

Registration No.

199201015575 (247079-M)

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022**

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KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORTS
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2022**

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the fourth quarter and financial year ended 31 December 2022.

**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE
INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	Individual Quarter			For the		
		3 months ended			Financial Year Ended		
		31.12.2022	31.12.2021	Var	31.12.2022	31.12.2021	Var
		RM'000	RM'000	%	RM'000	RM'000	%
			(Restated)		Audited	Audited	
						(Restated)	
<u>Continuing operations</u>							
Revenue		780,936	680,776	15	2,920,658	2,589,851	13
Cost of sales		(452,362)	(435,707)	4	(1,751,150)	(1,663,940)	5
Gross profit		328,574	245,069	34	1,169,508	925,911	26
Administrative expenses		(221,124)	(195,047)	13	(796,244)	(708,174)	12
Other income		14,887	21,051	(29)	28,604	37,978	(25)
Zakat		(1,225)	(719)	70	(2,680)	(2,144)	25
Operating profit		121,112	70,354	72	399,188	253,571	57
Finance income		2,793	1,774	57	12,174	8,552	42
Finance costs							
- Borrowings		(20,593)	(23,023)	(11)	(92,012)	(89,991)	2
- Lease liabilities		(26,924)	(18,870)	43	(103,582)	(76,745)	35
Finance costs - net		(44,724)	(40,119)	11	(183,420)	(158,184)	16
Share of results of associates, net of tax		14,098	11,288	25	47,764	25,856	85
Profit before tax		90,486	41,523	>100	263,532	121,243	>100
Tax	B5	(14,217)	(13,830)	3	(73,208)	(48,868)	50
Profit for the financial period/year from continuing operations		76,269	27,693	>100	190,324	72,375	>100
<u>Discontinued operations</u>							
Loss for the financial period/year from discontinued operations		(10,274)	(3,960)	>100	(7,671)	(6,724)	14

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AUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Individual Quarter			For the		
	3 months ended			Financial Year Ended		
	31.12.2022	31.12.2021	Var	31.12.2022	31.12.2021	Var
	RM'000	RM'000	%	RM'000	RM'000	%
		(Restated)		Audited	Audited	
					(Restated)	
Profit for the financial period/year	65,995	23,733	>100	182,653	65,651	>100
Other comprehensive income for the financial year, net of tax:						
- from continuing operations	1,866	9,676	(81)	2,148	9,577	(78)
- from discontinued operations	1,846	2,318	(20)	89	2,275	(96)
Total comprehensive income for the financial period/year	<u>69,707</u>	<u>35,727</u>	95	<u>184,890</u>	<u>77,503</u>	>100
Profit for the financial period/year attributable to:						
Owners of the Company						
- continuing operations	72,088	20,325	>100	171,992	54,785	>100
- discontinued operations	(8,675)	(1,864)	>100	(5,011)	(3,752)	34
Non-controlling interests						
- continuing operations	4,181	7,368	(43)	18,332	17,590	4
- discontinued operations	(1,599)	(2,096)	(24)	(2,660)	(2,972)	(10)
	<u>65,995</u>	<u>23,733</u>	>100	<u>182,653</u>	<u>65,651</u>	>100

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AUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Individual Quarter			For the		
	3 months ended			Financial Year Ended		
	31.12.2022	31.12.2021	Var	31.12.2022	31.12.2021	Var
	RM'000	RM'000	%	RM'000	RM'000	%
		(Restated)		Audited	Audited	
					(Restated)	
Total comprehensive income for the financial period/year attributable to:						
Owners of the Company						
- continuing operations	73,954	30,001	>100	174,140	64,362	>100
- discontinued operations	(6,829)	454	>(100)	(4,922)	(1,477)	>100
Non-controlling interests						
- continuing operations	4,181	7,368	(43)	18,332	17,590	4
- discontinued operations	(1,599)	(2,096)	(24)	(2,660)	(2,972)	(10)
	<u>69,707</u>	<u>35,727</u>	95	<u>184,890</u>	<u>77,503</u>	>100
Dividend per share (sen)	<u>1.00</u>	<u>0.30</u>	>100	<u>2.00</u>	<u>0.55</u>	>100
Earnings per share attributable to Owners of the Company:						
Basic (sen)						
- continuing operations	1.66	0.47		3.96	1.28	
- discontinued operations	(0.20)	(0.05)		(0.12)	(0.09)	
Diluted (sen)						
- continuing operations	1.62	0.46		3.87	1.24	
- discontinued operations	(0.19)	(0.04)		(0.11)	(0.08)	

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**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2022**

	<u>Note</u>	<u>31.12.2022</u> RM'000	<u>31.12.2021</u> RM'000
<u>ASSETS</u>			
<u>Non-current assets</u>			
Property, plant and equipment	A9	2,760,222	2,676,238
Right-of-use assets		1,577,039	1,149,310
Investment properties		360,420	346,116
Intangible assets		206,043	220,010
Investment in associates		486,308	437,052
Equity instruments classified as FVOCI*		1,241	1,458
Deferred tax assets		114,281	125,218
Trade and other receivables		17,115	13,501
		<u>5,522,669</u>	<u>4,968,903</u>
<u>Current assets</u>			
Inventories		65,872	53,753
Trade and other receivables		645,705	481,393
Tax recoverable		126,380	106,170
Deposits, bank and cash balances		467,919	318,011
Dividend receivable		8,066	9,248
		<u>1,313,942</u>	<u>968,575</u>
Assets held for sale		157,455	250,163
		<u>1,471,397</u>	<u>1,218,738</u>
Total assets		<u>6,994,066</u>	<u>6,187,641</u>
<u>EQUITY AND LIABILITIES</u>			
<u>Current liabilities</u>			
Trade and other payables		720,220	618,260
Contract liabilities		48,708	50,922
Current tax liabilities		4,321	18,255
Borrowings	B7	839,415	860,457
Lease liabilities		44,677	31,178
Dividend payable		2,980	1,074
		<u>1,660,321</u>	<u>1,580,146</u>
Liabilities associated with assets held for sale		13,163	-
		<u>1,673,484</u>	<u>1,580,146</u>
Net current liabilities		<u>(202,087)</u>	<u>(361,408)</u>

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**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL
POSITION AS AT 31 DECEMBER 2022 (CONTINUED)**

	<u>Note</u>	<u>31.12.2022</u> RM'000	<u>31.12.2021</u> RM'000 Audited
<u>Non-current liabilities</u>			
Trade and other payables		1,743	4,740
Borrowings	B7	1,047,763	968,007
Lease liabilities		1,818,168	1,288,083
Deferred tax liabilities		84,530	81,592
Provision for retirement benefits		2,212	2,355
Deposits		11,948	12,210
		<u>2,966,364</u>	<u>2,356,987</u>
Total liabilities		<u>4,639,848</u>	<u>3,937,133</u>
Net assets		<u>2,354,218</u>	<u>2,250,508</u>
<u>Equity attributable to Owners of the Company</u>			
Share capital	A6	976,329	959,521
Less: Treasury shares		(155,310)	(155,310)
Reserves		1,406,241	1,331,219
		<u>2,227,260</u>	<u>2,135,430</u>
Non-controlling interests		126,958	115,078
Total equity		<u>2,354,218</u>	<u>2,250,508</u>
Total equity and liabilities		<u>6,994,066</u>	<u>6,187,641</u>
Net assets per share attributable to Owners of the Company (RM)		<u>0.49</u>	<u>0.48</u>

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

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**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Non-distributable								Distributable	Total	Non-controlling interest	Total equity
	Number of shares	Share capital	Treasury shares	Esos reserve	Merger reserve	FVOCI reserve	Exchange reserve	Revaluation reserve	Retained earnings			
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	4,489,159	959,521	(155,310)	45,622	(3,367)	-	(725)	237,768	1,051,921	2,135,430	115,078	2,250,508
Comprehensive income:												
Profit for the financial year	-	-	-	-	-	-	-	-	166,981	166,981	15,672	182,653
Other comprehensive income:												
Currency translation differences of foreign subsidiaries	-	-	-	-	-	-	2,489	-	-	2,489	-	2,489
Revaluation deficit	-	-	-	-	-	-	-	(35)	-	(35)	-	(35)
Fair value on FVOCI	-	-	-	-	-	(217)	-	-	-	(217)	-	(217)
Total other comprehensive income	-	-	-	-	-	(217)	2,489	(35)	-	2,237	-	2,237
	<u>4,489,159</u>	<u>959,521</u>	<u>(155,310)</u>	<u>45,622</u>	<u>(3,367)</u>	<u>(217)</u>	<u>1,764</u>	<u>237,733</u>	<u>1,218,902</u>	<u>2,304,648</u>	<u>130,750</u>	<u>2,435,398</u>

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**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

	Non-distributable								Distributable	Total	Non-controlling interest	Total equity
	Number of shares	Share capital	Treasury shares	Esos reserve	Merger reserve	FVOCI reserve	Exchange reserve	Revaluation reserve	Retained earnings			
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Transactions with Owners:												
Issue of share capital:												
- ESOS	16,369	16,808	-	(1,913)	-	-	-	-	-	14,895	-	14,895
	16,369	16,808	-	(1,913)	-	-	-	-	-	14,895	-	14,895
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	(5,420)	(5,420)	(392)	(5,812)
Lapsed ESOS	-	-	-	(3,433)	-	-	-	-	3,433	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(86,863)	(86,863)	-	(86,863)
Dividends paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	-	(3,400)	(3,400)
Total transactions with Owners	16,369	16,808	-	(5,346)	-	-	-	-	(88,850)	(77,388)	(3,792)	(81,180)
At 31 December 2022	4,505,528	976,329	(155,310)	40,276	(3,367)	(217)	1,764	237,733	1,130,052	2,227,260	126,958	2,354,218

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**AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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 year	-	-	-	-	-	-	-	51,033	51,033	14,618	65,651
Other comprehensive income:											
Currency translation differences of foreign subsidiaries	-	-	-	-	-	212	-	-	212	-	212
Revaluation surplus	-	-	-	-	-	-	11,640	-	11,640	-	11,640
Total other comprehensive income	-	-	-	-	-	212	11,640	-	11,852	-	11,852
Transactions with Owners:											
Issue of share capital:											
- ESOS	47,116	50,017	-	(7,141)	-	-	-	-	42,876	-	42,876
	47,116	50,017	-	(7,141)	-	-	-	-	42,876	-	42,876
Actuarial gain on defined benefit obligation	-	-	-	-	-	-	-	508	508	-	508
Disposal of interest in a subsidiary	-	-	-	-	-	-	-	2,804	2,804	(1,244)	1,560
Lapsed ESOS	-	-	-	(7,035)	-	-	-	7,035	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	(23,727)	(23,727)	-	(23,727)
Dividends paid to non-controlling interest of subsidiaries	-	-	-	-	-	-	-	-	-	(50,424)	(50,424)
Total transactions with Owners	47,116	50,017	-	(14,176)	-	-	-	(13,380)	22,461	(51,668)	(29,207)
At 31 December 2021	4,489,159	959,521	(155,310)	45,622	(3,367)	(725)	237,768	1,051,921	2,135,430	115,078	2,250,508

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**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	<u>31.12.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax		
- continuing operations	263,532	121,243
- discontinued operations	(7,774)	(5,645)
	<u>255,758</u>	<u>115,598</u>
Adjustments for:		
Share of results of associates	(47,764)	(25,856)
Finance income	(12,259)	(8,683)
Finance costs		
- Borrowings	92,084	90,544
- Lease liabilities	103,582	76,745
Loss on disposal of interest in a subsidiary	-	750
Trade receivables:		
- Impairment loss (net)	1,757	11,568
Property, plant and equipment:		
- Depreciation	188,127	185,782
- Written-off	1,875	702
- Gain on disposals	(2,064)	(561)
- Impairment	(6,709)	10,073
Right-of-use assets:		
- Depreciation	65,793	57,981
- Gain on disposals	-	(137)
Investment properties:		
- Gain on fair value	(3,280)	(13,410)
Intangible assets:		
- Amortisation of software development expenditure	10,408	11,508
- Impairment of goodwill	-	4,028
- Written-off	3,559	474
Fair value loss on equity instruments	-	162
Inventories written-off	-	627
Provision for retirement benefits	198	214
Gain on disposal of assets held for sale	(4,353)	-
Operating profit before working capital changes	<u>646,712</u>	<u>518,109</u>
Changes in working capital:		
Inventories	(12,725)	(2,328)
Receivables	(179,074)	(54,218)
Payables	99,476	14,791
Contract liabilities	(2,233)	(5,056)
Cash flows generated from operations	<u>552,156</u>	<u>471,298</u>
Income tax refund	1,613	5,095
Income tax paid	(93,657)	(64,037)
Retirement benefits paid	(340)	(137)
Net cash generated from operating activities	<u>459,772</u>	<u>412,219</u>

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**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)**

	<u>31.12.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(234,181)	(216,572)
Additions to investment properties	-	(251)
Additions to intangible assets	-	(192)
Additions to equity instrument classified as FVOCI	-	(500)
Additions to investment in associates	(25,010)	-
Proceeds from disposal of property, plant and equipment	3,266	725
Proceeds from disposal of interest in a subsidiary	-	1,560
Proceeds from disposal of assets held for sale	192,000	-
Interest received	12,259	8,683
Decrease in deposits with licensed banks with maturity of more than 3 months	663	223,295
Dividends received from associates	25,193	21,004
	<hr/>	<hr/>
Net cash (used in) / generated from investing activities	(25,810)	37,752
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Grant income received	-	6,830
Acquisition of non-controlling interests	(5,812)	-
Dividends paid to non-controlling interests	(1,494)	(49,000)
Issue of shares:		
- ESOS	14,895	42,876
Borrowings:		
- Drawdown	840,755	235,285
- Repayments	(817,437)	(385,710)
Payment of lease liabilities	(133,815)	(111,550)
Interest paid	(92,084)	(90,544)
Dividends paid to shareholders	(86,863)	(23,727)
Designated account	(4,683)	(18,283)
	<hr/>	<hr/>
Net cash used in financing activities	(286,538)	(393,823)
	<hr/>	<hr/>
Net changes in cash and cash equivalents	147,424	56,148
Currency translation differences	(531)	(1,195)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<hr/>	<hr/>
	269,973	215,020
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<hr/>	<hr/>
	416,866	269,973
	<hr/>	<hr/>

KPJ HEALTHCARE BERHAD
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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2022**

A1 BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with MFRS134 “*Interim Financial Reporting*”, the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards, the requirements of the Companies Act 2016 in Malaysia and paragraph 9.22 of the Bursa Malaysia Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022.

For the financial year ended 31 December 2022, the Group recorded a profit for the year of RM182.7 million, operating cash inflows of RM459.8 million and shareholders’ equity of RM2,354.2 million. The Directors believe that there are no material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern and it is appropriate to prepare the financial statements on a going concern basis.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are consistent with those adopted in audited annual financial statements for the financial year ended 31 December 2022. The Group has applied the following standards and amendments for the first time for the financial year 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

The adoption of the above standards and interpretations did not give rise to significant effect on the financial performance or position of the Group.

The standards and interpretations that are issued but not yet effective are disclosed below:

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2022 (CONTINUED)**

A1 BASIS OF PREPARATION (CONTINUED)

The standards and interpretations that are issued but not yet effective are disclosed below:
(continued)

Description	Effective for annual periods beginning on or after
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
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group intend to adopt these standards, if applicable, when they become effective.

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 year 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 year under review.

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER
2022 (CONTINUED)**

A6 DEBT AND EQUITY SECURITIES

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

i. 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 Group. 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 (2021: RM0.91).

Movement of ESOS during the financial year:

	<u>31.12.2022</u> Units '000	<u>31.12.2021</u> Units '000
At start of the financial year	123,805	180,510
Exercised	(16,369)	(47,116)
Lapsed	(5,015)	(9,589)
At end of the financial year	<u>102,421</u>	<u>123,805</u>

The number of issued and fully paid ordinary share capital as a result of the above-mentioned exercises is as follows:

	31.12.2022 Number of shares ('000)	31.12.2022 RM'000
At start of the financial year	4,489,159	959,521
Issued during the financial year - exercise of ESOS	16,369	16,808
At end of the financial year	<u>4,505,528</u>	<u>976,329</u>

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A6 DEBT AND EQUITY SECURITIES (CONTINUED)

There has been no issuance of shares and repayments of debt and equity securities in the current financial year under review, except the followings: (continued)

ii. Islamic Medium-Term Notes (“Sukuk”)

On 7 March 2022, the Group made its first issuance of RM650.0 million from the RM3.0 billion Sukuk Wakalah Programme in three (3) tranches with tenure 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.

The proceeds from the issuance of Sukuk Wakalah were utilised for repayment of maturing Sukuk Murabahah Programme in April and June 2022 totalling RM400.0 million and for the purpose of working capital requirement.

A7 DIVIDENDS

The dividends paid or declared by the Company since 31 December 2021 were as follows: -

	RM
In respect of the financial year ended 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
Second interim dividend of 0.25 sen per share on 4,343,203,561 shares. The dividend was declared on 26 May 2022 and paid on 29 July 2022.	10,858,009
Third interim dividend of 0.55 sen per share on 4,343,221,161 shares. The dividend was declared on 29 August 2022 and paid on 21 October 2022.	23,887,716
Fourth interim dividend of 1.00 sen per share on 4,343,221,161 shares. The dividend was declared on 23 November 2022 and paid on 28 December 2022.	43,432,212
	86,863,407
	86,863,407

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.

The Directors did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2022.

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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:

Continuing Operations

- 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 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.

Discontinued Operations

- i. Indonesia - Operating segments involved in provision of hospital in Indonesia. The Group had in April 2022, committed to a plan for the divestments of its interest in all entities in Indonesia’s region (referred as “Indonesia operations”) by 2023 as part of its strategic plan to place greater focus on the Group’s core Malaysia segment. The divestment plan was targeted to be completed within the next 12 months. As the operation was not a discontinued operation nor was it classified as held for sale as at 31 December 2021, the comparative consolidated statement of comprehensive income for the financial year ended 2022 has been re-presented to show the discontinued operation separately from continuing operations.

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

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

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A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

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>Sub-total</u> RM'000	<u>Indonesia</u> <u>operations</u> RM'000	<u>Total</u> RM'000
<u>31 December 2022</u>							
<u>Revenue</u>							
Revenue from external customers	753,129	30,799	783,928	(2,992)	780,936	9,818	790,754
<u>Results</u>							
Gain on fair value of investment properties	3,280	-	3,280	-	3,280	-	3,280
Reversal of Impairment loss	6,709	-	6,709	-	6,709	-	6,709
Depreciation and amortisation	(62,763)	(4,143)	(66,906)	120	(66,786)	(1,246)	(68,032)
Finance costs (net)	(40,264)	(4,651)	(44,915)	191	(44,724)	691	(44,033)
Share of results of associates	13,935	163	14,098	-	14,098	-	14,098
Profit/(loss) before tax	103,976	(11,106)	92,870	(2,384)	90,486	(10,794)	79,692
Tax	(14,583)	366	(14,217)	-	(14,217)	520	(13,697)
Profit/(loss) after tax	89,393	(10,740)	78,653	(2,384)	76,269	(10,274)	65,995
EBITDA	207,003	(2,312)	204,691	(2,695)	201,996	(10,239)	191,757
Additions to property, plant and equipment	68,135	885	69,020	-	69,020	5,133	74,153

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A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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>Sub-total</u> RM'000	<u>Indonesia</u> <u>operations</u> RM'000	<u>Total</u> RM'000
<u>31 December 2021</u>							
<u>Revenue</u>							
Revenue from external customers	655,530	28,591	684,121	(3,345)	680,776	8,342	689,118
<u>Results</u>							
Gain on fair value of investment properties	13,407	-	13,407	-	13,407	-	13,407
Impairment loss	(14,101)	-	(14,101)	-	(14,101)	-	(14,101)
Depreciation and amortisation	(55,284)	(4,164)	(59,448)	120	(59,328)	(2,059)	(61,387)
Finance costs (net)	(36,226)	(3,778)	(40,004)	(115)	(40,119)	485	(39,634)
Share of results of associates	10,982	306	11,288	-	11,288	-	11,288
Profit/(loss) before tax	55,859	(11,162)	44,697	(3,174)	41,523	(3,691)	37,832
Tax	(12,624)	(1,206)	(13,830)	-	(13,830)	(269)	(14,099)
Profit/(loss) after tax	43,235	(12,368)	30,867	(3,174)	27,693	(3,960)	23,733
EBITDA	147,369	(3,220)	144,149	(3,179)	140,970	(2,117)	138,853
Additions to property, plant and equipment	110,986	1,432	112,418	-	112,418	517	112,935

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A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

A8 SEGMENT REPORTING (CONTINUED)

Individual quarter 3 months ended (continued)

The functional currencies for Indonesia and Australia operations are as follows:

	31 December 2022				31 December 2021			
	Indonesia IDR'000	Indonesia RM'000	Australia AUD'000	Australia RM'000	Indonesia IDR'000	Indonesia RM'000	Australia AUD'000	Australia RM'000
Revenue								
Revenue from external customers	37,544,774	9,818	5,493	16,447	28,726,970	8,342	4,934	15,165
Results								
Depreciation and amortisation	(4,891,168)	(1,246)	(610)	(1,828)	(7,097,096)	(2,059)	(536)	(1,653)
Finance costs (net)	2,315,858	691	(769)	(2,307)	1,676,309	485	(361)	(1,112)
Share of results of associates	-	-	18	53	-	-	33	100
Profit/(loss) before tax	(37,106,921)	(10,794)	(1,515)	(4,526)	(12,736,106)	(3,691)	(1,161)	(3,569)
Tax	1,754,156	520	-	-	(926,616)	(269)	-	-
Profit/(loss) after tax	(35,352,765)	(10,274)	(1,515)	(4,526)	(13,662,722)	(3,960)	(1,161)	(3,569)
EBITDA	(34,531,611)	(10,239)	(136)	(391)	(7,315,319)	(2,117)	(264)	(804)
Additions to property, plant and equipment	18,361,340	5,133	-	-	1,764,829	517	-	-

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A8 SEGMENT REPORTING (CONTINUED)

For the financial year 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>Sub-total</u> RM'000	<u>Indonesia</u> <u>operations</u> RM'000	<u>Total</u> RM'000
<u>31 December 2022</u>							
<u>Revenue</u>							
Revenue from external customers	2,825,304	109,789	2,935,093	(14,435)	2,920,658	37,844	2,958,502
<u>Results</u>							
Gain on fair value of investment properties	3,280	-	3,280	-	3,280	-	3,280
Reversal of Impairment loss	6,709	-	6,709	-	6,709	-	6,709
Depreciation and amortisation	(247,640)	(14,665)	(262,305)	479	(261,826)	(5,827)	(267,653)
Finance costs (net)	(168,761)	(16,664)	(185,425)	2,005	(183,420)	13	(183,407)
Share of results of associates	46,758	1,006	47,764	-	47,764	-	47,764
Profit/(loss) before tax	318,744	(44,328)	274,416	(10,884)	263,532	(7,774)	255,758
Tax	(72,215)	(993)	(73,208)	-	(73,208)	103	(73,105)
Profit/(loss) after tax	246,529	(45,321)	201,208	(10,884)	190,324	(7,671)	182,653
EBITDA	735,145	(12,999)	722,146	(13,368)	708,778	(1,960)	706,818
Total assets	6,854,141	354,546	7,208,687	(358,401)	6,850,286	143,780	6,994,066
Total liabilities	4,328,590	473,705	4,802,295	(358,484)	4,443,811	196,037	4,639,848
Additions to property, plant and equipment	263,303	1,135	264,438	-	264,438	6,143	270,581

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A8 SEGMENT REPORTING (CONTINUED)

For the financial year 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>Sub-total</u> RM'000	<u>Indonesia</u> <u>operations</u> RM'000	<u>Total</u> RM'000
<u>31 December 2021</u>							
<u>Revenue</u>							
Revenue from external customers	2,494,342	108,342	2,602,684	(12,833)	2,589,851	36,998	2,626,849
<u>Results</u>							
Gain on fair value of investment properties	13,407	-	13,407	-	13,407	-	13,407
Impairment loss	(14,101)	-	(14,101)	-	(14,101)	-	(14,101)
Depreciation and amortisation	(229,268)	(20,122)	(249,390)	479	(248,911)	(6,360)	(255,271)
Finance costs (net)	(143,208)	(16,564)	(159,772)	1,588	(158,184)	(422)	(158,606)
Share of results of associates	24,702	1,154	25,856	-	25,856	-	25,856
Profit/(loss) before tax	169,058	(37,799)	131,259	(10,016)	121,243	(5,645)	115,598
Tax	(46,455)	(2,413)	(48,868)	-	(48,868)	(1,079)	(49,947)
Profit/(loss) after tax	122,603	(40,212)	82,391	(10,016)	72,375	(6,724)	65,651
EBITDA	541,535	(1,113)	540,422	(12,083)	528,339	1,137	529,476
Total assets	5,915,289	367,914	6,283,203	(240,090)	6,043,113	144,528	6,187,641
Total liabilities	3,555,019	444,863	3,999,882	(240,171)	3,759,711	177,422	3,937,133
Additions to property, plant and equipment	232,231	1,566	233,797	-	233,797	874	234,671

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A8 SEGMENT REPORTING (CONTINUED)

For the financial year ended (continued)

The functional currencies for Indonesia and Australia operations are as follows:

	31 December 2022				31 December 2021			
	Indonesia IDR'000	Indonesia RM'000	Australia AUD'000	Australia RM'000	Indonesia IDR'000	Indonesia RM'000	Australia AUD'000	Australia RM'000
<u>31 December 2022</u>								
<u>Revenue</u>								
Revenue from external customers	131,402,778	37,844	18,472	55,598	127,711,426	36,998	18,293	55,976
<u>Results</u>								
Depreciation and amortisation	(20,236,111)	(5,828)	(1,808)	(5,443)	(21,953,745)	(6,360)	(3,238)	(9,907)
Finance costs (net)	48,611	14	(2,237)	(6,734)	(1,456,679)	(422)	(1,985)	(6,074)
Share of results of associates	-	-	112	336	-	-	124	378
Profit/(loss) before tax	(26,993,056)	(7,774)	(6,955)	(20,936)	(19,485,674)	(5,645)	(4,808)	(14,711)
Tax	357,639	103	-	-	(3,724,543)	(1,079)	-	-
Profit/(loss) after tax	(26,635,417)	(7,671)	(6,955)	(20,936)	(23,210,217)	(6,724)	(4,808)	(14,711)
EBITDA	(6,805,556)	(1,960)	(2,910)	(8,759)	3,924,750	1,137	415	1,270
Total assets	507,339,450	143,780	46,644	139,550	493,943,951	144,528	48,216	145,997
Total liabilities	691,732,534	196,037	78,159	233,836	606,363,636	177,422	72,784	220,390
Additions to property, plant and equipment	21,676,076	6,143	-	-	2,987,013	874	-	-

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2022 (CONTINUED)**

A8 SEGMENT REPORTING (CONTINUED)

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

	<u>31.12.2022</u>	<u>31.12.2021</u>
1 Australian Dollar		
Closing	2.9918	3.0280
Average	3.0099	3.0600
1,000 Indonesian Rupiah		
Closing	0.2834	0.2926
Average	0.2880	0.2897

A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The Group's land and buildings were fully revalued as at 31 December 2020, except for certain land and buildings that were revalued on 31 December 2021 following its completion and commencement of its operations in the financial year 2021.

As at financial year 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 REPORTING PERIOD

There were no material events subsequent to the financial year ended 31 December 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 year.

A12 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the statement of financial position as at 31 December 2021.

A13 RELATED PARTY TRANSACTIONS

The Group entered into specific related party transactions as disclosed in Note B6. All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

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A14 CAPITAL COMMITMENTS

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

	RM'000
Approved by the Directors and contracted	148,588
Approved by the Directors but not contracted	249,382
	<hr/>
	397,970
	<hr/> <hr/>

Analysed as follows:

Building	46,871
Medical equipment	148,849
Other property, plant and equipment	202,250
	<hr/>
	397,970
	<hr/> <hr/>

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 year (3 months)

Group

For the quarter ended 31 December 2022, the Group recorded RM780.9 million in revenue, an increase of 15% from RM680.8 million reported in the corresponding quarter ended 31 December 2021. During the quarter under review, patient visits and bed occupancy rate ("BOR") increased to 820,734 patients from 780,221 patients and 64% from 46% respectively.

The Group recorded a total EBITDA of RM202.0 million, an increase of 43% from RM141.0 million reported in the previous corresponding quarter. Profit before tax ("PBT") for the current quarter totalling RM90.5 million, was higher by more than 100% as compared to RM41.5 million recorded in the previous corresponding quarter mainly driven by the improved performance from the Malaysia segment.

Malaysia

The Malaysia segment continues to excel with revenue of RM753.1 million, represents 96% of Group revenue, higher than RM655.5 million reported in the corresponding quarter ended 31 December 2021.

As compared to previous corresponding quarter, total patient visits for the quarter were 775,763, an increase of 3% from 755,282 while the BOR recorded at 63% against 47% contributed by the increase in inpatient days.

The segment recorded higher EBITDA of RM207.0 million, an increase of 40% from RM147.4 million reported while the PBT was RM104.0 million, an increase of 86% as compared to RM55.9 million recorded in the previous corresponding quarter.

During the quarter, the segment also recorded a reversal of impairment in property, plant and equipment ("PPE") amounting to RM6.7 million in contrast of impairment loss of RM14.1 million relates to PPE and intangible assets recorded in Q4 2021.

Others

The Others segment recorded revenue with increase by 8% to RM30.8 million (Q4 2021: RM28.6 million), represents revenue from aged care and retirement village in Australia operated by Jeta Garden, education services by KPJ Healthcare University College ("KPJUC") and management services by KPJ Dhaka.

Others segment recorded negative EBITDA of RM2.3 million and loss before tax of RM11.1 million, 28% and 1% decrease in comparison to a negative EBITDA of RM3.2 million and loss before tax of RM11.2 million recorded in the previous corresponding quarter.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 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 year compared to prior financial year (12 months)

Group

For the financial year ended 31 December 2022, the Group recorded RM2,920.7 million in revenue, an increase of 13% from RM2,589.9 million reported in the preceding financial year at the back of growing hospital activities, evidenced by increase in patient visits to 3,263,832 patients (2021: 2,976,018 patients) and BOR of 58% (2021: 43%).

In line with increase in revenue, coupled with improved cost management practices, EBITDA for the current financial year was 34% higher at RM708.8 million as compared to RM528.3 million for the financial year ended 31 December 2021. Accordingly, the profit before tax stood higher at RM263.5 million as compared to 2021 of RM121.2 million.

Malaysia

The Malaysia segment recorded RM2,825.3 million in revenue for the financial year ended 31 December 2022, 13% better in comparison to RM2,494.3 million in preceding financial year, largely due to higher patient visits in hospital operations from 2,840,022 patients in year 2021 to 3,096,989 patients in year 2022 in line with increase in number of beds especially in DSH2, KPJ Sabah, KPJ Batu Pahat, KPJ Puteri and KPJ Bandar Dato Onn totaling 137 beds.

Surgeries increased by 12% to 93,842 procedures for the current year as compared from 83,971 procedures for last year. BOR also rose to 58% against 43% in 2021 evidenced by the higher inpatient days to 705,959 days (2021: 504,002 days).

This segment recorded an increase in EBITDA by 36% to RM735.1 million from RM541.5 million for the financial year ended 31 December 2021. Concurrently, PBT increased by 89% at RM318.7 million as compared to RM169.1 million recorded in preceding year. Apart from the improved hospital activities, improvement in the share of profit from associates also contributed to the better result in current financial year.

Others

The segment recorded total revenue of RM109.8 million in 2022, slightly increased by 1% than revenue reported in prior year of RM108.3 million, primarily contributed by KPJUC with increase of RM4.0 million partially offset with the decrease in contribution from KPJ Dhaka, Malaysian College of Hospitality and Management and Jeta Garden aggregated to RM2.5 million.

The segment reported negative EBITDA and loss before tax of RM13.0 million and RM44.3 million respectively, in comparison with negative EBITDA of RM1.1 million and loss before tax of RM37.8 million in 2021, largely affected from the aged care operations.

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

The Group closed the year 2022 with total assets of RM6,994.1 million in contrast to RM6,187.6 million in prior year. During the year, the Group completed its sale and leaseback arrangements with Al-'Aqar Healthcare REIT which impacted in the right-of-use assets to increase by RM553.2 million. Additionally, the growing hospital activities led to increase in the trade and other receivables balances and deposit, cash and bank balances as at 31 December 2022. These factors coupled with the increase in cost of development at existing hospitals such as KPJ Puteri and KPJ Penang, have contributed to a 13% increase in the Group's total assets as at 31 December 2022.

The Group's total liabilities as at 31 December 2022 was RM4,639.8 million, 18% higher than RM3,937.1 million as at 31 December 2021, resulted from the drawdown of Sukuk Wakalah during the year, coupled with the increase in lease liabilities balance from the new lease arrangement.

As at 31 December 2022, the net current liabilities stood at RM202.1 million compares to net current liabilities of RM361.4 million as at 31 December 2021 mainly due to settlement of Sukuk Murabahah during the financial year.

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

The Group recorded net cash from operating activities of RM459.8 million, an increase of 12% from RM412.2 million in the prior year. The transition to endemic phase saw the increased level of activities in the hospitals with a steady increase of patient visits.

Cash outflows from investing activities mainly comprised of additions to property, plant, and equipment totaling RM234.2 million largely due to the opening of the new hospital, DSH2 and expansion of hospital business such as in KPJ Puteri, KPJ Selangor, KPJ Seremban and KPJ Ampang Puteri, offset with proceeds received from the disposal of assets held for sales to Al-'Aqar Healthcare REIT amounting to RM192.0 million. This resulted to a net cash outflows from investing activities totalling to RM25.8 million.

Cash inflows from financing activities were primarily generated from the drawdown of borrowings, mainly from the new issuance of Sukuk Wakalah Programme offset with payment of certain borrowings including its Sukuk Murabahah Programme. In addition, there were dividends paid to shareholders which resulted to a net cash outflows from financing activities totalling to RM286.5 million.

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B2 MATERIAL CHANGES IN QUARTERLY RESULTS

	Quarter ended 31.12.2022			Quarter ended 30.09.2022			Var %
	Continuing Operations RM'000	Discontinued Operations RM'000	Total RM'000	Continuing Operations RM'000	Discontinued Operations RM'000	Total RM'000	
Revenue	780,936	9,818	790,754	798,748	10,413	809,161	(2)
Operating profit	121,112	(11,485)	109,627	119,655	3,957	123,612	(11)
EBITDA	201,996	(10,239)	191,757	198,082	5,535	203,617	(6)
Profit/(loss) before tax	90,486	(10,794)	79,692	88,450	3,702	92,152	(14)
Profit/(loss) for the financial period	76,269	(10,274)	65,995	56,796	3,560	60,356	9
Total comprehensive income for the financial period	78,135	(8,428)	69,707	57,078	1,803	58,881	18
Profit attributable to Owners of the Company	72,088	(8,675)	63,413	50,687	3,593	54,280	17
No. of inpatient (episode)	83,502	2,771	86,273	85,655	2,346	88,001	(2)
No. of outpatient (episode)	737,232	31,603	768,835	793,929	29,065	822,994	(7)

The Group recorded revenue for continuing operations of RM780.9 million, slightly lower by 2% as compared to revenue in preceding quarter of RM798.7 million on the back of decrease in number of patients by 2%, coupled with reduction in surgeries by 180 cases as well as decrease in BOR to 64% from 66% in Q3 2022.

Despite the decrease in revenue, EBITDA for continuing operations stood at RM202.0 million, 2% better as compared to the preceding quarter of RM198.1 million, particularly gain from revaluation of investment properties by RM3.4 million.

Profit for continuing operations in the current quarter improved to RM76.3 million, representing 34% higher against RM56.8 million for the 3 months ended 30 September 2022. This particularly attributed to lower interest expense on borrowing costs by RM4.8 million as well as the recognition of investment tax allowance in current quarter. No such allowance recognised in the preceding quarter.

The discontinued operations relate to the divestment of Indonesia operations which are expected to be completed within the next 12 months. The execution of the proposal of certain subsidiaries in relation to this divestment is disclosed in note B6.

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B3 CURRENT YEAR PROSPECTS

For the financial year ended 31 December 2022, the Group delivered sterling performance and results as the transition into endemicity and re-opening of international borders has contributed positively to the increase in economic activities. The Group has seen a resurgence in overall healthcare services throughout its network of hospitals. The current year results show that the Group has exceeded its pre-pandemic performance.

The Group is optimistic on the outlook of the healthcare industry as it moves beyond the pandemic phase in 2023. The global economic recession and inflationary pressures may pose some downside risks to demand and costs. However, the Group remains focused in improving its operational efficiency and expanding its existing capacities as it strives to deliver excellent patient care, contributing to a better customer experience. The turnaround in health tourism sector presents an upside which the Group is well-positioned to leverage on as Malaysia remains a top medical tourism destination in Asia.

B4 PROFIT FORECAST / GUARANTEE

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

B5 TAX

	Individual Quarter		For the	
	3 months ended		Financial Year Ended	
	<u>31.12.2022</u>	<u>31.12.2021</u>	<u>31.12.2022</u>	<u>31.12.2021</u>
	RM'000	RM'000	RM'000	RM'000
Income tax expense	14,217	13,830	73,208	48,868

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the financial year. The effective tax rate ("ETR") for the current quarter is lower than the statutory rate mainly due to the recognition of tax credits arising from the investment tax allowances. On contrary, the ETR at year end is slightly above the statutory rate mainly due to certain expenses were not deductible for tax purposes.

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B6 STATUS OF CORPORATE PROPOSALS

On 2 September 2022, the Group announced of its sales and leaseback arrangement with Al-'Aqar Healthcare REIT (Al-'Aqar). Under this arrangement, the Group had entered into conditional sale and purchase agreements ("SPA") through certain of its wholly owned subsidiaries, for the sale of (3) properties to Al-'Aqar totalling RM192.0 million. The SPA is conditional upon a leaseback arrangement whereby each subsidiary will enter into a Lease Agreement, for the lease of the properties back from Al-'Aqar to the respective subsidiaries upon terms and conditions agreed between the aforesaid parties. Upon the fulfilment of all the conditions, the deals have been completed on 23 December 2022.

On 13 September 2022, the Group announced that its subsidiary, Jeta Gardens has entered into a Contract for Commercial Land and Buildings ("CCLB") with JLand Australia for the proposed disposal of 2 parcel of lands in Queensland, Australia for AUD6.5 million. In addition, on 17 January 2023 Jeta Gardens had issued a supplemental letter to JLand Australia (Supplemental Letter) to vary the CCLB and to include additional terms and conditions into the CCLB, which include inter-alia that the CCLB is conditional upon the shareholders' approval of KPJ being obtained by the settlement date. The Supplemental Letter has been acknowledged and agreed by JLand Australia on 20 January 2023. The deal is expected to be completed in the first half of 2023.

On 27 January 2023, KPJ Kumpulan Perubatan (Johor) Sdn Bhd through its wholly owned subsidiaries Crossborder Aim (M) Sdn Bhd and Crossborder Hall (M) Sdn Bhd, collectively wholly owned subsidiaries of KPJ Healthcare Berhad, entered into a share sale agreement to dispose of its entire 100% participating interest in PT Al-'Aqar Permata Hijau and 80% participating interest in PT Khidmat Perawatan Jasa Medika with a third-party buyer for equity value consideration totalling RM25.7 million. The deal is expected to be completed within financial year 2023.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

B7 BORROWINGS

Details of the Group's borrowings are as follows:

	<u>Current</u>		<u>Non-current</u>		<u>Total borrowings</u>	
	<u>Foreign</u>	<u>RM</u>	<u>Foreign</u>	<u>RM</u>	<u>Foreign</u>	<u>RM</u>
	'000	'000	'000	'000	'000	'000
<u>As at 31 December 2022</u>						
<u>Secured</u>						
Term loans:						
- Conventional						
AUD	541	1,620	45	136	586	1,756
- Syariah						
RM	-	55,234	-	159,188	-	214,422
Hire purchase creditors:						
- Conventional						
RM	-	36	-	97	-	133
- Syariah						
RM	-	17,709	-	38,342	-	56,051
<u>Unsecured</u>						
Revolving credits:						
- Conventional						
AUD	1,854	5,548	-	-	1,854	5,548
- Syariah						
RM	-	292,800	-	-	-	292,800
Bank overdrafts:						
- Syariah						
RM	-	16,468	-	-	-	16,468
Islamic Medium Term						
Notes:						
- Sukuk Murabahah						
RM	-	450,000	-	200,000	-	650,000
- Sukuk Wakalah						
RM	-	-	-	650,000	-	650,000
Total		<u>839,415</u>		<u>1,047,763</u>		<u>1,887,178</u>

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B7 BORROWINGS (CONTINUED)

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

	<u>Current</u>		<u>Non-current</u>		<u>Total borrowings</u>	
	<u>Foreign</u>	<u>RM</u>	<u>Foreign</u>	<u>RM</u>	<u>Foreign</u>	<u>RM</u>
	'000	'000	'000	'000	'000	'000
<u>As at 31 December 2021</u>						
<u>Secured</u>						
Term loans:						
- Conventional						
RM	-	2,040	-	49,583	-	51,623
AUD	1,600	4,845	58	175	1,658	5,020
- Syariah:						
RM	-	77,166	-	232,749	-	309,915
USD	2,080	8,678	-	-	2,080	8,678
Hire purchase creditors:						
- Conventional						
RM	-	56	-	133	-	189
- Syariah:						
RM	-	15,584	-	35,367	-	50,951
<u>Unsecured:</u>						
Revolving credits:						
- Conventional						
RM	-	50,000	-	-	-	50,000
AUD	1,854	5,615	-	-	1,854	5,615
- Syariah						
RM	-	279,000	-	-	-	279,000
Bank overdrafts:						
- Syariah						
RM	-	17,473	-	-	-	17,473
Islamic Medium Term						
Notes:						
- Sukuk Murabahah						
RM	-	400,000	-	650,000	-	1,050,000
Total		<u>860,457</u>		<u>968,007</u>		<u>1,828,464</u>

The key exchange rate used is as follows:

	<u>31.12.2022</u>	<u>31.12.2021</u>
1 Australian Dollar	3.0049	3.0280
1 US Dollar	4.6370	4.1731

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B7 BORROWINGS (CONTINUED)

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

Material changes in borrowings

Increase in borrowings as at 31 December 2022 was mainly contributed by the issuance of new Sukuk for a nominal value of RM650.0 million during the financial year.

Weighted average interest rate of borrowings are as follows:

- Term loan: 5.98% p.a. (2021: 4.50% p.a.)
- Hire purchase: 2.56% p.a. (2021: 2.63% p.a.)
- Islamic Medium-Term Notes: 4.77% p.a. (2021: 5.23% p.a.)
- Overdraft: 6.28% p.a. (2021: 5.00% p.a.)
- Revolving credit: 4.27% p.a. (2021: 2.95% 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 dividends paid or declared by the Company since 31 December 2021 were as follows:-

	RM
In respect of the financial year ended 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
Second interim dividend of 0.25 sen per share on 4,343,203,561 shares. The dividend was declared on 26 May 2022 and paid on 29 July 2022.	10,858,009
Third interim dividend of 0.55 sen per share on 4,343,221,161 shares. The dividend was declared on 29 August 2022 and paid on 21 October 2022.	23,887,716
Fourth interim dividend of 1.00 sen per share on 4,343,221,161 shares. The dividend was declared on 23 November 2022 and paid on 28 December 2022.	43,432,212
	<u>86,863,407</u>

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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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 year.

	As at <u>31.12.2022</u>	As at <u>31.12.2021</u>
<u>Continuing operations</u>		
Profit attributable to Owners of the Company (RM'000)	171,992	54,785
Weighted average number of ordinary shares in issue ('000)	4,341,403	4,291,969
Basic earnings per share (sen)	<u>3.96</u>	<u>1.28</u>
<u>Discontinued operations</u>		
Loss attributable to Owners of the Company (RM'000)	(5,011)	(3,752)
Weighted average number of ordinary shares in issue ('000)	4,341,403	4,291,969
Basic earnings per share (sen)	<u>(0.12)</u>	<u>(0.09)</u>

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B11 EARNINGS PER SHARE (CONTINUED)

(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 year for the ESOS calculation.

	As at <u>31.12.2022</u>	As at <u>31.12.2021</u>
<u>Continuing operations</u>		
Profit attributable to Owners of the Company (RM'000)	171,992	54,785
Weighted average number of ordinary shares in issue ('000)	4,341,403	4,291,969
Assumed shares issued from the - exercise of ESOS ('000)	102,421	123,805
	<u>4,443,824</u>	<u>4,415,774</u>
Weighted average number of ordinary shares in issue ('000)	4,443,824	4,415,774
Diluted earnings per share (sen)	<u>3.87</u>	<u>1.24</u>
<u>Discontinued operations</u>		
Loss attributable to Owners of the Company (RM'000)	(5,011)	(3,752)
Weighted average number of ordinary shares in issue ('000)	4,341,403	4,291,969
Assumed shares issued from the - exercise of ESOS ('000)	102,421	123,805
	<u>4,443,824</u>	<u>4,415,774</u>
Weighted average number of ordinary shares in issue ('000)	4,443,824	4,415,774
Diluted earnings per share (sen)	<u>(0.11)</u>	<u>(0.08)</u>