

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE 31 MARCH 2022**

Registration No.

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KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the first quarter and financial period ended 31 March 2022.

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 2021 and the accompanying explanatory notes attached to this report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

	Note	Individual Quarter			Cumulative Quarter		
		3 months ended			3 months ended		
		31.03.2022	31.03.2021	Var	31.03.2022	31.03.2021	Var
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue		651,015	605,944	7	651,015	605,944	7
Cost of sales		(404,599)	(384,776)	5	(404,599)	(384,776)	5
Gross profit		246,416	221,168	11	246,416	221,168	11
Administrative expenses		(173,212)	(171,391)	1	(173,212)	(171,391)	1
Other income		4,082	5,541	(26)	4,082	5,541	(26)
Zakat		(302)	(208)	45	(302)	(208)	45
Operating profit		76,984	55,110	40	76,984	55,110	40
Finance income		2,938	2,725	8	2,938	2,725	8
Finance costs							
- Borrowings		(24,107)	(24,077)	0	(24,107)	(24,077)	0
- Lease liabilities		(25,367)	(18,350)	38	(25,367)	(18,350)	38
Finance costs - net		(46,536)	(39,702)	17	(46,536)	(39,702)	17
Share of results of associates, net of tax		7,694	4,748	62	7,694	4,748	62
Profit before tax	B2	38,142	20,156	89	38,142	20,156	89
Tax	B5	(11,767)	(4,918)	>(100)	(11,767)	(4,918)	>(100)
Profit for the financial period		26,375	15,238	73	26,375	15,238	73

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)**

	<u>Individual Quarter</u>			<u>Cumulative Quarter</u>		
	<u>31.03.2022</u>	<u>31.03.2021</u>	<u>Var</u>	<u>31.03.2022</u>	<u>31.03.2021</u>	<u>Var</u>
	RM'000	RM'000	%	RM'000	RM'000	%
Other comprehensive income for the financial period, net of tax	-	-	-	-	-	-
Total comprehensive income for the financial period	<u>26,375</u>	<u>15,238</u>	73	<u>26,375</u>	<u>15,238</u>	73
Profit for the financial period attributable to:						
Owners of the Company	22,189	12,976	71	22,189	12,976	71
Non-controlling interests	4,186	2,262	85	4,186	2,262	85
	<u>26,375</u>	<u>15,238</u>	73	<u>26,375</u>	<u>15,238</u>	73
Total comprehensive income for the financial period attributable to:						
Owners of the Company	22,189	12,976	71	22,189	12,976	71
Non-controlling interests	4,186	2,262	85	4,186	2,262	85
	<u>26,375</u>	<u>15,238</u>	73	<u>26,375</u>	<u>15,238</u>	73
Dividend per share (sen)	<u>0.20</u>	<u>-</u>	100	<u>0.20</u>	<u>-</u>	100
Earnings per share attributable to Owners of the Company:						
Basic (sen)	0.51	0.30		0.51	0.30	
Diluted (sen)	<u>0.50</u>	<u>0.29</u>		<u>0.50</u>	<u>0.29</u>	

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	<u>Note</u>	<u>31.03.2022</u> RM'000	<u>31.12.2021</u> RM'000 Audited
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property, plant and equipment	A9	2,691,557	2,676,238
Right-of-use assets		1,562,773	1,149,310
Investment properties		346,179	346,116
Intangible assets		216,937	220,010
Investment in associates		440,821	437,052
Equity instruments classified as FVOCI*		1,457	1,458
Deferred tax assets		126,010	125,218
Trade and other receivables		12,400	13,501
		<u>5,398,134</u>	<u>4,968,903</u>
<u>Current assets</u>			
Inventories		54,052	53,753
Trade and other receivables		511,264	481,393
Tax recoverable		93,228	106,170
Deposits, bank and cash balances		1,054,761	318,011
Dividend receivable		4,039	9,248
		<u>1,717,344</u>	<u>968,575</u>
Non-current assets held for sale		<u>252,943</u>	<u>250,163</u>
		<u>1,970,287</u>	<u>1,218,738</u>
Total assets		<u>7,368,421</u>	<u>6,187,641</u>
<u>EQUITY AND LIABILITIES</u>			
<u>Current liabilities</u>			
Trade and other payables		610,371	618,260
Contract liabilities		56,467	50,922
Current tax liabilities		16,511	18,255
Borrowings	B7	940,044	860,457
Lease liabilities		42,609	31,178
Dividends payable		8,685	1,074
		<u>1,674,687</u>	<u>1,580,146</u>
Net current assets/(liabilities)		<u>295,600</u>	<u>(361,408)</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2022 (CONTINUED)**

	<u>Note</u>	<u>31.03.2022</u> RM'000	<u>31.12.2021</u> RM'000 Audited
<u>Non-current liabilities</u>			
Trade and other payables		4,621	4,740
Borrowings	B7	1,611,785	968,007
Lease liabilities		1,700,233	1,288,083
Deferred tax liabilities		81,175	81,592
Provision for retirement benefits		2,915	2,355
Deposits		12,563	12,210
		<u>3,413,292</u>	<u>2,356,987</u>
Total liabilities		<u>5,087,979</u>	<u>3,937,133</u>
Net assets		<u>2,280,442</u>	<u>2,250,508</u>
<u>Equity attributable to Owners of the Company</u>			
Share capital	A6	975,879	959,521
Less: Treasury shares		(155,310)	(155,310)
Reserves		1,340,609	1,331,219
		<u>2,161,178</u>	<u>2,135,430</u>
Non-controlling interests		119,264	115,078
		<u>2,280,442</u>	<u>2,250,508</u>
Total equity and liabilities		<u>7,368,421</u>	<u>6,187,641</u>
<u>Net assets per share attributable to Owners of the Company (RM)</u>		<u>0.48</u>	<u>0.48</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 31 MARCH 2022**

	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 2022	4,489,159	959,521	(155,310)	45,622	(3,367)	(725)	237,767	1,051,922	2,135,430	115,078	2,250,508
Comprehensive income:											
Profit for the financial period	-	-	-	-	-	-	-	22,189	22,189	4,186	26,375
Other comprehensive income:											
Currency translation differences of foreign subsidiaries	-	-	-	-	-	(2,209)	-	-	(2,209)	-	(2,209)
Total other comprehensive income	-	-	-	-	-	(2,209)	-	-	(2,209)	-	(2,209)
Transactions with Owners:											
Issue of share capital:											
- ESOS	15,883	16,358	-	(1,905)	-	-	-	-	14,453	-	14,453
	15,883	16,358	-	(1,905)	-	-	-	-	14,453	-	14,453
Lapsed ESOS	-	-	-	(2,250)	-	-	-	2,250	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	(8,685)	(8,685)	-	(8,685)
Total transactions with Owners	15,883	16,358	-	(4,155)	-	-	-	(6,435)	5,768	-	5,768
At 31 March 2022	4,505,042	975,879	(155,310)	41,467	(3,367)	(2,934)	237,767	1,067,676	2,161,178	119,264	2,280,442

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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	-	-	-	-	-	-	-	12,976	12,976	2,262	15,238
Other comprehensive income:											
Currency translation differences of foreign subsidiaries	-	-	-	-	-	(2,285)	-	-	(2,285)	-	(2,285)
Total other comprehensive income	-	-	-	-	-	(2,285)	-	-	(2,285)	-	(2,285)
Transactions with Owners:											
Issue of share capital:											
- ESOS	727	732	-	(70)	-	-	-	-	662	-	662
	727	732	-	(70)	-	-	-	-	662	-	662
Lapsed ESOS	-	-	-	(535)	-	-	-	535	-	-	-
Total transactions with Owners	727	732	-	(605)	-	-	-	535	662	-	662
At 31 March 2021	4,442,770	910,236	(155,310)	59,193	(3,367)	(3,222)	226,128	1,027,779	2,061,437	154,390	2,215,827

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022**

	<u>31.03.2022</u> RM'000	<u>31.03.2021</u> RM'000
OPERATING ACTIVITIES		
Profit before tax	38,142	20,156
Adjustments for:		
Share of results of associates	(7,694)	(4,748)
Finance income	(2,938)	(2,725)
Finance costs		
- Borrowings	24,107	24,077
- Lease liabilities	25,367	18,350
Trade receivables:		
- Impairment charge for the period (net)	1,021	515
Property, plant and equipment:		
- Depreciation	47,047	48,173
- Written-off	57	3
- Loss on disposal	7	79
Right-of-use assets:		
- Depreciation	16,982	14,944
Amortisation of software development expenditure	3,073	2,857
Inventories written-off	253	-
Provision for retirement benefits	49	80
	<hr/>	<hr/>
Operating profit before working capital changes	145,473	121,761
Changes in working capital:		
Inventories	(552)	3,743
Receivables	(23,551)	(26,608)
Payables	8,998	(28,589)
Contract liabilities	5,544	7,559
	<hr/>	<hr/>
Cash flows generated from operations	135,912	77,866
Income tax paid (net)	(15,548)	(15,707)
	<hr/>	<hr/>
Net cash generated from operating activities	120,364	62,159
	<hr/>	<hr/>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)**

	<u>31.03.2022</u>	<u>31.03.2021</u>
	RM'000	RM'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(56,006)	(27,387)
Proceeds from disposal of property, plant and equipment	73	175
Interest received	2,938	2,725
Decrease in deposits with licensed banks with maturity of more than 3 months	596	-
Dividends received from associates	10,227	8,756
Net cash used in investing activities	<u>(42,172)</u>	<u>(15,731)</u>
FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	(1,050)	-
Issue of shares:		
- ESOS	14,453	662
Borrowings:		
- Drawdown	796,961	153,282
- Repayments	(78,062)	(20,102)
Payment of lease liabilities	(32,316)	(28,160)
Interest paid	(24,107)	(24,077)
Dividends paid to shareholders	(8,685)	-
Designated account	(161,489)	-
Net cash generated from financing activities	<u>505,705</u>	<u>81,605</u>
Net changes in cash and cash equivalents	583,897	128,033
Currency translation differences	(6,101)	1,757
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>269,973</u>	<u>215,020</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>847,769</u>	<u>344,810</u>

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022**

A1 BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2021.

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 2021.

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 2022:

- Amendments to MFRS 3: Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018-2020:
 - Amendments to MFRS 1: First-time Adoption of International Financial Reporting Standards - Subsidiary as A First-time Adopter
 - Amendments to MFRS 9: Financial Instruments - Fees in the ‘10 percent’ Test for Derecognition of Financial Liabilities
 - Amendments to MFRS 141: Agriculture – Taxation in Fair Value Measurement

Standards and amendments that have been issued but not yet effective

- MFRS 17: Insurance Contracts (effective 1 January 2023)
- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective 1 January 2023)
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current (effective 1 January 2023)
- Amendments to MFRS 101, Disclosures of Accounting Policies (effective 1 January 2023)
- Amendments to MFRS 108: Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)

The Group did not early adopt these new standards.

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022
(CONTINUED)**

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the annual financial statements for the financial year ended 31 December 2021 was unqualified.

A3 SEASONALITY OR CYCLICALITY OF OPERATIONS

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

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

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

A5 CHANGE IN ACCOUNTING ESTIMATES AND POLICIES

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

A6 DEBT AND EQUITY SECURITIES

There has been no issuance of shares and repayments of debt and equity securities by the Company in the current financial 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 period.

Up to 31 March 2022, the Company held a total of 162,306,700 of its 4,505,041,681 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.

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022
(CONTINUED)**

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

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 financial period under review, except the followings:

Movement of ESOS during the financial period:

	<u>31.03.2022</u> Units '000	<u>31.03.2021</u> Units '000
At start of the financial year	123,805	180,510
- Exercised	(15,883)	(727)
- Lapsed	(737)	(1,694)
At end of the financial period	<u>107,185</u>	<u>178,089</u>

iii. Islamic Medium Term Notes ("SUKUK")

On 7 March 2022, the Group made its first issuance of RM650.0 million from the RM3.0 billion from the Sukuk Wakalah Programme. The tenure of the issuance consists of five-year, seven-year and ten-year Sukuk Wakalah being priced at a profit rate of 4.29%, 4.58% and 4.66% respectively.

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022
(CONTINUED)**

A6 DEBT AND 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>31.03.2022</u>	<u>31.03.2022</u>
	Number of shares ('000)	RM'000
At start of the financial year	4,489,159	959,521
Issued during the financial period - exercise of ESOS	<u>15,883</u>	<u>16,358</u>
At end of the financial period	<u><u>4,505,042</u></u>	<u><u>975,879</u></u>

A7 DIVIDENDS

The amount of dividend paid or declared by the Company since 31 December 2021 was as follows:-

RM

In respect of the financial year ending 31 December 2022:

First interim dividend of 0.20 sen per share on 4,342,734,981 shares. The dividend was declared on 18 February 2022 and paid on 22 April 2022 .

8,685,470

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 financial 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"). 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 FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022
(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 / Cumulative 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>31 March 2022</u>					
<u>Revenue</u>					
Revenue from external customers	618,136	36,575	654,711	(3,696)	651,015
<u>Results</u>					
Depreciation and amortisation	(62,816)	(4,407)	(67,223)	120	(67,103)
Finance costs (net)	(43,254)	(6,604)	(49,858)	3,322	(46,536)
Share of results of associates	7,397	297	7,694	-	7,694
Profit/(loss) before tax	47,732	(9,598)	38,134	8	38,142
Tax	(11,183)	(584)	(11,767)	-	(11,767)
Profit/(loss) after tax	36,549	(10,182)	26,367	8	26,375
EBITDA	153,802	1,413	155,215	(3,434)	151,781
Total assets	7,151,438	528,343	7,679,781	(311,360)	7,368,421
Total liabilities	4,747,140	652,287	5,399,427	(311,448)	5,087,979
Additions to property, plant and equipment	56,006	-	56,006	-	56,006

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended / Cumulative 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>31 March 2021</u>					
<u>Revenue</u>					
Revenue from external customers	574,363	34,624	608,987	(3,043)	605,944
<u>Results</u>					
Depreciation and amortisation	(59,780)	(6,314)	(66,094)	120	(65,974)
Finance costs (net)	(35,401)	(7,035)	(42,436)	2,734	(39,702)
Share of results of associates	4,480	268	4,748	-	4,748
Profit/(loss) before tax	31,770	(11,622)	20,148	8	20,156
Tax	(4,316)	(602)	(4,918)	-	(4,918)
Profit/(loss) after tax	27,454	(12,224)	15,230	8	15,238
EBITDA	126,951	1,727	128,678	(2,846)	125,832
Total assets	5,927,833	587,351	6,515,184	(260,504)	6,254,680
Total liabilities	3,640,107	659,310	4,299,417	(260,564)	4,038,853
Additions to property, plant and equipment	27,103	284	27,387	-	27,387

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended / Cumulative 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 March 2022</u>				
<u>Revenue</u>				
Revenue from external customers	32,021,858	9,376	4,472	13,836
<u>Results</u>				
Depreciation and amortisation	(3,189,891)	(934)	(397)	(1,227)
Finance costs (net)	(10,146,858)	(2,971)	(354)	(1,095)
Share of results of associates	-	-	32	98
Loss before tax	(8,254,782)	(2,417)	(1,171)	(3,621)
Tax	(474,727)	(139)	-	-
Loss after tax	(8,729,509)	(2,556)	(1,171)	(3,621)
EBITDA	5,081,967	1,488	(420)	(1,299)
Total assets	497,751,621	145,891	48,813	154,220
Total liabilities	621,282,839	182,098	74,641	235,822
Additions to property, plant and equipment	-	-	-	-

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022
(CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended / Cumulative 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>31 March 2021</u>				
<u>Revenue</u>				
Revenue from external customers	32,023,768	9,162	4,298	13,432
<u>Results</u>				
Depreciation and amortisation	(2,610,975)	(747)	(920)	(2,876)
Finance costs (net)	(8,587,906)	(2,457)	(643)	(2,009)
Share of results of associates	-	-	28	88
Loss before tax	(12,401,258)	(3,548)	(1,185)	(3,705)
Tax	(940,231)	(269)	-	-
Loss after tax	<u>(13,341,489)</u>	<u>(3,817)</u>	<u>(1,185)</u>	<u>(3,705)</u>
EBITDA	<u>(1,202,377)</u>	<u>(344)</u>	<u>378</u>	<u>1,180</u>
Total assets	<u>523,557,659</u>	<u>149,371</u>	<u>60,772</u>	<u>191,972</u>
Total liabilities	<u>580,620,400</u>	<u>165,651</u>	<u>82,011</u>	<u>259,066</u>
Additions to property, plant and equipment	<u>995,443</u>	<u>284</u>	<u>-</u>	<u>-</u>

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

	<u>31.03.2022</u>	<u>31.03.2021</u>
1 Australian Dollar		
Closing	3.1594	3.1589
Average	3.0937	3.1255
1,000 Indonesian Rupiah		
Closing	0.2931	0.2853
Average	<u>0.2928</u>	<u>0.2861</u>

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(CONTINUED)**

A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The Group's land and buildings were fully revalued as at 31 December 2020. As at financial 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. Certain land and buildings that were completed and commenced operations during the financial year 2021 were revalued on 31 December 2021.

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 31 March 2022 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 financial 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 2021.

A13 RELATED PARTY TRANSACTIONS

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

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 31 March 2022 are as follows:

	RM'000
Approved by the Directors and contracted	220,274
Approved by the Directors but not contracted	235,130
	<u>455,404</u>

Analysed as follows:

Building	77,168
Medical equipment	191,748
Other property, plant and equipment	186,488
	<u>455,404</u>

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES

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

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

Group

The Group recorded total revenue of RM651.0 million, an increase of 7% compared to RM605.9 million in the same corresponding quarter of the preceding financial period. During the quarter under review, inpatients visits and bed occupancy rate ("BOR") increased to 812,720 and 47% from 712,547 and 39%, respectively in the same quarter in 2021.

The Group recorded EBITDA of RM151.8 million, an increase of 21% from RM125.8 million in the same corresponding quarter and profit before tax of RM38.1 million, an increase of 89% from RM20.2 million.

Malaysia

The Malaysia segment contributed significantly to the Group's revenue with the current quarter recorded RM618.1 million, an increase of 8% from RM574.4 million in the same quarter in 2021. During the quarter under review, inpatient visits increased to 745,338, an increase of 13% compared to 661,151 patients in the same quarter in 2021.

The EBITDA for this segment increased by 21% at RM153.8 million from RM127.0 million in the same financial period in 2021, while the profit before tax recorded at RM47.7 million, an increase of 50% compared to RM31.8 million recorded in the same quarter in 2021.

This segment recorded a higher BOR of 48% against 35% in the same quarter in 2021, while surgeries and deliveries cases recorded at 20,877 cases and 3,432 cases, respectively in current quarter, an increase of 9% and 7% from 19,021 cases and 3,203 cases, respectively in the same quarter in 2021.

Others

The others segment recorded total revenue of RM36.6 million, a 6% increase from RM34.6 million for the same quarter in 2021, mainly from the increase in the number of patient visits from Indonesian operations; from 13,857 in 2021 to 26,299 patients in 2022. Others segment main contributors are Indonesian operations, Jeta Gardens, and the education services.

Jeta Gardens reported a 3% increase in revenue with an occupancy rate of 86% for the first quarter in 2022 and 2021. This lead to narrowing of losses before tax to RM9.6 million, from its RM11.6 million losses before tax in the same quarter in 2021.

Others segment recorded EBITDA of RM1.4 million, a decrease of 18% from RM1.7 million recorded for the same financial period in 2021. The lower EBITDA is due to the higher COVID-19 related expenses in Jeta Gardens.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022 (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

Group

The Group recorded total revenue of RM651.0 million, an increase of 7% compared to RM605.9 million in the same corresponding quarter of the preceding financial period. During the quarter under review, inpatients visits and BOR increased to 812,720 and 47% from 712,547 and 39%, respectively in the same quarter in 2021.

The Group recorded EBITDA of RM151.8 million, an increase of 21% from RM125.8 million in the same corresponding quarter and profit before tax of RM38.1 million, an increase of 89% from RM20.2 million.

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The EBITDA for this segment increased by 21% at RM153.8 million from RM127.0 million in the same financial period in 2021, while the profit before tax recorded at RM47.7 million, an increase of 50% compared to RM31.8 million recorded in the same quarter in 2021.

This segment recorded a higher BOR of 48% against 35% in the same quarter in 2021, while surgeries and deliveries cases recorded at 20,877 cases and 3,432 cases, respectively in current quarter, an increase of 9% and 7% from 19,021 cases and 3,203 cases, respectively in the same quarter in 2021.

Others

The others segment recorded total revenue of RM36.6 million, a 6% increase from RM34.6 million for the same quarter in 2021, mainly from the increase in the number of patient visits from Indonesian operations; from 13,857 in 2021 to 26,299 patients in 2022. Others segment main contributors are Indonesian operations, Jeta Gardens, and the education services.

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Others segment recorded EBITDA of RM1.4 million, a decrease of 18% from RM1.7 million recorded for the same financial period in 2021. The lower EBITDA is due to the higher COVID-19 related expenses in Jeta Gardens.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

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

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

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

Group

The Group recorded a net current asset of RM295.6 million as at 31 March 2022, compared to a net current liabilities of RM150.4 million as at 31 March 2021.

As at 31 March 2022, the Group's total assets stood at RM7,368.4 million, 18% higher than its position of RM6,254.7 million compared to the same corresponding financial period last year. The increase is attributed to the recalculation of right-of-use ("ROU") for 6 hospitals that had renewed their lease agreement with Al-'Aqar Healthcare REIT in July 2021 and the recognition of new ROU assets in Damansara Specialist Hospital 2. In addition, the Group recorded higher deposit, cash, and bank balances derived from the issuance of new SUKUK and revolving credit facilities.

For the same period under review, the Group's total liabilities closed at RM5,088.0 million, 26% higher than RM4,038.9 million as at 31 March 2021. The Group recorded an increase in borrowings balances by RM462.8 million upon additional drawdown of new SUKUK coupled with the increased in lease liabilities balance from the lease agreement renewal and new addition in Damansara Specialist Hospital 2.

Malaysia

Malaysia segment closed its total assets 21% higher to RM7,151.4 million from RM5,927.8 million as of 31 March 2021, mainly from the addition of property, plant and equipment as well as ROU. Meanwhile, total liabilities for the Malaysia segment as of 31 March 2022 was RM4,747.1 million, 30% higher than RM3,640.1 as of 31 March 2021.

Others

Others segment total assets and total liabilities as of 31 March 2022 registered at RM528.3 million and RM652.3 million respectively compared to the total assets and total liabilities recorded as 31 March 2021 of RM587.4 million and RM659.3 million respectively.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

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

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

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

The Group recorded net cash from operating activities of RM120.4 million, an increase of 94% from RM62.2 million in the previous corresponding quarter. The transition to endemic phase saw the increase level of activities in the hospitals with a steady increase of patient traffic in our Group Hospitals.

Cash outflow from investing activities mainly comprises purchase property, plant, and equipment, especially from the expansion of hospital business and purchase of new assets such in KPJ Puteri, KPJ Selangor, KPJ Seremban and KPJ Ampang Puteri. The cash inflows under investing activities mainly dividends received from Al-'Aqar Healthcare REIT amounted to RM10.2 million.

The cash inflows from financing activities primarily generated from the drawdown of borrowings amounted to RM797.0 million, being the new SUKUK as the highest with RM650.0 million followed by revolving credit facilities of RM147.0 million. The Group's cash outflows were mainly for repayment of borrowings and payment of lease liabilities amounting to RM78.1 million and RM32.3 million, respectively. In addition to the cash outflows, there was dividends paid to shareholders amounting RM8.7 million and placement made in designated account of RM161.5 million.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

B2 MATERIAL CHANGES IN QUARTERLY RESULTS

	<u>Quarter ended</u> <u>31.03.2022</u>	<u>Quarter ended</u> <u>31.12.2021</u>	Var
	RM'000	RM'000	%
Revenue	651,015	689,118	(6)
Operating profit	76,984	66,177	16
EBITDA	151,781	138,851	9
Profit before tax	38,142	37,831	1
Net profit for the financial period	26,375	23,732	11
Total comprehensive income for the financial period	26,375	35,584	(26)
Profit attributable to Owners of the Company	22,189	18,460	20
No. of inpatient (episode)	65,164	71,007	(8)
No. of outpatient (episode)	747,556	730,992	2

The Group recorded total revenue of RM651.0 million for the first quarter of 2022, this is 6% lower compared to RM689.1 million in the preceding quarter. Inpatient visit decreased by 8% due to the surge of COVID-19 cases during the quarter brought about by the Omicron variant that affected the level of activities at the hospitals. This also led to lower level of surgery cases during the current financial period compared to the preceding quarter.

Despite the slight decline in revenue, the Group's EBITDA for current quarter of RM151.8 million, surpassed the EBITDA reported in the preceding quarter of RM138.9 million. The 9% increase in EBITDA was mainly due to improved revenue intensity and cost efficiency. The profit before tax for the current quarter is RM38.1 million, marginally higher than RM37.8 million as reported in the preceding quarter. This is largely due to additional depreciation cost and interest on lease liabilities arising from the lease commitment of a new hospital, Damansara Specialist Hospital 2.

The decrease in net profit and total comprehensive income in the current quarter against the preceding quarter was due to the recognition of revaluation surpluses arising from revaluation of land and buildings as at 31 December 2021.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

B3 CURRENT YEAR PROSPECTS

As Malaysia has already begun its transition into the endemic phase which includes the re-opening of international borders, the Malaysian economy is expected to strengthen. The National Gross Domestic Product ("GDP") is projected to expand by 5.3% to 6.3% this year, as compared to 3.1% in 2021.

KPJ Healthcare foresees continued growth in healthcare demand, on the back of rising healthcare awareness and as more countries enter into the endemic stage. A resurgence in elective medical procedures and recovery of the health tourism sector is also expected in the current year.

In FY2022, the Group is focused on improving efficiencies and turning around its hospitals and investments through the implementation of its transformation plans and cost optimisation strategies.

In tandem with prioritising patient care by leveraging on digital technology for the provision of quality and affordable healthcare, the Group is also on the lookout for viable investments to expand its capabilities in preventive care and wellness to complement its existing services.

B4 PROFIT FORECAST / GUARANTEE

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

B5 TAX

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	<u>31.03.2022</u>	<u>31.03.2021</u>	<u>31.03.2022</u>	<u>31.03.2021</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	11,767	4,918	11,767	4,918

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial period. The effective tax rate of the Group for the current financial period ended 31 March 2022 was 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 FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

B6 STATUS OF CORPORATE PROPOSALS

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

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 March 2022</u>						
Secured:						
Term loans						
- Conventional						
RM	-	2,038	-	49,074	-	51,112
AUD	1,596	5,042	54	171	1,650	5,213
- Syariah						
RM	-	69,740	-	224,788	-	294,528
Hire purchase creditors						
- Conventional						
RM	-	49	-	124	-	173
- Syariah						
RM	-	15,799	-	37,628	-	53,427
Unsecured:						
Revolving credits						
- Conventional						
RM	-	50,000	-	-	-	50,000
AUD	1,849	5,842	-	-	1,849	5,842
- Syariah						
RM	-	376,000	-	-	-	376,000
Bank overdrafts						
- Syariah						
RM	-	15,534	-	-	-	15,534
Islamic Medium						
Term Notes						
RM	-	400,000	-	1,300,000	-	1,700,000
Total		<u>940,044</u>		<u>1,611,785</u>		<u>2,551,829</u>

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 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 31 March 2021</u>						
Secured:						
Term loans						
- Conventional						
RM	-	2,040	-	51,453	-	53,493
AUD	3,188	10,072	67	210	3,255	10,282
- Syariah						
RM	-	77,594	-	269,938	-	347,532
USD	2,203	9,133	1,275	5,288	3,478	14,421
Hire purchase creditors						
- Conventional						
RM	-	410	-	15	-	425
- Syariah						
RM	-	13,625	-	41,914	-	55,539
Unsecured:						
Revolving credits						
- Conventional						
RM	-	50,000	-	-	-	50,000
AUD	1,854	5,858	-	-	1,854	5,858
- Syariah						
RM	-	239,000	-	-	-	239,000
Bank overdrafts						
- Syariah						
RM	-	12,443	-	-	-	12,443
Islamic Medium						
Term Notes						
RM	-	250,000	-	1,050,000	-	1,300,000
Total		<u>670,175</u>		<u>1,418,818</u>		<u>2,088,993</u>

The key exchange rate used is as follows:

	<u>31.03.2022</u>	<u>31.03.2021</u>
1 Australian Dollar	3.1594	3.1589
1 US Dollar	4.2044	4.1461

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONTINUED)

B7 BORROWINGS (CONTINUED)

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

Material changes in borrowings

Increase in borrowings as at 31 March 2022 to RM2.6 billion was mainly due to issuance of new SUKUK for a nominal value of RM650.0 million in current quarter.

Weighted average interest rate of borrowings are as follows:

- Term loan: 4.53% p.a. (2021: 4.42% p.a.)
- Hire purchase: 2.61% p.a. (2021: 2.59% p.a.)
- Islamic Medium Term Notes: 4.97% p.a. (2021: 5.33% p.a.)
- Overdraft: 5.09% p.a. (2021: 4.77% p.a.)
- Revolving credit: 2.96% p.a. (2021: 2.31% 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 or declared by the Company since 31 December 2021 was as follows:-

RM

In respect of the financial year ending 31 December 2022:

First interim dividend of 0.20 sen per share on 4,342,734,981 shares. The dividend was declared on 18 February 2022 and paid on 22 April 2022.

8,685,470

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 financial 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 FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022 (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>31.03.2022</u>	As at <u>31.03.2021</u>
Profit attributable to Owners of the Company (RM'000)	22,189	12,976
Weighted average number of ordinary shares in issue ('000)	4,341,096	4,280,323
Basic earnings per share (sen)	<u>0.51</u>	<u>0.30</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 financial period for the ESOS calculation.

	As at <u>31.03.2022</u>	As at <u>31.03.2021</u>
Profit attributable to Owners of the Company (RM'000)	22,189	12,976
Weighted average number of ordinary shares in issue ('000)	4,341,096	4,280,323
Assumed shares issued from the - exercise of ESOS ('000)	<u>107,185</u>	<u>178,089</u>
Weighted average number of ordinary shares in issue ('000)	<u>4,448,281</u>	<u>4,458,412</u>
Diluted earnings per share (sen)	<u>0.50</u>	<u>0.29</u>