u><u>5,788,443</u></u>	<u><u>5,985,847</u></u>
<u>EQUITY AND LIABILITIES</u>			
<u>Current liabilities</u>			
Trade and other payables		566,111	770,523
Contract liabilities		58,110	66,896
Current tax liabilities		2,888	2,252
Borrowings	B7	559,390	289,513
Lease liabilities		42,660	47,359
Dividends payable		12,839	21,390
		<u>1,241,998</u>	<u>1,197,933</u>
Net current liabilities		<u>(248,877)</u>	<u>(18,434)</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2020 (CONTINUED)

	<u>Note</u>	<u>30.06.2020</u> RM'000	<u>31.12.2019</u> RM'000 Audited
<u>Non-current liabilities</u>			
Trade and other payables		4,731	7,744
Borrowings	B7	1,231,646	1,473,812
Lease liabilities		1,158,843	1,174,790
Deferred tax liabilities		63,941	64,962
Provision for retirement benefits		2,718	2,775
Deposits		14,983	14,567
		<u>2,476,862</u>	<u>2,738,650</u>
Total liabilities		<u>3,718,860</u>	<u>3,936,583</u>
Net assets		<u>2,069,583</u>	<u>2,049,264</u>
<u>Equity attributable to Owners of the Company</u>			
Share capital	A6	909,375	906,743
Less: Treasury shares		(155,310)	(155,310)
Reserves		1,158,802	1,141,392
		<u>1,912,867</u>	<u>1,892,825</u>
Non-controlling interests		156,716	156,439
Total equity		<u>2,069,583</u>	<u>2,049,264</u>
Total equity and liabilities		<u>5,788,443</u>	<u>5,985,847</u>
<u>Net assets per share attributable to Owners of the Company (RM)</u>			
		<u>0.43</u>	<u>0.43</u>

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

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

	Non-distributable						Distributable		Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	Number of shares RM'000	Share capital RM'000	Treasury shares RM'000	Esos reserve RM'000	Merger reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000			
At 1 January 2020	4,439,197	906,743	(155,310)	61,153	(3,367)	8,806	121,422	953,378	1,892,825	156,439	2,049,264
Comprehensive income:											
Profit for the financial period	-	-	-	-	-	-	-	51,190	51,190	277	51,467
Other comprehensive income:											
Currency translation differences of foreign subsidiaries	-	-	-	-	-	(893)	-	-	(893)	-	(893)
Revaluation surplus	-	-	-	-	-	-	888	-	888	-	888
Total other comprehensive income	-	-	-	-	-	(893)	888	-	(5)	-	(5)
Transactions with Owners:											
Issue of share capital:											
- ESOS	2,720	2,632	-	(157)	-	-	-	-	2,475	-	2,475
	2,720	2,632	-	(157)	-	-	-	-	2,475	-	2,475
ESOS expenses during the financial period	-	-	-	619	-	-	-	-	619	-	619
Lapsed ESOS	-	-	-	(914)	-	-	-	914	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	(34,237)	(34,237)	-	(34,237)
Total transactions with Owners	2,720	2,632	-	(452)	-	-	-	(33,323)	(31,143)	-	(31,143)
At 30 June 2020	4,441,917	909,375	(155,310)	60,701	(3,367)	7,913	122,310	971,245	1,912,867	156,716	2,069,583

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019**

	Non-distributable							Distributable		Total	Non-controlling interest	Total equity
	Number of shares '000	Share capital RM'000	Treasury shares RM'000	Warrant reserve RM'000	Esos reserve RM'000	Merger reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000			
At 1 January 2019												
As previously reported	4,399,148	860,295	(111,319)	24,361	71,560	(3,367)	3,540	125,993	1,012,837	1,983,900	152,803	2,136,703
Adjustment on adoption of MFRS 16	-	-	-	-	-	-	-	-	(223,828)	(223,828)	-	(223,828)
As restated	4,399,148	860,295	(111,319)	24,361	71,560	(3,367)	3,540	125,993	789,009	1,760,072	152,803	1,912,875
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	1,203	1,203	1,156	2,359
Comprehensive income:												
Profit for the financial period	-	-	-	-	-	-	-	-	80,955	80,955	6,236	87,191
Other comprehensive income:												
Currency translation differences of foreign subsidiaries	-	-	-	-	-	-	2,221	-	-	2,221	-	2,221
Disposal of property, plant and equipment	-	-	-	-	-	-	-	(5,264)	5,264	-	-	-
Total other comprehensive income	-	-	-	-	-	-	2,221	(5,264)	5,264	2,221	-	2,221
	<u>4,399,148</u>	<u>860,295</u>	<u>(111,319)</u>	<u>24,361</u>	<u>71,560</u>	<u>(3,367)</u>	<u>5,761</u>	<u>120,729</u>	<u>876,431</u>	<u>1,844,451</u>	<u>160,195</u>	<u>2,004,646</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONTINUED)**

	Non-distributable							Distributable	Total	Non-controlling interest	Total equity	
	Number of shares	Share capital	Treasury shares	Warrant reserve	Esos reserve	Merger reserve	Exchange reserve	Revaluation reserve				Retained earnings
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Transactions with Owners:												
Issue of share capital:												
- Warrants	22,884	25,230	-	(2,117)	-	-	-	-	-	23,113	-	23,113
- ESOS	16,174	18,286	-	-	(3,567)	-	-	-	-	14,719	-	14,719
	39,058	43,516	-	(2,117)	(3,567)	-	-	-	-	37,832	-	37,832
ESOS expenses during the financial period	-	-	-	-	1,276	-	-	-	-	1,276	-	1,276
Lapsed ESOS	-	-	-	-	(5,649)	-	-	-	5,649	-	-	-
Lapsed warrant	-	-	-	(22,244)	-	-	-	-	22,244	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(43,209)	(43,209)	-	(43,209)
Acquisition of interest in a subsidiary	-	-	-	-	-	-	-	-	1,140	1,140	(1,740)	(600)
Total transactions with Owners	39,058	43,516	-	(24,361)	(7,940)	-	-	-	(14,176)	(2,961)	(1,740)	(4,701)
At 30 June 2019	4,438,206	903,811	(111,319)	-	63,620	(3,367)	5,761	120,729	862,255	1,841,490	158,455	1,999,945

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020**

	<u>30.06.2020</u>	<u>30.06.2019</u>
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	74,055	127,376
Adjustments for:		
Share of results of associates	(10,094)	(17,100)
Finance income	(6,011)	(5,435)
Finance costs		
- Borrowings	45,698	48,513
- Lease liabilities	35,977	31,683
Dividends received from Al-Salam REIT	-	(67)
Trade receivables:		
- Impairment charge for the period (net)	744	4,115
Share-based payments	619	1,276
Gain on disposal of shares in associates (net)	-	(1,687)
Gain on disposal of shares in subsidiaries	-	(48)
Property, plant and equipment		
- Depreciation	86,527	79,252
- Written-off	54	177
- Loss/(gain) on disposal	23	(163)
Right-of-use assets		
- Depreciation	27,056	21,963
Inventories written-off	114	71
Amortisation of software development expenditure	1,734	1,878
Provision for retirement benefits	161	105
Negative goodwill on acquisition	-	(213)
Operating profit before working capital changes	<u>256,657</u>	<u>291,696</u>
Changes in working capital:		
Inventories	859	(3,134)
Receivables	80,732	(30,218)
Payables	(234,233)	(4,366)
Contract liabilities	(8,786)	(1,353)
Cash flows generated from operations	<u>95,229</u>	<u>252,625</u>
Income tax refund	2,274	-
Income tax paid	(24,316)	(44,896)
Net cash generated from operating activities	<u>73,187</u>	<u>207,729</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)**

	<u>30.06.2020</u>	<u>30.06.2019</u>
	RM'000	RM'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(72,759)	(141,935)
Additions to right-of-use assets	(1,907)	-
Additions to intangible assets	(4,415)	(3,339)
Proceeds from disposal of property, plant and equipment	115	975
Proceeds from disposal of interest in subsidiary	-	1,148
Proceeds from disposal of shares in an associate	-	9,510
Interest received	6,011	5,435
Dividends received from associates	10,709	12,488
	<hr/>	<hr/>
Net cash used in investing activities	(62,246)	(115,718)
FINANCING ACTIVITIES		
Investment in subsidiaries	-	2,720
Additional investments in subsidiaries	-	(600)
Grant income received	3,003	10,384
Issue of shares:		
- Warrants	-	23,113
- ESOS	2,475	14,719
Borrowings:		
- Drawdown	74,732	24,702
- Repayments	(64,635)	(37,394)
Payment of lease liabilities	(56,623)	(54,942)
Interest paid	(45,698)	(48,513)
Dividends paid to shareholders	(21,398)	(64,746)
	<hr/>	<hr/>
Net cash used in financing activities	(108,144)	(130,557)
	<hr/>	<hr/>
Net changes in cash and cash equivalents	(97,203)	(38,546)
Currency translation differences	2,595	2,101
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	268,362	404,214
RECLASSIFIED FROM NON-CURRENT ASSETS HELD FOR SALE	-	21,716
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>173,754</u>	<u>389,485</u>

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020**

A1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with Listing Requirements of the Bursa Malaysia Securities Berhad, Malaysian Financial Reporting Standards (“MFRS”) and International Financial Reporting Standards.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2019.

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 2019.

Standards, amendments to published standards and interpretations that are effective

The Group has applied the following amendments for the financial period beginning on 1 January 2020:

- Amendments to MFRS 3 ‘Business Combinations’ (effective 1 January 2020)
- Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’ (effective 1 January 2020)

The Group has applied the following amendments for the financial period beginning on 1 June 2020:

- Amendments to MFRS 16 ‘COVID-19-Related Rent Concessions’ (effective 1 June 2020)

The adoption of these amendments did not have any material impact on the current financial year or prior year and is not likely to affect future years.

Standards that have been issued but not yet effective

- Amendments to MFRS 101 ‘Classification of Liabilities as Current or Non-current’ (effective 1 January 2022)
- Amendments to MFRS 116 ‘Proceeds before Intended Use’ (effective 1 January 2022)
- Amendments to MFRS 137 ‘Onerous Contracts – Cost of Fulfilling a Contract’ (effective 1 January 2022)

The Group did not early adopt these new standards.

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the annual financial statements for the financial year ended 31 December 2019 was unqualified.

A3 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations have not been significantly affected by any seasonal or cyclical trend.

KPJ HEALTHCARE BERHAD
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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020
(CONTINUED)**

A4 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no material unusual items affecting assets, liabilities, equity, net income or cash flow during the financial period under review.

A5 CHANGE IN ACCOUNTING ESTIMATES AND POLICIES

There is no change in the estimates of amounts reported in prior financial years that has a material effect in the current financial period under review.

A6 DEBT AND EQUITY SECURITIES

There has been no issuance of shares and repayments of debt and equity securities by the Company in the current period under review, except the followings:

EQUITY SECURITIES

i. Treasury shares

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

Up to 31 December 2019, a total of 162,306,700 units of KPJ Healthcare Berhad shares were bought by the Company from the open market, listed on the Bursa Malaysia, at an average price of RM0.96 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and accounted for in accordance with the requirement of Section 127 of the Companies Act 2016. Such treasury shares are held at a carrying amount of RM155,310,152.

ii. Employees Share Option Scheme

An Employees' Share Option Scheme ("ESOS") was implemented on 27 February 2015 for the benefit of senior executives and certain employees of the Company. The ESOS was initially be in-force for a period of 5 years. However, upon approval from KPJ's Board of Directors on 3 December 2019, it has been resolved that ESOS's period is extended to another 3 years, whereby no additional options will be granted. The options will expire on 27 February 2023.

The fair value of each share option on the grant date is RM0.25. The options are to be settled only by the issuance and allocation of new ordinary shares of the Company. There are no cash settlement alternatives. The exercise price of the share options granted under the ESOS is RM0.91 each. The options granted remained dividable into 5 equal tranches which vest on 14 April 2015, 27 February 2016, 27 February 2017, 27 February 2018 and 27 February 2019. The vesting condition is that the offeree must be an employee or director, as the case may be, of the Company or its subsidiaries on the respective vesting and exercise dates.

The fair value of ESOS issued during the financial period is RM0.25 and the exercise price is RM0.91 (2019: RM0.91).

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020
(CONTINUED)**

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

There has been no issuance of shares and repayments of debt and equity securities by the Company in the current period under review, except the followings:

EQUITY SECURITIES (CONTINUED)

ii. Employees Share Option Scheme (continued)

Movement of ESOS during the period:

	<u>30.06.2020</u> Units '000	<u>30.06.2019</u> Units '000
At start of the financial year	188,403	212,955
- Granted	-	1,089
- Exercised	(2,720)	(16,174)
- Lapsed	(1,562)	(5,040)
	<hr/>	<hr/>
At end of the financial period	<u>184,121</u>	<u>192,830</u>

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

	<u>30.06.2020</u> Number of shares ('000)	<u>30.06.2019</u> RM'000
At start of the financial year	4,439,197	906,743
Issued during the financial period - exercise of ESOS	2,720	2,632
	<hr/>	<hr/>
At end of the financial period	<u>4,441,917</u>	<u>909,375</u>

A7 DIVIDEND

In respect of the financial year ending 31 December 2020, the Directors declared:

- i. First interim dividend of 0.50 sen per share on 4,279,593,856 ordinary shares amounting to RM21,397,969. The dividend was declared on 19 February 2020 and was fully paid on 20 April 2020.
- ii. Second interim dividend of 0.30 sen per share on 4,279,610,036 ordinary shares amounting to RM12,838,830. The dividend was declared on 10 June 2020 and was fully paid on 28 July 2020.

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 declaration.

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020
(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 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. Others - Operating segments involved in provision of hospital and aged care services in Indonesia, Thailand, Bangladesh and Australia, private university college of nursing and allied health and sale of hospital merchandise and other similar activities, none of which are individually significant to warrant separate disclosure per quantitative thresholds required by MFRS 8.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The EXCO assesses the performance of the operating segments based on earnings before interest, tax, depreciation and amortisation (“EBITDA”) and profit before tax.

Individual quarter 3 months ended

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>30 June 2020</u>			
<u>Revenue</u>			
Revenue from external customers	597,957	28,667	626,624
<u>Results</u>			
EBITDA	106,710	5,313	112,023
Profit/(loss) before tax	21,825	(2,857)	18,968
Total assets	5,217,886	570,557	5,788,443
Total liabilities	3,317,251	401,609	3,718,860
Additions to property, plant and equipment	35,999	959	36,958

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended (continued)

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>30 June 2019</u>			
<u>Revenue</u>			
Revenue from external customers	820,430	39,839	860,269
<u>Results</u>			
EBITDA	138,628	13,491	152,119
Profit before tax	57,863	5,503	63,366
Total assets	4,996,915	705,150	5,702,065
Total liabilities	3,134,807	567,313	3,702,120
Additions to property, plant and equipment	89,039	974	90,013

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

	<u>Indonesia</u> IDR'000	<u>Indonesia</u> RM'000	<u>Australia</u> AUD'000	<u>Australia</u> RM'000
<u>30 June 2020</u>				
<u>Revenue</u>				
Revenue from external customers	17,053,405	5,091	4,194	12,395
<u>Results</u>				
EBITDA	(9,647,337)	(2,838)	2,281	6,593
(Loss)/profit before tax	(6,526,981)	(1,927)	794	2,213
Total assets	472,002,026	139,807	68,575	198,572
Total liabilities	104,773,801	31,034	76,661	221,988
Additions to property, plant and equipment	3,224,851	957	-	-

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended (continued)

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

	<u>Indonesia</u> IDR'000	<u>Indonesia</u> RM'000	<u>Australia</u> AUD'000	<u>Australia</u> RM'000
<u>30 June 2019</u>				
<u>Revenue</u>				
Revenue from external customers	45,153,460	13,113	4,454	12,958
<u>Results</u>				
EBITDA	9,159,665	2,668	2,021	5,880
Profit before tax	6,521,163	1,888	898	2,609
Total assets	514,583,906	149,641	67,895	196,739
Total liabilities	141,856,946	41,252	80,543	233,390
Additions to property, plant and equipment	3,140,436	952	-	-
<u>Cumulative 6 months ended</u>				
		<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>30 June 2020</u>				
<u>Revenue</u>				
Revenue from external customers		1,442,561	68,222	1,510,783
<u>Results</u>				
EBITDA		254,555	10,481	265,036
Profit/(loss) before tax		83,090	(9,035)	74,055
Total assets		5,217,886	570,557	5,788,443
Total liabilities		3,317,251	401,609	3,718,860
Additions to property, plant and equipment		90,298	1,226	91,524

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

A8 SEGMENT REPORTING (CONTINUED)

Cumulative 6 months ended (continued)

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>30 June 2019</u>			
<u>Revenue</u>			
Revenue from external customers	1,659,740	81,517	1,741,257
<u>Results</u>			
EBITDA	285,617	19,613	305,230
Profit before tax	126,279	1,097	127,376
Total assets	4,996,915	705,150	5,702,065
Total liabilities	3,134,807	567,313	3,702,120
Additions to property, plant and equipment	137,931	4,004	141,935

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

	<u>Indonesia</u> IDR'000	<u>Indonesia</u> RM'000	<u>Australia</u> AUD'000	<u>Australia</u> RM'000
<u>30 June 2020</u>				
<u>Revenue</u>				
Revenue from external customers	62,520,298	18,481	8,265	23,837
<u>Results</u>				
EBITDA	2,855,210	844	2,483	7,161
Loss before tax	(4,367,388)	(1,291)	(251)	(723)
Total assets	472,002,026	139,807	68,575	198,572
Total liabilities	104,773,801	31,034	76,661	221,988
Additions to property, plant and equipment	4,081,702	1,209	-	-

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

A8 SEGMENT REPORTING (CONTINUED)

Cumulative quarter 6 months ended (continued)

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

	<u>Indonesia</u> IDR'000	<u>Indonesia</u> RM'000	<u>Australia</u> AUD'000	<u>Australia</u> RM'000
<u>30 June 2019</u>				
<u>Revenue</u>				
Revenue from external customers	96,662,035	27,829	8,877	25,817
<u>Results</u>				
EBITDA	23,219,868	6,685	2,169	6,309
Profit/(loss) before tax	11,319,903	3,259	(139)	(405)
Total assets	514,583,906	149,641	67,895	196,739
Total liabilities	141,856,946	41,252	80,543	233,390
Additions to property, plant and equipment	11,949,794	3,475	-	-

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

	<u>30.06.2020</u>	<u>30.06.2019</u>
1 Australian Dollar		
Closing	2.8957	2.8977
Average	2.8841	2.9084
1,000 Indonesian Rupiah		
Closing	0.2962	0.2908
Average	0.2956	0.2879

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A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The Group's land and buildings, except right-of-use assets and for those under constructions were fully revalued as at 31 December 2015. As at period end, the Group assessed whether there is an indication that the carrying values of these assets have differed materially from its fair value. Where an indication exist, revaluations were carried out and the carrying value of these assets were updated to reflect its fair value based on independent valuation.

A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

Except as stated in note B6, there were no material events subsequent to the financial period ended 30 June 2020 that has not been reflected in this interim financial report.

A11 CHANGES IN THE COMPOSITION OF THE GROUP

There are no material changes in the composition of the Group during the current period.

A12 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the statement of financial position as at 31 December 2019.

A13 RELATED PARTY TRANSACTIONS

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

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 30 June 2020 are as follows:

	RM'000
Approved by the Directors and contracted	164,940
Approved by the Directors but not contracted	193,691
	<u>358,631</u>

Analysed as follows:

Building	84,428
Medical equipment	140,182
Other property, plant and equipment	134,021
	<u>358,631</u>

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020

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 year (3 months)

The financial year 2020 came with COVID-19 global pandemic which has affected all countries, including Malaysia. The lockdowns or Movement Control Order (MCO) implemented by the government from 18 March 2020 has adversely impacted all businesses and healthcare industry was not spared too. During the lockdowns the Group saw that the business activities had declined and this was evidenced by lower patient episodes and lower daily bed occupancy rate (BOR) between 27% and 31% in second half of March, April and May 2020. However due to the quick and immediate action, the Malaysian government was able to control it and implemented the Recovery Movement Control Order (RMCO) phase which commenced on 10 June 2020. From this date onwards the Group saw the business activities improved and this was evidenced by increase in average monthly BOR of 39%.

As a result of the above, the second quarter financial performance ended 30 June 2020 was affected where the Group recorded revenue of RM626.6 million, 27% lower as compared to RM860.3 million as reported in the same period in 2019. During the lockdown period all elective procedures were postponed or delayed and hospitals were focusing on the critical and life-threatening cases hence the average BOR for 3 months period in second quarter 2020 was at 34%, significant decrease as compared to 64% for the same period ended 30 June 2019. In line with this, the Group EBITDA reduced to RM112.0 million in current period as compared to RM152.1 million in the same period of the preceding year. The Group recorded profit before tax of RM19.0 million, declined as compared to RM63.4 million for the 3 months period ended 30 June 2019.

The result for current quarter was impacted by the lower activities in hospital operations during the MCO period and coupled with several expenses, such as staff costs, interest on lease liabilities, borrowing costs and depreciation which remain fixed despite the decline in business activities. During this period, the management had focused on cost optimisation maximised benefits received from PRIHATIN Economic Stimulus Package and PENJANA Economic Recovery Plan unveiled by the Malaysian government, which softened the impact to its profit during the period.

Malaysia

Malaysia segment's revenue registered a declined trend of 27% from RM820.4 million in quarter 2, 2019 to RM598.0 million in the current quarter ended 30 June 2020. The decline in revenue was significant due to lesser number of patients and lower BOR during the MCO period.

EBITDA for Malaysia's segment stood at RM106.7 million, 23% lower than corresponding quarter of the preceding year. The Group has recorded profit before tax of RM21.8 million for the 3 months ended 30 June 2020, a 62% lower as compared to profit before tax of RM57.9 million for the same period in 2019. The decrease was contributed by the decline in revenue while fixed costs remained, and additional expenses incurred since the outbreak, such as costs of personal protective equipment for the frontliners, COVID-19 test kits and other consumable items.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020 (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:

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

Malaysia (continued)

Subsequent to the RMCO, which commenced on 10 June 2020, the revenue showed a recovery trend and this was contributed by the favourable number of patients seeking treatments and following up their health conditions. The patient episodes have increased and daily BOR started to improve in June 2020 with a monthly average BOR of 39% resulted to improved profit for the month.

Others

Others segment was also impacted by the COVID-19 global pandemic, where the revenue was recorded at RM28.7 million for the 3 months ended 30 June 2020, 28% decrease from RM39.8 million reported in the corresponding quarter of the preceding year. The EBITDA and profit before tax were also adversely impacted by the revenue, EBITDA was reported at RM5.3 million for the 3 months period ended 30 June 2020, 61% lower from RM13.5 million reported in the same period in 2019. Meanwhile, loss before tax was posted at RM2.9 million in the second quarter of 2020 against profit before tax of RM5.5 million as reported in the same period of the preceding year.

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

The financial year 2020 came with COVID-19 global pandemic which has affected all countries, including Malaysia. The lockdowns or MCO implemented by the government from 18 March 2020 has adversely impacted all businesses and healthcare industry was not spared too. During the lockdowns the Group saw that the business activities had declined and this was evidenced by lower patient episodes and lower daily BOR between 27% and 31% in second half of March, April and May 2020. However due to the quick and immediate action, the Malaysian government was able to control it and implemented the RMCO phase which commenced on 10 June 2020. From this date onwards the Group saw the business activities improved and this was evidenced by increase in average monthly BOR of 39%.

Despite reporting an excellent performance in first quarter 2020, the impact of lockdown due to COVID-19 global pandemic in second quarter has affected the result for the 6 months period ended 30 June 2020. The Group recorded revenue of RM1,510.8 million in the first half of 2020, 13% lower as compared to RM1,741.3 million reported in the same period in 2019. The Group's EBITDA and profit before tax in the current period reported at RM265.0 million and RM74.1 million respectively, decreased by 13% and 42% from RM305.2 million and RM127.4 million in the same period in preceding year.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

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

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

The result for current financial period was a result of lower activities in hospital operations during the MCO period and coupled with several expenses, such as staff costs, interest on lease liabilities, borrowing costs and depreciation which remain fixed despite the decline in business activities. During this period, the management had focused on cost optimisation and maximised benefits received from PRIHATIN Economic Stimulus Package and PENJANA Economic Recovery Plan unveiled by the Malaysian government, which softened the impact to its profit during the period.

Malaysia

Malaysia segment's revenue registered a declined trend of 13% from RM1,659.7 million in quarter 2, 2019 to RM1,442.6 million in the current quarter ended 30 June 2020. The decline in revenue was due to lesser number of patients and lower hospital activities during the MCO due to COVID-19 global pandemic.

EBITDA for Malaysia's segment stood at RM254.6 million, 11% lower than corresponding quarter of the preceding year. Meanwhile, profit before tax of RM83.1 million was recorded for the 6 months ended 30 June 2020, decrease by 34%, affected by the decline in revenue, fixed overhead costs and additional costs relating to the pandemic incurred during the period. In addition, the new hospitals under gestation period such as KPJ Bandar Dato' Onn, KPJ Batu Pahat, KPJ Perlis and KPJ Miri, which remained as loss-making companies for the current period also contributed to the lower EBITDA and profit before tax for Malaysia segment.

Others

Revenue from Others segment was recorded at RM68.2 million for the first 6 months of 2020, 16% decrease from RM81.5 million reported in the corresponding period of the preceding year. The shortfall was mainly due to Indonesian hospitals recorded a declined number of patients to 36,160 in the current period as compared to 62,275 patients within the first half of 2019. Jeta Gardens also reported a decrease in revenue by 8% due to the lower occupancy rate of 78% as at 30 June 2020 against 88% as at 30 June 2019. EBITDA was reported at RM10.5 million for the period ended 30 June 2020, a 46% lower as compared to RM19.6 million reported in the same period in 2019. Meanwhile, loss before tax was posted at RM9.0 million in the first half of 2020 against profit before tax of RM1.1 million in the corresponding period.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

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

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

Group

The Group's total assets as at 30 June 2020 was RM5,788.4 million, a 2% increase as compared to RM5,702.1 million as at 30 June 2019. The Group's total liabilities as at 30 June 2020 was RM3,718.9 million, slightly increased as compared to RM3,702.1 million as at 30 June 2019. The increase was mainly contributed by the opening of the new hospitals namely KPJ Bandar Dato' Onn, KPJ Batu Pahat and KPJ Miri, as well as the opening of new hospital buildings, KPJ Seremban and KPJ Ampang Puteri. The net current liabilities for the Group has increased to RM 248.9 million due to the reclassification of long term debt, Islamic Medium Term Notes (IMTN) of RM250.0 million, which now become current as its due date for repayment is less than 12 months.

Malaysia

Malaysia segment expanded its total assets from RM4,996.9 million as at 30 June 2019 to RM5,217.9 million in the current period mainly contributed by the addition of property, plant and equipment largely due to opening of the new hospitals namely KPJ Bandar Dato' Onn, KPJ Batu Pahat and KPJ Miri, as well as the opening of new hospital buildings, KPJ Seremban and KPJ Ampang Puteri.

This segment closed its total liabilities at RM3,317.3 million for the period ended 30 June 2020, increment by 6% in comparison to RM3,134.8 million as at 30 June 2019 contributed dominantly by recognition of lease liabilities by KPJ Batu Pahat upon its leasing transactions with Al-Aqar Healthcare REIT during the current period.

Others

Total assets in this segment was significantly derived from Indonesian and Australian operations which registered at RM139.8 million and RM198.6 million respectively, and the remaining assets were contributed by other support services companies. Meanwhile, total liabilities from Indonesia and Australian operations were reported at RM31.0 million and RM222.0 million with the balance of RM148.6 million from other support services companies. Both assets and liabilities as at 30 June 2020 were reported to be decreased by 19% and 29%, respectively as compared to the balances as at 30 June 2019. The decreased in assets and liabilities were due to declined operation in PT Al-Aqar Bumi Serpong Damai, Rumah Sakit Medica Permata Hijau and Jeta Gardens.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

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

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

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

Group

The net cash generated from operating activities is RM73.2 million, decreased by 65% as compared to the same period in corresponding year which reported at RM207.7 million which was mainly due to the decline in profit reported for the period.

Cash outflows from investing activities was largely used for purchase of property, plant and equipment especially for development and expansion of hospital buildings, such as KPJ Penang and KPJ Puteri, and significant inflows of cash within investing activities was dividend received from associates mainly from Al-'Aqar Healthcare REIT amount to RM10.7 million.

The cash inflows from financing activities were generated from drawdown of borrowings amounting to RM74.7 million, government grant received by KPJ Selangor amounting to RM3.0 million and issuance of shares through ESOS amounting to RM2.5 million. The cash outflows were mainly from the repayment of borrowings and payment of lease liabilities amounting to RM64.6 million and RM56.6 million respectively.

The cash and cash equivalents at the end of the period decreased to RM173.8 million as compared to RM389.5 million in the corresponding period, mainly contributed by the reduction in cash generated from operating activities due to lower hospital activities, as a result of MCO due to COVID-19 global pandemic.

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

	Quarter ended <u>30.06.2020</u> RM'000	Quarter ended <u>31.03.2020</u> RM'000	Var %
Revenue	626,624	884,159	(29)
Operating profit	51,633	87,992	(41)
EBITDA	112,023	153,013	(27)
Profit before tax	18,968	55,087	(66)
Net profit for the financial period	10,933	40,534	(73)
Total comprehensive income for the financial period	10,933	40,534	(73)
Profit attributable to Owners of the Company	12,657	38,533	(67)
No. of inpatient (episode)	43,330	80,352	(46)
No. of outpatient (episode)	512,712	738,890	(31)

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B2 MATERIAL CHANGES IN QUARTERLY RESULTS (CONTINUED)

Since the outbreak of COVID-19 global pandemic, healthcare industry in Malaysia is not exempted from being affected, including KPJ Group. The MCO implemented from 18 March 2020 has affected the hospital activities. The Group's BOR declined to its lowest of 27% in April, 31% in May and 39% in June from its average occupancy of 67% prior to the MCO.

The Group's revenue plunged 29% in the current quarter recorded at RM626.6 million, as compared to RM884.2 million as reported in the preceding quarter. The Group's revenue recorded for the month of April and May 2020 were at RM164.5 million and RM202.8 million respectively. As Malaysia's MCO has entered into recovery phase from 10 June 2020, the Group saw an increase in its hospital activities and this was evidenced with revenue in June 2020 climbed to RM259.3 million.

In the current quarter ended 30 June 2020, Group's profit before tax of RM19.0 million reported at 66% lower with comparison to RM55.1 million recorded in the preceding quarter. Lower profit before tax in the current quarter was a result of declined in revenue due to MCO and coupled with several expenses, such as staff costs, interest on lease liabilities, borrowing costs and depreciation which remain fixed despite the decline in business activities.

B3 CURRENT YEAR PROSPECTS

Group

For the financial year ending 31 December 2020, the Group recognises that its performance will be adversely affected by the COVID-19 global pandemic which has caused widespread economic slowdown in Malaysia and globally. The Malaysian Government's MCO which commenced from 18 March till 3 May 2020, followed by Conditional Movement Control Order (CMCO) from 4 May till 9 June 2020 and RMCO commencing 10 June till 31 August 2020 have made a significant impact to the operations of the Group.

The Group had taken advantage from PRIHATIN Economic Stimulus Package and PENJANA Economic Recovery Plan unveiled by the Malaysian government, which had provided the Group immediate assistance such as wages subsidies programme, loan moratorium, tax incentives programme and rental rebates from Al-'Aqar Healthcare REIT for the lease of land and buildings.

During this difficult time, the Group remains cautiously optimistic and will continue to focus on disciplined management of costs and efficient operational cash flows strategy.

For the second half of the year, the Group will remain active in providing its core services and adding new areas of services such as tele-medicine and home visits while continuously educating the public on the implemented Standard Operating Procedures (SOP) at all our healthcare facilities to ensure COVID-19 risk are appropriately managed.

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B4 PROFIT FORECAST / GUARANTEE

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

B5 TAX

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	<u>30.06.2020</u>	<u>30.06.2019</u>	<u>30.06.2020</u>	<u>30.06.2019</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	8,035	19,499	22,588	40,185

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. The effective tax rate of the Group for the current quarter and period ended 30 June 2020 were significantly above the statutory rate mainly due to certain expenses were not deductible for tax purposes. On top of that, there were also non-recognition of deferred tax assets arising from unutilised capital allowances and tax losses for companies under gestation period including KPJ Perlis, KPJ Bandar Dato' Onn, KPJ Batu Pahat and KPJ Miri.

B6 STATUS OF CORPORATE PROPOSALS

(a) Disposal of equity shareholdings in PT Khidmat Perawatan Jasa Medika ("KPJ Medika")

On 29 July 2020, a wholly-owned subsidiary of the Group, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), has entered into 2 separate Shares Sale and Purchase Agreements ("SSPA") with Mr Irfan Jasri and Ms Annie Trisusilo for the disposal of 80% of KPJSB's stake in KPJ Medika. The disposal involves sale of 15,999 shares to Mr Irfan Jasri and 1 share to Ms Annie Trisusilo for a total consideration of IDR96.0 billion or IDR6.0 million per share. As at date of the SSPA, the disposal is valued at RM28.0 million.

The disposal is expected to be completed in September 2020.

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B7 BORROWINGS

Details of the Group's borrowings are as follows:

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

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

B7 BORROWINGS (CONTINUED)

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

	Current		Non-current		Total borrowings	
	Foreign	RM	Foreign	RM	Foreign	RM
	'000	'000	'000	'000	'000	'000
<u>As at 30 June 2019</u>						
Secured:						
Term loans						
- Conventional						
AUD	4,148	12,020	-	-	4,148	12,020
- Syariah						
RM	-	29,625	-	365,244	-	394,869
USD	2,223	9,309	4,693	19,652	6,916	28,961
Hire purchase creditors						
- Conventional						
RM	-	1,082	-	1,034	-	2,116
AUD	3	8	-	-	3	8
- Syariah						
RM	-	9,687	-	6,165	-	15,852
Unsecured:						
Revolving credits						
- Conventional						
AUD	1,854	5,374	-	-	1,854	5,374
- Syariah						
RM	-	187,000	-	-	-	187,000
Bank overdrafts						
- Syariah						
RM	-	8,838	-	-	-	8,838
Islamic Medium						
Term Notes						
RM	-	-	-	1,100,000	-	1,100,000
Total		<u>262,943</u>		<u>1,492,095</u>		<u>1,755,038</u>

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

B7 BORROWINGS (CONTINUED)

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

The key exchange rate used is as follows;

	<u>30.06.2020</u>	<u>30.06.2019</u>
1 Australian Dollar	2.8957	2.8977
1 US Dollar	4.3450	4.1878

Material changes in borrowings

There was no material changes in borrowings during the current period as compared to the corresponding period.

Weighted average interest rate of borrowings are as follows:

- Term loan: 4.19% p.a. (2019: 6.50% p.a.)
- Hire purchase: 2.58% p.a. (2019: 3.11% p.a.)
- Islamic Medium Term Notes: 5.76% p.a. (2019: 5.76% p.a.)
- Overdraft: 5.18% p.a. (2019: 6.60% p.a.)
- Revolving credit: 3.20% p.a. (2019: 4.54% 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 DIVIDEND

In respect of the financial year ending 31 December 2020, the Directors declared:

- First interim dividend of 0.50 sen per share on 4,279,593,856 ordinary shares amounting to RM21,397,969. The dividend was declared on 19 February 2020 and was fully paid on 20 April 2020.
- Second interim dividend of 0.30 sen per share on 4,279,610,036 ordinary shares amounting to RM12,838,830. The dividend was declared on 10 June 2020 and was fully paid on 28 July 2020.

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 declaration.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2020 (CONTINUED)

B11 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the Group's profit/loss attributable to ordinary equity holders by the average number of ordinary shares in issue during the financial period.

	As at <u>30.06.2020</u>	As at <u>30.06.2019</u>
Profit attributable to Owners of the Company (RM'000)	51,190	80,955
Weighted average number of ordinary shares in issue ('000)	4,279,290	4,318,163
Basic earnings per share (sen)	<u>1.20</u>	<u>1.87</u>

(b) Diluted earnings per share

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

For the ESOS granted to employees, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding ESOS. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of ESOS. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the 'bonus' element in the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to profit for the year for the ESOS calculation.

	As at <u>30.06.2020</u>	As at <u>30.06.2019</u>
Profit attributable to Owners of the Company (RM'000)	51,190	80,955
Weighted average number of ordinary shares in issue ('000)	4,279,290	4,318,163
Assumed shares issued from the - exercise of ESOS ('000)	<u>184,121</u>	<u>192,830</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,463,411</u>	<u>4,510,993</u>
Diluted earnings per share (sen)	<u>1.15</u>	<u>1.79</u>