

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2020**

Registration No.

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KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2020**

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the fourth quarter and financial year ended 31 December 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 2020 and the accompanying explanatory notes attached to this report.

**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Note	Individual Quarter			Cumulative Quarter		
		3 months ended			12 months ended		
		31.12.2020	31.12.2019	Var	31.12.2020	31.12.2019	Var
		RM'000	RM'000	%	RM'000	RM'000	%
			Restated		Audited	Audited	
						Restated	
Revenue		586,834	717,926	(18)	2,397,443	2,737,919	(12)
Cost of sales		(369,216)	(438,975)	(16)	(1,494,888)	(1,627,665)	(8)
Gross profit		217,618	278,951	(22)	902,555	1,110,254	(19)
Administrative expenses		(169,181)	(184,514)	(8)	(647,345)	(751,990)	(14)
Other income		8,718	5,049	73	29,776	21,652	38
Zakat		(547)	(542)	1	(1,810)	(3,443)	(47)
Operating profit		56,608	98,944	(43)	283,176	376,473	(25)
Finance income		5,425	4,513	20	14,164	14,206	(0)
Finance costs		(24,270)	(19,860)	22	(94,252)	(89,534)	5
- Borrowings		(18,801)	(22,105)	(15)	(69,224)	(69,631)	(1)
- Lease liabilities							
Finance costs - net		(37,646)	(37,452)	1	(149,312)	(144,959)	3
Share of results of associates, net of tax		1,660	16,842	(90)	16,946	43,879	(61)
Profit before tax	B2	20,622	78,334	(74)	150,810	275,393	(45)
Tax	B5	3,146	12,454	(75)	(39,998)	(48,696)	(18)
Profit for the financial period		23,768	90,788	(74)	110,812	226,697	(51)

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**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

	Individual Quarter			Cumulative Quarter		
	31.12.2020	31.12.2019	Var	31.12.2020	31.12.2019	Var
	RM'000	RM'000	%	RM'000	RM'000	%
		Restated		Audited	Audited	
				Restated		
Other comprehensive income for the financial period, net of tax	94,963	6,026	>100	94,963	6,026	>100
Total comprehensive income for the financial period	118,731	96,814	23	205,775	232,723	(12)
Profit for the financial period attributable to:						
Owners of the Company	25,285	84,001	(70)	110,443	211,368	(48)
Non-controlling interests	(1,517)	6,787	>(100)	369	15,329	(98)
	23,768	90,788	(74)	110,812	226,697	(51)
Total comprehensive income for the financial period attributable to:						
Owners of the Company	120,248	90,027	34	205,406	217,394	(6)
Non-controlling interests	(1,517)	6,787	>(100)	369	15,329	(98)
	118,731	96,814	23	205,775	232,723	(12)
Dividend per share (sen)	0.40	0.50	(20)	1.20	2.00	(40)
Earnings per share attributable to Owners of the Company:						
Basic (sen)	0.59	1.97		2.58	4.95	
Diluted (sen)	0.57	1.89		2.48	4.74	

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AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	<u>Note</u>	<u>31.12.2020</u> RM'000	<u>31.12.2019</u> RM'000
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property, plant and equipment	A9	2,863,583	2,598,686
Right-of-use assets		1,051,172	1,084,159
Investment properties		337,748	328,582
Intangible assets		235,828	235,402
Investment in associates		450,794	445,715
Equity instruments classified as FVOCI*		1,120	4,678
Deferred tax assets		130,921	109,126
		<u>5,071,166</u>	<u>4,806,348</u>
<u>Current assets</u>			
Inventories		52,052	53,609
Trade and other receivables		457,400	549,602
Tax recoverable		93,737	92,679
Deposits, bank and cash balances		462,234	478,335
Dividend receivable		4,842	5,274
		<u>1,070,265</u>	<u>1,179,499</u>
Total assets		<u><u>6,141,431</u></u>	<u><u>5,985,847</u></u>
<u>EQUITY AND LIABILITIES</u>			
<u>Current liabilities</u>			
Trade and other payables		605,055	770,523
Contract liabilities		55,978	66,896
Current tax liabilities		19,638	2,252
Borrowings	B7	505,776	289,513
Lease liabilities		45,531	47,359
Dividends payable		-	21,390
		<u>1,231,978</u>	<u>1,197,933</u>
Net current liabilities		<u>(161,713)</u>	<u>(18,434)</u>

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AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020 (CONTINUED)

	<u>Note</u>	<u>31.12.2020</u> RM'000	<u>31.12.2019</u> RM'000
<u>Non-current liabilities</u>			
Trade and other payables		4,281	7,744
Borrowings	B7	1,449,231	1,473,812
Lease liabilities		1,153,419	1,174,790
Deferred tax liabilities		85,650	64,962
Provision for retirement benefits		2,786	2,775
Deposits		11,874	14,567
		<u>2,707,241</u>	<u>2,738,650</u>
Total liabilities		<u>3,939,219</u>	<u>3,936,583</u>
Net assets		<u>2,202,212</u>	<u>2,049,264</u>
<u>Equity attributable to Owners of the Company</u>			
Share capital	A6	909,504	906,743
Less: Treasury shares		(155,310)	(155,310)
Reserves		1,295,890	1,141,392
		<u>2,050,084</u>	<u>1,892,825</u>
Non-controlling interests		152,128	156,439
Total equity		<u>2,202,212</u>	<u>2,049,264</u>
Total equity and liabilities		<u>6,141,431</u>	<u>5,985,847</u>
<u>Net assets per share attributable to Owners of the Company (RM)</u>			
		<u>0.46</u>	<u>0.43</u>

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

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**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Non-distributable						Distributable		Total RM'000	Non- controlling interest RM'000	Total equity RM'000
	Number of shares '000	Share capital RM'000	Treasury shares RM'000	Esos reserve RM'000	Merger reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000			
At 1 January 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	-	-	-	-	-	-	-	110,443	110,443	369	110,812
Other comprehensive income:											
Currency translation differences of foreign subsidiaries	-	-	-	-	-	(9,743)	-	-	(9,743)	-	(9,743)
Revaluation surplus	-	-	-	-	-	-	104,706	-	104,706	-	104,706
Total other comprehensive income	-	-	-	-	-	(9,743)	104,706	-	94,963	-	94,963
Transactions with Owners:											
Issue of share capital:											
- ESOS	2,846	2,761	-	(172)	-	-	-	-	2,589	-	2,589
	2,846	2,761	-	(172)	-	-	-	-	2,589	-	2,589
ESOS expenses during the financial period	-	-	-	619	-	-	-	-	619	-	619
Lapsed ESOS	-	-	-	(1,802)	-	-	-	1,802	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	(51,355)	(51,355)	-	(51,355)
Dividends paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	(4,680)	(4,680)
Total transactions with Owners	2,846	2,761	-	(1,355)	-	-	-	(49,553)	(48,147)	(4,680)	(52,827)
At 31 December 2020	4,442,043	909,504	(155,310)	59,798	(3,367)	(937)	226,128	1,014,268	2,050,084	152,128	2,202,212

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**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	-	-	-	-	-	-	-	-	211,368	211,368	15,329	226,697
Other comprehensive income:												
Currency translation differences of foreign subsidiaries	-	-	-	-	-	-	5,266	-	-	5,266	-	5,266
Revaluation surplus	-	-	-	-	-	-	-	760	-	760	-	760
Disposal of property, plant and equipment	-	-	-	-	-	-	-	(5,331)	5,331	-	-	-
Total other comprehensive income	-	-	-	-	-	-	5,266	(4,571)	5,331	6,026	-	6,026
	4,399,148	860,295	(111,319)	24,361	71,560	(3,367)	8,806	121,422	1,006,911	1,978,669	169,288	2,147,957

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**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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	17,165	21,218	-	-	(5,599)	-	-	-	-	15,619	-	15,619
- Share buy-back	-	-	(43,991)	-	-	-	-	-	-	(43,991)	-	(43,991)
	40,049	46,448	(43,991)	(2,117)	(5,599)	-	-	-	-	(5,259)	-	(5,259)
ESOS expenses during the financial period												
Lapsed ESOS	-	-	-	-	3,827	-	-	-	-	3,827	-	3,827
Lapsed warrant	-	-	-	(22,244)	-	-	-	-	8,635	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	-	22,244	-	-	-
Dividends paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	(86,019)	(86,019)	-	(86,019)
Acquisition of interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	(6,861)	(6,861)
Sale of interest in a subsidiary to non-controlling interest	-	-	-	-	-	-	-	-	1,537	1,537	(5,938)	(4,401)
	-	-	-	-	-	-	-	-	70	70	(50)	20
Total transactions with Owners	40,049	46,448	(43,991)	(24,361)	(10,407)	-	-	-	(53,533)	(85,844)	(12,849)	(98,693)
At 31 December 2019	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

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**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	<u>31.12.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	150,810	275,393
Adjustments for:		
Share of results of associates	(16,946)	(43,879)
Finance income	(14,164)	(14,206)
Finance costs		
- Borrowings	94,252	89,534
- Lease liabilities	69,224	69,631
Dividends received from Al-Salam REIT	(50)	(89)
Trade receivables:		
- (Reversal)/impairment charge for the period (net)	(21)	4,654
Share-based payments	619	3,827
Gain on disposal of shares in associates (net)	-	(1,687)
Gain on disposal of shares in subsidiaries	-	(117)
Property, plant and equipment:		
- Depreciation	172,699	159,082
- Written-off	1,067	2,124
- Gain on disposal	(342)	(861)
- Impairment	16,973	-
Right-of-use assets:		
- Depreciation	50,644	57,165
Investment properties:		
- Gain on fair value	(464)	(1,830)
- Written-off	420	-
Intangible assets:		
- Amortisation of software development expenditure	15,413	4,013
- Impairment of goodwill	1,622	-
Impairment of equity instruments at FVOCI	3,558	-
Inventories written-off	387	460
Provision for retirement benefits	321	322
Negative goodwill on acquisition	-	(213)
Operating profit before working capital changes	<u>546,022</u>	<u>603,323</u>
Changes in working capital:		
Inventories	1,170	(3,899)
Receivables	98,493	(21,535)
Payables	(238,294)	101,568
Contract liabilities	(10,918)	(3,378)
Cash flows generated from operations	<u>396,473</u>	<u>676,079</u>
Income tax refund	10,071	17,928
Income tax paid	(69,487)	(112,970)
Retirement benefits paid	(310)	(225)
Net cash generated from operating activities	<u>336,747</u>	<u>580,812</u>

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**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

	<u>31.12.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(240,459)	(397,382)
Additions to right-of-use assets	(1,973)	-
Additions to investment properties	(677)	(4,720)
Additions to intangible assets	(1,516)	(6,680)
Proceeds from disposal of property, plant and equipment	680	2,007
Proceeds from disposal of interest in subsidiary	-	1,148
Proceeds from disposal of shares in an associate	-	9,510
Interest received	14,164	14,206
Increase in deposits with licensed banks with maturity of more than 3 months	(34,023)	(74,363)
Dividends received from associates	15,551	21,118
Net cash used in investing activities	<u>(248,253)</u>	<u>(435,156)</u>
FINANCING ACTIVITIES		
Investments in a subsidiary	(27,404)	2,720
Additional investments in subsidiaries	(2,000)	(1,810)
Proceeds from dilution of interest in subsidiary	-	20
Grant income received	3,003	10,384
Dividends paid to non-controlling interest	(4,680)	(6,861)
Issue of shares:		
- Warrants	-	23,113
- ESOS	2,589	15,619
- Share buy-back	-	(43,991)
Borrowings:		
- Drawdown	348,177	52,327
- Repayments	(194,144)	(75,325)
Payment of lease liabilities	(92,423)	(110,333)
Interest paid	(94,252)	(89,534)
Dividends paid to shareholders	(72,745)	(86,166)
Designated account	(269)	(182)
Net cash used in financing activities	<u>(134,148)</u>	<u>(310,019)</u>
Net changes in cash and cash equivalents	(45,654)	(164,363)
Currency translation differences	(7,688)	6,795
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	268,362	404,214
RECLASSIFIED FROM NON-CURRENT ASSETS HELD FOR SALE	-	21,716
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>215,020</u>	<u>268,362</u>

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
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 2020. During the quarter, the management reassessed the contracts with its consultants and the details can be found in Note A5.

Other than the above, the accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2020.

Standards, amendments to published standards and interpretations that are effective

The Group has applied the following amendments for the financial period beginning on 1 January 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 2020 was unqualified.

A3 SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
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, except for the change in the revenue recognition for the consultant revenue.

During the current financial year, the Group has reassessed the contracts with its consultants and has established that the Group is an agent instead of a principal in the provision of healthcare consultation services to its customers. Accordingly, the Group's revenue and cost of sales for the year ended 31 December 2019 have been restated as shown below. This has no effect on the profit for the year ended 31 December 2019.

	As previously reported RM'000	Adjustments to the revenue and cost of sales RM'000	As restated RM'000
Revenue	3,604,364	(866,445)	2,737,919
Cost of sales	(2,494,110)	866,445	(1,627,665)

Following the restatement, the restated revenue and cost of sales of the Group for all quarters in the year 2020 and 2019 are as follows:

	<u>Quarter 1</u> RM'000	<u>Quarter 2</u> RM'000	<u>Quarter 3</u> RM'000	<u>Quarter 4</u> RM'000	<u>Total</u> RM'000
<u>2020</u>					
Revenue	677,651	487,684	645,274	586,834	2,397,443
Cost of sales	(411,141)	(328,596)	(385,935)	(369,216)	(1,494,888)
<u>2019</u>					
Revenue	668,625	654,183	697,185	717,926	2,737,919
Cost of sales	(395,276)	(396,888)	(396,526)	(438,975)	(1,627,665)

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2020 (CONTINUED)**

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

On 9 July 2020, 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.

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

As at 31 December 2020, the Company held a total of 162,306,700 of its 4,442,042,736 issued ordinary shares as treasury shares. Such treasury shares are held at a carrying amount of RM155,310,152 at an average price of RM0.96 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares and accounted for in accordance with the requirement of Section 127 of the Companies Act 2016.

ii. Employees Share Option Scheme

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

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
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A6 DEBT AND EQUITY SECURITIES (CONTINUED)

ii. Employees Share Option Scheme (continued)

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).

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

Movement of ESOS during the period:

	<u>31.12.2020</u> Units '000	<u>31.12.2019</u> Units '000
At start of the financial year	188,403	212,955
- Granted	-	1,089
- Exercised	(2,846)	(17,165)
- Lapsed	(5,047)	(8,476)
	<u>180,510</u>	<u>188,403</u>

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

	<u>31.12.2020</u> Number of shares ('000)	<u>31.12.2020</u> RM'000
At start of the financial year	4,439,197	906,743
Issued during the financial period - exercise of ESOS	2,846	2,761
At end of the financial period	<u>4,442,043</u>	<u>909,504</u>

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2020 (CONTINUED)**

A7 DIVIDENDS

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 26 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.
- iii. Third interim dividend of 0.40 sen per share on 4,279,610,036 ordinary shares amounting to RM 17,118,438. The dividend was declared on 30 November 2020 and was fully paid on 31 December 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.

A8 SEGMENT REPORTING

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

- i. Malaysia - All healthcare activities including the private hospitals, pathology and laboratory services and distribution of pharmaceutical, medical and consumer healthcare products.
- ii. Others - Operating segments involved in provision of hospital and aged care services in Indonesia, Thailand, Bangladesh and Australia, private university college of nursing and allied health and sale of hospital merchandise and other similar activities, none of which are individually significant to warrant separate disclosure per quantitative thresholds required by MFRS 8.

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

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

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A NOTES TO THE INTERIM FINANCIAL REPORT
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2020 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>31 December 2020</u>			
<u>Revenue</u>			
Revenue from external customers	553,967	32,867	586,834
<u>Results</u>			
EBITDA	136,702	(15,049)	121,653
Profit/(loss) before tax	57,459	(36,837)	20,622
Total assets	5,584,066	557,365	6,141,431
Total liabilities	3,534,728	404,491	3,939,219
Additions to property, plant and equipment	132,811	1,431	134,242
<u>31 December 2019</u>			
<u>Revenue</u>			
Revenue from external customers	678,922	39,004	717,926
<u>Results</u>			
EBITDA	171,319	9,404	180,723
Profit/(loss) before tax	95,496	(17,162)	78,334
Total assets	5,396,232	589,615	5,985,847
Total liabilities	3,507,942	428,641	3,936,583
Additions to property, plant and equipment	147,361	5,216	152,577

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2020 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended (continued)

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

	<u>Indonesia</u> IDR'000	<u>Indonesia</u> RM'000	<u>Australia</u> AUD'000	<u>Australia</u> RM'000
<u>31 December 2020</u>				
<u>Revenue</u>				
Revenue from external customers	22,862,560	6,928	4,322	13,722
<u>Results</u>				
EBITDA	6,571,754	1,846	(6,515)	(19,276)
(Loss)/profit before tax	(52,095,613)	(15,263)	(7,572)	(22,722)
Total assets	453,113,668	129,953	65,004	200,998
Total liabilities	90,216,179	25,874	77,621	240,012
Additions to property, plant and equipment	1,586,606	522	-	-
<u>31 December 2019</u>				
<u>Revenue</u>				
Revenue from external customers	41,489,655	12,032	4,534	13,408
<u>Results</u>				
EBITDA	12,796,551	3,711	562	1,653
Profit before tax	(33,396,552)	(9,685)	(571)	(1,699)
Total assets	511,258,054	150,770	72,579	208,489
Total liabilities	122,722,957	36,191	81,110	232,997
Additions to property, plant and equipment	9,132,866	2,692	287	823

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A NOTES TO THE INTERIM FINANCIAL REPORT
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2020 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

Cumulative 12 months ended

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>31 December 2020</u>			
<u>Revenue</u>			
Revenue from external customers	2,274,745	122,698	2,397,443
<u>Results</u>			
EBITDA	547,425	(8,547)	538,878
Profit/(loss) before tax	212,803	(61,993)	150,810
Total assets	5,584,066	557,365	6,141,431
Total liabilities	3,534,728	404,491	3,939,219
Additions to property, plant and equipment	270,685	3,824	274,509
<u>31 December 2019</u>			
<u>Revenue</u>			
Revenue from external customers	2,586,934	150,985	2,737,919
<u>Results</u>			
EBITDA	616,120	24,492	640,612
Profit before tax	305,885	(30,492)	275,393
Total assets	5,396,232	589,615	5,985,847
Total liabilities	3,507,942	428,641	3,936,583
Additions to property, plant and equipment	405,711	9,871	415,582

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2020 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Cumulative 12 months ended (continued)

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

	<u>Indonesia</u> IDR'000	<u>Indonesia</u> RM'000	<u>Australia</u> AUD'000	<u>Australia</u> RM'000
<u>31 December 2020</u>				
<u>Revenue</u>				
Revenue from external customers	92,182,881	26,816	16,562	49,393
<u>Results</u>				
EBITDA	(9,859,058)	(2,868)	(4,256)	(12,693)
Loss before tax	(79,192,162)	(23,037)	(9,638)	(28,742)
Total assets	453,113,668	129,953	65,004	200,998
Total liabilities	90,216,179	25,874	77,621	240,012
Additions to property, plant and equipment	10,062,762	2,886	-	-
<u>31 December 2019</u>				
<u>Revenue</u>				
Revenue from external customers	159,524,138	46,262	17,920	51,893
<u>Results</u>				
EBITDA	48,017,241	13,925	1,826	5,287
Profit/(loss) before tax	(19,582,759)	(5,679)	(2,726)	(7,894)
Total assets	511,258,054	150,770	72,579	208,489
Total liabilities	122,722,957	36,191	81,110	232,997
Additions to property, plant and equipment	21,956,595	6,475	287	823

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FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2020 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

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

	<u>31.12.2020</u>	<u>31.12.2019</u>
1 Australian Dollar		
Closing	3.0921	2.8726
Average	2.9823	2.8958
1,000 Indonesian Rupiah		
Closing	0.2868	0.2949
Average	<u>0.2909</u>	<u>0.2900</u>

A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

In accordance with the Group Accounting policy, land and buildings will be revalued within sufficient regularity. All land and buildings were revalued on 31 December 2020 based on open market valuations carried out by an independent firm of professional valuers to reflect its fair value. The book values of the land and buildings were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve. As at 31 December 2020, the net surplus credited to the revaluation reserve amounted to RM104.7 million, while impairment loss recognised in the profit or loss account amounted to RM17.0 million.

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 year ended 31 December 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 year.

A12 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the statement of financial position as at 31 December 2020.

A13 RELATED PARTY TRANSACTIONS

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

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2020 (CONTINUED)**

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 31 December 2020 are as follows:

	RM'000
Approved by the Directors and contracted	206,154
Approved by the Directors but not contracted	199,882
	<hr/>
	406,036
	<hr/> <hr/>

Analysed as follows:

Building	126,609
Medical equipment	154,472
Other property, plant and equipment	124,955
	<hr/>
	406,036
	<hr/> <hr/>

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING
REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED
31 DECEMBER 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 worldwide COVID-19 pandemic has presented unprecedented challenges to the global economy, across all industries including healthcare. In order to control the pandemic outbreak, the Malaysian Government had enforced a Movement Control Order ("MCO") on 18 March 2020. During the lockdown, many patients opted to postpone non-urgent and non-essential treatment and defer visits to hospitals and healthcare facilities, which resulted in the reduction of patient volumes for the Group. The Group's bed occupancy rate ("BOR") was significantly affected where low BOR of 25% and 32% were recorded in April and May 2020, respectively. However, upon implementation of the Recovery Movement Control Order ("RMCO") which commenced on 10 June 2020, the Group saw an improvement in occupancy levels resulting in increase of the BOR in Quarter 3, 2020 to 51%. The period post MCO and RMCO has seen a gradual improvement of our business activities, but nevertheless, this increase has yet to surpass our performance in the same period in 2019.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 statements of comprehensive income for current quarter compared to the corresponding quarter of the preceding year (3 months) (continued)

The reinstatement of the Conditional Movement Control Order (“CMCO”) by the Malaysian Government in early November 2020 to curb the third wave of COVID-19 cases in Malaysia has resulted in the BOR for the current quarter in 2020 (4Q2020) to decrease by 25% to 43% as compared to 68% BOR that was recorded in Quarter 4, 2019. Consequently this resulted in the revenue for the current quarter to decrease by 18%, at RM586.8 million against RM717.9 million reported in the fourth quarter of 2019. This is evidenced by the lower patient numbers in the current quarter with 764,899 patients, falling from 827,451 patients in the same quarter in 2019.

The reduction in hospital activity has affected the Group’s revenue as well as the EBITDA and profit before tax for the last 3 months in 2020. The EBITDA and profit before tax reported at RM121.7 million and RM20.6 million, respectively, were 33% and 74% lower as compared to RM180.7 million and RM78.3 million in the same period in 2019. The recognition of impairment loss on the investment of quoted and unquoted shares has resulted in administrative costs to increase. Additionally, lower gain on fair value of investment properties and impairment loss on property, plant and equipment also added to the lower performance of the Group in the current quarter. Moreover, the significant decrease in share of profit by 90%, which was mainly contributed by Al-‘Aqar Healthcare REIT has also contributed to the reduction in EBITDA and profit before tax for the current quarter.

Malaysia

Malaysia segment contributed to 94% of total Group revenue for the quarter of RM554.0 million, registering at 18% or RM124.9 million lower over RM678.9 million in the same period in the preceding year, mainly due to the 6% reduction in number of patients from 755,485 patients reported in quarter 4, 2019 to 713,715 in current quarter. Malaysia segment’s EBITDA closed at RM136.7 million, lower by 20% from RM171.3 million in the same period in 2019 and the profit before tax was recorded at RM57.5 million, which was 40% lower as compared to RM95.5 million reported for the fourth quarter in 2019. The lower share of profit recorded due to COVID-19 pandemic and the increase in costs especially from newly opened hospitals and new hospital buildings in current year were the main contributor to the lower performance in the current quarter.

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

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

Others

The revenue for the three months ended 31 December 2020 was reported at RM32.9 million, a 16% decrease from RM39.0 million recorded in the same period ended 31 December 2019. Other segment also reported a negative EBITDA at RM15.0 million in the fourth quarter of 2020 against positive EBITDA of RM9.4 million reported in the same period of the preceding year. Loss before tax of RM36.8 million for the 3 months ended 31 December 2020, significantly higher as compared to the RM17.2 million loss in the same quarter in 2019. Indonesian operations reported 55% decline in patient volume to 14,141 patients from 31,346 patients in Quarter 4, 2019. Meanwhile, Jeta Gardens reported an impairment loss due to the lower fair value of property, plant and equipment by RM16.2 million.

b. Review on statements of comprehensive income for current financial period compared to prior financial year

The worldwide COVID-19 pandemic has presented unprecedented challenges to the global economy, across all industries including healthcare. In order to control the pandemic outbreak, the Malaysian Government had enforced a Movement Control Order ("MCO") on 18 March 2020. During the lockdown, many patients opted to postpone non-urgent and non-essential treatment and defer visits to hospitals and healthcare facilities, which resulted in the reduction of patient volumes for the Group. The Group's bed occupancy rate ("BOR") was significantly affected where low BOR of 25% and 32% were recorded in April and May 2020, respectively. However, upon implementation of the Recovery Movement Control Order ("RMCO") which commenced on 10 June 2020, the Group saw an improvement in occupancy levels resulting in increase of the BOR in Quarter 3, 2020 to 51%. The period post MCO and RMCO has seen a gradual improvement of our business activities, but nevertheless, this increase has yet to surpass our performance in the same period in 2019.

The Group's revenue for the year ended 31 December 2020 was reported at RM2,397.4 million, 12% lower as compared to RM2,737.9 million, was largely affected by the MCO during the second quarter and the CMCO in the fourth quarter of 2020. The COVID-19 global pandemic has impacted KPJ's business activities with lower patient episodes and lower BOR at all of its hospitals. During the lockdown, many elective procedures were postponed or delayed and hospitals were focusing on the critical and life-threatening cases. This resulted in the BOR in the current year to drop to 48% as compared to 66% for the year ended 31 December 2019. Meanwhile, the Group's patient visits declined by 9% to 2.9 million in 2020 from 3.2 million in the preceding year. During the period, despite the reduction in hospital revenue, laboratory revenue from Lablink recorded an increase by more than 100% or RM13.3 million, which softened the impact on total revenue drop for the Group.

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

The lower activities in the Group's hospitals in the current year due to COVID-19 has resulted in EBITDA and profit before tax to drop to RM538.9 million and RM150.8 million respectively, decreasing by 16% and 45% from RM640.6 million and RM275.4 million respectively in the preceding year. The impairment loss on the investment of quoted and unquoted shares has resulted the administrative costs to increase. Lower gain on fair value of investment properties and impairment loss on property, plant and equipment also added to the lower performance of the Group. The decrease in share of profit by 61%, which was mainly contributed by Al-'Aqar Healthcare REIT also added to the reduction in EBITDA and profit before tax for the current year. In addition, expenses such as staff costs, interest on lease liabilities, borrowing costs and depreciation remain fixed despite the decline in business activities. To mitigate these challenges, the management focused on cost optimisation and fully optimised benefits received from PRIHATIN Economic Stimulus Package and PENJANA Economic Recovery Plan provided by the Malaysian government, which help soften the impact to the profit line of the Group's profitability.

Malaysia

Malaysia segment recorded a 12% reduction in revenue in the current year to RM2,274.7 million from RM2,586.9 million in 2019 mainly contributed by the decrease in number of outpatients and inpatients by 176,185 patients and 78,050 patients respectively along with the decrease in BOR from 67% in 2019 to 48% in 2020. EBITDA and profit before tax for Malaysia segment were recorded at 11% and 30% lower from RM616.1 million and RM305.9 million respectively in 2019. The shortfall in Malaysia segment's EBITDA and profit before tax mainly contributed by the losses at hospitals under gestation period (KPJ Bandar Dato' Onn, KPJ Batu Pahat, KPJ Perlis and KPJ Miri). Furthermore, the additional expenses incurred as precautionary and safety measures against COVID-19, the loss from investment of quoted and unquoted shares and lower gain on fair value from investment properties also led to lower EBITDA and profit before tax for Malaysia segment.

Others

The revenue for Other segment in 2020 was reported at RM122.7 million, 19% lower as compared to RM151.0 million for the year ended 31 December 2019 with Indonesian operations being the main contributor. Indonesian operations registered a 50% drop in number of patient from 125,254 patients to 62,816 patients that led to a 42% decrease in its revenue.

On the same note, Jeta Gardens's occupancy rate fell from 81% in the period ended 31 December 2019 to 77% for the same period in 2020 resulting its revenue decreasing by 5% or RM2.5 million.

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

Others

The EBITDA for Other segment was reported at a negative EBITDA of RM8.5 million for the year ended 31 December 2020 as compared to an EBITDA of RM24.5 million reported in 2019. Meanwhile, loss before tax was posted at RM62.0 million in 2020 against RM30.5 million in the corresponding year. The significant drop in EBITDA and profit before tax for Other segment was mainly due to the lower fair value of property, plant and equipment contributed by Jeta Gardens as well as lower hospital activities in Indonesia affected by the COVID-19.

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

The Group's total assets as at 31 December 2020 was 3% higher at RM6,141.4 million in comparison to RM5,985.8 million as at 31 December 2019. The opening of new hospital buildings by KPJ Ampang Puteri and KPJ Seremban along with the acquisition of a new subsidiary, Kluang Specialist Hospital Sdn Bhd have contributed to the increase in total assets as at 31 December 2020.

The Group's total liabilities as at 31 December 2020 registered at RM3,939.2 million, slightly lower as compared to RM3,936.6 million as at 31 December 2019. The decrease in total liabilities is mainly derived from the reduction in total trade and other payables caused by lower sales of medical and pharmaceutical products especially during the MCO period and the repayment made to contractors during the year. The reduction in total trade and other payables was set-off by the additional drawdown of Islamic Medium Term Notes ("IMTN") of RM200.0 million, resulting in the total liabilities line to be slightly lower than in the last financial year.

The net current liabilities for the Group has increased to RM161.3 million due to the reclassification of prior tranche of IMTN amounting RM250.0 million to current liabilities as its due date for repayment is less than 12 months. On top of that, the reduction in trade and other receivables upon the lower patient visits in current year also contributed to the increase in the net current liabilities.

Malaysia

Malaysia segment recorded an increase of 3% in its total assets to RM5,584.1 million as at 31 December 2020 from RM5,396.2 million as at 31 December 2019 mainly from the addition of property, plant and equipment, new hospital building and medical equipment. Meanwhile, total liabilities for Malaysia segment as at 31 December 2020 was RM3,534.7 million, 1% higher as compared to RM3,507.9 as at 31 December 2019.

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

Others

Other segment's total assets and total liabilities as at 31 December 2020 closed at RM557.4 million and RM404.5 million respectively in comparison to the total assets and total liabilities recorded as at 31 December 2019 of RM589.6 million and RM428.6 million respectively. The decline of business in Indonesia operations and Jeta Gardens along with the decrease in value of property, plant and equipment at Jeta Gardens resulted in a decrease of 5% and 6% in Other segment's total assets and total liabilities, respectively.

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

The Group's hospital activities saw a declining trend since the outbreak of the pandemic which resulted in lower cash generated from operating activities especially during the implementation of MCO. The downtrend led the net cash generated from operating activities to be recorded at RM336.7 million, a decrease by 42% as compared to the same period in corresponding year which was RM580.8 million.

Cash outflows from investing activities was for purchase of property, plant and equipment especially for development and expansion of hospital buildings, such as KPJ Penang and KPJ Puteri, along with the acquisition of a subsidiary, Kluang Specialist Hospital Sdn Bhd on 2 November 2020. Meanwhile, the significant inflows of cash under investing activities was from dividends received from associates mainly from Al-'Aqar Healthcare REIT which amounted to RM14.5 million.

The cash inflows from financing activities were generated from drawdown of borrowings amounting to RM348.2 million, specifically from the issuance of IMTN of RM200.0 million, government grant received by KPJ Selangor amounting to RM3.0 million and issuance of shares through ESOS amounting to RM2.6 million. The cash outflows were mainly for repayment of borrowings, payment of lease liabilities and dividends to shareholders amounting to RM194.1 million, RM92.4 million and RM72.7 million respectively.

The cash and cash equivalents at the end of the period decreased to RM215.0 million as compared to RM268.4 million in the corresponding period, mainly due to the reduction in cash generated from operating activities due to lower hospital activities, as a result of the MCO and RMCO.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

	Quarter ended <u>31.12.2020</u>	Quarter ended <u>30.09.2020</u>	Var
	RM'000	RM'000	%
Revenue	586,834	645,274	(9)
Operating profit	56,508	86,943	(35)
EBITDA	121,653	152,189	(20)
Profit before tax	20,622	56,133	(63)
Net profit for the financial period	23,768	35,577	(33)
Total comprehensive income for the financial period	118,733	35,577	>100
Profit attributable to Owners of the Company	25,285	33,968	(26)
No. of inpatient (episode)	57,722	65,125	(11)
No. of outpatient (episode)	707,177	671,130	5

The Group was in a recovery phase in the third quarter upon the implementation of RMCO on 10 June 2020. However, the reinstatement of the CMCO in November 2020 led to reduction in the Group revenue by 9%, evidenced by the decline in number of inpatients from 65,125 patients to 57,722 patients. The inpatient revenue closed at RM517.9 million in the fourth quarter 2020, a drop of 9% from RM566.3 million in Quarter 3, 2020. The Group's EBITDA and profit before tax for Quarter 4, 2020 was RM121.7 million and RM20.6 million respectively, 20% and 63% lower as compared to EBITDA and profit before tax recorded in Quarter 3, 2020 of RM152.2 million and RM56.1 million, respectively. The shortfall in EBITDA and profit before tax mainly from the impairment loss from investment of quoted and unquoted shares of RM3.6 million, the impairment loss on land by Jeta Gardens of RM16.2 million and the significant decline in share of profit from associates of RM3.5 million specifically from Al-Aqar Healthcare REIT.

B3 CURRENT YEAR PROSPECTS

For the financial year ended 31 December 2020, the Group's performance was adversely affected by the COVID-19 global pandemic which has caused widespread economic slowdown in Malaysia and globally. While the Group is anticipating that the challenges posed by the pandemic will continue in 2021, the Group is cautiously optimistic that the outlook towards the end of 2021 will improve on the back of the anticipated roll-out of the national COVID-19 vaccination program in Malaysia. In this regard, the Group will continue to manage its operations under the new normal framework while continuously looking to improve its business prospects during this period.

Looking ahead into 2021, the Group will continue to take advantage of Governments' incentives in order to mitigate the adverse effects of the pandemic. Specifically under the PERMAI assistance package announced by the Government in January 2021, the Group has offered to collaborate with the government hospitals to treat non-COVID-19 patients in efforts to alleviate the strain on the public healthcare system.

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B3 CURRENT YEAR PROSPECTS (CONTINUED)

The Group remains cautiously optimistic and will continue to focus on disciplined management of costs and operational cash flows. The Group expects the business environment to stay challenging for most of 2021. Nonetheless the Group will focus on its core services while supplementing them with new services such as tele-medicine and home medication delivery services in order to better serve its patients.

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		Cumulative Quarter	
	3 months ended	3 months ended	12 months ended	12 months ended
	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
	RM'000	RM'000	RM'000	RM'000
Income tax recoverable / (expense)	3,146	12,454	(39,998)	(48,696)

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 year ended 31 December 2020 is higher as compared to prior period, and slightly above the statutory tax rate due to non-recognition of tax benefits arising from unutilised capital allowances and tax losses for new businesses under gestation which includes KPJ Perlis, KPJ Bandar Dato' Onn, KPJ Batu Pahat and KPJ Miri. As for the current quarter, the effective tax rate was lower than the statutory rate resulted from the recognition of tax credits arising from the recognition of investment tax allowances (ITA), which the Group had obtained approval from the authorities in the last quarter 2020. In comparison to the same quarter in 2019, higher ITA was approved as compared to amount approved in 2020.

B6 STATUS OF CORPORATE PROPOSALS

There were no significant corporate proposals during the financial period under review.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

B7 BORROWINGS

Details of the Group's borrowings are as follows:

	Current		Non-current		Total borrowings	
	Foreign	RM	Foreign	RM	Foreign	RM
	'000	'000	'000	'000	'000	'000
<u>As at 31 December 2020</u>						
Secured:						
Term loans						
- Conventional						
RM	-	2,040	-	51,793	-	53,833
AUD	3,188	9,858	69	215	3,257	10,073
- Syariah						
RM	-	66,637	-	296,308	-	362,945
USD	2,275	9,181	1,603	6,470	3,878	15,651
Hire purchase creditors						
- Conventional						
RM	-	539	-	25	-	564
- Syariah						
RM	-	13,650	-	44,420	-	58,070
Unsecured:						
Revolving credits						
- Conventional						
AUD	1,854	5,734	-	-	1,854	5,734
- Syariah						
RM	-	136,500	-	-	-	136,500
Bank overdrafts						
- Syariah						
RM	-	11,637	-	-	-	11,637
Islamic Medium						
Term Notes						
RM	-	250,000	-	1,050,000	-	1,300,000
Total		<u>505,776</u>		<u>1,449,231</u>		<u>1,955,007</u>

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 31 December 2019</u>						
Secured:						
Term loans						
- Conventional						
AUD	2,479	7,120	1,663	4,778	4,142	11,898
- Syariah						
RM	-	54,048	-	328,745	-	382,793
USD	2,298	9,441	3,662	15,041	5,960	24,482
Hire purchase creditors						
- Conventional						
RM	-	386	-	957	-	1,343
AUD	1	2	-	-	1	2
- Syariah						
RM	-	7,201	-	24,291	-	31,492
Unsecured:						
Revolving credits						
- Conventional						
AUD	1,854	5,327	-	-	1,854	5,327
- Syariah						
RM	-	197,300	-	-	-	197,300
Bank overdrafts						
- Syariah						
RM	-	8,688	-	-	-	8,688
Islamic Medium Term Notes						
RM	-	-	-	1,100,000	-	1,100,000
Total		<u>289,513</u>		<u>1,473,812</u>		<u>1,763,325</u>

The key exchange rate used is as follows:

	<u>31.12.2020</u>	<u>31.12.2019</u>
1 Australian Dollar	3.0921	2.8726
1 US Dollar	<u>4.0357</u>	<u>4.1073</u>

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

B7 BORROWINGS (CONTINUED)

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

Material changes in borrowings

Increase in borrowings as at 31 December 2020 were mainly due to issuance of IMTN for a nominal value of RM200.0 million. With this issuance, total nominal value of IMTN issued as at 31 December 2020 is RM1.3 billion. The proceeds will be used for the revolving credit settlement.

Weighted average interest rate of borrowings are as follows:

- Term loan: 4.41% p.a. (2019: 5.75% p.a.)
- Hire purchase: 2.62% p.a. (2019: 2.56% p.a.)
- Islamic Medium Term Notes: 5.33% p.a. (2019: 5.76% p.a.)
- Overdraft: 4.81% p.a. (2019: 6.42% p.a.)
- Revolving credit: 2.89% p.a. (2019: 4.30% p.a.)

B8 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

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

B9 MATERIAL LITIGATIONS

There were no pending material litigations since the date of the last statement of financial position.

B10 DIVIDENDS

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 26 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.
- iii. Third interim dividend of 0.40 sen per share on 4,279,610,036 ordinary shares amounting to RM 17,118,438. The dividend was declared on 30 November 2020 and was fully paid on 31 December 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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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>31.12.2020</u>	As at <u>31.12.2019</u>
Profit attributable to Owners of the Company (RM'000)	110,443	211,368
Weighted average number of ordinary shares in issue ('000)	4,279,293	4,271,338
Basic earnings per share (sen)	<u>2.58</u>	<u>4.95</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>31.12.2020</u>	As at <u>31.12.2019</u>
Profit attributable to Owners of the Company (RM'000)	110,443	211,368
Weighted average number of ordinary shares in issue ('000)	4,279,293	4,271,338
Assumed shares issued from the - exercise of ESOS ('000)	<u>180,510</u>	<u>188,403</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,459,803</u>	<u>4,459,741</u>
Diluted earnings per share (sen)	<u>2.48</u>	<u>4.74</u>