

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE 30 SEPTEMBER 2021**

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORTS
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2021**

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the third quarter and financial period ended 30 September 2021.

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.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	Note	Individual Quarter			Cumulative Quarter		
		3 months ended			9 months ended		
		30.09.2021	30.09.2020	Var	30.09.2021	30.09.2020	Var
	RM'000	RM'000	%	RM'000	RM'000	%	
		Restated			Restated		
Revenue		698,958	633,438	10	1,937,731	1,775,103	9
Cost of sales		(452,924)	(377,921)	20	(1,245,282)	(1,101,631)	13
Gross profit		246,034	255,517	(4)	692,449	673,472	3
Administrative expenses		(170,667)	(173,169)	(1)	(526,299)	(466,699)	13
Other income		6,949	4,714	47	17,446	21,058	(17)
Zakat		(349)	(119)	>100	(1,425)	(1,263)	13
Operating profit		81,967	86,943	(6)	182,171	226,568	(20)
Finance income		1,638	2,728	(40)	6,808	8,739	(22)
Finance costs							
- Borrowings		(21,824)	(24,284)	(10)	(67,905)	(69,982)	(3)
- Lease liabilities		(21,844)	(14,446)	51	(57,875)	(50,423)	15
Finance costs - net		(42,030)	(36,002)	17	(118,972)	(111,666)	7
Share of results of associates, net of tax		3,488	5,192	(33)	14,568	15,286	(5)
Profit before tax	B2	43,425	56,133	(23)	77,767	130,188	(40)
Tax	B5	(25,497)	(20,556)	24	(35,848)	(43,144)	(17)
Profit for the financial period		17,928	35,577	(50)	41,919	87,044	(52)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)**

	Individual Quarter			Cumulative Quarter		
	30.09.2021	30.09.2020	Var	30.09.2021	30.09.2020	Var
	RM'000	RM'000	%	RM'000	RM'000	%
		Restated			Restated	
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	-
Total comprehensive income for the financial period	17,928	35,577	(50)	41,919	87,044	(52)
Profit for the financial period attributable to:						
Owners of the Company	12,639	33,968	(63)	32,573	85,158	(62)
Non-controlling interests	5,289	1,609	>100	9,346	1,886	>100
	17,928	35,577	(50)	41,919	87,044	(52)
Total comprehensive income for the financial period attributable to:						
Owners of the Company	12,639	33,968	(63)	32,573	85,158	(62)
Non-controlling interests	5,289	1,609	>100	9,346	1,886	>100
	17,928	35,577	(50)	41,919	87,044	(52)
Dividend per share (sen)	0.25	-	(100)	0.25	0.80	(100)
Earnings per share attributable to Owners of the Company:						
Basic (sen)	0.29	0.79		0.76	1.99	
Diluted (sen)	0.28	0.76		0.73	1.91	

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	<u>Note</u>	<u>30.09.2021</u> RM'000	<u>31.12.2020</u> RM'000 Audited
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property, plant and equipment	A9	2,842,211	2,863,583
Right-of-use assets		1,207,219	1,051,172
Investment properties		342,012	337,748
Intangible assets		230,476	235,828
Investment in associates		447,008	450,794
Equity instruments classified as FVOCI*		1,620	1,120
Deferred tax assets		132,100	130,921
Trade and other receivables		10,084	-
		<u>5,212,730</u>	<u>5,071,166</u>
<u>Current assets</u>			
Inventories		55,151	52,052
Trade and other receivables		525,738	457,400
Tax recoverable		104,024	93,737
Deposits, bank and cash balances		316,958	462,234
Dividend receivable		7,764	4,842
		<u>1,009,635</u>	<u>1,070,265</u>
Total assets		<u>6,222,365</u>	<u>6,141,431</u>
<u>EQUITY AND LIABILITIES</u>			
<u>Current liabilities</u>			
Trade and other payables		645,653	605,055
Contract liabilities		61,278	55,978
Current tax liabilities		12,900	19,638
Borrowings	B7	866,040	505,776
Lease liabilities		35,951	45,531
Dividends payable		10,748	-
		<u>1,632,570</u>	<u>1,231,978</u>
Net current liabilities		<u>(622,935)</u>	<u>(161,713)</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021 (CONTINUED)**

	<u>Note</u>	<u>30.09.2021</u> RM'000	<u>31.12.2020</u> RM'000
<u>Non-current liabilities</u>			
Trade and other payables		7,575	4,281
Borrowings	B7	970,810	1,449,231
Lease liabilities		1,308,483	1,153,419
Deferred tax liabilities		86,027	85,650
Provision for retirement benefits		2,890	2,786
Deposits		12,201	11,874
		<u>2,387,986</u>	<u>2,707,241</u>
Total liabilities		<u>4,020,556</u>	<u>3,939,219</u>
Net assets		<u>2,201,809</u>	<u>2,202,212</u>
<u>Equity attributable to Owners of the Company</u>			
Share capital	A6	929,426	909,504
Less: Treasury shares		(155,310)	(155,310)
Reserves		1,315,219	1,295,890
		<u>2,089,335</u>	<u>2,050,084</u>
Non-controlling interests		112,474	152,128
		<u>2,201,809</u>	<u>2,202,212</u>
Total equity and liabilities		<u>6,222,365</u>	<u>6,141,431</u>
<u>Net assets per share attributable to Owners of the Company (RM)</u>			
		<u>0.47</u>	<u>0.46</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 SEPTEMBER 2021**

	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 2021	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
Comprehensive income:											
Profit for the financial period	-	-	-	-	-	-	-	32,573	32,573	9,346	41,919
Other comprehensive income:											
Currency translation differences of foreign subsidiaries	-	-	-	-	-	(142)	-	-	(142)	-	(142)
Total other comprehensive income	-	-	-	-	-	(142)	-	-	(142)	-	(142)
Transactions with Owners:											
Issue of share capital:											
- ESOS	19,306	19,922	-	(2,354)	-	-	-	-	17,568	-	17,568
	19,306	19,922	-	(2,354)	-	-	-	-	17,568	-	17,568
Lapsed ESOS	-	-	-	(3,491)	-	-	-	3,491	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	(10,748)	(10,748)	-	(10,748)
Dividends paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	(49,000)	(49,000)
Total transactions with Owners	19,306	19,922	-	(5,845)	-	-	-	(7,257)	6,820	(49,000)	(42,180)
At 30 September 2021	4,461,349	929,426	(155,310)	53,953	(3,367)	(1,079)	226,128	1,039,584	2,089,335	112,474	2,201,809

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

	Non-distributable						Distributable		Total	Non-controlling interest	Total equity
	Number of shares '000	Share capital RM'000	Treasury shares RM'000	Esos reserve RM'000	Merger reserve RM'000	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	-	-	-	-	-	-	-	85,158	85,158	1,886	87,044
Other comprehensive income:											
Currency translation differences of foreign subsidiaries	-	-	-	-	-	(4,233)	-	-	(4,233)	-	(4,233)
Revaluation Surplus	-	-	-	-	-	-	888	-	888	-	888
Total other comprehensive income	-	-	-	-	-	(4,233)	888	-	(3,345)	-	(3,345)
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	-	-	-	(1,599)	-	-	-	1,599	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	(34,237)	(34,237)	-	(34,237)
Total transactions with Owners	2,720	2,632	-	(1,137)	-	-	-	(32,638)	(31,143)	-	(31,143)
At 30 September 2020	4,441,917	909,375	(155,310)	60,016	(3,367)	4,573	122,310	1,005,898	1,943,495	158,325	2,101,820

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

	<u>30.09.2021</u>	<u>30.09.2020</u>
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	77,767	130,188
Adjustments for:		
Share of results of associates	(14,568)	(15,286)
Finance income	(6,808)	(8,739)
Finance costs		
- Borrowings	67,905	69,982
- Lease liabilities	57,875	50,423
Trade receivables:		
- Impairment charge for the period (net)	1,120	826
Share-based payments	-	619
Property, plant and equipment:		
- Depreciation	140,364	128,607
- Written-off	6	54
- (Gain)/loss on disposal	(177)	4
Right-of-use assets:		
- Depreciation	44,947	44,143
Amortisation of software development expenditure	8,574	242
Inventories written-off	-	2,621
Provision for retirement benefits	161	241
	<hr/>	<hr/>
Operating profit before working capital changes	377,166	403,925
Changes in working capital:		
Inventories	(3,099)	802
Receivables	(79,632)	6,200
Payables	3,797	(140,811)
Contract liabilities	5,300	(4,581)
	<hr/>	<hr/>
Cash flows generated from operations	303,532	265,535
Income tax refund	1,756	9,841
Income tax paid	(43,639)	(45,457)
	<hr/>	<hr/>
Net cash generated from operating activities	261,649	229,919

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)**

	<u>30.09.2021</u>	<u>30.09.2020</u>
	RM'000	RM'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(121,736)	(114,183)
Additions to right-of-use assets	-	(1,907)
Additions to intangible assets	(1,038)	(4,415)
Additions to investment properties	(103)	-
Proceeds from disposal of property, plant and equipment	187	134
Interest received	6,808	8,739
Decrease in deposits with licensed banks	145,878	-
Dividends received from associates	15,022	11,605
	<hr/>	<hr/>
Net cash generated/(used in) investing activities	45,018	(100,027)
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Grant income received	6,830	3,003
Dividends paid to non-controlling interests	(49,000)	-
Issue of shares:		
- ESOS	17,568	2,475
Borrowings:		
- Drawdown	194,458	177,280
- Repayments	(319,550)	(71,965)
Payment of lease liabilities	(91,586)	(85,895)
Interest paid	(67,905)	(69,982)
Dividends paid to shareholders	-	(55,627)
Designated account	5,817	-
	<hr/>	<hr/>
Net cash used in financing activities	(303,368)	(100,711)
	<hr/>	<hr/>
Net changes in cash and cash equivalents	3,299	29,181
Currency translation differences	(3,815)	(8,793)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	215,020	268,362
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	214,504	288,750
	<hr/> <hr/>	<hr/> <hr/>

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2021**

The notes to the interim financial report should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2020.

A1 BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

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.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparing these interim financial report are consistent with those of the audited financial statements for the year ended 31 December 2020 except for standards effective for financial periods beginning on or after 1 January 2021 below:

	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 16: Leases - COVID-19 Related Rent Concessions beyond 30 June 2021	1 April 2021

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards that are issued but not yet effective up to the date of authorisation of these financial statements are disclosed below. The Group intends to adopt these standards if applicable when they become effective.

	Effective for annual periods beginning on or after
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 1: First-time Adoption of International Financial Reporting Standards - Subsidiary as A First-time Adopter	1 January 2022

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2021 (CONTINUED)**

A1 BASIS OF PREPARATION (CONTINUED)

STANDARDS ISSUED BUT NOT YET EFFECTIVE (CONTINUED)

	Effective for annual periods beginning on or after
Amendments to MFRS 9: Financial Instruments - Fees in the '10 percent' Test for Derecognition of Financial Liabilities	1 January 2022
Amendments to MFRS 141: Agriculture - Taxation in Fair Value Measurements	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non- current and Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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.

A4 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size, or incidence in the financial period ended 30 September 2021.

A5 MATERIAL CHANGES IN ESTIMATES AND POLICIES USED

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current financial period under review.

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2021 (CONTINUED)**

A6 DEBT AND EQUITY SECURITIES

The Group did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 September 2021 except as follows:

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 under review.

Up to 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 accounts.

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 is RM0.25 and the exercise price is RM0.91 (2020: 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>30.09.2021</u> Units '000	<u>30.09.2020</u> Units '000
At start of the financial year	180,510	188,403
- Exercised	(19,306)	(2,720)
- Lapsed	(4,074)	(4,303)
At end of the financial period	<u>157,130</u>	<u>181,380</u>

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2021 (CONTINUED)**

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

EQUITY SECURITIES (CONTINUED)

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

	<u>30.09.2021</u>	<u>30.09.2021</u>
	Number of shares ('000)	RM'000
At start of the financial year	4,442,043	909,504
Issued during the financial period - exercise of ESOS	19,306	19,922
At end of the financial period	<u>4,461,349</u>	<u>929,426</u>

A7 DIVIDENDS

The amount of dividend paid by the Company since 31 December 2020 was as follows:-

RM

In respect of the financial year ending 31 December 2021:

First interim dividend of 0.25 per share on 4,299,041,642 shares. The dividend was declared on 24 August 2021 and was paid on 15 October 2021

10,747,604

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 Segment information for the nine-month period ended 30 September 2021 is as follows:

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

- 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.

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER
2021 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

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.

Individual quarter 3 months ended

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> <u>segments</u> RM'000	<u>Adjustments</u> <u>and</u> <u>eliminations</u> RM'000	<u>Total</u> RM'000
<u>30 September 2021</u>					
<u>Revenue</u>					
Revenue from external customers	663,263	39,256	702,519	(3,561)	698,958
<u>Results</u>					
EBITDA	149,457	1,596	151,053	(3,121)	147,932
Finance costs (net)	(37,335)	(7,660)	(44,995)	2,965	(42,030)
Depreciation and amortisation	(56,295)	(6,302)	(62,597)	120	(62,477)
Profit/(loss) before tax	55,827	(12,366)	43,461	(36)	43,425
Tax	(24,707)	(790)	(25,497)	-	(25,497)
Profit/(loss) after tax	31,120	(13,156)	17,964	(36)	17,928
Total assets	5,975,572	531,239	6,506,811	(284,446)	6,222,365
Total liabilities	3,918,346	386,730	4,305,076	(284,520)	4,020,556
Additions to property, plant and equipment	28,547	53	28,600	-	28,600

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**A NOTES TO THE INTERIM FINANCIAL REPORT
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2021 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended (continued)

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> <u>segments</u> RM'000	<u>Adjustments</u> <u>and</u> <u>eliminations</u> RM'000	<u>Total</u> RM'000
<u>30 September 2020</u>					
<u>Revenue</u>					
Revenue from external customers	607,328	28,661	635,989	(2,551)	633,438
<u>Results</u>					
EBITDA	160,658	(6,134)	154,524	(2,335)	152,189
Finance costs (net)	(32,787)	(5,550)	(38,337)	2,335	(36,002)
Depreciation and amortisation	(52,877)	(7,177)	(60,054)	-	(60,054)
Profit/(loss) before tax	74,994	(18,861)	56,133	-	56,133
Tax	(20,261)	(295)	(20,556)	-	(20,556)
Profit/(loss) after tax	<u>54,733</u>	<u>(19,156)</u>	<u>35,577</u>	<u>-</u>	<u>35,577</u>
Total assets	<u>5,649,274</u>	<u>559,725</u>	<u>6,208,999</u>	<u>(235,632)</u>	<u>5,973,367</u>
Total liabilities	<u>3,702,834</u>	<u>404,345</u>	<u>4,107,179</u>	<u>(235,632)</u>	<u>3,871,547</u>
Additions to property, plant and equipment	<u>47,577</u>	<u>1,166</u>	<u>48,743</u>	<u>-</u>	<u>48,743</u>

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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>30 September 2021</u>				
<u>Revenue</u>				
Revenue from external customers	31,341,780	9,838	4,789	14,175
<u>Results</u>				
EBITDA	(919,178)	(280)	346	1,039
Finance costs (net)	(10,629,193)	(3,277)	(599)	(1,777)
Depreciation and amortisation	(3,941,484)	(1,214)	(901)	(2,655)
Loss before tax	(15,489,855)	(4,771)	(1,154)	(3,393)
Tax	(1,032,476)	(320)	-	-
Loss after tax	(16,522,331)	(5,091)	(1,154)	(3,393)
Total assets	443,659,706	129,593	60,526	182,655
Total liabilities	76,432,729	22,326	72,464	218,683
Additions to property, plant and equipment	128,215	45	-	-

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**A NOTES TO THE INTERIM FINANCIAL REPORT
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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 September 2020</u>				
<u>Revenue</u>				
Revenue from external customers	19,086,897	5,039	3,975	11,834
<u>Results</u>				
EBITDA	(29,730,097)	(8,434)	(197)	(499)
Finance costs (net)	(6,660,045)	(1,777)	(418)	(1,242)
Depreciation and amortisation	(2,684,484)	(724)	(1,248)	(3,698)
Loss before tax	(39,074,626)	(10,935)	(1,863)	(5,439)
Tax	(965,216)	(264)	(13)	(40)
Loss after tax	<u>(40,039,842)</u>	<u>(11,199)</u>	<u>(1,876)</u>	<u>(5,479)</u>
Total assets	<u>460,573,682</u>	<u>128,454</u>	<u>67,402</u>	<u>199,254</u>
Total liabilities	<u>105,754,751</u>	<u>29,495</u>	<u>77,102</u>	<u>227,930</u>
Additions to property, plant and equipment	<u>4,394,454</u>	<u>1,155</u>	<u>-</u>	<u>-</u>

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2021 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Cumulative 9 months ended

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> <u>segments</u> RM'000	<u>Adjustments</u> <u>and</u> <u>eliminations</u> RM'000	<u>Total</u> RM'000
<u>30 September 2021</u>					
<u>Revenue</u>					
Revenue from external customers	1,838,812	108,407	1,947,219	(9,488)	1,937,731
<u>Results</u>					
EBITDA	397,969	1,559	399,528	(8,904)	390,624
Finance costs (net)	(106,983)	(20,555)	(127,538)	8,566	(118,972)
Depreciation and amortisation	(175,443)	(18,801)	(194,244)	359	(193,885)
Profit/(loss) before tax	115,543	(37,797)	77,746	21	77,767
Tax	(33,831)	(2,017)	(35,848)	-	(35,848)
Profit/(loss) after tax	81,712	(39,814)	41,898	21	41,919
Total assets	5,975,572	531,239	6,506,811	(284,446)	6,222,365
Total liabilities	3,918,346	386,730	4,305,076	(284,520)	4,020,556
Additions to property, plant and equipment	121,245	491	121,736	-	121,736

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**A NOTES TO THE INTERIM FINANCIAL REPORT
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2021 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Cumulative 9 months ended (continued)

	<u>Malaysia</u> RM'000	<u>Others</u> RM'000	<u>Total</u> <u>segments</u> RM'000	<u>Adjustments</u> <u>and</u> <u>eliminations</u> RM'000	<u>Total</u> RM'000
<u>30 September 2020</u>					
<u>Revenue</u>					
Revenue from external customers	1,692,292	90,256	1,782,548	(7,445)	1,775,103
<u>Results</u>					
EBITDA	423,610	430	424,040	(6,815)	417,225
Finance costs (net)	(100,959)	(17,522)	(118,481)	6,815	(111,666)
Depreciation and amortisation	(155,099)	(20,272)	(175,371)	-	(175,371)
Profit/(loss) before tax	167,552	(37,364)	130,188	-	130,188
Tax	(42,370)	(774)	(43,144)	-	(43,144)
Profit/(loss) after tax	125,182	(38,138)	87,044	-	87,044
Total assets	5,649,274	559,725	6,208,999	(235,632)	5,973,367
Total liabilities	3,702,834	404,345	4,107,179	(235,632)	3,871,547
Additions to property, plant and equipment	137,875	2,392	140,267	-	140,267

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**A NOTES TO THE INTERIM FINANCIAL REPORT
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2021 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Cumulative 9 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>30 September 2021</u>				
<u>Revenue</u>				
Revenue from external customers	98,984,456	28,656	13,359	40,811
<u>Results</u>				
EBITDA	(1,937,824)	(561)	680	2,078
Finance costs (net)	(26,839,378)	(7,770)	(1,624)	(4,962)
Depreciation and amortisation	(9,820,380)	(2,843)	(2,702)	(8,254)
Loss before tax	(38,597,582)	(11,174)	(3,646)	(11,138)
Tax	(2,797,927)	(810)	-	-
Loss after tax	(41,395,509)	(11,984)	(3,646)	(11,138)
Total assets	443,659,706	129,593	60,526	182,655
Total liabilities	76,432,729	22,326	72,464	218,683
Additions to property, plant and equipment	1,222,184	357	-	-

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2021 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Cumulative 9 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 September 2020</u>				
<u>Revenue</u>				
Revenue from external customers	69,320,321	19,888	12,240	35,671
<u>Results</u>				
EBITDA	(40,714,535)	(11,681)	2,312	6,738
Finance costs (net)	(22,035,552)	(6,322)	(1,269)	(3,697)
Depreciation and amortisation	(7,992,332)	(2,293)	(3,256)	(9,488)
Loss before tax	(70,742,419)	(20,296)	(2,213)	(6,447)
Tax	(2,450,331)	(703)	(40)	(118)
Loss after tax	<u>(73,192,750)</u>	<u>(20,999)</u>	<u>(2,253)</u>	<u>(6,565)</u>
Total assets	<u>460,573,682</u>	<u>128,454</u>	<u>67,402</u>	<u>199,254</u>
Total liabilities	<u>105,754,751</u>	<u>29,495</u>	<u>77,102</u>	<u>227,930</u>
Additions to property, plant and equipment	<u>8,476,156</u>	<u>2,364</u>	<u>-</u>	<u>-</u>

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

	<u>30.09.2021</u>	<u>30.09.2020</u>
1 Australian Dollar		
Closing	3.0178	2.9562
Average	3.0549	2.9144
1,000 Indonesian Rupiah		
Closing	0.2921	0.2789
Average	<u>0.2895</u>	<u>0.2869</u>

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A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The Group's land and buildings were fully revalued as at 31 December 2020. As at period end, the Group assess whether there is an indication that the carrying values of these assets have differ 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 September 2021 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 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.

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 30 September 2021 are as follows:

	RM'000
Approved by the Directors and contracted	151,220
Approved by the Directors but not contracted	134,780
	<u>286,000</u>

Analysed as follows:

Building	102,178
Medical equipment	123,949
Other property, plant and equipment	59,873
	<u>286,000</u>

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021

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 period (3 months)

Group

The Group recorded total revenue of RM699.0 million for the current quarter, an increase of 10% compared against RM633.4 million in the corresponding quarter of the preceding period. During the quarter under review, patient visits increased to 782,732 from 736,255 compared to the corresponding quarter of the preceding period.

The Group recorded a total EBITDA of RM147.9 million, a 3% decrease from RM152.2 million as reported in the preceding period and a total profit before tax ("PBT") of RM43.4 million, a decrease of 23% from RM56.1 million in the preceding period driven primarily by its Malaysia segment performance.

Malaysia

The Malaysia segment recorded total revenue of RM663.3 million for the current quarter, an increase of 9% compared against RM607.3 million in the corresponding quarter of the preceding period. During the quarter under review, patient visits increased to 714,321 from 693,093 compared to the corresponding quarter of the preceding period.

The lifting of Movement Control Order ("MCO") with stricter laws, the increased in the vaccinated population and the introduction of National Recovery Plan ("NRP") by Malaysian Government holds the key to the increase in Malaysia segment revenue in current quarter. The active management of selected COVID-19 cases in KPJ hospitals, providing vaccination services at 25 Pusat Pemberian Vaksin ("PPVs") registered with ProtectHealth Corporation, and decanting non-COVID-19 patients from public hospitals also contributed to the revenue growth.

The Malaysia segment recorded a total EBITDA of RM149.5 million, a decrease of 7% compared to RM160.7 million, while PBT recorded RM55.8 million, which declined by 26% from RM75.0 million last year.

The decline is attributable to the increased costs at operations resulting from SOP compliance, however, being offset by reversal of bonus in 2020, and top up with benefits received on the PRIHATIN Economic Stimulus Package and PENJANA Economic Recovery Plan.

Others

The Others segment recorded total revenue of RM39.3 million, a 37% increase from RM28.7 million reported in the corresponding quarter of the preceding period. During the quarter under review, patient visits increased to 68,411 from 43,162 compared to the corresponding quarter of the preceding period.

The increase in Others segment revenue was mainly due to the increased admissions on positive COVID-19 cases in the Indonesian hospitals.

This segment reported a positive EBITDA of RM1.6 million and loss before tax ("LBT") of RM12.4 million against a negative EBITDA of RM6.1 million and LBT of RM18.9 million, the corresponding quarter of the preceding period. The better indicators in the current period correlate with the increase in revenue.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (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 (9 months)

Group

The Group recorded total revenue of RM1,937.7 million, an increase of 9% compared against RM1,775.1 million recorded last year. During the period under review, patient visits increased to 2,253,908 from 2,111,539 compared to the corresponding period last year. The Group hospitals also performed 61,880 surgery cases and 11,374 delivery cases, an increase of 4% and 29%, respectively, compared to the corresponding period last year.

The higher revenue recorded was mainly due to active collaboration with the public healthcare sector to treat COVID-19 patients, higher COVID-19 screening, laboratory testing, and vaccination services.

The Group recorded a total EBITDA of RM390.6 million, a decrease of 6% from RM417.2 million in the corresponding period last year, driven primarily by its Malaysia segment performance. The Group also recorded a total PBT of RM77.8 million, a decrease of 40% from RM130.2 million in the same period last year.

Malaysia

The Malaysia segment recorded total revenue of RM1,838.8 million for the current period, an increase of 9% compared against RM1,692.3 million in the corresponding period last year. During the quarter under review, patient visits increased to 2,084,740 from 1,974,822 compared to the corresponding period last year. The growth in revenue from the improvement in hospital activities especially on the relaxing MCO and the introduction of NRP by Malaysian Government. The Group's second quarter of 2020 encountered lower performance from enforcement of MCO 1.0 with stricter laws and restriction in travelling has portrayed a significant impact to the total patient number recorded and movement for hospital activities.

The Malaysia segment recorded a total EBITDA of RM398.0 million, a decrease of 6% compared to RM423.6 million, while PBT recorded RM115.5 million, which declined by 31% from RM167.6 million last year.

Even though the Malaysia segment recorded higher revenue during the period, EBITDA and PBT were lower due to higher fixed costs, the incremental cost for SOP compliance and losses incurred from new hospitals still in their gestation period. Moreover, the additional allowances for front liners to cater activities for the National COVID-19 Immunisation Programme ("NIP") and treating COVID-19 patients, added with reversal of provisions in 2020 contributed to the notable expenses in current period under review.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (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 (continued)

Others

The Others segment recorded total revenue of RM108.4 million, a 20% increase from RM90.3 million reported in the same corresponding period last year. In the reported period, the two hospitals in Indonesia recorded a rise in the number of patients of 58,111 from 36,160 patients for the period ended 30 September 2020 which resulted in total revenue of RM28.7 million against RM19.9 million in the same period last year. The increase was mainly due to the higher number of admissions of COVID-19 patients. In addition, the aged care and retirement village in Australia, Jeta Garden, recorded a higher occupancy rate at 92% during the reported period as compared to 77% in the same period last year, which resulted in an increase of total revenue to RM40.8 million as compared to RM35.7 million in the corresponding period last year.

This segment reported a positive EBITDA of RM1.6 million and LBT of RM37.8 million against EBITDA of RM0.4 million and LBT of RM37.4 million in the same corresponding quarter last year.

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

Group

The Group maintained its stable performance with net asset as at 30 September 2021 of RM2,201.8 million, 5% higher against RM2,101.8 million as at 30 September 2020.

This was achieved with the higher total assets worth of RM6,222.4 million as at 30 September 2021 in comparison to RM5,973.4 million as at 30 September 2020. The RM249.0 million increase mainly contributed by the non-current assets balances especially land and buildings, which were recently revalued at 31 December 2020, in line with the Groups' five years revaluation policy on its property, plant and equipment, completion of acquisition of a subsidiary, Kluang Specialist Hospital Sdn Bhd, in November 2020 and the completion of the development of a new hospital building for KPJ Kuching. The high non-current assets further evidence with the increase in right-of-use ("ROU") assets balance from the renewal of lease agreement between KPJ's hospitals and Al-Aqar Healthcare REIT.

Nevertheless, the favourable non-current assets balances were mitigated by decrease in deposits, cash and bank balances due to the repayment of Islamic Medium-Term Notes ("IMTN") amounted to RM250.0 million in April 2021 and dividend payment to non-controlling interest at RM49.0 million. As at 30 September 2021 the Group's deposits, cash and bank balances were recorded at RM317.0 million.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (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 (continued)

Group

The Group's total liabilities as at 30 September 2021 was closed at RM4,020.6 million, 4% higher as compared to RM3,871.5 million as at 30 September 2020. The increase was due to drawdown of additional borrowing facilities and the increase impact in lease liabilities balances from the lease agreement renewal starting July 2021.

As at 30 September 2021, the Group is in a Net Current Liabilities position due to the reclassification of non-current liabilities, IMTN, amounted to RM400.0 million as the repayment is now due within the next 12 months. In addressing the net current liabilities position of RM222.9 million (net of IMTN which will be due in April 2022) as at balance sheet date of 30 September 2021, the Group has a total of unutilised borrowing facilities totalling to RM300.0 million which can be utilised immediately.

Malaysia

Malaysia segment's total assets as at 30 September 2021 closed at RM5,975.6 million, 6% higher in comparison to RM5,649.3 million as at 30 September 2020. The increase in total assets was consistent with the reasons provided above for KPJ Group.

Meanwhile, total liabilities as at 30 September 2021 was at RM3,918.3 million, grew by 6% as compared to RM3,702.8 as at 30 September 2020. Other than additional drawdown in borrowing balances, the increase in trade and other payable was from the improved hospital activities within the reported period also contributed to the higher total liabilities.

Others

Others segment total assets and total liabilities as at 30 September 2021 registered at RM531.2 million and RM386.7 million respectively in comparison to RM559.7 million and RM404.3 million respectively as reported in the same period in 2020. The impairment of land at Jeta Gardens and the reduction in lease liabilities balances resulted in a decrease of 5% and 4%, respectively.

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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

The net cash generated from operating activities for the nine-month ended 30 September 2021 was RM261.6 million, representing a 14% increase from RM229.9 million for the same corresponding period in 2020.

The cash outflow from investing activities was mainly for payment to contractors for the new hospital building development projects of KPJ Penang and KPJ Puteri. Meanwhile, the cash inflows were from a liquidation of fixed deposits placed with licensed bank amounted to RM145.9 million and dividend received mainly from investment in an associate, Al-'Aqar Healthcare REIT, amounted to RM14.7 million.

The cash inflows from financing activities mainly generated from the issuance of shares at RM17.6 million and the draw-down of borrowings amounting to RM194.5 million. In contrarily, the cash outflows were for repayment of IMTN, payment of lease liabilities and payment of dividend to non-controlling interest amounting to RM319.6 million, RM91.6 million and RM49.0 million, respectively.

The above cash flows has resulted to net changes of cash and cash equivalents at RM3.3 million and brings to a closing balance of RM214.5 million as at 30 September 2021, a decrease of RM74.2 million from a closing balance of RM288.8 million as reported in the same period in 2020. The moratorium enjoyed by the Group in preceding period resulted to fewer repayment of borrowings made.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

	<u>Quarter ended</u> <u>30.09.2021</u>	<u>Quarter ended</u> <u>30.06.2021</u>	Var
	RM'000	RM'000	%
Revenue	698,958	632,829	10
Operating profit	81,967	45,094	82
EBITDA	147,932	116,860	27
Profit before tax	43,425	14,186	>100
Net profit for the financial period	17,928	8,753	>100
Total comprehensive income for the financial period	17,928	8,753	>100
Profit attributable to Owners of the Company	12,639	6,958	82
No. of inpatient (episode)	55,220	56,438	(2)
No. of outpatient (episode)	727,512	702,191	4

The Group recorded a 10% increase in its total revenue for the current quarter at RM699.0 million by RM64.6 million in the preceding quarter. Patient volumes increased to 782,732 patients against 758,629 patients reported in Q2, 2021. Despite the lower inpatient number recorded in the current quarter, the Group achieved a higher bed occupancy rate at 43% compared to 41% in the previous quarter, along with 7% higher in inpatient days from 131,273 days in Q2, 2021 to 140,321 days in Q3, 2021.

The Group recorded 21,644 surgeries and 4,586 deliveries during this quarter against 20,471 surgeries and 3,504 deliveries, respectively reported in the previous quarter. With the easing of restrictions in each state based on phases of the NRP, activities began to pick up at KPJ hospitals. During the period under review, KPJ hospitals continued to admit COVID-19 patients, providing vaccination services at 25 PPVs registered with Protect Health Corporation and decanting non-COVID-19 patients from public hospitals.

The more robust revenue performance for the quarter ended 30 September 2021 resulted in higher EBITDA and PBT, respectively. This represents an increase of EBITDA of 27% from RM116.9 million and a PBT increase of more than 100% from RM14.2 million in the previous quarter. In addition, the Group received rental rebates from Al-'Aqar Healthcare REIT, which contributed to the better performance in the current period. The high fixed costs in running a new hospital continued to be main challenges in achieving group operational efficiency during this period, hence disciplined and consistent cost optimisation continued to be our main focus.

B3 CURRENT YEAR PROSPECTS

For the nine months up to 30 September 2021, KPJ Group recorded growth of 9% in its revenue to RM1,937.7 million on a year-on-year basis. However, against a challenging backdrop for the healthcare sector, PBT decreased by 40%, compared to the same period in the preceding year.

KPJ Group will continue to operate in a challenging environment for the final quarter of 2021. The imposition of a series of lockdowns in the reported period due to the resurgence in the number of COVID-19 cases has significantly impacted the Group's operations.

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B3 CURRENT YEAR PROSPECTS (CONTINUED)

In the short term, slow recovery is expected in terms of hospital activities due to patient aversion to visiting hospitals; however, with business activities resuming and the easing of restrictions in each state based on the National Recovery Plan, activities in the hospitals are expected to start recovering gradually towards the end of the year into early 2022.

The Group remains cautiously optimistic but will remain vigilant and focused on delivering its services while enhancing its cash position to ensure it remains resilient during these unprecedented times.

As the healthcare ecosystem is being challenged to pivot, adapt and innovate quickly, our focus will be on more significant adoption of digital technology in our operations. The widespread use of telemedicine and virtual healthcare models during the pandemic has widened patients' access to healthcare. This will continue to be a trend in the future that the Group will continue to be focused on, but importantly, this has also allowed the Group to push forward its digital transformation plan. The Group will be looking at using more digital tools with analytic capabilities to enhance services offered to the patients.

The Group will continuously put more efforts on cost optimization through the review of cost structures and deployment of resources. More savings are expected in future from central procurement initiatives on the procurement of services as well as pharmaceutical goods and equipment that would improve the Group's bottom line.

The Group will continue deepening its public and private collaboration efforts. This includes several initiatives to actively engage with the Ministry of Health in decanting patients to KPJ Hospitals on a longer-term concessionary agreement to help manage the pressures in the public sector healthcare system while maximising utilisation of assets in the Group.

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 9 months ended	
	<u>30.09.2021</u>	<u>30.09.2020</u>	<u>30.09.2021</u>	<u>30.09.2020</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	25,497	20,556	35,848	43,144

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 September 2021 were significantly above the statutory rate mainly due to certain expenses were not deductible for tax purposes and the impact of business losses arising from the new hospitals that are currently under gestation period.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

- (a) Amendment to the lease agreement of the properties leased from Al Aqar Australia Pty Ltd by Jeta Gardens (Qld) Pty Ltd

On 15 October 2021, the Board of Directors of the Company announced that Jeta Gardens (Qld) Pty Ltd (“JGPL”), a subsidiary of Kumpulan Perubatan (Johor) Sdn Bhd (“KPJSB”), a wholly-owned subsidiary of KPJ, had entered into an amendment to lease with Al-Aqar Australia Pty Ltd (“AAA”) to vary the existing lease agreement dated 25 October 2011 (including any amendment, supplemental or variation to the existing lease agreement) (“Lease Agreement”) for the properties owned by AAA (“Amendment to Lease”). The Amendment to Lease is to, among others, reflect the terms of the rental rate revision in respect of the lease of the JGPL Properties (“Rental Revision”).

Pursuant to the Amendment to Lease, KPJ and AAA have agreed to reduce the base rental rate to be charged for the lease of the JG Properties from 8.5% per annum to 6.5% per annum (“Revised Rental Rate”) to be applied on the market value of the JG Properties. The Revised Rental Rate will take effect from 2 October 2021 and end on 1 November 2026.

AAA and KPJ have also agreed that the market value of the JGPL Properties as at 30 June 2021 to be AUD28.5 million (or RM86.0 million) as appraised by the appointed independent valuer, CBRE Valuations Pty Ltd.

The Amendment to Lease is deemed completed on 15 October 2021, being the date of signing of the Amendment to Lease.

- (b) Disposal of 65% equity shareholding in Teraju Farma Sdn Bhd (“TFSB”) to Haji Zainal Abidin bin Lajat (“Purchaser”) by KPJSB.

On 15 November 2021, the Board of Directors of the company announced that KPJSB had entered into a Share Sale Agreement (“SSA”) with the Purchaser for the disposal of 65% equity shareholding of TFBS amounting to 975,000 ordinary shares of RM1.00 each in TFBS at a total cash consideration of RM1,560,000 only subject to the terms and conditions as contained in the SSA (“Disposal”).

As a result of the Disposal, TFBS had ceased to be a subsidiary of KPJ with effect from 15 November 2021.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (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 30 September 2021</u>						
Secured:						
Term loans						
- Conventional						
RM	-	2,040	-	50,093	-	52,133
AUD	2,394	7,225	61	184	2,455	7,409
- Syariah						
RM	-	88,749	-	229,695	-	318,444
USD	2,236	9,351	288	1,206	2,524	10,557
Hire purchase creditors						
- Conventional						
RM	-	184	-	146	-	330
- Syariah						
RM	-	15,323	-	39,486	-	54,809
Unsecured:						
Revolving credits						
- Conventional						
RM	-	50,000	-	-	-	50,000
AUD	1,854	5,596	-	-	1,854	5,596
- Syariah						
RM	-	269,000	-	-	-	269,000
Bank overdrafts						
- Syariah						
RM	-	18,572	-	-	-	18,572
Islamic Medium						
Term Notes						
RM	-	400,000	-	650,000	-	1,050,000
Total		<u>866,040</u>		<u>970,810</u>		<u>1,836,850</u>

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (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 September 2020</u>						
Secured:						
Term loans						
- Conventional						
AUD	805	2,380	3,249	9,605	4,054	11,985
- Syariah						
RM	-	61,937	-	314,495	-	376,432
USD	2,147	8,928	2,504	10,411	4,651	19,339
Hire purchase creditors						
- Conventional						
RM	-	246	-	510	-	756
- Syariah						
RM	-	11,108	-	44,766	-	55,874
Unsecured:						
Revolving credits						
- Conventional						
RM	-	20,000	-	-	-	20,000
AUD	1,854	5,482	-	-	1,854	5,482
- Syariah						
RM	-	208,500	-	-	-	208,500
Bank overdrafts						
- Syariah						
RM	-	8,952	-	-	-	8,952
Islamic Medium						
Term Notes						
RM	-	250,000	-	950,000	-	1,200,000
Total		<u>577,533</u>		<u>1,329,787</u>		<u>1,907,320</u>

The key exchange rate used is as follows:

	<u>30.09.2021</u>	<u>30.09.2020</u>
1 Australian Dollar	3.0178	2.9562
1 US Dollar	4.1826	4.1580

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (CONTINUED)

B7 BORROWINGS (CONTINUED)

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

Material changes in borrowings

Increase in borrowings as at 30 September 2021 as compared to 30 September 2020 mainly due to the withdrawal of revolving credit during the current period amounted to RM182.5 million. The withdrawal will be used for the working capital. The increase in revolving credit has been offset against the repayment made on IMTN amounting to RM250 million during this quarter.

Weighted average interest rate of borrowings are as follows:

- Term loan: 4.48% p.a. (2020: 4.00% p.a.)
- Hire purchase: 2.65% p.a. (2020: 2.58% p.a.)
- Islamic Medium Term Notes: 5.23% p.a. (2020: 5.63% p.a.)
- Overdraft: 5.02% p.a. (2020: 5.04% p.a.)
- Revolving credit: 2.77% p.a. (2020: 2.94% p.a.)

B8 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

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

B9 MATERIAL LITIGATIONS

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

B10 DIVIDENDS

The amount of dividend paid by the Company since 31 December 2020 was as follows:-

RM

In respect of the financial year ending 31 December 2021:

First interim dividend of 0.25 per share on 4,299,041,642 shares. The dividend was declared on 24 August 2021 and was paid on 15 October 2021

10,747,604

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 THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021 (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>30.09.2021</u>	As at <u>30.09.2020</u>
Profit attributable to Owners of the Company (RM'000)	32,573	85,158
Weighted average number of ordinary shares in issue ('000)	4,288,175	4,279,290
Basic earnings per share (sen)	<u>0.76</u>	<u>1.99</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 period for the ESOS calculation.

	As at <u>30.09.2021</u>	As at <u>30.09.2020</u>
Profit attributable to Owners of the Company (RM'000)	32,573	85,158
Weighted average number of ordinary shares in issue ('000)	4,288,175	4,279,290
Assumed shares issued from the - exercise of ESOS ('000)	<u>157,130</u>	<u>181,380</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,445,305</u>	<u>4,460,670</u>
Diluted earnings per share (sen)	<u>0.73</u>	<u>1.91</u>