



**KPJ HEALTHCARE BERHAD**  
(247079-M)

***Care for Life***



ANNUAL REPORT



# CHANGE FOR SUSTAINABILITY

## Cover Rationale

Inspired by its passion to deliver quality services, KPJ Healthcare Berhad has been continuously serving the community with undivided compassion and medical care.

KPJ has made great strides over the past three decades in terms of performance, delivery of care, and community service, and while doing so, has remained steadfast in its dedication to provide quality and compassionate care.

KPJ's future direction for growth is shaped by many factors and it is now a time of change – a time for making changes that matter to the community and the business, a time of Change for Sustainability.

The cover reflects 2011 as a year of change where KPJ has transformed itself from within to achieve greater unity among its team members and to further improve all aspects of its business while keeping the needs of its customers close to its heart.

In celebrating its 30th anniversary, KPJ continues to work towards greater engagement between caregivers and patients and with an unending fervor to care for the community's most essential needs – their health.

This implementation of change has and continues to improve the quality of services provided to all who walk through the doors of KPJ hospitals, as KPJ continues its unending journey to Care for Life.



## THE 19TH ANNUAL GENERAL MEETING

will be held at  
Permata Ballroom,  
Level B2, The Puteri Pacific Hotel,  
Jalan Abdullah Ibrahim,  
80000 Johor Bahru,  
Johor

on Monday,  
25 June 2012 at 12.00 pm

# Corporate Directory



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*“Our core values define our highest priorities and we are who we are because of what we believe in. The core values that we embrace are our guiding principles in ensuring the delivery of distinct work excellence and our best effort to serve our customers with compassionate care.”*



## Vision, Mission and Core Values

KPJ values life through caring for people and this philosophy forms the core of its commitment to serve all customers with compassion and undivided attention to patient safety.

As a healthcare provider of choice, KPJ continues to transform its approach to meet the changing demands of customers and adopts new systems and techniques to enhance its services and quality of patient care while remaining steadfast in its commitment to **CARE FOR LIFE**.

The celebration of its 30th anniversary further strengthens its commitment to provide customers with services of the highest standards and treatment through harmonized teamwork and unity between the Medical Consultants and the clinical as well as non-clinical staff, to ensure the best possible outcome.

There are no bounds in KPJ's care for the community and this unending commitment to provide extraordinary services to those in need rests on its **CORE VALUES** of:

- Ensuring **SAFETY**
- Delivering service with **COURTESY**
- Performing duties with **INTEGRITY**
- Exercising **PROFESSIONALISM** at all times
- Striving for **CONTINUOUS IMPROVEMENT**

KPJ's mission to **DELIVER QUALITY HEALTHCARE SERVICES** serves to provide coordinated medical services to all customers across a continuum of care.

In living its vision to become **THE PREFERRED HEALTHCARE PROVIDER**, KPJ aspires to be the lifelong companion of its customers' healthcare journey – sharing their experiences and joys of life, treating them with compassion and care, and sympathizing with their loss while helping them every inch of the way in their healthcare needs.

As a **LEADING HEALTHCARE MANAGEMENT AND SERVICE PROVIDER**, KPJ's commitment to Care for Life also spans the length and breadth of all stakeholders and the environment in which it operates.

This is reflected in its focus on community care and well-being, supporting and fostering the spirit of giving to the indigent as well as caring for the environment.

Patient safety remains, at all times, of utmost importance and is exemplified through adherence to best practices and internationally-accepted standards.

By remaining true to its calling to deliver quality healthcare services, KPJ continues to gain the trust and confidence of its customers and, by abiding always to its core values, the Group will continue to grow from strength to strength, thus returning its best to shareholders.

# Corporate Information

## REGISTERED OFFICE

**KPJ Healthcare Berhad**  
Suite 12B, Level 12,  
Menara Ansar,  
65 Jalan Trus,  
80000 Johor Bahru,  
Johor.  
**T** (607) 226 7692  
**F** (607) 222 3044

## CORPORATE OFFICE

**KPJ Healthcare Berhad**  
No 1 Jalan Pahang Barat,  
53000 Kuala Lumpur,  
Wilayah Persekutuan.  
**T** (603) 4022 6222  
**F** (603) 4022 7237  
**E** kpj@kpjhealth.com.my

## COMPANY SECRETARIES



Salmah Abd Wahab  
(LS 0002140)



Rohaya Jaafar  
(LS 0008376)

## REGISTRAR

**Pro Corporate Management  
Services Sdn Bhd**  
Suite 12B, Level 12,  
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**T** (607) 226 7692  
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## AUDITOR

**Ernst & Young**  
Level 23A, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
50490 Kuala Lumpur,  
Wilayah Persekutuan.

## PRINCIPAL BANKERS

**Malayan Banking Berhad**  
343, Jalan Pahang,  
Setapak,  
53300 Kuala Lumpur,  
Wilayah Persekutuan.

## CIMB Bank Berhad

Ground Floor, No 338,  
Bangunan AMAL,  
Jalan Tuanku Abdul Rahman,  
50100 Kuala Lumpur,  
Wilayah Persekutuan.

## HSBC Bank Malaysia Berhad

No. 2, Lebu Ampang,  
P.O. Box 10244,  
50912 Kuala Lumpur,  
Wilayah Persekutuan.

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Market  
(Since 29 November 1994)

# Corporate Profile

KPJ Healthcare Berhad (KPJ) is the leading healthcare service provider in Malaysia, operating the country's largest network of 20 private specialist hospitals, and it also has a presence in the Indonesian Archipelago with two hospitals in Jakarta.

As the healthcare arm of Johor Corporation, the Johor state-owned development corporation, KPJ has now served the community for three decades since the opening of its first hospital in Johor Bahru in 1981.

Today, KPJ has more than 2,600 operating beds at its network of hospitals and serves more than two million patients annually. In 2011 alone, KPJ hospitals treated about 2.4 million outpatients and over 240,000 inpatients, and delivered more than 16,000 babies.

Its staff strength stands at 8,992 employees, who support the medical services provided by 860 Medical Consultants specializing in various disciplines including Cardiology, Oncology, Orthopaedic, Plastic and Reconstructive Surgery, among others.

Driven by innovation and technological advancement, KPJ continues to invest in the latest equipment with state-of-the-art medical technology in its effort to provide positive patient experience as well as to enhance medical and surgical outcomes.

Its commitment to quality and compassionate care has attracted many local and foreign patients from all over the globe, further aided by aggressive business strategies to enhance its position as a major healthcare service provider.

Customers' trust and confidence in KPJ has steered the Group to greater achievements in both financial and operational performance as well as quality initiatives.

KPJ earned its first annual billion-ringgit turnover in fiscal 2007, with revenue totalling RM1.11 billion that year, and continued to achieve new records in subsequent years, rising to RM1.27 billion, RM1.46 billion and RM1.65 billion in 2008, 2009 and 2010, respectively.

KPJ achieved a new record high in 2011, ending the year with total revenue of RM1.91 billion and pre-tax profit of RM204.60 million.

Investors' confidence propelled KPJ into the ranks of the Top 100 Companies on Bursa Malaysia by market capitalization when its share price soared to a historic high of RM6.51 at end-2009, scoring the 91st spot with a market capitalization of RM1.37 billion.

KPJ has since climbed up by several notches, standing on the 85th spot in the subsequent year and 75th placing at end-2011, with its market capitalization doubling over these two years to RM2.74 billion.

This accomplishment also won KPJ recognition from The Edge Billion Ringgit Club, which named KPJ as the "Best Performing Stock - Highest Returns to Shareholders Over 3 Years (Trading/Services)" in July 2011. KPJ was also dubbed "The Most Outstanding Healthcare Provider in Asia 2011" by The Globals Over 50s Housing Healthcare, London, in November.

Meanwhile, quality initiatives continued to remain in focus, with more KPJ hospitals undergoing the accreditation survey by the Malaysian Society for Quality in Health (MSQH) in 2011 as well as certification by other international bodies such as TUV Rheinland for Integrated Management System (IMS) that integrates and emphasizes on Quality Management System (MS ISO 9001:2000), Environment (MS ISO 14001:2004) and Occupational Safety and Health (OSHAS 18001:1999).

To date, 11 KPJ hospitals have been accredited by MSQH, with KPJ Tawakkal Specialist Hospital being the latest recipient of the first cycle of the MSQH Accreditation for a three-year period beginning 17 November 2011.

For KPJ, the strategy for sustainability depends on values that support the growth of the organization as well as the support from the community, and this can be achieved through good business sense alongside true commitment to care for the community and the environment.

To this end, KPJ inspires its staff members to observe good ethics and best practices and empowers them through various learning opportunities.

They are also encouraged to preserve the environment for future generations and to care for the indigent by offering their assistance in various ways and through many charitable events conducted by the Group.

As a responsible corporate citizen, KPJ also reaches out to the community through public health screening, health talks and other events.

It has touched the lives of many others through the Klinik Waqaf An-Nur (KWAN) initiative, where it has served more than 760,000 patients since the inception of the first of 15 charity clinics throughout Malaysia. It also operates Hospital Waqaf Pasir Gudang in Johor.



## Network of KPJ Hospitals and Companies

### HOSPITALS ACCREDITED BY MALAYSIAN SOCIETY FOR QUALITY IN HEALTH (MSQH)



**KPJ JOHOR SPECIALIST HOSPITAL**  
T (607) 225 3000 F (607) 224 8213  
E jsh@sh.kpjhealth.com.my  
W www.jsh.kpjhealth.com.my



**KPJ IPOH SPECIALIST HOSPITAL**  
T (605) 240 8777 F (605) 254 1388  
E ish@sh.kpjhealth.com.my  
W www.ish.kpjhealth.com.my



**KPJ AMPANG PUTERI SPECIALIST HOSPITAL**  
T (603) 4270 2500 F (603) 4270 2443  
E apsh@apsh.kpjhealth.com.my  
W www.apsh.kpjhealth.com.my



**KPJ DAMANSARA SPECIALIST HOSPITAL**  
T (603) 7722 2692 F (603) 7722 2617  
E dsh@dsh.kpjhealth.com.my  
W www.dsh.kpjhealth.com.my



**KPJ SELANGOR SPECIALIST HOSPITAL**  
T (603) 5543 1111 F (603) 5543 2222  
E kpjselangor@kpjselangor.kpjhealth.com.my  
W www.kpjselangor.kpjhealth.com.my



**KPJ SEREMBAN SPECIALIST HOSPITAL**  
T (606) 767 7800 F (606) 767 5900  
E ssh@ssh.kpjhealth.com.my  
W www.ssh.kpjhealth.com.my



**KPJ PERDANA SPECIALIST HOSPITAL**  
T (609) 745 8000 F (609) 747 2877  
E perdana@perdana.kpjhealth.com.my  
W www.perdana.kpjhealth.com.my



**KPJ KAJANG SPECIALIST HOSPITAL**  
T (603) 8769 2999 F (603) 8769 2808  
E kpjkajang@kpjkajang.kpjhealth.com.my  
W www.kpjkajang.kpjhealth.com.my



**KPJ PENANG SPECIALIST HOSPITAL**  
T (604) 548 6688 F (604) 5486700  
E kpjpenang@kpjpenang.kpjhealth.com.my  
W www.kpjpenang.kpjhealth.com.my



**KEDAH MEDICAL CENTRE**  
T (604) 730 8878 F (604) 733 2869  
E kmc@kedahmedical.com.my  
W www.kmc.kpjhealth.com.my



**KPJ TAWAKKAL SPECIALIST HOSPITAL**  
T (603) 4026 7777 F (603) 4021 0635  
E tawakal@tawakal.kpjhealth.com.my  
W www.tawakal.kpjhealth.com.my

**HEAD OFFICE**  
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(Company No: 247079 M)  
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53000 Kuala Lumpur,  
Wilayah Persekutuan.  
T (603) 4022 6222  
F (603) 4022 7237  
E kpj@kpjhealth.com.my  
W www.kpjhealth.com.my

### MOVING TOWARDS ACCREDITATION



**PUTERI SPECIALIST HOSPITAL**  
T (607) 225 3222 F (607) 223 8833  
E psh@psh.kpjhealth.com.my  
W www.psh.kpjhealth.com.my



**KUANTAN SPECIALIST HOSPITAL**  
T (609) 567 8588 F (609) 567 8098  
E ksh@ksh.kpjhealth.com.my  
W www.ksh.kpjhealth.com.my



**KUCHING SPECIALIST HOSPITAL**  
T (6082) 365 777 F (6082) 364 666  
E kcsh@kcsh.kpjhealth.com.my  
W www.kcsh.kpjhealth.com.my



**SENTOSA MEDICAL CENTRE**  
T (603) 4043 7166 F (603) 4043 7761  
E sentosa@sentosa.kpjhealth.com.my  
W www.sentosa.kpjhealth.com.my



**DAMAI SPECIALIST HOSPITAL**  
T (6088) 222 922 F (6088) 243 540  
E dsc@dsc.kpjhealth.com.my  
W www.dsc.kpjhealth.com.my



**KLUANG UTAMA SPECIALIST HOSPITAL**  
T (607) 771 8999 F (607) 772 8999  
E kush@kush.kpjhealth.com.my  
W www.kush.kpjhealth.com.my



**TAIPING MEDICAL CENTRE**  
T (605) 807 1049 F (605) 806 3713  
E tmc@tmc.kpjhealth.com.my  
W www.tmc.kpjhealth.com.my



**SABAH MEDICAL CENTRE**  
T (6088) 211 333 F (6088) 272 622  
E prsmckk@smckk.kpjhealth.com.my  
W www.sabahmedicalcentre.com.my

### INDONESIA



**SIBU SPECIALIST MEDICAL CENTRE**  
T (6084) 218 800 F (6084) 219 900  
E care@sibuspecialist.com  
W www.ssmc.kpjhealth.com.my



**RS MEDIKA PERMATA HIJAU, JAKARTA**  
T (6221) 534 7411 F (6221) 530 5291  
E rsmph@rad.net.id  
W www.rsmph.co.id



**RS MEDIKA BUMI SERPONG DAMAI, JAKARTA**  
T (6221) 537 8263 F (6221) 537 8131  
W www.rs-medikabsd.co.id

### HEALTH CARE RELATED COMPANIES

**KPJ INTERNATIONAL UNIVERSITY COLLEGE OF NURSING AND HEALTH SCIENCES**  
T (606) 794 2692 F (606) 794 2662  
E info@kpjic.edu.my  
W www.kpjic.edu.my

**PHARMASERV ALLIANCES SDN BHD**  
T (603) 7876 2692 F (603) 7874 4151  
E pasb@pasb.kpjhealth.com.my  
W www.pasb.kpjhealth.com.my

**LABLINK (M) SDN BHD**  
T (603) 4023 4588 F (603) 4023 4298  
E lablink@lablink.com.my  
W www.lablink.com.my

**PUSAT PAKAR MATA CENTRE FOR SIGHT**  
T (603) 7804 4051 F (603) 7804 6052  
E info@centreforsight.com.my  
W www.centreforsight.com.my

**STERILE SERVICES SDN BHD**  
T (603) 6092 2692 F (603) 6091 6200  
E sssb2010@streamyx.com

**HEALTHCARE TECHNICAL SERVICES SDN BHD**  
T (603) 4021 2331 F (603) 4021 2337  
E hts@hts.kpjhealth.com.my  
W www.hts.kpjhealth.com.my

### INTRAPRENEUR COMPANIES

**TERAJU FARMA SDN BHD**  
T (603) 7874 4212 F (603) 7874 4126

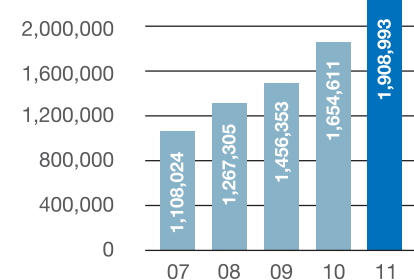
**FABRICARE LAUNDRY SDN BHD**  
T (607) 232 7231/3 F (607) 232 723

**SKOP YAKIN (M) SDN BHD**  
T (609) 773 2692 F (609) 774 2692

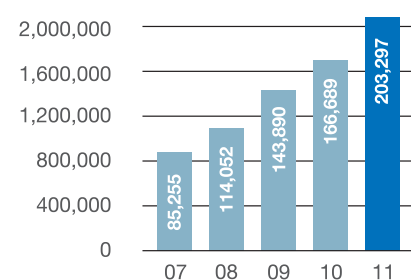
**HEALTHCARE IT SOLUTIONS SDN BHD**  
T (603) 4024 1111 F (603) 4023 5555  
E hits@hitsb.com  
W www.hitsb.com

## Financial and Operational Highlights

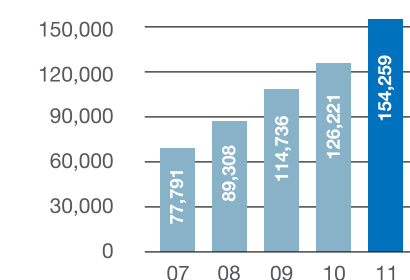
Turnover  
(RM'000)



Profit Before Taxation  
(RM'000)

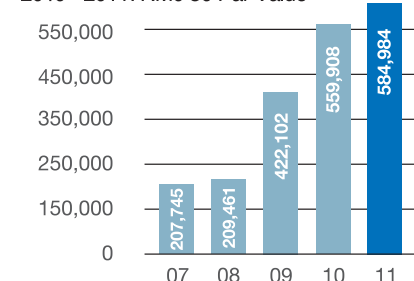


Profit After Taxation  
(RM'000)



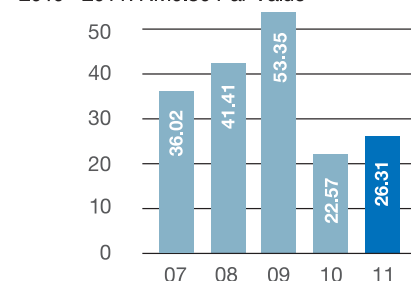
Share Capital  
(units)

2007 - 2009: RM1.00 Par Value  
2010 - 2011: RM0.50 Par Value



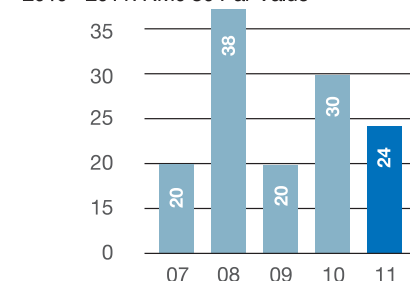
Earnings Per Share  
(sen)

2007 - 2009: RM1.00 Par Value  
2010 - 2011: RM0.50 Par Value

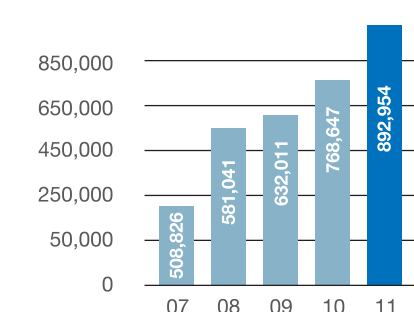


Dividend Rate  
(%)

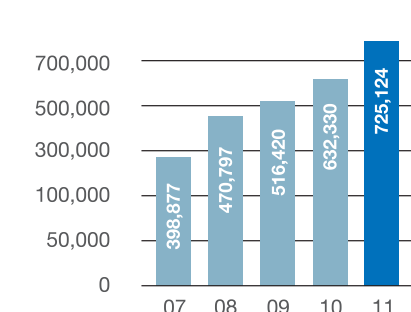
2007 - 2009: RM1.00 Par Value  
2010 - 2011: RM0.50 Par Value



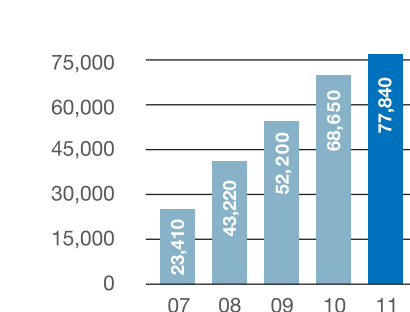
Shareholders' Funds  
(RM'000)



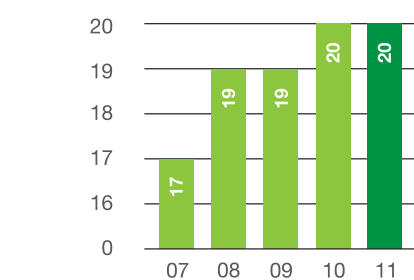
Net Tangible Assets  
(RM'000)



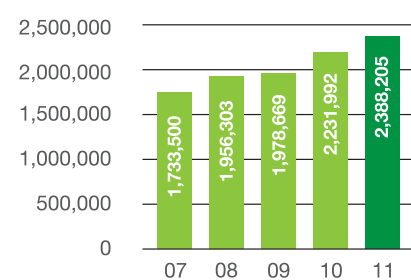
Economic Value Added  
(RM'000)



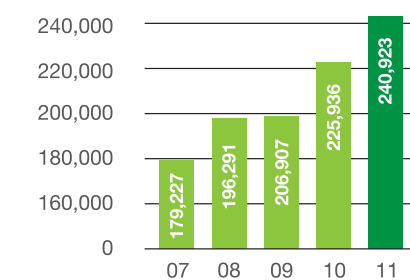
No. of Hospitals  
in Malaysia



Outpatients



Inpatients



## Summary of Financial Statements

### Statements of Comprehensive Income

For the Financial Year Ended 31 December 2007 - 2011

YEAR	2011	2010	2009	2008	2007
<b>GROUP (RM,000)</b>					
Revenue	<b>1,908,993</b>	1,654,611	1,456,353	1,267,305	1,108,024
Gross profit	<b>601,857</b>	503,895	419,089	368,355	327,389
Profit from operations	<b>159,165</b>	144,019	140,467	114,218	90,291
Finance income	<b>10,295</b>	7,157	2,651	6,122	2,809
Finance costs	<b>(19,688)</b>	(13,597)	(16,721)	(18,533)	(20,206)
Share of results from associates	<b>54,825</b>	23,919	18,888	18,705	12,361
Others	<b>-</b>	6,460	-	(6,460)	-
Profit before zakat and tax	<b>204,597</b>	167,958	145,285	114,052	85,255
Zakat	<b>(1,300)</b>	(1,269)	(1,395)	-	-
Profit before taxation	<b>203,297</b>	166,689	143,890	114,052	85,255
Taxation	<b>(49,038)</b>	(40,468)	(29,154)	(24,744)	7,464
<b>Net profit for year</b>	<b>154,259</b>	126,221	114,736	89,308	77,791
Profit attributable to:					
Equity holders of company	<b>143,670</b>	118,894	110,880	85,644	74,237
Minority interest	<b>10,589</b>	7,327	3,856	3,664	3,554
	<b>154,259</b>	126,221	114,736	89,308	77,791

### Statements of Financial Position

As at 31 December 2007 - 2011

YEAR	2011	2010	2009	2008	2007
<b>GROUP (RM,000)</b>					
Non-current assets	<b>1,252,530</b>	1,024,563	842,246	689,499	771,592
Current assets	<b>612,443</b>	549,502	426,111	342,475	309,817
Non-current assets held for sale	<b>94,291</b>	105,974	103,765	246,478	123,249
Current liabilities	<b>(456,743)</b>	(362,242)	(290,332)	(251,506)	(231,358)
Non-current liabilities	<b>(62,198)</b>	(54,986)	(35,556)	(29,930)	(24,800)
Borrowings	<b>(443,471)</b>	(399,423)	(368,796)	(368,443)	(393,930)
<b>TOTAL</b>	<b>996,852</b>	863,388	677,438	628,573	554,570
Share capital	<b>292,492</b>	279,954	211,051	209,461	207,745
Reserve	<b>600,485</b>	488,716	420,960	373,466	301,083
Less: Treasury shares	<b>(23)</b>	(23)	-	(1,886)	-
Shareholders' funds	<b>892,954</b>	768,647	632,011	581,041	508,828
Minority interest	<b>103,898</b>	94,741	45,427	47,532	45,742
<b>TOTAL</b>	<b>996,852</b>	863,388	677,438	628,573	554,570

Corporate History

20 Feb  
1979



The construction of the first private hospital in Johor, KPJ Johor Specialist Hospital.

10 May  
1981



Official opening of KPJ Johor Specialist Hospital.

10 Oct  
1981



Official opening of KPJ Ipoh Specialist Hospital.

27 Jul  
1990



YAB Tan Sri Muhyiddin Yassin, then Chief Minister of Johor, launching KPJ Johor Specialist Hospital's Lithotripsy Centre.

09 Jan  
1992



YB Tan Sri Lee Kim Sai, then Minister of Health, launching Puteri Nursing College.

30 Aug  
1994



Listing of KPJ Healthcare Berhad on Main Board of Kuala Lumpur Stock Exchange.

18 Mar  
1995



Duli Yang Maha Mulia Paduka Seri Sultan Azlan Muhibbuddin Shah ibni Almarhum Sultan Yussuf Izzuddin Shah Ghafarullahu-Lah, Sultan of Perak, officially launching KPJ Ipoh Specialist Hospital's MRI Centre.

13 May  
2000



KPJ Ampang Puteri Specialist Hospital, the first hospital in Malaysia to receive a full 3-year accreditation from the Malaysian Society for Quality in Health, accepting the certificate from YB Dato' Chua Jui Meng, then Minister of Health.

20 Jan  
2001



KPJ Healthcare Berhad holding its first Medical Conference.

28 Dec  
2001



YAB Dato' Abdul Ghani Othman, Chief Minister of Johor, at the official opening of KPJ Johor Specialist Hospital's new Physician Consulting Block.

28 Jul  
2003



Duli Yang Maha Mulia Tuanku Ismail Petra ibni Sultan Yahya Petra, Sultan of Kelantan, officially opening KPJ Perdana Specialist Hospital.

26 Jun  
2004



Duli Yang Maha Mulia Tuanku Alhaj Abdul Halim Mu'adzam Shah Ibni Almarhum Sultan Badlishah, Sultan of Kedah, launching Kedah Medical Centre's new 10-storey building.

26 Nov  
2005



Duli Yang Maha Mulia Almarhum Tuanku Ja'afar ibni Almarhum Tuanku Abdul Rahman, Yang Di-Pertuan Besar Negeri Sembilan, officially launching KPJ Seremban Specialist Hospital.

21 Apr  
2006



Duli Yang Maha Mulia Sultan Ibrahim Ibni Almarhum Sultan Iskandar, Sultan of Johor, opening the first Hospital Waqaf An-Nur in Pasir Gudang, Johor, when he was the Crown Prince of Johor.

19 Jun  
2006



YAB Dato' Abdul Ghani Othman, Chief Minister of Johor, and Board of Directors of KPJ Healthcare Berhad (KPJ), KPJ Johor Specialist Hospital and KPJ Ipoh Specialist Hospital celebrating KPJ's 25th anniversary.

24 Jul  
2006



YB Tan Sri Nor Mohamed Yakcop, then Minister of Finance II, launching the prospectus of Al-Aqar Healthcare REIT (formerly known as Al-Aqar KPJ REIT), the first Islamic healthcare REIT in the region. He was accompanied by Datin Paduka Siti Sa'diah Sheikh Bakir and Tan Sri Dato' Azman Hashim, Chairman of AmBank Group Berhad.

17 Nov  
2006



Duli Yang Maha Mulia Raja Zarith Sofiah binti Almarhum Sultan Idris Shah, the consort of Duli Yang Maha Mulia Sultan Ibrahim Ibni Almarhum Sultan Iskandar (now Sultan of Johor), officiating at the 2006 National Healthcare Conference.

07 Oct  
2008



Duli Yang Maha Mulia Paduka Seri Sultan Azlan Muhibbuddin Shah ibni Almarhum Sultan Yussuf Izzuddin Shah Ghafarullahu-Lah, Sultan of Perak, officially opened KPJ Ipoh Specialist Hospital's new 5-storey building.

27 Nov  
2008



KPJ Damansara Specialist Hospital successfully conducted its first 'live' bariatric surgery.

11 Mar  
2009



YAB Pehin Seri Abdul Taib Mahmud, Chief Minister of Sarawak, opening KPJ Kuching Specialist Hospital.

30 Jun  
2011



YAB Dato' Sri Diraja Adnan Yaakob, Chief Minister of Pahang, officiating the ground-breaking ceremony of KPJ Pahang Specialist Hospital.

25 Jul  
2011



YB Datuk Seri Mohamed Khaled Nordin, Minister of Higher Education, awarding University College status to KPJ International University College of Nursing and Health Sciences.

10 Nov  
2011



YAB Dato' Sri Mohd Najib Tun Abdul Razak, Prime Minister of Malaysia, announcing the Economic Transformation Programme (ETP) projects, including five of KPJ Healthcare Berhad's new hospitals.

20 Nov  
2011



YAB Dato' Seri Dr Md Isa Sabu, Chief Minister of Perlis, officiating KPJ Perlis Specialist Hospital's ground-breaking ceremony.

Awards and Achievements



1. The Edge 100 Billion Club • KPJ Healthcare Berhad - Best Performing Stock - Highest Return To Shareholders Over 3 Years (Trading and Services) 2. Malaysian Business Leadership Award • Datin Paduka Siti Sa'diah Sheikh Bakir - Global Leadership Award - Masterclass Women CEO of The Year 3. The Asia Pacific Brands Foundation • Datin Paduka Siti Sa'diah Sheikh Bakir - The BrandLaureate Transformational - Corporate Leader Brand ICON Leadership Award 2011 4. Lumesse Inspiring Talent Management • KPJ Healthcare Berhad - 2011 E-Recruitment Award and Symposium 5. The Asia Pacific Brands Foundation • KPJ Selangor Specialist Hospital - The Brand Laureate Award - Best Brands Category (Healthcare Hospital) 6. Markplus • KPJ Ampang Puteri Specialist Hospital - Malaysia Service to Care 7. Asia Pacific Excellence Entrepreneur Alliance • KPJ Johor Specialist Hospital - Asia Pacific International Entrepreneur Excellence Award 2011

8. Frost & Sullivan • KPJ Healthcare Berhad - Healthcare Service Provider of The Year 9. Malaysian Institute of Directors • KPJ Healthcare Berhad - Innovative Leadership in Globalization (Healthcare) 10. Malaysia HR Award 2011 • KPJ Healthcare Berhad - Gold Award Employer of Choice Category 11. The EU Analysis Alliance • KPJ Penang Specialist Hospital - International Standard Quality Award - Quality Beauty and Healthcare Category 12. The EU Analysis Alliance • KPJ Johor Specialist Hospital - International Standard Quality Award



*“For three long decades, KPJ has provided compassionate care to patients and today, we remain steadfast in our objective to Care for Life and to increase shareholder value by providing quality healthcare services through continuous improvement in patient care and outcomes”*

## Statement to Shareholders

Dear Shareholders,

At KPJ Healthcare Berhad (KPJ) the dynamic partnerships and shared vision to build a healthier community has enabled us to touch the lives of many over the past three decades, since the first KPJ hospital was established in 1981.

For three long decades, KPJ has provided compassionate care to patients and today, we remain steadfast in our objective to Care for Life and to increase shareholder value by providing quality healthcare services through continuous improvement in patient care and outcomes.

The unceasing efforts have translated into a growing list of achievements, ranging from realization of financial goals to enhanced patient care programmes, and quality certifications towards higher clinical standards and patient safety.

KPJ's robust growth demonstrates our ability to capitalize on new opportunities through continuous physical growth and expansion, prioritizing human capital and transforming through innovation.

We are therefore pleased to share with you KPJ Group's key developments, the remarkable results scored for the financial year ended 31 December 2011 and how KPJ plans to further strengthen the system in order to create sustainable value for all stakeholders.

### Delivering Outstanding Results

Throughout the year, we focused on making a bigger difference to those whose lives we touch by enhancing engagement and serving with genuine dedication.

Despite challenges of heightened competition amidst healthcare sector liberalization and uncertainty in global financial markets, KPJ brought home to shareholders the highest ever earnings performance and bagged a number of awards in fiscal 2011.

### Financial Performance

During the year 2011, revenue growth outpaced costs with a double-digit 15.3% expansion to RM1.91 billion as a result of organic growth and acquisitions, translating into its best performance yet in 30 years, while profit before zakat and tax surged 21.8% year-on-year to RM204.60 million. KPJ also scored a 20.8% rise in net profit attributable to shareholders to RM143.67 million in fiscal 2011 while its liquidity position remained strong with a cash balance of RM252.08 million.

The Malaysian operations continued to dominate, accounting for 90% of the Group's income for the year, with revenue rising 12.1% on-year to RM1.72 billion in financial year 2011 as all KPJ hospitals in the country continued to record positive earnings growth amid capacity expansion and new services.

Newer hospitals also performed well during the year and contributed to the improved Group earnings for fiscal 2011.

Revenue contributions from supporting services such as marketing and distribution of pharmaceutical, medical and surgical products, and pathology and laboratory services also showed marked improvement with a 31.1% increase to RM636.03 million.

For financial year ended 31 December 2011, KPJ continued to create positive Economic Value Added (EVA) of RM77.84 million, an increase of RM9.19 million or 13.4% over the RM68.65 million created in 2010.

### Healthy Dividends

In concluding fiscal 2011, we are pleased to be able to declare a fourth interim dividend of 4.7 sen per share of RM0.50 each, bringing the year's total dividends to 12.1 sen per share.

### Investor Relations

Significant emphasis was placed on corporate disclosure as KPJ continued to enhance engagement with the investing community and build investors' confidence through transparency and accountability to shareholders. This has also helped put KPJ under the coverage of more research houses.

During the year, the management and investor relations team met with analysts and fund managers from more than 40 investment and stockbroking companies and participated in some 20 roadshows and international conferences as a platform for open discussion with over 100 different fund managers.

Each year, we communicate our ideas and hold healthy discussions with our shareholders on the Group's developments during the Annual General Meeting and on other occasions, dialogues are also held with shareholders and others such as the Minority Shareholders Watchdog Group (MSWG).

The Group also ensures timely and equitable dissemination of information to all stakeholders through public announcements and the website in accordance with good disclosure practices.

### Share Price Performance

Indeed, 2011 was a historic year in many ways.

KPJ wrapped up its third decade in the healthcare business with both financial and business growth, accompanied by a number of noteworthy accolades.

A major milestone was KPJ's remarkable performance on the Malaysian stock exchange, Bursa Malaysia, which translated into significant returns to shareholders.

KPJ shares opened at RM3.72 on 3 January 2011 and continued to climb over the subsequent eight months to its highest level at the time at RM4.69.

right • Kamaruzzaman Abu Kassim Chairman  
left • Datin Paduka Siti Sa'diah Sheikh Bakir Managing Director

However, economic uncertainties put a damper on investors' confidence in the equities market and bellwether FBM KLCI shed 13% from its all-time high of 1,594.74 on July 8 to end September at 1,387.13.

KPJ shares also succumbed to profit-taking that took it to its lowest level in 26 weeks of RM3.84 that month, but quickly regained ground and rose 17.5% over the final three months of the year to end 2011 at a record closing price of RM4.70 and gave shareholders a 26% capital appreciation that year.

With a market capitalization of RM2.74 billion, KPJ also notched up to 75th placing among the top 100 companies by market capitalization on Bursa Malaysia at end-2011, up from the 85th spot at end-2010, with a market capitalization of RM2.08 billion.

**Awards**

Our conscious effort to build up shareholders' confidence, alongside the Group's sterling performance over the past years, helped us bag the title of Best Performing Stock – Highest Return to Shareholder Over 3 Years (Trading/ Services) from The Edge 100 Billion Club on 13 July 2011.

This came on the heels of KPJ being named Healthcare Service Provider of the Year by Frost and Sullivan on 13 April 2011 and securing the Innovative Leadership in Globalisation (Healthcare) award from the Malaysian Institute of Directors on 4 May 2011.

**2011 – Year of Change**

The year 2011 proved our ability to adapt to and embrace changes, and to transform ourselves to meet the challenges of the new age.

**Boardroom Changes**

On 12 January 2011, KPJ appointed a new Chairman, Kamaruzzaman Abu Kassim, who brought a new sense of direction on growth and development for the Group and took KPJ smoothly through changes in the Board during that year.

During the year, independent non-executive director and current Audit Committee member, Zainah Mustafa, was appointed as the Chairman of the Audit Committee on 16 June 2011 to take over the responsibility from Tan Sri Dato' Seri Arshad Ayub, who retired after contributing to and ensuring good corporate governance and accountability for the past 17 years as a Director as well as Chairman of the Audit Committee.

The appointment of Dr Yoong Fook Ngian, who is also an Independent Non-Executive Director, as Chairman of the Group Medical Advisory Committee on 1 January 2011 has brought significant change and provided excellent leadership to the clinical committees.

Our investment in a leadership and succession plan enabled us to execute a seamless leadership transition, as the Group witnessed the board changes over the year just past.

On 4 July 2011, Amiruddin Abdul Satar was appointed as Executive Director while also retaining the portfolio of KPJ's Chief Operating Officer, and Abd Razak Haron was named as Non-Independent and Non-Executive Director.

We believe that the appointment of the new Board members will further strengthen the Group and as Chairman and Managing Director, we will continue to give our best to this organization and work closely with the Board and Executive Committee members to help achieve KPJ's objectives.

**Business Strategy Review**

KPJ's transformation continued with the review and reappraisal of business strategies to enhance efficiency of resources, empower people and embrace new skills, processes and technologies, with the ultimate aim of improving services rendered to customers.

Overall, KPJ Group continued to gain the trust of the community, attending to more than 2.6 million patients in 2011 and is expected to provide quality care to more customers in the coming year.



Prime Minister, YAB Dato' Sri Mohd Najib Tun Abdul Razak, announcing the five new KPJ hospitals under ETP

**New Developments**

To ensure sustainable value for all stakeholders in the evolving healthcare industry, KPJ continues to grow its network and capacity at existing hospitals, taking on seven new development projects over the next eight years and expanding its existing hospitals over the next few years.

Five of the seven new developments have been named by the Malaysian Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak on 10 November 2011 as new projects under the country's Economic Transformation Programme (ETP), with a key focus on medical tourism.

When completed, they will generate gross national income (GNI) of almost RM1.3 billion and more than 3,000 new jobs, and it will also give KPJ the capacity to serve more international patients.

Among the five, KPJ Klang Specialist Hospital in Selangor, KPJ Pasir Gudang Specialist Hospital in Johor and Sabah Medical Centre in Kota Kinabalu, Sabah, are expected to complete the first phase of their development in 2012.

KPJ Pahang Specialist Hospital had its ground-breaking ceremony officiated on 30 June 2011 by the Chief Minister of Pahang, YAB Dato' Sri DiRaja Adnan Yaakob.

KPJ Specialist Hospital Bandar Dato' Onn, Johor, will serve as a one-stop centre featuring state-of-the-art facilities in six centres of excellence, namely Heart, Geriatric, Oncology, Women and Child, Cosmetic & Reconstructive, as well as Orthopedic and Related Surgery Centres.



One-year share price trend



Five-year share price trend



Pahang Chief Minister at KPJ Pahang Specialist Hospital's groundbreaking ceremony



Perlis Chief Minister and Datin Paduka Siti Sa'diah viewing the Perlis Specialist Hospital model



Kamaruzzaman, other KPJ Board Members viewing the model of the new KPJ Specialist Hospital Bandar Dato' Onn during the 18th AGM

Two other hospitals to be opened are KPJ Muar Specialist Hospital in Johor and KPJ Perlis Specialist Hospital in Kangar, Perlis. On 20 November 2011, YAB Dato' Seri Dr. Md Isa Bin Sabu, the Chief Minister of Perlis state, formalized the ground-breaking ceremony of KPJ Perlis Specialist Hospital in Pengkalan Asam, Mukim Seriab in Kangar, the state capital of Perlis.

#### Medical Tourism

Meanwhile, efforts to grow KPJ's medical tourism segment included more aggressive marketing and promotions abroad and greater participation in international exhibitions, which paid off with a 40% increase in the number of international patients.

The medical tourism industry is poised for further growth and KPJ is targeting to raise the revenue contribution from this segment to as high as 25% by 2020. In 2011, this segment generated revenue of about RM45 million, with patients mainly from Indonesia as well as other countries such as Australia, New Zealand, Somalia, Singapore, India, UK and US and the Middle East.

Potential growth markets include China and Middle East, which shares similar culture and values with Malaysia.

#### Aged Care

KPJ's quest to ensure sustainable growth also took us to distant shores of Australia, where the Group invested in retirement village Jeta Gardens in Brisbane as a viable aged care business with immense growth potential.

It was a positive change and a step in the direction that would soon open up more opportunities for KPJ and could potentially pave the way for the Group to lead in the aged care segment in Malaysia with a model that epitomizes modern living for Baby Boomers who are now approaching their golden years.

#### Expanding Education

A landmark achievement for KPJ International University College of Nursing and Health Sciences in 2011 was the University College status, which was bestowed by the Ministry of Higher Education (MOHE) in July, along with the approval to set up a Medical School that would see KPJ leveraging on the strength of 860 Medical Consultants who are practicing within the Group.

KPJ University College held its First Convocation Ceremony on 5 December 2011, during which the Chancellor and Pro-Chancellor were also appointed.

We were honoured to have Tan Sri Dato' Seri Arshad Ayub accepting the position as Chancellor of KPJ University College, while Datin Paduka Siti Sa'diah Sheikh Bakir, Managing Director of KPJ Healthcare Berhad, was appointed as the first Pro-Chancellor of the university college.

A very distinguished academician, Professor Dato' Dr Lokman Saim, who was appointed as President and Dean of School of Medicine of KPJ University College effective 1 February 2012, spearheads the development of the Medical School with a new approach and the introduction of innovative ideas to spur the growth of this university college.



Jeta Gardens Retirement Village

#### The Way Forward

The way forward rests on several key strategies, namely, broadening KPJ's growth via organic expansion or acquisitions, prioritizing human capital, supporting community affairs, and transforming through innovation while also ensuring good corporate governance.

#### Broadening KPJ's Network

KPJ continues to broaden its network and the strategy to add one to two hospitals to the Group each year remains on track with the new developments outlined above.

Al-Aqar Healthcare REIT will continue to play a key role in facilitating KPJ's expansion. By monetizing the assets, KPJ can unlock value and free up cashflow for further development, trim borrowings and reduce interest costs.

Since the launch of the real estate investment trust (REIT), KPJ has injected more than RM1 billion worth of assets into the REIT.

#### Excellent Team Members

The Group finds its strength in its team of dedicated employees and the professionalism of 860 Medical Consultants specializing in various medical disciplines.

The Medical Consultants continuously enhance their skills and knowledge by participating in conferences and attend seminars to keep abreast of the latest medical developments in the world.

They also share their knowledge with others in the healthcare industry through speaking opportunities at conferences and seminars, both locally and internationally, and participate actively in KPJ's medical workshops.

For KPJ, significant emphasis continues to be placed on the development of employees through transformational leadership, motivation, and training.

KPJ recognises the essential importance of the employees, which is a fundamental driving force of the Group's success, and continue to emphasize on human capital development within the company through efforts to create a sustainable workplace and to strengthen the workforce in tandem with rapid expansions.

Employee retention is also enhanced through the development of a shared passion for excellence as well as good work ethics, which are defined by KPJ's core values of Safety, Courtesy, Integrity, Professionalism and Continuous Improvement.

KPJ's core values are guiding principles for both employees and Medical Consultants, and this seamless coordination and cooperation among our team of caregivers will ensure that patient safety and customers' needs are given the highest priority.

Unity and teamwork, employee engagement, as well as opportunities for learning and improvement are among the key pillars to creating a sustainable workplace and to further hone the necessary skills of KPJ's employees to serve patients to the best of their abilities.

As much as RM7 million is spent annually to finance employees' further education, on-the-job training and other skill enhancement programmes, as well as to equip them with the necessary knowledge and skills for any emergency through annual disaster and fire drills.

#### HIGHER EDUCATION PROGRAMMES

Master of Business Administration,  
Henley School of Business, University of Reading

Masters in Nursing, UNISA

MBA in Healthcare Management, IBS, UTM

Master of Business Administration,  
University of East London

Other MBA programmes e.g. MBA UiTM, MBA  
UNIMAS

Executive Master of Business Administration,  
IBS, UTM

Bachelor of International Nursing,  
Hertfordshire University

Nursing Post Basic Certificates

Our employees are empowered with the confidence and skills to lead and guide others and we aim to transform ordinary individuals into extraordinary high performers through transformational leadership.

Capable individuals with high potential are identified for management positions within the Group under the Talent Management programme, which forms part of KPJ's Succession Development Plan, to ensure management continuity.

As an Equal Opportunity Employer, KPJ's workforce of 8,992 employees – of whom about 400 are managers and half are executives in charge of various services at KPJ hospitals – are presented with various opportunities to better themselves and vie for positions of higher responsibilities based on ability and performance.



Datin Paduka Siti Sa'diah receiving the University College certificate from Minister of Higher Education of Malaysia, YB Dato' Seri Mohamed Khaled Nordin

These initiatives collectively grow KPJ's talent pool and, using measurable processes and achievements such as Staff Performance Appraisal Review (SPAR), the Group identifies and promotes competent employees and enhances capability of others through more targeted training programmes.

This ability to attract and retain quality employees within the Group, enrich the talent pool through continuous training and up-skilling programmes as well as high employee engagement, won KPJ the Employer of Choice Award 2011 from the Malaysian Institute of Human Resource Management.

KPJ also bagged the Lumesse e-Recruitment Award 2011, beating 30 others in the country to win the medal at The Business Impact of New Talent Acquisition 2011 e-Recruitment Awards & Symposium.

To further enhance employee engagement, KPJ will continue to hold annual assemblies, or Pedoman, and more frequent dialogues with staff members and partners as well as promote team spirit through various events and sporting activities, including the annual sports carnival.

#### **Supporting Community Affairs**

Emphasis is placed on patient safety and complementing quality compassionate care with adherence to internationally-accepted standards of best practices.

KPJ also extols the spirit of giving and like us, our employees are also convinced that we can brighten the lives of the indigent through small acts of kindness and by helping the community in any way, be it big or small.

This includes providing free basic health screening, lending a helping hand to the needy such as orphanages and home for the aged, raising funds for those living in poverty and hardship, as well as through zakat contributions and donations.

KPJ's core corporate social responsibility (CSR) initiative to help the community, particularly the indigent and underprivileged, is through the chain of charity clinics under Klinik Waqaf An-Nur (KWAN) programme, where the needy are provided basic medical care at a nominal fee of only RM5.00.

The objective is to provide them with basic medical care to enable them to lead a healthier life.

KPJ and its parent company Johor Corporation began this initiative began in 1998 with one clinic in Johor Bahru and today, KWAN has a network of 15 clinics throughout the country and one hospital in Johor and to date, has treated more than 760,000 patients.

KPJ provides the clinical resources as well as medication and also contributes more than RM2 million annually in financial aid to support KWAN's activities.

#### **Transformation through Innovation**

Continuous improvement is crucial in maintaining KPJ's position as the country's largest private healthcare provider that is dynamic and flexible in adapting to changes and is in tuned with the changing demands of customers.

Continued innovation and transformation are critical to the Group's future, and this calls for process efficiency through lean management, investments in the latest medical technologies as well as rollout of integrated clinical information systems.

To enhance medical and surgical outcomes, the Group will be investing more than RM90 million in 2012 to purchase and install the latest medical equipment featuring state-of-the-art technologies.

In 2011, the Group committed about RM70 million worth of investments in new equipment for KPJ hospitals throughout the country, and notable among them is the country's first digital operation theatre with a dedicated knee navigation system. Wards were also upgraded to enhance ambience and comfort.

Adoption of health information technology (IT) at KPJ hospitals has helped to enhance patient safety by dramatically reducing errors and improving coordination and efficiency, and this strategy will be rigorously pursued to place KPJ as a key healthcare player with a reputable name in the region.

The IT infrastructure was further refined and tailored towards a more seamless integration of the healthcare information systems and user capabilities.

We leverage on the capabilities of the existing Hospital Information Technology System (HITS), which has been implemented at all 20 KPJ hospitals in Malaysia, and integrate it with the newer systems of Enterprise Information System (EIS), KPJ Clinical Information System (KCIS) and Picture Archiving Communication System (PACS), as we head towards a paperless environment.

The overall result of this initiative are better health outcomes, lower risk of errors, improvement in patient engagement as well as waiting time, while preserving the environment by reducing waste and use of chemicals.

To continuously improve the hospital IT technology, KPJ has also committed to invest in R&D to develop information systems that can better serve the complex healthcare ecosystem that has intricate relationships and differing specific requirements.

#### **Accountability to All Stakeholders**

KPJ will continue to put significant emphasis on transparency, accountability and good corporate governance to ensure long-term sustainability.

This includes strict compliance with Bursa Malaysia's listing and disclosure requirements and close monitoring by the Audit Committee as well as efforts to strengthen processes through the Award Tender Committee and Building Committee.



KPJ hospitality reflects the principles of SEGAR and SPP

Stakeholder engagement will continue to include open dialogues and timely disclosure of information.

Clinical conduct is governed by KPJ's clinical policies and procedures and monitored by the Medical Advisory Committee and other clinical committees at both the Group and at the hospitals to ensure strict compliance to all regulations as well as best practices according to internationally-accepted standards.

KPJ also abides by the policies and practices outlined in the Private Healthcare Facilities and Services Act 1998 and other regulations laid out by the Ministry of Health.

As the Group's network of hospitals expands its range of facilities and services, we are also cognizant of the increasing importance to enhance patient experience at the hospitals.

We believe this can be achieved through our genuine commitment to delivering compassionate care alongside the adoption of core procedures and processes at KPJ hospitals that will minimize risks to patients, thus giving utmost priority to patient safety and customers' needs.

Our hospitality will reflect who we are and the way we conduct ourselves is in line with the principles of the Service Excellence – KPJ Way Group Alignment and Re-Engineering (SEGAR) initiative as well as the Standard People Practice (SPP).

KPJ's ultimate goal remains to provide our customers with safe care and excellent services.

The commitment to providing safe care is reflected in KPJ's efforts to have the hospitals recognized by accreditation bodies such as Malaysian Society of Quality in Health (MSQH) and Joint Commission International (JCI), and to obtain other certifications like Integrated Management System (IMS), ISO, and SIRIM.

To date, 11 KPJ hospitals have been accredited by MSQH, with KPJ Tawakkal Specialist Hospital being the latest one to receive the certification in 2011, and two are slated to undergo the survey in 2012. MSQH-accredited hospitals KPJ Ampang Puteri Specialist Hospital and KPJ Seremban Specialist Hospital are also undertaking the JCI accreditation survey in 2012.



KPJ Tawakkal Specialist Hospital receiving its MSQH Certificate

### Prospects

Looking ahead, prospects for 2012 are bright as the Group continues to show positive growth amid expansion of new and existing hospitals.

The healthcare industry will face many challenges and opportunities ahead and we are confident that KPJ will continue to advance with the support of its team of committed employees and Medical Consultants.

It is also anticipated that the Group will remain strong by working cohesively as a team, staying close to our guiding principles and keeping our ultimate objectives in mind, which is prioritizing patient safety and providing quality medical care to our customers.

In 2011, the Group provided medical services to more than 2.6 million patients and following capacity expansion and widening of services, we expect the hospitals to receive more patients this year from both the domestic and international markets.

We will continue to gain customer confidence through continuous efforts to enhance quality and safety while also promoting a harmonious workplace so that employees can give their undivided attention to the needs of patients and care for the community.

We believe that KPJ remains well positioned to deliver strong results in the year ahead and the initiatives we have outlined here will bring positive returns to the Group. This, in turn, will generate further value for shareholders.

### Acknowledgements

We would like to take this opportunity to thank all Medical Consultants within the KPJ Group who have worked tirelessly to provide patients with the highest quality of care.

To the management team and staff, who have exemplified professionalism in every aspect of their service and care for customers, we offer our gratefulness.

Thank you to all customers for placing their trust and confidence in KPJ and for their continuing support.

Our deepest gratitude is also directed to the community at large for supporting the Group's initiatives and encouraging us to continue championing our corporate responsibility activities, which has also helped bring positive change to all of us at KPJ.

We also offer our appreciation to the shareholders for their continued confidence in us, to the Government and authorities for their support and guidance, and to KPJ's business partners for their cooperation.

Our sincere gratitude to our colleagues on the Board as well as the Executive, Audit and Clinical committees, who have worked alongside us to make these achievements possible, and we thank them for their input and strong support in the implementation of various projects and their company in making KPJ's journey a success.

To all who have helped KPJ achieve this successful year and continue to share our vision to Care for Life, we are deeply indebted.

**KAMARUZZAMAN ABU KASSIM**  
CHAIRMAN

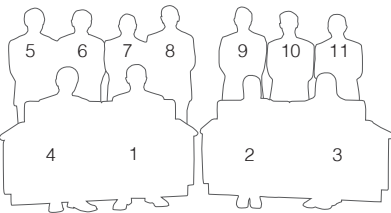
**DATIN PADUKA SITI SA'DIAH SHEIKH BAKIR**  
MANAGING DIRECTOR

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## BOARD AND MANAGEMENT

Board of Directors



**Chairman**  
1. Kamaruzzaman Abu Kassim

**Managing Director**  
2. Datin Paduka Siti Sa'diah Sheikh Bakir

**Executive Director**  
10. Amiruddin Abdul Satar

**Board Members**  
3. Zainah Mustafa  
Independent  
Non-Executive Director

4. Dr Yoong Fook Ngian  
Independent  
Non-Executive Director

5. Dr Kok Chin Leong  
Independent  
Non-Executive Director

6. Abd Razak Haron  
Non-Independent  
Non-Executive Director

7. Ahamad Mohamad  
Non-Independent  
Non-Executive Director

8. Datuk Dr Hussein Awang  
Independent  
Non-Executive Director

9. Datuk Azzat Kamaludin  
Independent  
Non-Executive Director

11. Rozan Mohd Sa'at  
Non-Independent  
Non-Executive Director



Directors' Profile



**Kamaruzzaman Abu Kassim**  
Chairman

Kamaruzzaman Abu Kassim, aged 47, was appointed as a Non-Independent Non-Executive Director of KPJ Healthcare Berhad (KPJ) on 3 January 2011 and subsequently as Chairman of KPJ on 12 January 2011. He is currently the President & Chief Executive Officer of Johor Corporation (JCorp).

He graduated with a Bachelor of Commerce majoring in Accountancy from the University of Wollongong, New South Wales, Australia in 1987. He embarked his career as an Audit Assistant with Messrs K.E Chen & Associates in May 1988 and later joined Coopers & Lybrand (currently known as PricewaterhouseCoopers) in Johor Bahru.

In December 1992, he left the firm to join JCorp as Deputy Manager, Corporate Finance Department. He was later promoted to become the Executive Director at Damansara Realty Berhad (a company of which JCorp is the majority shareholder) in 1999 until September 2006.

He was appointed as the Chief Operating Officer of JCorp on 1 August 2006 and was later appointed as the Senior Vice President of JCorp on 1 January 2009.

He was appointed as the President & Chief Executive Officer of JCorp on 1 December 2010.

He is also the Chairman of Damansara Realty Berhad, Kulim (Malaysia) Berhad, Sindora Berhad and Director of Waqaf An-Nur Corporation Berhad. He also sits as Chairman and Director of several other JCorp Group of Companies.

**Datin Paduka Siti Sa'diah Sheikh Bakir**  
Managing Director

Datin Paduka Siti Sa'diah Sheikh Bakir, aged 59, is the Managing Director of KPJ Healthcare Berhad (KPJ) since 1 March 1993. She graduated with a Bachelor of Economics from University of Malaya and holds an MBA from Henley Management College, University Reading, London.

Her career with Johor Corporation (JCorp) commenced in 1974 and she is directly involved with JCorp's Healthcare Division since 1978. Datin Paduka was appointed as the Chief Executive of Kumpulan Perubatan (Johor) Sdn Bhd (KPJSB) from 1989 until the listing of KPJ in November 1994.

Datin Paduka is the Chairman of various hospitals and companies in the KPJ Group, as well as MIT Insurance Brokers Sdn Bhd. She is a Non-Independent, Non-Executive Director of Kulim (Malaysia) Bhd, KFC Holdings (Malaysia) Bhd, QSR Brands Bhd and Damansara REIT Managers Sdn Bhd. Datin Paduka is also a Director of Waqaf An-Nur Corporation Bhd, a non-governmental organisation dedicated to the provision of healthcare services to the less fortunate.

Committed to promoting excellence in healthcare, Datin Paduka is the President of the Malaysian Society for Quality in Health (MSQH), elected since its inception in 1997 to date.

She is a member of the Malaysia Productivity Council (MPC) Consultative Panel on Healthcare since 2001 and a member of the National Patient Safety Council, Ministry of Health since 2003. In 2009, she was appointed as a member of the Malaysian Healthcare Travel Council, Ministry of Health.

Datin Paduka was a Board member of MATRADE from 1999 to 2010 and was an Independent Non-Executive Director of Bursa Malaysia from 2004 to April 2012.

In 2010, Datin Paduka was named the 'CEO of The Year 2009' by The New Straits Times Press and the American Express. In 2011, Datin Paduka achieved three more awards, namely the 'Asia Leading Woman CEO of The Year' at the Women in Leadership (WIL) Forum Asia, the 'Masterclass Woman CEO of The Year' by the Global Leadership Awards and the 'BrandLaureate Transformational Corporate Leader Brand ICON Leadership Awards 2011' from The Asia Pacific Brands Foundation.



**Amiruddin Abdul Satar**  
Executive Director

Amiruddin Abdul Satar, aged 47, is the Chief Operating Officer of KPJ Healthcare Berhad (KPJ) and has been appointed as the Executive Director of the Group since July 2011.

An accountant by profession, Amiruddin is a member of the Association of Chartered Certified Accountants (ACCA) and also obtained a Masters in Business Administration (MBA) from Henley Business School, University of Reading, United Kingdom.

He gained significant experience in the fields of finance and management through his capacity as Accountant and Finance Manager at several large and reputable organisations in the country before joining KPJ in 1993.

As the Chief Operations Officer, and since July 2011 as Executive Director, Amiruddin has played a vital role in monitoring the Group's performance and steering the operations to greater heights.

His overall contribution to KPJ, spanning more than 15 years, has been immeasurable particularly in the areas of hospital operations, finance and senior management functions such as strategic planning and investment decisions.

He also sits on the Board of several KPJ hospitals as Chairman or Executive Director of these hospitals.

With almost two decades of experience in the healthcare industry, Amiruddin also shares his experience and contributes to the development of the Malaysian healthcare sector through his active involvement in the Association of Private Hospitals of Malaysia (APHM), where he sits as a Board member, a position he has held since 1996.

He also continues to participate actively in charity and other meaningful events that aim to bring about the development of a healthier society.





**Zainah Mustafa**  
Independent  
Non-Executive Director

Zainah Mustafa, aged 57, has served as a Director of KPJ Healthcare Berhad (KPJ) since 21 February 1994 and is also a member of the KPJ Audit Committee. She has been an Independent Non-Executive Director since 1 December 2004.

She also sits on the board of four other companies in the JCorp Group of Companies namely Damansara Realty Berhad, Puteri Hotels Sdn Bhd, Damansara REIT Managers Sdn Berhad and Al-Aqar Capital Sdn Bhd.

She started her career as an Assistant Senior Auditor in Perbadanan Nasional Berhad in 1977 after graduating from Institut Teknologi MARA (presently UiTM). She obtained her Association of Chartered Certified Accountants (ACCA) United Kingdom in 1976. She is now a Fellow of Association of Certified Chartered Accountant (FCCA).

She joined JCorp in October 1978 and rose through the ranks to the Group Chief Financial Officer before retiring on 31 October 2002.

**Ahamad Mohamad**  
Non-Independent  
Non-Executive Director

Ahamad Mohamad, aged 57, was appointed to the Board of KPJ Healthcare Berhad (KPJ) on 1 January 2005. He is currently a Non-Independent and Non-Executive Director of KPJ.

He graduated with a Bachelor of Economics (Honours) degree in 1976 from the University of Malaya. He joined JCorp in 1976 as a Company Secretary for various companies within the JCorp Group. He has been involved in many of JCorp's projects among them, the early development of the Johor Specialist Hospital, prefabricated housing project and the Kotaraya Complex in Johor Bahru.

At present, he is the Chief Executive of Palm Oil Division of JCorp. He is currently the Managing Director of Kulim (Malaysia) Berhad, Deputy Chairman of QSR Brands Bhd and KFC Holdings (Malaysia) Bhd and a director of New Britain Palm Oil Limited (Papua New Guinea) as well as several other companies within the JCorp Group.



**Dr Yoong Fook Ng**  
Independent  
Non-Executive Director

Dr Yoong Fook Ngian, aged 70, is a Director of KPJ Healthcare Berhad (KPJ) and was appointed to the Board of KPJ on 7 July 2005. He is an Independent Non-Executive Director of KPJ and the Chairman of the Medical Advisory Committee and Chairman of KPJ Building Committee.

He received his Bachelor of Medicine and Bachelor of Surgery (MBBS) from the University of Sydney in 1966. He obtained his post-graduate qualification in Otolaryngology in 1972 and was conferred a Fellow of the Royal College of Surgeons of Edinburgh.

He is also a Fellow of the College of Surgeons of Malaysia and a member of the Academy of Medicine of Malaysia. He was employed by the Ministry of Health from 1966 to 1975.

In 1972, he established the ENT Department in Hospital Ipoh. His last posting with the Ministry of Health was as Head of ENT Surgery in General Hospital Kuala Lumpur before venturing into private practice in 1975.

In private practice, he was ENT Consultant at Our Lady's Hospital in Ipoh from 1975 to 1982. He has been Resident ENT Consultant in Ipoh Specialist Hospital since 1983 and is one of its founding-doctors. He has been the Medical Director of Ipoh Specialist Hospital since 1994 until December 2006.

He is a Life Member of the Malaysian Medical Association and a Past-Chairman of the Perak branch. He is also a Past-President of the Perak Medical Practitioners' Society.



**Dr Kok Chin Leong**  
Independent  
Non-Executive Director

Dr Kok Chin Leong, aged 54, is a Director of KPJ and was appointed to the Board of KPJ Healthcare Berhad (KPJ) on 7 July 2005. He is an Independent Non-Executive Director of KPJ and a member of the KPJ Clinical Governance Policy committee since 2001 and presently the Chairman for the Committee since 2005 and the Advisor for KPJ's Clinical Information System since January 2003.

He is also the Executive Board Member for Malaysian Society for Quality in Health (MSQH) and Asian Society for Quality in Healthcare (ASQua). He presently also sits in the Executive committee of the Malaysian Paediatric Association (MPA) since 2009, and is the President Elect 2013-2015 of the Association.

He received his Bachelor of Medicine and Bachelor of Surgery (MBBS) in 1982 from University of Malaya and completed his post-graduate studies in Paediatrics (Master of Medicine Paediatrics) in 1990 from Universiti Kebangsaan Malaysia.

He was conferred a Fellow of the Royal College of Physician of United Kingdom in 1990 and registered as full medical practitioner with the Malaysian Medical Council in 1983.

His medical career started in 1986 at Kuala Lumpur General Hospital in Clinical Paediatrics, worked as Senior House Officer/Registrar at Derby Children's Hospital, United Kingdom in 1990.

He served as the Clinical Specialist in Paediatrics at Hospital Sultanah Aminah, Johor Bahru from 1991 to 1992 and was the Head of Department of Paediatrics at Batu Pahat Hospital from 1991 to 1993 and Senior Consultant Paediatrician at Hospital Sultanah Aminah, Johor Bahru from 1993 until 1994.

He was the Project Coordinator/Chairman for the Batu Pahat Rotary Club Haemodialysis Center from 1992 to 1993 and was the Southern Representative for Malaysian Paediatric Association from 2000 to 2004 and the Southern Coordinator for Infant Touch Therapy. He was a Board Member in Association of Private Hospital Malaysia (APHM) from 2008 to 2010.

He has been the Resident Consultant Paediatrician at Puteri Specialist Hospital since 1994 and was appointed as the Medical Director in February 2000 until June 2006. His main interests are in Health Informatics, Patient Safety in Healthcare Delivery, Clinical Governance, and Clinician Performance & Appraisal Assessment.



**Datuk Azzat Kamaludin**  
Independent  
Non-Executive Director

Datuk Azzat Kamaludin, aged 66, was appointed to the Board of Directors of KPJ Healthcare Berhad (KPJ) on 1 September 1994. He is currently an Independent Non-Executive Director and is also a member of the Audit Committee of KPJ.

A lawyer by training, he was admitted as an advocate and solicitor of the High Court in 1979 and has been in practice since then as partner of Azzat and Izzat, a law firm.

Prior to that, from 1970 to 1979, he served as an administrative and diplomatic officer with the Ministry of Foreign Affairs.

He currently serves as Director of several public-listed companies, namely, Visdynamics Holdings Berhad, Pulau Springs Berhad, Boustead Holdings Berhad, BHIC Berhad and Axiata Group Berhad.

**Datuk Dr Hussein Awang**  
Independent  
Non-Executive Director

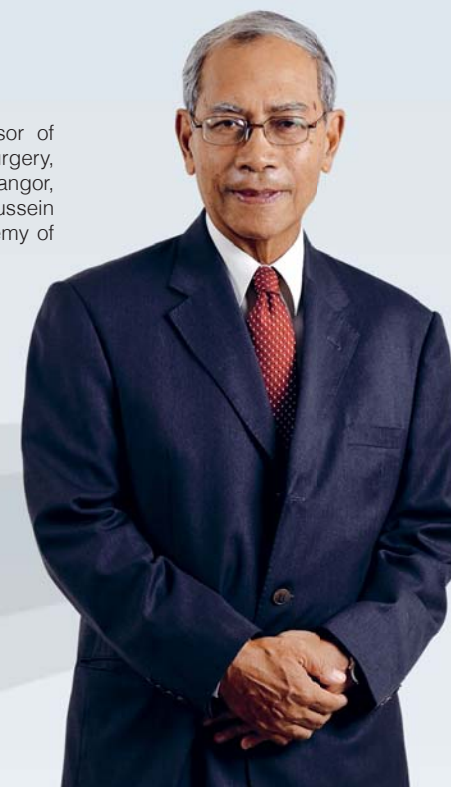
Datuk Dr Hussein Awang, aged 71, was appointed to the Board of KPJ Healthcare Berhad (KPJ) on 21 February 1994 and was appointed as a member of the Audit Committee on 12 December 2005.

He received his Bachelor of Medicine and Bachelor of Surgery (MBBS) in 1964 from University of Melbourne, Australia.

He was made a Fellow of the Australasian College of Surgeons in 1972. He was the Senior Consultant Urological Surgeon and Head of Department of Urology, General Hospital, Kuala Lumpur from 1976 to May 1984.

He was also the Honorary Professor of Surgery (Urology) Department of Surgery, Universiti Kebangsaan Malaysia, Selangor, from 1978 to May 1984. Datuk Dr Hussein is a Foundation Fellow of the Academy of Science Malaysia.

He is presently the Consultant Urological Surgeon at Hospital Tawakal, a position he has held since May 1984.



**Rozan Mohd Sa'at**  
Non-Independent  
Non-Executive Director

Rozan Mohd Sa'at, aged 52, is a Director of KPJ Healthcare Berhad (KPJ) and was appointed to the Board of KPJ on 1 January 2009. He is a Non-Independent Non-Executive Director of KPJ. He is the Managing Director of Sindora Berhad. He is also the Chief Executive Officer of Hospitality Division of JCorp.

He holds a Bachelor of Economics (Honours) majoring in Statistics from Universiti Kebangsaan Malaysia. He started his career in 1983 as an Administrative Officer in Planning & Research Department of JCorp before being seconded as Operations Manager in Sergam Berhad, a subsidiary of JCorp in 1986.

From 1987 to 1988, he served in the Corporate Communications Department, JCorp as an Administrative Officer.

From 1988 to 1993, he was the Executive Director of several subsidiaries in JCorp Group.

In 1994, he was appointed as the General Manager of JCorp's Tourism Division before assuming the post of Chief Executive of the same Division on 15 June 1996, a post which he held until his appointment as the General Manager, Business Development, JCorp beginning January 1999.

Prior to his appointment as the Managing Director of Sindora Berhad, he served as the Senior General Manager, Business Development of JCorp from 2000 until August 2002. He is also a Director of Kulim (Malaysia) Berhad and Waqaf An-Nur Corporation Berhad.



**Abd Razak Haron**  
Non-Independent  
Non-Executive Director

Abd Razak Haron, aged 48, was appointed as the Non-Independent Non-Executive Director of KPJ Healthcare Berhad (KPJ) on 1 July 2011.

Abd Razak is currently the Executive Vice President (Compliance) overseeing the Johor Corporation (JCorp)'s Group Internal Audit and the Enterprise Risk Management Unit. He joined the Group in 1994 as the Group Internal Audit Manager in one of the listed subsidiary of the Group and became the Group Chief Auditor in 1997.

He graduated with Honors in Accounting and Finance from University of East London in 1986. He is a Certified Internal Auditor (CIA) (1998) and a Fellow Chartered Member of the Institute of Internal Auditors Malaysia (CFIIA). He also holds an Executive Certificate in Management from Henley Management College, UK (2006).

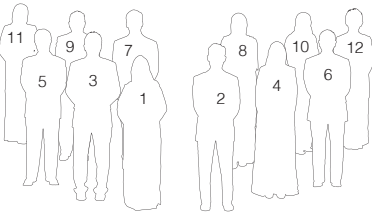
At the national level, he was a member of the Board of Governor of the Institute of Internal Auditors Malaysia from 1996 to 2011 and was the Past President from 2002 until 2004.

He sat on the International Academic Relations Committee of the IIA Inc (1997/2000) and participated in the setting up of the Asian Confederation of the Institute of Internal Auditors ("IIA") ACIIA through forums in Hong Kong, Bangkok, Singapore and Philippines and also sat on the Professional Issues Committee of IIA Global from 2008 to 2010.

Abd Razak has more than 20 years internal auditing experience in various industries including energy, secondary mortgage market, property, timber, stock broking, unit trusts management, plantation and healthcare services.

He was a member of the Taskforce on Guidelines on Internal Audit Function of Bursa Malaysia. He had delivered various presentations/seminars in Internal Auditing, Risk Management and Corporate Governance including the Capital Market Workshop of the Securities Commission, Mandatory Accreditation Programmes of the Bursa Malaysia and Directors Programmes of the Companies Commission of Malaysia (CCM).

EXECUTIVE COMMITTEE



- Committee Chairman**  
**1. Datin Paduka Siti Sa'diah Sheikh Bakir**  
Managing Director

**2. Amiruddin Abdul Satar**  
Executive Director and Chief Operating Officer

**3. Mohd Sahir Rahmat**  
Chief Financial Officer
- 4. Jasimah Hassan**  
Chief Education and Knowledge Management (EduKATE)

**5. Abdol Wahab Baba**  
Chief Risk Officer

**6. Yusof Ismail**  
Group General Manager - Education and Corporate Social Responsibility

- 7. Mohd Johar Ismail**  
Senior General Manager - Group Hospital Operation

**8. Datin Sabariah Fauziah Jamaluddin**  
Senior General Manager - Group Human Capital
- 9. Ahmad Nasirruddin Harun**  
Senior General Manager - Group Business Transformation and Strategic Direction

**10. Norhaizam Mohammad**  
Senior General Manager - Group Finance and Investor Relations
- 11. Rafeah Ariffin**  
Senior General Manager - Group Marketing and Corporate Communications

**12. Mah Lai Heng**  
Senior General Manager - Group Clinical and Quality



# Hospital Medical Directors

First row from left

- 1. **Dr Wan Hazmy Che Hon**  
KPJ Seremban Specialist Hospital
- 2. **Dato' Dr Fadzli Cheah Abdullah**  
KPJ Ipoh Specialist Hospital
- 3. **Dr Mohd Hafetz Ahmad**  
KPJ Johor Specialist Hospital
- Committee Chairman**  
4. **Datuk Dr Hussein Awang**  
Tawakal Health Centre
- 5. **Datin Paduka Siti Sa'diah Sheikh Bakir**  
Managing Director
- 6. **Dr Yoong Fook Ngian**  
Medical Advisory Committee Chairman
- 7. **Dato' Dr Mohd Rani Jusoh**  
KPJ Ampang Puteri Specialist Hospital
- 8. **Dato' Dr Azizi Omar**  
KPJ Damansara Specialist Hospital

Second row from left

- 9. **Dato' Dr Ismail Yaacob**  
Kedah Medical Centre
- 10. **Dr Mohd Harris Lu Abdullah**  
Sentosa Medical Centre
- 11. **Dato' Dr Shaharudin Abd Jalal Ajma'in**  
Puteri Specialist Hospital
- 12. **Dr Balakrishnan Subramaniam**  
KPJ Kajang Specialist Hospital

Third row from left

- 13. **Dato' Dr Shahrudin Mohd Dun**  
KPJ Selangor Specialist Hospital
- 14. **Dr Khaled Mat Hassan**  
Kuantan Specialist Hospital
- 15. **Dr David Ling Sheng Tee**  
Kuching Specialist Hospital
- 16. **Dr G Ruslan Nazaruddin Simanjuntak**  
KPJ Tawakkal Specialist Hospital
- 17. **Dr Lim Keok Tang**  
Damai Specialist Hospital
- 18. **Dr Choong Yean Yaw**  
Pusat Pakar Mata Centre For Sight
- 19. **Dr Ong Boon Teik @Taik**  
Taiping Medical Centre
- 20. **Dr Wong Chya Wei**  
Sibu Specialist Medical Centre
- 21. **Dr Mahayidin Muhamad**  
KPJ Perdana Specialist Hospital
- 22. **Dato' Dr N Sivamohan**  
KPJ Klang Specialist Hospital
- 23. **Dr Ahmad Farid Daud**  
Kluang Utama Specialist Hospital
- 24. **Dr Ewe Khay Guan**  
KPJ Penang Specialist Hospital



## Hospital Management Committee

First row from left

1. **Rafeah Ariffin**  
*Senior General Manager -  
Group Marketing and  
Corporate Communications*
2. **Datin Sabariah  
Fauziah Jamaluddin**  
*Senior General Manager -  
Group Human Capital*
3. **Abdol Wahab Baba**  
*Chief Risk Officer*
4. **Yusof Ismail**  
*Group General Manager -  
Education and  
Corporate Social Responsibility*
5. **Mohd Sahir Rahmat**  
*Chief Financial Officer*
6. **Datin Paduka Siti Sa'diah  
Sheikh Bakir**  
*Managing Director*

7. **Amiruddin Abdul Satar**  
*Executive Director and  
Chief Operating Officer*
8. **Jasimah Hassan**  
*Chief Education and  
Knowledge Management (EduKATE)*
9. **Mohd Johar Ismail**  
*Senior General Manager -  
Group Hospital Operation*
10. **Norhaizam Mohammad**  
*Senior General Manager -  
Group Finance and  
Investor Relations*
11. **Ahmad Nasirruddin Harun**  
*Senior General Manager -  
Group Business Transformation  
and Strategic Direction*
12. **Mah Lai Heng**  
*Senior General Manager -  
Group Clinical and Quality*

Second row from left

13. **Hazarul Azly Hamzah**  
*General Manager  
RS Medika Permata Hijau*
14. **Dr Munirah Khudri**  
*Chief Executive Officer  
KPJ Tawakkal Specialist Hospital*
15. **Maisarah Omar**  
*Chief Executive Officer  
KPJ Kajang Specialist Hospital*
16. **Mohd Taufik Ismail**  
*Chief Executive Officer  
KPJ Damansara Specialist Hospital*
17. **Asmadi Mohd Bakri**  
*Chief Executive Officer  
KPJ Perdana Specialist Hospital*
18. **Norita Ahmad**  
*Chief Executive Officer  
KPJ Johor Specialist Hospital*

Third row from left

19. **Mohd Nasir Mohamed**  
*Chief Executive Officer  
KPJ Ipoh Specialist Hospital*
20. **Abd Aziz Abd Rahman**  
*Chief Executive Officer  
KPJ Seremban Specialist Hospital*
21. **Roslan Ahmad**  
*Chief Executive Officer  
KPJ Selangor Specialist Hospital*
22. **Alice Liu Ghee Voon**  
*Chief Executive Officer  
KPJ Penang Specialist Hospital*
23. **Zabidi Abdul Razak**  
*Chief Executive Officer  
Kedah Medical Centre*
24. **Khairun Ahmad**  
*Chief Executive Officer  
Puteri Specialist Hospital*
25. **Yusmah Mohd Salleh**  
*General Manager  
KPJ Johor Specialist Hospital*
26. **Zaharah Osman**  
*General Manager  
KPJ Klang Specialist Hospital*
27. **Mohamad Badri Hussin**  
*General Manager  
RS Medika Bumi Serpong Damai*
28. **Mohamad Sofian Ismail**  
*General Manager  
Taiping Medical Centre*
29. **Gunavathy Kalee**  
*General Manager  
Sentosa Medical Centre*
30. **Yasser Arafat Ishak**  
*General Manager  
Kuching Specialist Hospital*
31. **Haliza Khalid**  
*General Manager  
Kuantan Specialist Hospital*
32. **Zaiton Sulaiman**  
*General Manager  
Kluang Utama Specialist Hospital*
33. **Mohd Azhar Abdullah**  
*Chief Operating Officer  
Sabah Medical Centre*
34. **Mohamad Hafiz Zaini**  
*General Manager  
Sibu Specialist Medical Centre*
35. **Muhammad Gunasingam  
Retnasabapathy**  
*General Manager  
Tawakal Health Centre*
36. **Mahazan Kamis**  
*General Manager  
Damai Specialist Hospital*
37. **Noor Haslina Harun**  
*General Manager  
KPJ Ampang Puteri Specialist Hospital*



## Divisional Committee

First row from left

1. **Rafeah Ariffin**  
Senior General Manager -  
Group Marketing and Corporate  
Communications
2. **Datin Sabariah  
Fauziah Jamaluddin**  
Senior General Manager -  
Group Human Capital
3. **Abdol Wahab Baba**  
Chief Risk Officer
4. **Yusof Ismail**  
Group General Manager -  
Education and  
Corporate Social Responsibility
5. **Mohd Sahir Rahmat**  
Chief Financial Officer  
  
**Committee Chairman**
6. **Datin Paduka Siti Sa'diah  
Sheikh Bakir**  
Managing Director
7. **Amiruddin Abdul Satar**  
Executive Director and  
Chief Operating Officer
8. **Jasimah Hassan**  
Chief Education and  
Knowledge Management (EduKATE)
9. **Mohd Johar Ismail**  
Senior General Manager -  
Group Hospital Operation
10. **Norhaizam Mohammad**  
Senior General Manager -  
Group Finance and  
Investor Relations
11. **Ahmad Nasirruddin Harun**  
Senior General Manager -  
Group Business Transformation  
and Strategic Direction
12. **Mah Lai Heng**  
Senior General Manager -  
Group Clinical and Quality

Second row from left

13. **Maria Khong Poh Fong**  
Senior Corporate Manager -  
Investor Relations
14. **Dr Aliza Jamaluddin**  
Senior Corporate Manager -  
Group Clinical and Quality
15. **Dr KV Anitha**  
Senior Corporate Manager -  
Group Clinical and Quality
16. **Noreen Abdul Rashid**  
Senior Corporate Manager -  
Legal and Secretarial
17. **Othman Abdullah**  
General Manager -  
Credit Control and Operations
18. **Iskandar Baharudin**  
General Manager -  
Project Development and  
Commissioning
19. **Khairol Badariah Basiron**  
General Manager -  
Internal Audit
20. **Elman Mustafa El-Bakri**  
Senior Corporate Manager -  
Bio-Medical Engineering
21. **Hanida Mohd Hassan**  
Deputy Manager -  
Total Patient Experience
22. **Maygala Arumugam**  
Group Chief Nursing Officer

Third Row from left

23. **Andrew William Burr**  
Senior Corporate Manager -  
Group Marketing
24. **Eric Sim Kam Seng**  
General Manager -  
Information Technology
25. **Yusri Ali**  
General Manager -  
Information Technology
26. **Dr Mubashir Iftikhar**  
Chief Information Officer





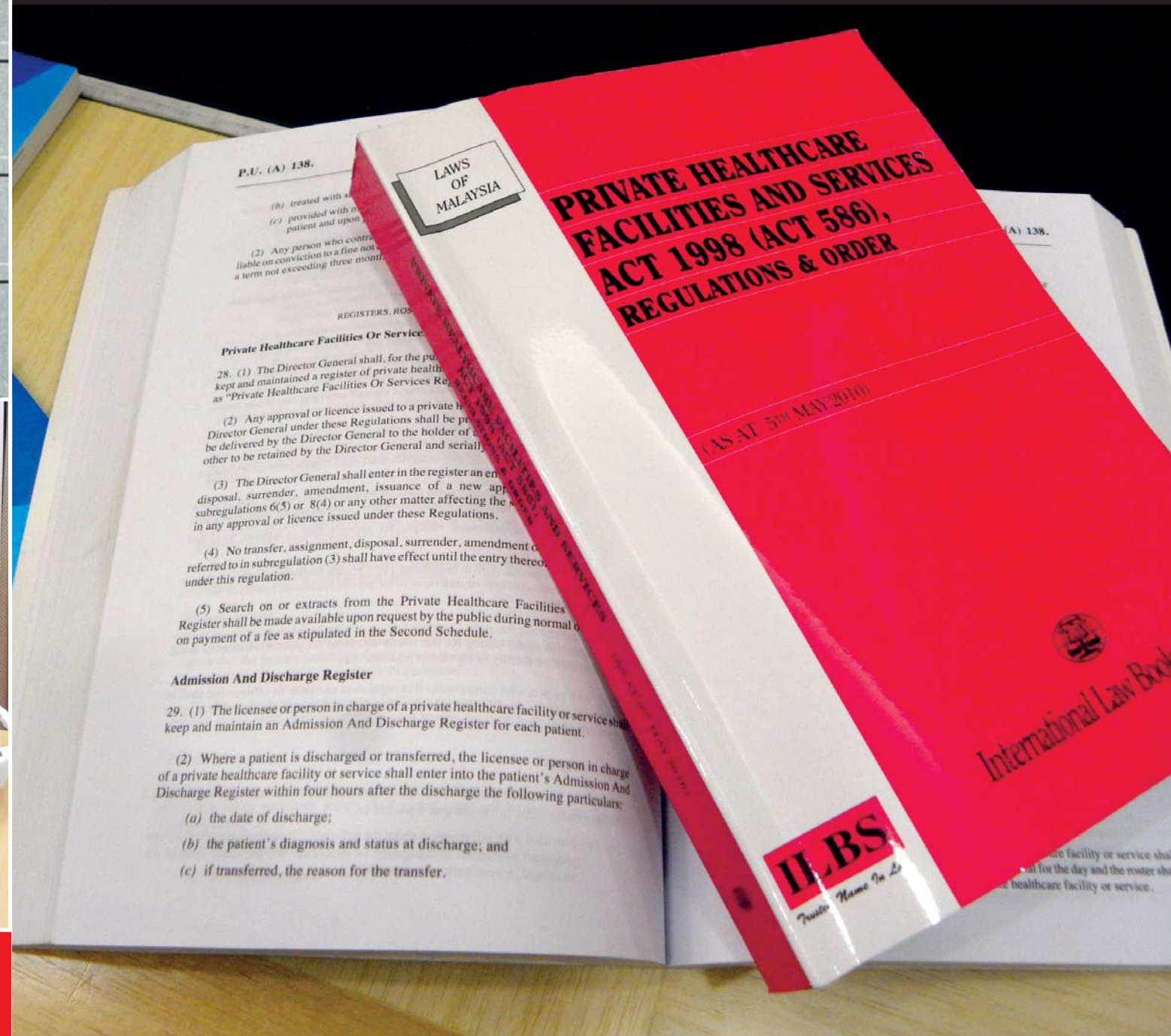
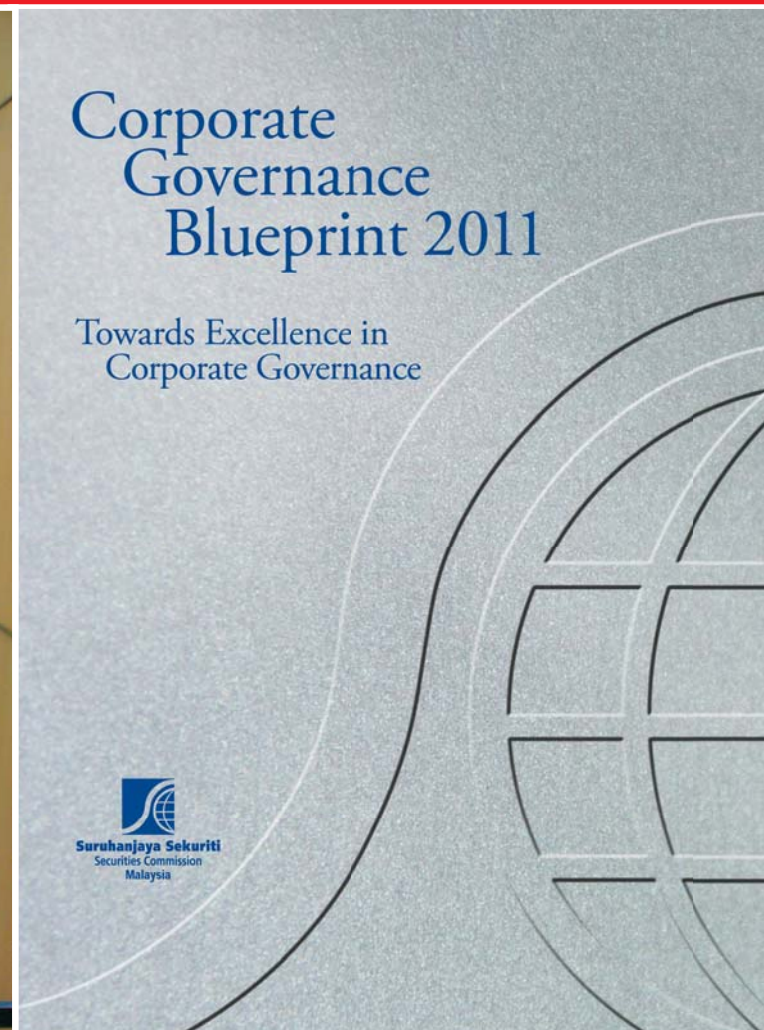
KPJ Healthcare Medical Conference 2011

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## CORPORATE GOVERNANCE

# STATEMENT ON CORPORATE GOVERNANCE



# Statement on Corporate Governance

(Pursuant to Section 15.26 of the Bursa Malaysia Listing Requirements)

The Board of Directors of KPJ Healthcare Berhad subscribes to and supports the Malaysian Code on Corporate Governance (revised 2007) as a minimum basis for practices on corporate governance. The Board of KPJ Healthcare Berhad (KPJ) is pleased to report to the shareholders in particular and other stakeholders that highest standards of corporate governance has been continuously practiced and upheld in accordance with the Principles as set out in Part 1 of the Malaysian Code on Corporate Governance ("The Code"). The Board, to the best of their knowledge, confirms that the Group has complied with the Best Practices as set out in Part 2 of the Code throughout the financial year ended 31 December 2011.

The Board recognises the importance of Corporate Governance and conscientiously attains highest business ethics and governance in conducting the day today business and affairs of the Group. Thus, at all times the practice of good corporate governance is the main priority in safeguarding and enhancing the shareholders' value and protecting the interests of all stakeholders.

The Board believes that good corporate governance adds value to the main business of the KPJ Group and will ensure that this practice continues.

The Board of Directors believes in playing an active role in directing management through its review and approval of the Group's direction and strategy and acknowledged that their primary role is to lead and control, via its monitoring of professional standards and business performance, its review of the adequacy and integrity of the Group's internal control systems, including the identification of principal risks and ensuring the implementation of appropriate systems to manage those risks, are part of its underlying duty to ensure that the Group meets its responsibilities to its shareholders.

## Board Of Directors

### Board Structure, Composition and Balance

During the financial year, there have been few changes in the composition of the Board of Directors of KPJ from the previous year. On 1 January 2011, Amiruddin Abdul Satar, Chief Operating Officer of the Company was appointed as Executive Director of the Company and on 16 June 2011 one Independent Non-Executive Director, Tan Sri Dato' Seri Arshad Ayub, had resigned which reduced down the number of Independent Non-Executive Directors to five.

As a result of the above changes, the composition of the Board of Director is as follows:

- 1. One Non-Executive Chairman
- 2. Three Non-Executive Directors
- 3. Five Independent Non-Executive Directors
- 4. One Managing Director
- 5. One Executive Director

The present size and composition remains well balanced and is made up of professionals with a wide range of knowledge and experience in business, operations and finance relevant to the direction of a large expanding Group. The profiles, inclusive of caliber, credibility, skill and experience, of each Board Member are disclosed on pages 35 to 40 of this Annual Report.

The size of the Board is optimum for the complexity and scale of operations of healthcare business. Whilst the Company has a significant shareholder (Johor Corporation), the investment of minority shareholders is fairly reflected through Board representation of Independent Non-Executive Directors and all of them have fulfilled the criteria of independence as defined in the Bursa Malaysia Securities Berhad's Listing Requirements which require at least two directors or one-third of the total number of Directors, whichever is higher, to be Independent Directors.

The Independent Non-Executive Directors do not engage in any business dealings or other relationships and the day-to-day management of the Company. Hence, they are capable of exercising independent judgment and act in the best interests of the Company and its shareholders. All Independent Non-Executive Directors are qualified professionals in their respective fields and carry with them vast industry experience along with subject matter expertise in medical, legal, accounting and business management.

The presence of five (5) Independent Non-Executive Directors ensures that the Board is well balanced and could carry sufficient weight on Board's decisions. Although all the Directors have equal responsibilities for the Group's operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that all business strategies proposed by the executive management are fully and independently discussed and assessed, and take into account the long term interest, not only of shareholders, but also employees, customers, suppliers, and the many communities in which the Group operate.

This Board composition complied with the Bursa Malaysia Securities Berhad's Listing Requirements.

### Responsibility between Chairman and Managing Director

The responsibility between the Chairman and Managing Director are clearly divided to ensure that there is a balance of power and authority. Kamaruzzaman Abu Kassim, who was appointed as the President and Group CEO of JCorp on 1 December 2010, was appointed as Director and Chairman of the Company on 3 January 2011 and 12 January 2011, respectively.

He carried with him vast experience and wide experience within the corporate business and has been with the JCorp Group since December 1992. He is also a Director and Chairman of other listed companies within the JCorp Group, Kulim Berhad, QSR Brands Berhad, KFC Holdings Malaysia Berhad and Sindora Berhad.

Other than actively involved in the corporate business, he also contributed significantly to the development of the JCorp Group's commitment towards Corporate Social Responsibility. He is also a director in Waqaf An-Nur Corporation Berhad, an Islamic endowment institution that spearheads JCorp Group's Corporate Responsibility programmes, including the unique Corporate Waqaf Concept initiated by JCorp. He also sits as Director of Damansara REIT Managers Sdn Bhd. Besides that, he is also the Chairman and/or Director of several other companies within the JCorp Group.

As Chairman, his focus is to provide an oversight role on governance and compliance. In turn, the Board monitors the functions of Board Committees in accordance with their respective term of references to ensure its own effectiveness.

The current Chairman has never held the position of Managing Director of the Company.

The Managing Director of the Company, Datin Paduka Siti Sa'diah Sheikh Bakir, began her career with JCorp and has been directly involved with JCorp's Healthcare Division since 1978. She has the principal responsibility of implementing the policies and decisions approved by the Board and progressively reports and communicates all strategic and operational matters to the Board for decision-making purposes. She is further supported by the newly appointed Executive Director, Amiruddin Abdul Satar, who carries with him vast experience in managing the hospital operations. He has been with the Group since 1991 and is the current Chief Operating Officer (COO).

The Board has also developed and approved the corporate objectives for 2012, for which the Managing Director and Executive Director are responsible to achieve.

### Terms of Reference

Terms of reference have been developed for both the Board and Management, defining their respective authorities, duties and responsibilities, and this is covered by the Group's Code of Conduct and Business Ethics. While the Chairman encourages full discussion and deliberation of issues affecting the Group by all Board Members, the Board has appointed Zainah Mustafa, the Senior Independent Non-Executive Director, to whom concerns pertaining to the Group maybe conveyed by shareholders and other stakeholders.

### Board Responsibility

In discharging their duties and responsibilities, the Board ensures that all decisions made are in the best interests of the Company and stakeholders. The key duties of the Board include the following:

- **Review and adopt the business strategic plans for the Group.**  
The strategic and business plan for the period 2012 – 2016 was tabled, discussed and approved by the Board at its meeting on 29 November 2011. Additionally, on an ongoing basis as need arises, the Board will assess whether projects, purchases and sale of equity as well as other strategic consideration being proposed at Board meetings during the year are in line with the objectives and broad outline of the adopted strategic plans.

- **Oversee the conduct of the company's business to evaluate whether the business is being properly manage**  
The Board is responsible to oversee and review the Group's annual budget, operational and financial performance on a periodic basis against the budget. At Board meetings, all operational matters will be discussed and appropriate consultation will be sought if necessary. Where and when available, the performance of the Group will be benchmarked and compared against the performance of its competitors.

- **Identify and manage principal risks and ensure the implementation of appropriate systems to manage these risks.**  
Various committees in relation to clinical and professional risk were set up under the Medical Advisory Committee and the functions of each committee are disclosed in pages 72 to 81. Building Committee was formed to oversee the risks involving projects and development of new hospitals.

- **Succession planning, including appointing, training and fixing the compensation of, and where appropriate, replacing senior management.**  
The Board will deliberate on the latest plans and actions taken in respect of the succession planning as provided by the Group Human Capital Services. More importantly, after several years of continuous efforts in emphasizing and communicating the importance of succession planning, the subject has now become an ongoing agenda being reviewed and discussed at various high-level management and operational meetings of the Group. An overview of the Group Human Capital and its importance to the Group are mentioned on pages 117 to 118 of this Annual Report.

- **Develop and implement investors' relations programme or shareholder communications policy for the Group.**  
The Group has introduced many activities with regards to engagement and communication with investors to ensure that they are well informed about the Group affairs and developments. Details of investors' activities are disclosed on pages 61 to 62 of this Annual Report.

- **Review the adequacy and integrity of the internal controls of the Group and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines.**  
The Board's function as regard to fulfilling these responsibilities effectively are supported and reinforced through the various Committees established at both the Board and Management's level. Aided by an Independent function of the Group Internal Audit Services, the active functioning of these Committees through their regular meetings and discussions would provide a strong check and balance and reasonable assurance on the adequacy of the Group's internal controls. Details of these functions are discussed in the Internal Control Statement and Audit Committee report in this Annual Report.

The Board is also responsible to ensure smooth functioning of core processes, board governance, business value and ethical oversight, whilst the Non-Executive Independent Directors will further provide an independent and objective view with effective check and balance in deliberating the above mentioned.

**Board Meetings and Supply of Information**

The Board meets on a quarterly basis with additional meetings convened for specific matters when necessary. Meetings are scheduled ahead to facilitate Directors' attendance and for the financial year 2011 the meetings were fixed in December 2010. During the year ended 31 December 2011, the Board convened five meetings on the following dates and venues:

Date of Meeting	Description	Venue	Attendance
12 Jan 11	Special Board of Directors Meeting	Persada Johor	10/11
28 Feb 11	62 <sup>nd</sup> Board Of Directors Meeting	KPJ Tawakkal Specialist Hospital	10/10
16 Jun 11	63 <sup>rd</sup> Board Of Directors Meeting	Persada Johor	10/10
12 Sep 11	64 <sup>th</sup> Board Of Directors Meeting	Menara Johor Corporation, Kuala Lumpur	10/11
29 Nov 11	65 <sup>th</sup> Board Of Directors Meeting	Persada Johor	11/11

The Board Members remain committed and dedicated in fulfilling their duties and responsibilities and this is reflected via their attendance at each Board meeting as listed below:

No	Name	BOD	Attendance
1.	Kamaruzzaman Abu Kassim	Chairman	5/5
2.	Datin Paduka Siti Sa'diah Sheikh Bakir	Members	5/5
3.	Amiruddin Abdul Satar	Members	2/2
4.	Tan Sri Dato' Seri Arshad Ayub	Members	2/2
5.	Datuk Dr Hussein Awang	Members	5/5
6.	Datuk Azzat Kamaludin	Members	4/5
7.	Zainah Mustafa	Members	5/5
8.	Ahamad Mohamad	Members	5/5
9.	Dr Kok Chin Leong	Members	5/5
10.	Dr Yoong Fook Ngian	Members	5/5
11.	Abd Razak Haron	Members	2/2
12.	Rozan Mohd Sa'at	Members	5/5

All Directors have complied with the minimum of 50% attendance as required by Paragraph 15.05 of the Bursa Malaysia Securities Berhad's Listing Requirements.

Prior to each meeting, the Board Report will be circulated to all Directors so that each Director has ample time to peruse and review it for further deliberation at the Board meeting. The Board Report includes among others, the following details:

- Minutes of meeting of all Committees of the Board
- Any matters arising from previous meetings
- Business strategies and corporate proposals
- Review of operational matters and financial report of the Group
- Review of clinical and professional services report
- Approval sought for capital expenditure and expansion project reports
- Progress report on risk management and Audit Committee report
- Report of the Registrar

There is also a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets, acquisition and disposal of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

The Board is fully aware of its duties and responsibilities with regards to the above and decisions and deliberation at the Board meetings are recorded and minuted by the Company Secretary. All minutes will be confirmed prior to the meetings.

The Directors, whether as a full Board or in the individual capacities, have access to all information within the Company and could where necessary take independent advice at the Group's expense, in the furtherance of their duties.

All Directors are also entitled to have access to the advice and services of the Company Secretary. In between meetings, the Managing and/or Executive Director meet regularly with the Chairman and other Board Member to keep them abreast of current developments of the Group.

**Appointment and re-election of Directors**

The number and composition of Board membership are reviewed on a regular basis appropriate to the prevailing size, nature and complexity of the Group's business operations so as to ensure the relevance and effectiveness of the Board.

The Board is responsible to the shareholders. All Directors appointed during the financial year retire at the Annual General Meeting ("AGM") of the Company in the period of appointment and are eligible for re-election. In compliance with Paragraph 7.26(2) of the Listing Requirements, all directors shall retire once at least in every 3 years.

In accordance with Article 96 of the Articles of Association of the Company, Datin Paduka Siti Sa'diah Sheikh Bakir, Zainah binti Mustafa and Rozan Mohd Sa'at, will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Article 97 of the Articles of Association of the Company, Abd Razak Haron and Amiruddin Abdul Satar, who were appointed during the financial year retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Pursuant to Section 129 (6) of the Companies Act, 1965, Datuk Dr Hussein Awang and Dr Yoong Fook Ngian, who are above the age of seventy (70) retire at the forthcoming Annual General Meeting and will be re-appointed as Director and to hold office until the next Annual General Meeting.

**Directors' Remuneration**

The Board believes that the levels of remuneration offered by the Group are sufficient to attract Directors of calibre and with sufficient experience and talents to contribute to the performance of the Group. The remuneration framework for Management and Executive Director has an underlying objective of attracting and retaining director needed to run the Company successfully. Remuneration packages of Management and Executive Director are structured to commensurate with corporate and individual's performance. The Non-Executive Directors are remunerated based on fixed annual fees approved by the shareholders of the Company. (Table 1)

Table 1

	Salary and others	Allowances and Fees	Fees from Subsidiary	Benefit in Kind	Total
<b>Non-Executive Directors</b>					
Kamaruzzaman Abu Kassim (a)		110,556			110,556
Ahamad Mohamad (a)		57,500			57,500
Rozan Mohd Sa'at (a)		58,800			58,800
Abd Razak Haron (a)		28,000			28,000
<b>Independent Non-Executive Directors</b>					
Tan Sri Dato' Seri Arshad Ayub		31,056			31,056
Zainah Mustafa		65,500			65,500
Datuk Azzat Kamaludin (b)		62,000	18,000		80,000
Datuk Dr Hussein Awang (c)		92,000	21,000		113,000
Dr Kok Chin Leong (d)		144,750	18,200		162,950
Dr Yoong Fook Ngian (e)		253,000	6,200		259,200
<b>Managing Director</b>					
Datin Paduka Siti Sa'diah Sheikh Bakir	998,600	82,500	90,000	70,600	1,241,700
<b>Executive Director</b>					
Amiruddin Abdul Satar	584,550	28,000	36,000	15,521	664,071
<b>Total</b>	<b>1,583,150</b>	<b>1,013,662</b>	<b>189,400</b>	<b>86,121</b>	<b>2,872,333</b>

- (a) Representatives of majority shareholders  
(b) Received allowances for appointment as Independent Director of subsidiary company  
(c) Received allowances for professional advisory services as Group Healthcare Adviser  
(d) Received allowances for professional advisory services on implementation of KPJ Clinical Information System (K-CIS)  
(e) Received allowances for professional advisory services as Medical Advisory Committee Chairman

Table 2

	Name of Workshop	Date	Venue	Name of Organizer	Name of Directors
1.	Invest Malaysia	30 Jan 11	Abu Dhabi, UAE	Malaysian Industrial Development Authority (MIDA) and Focus International	Datin Paduka Siti Sa'diah Sheikh Bakir
2.	Women In Leadership Forum	22 Feb 11	Kuala Lumpur	Naseba and Peniagawati	Datin Paduka Siti Sa'diah Sheikh Bakir
3.	Clinical Governance Conference	22 Feb 11	Sydney, Australia	International Quality & Productivity Centre	Dr Yoong Fook Ngian
4.	Asian CG: The Future Steps	1 Mar 11	Kuala Lumpur	International Corporate Governance Network	Datin Paduka Siti Sa'diah Sheikh Bakir
5.	Allergy and Asthma In Childhood - An Update	21 - 24 Apr 11	Kuala Lumpur	Malaysian Paediatric Associations (MPA)	Dr Kok Chin Leong
6.	Malaysian Society for Quality in Health (MSQH)	9 - 11 May 11	Kuala Lumpur	Malaysian Society for Quality in Health (MSQH)	Dr Yoong Fook Ngian
7.	Assessing the Risk and Control Environment	24 Mar 11/ 22 Aug 11	Kuala Lumpur	Bursa Malaysia Berhad	Datin Paduka Siti Sa'diah Sheikh Bakir
8.	Malaysian Paediatric Associations (MPA) 33rd Congress	31 May 11 - 3 Jun 11	Kota Bahru	Malaysian Paediatric Associations (MPA)	Dr Kok Chin Leong
9.	APHM/ASQua/ISQua International Healthcare Conference	6 - 8 July 11	Kuala Lumpur	Association of Private Healthcare Malaysia APHM/ASQua/ISQua	Datin Paduka Siti Sa'diah Sheikh Bakir Amiruddin Abdul Satar Dr Yoong Fook Ngian Dr Kok Chin Leong
10.	1 <sup>st</sup> KPJ Medical Workshop 2011	15 - 17 July 11	Johor Bahru	KPJ Healthcare Berhad	Datin Paduka Siti Sa'diah Sheikh Bakir Amiruddin Abdul Satar Dr Yoong Fook Ngian Dr Kok Chin Leong Datuk Dr Hussein Awang
11.	Asian Academy of Eczema Summit	10 - 11 Sep 11	Kuala Lumpur	Dermatology Society of Malaysia	Dr Kok Chin Leong
12.	Khazanah Mega Trends Forum 2011 : Uncertainty as Normality - Navigating Through Complex Interconnection	26 - 27 Sep 11	Kuala Lumpur	Khazanah Nasional	Datuk Azzat Kamaludin
13.	Black Hole of Assurance - Is your Board & Audit Committee aware of the Red Flags?	4 - 5 Oct 11	Kuala Lumpur	Institute of Internal Auditors	Zainah Mustafa
14.	Early Infant Nutrition	15 - 16 Oct 11	Langkawi	Malaysian Paediatric Associations (MPA)	Dr Kok Chin Leong
15.	JCorp Group Directors Conference 2011 - Towards Boardroom Excellence and Corporate Governance Best Practices	27 - 28 Oct 11	Johor Bahru	Johor Corporation	Kamaruzzaman Abu Kassim Datin Paduka Siti Sa'diah Sheikh Bakir Amiruddin Abdul Satar Dr Kok Chin Leong Dr Yoong Fook Ngian Zainah Mustafa Rozan Mohd Sa'at Abd Razak Haron

Directors’ Training

As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education program for new Board Members. Directors also receive further training from time to time through Continuous Education Programs (CEP), particularly on relevant laws and regulations and changing commercial risks as required by Bursa Malaysia Securities Berhad. The Group complies with the requirements set out in the Listing Requirements in that it regularly assesses the training needs of its Directors to ensure that they are updated with the latest requirements. The Company Secretary will assist to schedule dates for training of Directors whether in a group or on an ad-hoc basis.

During the year, the Board Members have attended the following training organized by external parties (Table 2)

Board Committees

Board and Management Committees

The Board as part of its leadership role coordinates and delegates specific responsibilities to several committees to facilitate the operations of the Group at Board and Management level. Each committee has written terms of reference defining their scope, powers and responsibilities. These Committees have the authority to examine particular issues and report back to the Board with their recommendations.

The ultimate responsibility for the final decisions and recommendations on all matters emanating from these Committees, however, lies with the entire Board.

The committees are divided into Board and Management Committees.

The Board Committees comprises of 4 main committees:

- Audit Committee
- Building Committee
- Medical Advisory Committee
- Nomination and Remuneration Committee

The Management Committees comprises of one main committee:

- Executive Committee

Board Committees

Audit Committee (AC)

At the last Annual General Meeting, Pursuant to Section 129 (6) of the Companies Act, 1965, Tan Sri Arshad Ayub, who was above the age of seventy (70) retire and did not offer himself for re-appointment hence ceased to the Chairman of the Audit Committee. Subsequent to that the Board of Directors has appointed Zainah Mustafa as the Chairman of Audit Committee.

The Audit Committee comprises of 3 members inclusive of Zainah Mustafa as the Chairman and 2 other members of whom all are Independent Non-Executive Directors. The Committee meets on a scheduled basis at least 4 times a year. The profiles, inclusive of caliber, credibility, skill and experience, of each Board Member are disclosed on pages 35 to 40 of this Annual Report.

Pursuant to paragraph 15.15 of the Listing Requirements of Bursa Securities, the Audit Committee Report for the financial year, which sets out the composition, terms of reference and a summary of activities of the Audit Committee, is contained on pages 68 to 71 of this Annual Report.

Building Committee (BC)

In line with the extensive development of new and existing hospital buildings, the Board had on 31 May 2010 resolved to establish the BC. The main purpose of the committee is to oversee the timeline and costing of each project undertaken by the Group and to address any issues relating to these projects.

The committee is chaired by Dr Yoong Fook Ngian and comprises 2 other members, Datin Paduka Siti Sa'diah Sheikh Bakir and Rozan Mohd Sa'at. The Committee meets on a scheduled basis at least 4 times a year and all reports and minutes of the meeting will be escalated to the Board.

Medical Advisory Committee (MAC)

The Committee's role is to ensure that the best clinical governance activities and guidelines are being practiced by the Group. The Committee meets on a scheduled basis at least 4 times a year and was chaired by the Chairman of MAC, Dr Yoong Fook Ngian.

The functions and activities carried out by the Committee are set out under the Medical Advisory Committee Report on pages 72 to 81 of this annual report.

Nomination and Remuneration Committee (NRC)

Previously, the Nomination and Remuneration Committee (NRC) for all listed subsidiaries of Johor Corporation (JCorp) were centralised at the holding corporation level. The Board had on 28 February 2011 resolved to establish its own NRC and with the establishment of the Company's NRC, the functions and responsibilities of the Company's NRC now been decentralized and vested with the respective Board NRC of each public listed company.

The Board is of the view that the composition of the NRC meets the objectives and principles of the corporate governance.

The terms of reference of the NRC are as follows:

1. Purpose

The NRC is established primarily for the following purposes:

- a) Nomination
- Identify and recommend candidates for Board directorship;
  - Recommend directors to fill the seats on Board Committee, with diversity in consideration;
  - Evaluate the effectiveness of the Board and Board Committee (including the size and composition) and contributions of each individual director; and Ensure an appropriate framework and plan for
  - Board succession. Assess the quality of performance and training
  - needs are addressed

#### b) Remuneration

- Provide assistance to the Board in determining the remuneration of Executive Directors, Managing Director and Senior Management. In fulfilling these responsibilities, the NRC is to ensure that executive directors and applicable senior management of the Company:
  - \* Are fairly rewarded for their individual contribution to overall performance;
  - \* Are compensated reasonably in light of the Company's objectives; and
  - \* Are compensated similar to other companies.
- Establish the Managing Director's goals and objectives; and
- Review the Managing Director's performance against the goals and objectives set.

## 2. Membership

The NRC shall consist of the following members:

- a) Kamaruzzaman Abu Kassim
  - Chairman
- b) Zainah Mustafa
  - Independent Non-Executive Director
- c) Datin Paduka Siti Sa'diah Sheikh Bakir
  - Managing Director

The appointment of an NRC member terminates when the member ceases to be a director of the Company.

The NRC shall have no executive powers.

In the event of equality of votes, the Chairperson of the NRC shall have a casting vote. In the absence of the Chairperson of the NRC, the members present shall elect one of their members to chair the meeting.

## 3. Meetings

The NRC shall meet at least once a year. Additional meetings shall be scheduled as considered necessary by the NRC or Chairperson. The NRC may establish procedures from time to time to govern its meeting, keeping of minutes and its administration.

The NRC shall have access to such information and advice, both from within the Group and externally, as it deems necessary or appropriate in accordance with the procedures determined by the Company. The NRC may request other directors, members of management, counsels and consultants as applicable to participate in NRC meetings, as necessary, to carry out the NRC's responsibilities. Non-NRC directors and members of management in attendance may be required by the Chairperson to leave the meeting of the NRC when so requested.

The Secretary of the NRC shall be the Company Secretary. NRC meeting agendas shall be the responsibility of the NRC Chairperson with input from the NRC members. The Chairperson may also request management to participate in this process. The agenda of each meeting including supporting information shall be circulated to the NRC members and all those who are required to attend the meeting prior to each meeting.

The NRC shall cause the minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meeting of the NRC. Such minutes shall be signed by the Chairperson of the meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting, and if so signed, shall be the conclusive evidence without any further proof of the facts thereon stated.

The NRC, through its Chairperson, shall report to the Board at the next Board of Directors' meeting after each NRC meeting. When presenting any recommendation to the Board, the NRC shall provide such background and supporting information as may be necessary for the Board to make an informed decision. The NRC shall provide such information to the Board as necessary to assist the Board in making a disclosure in the Annual Report of the Company in accordance with the Best Practices of the Code Part 2 AAIX.

The Chairperson of the NRC shall be available to answer questions about the NRC's work at the Annual General Meeting of the Company.

## 4. Scope of Activities

The duties of the NRC shall include the following:

- a) Nomination
  - To determine the criteria for Board membership, including qualities, experience, skills, education and other factors that will best qualify a nominee to serve on the Board;
  - To review annually and recommend to the Board with regards to the structure, size, balance and composition of the Board and Committees including the required mix of skills and experience, core competencies which non-executive directors should bring to the Board and other qualities to function effectively and efficiently;
  - To consider, evaluate and propose to the Board any new board appointments, whether of executive or non-executive position. In making a recommendation to the Board on the candidate for directorship, the NRC shall have regard to:
    - \* Size, composition, mix of skills, experience, competencies and other qualities of the existing Board, level of commitment, resources and time that the recommended candidate can contribute to the existing Board; and
    - \* Best Practices of the Code Part 2 AAIII which stipulate that non-executive directors should be persons of calibre, credibility and have the necessary skill and experience to bring an independent judgement to bear on issues considered by the Board and that independent non-executive directors should make up at least one-third of the membership of the Board.

- To propose to the Board the responsibilities of non-executive directors, including membership and Chairpersonship of Board Committees. To evaluate and recommend the appointment
- of senior executive positions, including that of the Managing Director and their duties and the continuation (or not) of their service. To establish and implement processes for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each director.
- To evaluate on an annual basis:
  - \* The effectiveness of each director's ability to contribute to the effectiveness of the Board and the relevant Board Committees and to provide the necessary feedback to the directors in respect of their performance;
  - \* The effectiveness of the Committees of the Board; and
  - \* The effectiveness of the Board as a whole.
- To recommend to the Board:
  - \* Whether directors who are retiring by rotation should be put forward for re-election; and
  - \* Termination of membership of individual director in accordance with policy, for cause of other appropriate reasons.
- To establish appropriate plans for succession at Board level, and if appropriate, at senior management level.
- To provide for adequate training and orientation of new directors with respect to the business, structure and management of the Group as well as the expectations of the Board with regard to their contribution to the Board and Company.
- To consider other matters as referred to the NRC by the Board.

#### b) Remuneration

- To establish and recommend the remuneration structure and policy for directors and key executives, if applicable, and to review for changes to the policy as necessary.
- To ensure that a strong link is maintained between the level of remuneration and individual performance against agreed targets, the performance-related elements of remuneration setting forming a significant proportion of the total remuneration package of executive directors.
- To review and recommend the entire individual remuneration packages for each of the executive director and, as appropriate, other senior executives, including: the terms of employment or contract of employment/service; any benefit, pension or incentive scheme entitlement; any other bonuses, fees and expenses; and any compensation payable on the termination of the service contract.

- To review with the Managing Director/Chief Executive Officer, his/her goals and objectives and to assess his/her performance against these objectives as well as contribution to the corporate strategy.
- To review the performance standards for key executives to be used in implementing the Group's compensation programs where appropriate.
- To consider and approve compensation commitments/severance payments for executive directors and key executives, where appropriate, in the event of early termination of the employment/service contract.
- To consider other matters as referred to the NRC by the Board.

During the year, the NRC had one meeting on 28 February 2011 with full attendance by all members.

## Management Committees

### Executive Committee (EXCO)

The terms of reference and objectives of the EXCO are as follows:

## 1. Purpose

The main objective and purpose of the EXCO are:

- Manages the Group in all aspects of business;
- Implements strategic business plans and policies as approved by the Board of Directors
- Identifies, formulates and prioritizes strategic issues and charts strategic directions for action by the management and staff

## 2. Members

- Managing Director
- Executive Director
- Chief Education and Knowledge Management (EduKATE)
- Chief Financial Officer
- Senior Group General Manager
  - Chief Risk Officer
- Group General Manager
  - Education and Corporate Social Responsibility
- Senior General Manager
  - Group Human Capital
- Senior General Manager
  - Group Hospital Operation
- Senior General Manager
  - Business Transformation and Strategic Direction
- Senior General Manager
  - Group Finance and Investor Relations
- Senior General Manager
  - Group Marketing and Corporate Communications
- Senior General Manager
  - Group Clinical and Quality

3. Meeting

Meetings are held on every Tuesday on a weekly basis or/as and when it deems necessary.

Relationship With Shareholders

Annual General Meeting

At each Annual General Meeting, the Chairman presents the progress and performance of the business and encourages shareholders to participate in the question-and-answer session. The Managing Director, the Chairman of the Audit Committee and other Board Members are available to respond to shareholders' questions during the meeting. Where appropriate, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting. Other than the Board Chairman and Managing Director, the shareholders or any stakeholders may convey any concerns that they may have to Zainah Mustafa, Senior Independent Non-Executive Director and Chairman of the Audit Committee.

Each item of special business included in the notice of the meeting will be accompanied by detailed explanations. Separate resolutions are proposed for substantially different issues at the meeting and theChairman declares the number of proxy votes received both for and against each resolution. The Company provides shareholders with a summary of the discussions at the Annual General Meeting.

Dialogue between Companies and Investors

The Group understands that one of its major responsibilities is to provide sufficient and timely information as and when necessary to its shareholders and investors as this reflects good corporate governance practice. It is imperative to maintain transparency and to build trust and understanding in the relationship through active dialogue and communication with shareholders and investors.

As part of Group's commitment to a high level communication and transparency with the investment community, experienced and senior level management personnel are directly involved in the Group's investor relations function.

The Chairman, Managing Director and senior management personnel hold discussions with analysts and shareholders from time to time on the Group's results submitted to Bursa Malaysia. Presentations are made, where appropriate, to explain the Group's strategies, performance and major developments. However, any information that may be regarded as undisclosed material information about the Group will be safeguarded.

In addition, the Group has established a website at www.kpjhealth.com.my, which shareholders can access. The Group's quarterly and annual results announcements and press releases are also posted in the Investor Relations page on the Group's website immediately after announcements are made on the Bursa Malaysia's website.



Datin Paduka Siti Sa'diah giving a corporate presentation on KPJ during Invest Malaysia 2011.



Norhaizam giving a presentation on KPJ during Malaysia GEMS 2011 in Singapore

Other than the website, the Group continues to produce and enhance its Annual Report, Corporate Brochures and Fact Sheets to provide sufficient details to the shareholders and stakeholders. Other than that, the Group also makes regular announcements on Bursa Malaysia to provide stakeholders with important information which affects their decision making, thus enhancing the level of transparency.

As part of the Group's annual activities the Group conducted meetings, teleconferencing and briefings either upon request by the shareholders and investors or via events organized by corporate analysts in Malaysia and abroad i.e. Singapore, Hong Kong, France, United Kingdom and United States.

In the year 2011, the following activities were conducted with the investors:

Types of Meeting	No of meetings
Investors meetings	42
Conference Calls	5
Foreign road shows	17

Senior management personnel involved in Investor Relations activities are:

Designation

Datin Paduka Siti Sa'diah Sheikh Bakir  
Managing Director

Amiruddin Abdul Satar  
Executive Director and Chief Operating Officer

Mohd Sahir Rahmat  
Chief Financial Officer

Norhaizam Mohammad  
Senior General Manager - Group Finance and Investor Relations

Maria Khong Poh Fong  
Senior Corporate Manager - Investor Relations

Other than that, the Board believes that the Company's Annual Report also serves as an important communication tool to the shareholders, investors and all stakeholders in general. As such, each year, the Company strives to produce a value-added and transparent reporting to its readers.

Accountability And Audit

Financial Reporting

In presenting the annual financial statements and quarterly announcements to shareholders, the Board aims to present a balanced and understandable assessment of the Group's position and prospects. This also applies to other price-sensitive public reports and reports to regulators. Timely release of announcements reflects the Board's commitment to provide transparent information on the Group's performances and activities.

In preparation of the financial statements, the Directors have taken the necessary steps to ensure that the Group had complied with all applicable Financial Reporting Standards, provisions of the Companies Act 1965 and relevant provision of laws and regulations in Malaysia and the respective countries in which the subsidiaries operate, consistently and that the policies are supported by reasonable and prudent judgment and estimates.

The Audit Committee assists the Board in ensuring both annual financial statements and quarterly announcements are accurate and the preparation is consistent with the accounting policies adopted by the Group. The quarterly reports, prior to tabling to the Board for approval, will be reviewed and approved by the Audit Committee.

Statement of Directors Responsibility for Preparing the Financial Statements

The Directors are required by Companies Act 1965 to prepare financial statements for each financial year which have been made in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

In preparing the financial statements, the Directors have adopted suitable accounting policies and applied them consistently, made judgement and estimates that are reasonable and prudent and prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries that the Group and Company have resources to continue in operational existence for the foreseeable future.

The Directors have overall responsibilities for taking such steps necessary to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Statement by Directors pursuant to Section 169 of the Companies Act 1965 is set out in the financial statements.

#### Internal Control

The Board acknowledges its primary responsibility for the Group's system of internal controls covering not only financial controls but also operational, compliance controls and risk management, and for reviewing the adequacy and integrity of those systems. The effectiveness of the system of internal controls of the Group is reviewed by the Audit Committee during its quarterly meetings.

An overview of the state of internal control is set out in the Statement on Internal Control on pages 64 to 67 of this Annual Report.

#### Relationship with the External Auditors

The Board through the Audit Committee has maintained an appropriate relationship with the External Auditors and there is a formal and transparent arrangement in the review of the External Auditor's audit plan, report, internal control issues and procedures.

The Committee meets with the External Auditor without the presence of the Executive Board Members and Senior Management twice during the year. The External Auditor has attended three out of four Audit Committee Meetings which were held on these dates 18 February 2011, 15 August 2011 and 17 November 2011 and they also attended the 19th Annual General Meeting held on 16 June 2011.

During the year, the Company has changed its external auditor from PricewaterhouseCoopers to Ernst & Young.

The External Auditor is independent and re-appointed annually at the Annual General Meeting.

#### Related Party Transactions

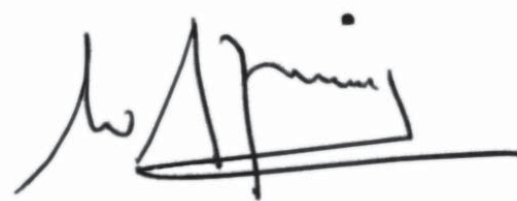
The significant related party transactions for the financial year ended 31 December 2011 are set out in the notes to the financial statements on pages 176 to 177 of the Annual Report.

At the 19th Annual General Meeting held on 16 June 2011, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions as set out in the Notes of the Compliance Information on page 191. As set out in the Bursa Malaysia Listing Requirements and Company's Articles of Association, a Director who has an interest in a transaction shall abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board and general meeting convened to consider the matter.

Signed on behalf of the Board of Directors in accordance with its resolution dated 23 February 2012.

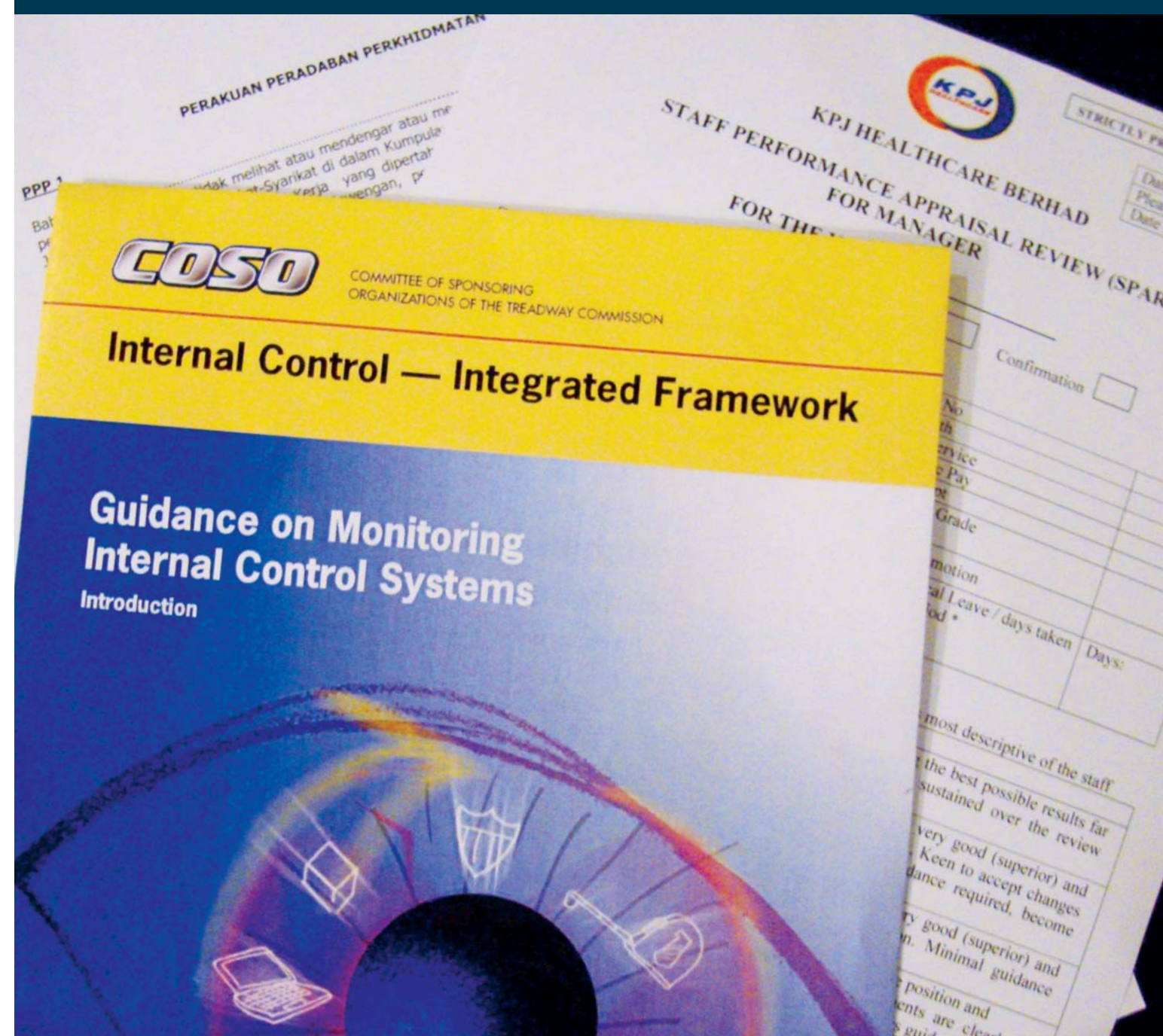


**KAMARUZZAMAN ABU KASSIM**  
CHAIRMAN



**DATIN PADUKA SITI SA'DIAH SHEIKH BAKIR**  
MANAGING DIRECTOR

# STATEMENT ON INTERNAL CONTROL



## Statement On Internal Control

(Pursuant to Paragraph 15.27(b) of the Bursa Malaysia Listing Requirements)

The Board of Directors of KPJ Healthcare Berhad (KPJ) is pleased to provide the following statement on the state of internal controls of the Group for the financial year ended 31st December 2011, which has been prepared in accordance with Paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia and the Statement on Internal Control – Guidance for Directors of Public Listed Companies. The system of internal controls is designed to manage risks to an acceptable level within the context of the business environment throughout the Group.

### Board Responsibilities

The primary responsibility of the Board is to ensure the adequacy and integrity of the Group's internal controls system which cover financial, operational and compliance controls management. The principal objective of the internal controls system is to manage business risks effectively, enhance the value of shareholder's investments and safeguards assets of the Group. The role of Managing Director and Management is to assist in the design and implementation of the Board's policies on internal control system.

Since internal controls are designed to manage and reduce risks rather than eliminate them, therefore such internal controls can provide only reasonable assurance to Management and the Board of Directors regarding the achievement of company objectives through:-

- effectiveness and efficiency of operations
- reliability of financial reporting
- compliance with applicable laws and regulations

The Board still relies on the COSO Internal Control Framework to ensure an appropriate and sound system of internal controls, which encompasses five interrelated components i.e. the Control Environment, Risk Assessment Framework, Control Activities, Information and Communication and Continuous Monitoring process.

### Control Environment

#### Integrity And Ethical Values

The Management is committed to enforce ethical behaviour in employees and medical consultants. At the annual staff assembly or "Pedoman" (Perhimpunan, Dialog dan Anugerah Tahunan Anggota Pekerja) in the hospitals, new staff take an oath and sign a "Service Pledge" declaration form. All employees and medical consultants are reminded during the Pedoman of the five Core Values adopted by the Group, which are Safety, Courtesy, Integrity, Professionalism and Continuous Improvement.

Employees are also encouraged to report directly to the Managing Director of any misconduct or unethical behaviour committed by any staff of the Group through the Borang Peradaban declaration.

The Group has implemented the policy on "Code of Ethics and Business Conduct" to emphasize the commitment of the Group towards ethical values.

All hospitals and companies within the Group have been requested to sign an integrity pledge with their suppliers, contractors and other related third parties.

### Commitment To Competence

As a service provider, the Group is committed to improve the skills and competencies of its management, medical consultants and employees through various training programmes, seminars, workshops and quality initiatives.

The Group has made it mandatory for each staff to undergo at least 30 hours of training per year as part of the indicator in the Key Performance Indicators with the objective of encouraging knowledge management and initiatives. Training on work related areas such as customer services, fire safety and corporate culture are done either internally or through external moderators.

The Group also organizes the KPJ Medical Conference, Medical Workshop and Nursing Convention yearly for the medical consultants, nurses and allied health staff to deliberate and discuss medical and clinical issues related to their practices to promote patient safety, best practices as well as standardization of practices.

New and creative ideas are encouraged through suggestion schemes and Innovative Circle Committee competitions, held yearly, whereby the winner of this event will represent KPJ at the higher level of competition at JCorp, the ultimate holding corporation.

### Organisation Structure

The organization structure of the Group, headed by the Managing Director, is divided into three (3) main divisions: Financial, Professional Services and Operation. For the year 2011, the Group has created new position ie Executive Director, to oversee operational matters of the Group.

As for the hospitals, the day-to-day operations are managed by the Executive Directors cum Chief Executives Officer or the General Manager.

The Executive Directors cum Chief Executive Officers and the General Managers are assisted by the Medical Directors in relation to clinical issues in the hospitals.

At the Corporate level, the Group is assisted by the Medical Advisory Committee and Clinical Governance Committee on matters pertaining to clinical issues.

### Assignment of Authority and Responsibility

The Board assigns authority and responsibility mainly to the Executive Committee (EXCO) to manage the strategic issues pertaining to the delivery of services and future direction of the Group. Major purchases are discussed and deliberated by the EXCO before they are tabled at the respective hospital's Board meetings. The objective is to ensure Group synergy, standardization and bulk discounts.

All operational matters are deliberated at the Operational Committee, chaired by the Executive Director.

Various committees were formed to identify, evaluate, monitor and manage the significant risks affecting the achievement of business objectives. These committees are:

#### 1. Medical Advisory Committee

Responsible for monitoring the ethical and good medical practice of medical consultants.

#### 2. Clinical Governance Committee

- Responsible for the establishment of framework for all the clinicians with the Group to:
  - Continuously improve service quality
  - Ensure high standard of care
  - Create an environment that promotes excellence in clinical care
- There are various sub-committees under the Clinical Governance Committee; namely Clinical Governance Policy Committee, Clinical Governance Action Committee and Clinical Risk Management Committee.

#### 3. Procurement/Tender Committee

- Ensure that purchases of equipment and tender of projects are made in accordance with the standard operating procedures as well as leveraging on bulk discounts.
- Coordinates the standardization of equipment, pharmaceutical items and medical supplies purchased.

### Risk Assessment Framework and Process

#### Company-Wide Objectives

Enterprise-Wide Risk Management has been implemented across the Group through Risk Coordinators, appointed at each hospital to co-ordinate and monitors the implementation of risk management activities. All hospitals and companies are encouraged to identify and mitigate relevant risks that may affect the achievement of the Group's Key Performance Indicators and report to their respective Board.

The Group focused its Risk Management activities on incident reporting, root cause analysis, adopting the Seven Patient Safety Goals of the World Health Organization and monitoring activities that depart from best practices. This is to ensure that every incident is investigated and root cause identified to prevent future recurrence and ensure patient safety is given top priority.

### Control Activities

#### Policies and Procedures

Policies and procedures are documented comprehensively in the Malaysian Society for Quality in Healthcare (MSQH) accreditation standards as well as the MS ISO 9001:2008 standard operating procedure manuals, which are updated from time to time. These policies and procedures help to ensure management directives are carried out and necessary actions are taken to address and minimize risks. All hospitals in the Group are targeted to obtain the MSQH Accreditation certification ultimately.

For the year 2011, 11 of the hospitals in the Group have been accredited by the MSQH Accreditation Certification and two hospitals namely KPJ Ampang Puteri Specialist Hospitals and KPJ Seremban Specialist Hospitals are undergoing JCI Accreditation process.

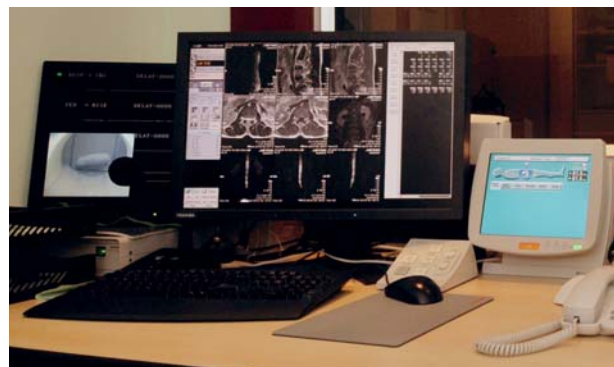
As for the year 2012, four hospitals have been identified to get the MSQH Accreditation certification.

### Segregation of Duties

The delegation of responsibilities to the Board, the Management and Operating Units are clearly defined and authority limits are strictly enforced. Different authority limits are set for different categories of executives for the procurement of capital expenditure. Similarly, cheque signatories and authority limits are clearly defined and enforced. As a measure to curb and reduce the incident of fraud and error, duties and tasks are segregated between different members of staff especially those in finance and purchasing services.



KPJ Penang Specialist Hospital receiving the MSQH Accreditation certificate



KPJ Clinical Information System

### Information and Communication Process

KPJ has successfully implemented the KPJ Clinical Information System (KCIS) in KPJ Penang Specialist Hospital, KPJ Johor Specialist Hospital, Puteri Specialist Hospital, KPJ Tawakkal Specialist Hospital, KPJ Ampang Puteri Specialist Hospital and KPJ Damansara Specialist Hospital.

New modules introduced include the Medical Care Solution for patient management, Nursing Care Solution catering for nursing care plan and management, Pharmacy with interface to a drug database decision support system and also Picture Archiving and Communications System for the imaging department and medical records.

Ultimately all hospitals within the Group would be implementing KPJ Clinical Information System. By implementing and utilizing this system, all patient information can be shared throughout the Group and facilitates patient transfer from one hospital to another.

### Continuous Monitoring Process

#### Ongoing Monitoring

Ongoing monitoring of internal control effectiveness is appropriately and sufficiently done through not only normal daily supervision by immediate supervisors, but also by the Internal Auditors and Quality Auditors, who make both scheduled and surprised audit visits to ensure compliance.

**KAMARUZZAMAN ABU KASSIM**  
CHAIRMAN

Any discrepancy and irregularity will be reported to the Management for correction and improvement. The Management also monitors the performance of the hospitals and companies through regular meetings and reports.

#### Separate Evaluations

All hospitals certified with the MSQH accreditation have to undergo stringent surveillance audit by the respective surveyors and audit teams to ensure compliance.

The Group's Internal Auditors also visits the hospitals from time to time to monitor and evaluate their activities and performance and report back to the Audit Committee quarterly.

As mentioned above, the Group also monitors the effectiveness of internal controls through Borang Peradaban, the declaration form used by employees to report any deficiency or dishonest act directly to the Managing Director of the Group.

#### Assurance

The Board is of the view that the system of internal controls instituted throughout the Group is sound and effective and provides a level of confidence on which the Board relies for assurance. In the year under review, there was no significant control failure or weakness that would result in any material losses, contingencies or uncertainties that would require separate disclosure in the Annual Report. The Board ensures that the internal controls system and the risk management practices of the Group are reviewed regularly to meet the changing and challenging operating environment.

The Board is therefore pleased to disclose that the state of internal controls of the Group is sufficient, appropriate and effective and in line with the Malaysian Code of Corporate Governance and the Statement of Internal Control – Guidance.

**DATIN PADUKA SITI SA'DIAH SHEIKH BAKIR**  
MANAGING DIRECTOR

# AUDIT COMMITTEE REPORT



Audit Committee Report



From left: Datuk Azzat Kamaludin Member/Independent Non-Executive Director Zainah Mustafa Chairman/Independent Non-Executive Director  
Datuk Dr Hussein Awang Member/Independent Non-Executive Director

1. Composition And Attendance

For the financial year ended 31 December 2011, the Audit Committee comprised of three Directors, all of whom are also members of the Board of KPJ Healthcare Berhad. The composition of the Audit Committee and the record of their attendance are as follows:

Members / Status of directorship	Attendance	%
Zainah Mustafa Chairman/Independent Non-Executive Director (Re-designated as Chairman on 16 June 2011)	4/4	100
Datuk Azzat Kamaludin Member/Independent Non-Executive Director	4/4	100
Datuk Dr Hussein Awang Member/Independent Non-Executive Director	4/4	100
Tan Sri Datuk Arshad Ayub Chairman/Senior Independent Non-Executive Director (Ceased as Chairman and member on 16 June 2011)	2/2*	100

\* Reflects the number of meetings attended during the time the Director held office.

2. Terms Of Reference

Purpose

- a. To ensure transparency, integrity and accountability in the Group's activities so as to safeguard the rights and interests of the shareholders;

- b. To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- c. To improve the Group's business efficiency, the quality of the accounting and audit function and strengthen public confidence in the Group's reported financial results; and
- d. To maintain open lines of communication between the Board and the External and Internal Auditors.

Membership

- a. The members of the Committee shall be appointed by the Board, amongst its Directors who fulfils the following requirements:
  - i. the Committee must comprise not less than three (3) members;
  - ii. all members must be Non-Executive Directors, with a majority of them being independent directors; and
  - iii. all members should be financially literate and at least one (1) must be a member of the Malaysian Institute of Accountants (MIA) or have the relevant qualifications and experience as specified in the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements.
- b. The Chairman of the Committee, elected from amongst the Audit Committee members, shall be approved by the Board and shall be an Independent Director.
- c. No alternate Director of the Board shall be appointed as a member of the Committee.
- d. The term of office and performance of the Committee members are reviewed by the Board yearly and may be re-nominated and appointed by the Board.

Reporting Responsibilities

The Committee will report to the Board on the nature and extent of the functions performed by it and may take such recommendations to the Board on any audit and financial reporting matters as it may think fit.

Meetings

A minimum of four (4) meetings a year shall be planned and additional meetings may be called at any time at the Chairman's discretion.

A total of four (4) meetings were held on 18 February 2011, 13 May 2011, 15 August 2011 and 17 November 2011 respectively.

All the Audit Committee members are Independent Non-Executive Directors. The Chairman of the Audit Committee, Zainah Mustafa is a member of the Malaysian Institute of Accountants (MIA) and a Fellow of Association of Certified Chartered Accountant (FCCA). This meets the requirement of Section 15.09 (1) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements which stipulates at least one qualified accountant as a member of the Committee.

Subsequent to each meeting, the Audit Committee Chairman submits a report on matters deliberated to the Board of Directors for their information and attention. The Management would implement the decisions made and corrective actions required.

The Committee shall meet a minimum of twice a year with the External Auditors in separate sessions without the presence of executive Board members or management of the Company.

In year 2011, three (3) meetings were held on 18 February 2011, 15 August 2011 and 17 November 2011 respectively. A separate session was also conducted on 13 February 2012.

The Managing Director, Executive Director and Chief Operating Officer, Chief Financial Officer, senior management team, Executive Directors of the hospitals as well as the Head of Internal Audit and representatives of the External Auditors shall normally attend the meetings. Other directors and employees of the Company and/ or Group may attend any particular meeting upon invitation, where appropriate. The Company Secretary shall be the secretary for the meeting.

Authority

- The Committee is empowered by the Board to:-
- a. investigate any matter within its terms of reference or as directed by the Board;
  - b. determine and obtain the resources which are required to perform its duties;
  - c. have full and unrestricted access to any information pertaining to the Group;
  - d. have direct communication channels with the External and Internal Auditors; and
  - e. obtain external legal and other independent professional advice.

3. Duties And Responsibilities

The Committee shall carry out the following functions:-

a. Financial Reporting Review

- Review the quarterly and year-end financial statements of the Company, focusing particularly on:-
- i. any changes in accounting policies and practices;
  - ii. significant adjustments arising from the audit;
  - iii. the going concern assumption;
  - iv. compliance with accounting standards; and
  - v. compliance with Listing Requirements of Bursa Malaysia and other legal and statutory requirements.

b. Risk Management

- i. Review the adequacy and provide independent assurance to the Board on the effectiveness of risk management functions in the Group and whether principles and requirements of managing risk are consistently adopted throughout the Group; and
- ii. Review the risk profile of the Group and major initiatives having significant impact on the business.

c. Internal Audit

- i. Approve the Audit Charter and ensure the internal audit functions are adequately resourced;
- ii. Review the adequacy of Internal Audit Plan, the scope of audits and that the internal audit function has the necessary authority, competency and resources to carry out its work;
- iii. Review the results of the internal audit process and where necessary ensure that appropriate action is taken on the recommendations of the internal audit function;
- iv. Approve any appointment or dismissal of the Head of Internal Audit;
- v. Review appraisal or assessment of members of the internal audit function; and
- vi. Direct any special investigation to be carried out by the internal audit.

d. External Audit

- i. Review the External Auditor's audit plan, scope of the audit and audit reports;
- ii. Consider the appointment of the External Auditor, the audit fee and any questions of resignation or dismissal of the External Auditor before making any recommendation to the Board;
- iii. Discuss issues and reservations arising from the interim and final audits, and any matters the Auditor may wish to discuss; and
- iv. Review the External Auditor's Management Letter and Management's response.

e. Related Party Transactions

Monitor and review any related party transactions that may arise within the Company or Group.

f. Other Matters

Consider such other matters as the Committee considers appropriate or as authorized by the Board.

4. Summary Of Activities

During the year, the Committee carried out the following activities:

a. Financial results

- i. Review the quarterly unaudited financial result announcements before recommending the same to the Board for approval; and
- ii. Review the Company's compliance, in particular the quarterly and year end financial statements, with the Listing Requirements of Bursa Malaysia, Malaysian Accounting Standards Board and other relevant legal and regulatory requirements.

# MEDICAL ADVISORY COMMITTEE REPORT

## b. Risk Management

- Review the Group's risk management process in mitigating the principal business risks identified; and
- Review the risk profile of the Group and major initiatives having significant impact on the business.

## c. Internal Audit

- Review and approve the annual audit plan for the year 2010/2011 to ensure adequate scope and comprehensive coverage over the audit activities; and
- Deliberate on the Internal Audit Reports that were tabled and appraised Management's response to the key audit observations and recommendations.

## d. External Audit

- Review the audit plan, audit strategy and scope of work before the audit commences; and
- Review the results of the interim and annual audit as well as the External Auditor's Management Letter and evaluated Management's response.

## e. Related Party Transactions

Review the recurrent related party transactions entered into by the Group.

## f. Other Matters

Review the Audit Committee Report, Statement on Corporate Governance and Statement of Internal Control prior to their inclusion in the Company's Annual Report.

## 5. Internal Audit Function

The Group has an internal audit function which is carried out by the Internal Audit Services (IAS). The IAS reports directly to the Audit Committee and is guided by its Internal Audit Charter. Its principal activity is to assist the Board in monitoring and managing risk by undertaking regular and systematic independent reviews of the system of controls in accordance with the approved Audit Plan. This is to provide reasonable assurance that such system continues to operate satisfactorily and effectively in the Group.

The high risk activities are given due attention on a more regular basis while the others are prioritized accordingly to an assessment of the potential risk exposure and impact. During the financial year ended 31 December 2011, the IAS carried out its duties covering audits on cash and credit management as well as operational controls on revenue assurance, procurement and inventory. Reviews on compliance with the established procedures, guidelines and statutory obligations are also performed.

The internal audit reports were issued to Management for their response on corrective and preventive actions as well as deadlines to complete the actions. The reports were tabled to the Committee for deliberation on quarterly basis.

Investigations were also performed at the request of the Committee and Management on specific areas of concern to follow up in relation to high risk areas identified in the regular reports. These investigations provided additional assurance on the integrity and robustness of the internal control systems.

The Internal Audit Department within its terms and reference carried out the following activities for the period:-

- review and appraise the adequacy and integrity of the internal financial controls so as to ensure that it provides a reasonable but not absolute assurance that assets are properly safeguarded;
- ascertain the effectiveness of the Management in identifying principal risks and to manage such risks through the Risk Management Framework set-up by the Group;
- ascertain the level of compliance with Group's plans, policies, procedures and adherence to laws and regulations;
- appraise the effectiveness of administrative and financial controls applied and the reliability and integrity of data that is produced within the Group;
- perform follow-up reviews of previous audit reports to ensure appropriate actions are implemented to address control weaknesses highlighted;
- carry out investigations and special reviews requested by the Committee and/or Management; and
- prepare the Audit Committee Report for the Company's Annual Report 2011.

The internal audit function is performed in-house with thirteen (13) staff members. A total of 171 audits were carried out and presented to the Committee with the recommended corrective actions acted upon.

The total costs incurred for the internal audit function for the financial year 31 December 2011 was approximately RM950,000. Training and courses are provided to the staff members in the areas of auditing and technical skills as well as personal development.

## 6. Seminars/Conferences Attended By The Committee

For the year under review, the Committee attended the following seminars and conferences:

No	Name of Seminars / Conference	Date
1.	1 <sup>st</sup> KPJ Medical Workshop 2011	15 - 17 Jul 2011
2.	Khazanah Mega Trends Forum 2011: Uncertainty as Normality - Navigating Through Complex Interconnection	26 - 27 Sep 2011
3.	Institute of Internal Auditors: Black Hole of Assurance - Is your Board and Audit Committee aware of the Red Flags?	4 - 5 Oct 2011
4.	Johor Corporation Directors' Conference 2011 – Towards Boardroom Excellence and Corporate Governance Best Practices	27 - 28 Oct 2011



## Medical Advisory Committee

First row from left

1. **Dr Kok Chin Leong**  
*Clinical Governance Policy Committee Chairman*  
*Consultant Paediatrician*  
Puteri Specialist Hospital
2. **Datin Paduka Siti Sa'diah Sheikh Bakir**  
*Managing Director*  
**Committee Chairman**
3. **Dr Yoong Fook Ngian**  
*Consultant Ear, Nose and Throat Surgeon*  
KPJ Ipoh Specialist Hospital
4. **Datuk Dr Hussein Awang**  
*Hospital Medical Directors Committee Chairman*  
*Medical Director*  
*Consultant Urologist*  
Tawakal Health Centre
5. **Dato' Dr S Jenagaratnam**  
*Clinical Risk Management Committee Chairman*  
*Consultant Anaesthetist*  
KPJ Ipoh Specialist Hospital

Second row from left

6. **Dato' Dr Azizi Omar**  
*Research Development Committee Chairman*  
*Medical Director and Consultant Paediatrician*  
KPJ Damansara Specialist Hospital
7. **Dato' Dr Zaki Morad Mohamad Zaher**  
*Clinical Ethics Committee Chairman*  
*Consultant Physician Nephrologist*  
KPJ Ampang Puteri Specialist Hospital
8. **Dr Mohd Hafetz Ahmad**  
*Medical Director*  
*Consultant Obstetrician and Gynaecologist*  
KPJ Johor Specialist Hospital
9. **Dato' Dr Shahrudin Mohd Dun**  
*Clinical Governance Action Committee Chairman*  
*Medical Director*  
*Consultant General Surgeon*  
KPJ Selangor Specialist Hospital
10. **Dato' Dr Ngun Kok Weng**  
*Consultant General Surgeon*  
Kuantan Specialist Hospital

Third row from left

11. **Amiruddin Abdul Satar**  
*Executive Director and Chief Operating Officer*
12. **Dr KV Anitha**  
*Senior Corporate Manager - Group Clinical and Quality*
13. **Mah Lai Heng**  
*Senior General Manager*  
*Group Clinical and Quality*
14. **Maygala Arumugam**  
*Group Chief Nursing Officer*
15. **Dr Aliza Jamaluddin**  
*Senior Corporate Manager - Group Clinical and Quality*
16. **Jasimah Hassan**  
*Chief Education and Knowledge Management (EduKATE)*

## Clinical Governance Policy Committee

First row from left

1. **Dato' Dr Mohd Rani Jusoh**  
*Medical Director*  
*Consultant Physician and Neurologist*  
KPJ Ampang Puteri Specialist Hospital
2. **Tan Sri Dato' Dr Yahya Awang**  
*Consultant Cardiothoracic Surgeon*  
KPJ Damansara Specialist Hospital
3. **Committee Chairman**  
**Dr Kok Chin Leong**  
*Consultant Paediatrician*  
Puteri Specialist Hospital
4. **Datuk Dr Johan Thambu Abd Malek**  
*Consultant Obstetrician and Gynaecologist*  
KPJ Tawakkal Specialist Hospital
5. **Dato' Dr Fadzli Cheah Abdullah**  
*Medical Director*  
*Consultant Neuro Surgeon*  
KPJ Ipoh Specialist Hospital

Second row from left

6. **Dr Abd Razak Samsudin**  
*Consultant General Surgeon*  
Puteri Specialist Hospital
7. **Dr Wan Hazmy Che Hon**  
*Medical Director*  
*Consultant Orthopaedic Surgeon*  
KPJ Seremban Specialist Hospital
8. **Dr Mahayidin Muhamad**  
*Medical Director*  
*Consultant Radiologist*  
KPJ Perdana Specialist Hospital
9. **Dr Alex Tang Tuck Hon**  
*Consultant Paediatrician*  
KPJ Johor Specialist Hospital

Third row from left

10. **Dr KV Anitha**  
*Senior Corporate Manager - Group Clinical and Quality*
11. **Mah Lai Heng**  
*Senior General Manager*  
*Group Clinical and Quality*
12. **Dr Aliza Jamaluddin**  
*Senior Corporate Manager - Group Clinical and Quality*
13. **Maygala Arumugam**  
*Group Chief Nursing Officer*



# Clinical Governance Action Committee

- First row from left

1. Dr Mohd Harris Lu

Medical Director

Consultant Ophthalmologist

Sentosa Medical Centre

2. Dato' Dr Ismail Yaacob

Medical Director

Consultant Physician

Kedah Medical Centre

Committee Chairman

3. Dato' Dr Shahrudin Mohd Dun

Medical Director

Consultant General Surgeon

KPJ Selangor Specialist Hospital

4. Dr Balakrishnan Subramaniam

Medical Director

Consultant Obstetrician and Gynaecologist

KPJ Kajang Specialist Hospital

5. Dato' Dr Azizi Omar

Medical Director

Consultant Paediatrician

KPJ Damansara Specialist Hospital
- Second row from left

6. Dr Mohamed Namazie Ibrahim

Consultant Anaesthetist

KPJ Selangor Specialist Hospital

7. Dr G Ruslan Nazaruddin Simanjuntak

Medical Director

Consultant Orthopaedic Surgeon

KPJ Tawakkal Specialist Hospital

8. Dr Khaled Mat Hassan

Medical Director

Consultant Obstetrician and Gynaecologist

Kuantan Specialist Hospital

9. Abdol Wahab Baba

Chief Risk Officer

10. Dr Ewe Khay Guan

Medical Director

Consultant Ear, Nose and Throat Surgeon

KPJ Penang Specialist Hospital
- Third row from left

11. Dr K V Anitha

Senior Corporate Manager - Group Clinical and Quality

12. Dr Aliza Jamaluddin

Senior Corporate Manager - Group Clinical and Quality

13. Mah Lai Heng

Senior General Manager - Group Clinical and Quality

14. Maygala Arumugam

Group Chief Nursing Officer



# Clinical Risk Management Committee

- First row from left

1. Dr Primuharsa Putra Sabir Husin Athar

Consultant Ear, Nose, Throat, Head and Neck Surgeon

KPJ Seremban Specialist Hospital

2. Dato' Dr N Sivamohan

Medical Director

Consultant Obstetrician and Gynaecologist

KPJ Klang Specialist Hospital

Committee Chairman

3. Dato' Dr S Jenagaranam

Consultant Anaesthetist

KPJ Ipoh Specialist Hospital

4. Dr Noor Hisham Mansor

Consultant Physician

KPJ Tawakkal Specialist Hospital

5. Dato' Dr Abd Wahab Ghani

Deputy Medical Director

Consultant Orthopaedic Surgeon

KPJ Ampang Puteri Specialist Hospital
- Second row from left

6. Dr Siti Salwa Mohd Nazri

Medical Officer

KPJ Ampang Puteri Specialist Hospital

7. Dato' Dr Azlin Azizan

Consultant Radiologist

KPJ Ampang Puteri Specialist Hospital

8. Dr Norita Ahmad

Consultant Physician

KPJ Perdana Specialist Hospital

9. Dato' Dr Zurin Adnan Abd Rahman

Consultant Surgeon

KPJ Damansara Specialist Hospital

10. Dr Shahrudin Abdul Jalal Ajma'in

Medical Director

Consultant Radiologist

Puteri Specialist Hospital
- Third row from left

11. Dr KV Anitha

Senior Corporate Manager - Group Clinical and Quality

12. Abdol Wahab Baba

Chief Risk Officer

13. Mah Lai Heng

Senior General Manager - Group Clinical and Quality

14. Dr Aliza Jamaluddin

Senior Corporate Manager - Group Clinical and Quality

15. Maygala Arumugam

Group Chief Nursing Officer



# Medical Advisory Committee Report

Clinical Governance is defined as “A framework through which the organization is accountable for continually improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish” and the Group is committed to continuously strive to enhance clinical governance as the main thrust for improving the quality of care, ensuring patient safety and developing the capacity to maintain high standards.

At the Group level, the Group Medical Advisory Committee (MAC) develops and monitors clinical governance activities and guidelines for the Group. Whereas at the individual hospital level, the Hospital MAC under the chairmanship of the hospital Medical Director facilitates the implementation and oversees compliance to clinical governance through various clinical sub-committees such as the Hospital Credentialing & Privileging, Audit & Medical Education, Infection Control, Medical Records, Mortality Review, Pharmacy & Therapeutics and Surgical Medical Intervention Committees and other hospital committees.

MAC governs and functions through a number of committees, namely the Clinical Governance Policy Committee (CGPC), Clinical Governance Action Committee (CGAC), Clinical Risk Management Committee (CRM), Central Credentialing & Privileging Committee (CCPC) and Central Mortality Review Committee (CMRC); including two new committees started in 2010; Clinical Ethics Committee and Research & Development Committee. (Table 1)

In KPJ's journey to always improve quality of care and to ensure patient safety the Group has embarked on various programs over the years. Starting with quality improvement certifications (ISO, OSH certifications, etc.) to look at proper documentation & processes, followed by MSQH accreditation and 10 hospitals have been accredited thus far i.e. KPJ Ampang, KPJ Johor, KPJ Damansara, KPJ Ipoh, KPJ Selangor, KPJ Seremban, KPJ Perdana, KPJ Kajang, KPJ Penang and Kedah Medical Centre.

Numerous quality and safety programs have been implemented from the time when the Medical Advisory Committee began in full swing in the year 2002. The report on the Patient Safety programs for the year 2011 follows:

**i. Quality Committees & Quality Officer**

All hospitals have Quality Committees and Quality Officers. The Quality Officer collects, complies, analyzes, monitors the statistics and trends and reports to the Quality Committee quarterly and all reports are presented to the Hospital Board of Director meeting.

**ii. Patient Safety Day**

In year 2011 all hospitals have commenced with the KPJ Patient Safety Goals at their hospitals with participation of patients, visitors, consultants and all staff. KPJ hospitals have implemented and are monitoring the 6 international Patient Safety Goals identified by WHO:

1. Identify Patients Correctly
2. Improve Effective Communication
3. Improve the Safety of Using Medication
4. Ensure Correct-Site, Correct-Procedure, Correct-Patient Surgery
5. Improved Hand Hygiene to Prevent Health Care-Associated Infection
6. Reduce the Risk of Patient Harm Resulting from Falls

**iii. WHO World Alliance on Patient Safety Challenges Clean Care is Safe Care (2005-2006)**

The WHO guidelines on hand hygiene were reviewed and adapted for KPJ Hospitals use in 2008. Continuous training and monitoring of hand hygiene compliance is part of the regular activities of the hospital Infection Control Unit.

**Safe Surgery Saves Lives (2007-2008)**

The “Peri-operative Check List” for KPJ was established at the end of 2009 based on the WHO Check List and the Ministry of Health Check List and the pilot project was successfully carried out. In 2010 all KPJ Hospitals started implementing this and compliance is being monitored.

**Tackling Antimicrobial Resistance (2009-2010)**

The Infection Control Policy and Procedure are being reviewed and the National Antibiotic Guidelines 2008 have been adopted for use for the Group. Antibigram and antibiotic resistance patterns are being monitored at hospital as well as Group level.

**iv. Infection Control Program (ICP)**

ICP Manpower Status for the year 2011 showed that there are 22 Infection Control Officers / Infection Control Nurse (ICO / ICN) in the Group. All accredited and non accredited hospitals with more than 110 beds comply with the regulatory requirement of having dedicated ICOs. ICOs are being supported by a total of 199 ICNs to facilitate and implement the Infection Control Program (ICP).

**Monitoring and Surveillance on Hospital Acquired Infection (HAI)**

6 parameters are monitored currently (Table 2) and HAI monitoring results showed significant reduction in Surgical Site Infection (SSI) and Catheter Related Blood Stream Infection (CRBSI) when compared to the same period last year. Currently this surveillance study conducted in ICU/CICU only and will be extended to other areas of the hospital next year.

**v. Incident Reporting**

The Group hospitals have been reporting since 2006 using a standardized format based on the ICPS Classification for Patient Safety recommended by the World Health Organization (WHO). List of incidents reported include the following: (Refer to Table 3 for details)

**vi. Monitoring of Medication Error / Adverse Events**

As a part of the Incident Reporting program all medication error and other adverse events are monitored, root cause analysis (RCA) done and corrective actions and improvement measures put into practice routinely.

**vii. Safety Research or Studies**

Currently the following research safety and quality studies are being monitored by the KPJ Research & Development Committee:

- KPJ Johor: Epidemiology of Medication Errors in KPJ Johor Specialist Hospital
- KPJ Ipoh: The occurrence of sharp injury among workers in KPJ Ipoh from 2007 – 2010
- KPJ Damansara: 1. Comparison on the effectiveness of the current teaching module versus traditional method on hand hygiene practice among healthcare providers  
2. Effectiveness of Shift Handover among State Registered Nurses at KPJ Damansara
- KPJ Selangor: Epidemiology of fall and the effectiveness of the KPJ Fall Risk Assessment Tool
- KPJ Tawakkal: A 12 month study of inpatient's complaints at KPJ Tawakkal

**viii. Clinical Indicators**

The Group has been collecting, analyzing and monitoring clinical indicators to improve patient outcomes. The program started in 2001 with seven indicators and currently 20 indicators are being monitored and whereas Patient Safety indicators that are being monitored include O&G, Diagnostic Imaging, Radiotherapy and Hospital-wide indicators. (Table 4)

In 2011, MAC also reviewed the current governing policies of which currently there are a total of 99 policies complied into 4 groups i.e. Clinical Governance (CG 001 – 012), Clinical Services (CS 001 – 050), Hospital Operations (HO 001 – 027) and Pharmacy (PS 001 – 010). To be in line with KPJ's objective to be a paper-less organization these policies have been converted to electronic media called e-Governing Policy which can be accessed by all Medical Directors & medical staff and all other KPJ staff in the future.

MAC continues to monitor all other clinical governance activities for the Group including:

- Mortality reports and Hospital Mortality Review Committee reports
- Diagnostic groups admitted to the Group
- Antibigram and Antibiotic Resistance reports, etc.



Table 1:  
Frequency of Hospital Clinical Committee Meeting in 2011

Committees	Date of Meetings
Group Medical Advisory Committee (MAC)	16/2/2011
	19/5/2011
	11/8/2011
	9/11/2011
Clinical Governance Policy Committee (CGPC)	27/1/2011
	28/4/2011
	15/7/2011
Clinical Governance Action Committee (CGAC)	14/10/2011
	22/4/2011
	8/8/2011
	17/10/2011
Clinical Risk Management Committee (CRM)	7/4/2011
	2/8/2011
	13/10/2011
Research & Development Committee (R&D) Clinical Ethics Committee (CEC)	2/10/2011
	18/5/2011
	31/10/2011

Table 2:  
Surveillance on Hospital Acquired Infection (HAI)

SN	Hospital Acquired Infections Being Monitored
1	Surgical Site Infection (SSI)
2	Ventilator Associated Pneumonia (VAP)
3	Catheter Related Blood Stream Infection
4	Catheter Assoc Urinary Tract Infection
5	Methicillin-resistant Staphylococcus Aureus (MRSA)
6	Methicillin-resistant Staphylococcus Epidermidis (MRSE)

Table 3:

Incidents Being Monitored	
1 Patient Fall	11 OT & CSSD Services <ul style="list-style-type: none"><li>Cancellations (not related to biomedical equipment)</li><li>Incomplete consent forms</li><li>Operative delay (not related to biomedical equipment)</li><li>OT - Infection control related</li><li>Pre-operative assessment not done</li><li>Medical records related (missing test results, x-ray, etc)</li><li>Unplanned return to OT</li><li>CSSD - infection control related</li></ul>
2 Medication Related <ul style="list-style-type: none"><li>Prescribing</li><li>Dispensing / preparation (Pharmacy)</li><li>Administration (Nursing)</li></ul>	
3 Sentinel Events <ul style="list-style-type: none"><li>Retained instruments / swabs</li><li>Severe hemolytic blood transfusion reaction due to ABO incompatibility</li><li>Baby identification error</li><li>Intravascular gas embolism leading to death or severe injury</li><li>Maternal death / severe morbidity</li><li>Medication error leading to death or serious adverse event</li><li>Suicide/ para-suicide/self-harm</li><li>Unexpected death</li><li>Wrong patient / wrong site / wrong procedure / wrong body part</li><li>Fall with serious injury / death</li></ul>	
4 Blood Transfusion Related <ul style="list-style-type: none"><li>Laboratory error</li><li>Wrong patient / wrong blood</li><li>Blood transfusion reaction - haemolytic (mild)</li><li>Blood transfusion reaction - others</li></ul>	
5 Sharps Injury <ul style="list-style-type: none"><li>Needle Stick Injury (Patient, Staff &amp; Student)</li><li>Other Sharps Injury (exclude needle stick)</li></ul>	12 Hospital Wide General Events <ul style="list-style-type: none"><li>Allergic reaction – medication or non-medication related</li><li>Burns / Scalds</li><li>Clinical procedures (adverse outcome / error / failure) - doctor related</li><li>Complication (unpredicted) NOT during or related to surgery or procedure</li><li>Complication (unpredicted) occurring during or within 24 hours of all operative &amp; interventional procedure</li><li>Delayed care - bed or equipment not available</li><li>Medical supply (causing delay in clinical care) - not available / insufficient stock</li></ul>
6 OSH Related <ul style="list-style-type: none"><li>Injury to staff (at work, coming &amp; going home from work)</li><li>Injury or incident related to patient, visitor or outsourced staff/contractor</li><li>Electric events (affecting patient / staff safety)</li><li>Cytotoxic spillage</li></ul>	13 Equipment / Device Related <ul style="list-style-type: none"><li>Biomedical equipment failure affecting clinical care (exclude lost/missing)</li><li>All other medical equipment failure affecting clinical care (exclude lost/missing)</li></ul>
7 Discharge Related (Clinical) <ul style="list-style-type: none"><li>Dis-satisfaction with service</li><li>Service not available</li><li>Discharge Against Medical Advise</li><li>Poor prognosis</li><li>2nd opinion Nursing Services Related</li></ul>	14 Customer Feedback (Anecdotal) <ul style="list-style-type: none"><li>Dissatisfied with Doctor, nursing service or support service</li><li>Dissatisfaction with service / facility</li></ul>
8 Nursing Services Related <ul style="list-style-type: none"><li>Communication related incidents affecting clinical care</li><li>Delay in carrying out orders</li><li>Nursing process error / failure</li><li>Error in documentation / documentation related</li><li>Bedsore (severe) Grade 4 muscle &amp; bone exposed</li><li>Thrombophlebitis</li></ul>	15 Medical Records Related <ul style="list-style-type: none"><li>Records misplaced / lost</li><li>Incomplete (no admission form, discharge summary, etc)</li><li>Information security breach</li></ul>
9 O&G Services <ul style="list-style-type: none"><li>Maternal events (maternal deaths reported under sentinel events)</li><li>Delivery events / injury to baby during delivery</li><li>Perinatal deaths</li></ul>	16 Laboratory Services <ul style="list-style-type: none"><li>Hematoma at bleeding site</li><li>Missing specimen / result</li><li>Service interruption</li><li>Wrong patient / wrong procedure / wrong result</li></ul>
10 ICU Services <ul style="list-style-type: none"><li>Readmission to ICU within 24 hours</li><li>Unplanned transfers to ICU / HDU</li><li>Adverse clinical events - Dislodged ETT / monitoring lines</li></ul>	17 Diagnostic Imaging Services <ul style="list-style-type: none"><li>Exposure to pregnant women</li><li>DID - Wrong person / wrong site / wrong procedure</li><li>Delay in carrying out orders</li><li>Service interruption</li></ul>
	18 Radiotherapy Services <ul style="list-style-type: none"><li>Radiotherapy - Wrong person / wrong site / wrong procedure / wrong dose</li><li>Delay in carrying out orders</li><li>Service interruption</li></ul>
	19 Food Services <ul style="list-style-type: none"><li>Food safety / hygiene</li><li>Wrong person / wrong diet</li></ul>
	20 Discharge Related (Non-Clinical) Incidents <ul style="list-style-type: none"><li>Financial constraints / no insurance cover</li><li>Absconded</li><li>Appointment at other Hospitals</li><li>Bed Constraint</li></ul>

Table 4:

Clinical (Outcome) Indicators	
1	<b>Surgical indicators</b> a. Mild & moderate head injury case fatality rate b. Rate of white appendix c. Laparoscopic Cholecystectomy discharged within 48 hours
2	<b>Medical indicators</b> a. Percentage of myocardial infarction patients receiving thrombolytic therapy within 1 hour of their presentation at the Emergency Department b. Percentage of myocardial infarction patients undergoing primary PCI c. Myocardial infarction case fatality rate d. Dengue fever case fatality rate e. CABG – Death in low risk, high volume cases
3	<b>O&amp;G indicators</b> a. Percentage of patients with length of hospital stay > 5 days after elective caesarean section b. Percentage of patients with length of hospital stay > 5 days after emergency caesarean section c. Adequacy of PAP smear d. Birth trauma – injury to neonate e. Obstetric trauma during LSCS – injury to mother f. Urinary tract injury following hysterectomy
4	<b>Anaesthesia indicators</b> a. Occurrence of adverse events during the recovery period b. Unplanned admission to the Intensive Care Unit within 24 hours of surgery
5	<b>Paediatric indicator</b> a. Incidence rate of neonatal hyperbilirubinemia >20mg/Dl
6	<b>Other surgical indicators</b> a. Incidence of casting complications b. Rate of reactionary post tonsillectomy bleeding c. Percentage of post operative cataract patients with BCVA less than 6/9 - three months post operatively
Safety Indicators	
1	<b>O&amp;G indicators</b> a. Birth trauma – injury to neonate b. Obstetric trauma during LSCS – injury to mother c. Urinary tract injury following hysterectomy
2	<b>Diagnostic Imaging indicators</b> a. Morbidity associated with Percutaneous Needle Aspiration Cytology / Biopsy of Abdomen – Haemorrhage b. Wrong person / wrong site / wrong procedure / wrong dose error
3	<b>Radiotherapy</b> a. Wrong person / wrong site / wrong procedure / wrong dose error
4	<b>Hospital wide indicators</b> a. Patient Fall b. Sharps injury c. Medication error d. Blood / blood products transfusion error e. Burns during delivery of electro-therapeutic modalities & thermal agents

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# BUSINESS REVIEW



#### State-of-the-art Facilities

- 24-hour Accident and Emergency Unit
- 24-hour Ambulance Services
- 3-D/4-D Ultrasound
- Angiography and Cardiac Catheterization Lab (Cathlab)
- Bone Densitometer
- Coronary Intensive Care Unit (CICU)
- Coronary Care Unit (CCU)
- Cardiothoracic Centre
- Convalescent Centre/Home Nursing
- Diagnostic Imaging Superconductive MRI/Multi-slice CT Scan/Digital Fluoroscopy/General X-Ray with CR System/Mammography/Mobile X-Ray/Mobile C-Arm
- Diagnostic/Screening Centre
- Dental X-Ray
- Day Care Ward
- Haemodialysis Centre
- High Dependency Unit (HDU)/Neonatal HDU
- Intensive Care Unit (ICU)/Neonatal ICU
- Laboratory
- Lithotripsy Centre
- Digital and Navigated Orthopaedic Operation Theatre, Cardiac Operation Theatre and General Operation Theatre
- Oncology and Radiotherapy Centre/Linear Accelerator
- Ophthalmic Laser
- Picture Archiving and Communications System (PACS)
- Pharmacy
- Physiotherapy and Rehabilitative Centre
- Private Delivery Rooms
- Special Care Nursery
- Treadmill Stress Test
- Women and Baby Centre

# HOSPITAL OPERATIONS



# Hospital Operations

## Three Decades On and Still Going Strong

KPJ Healthcare Berhad operates a network of 20 private specialist hospitals that spans the length and breadth of Malaysia and also serves neighbouring Indonesia with two hospitals in Jakarta.

The services provided to the local communities where the hospitals are located as well as to foreign patients encompasses services in various medical disciplines, ranging from general medicine and surgery to more specialized areas such as cardiothoracic or plastic and reconstructive surgery and many others.

### Continued Growth in 2011

In celebrating its 30th anniversary, KPJ continued to drive ahead with record achievements in 2011.

Its financial position remains strong with another year of record growth in both the top line and bottom line.

KPJ achieved its highest ever consolidated revenue of more than RM1.91 billion, more than doubling what it achieved five years ago and about 15% higher than the preceding year's performance.

This achievement was possible with improvements seen across the network of hospitals, with the Malaysian hospitals still generating the bulk of the revenue, alongside better performance among support services and the education unit.

All 20 Malaysian hospitals continued to remain profitable concerns in 2011, with 13 posting double-digit top line growth, which was supported by expansion of bed capacity, extensions to house more Consultant suites, introduction of new services and medical equipment, as well as recruitment of more Medical Consultants.

The top eight largest hospitals accounted for more than 60% of the total revenue contributions from Malaysian hospitals.

Earnings from Malaysian hospitals also improved because of contributions from Sibu Specialist Medical Centre, which was acquired in early 2011, as well as more prudent spending and the austerity drive to contain costs.



Linear Accelerator (LINAC) for Oncology treatment

### Specialist Services

- Anaesthetics Services
- **Coronary Angiogram & Angioplasty**
- Audiology
- **Bariatric Surgery**
- **Cancer & Chemotherapy Services**
- **Cardiology & Cardiothoracic Surgery**
- Child Psychiatry
- Clinic Pathology
- Colorectal Surgery
- **Cornea Transplant Surgery**
- Diet Counselling
- Dental Services
- Dermatology (Skin)
- Day Surgery
- Ear, Nose & Throat (ENT)
- Endocrinology
- Feto-Maternal Medicine
- General Surgery
- General / Internal Medicine
- Endoscopy Services – Gastroscopy, Colonoscopy, ERCP etc.
- Haematology
- Immunisation & Vaccination Services
- **Interventional Angioplasty**
- **Interventional Chronic Pain Management Services / Centre**
- In-vitro Fertilisation (IVF)
- **Joint Replacement and Reconstructive Surgery**
- **Laparoscopic Surgery**
- Neurology (EEG & EMG)
- **Neurosurgery**
- **Neonatology**
- **Nephrology**
- Occupational Health Services
- Orthopaedic & Trauma Surgery
- **Ophthalmic (Eye) Laser**
- Ophthalmic (Eye) Surgery
- Ophthalmology
- Orthodontic & Maxillofacial Surgery
- Obstetrics & Gynaecology (O&G)
- Outpatient Treatment
- Paediatric Surgery
- **Plastic & Reconstructive Surgery**
- Physiotherapy, Rehabilitative & Occupational Therapy Services
- Psychiatry – General & Paediatric
- Pharmacy & Laboratory Services
- Radiotherapy & Oncology
- Reconstructive & Spinal Surgery
- Respiratory Medecine Services
- Restorative Dentistry & Endodontics
- Rheumatology
- Sleep Disorder Centre
- Urology
- Vascular Surgery



KPJ is steadfast in its commitment to quality

Meanwhile, the Indonesian operations also posted higher revenue as RS Bumi Serpong Damai, which is still in the gestation period, showed a marked three-fold improvement in revenue.

Support services such as Pharmaserve Alliances Sdn Bhd and Lablink Sdn Bhd, the education unit KPJ Healthcare University College, as well as intrapreneur and other subsidiaries also contributed positively to the Group's 2011 performance.

The strong revenue achieved during the year also translated into higher earnings for the Group, recording a record high profit before zakat and tax of RM204.60 million in fiscal 2011, surging 21.8% on year.

KPJ also continued to earn dividend income from its ownership of 49% stake in Al-'Aqar Healthcare REIT. The stronger performance by Al-'Aqar also resulted in higher returns for KPJ.

The acquisition of a 51% stake in Jeta Gardens Waterford Trust (JGWT) was completed on 30 November 2011, and therefore is expected to make a more meaningful contribution in the following year.

### Quality Healthcare Delivery Strengthens Consumer Confidence

KPJ's commitment to quality and patient safety continues to play a significant role in ensuring high consumer confidence in its hospital operations and this effort is reflected in the increase in overall patient numbers.

Total outpatients rose by more than 7% while the number of inpatients increased by almost 5%, bringing the total number of patients to more than 2.6 million for 2011.

Occupancy rate remained high, averaging at around 70%, and a number of hospitals are currently undergoing expansion to increase the bed capacity.

Hospitals located in Klang Valley and major towns continued to lead in terms of patient numbers and almost all hospitals showed an increase in the number of patients, with some showing double digit growth as a result of expansion in capacity, improvement in services rendered as well as aggressive marketing and promotional efforts.

This included, among others, extensive publicity through the media as well as advertising mediums such as billboards and community projects. Notable among them is the Johnson & Johnson "Touch Campaign" that was launched on 2 March 2011.

During the year, KPJ also conducted a survey to evaluate the effectiveness of its advertising initiatives and to measure the success of its branding exercise.

The survey findings showed that 82% of the respondents marked KPJ under the total brand recall among the top eight healthcare players in the country. The results of the survey reflected positive outcome from the advertising efforts.



*KPJ continues to focus on enhancing good customer service*

Community projects and events were also conducted by every KPJ hospital as part of its contribution to building up a healthier society and to create greater awareness about the services that are available at the hospitals.

Corporate clients and insurers also continued to remain a major supporter of KPJ hospitals and significant emphasis was placed on building relationships with these clients and to acquire new ones to generate greater revenue for the Group.

While KPJ continues to focus on promoting its brand and services to the local community, it is also marketing its hospitals abroad to attract more international patients.

# MEDICAL TOURISM



## Medical Tourism

### A Hidden Jewel



KPJ participates in exhibition in Middle East

KPJ intensified its medical tourism activities in 2011, strengthening its brand and growing its profile of international patients through marketing and promotions in target markets in Asia, the Middle East and Australia.

The Group made a greater presence in these target markets through participation in international exhibitions, trade expos, and sales visits across several countries in the Asia continent, focusing mainly on Indonesia, Australia, Bangladesh and China as well as the Middle East, to name a few.

The number of medical tourists, who are essentially patients who travel out of their home country to a foreign destination for elective surgeries and procedures, are expected to continue rising in future years as many more will be attracted to take advantage of the international-standard medical care at competitive prices that are available in Malaysia.

This, coupled with the Government's initiatives to boost the healthcare travel industry, should also contribute to further development of the sector.

As a major healthcare player in Malaysia, these developments will bode well for KPJ and the Group is also planning to further strengthen its foothold in target markets through continued promotions and aggressive marketing.

#### Strategy to Grow the Medical Tourism Dollar

While the domestic market remains the mainstay for KPJ hospitals, the management believes that one way to support sustainable growth is to enhance its market position in other areas of high potential, one of them being the medical tourism segment.

The Government's interest in building up Malaysia as a medical tourism hub has catapulted healthcare travel to even greater significance than before, starting first with the launch of the Malaysia Healthcare Travel Council (MHTC) in December 2009 and subsequent health travel promotional activities led by MHTC, the Association of Private Hospitals of Malaysia (APHM) and various healthcare facilitators and government agencies.

Further regulatory liberalisation by the Government, in support of medical tourism, opened new avenues for healthcare players, including KPJ, to promote their services to potential patients abroad.



Driven by the positive outlook as well as these Government initiatives, KPJ lent its support to many of the activities led by MHTC, the Ministry of Health and the Tourism Ministry, which took KPJ to many international trade fairs and roadshows throughout the year.

#### Promoting KPJ at International Exhibitions

The year's marketing efforts took KPJ to Indonesia, beginning with sales visits and promotions at Aceh and Medan in January and later in November to Surabaya.

The promotional drive in Surabaya was led by MHTC and it also served as a platform for KPJ to expand its network with travel agents who can refer patients to KPJ hospitals.

Indonesia is an important market for KPJ as it currently accounts for the largest proportion of KPJ's international patients, accounting for almost a third, and it is expected to continue to remain a significant market for the Group.

Meanwhile, efforts were also made to further enhance KPJ's presence in the Middle East and in highly-populated countries such as Bangladesh and China.

The Middle Eastern market promises much growth potential as Malaysia is a very attractive destination given the many similarities in culture and customs. KPJ is also well-positioned to attract patients from the Middle East given its previous experience in managing hospitals in Saudi Arabia.

Malaysia's national trade promotion agency Malaysia External Trade Development Corp (Matrade) has also identified the Middle East as one of the target markets for promotion of the country's healthcare business and as a major healthcare player, KPJ is fully supportive of the initiatives launched by Matrade.

In April, KPJ participated in the fourth edition of the Malaysia Services Exhibition (MSE 2011), which was held at the Abu Dhabi National Exhibition Centre in Abu Dhabi, the capital of United Arab Emirates (UAE).

KPJ's marketing efforts in the Arab countries also included sales visits and tie-ups with medical tourism agents, with the aim of enhancing the Group's relations with the local governments and other business establishments from the UAE region for the treatment of their employees to KPJ hospitals in Malaysia.



KPJ participates in exhibition in China

These marketing efforts proved to be effective with the number of patients from the Middle East seen rising in 2011 and revenue doubling over the 12-month period.

Marketing and promotions in Bangladesh and China were also very well received, translating into an improvement in the number of patients from these countries in 2011.

Under the guidance of Matrade, KPJ had also participated in the 8th China-ASEAN Expo (CAEXPO), which was held at Nanning, Guangxi, China, on 21-26 October 2011.

The 8th Expo, which was jointly officiated by Chinese Premier Wen Jiabao and Malaysian Prime Minister YAB Dato Sri' Mohd Najib Tun Abdul Razak, is an annual event and has been highly credited as an effective platform to promote trade, investment, and tourism.

In support of initiatives by MHTC and APHM, KPJ also participated in the Malaysia Healthcare Travel Exhibition 2011 in Hong Kong and the medical tourism promotion to Guangzhou, China, in September and December 2011, respectively.

Promotions and marketing were also extended to other countries around the globe, from Vietnam in Indochina to Australia and to the West to Kurdistan, Iraq, and as far as the US.

Among the most recent participation by KPJ in the US was the 4th World Medical Tourism & Global Healthcare Congress. The congress was held in Chicago, Illinois, on 25-28 October 2011.

Clearly such marketing efforts proved to be fruitful with a marked increase seen in the number of patients originating from many of the targeted countries, and KPJ plans to continue with the current marketing strategies. KPJ is also exploring the possibility of setting up a representative office in some of the major markets to promote KPJ hospitals more aggressively and to provide added services.



#### Enhancing Services to Support Medical Tourism

Meanwhile, KPJ hospitals are also enhancing its services to better cater to the needs of the foreign patients from various countries by opening new premier wards, hiring patient liaison officers who are well-versed with various foreign languages such as Arabic, Indonesian, Japanese and Korean, to name a few, and increasing the overall capacity at existing hospitals.

Investments continued to be made in new medical equipment and facilities featuring the latest technologies for a more positive patient experience and better medical and surgical outcomes.

Programmes are also being drawn up for the convenience of international patients and their accompanying family members, including arrangements for services that they may need during their stay in Malaysia.

Some relevant information such as brochures and vital information are also published in foreign languages to help answer queries from foreign visitors.

KPJ's efforts to have its hospitals accredited by the Malaysian Society for Quality in Health (MSQH) – and later by the Joint Commission International (JCI) – further affirms its commitment to ensure continued quality care for all its patients and serves to instill greater public confidence in its services.

To date, 11 KPJ hospitals have been accredited by MSQH, with more undergoing the MSQH survey this year and two others preparing for the JCI accreditation.

In this digital age, the web portal is more than just a marketing tool to provide information to patients and potential customers. For KPJ, the web portal is also used to facilitate the needs of its patients by allowing them to make appointments with the doctor of their choice.



Announcement of KPJ projects under ETP

### Increasing Capacity, Expanding Hospital Network

In view of the anticipated increase in patient numbers, from both domestic and international markets, KPJ had drawn up plans to expand its capacity over the next five years, in line with its aim to add 1-2 new hospitals to its network via acquisitions or greenfield developments at locations that KPJ has yet to set foot in.

The expansion effort coupled with initiatives to expand its medical tourism market culminated in the announcement of KPJ as one of the 13 new project owners under the 8th update of the Economic Transformation Programme (ETP) by Malaysian Prime Minister YAB Dato' Sri Mohd Najib Tun Abdul Razak on 10 November 2011.

The ETP has identified 12 National Key Economic Areas (NKEAs) – 11 industry sectors and Greater KL/Klang Valley – that will drive overall economic growth in the country and to transform Malaysia into a high-income nation by 2020.

The healthcare sector, one of the 12 NKEAs, is viewed as a private-sector driven growth engine that will generate RM35 billion in incremental gross national income (GNI) contribution to reach RM50 billion by 2020. It will focus on three sub-sectors, namely Pharmaceuticals, Health Travel and Medical Technology Products.

KPJ is investing some RM760 million over the next 3-4 years to develop five new hospitals in Malaysia – namely KPJ Klang Specialist Hospital, Sabah Medical Centre, Pasir Gudang Specialist Hospital, KPJ Pahang Specialist Hospital and Bandar Dato Onn Specialist Hospital – which were named under the ETP Healthcare Travel category.

These five projects will collectively add 822 beds to KPJ's existing capacity of more than 2,500 beds, and are expected to create over 3,000 new jobs and contribute an estimated RM1.2 billion in GNI for the country.

These new investments, alongside other projects that are currently in the pipeline, will bring KPJ closer to the local community and enhance the services that will be available to medical tourists.

The tapping of this potential healthcare travel market – a hidden jewel – will also be accompanied by new job creation as well as opportunities for skill enhancement, which will bode well for the economy and the healthcare labour market over the long run.

# NEW DEVELOPMENTS - HOSPITALS



# New Developments - Hospitals

Positioning for Sustainable Growth



KPJ Klang Specialist Hospital

While working on increasing the number of foreign patients, KPJ also puts significant emphasis on the growing needs of the local community and to this end, the Group has committed to invest almost RM900 million to develop seven new hospitals over the next few years, including the five hospitals named under the ETP.

With that, KPJ will bring new technologies and medical services closer to the local community while setting its footprint in new locations.

## Blazing on the Expansion Trail

Having successfully concluded its acquisition of SibU Specialist Medical Centre in 2011, KPJ continues to look at new markets and plans are afoot to open its new KPJ Klang Specialist Hospital in Bandar Baru Klang, Selangor, in the first half of 2012.

Built at a cost of about RM50 million, KPJ Klang will have more than 300,000 sq ft in built-up area, allowing it a maximum capacity of 200 beds and 29 consultant suites as well as ample space for various services and medical facilities.

Down south, the KPJ Pasir Gudang Specialist Hospital in Johor is also slated for completion in 2012. The multi-disciplinary hospital, which will be opened in phases, will enable KPJ to provide a comprehensive range of medical care to the local community as well as international patients from the neighbouring countries.

KPJ will spend more than RM40 million to develop this hospital, building up almost RM200,000 sq ft of floor space to house more than 100 beds and medical facilities.



KPJ Pasir Gudang Specialist Hospital



KPJ Muar Specialist Hospital

Plans are also afoot to develop the KPJ Muar Specialist Hospital, a project which began when KPJ first acquired the partially-completed 7-storey building located along Jalan Stadium in Muar, Johor for RM22 million. The acquisition was completed on 12 April 2010.

KPJ is currently completing the hospital building at an estimated development cost of around RM26 million, and anticipates a capacity of more than 100 beds with a floor space of more than 200,000 sq ft and almost 200 car park bays. KPJ Muar Specialist Hospital is likely to be completed in early 2013 and is expected to provide various surgical and medical services such as Orthopaedic, Mother and Child Care, Renal Care and many others.

In the more distant future, KPJ is also placing a flag in the Perlis state capital of Kangar following its signing of a 60-40 joint-venture agreement with Yayasan Islam Perlis (YIP) on 11 July 2011 to develop the first private specialist hospital in the peninsula's northern-most state of Perlis. The ground-breaking ceremony was held on 20 November 2011.

As part of the agreement, YIP will provide a 4.3-acre land in Pengkalan Asam, Mukim Seriab, Kangar for the development, while KPJ will leverage on its 30 years of healthcare experience to develop the new hospital and to provide its expertise in administration, financial, general management, and other services related to the running and operation of a private specialist hospital.

This new development will change the landscape of Kangar with a 6-storey hospital building that has a total capacity of 90 beds and equipped with the latest facilities that will encompass a built-up area of 123,000 sq ft. The first phase of the project's development cost is estimated at RM30 million.



KPJ Perlis Specialist Hospital



KPJ Specialist Hospital Bandar Dato' Onn

The blueprint includes, among others, three operation theatres alongside an intensive care unit and labour room as well as other medical facilities and services.

The new KPJ Perlis Specialist Hospital will also provide Physiotherapy, Haemodialysis, Accident & Emergency as well as 24-hour Outpatient Services.

The hospital will be ready to serve the Perlis population and foreign patients from as far as southern Thailand by 2014.

During that same year, KPJ is also anticipating two further additions to its network of hospitals.

KPJ will also be expanding its foothold in the Pahang state through the development of its new KPJ Pahang Specialist Hospital, a 188-bedded hospital that will complement the services currently rendered by Kuantan Specialist Hospital in Pahang.

KPJ Pahang will be developed by Pahang Specialist Hospital Sdn Bhd, a 70:30 joint venture company of KPJ and PASDEC Corp, a subsidiary of Pahang State Development Corporation (PKNP).

Further south, KPJ Specialist Hospital Bandar Dato' Onn will begin construction soon at Bandar Dato' Onn, a new township that is located within the Iskandar Development Region in Johor. The first phase of this development should be ready to welcome both domestic and international patients in two years' time.

The new hospital will be developed in two phases, with the first phase encompassing about 280,000 sq ft and a bed capacity of 150, and when fully completed, the total bed capacity will rise to almost 400 beds with a built-up area of approximately 500,000 sq ft.

This new facility will serve as a one-stop centre featuring six centres of excellence, namely, a Heart Centre, Geriatric Centre, Cancer Centre, Woman and Child Centre, Cosmetic and Reconstructive Centre, as well as Orthopaedic and Related Surgery Centre.



KPJ Pahang Specialist Hospital

These centres will be equipped with advanced medical equipment based on state-of-the-art technologies.

Currently, KPJ is also developing a new hospital building in Kota Kinabalu, Sabah, which upon completion of its first phase in 2012, will replace the existing premise that Sabah Medical Centre is currently operating in.

The community can expect more comprehensive services alongside the medical care from Consultants with a wider range of medical disciplines when the new 11-storey hospital in Kota Kinabalu is completed.



The new Sabah Medical Centre building



KPJ Selangor Specialist Hospital

The RM200-million hospital is expected to house a total of 250 beds at full capacity along with 500 parking bays, and it will be fitted with the latest equipment and facilities for better outcomes and comfort.

#### Enhancing Sustainability through Organic Growth

KPJ's expansion strategy also includes plans to expand existing hospitals to provide more bed capacity and additional space for new facilities and the latest equipment as well as upgrading of existing services to provide customers with better quality care and improved ambience.

To this end, KPJ has committed some RM250 million to expand and upgrade its existing hospitals in order to enhance patient experience at all KPJ hospitals.

Work is currently underway to expand several hospitals, including KPJ Selangor Specialist Hospital and KPJ Seremban Specialist Hospital, by developing a new block adjacent to the existing building.

For other hospitals, such as KPJ Tawakkal Specialist Hospital and KPJ Damansara Specialist Hospital, renovation is currently ongoing to fit out the next phase of their development or expansion, while for others, such as KPJ Johor Specialist Hospital and Puteri Specialist Hospital, upgrading works are being carried out to enhance the level of comfort and ambience as well as improvement in the facilities.

In some cases, where the need arises, KPJ will also build a new hospital building in place of an old facility to enable the hospital services to be enlarged and to allow for the provision of more facilities and services as well as installation of the latest medical equipment that employ state-of-the-art technologies.

In 2009, KPJ opened a new hospital building in KPJ Penang Specialist Hospital as a replacement for the former Bukit Mertajam Specialist Hospital and the following year, it opened the KPJ Tawakkal Specialist Hospital in place of the old Tawakal Hospital, which is currently being re-developed at a cost of more than RM15 million to become Tawakal Health Centre.



Tawakal Health Centre

## NEW DEVELOPMENT -AGED CARE AND RETIREMENT VILLAGE



## New Development - Aged Care and Retirement Village

The Golden Age Living Experience

Aside from charting the expansion path for its network of hospitals, KPJ has also travelled far to venture into another new area of community care to enhance its range of services as well as provide an additional avenue of income for the Group – Retirement Care.

### Times A-Changing for Golden Boomers

The Baby Boomers start to turn 65 in year 2011 and they are transforming the retirement age. Surveys by independent research houses have shown that the boomers have a longer life span and have a whole new view on retirement, forcing a re-examination of the traditional assumptions relating to retirement. In short, they will reinvent retirement.

As Baby Boomers retire, focus will also be on caregivers and how they prepare for the impact of providing healthcare to those in their golden years. And as a major healthcare provider, KPJ must change with the times and continue its mission by transforming the way it provides care to meet the changing needs of the population.

As a dynamic business, KPJ must also be at the forefront in identifying new opportunities and potential markets to sustain continued long-term growth for the Group.

Hence, on 22 September 2010, KPJ signed an agreement to acquire up to 367,605 new ordinary units in Jeta Gardens Waterford Trust (JGWT) and up to 3.3 million 10-year convertible notes for RM19 million in an all-cash deal, and this would give KPJ a 51% equity interest in JGWT.

The exercise was concluded on 30 November 2011, making JGWT a subsidiary of the KPJ Group.

JGWT owns and operates Jeta Gardens – Australia's first retirement and aged care resort that incorporates Eastern values – which is located in Bethania, a southern suburb of Brisbane, Australia.

KPJ's involvement in Jeta Gardens will be the gateway to the retirement world, allowing it to gain greater knowledge and experience in providing retirement care to the elderly.

The Group will also leverage on its experience as a primary caregiver as well as the knowledge of its team of managers and clinicians to create a new experience and lifestyle for the Golden Boomers in Malaysia.



Villa at Jeta Gardens

### Jeta Gardens

Jeta Gardens was founded some four years ago with a vision to provide aged care and retirement living services for the retirement community while recognizing also their needs to have the appropriate environment, culture and lifestyle amid modern amenities.

The 64 acres of extensive parklands and renowned Chinese Gardens at Jeta Gardens, bordering the Logan River, is a profusion of scenery and wildlife as well as home to more than 200 residents living in 23 villas, 32 apartments and the 108-bedded aged care facility.

There are some 150 staff members at the resort who provide various services to the residents.

In December 2011, the Australian Federal Government awarded Jeta Gardens approval to add a further 70 beds in its aged care facility and the resort is also developing 10 additional villas.

To date about half of the land bank has been developed. Plans currently are on the drawing board on how best to maximize returns on the remaining land and to create the ultimate utopia for the retirement community at Jeta Gardens.

### Amplifying Services, Maximizing Returns

In addition to the development of more villas and the increase in occupational beds at the aged care facility, the blueprint for the expansion at Jeta also includes ideas to set up more facilities for the comfort and convenience of the residents, including the possibility of setting up a Geriatric and Rehabilitation Hospital.

The effort to continuously improve the ambience and service rendered to the residents has not gone unnoticed, with Jeta's Aged Care Facility securing the second cycle of accreditation in 2011, based on compliance with all 44 standards and assessment criteria, as well as receiving an award as the most innovative aged care and retirement living business model.

KPJ's entry has also injected greater synergy into the retirement resort. The unique combination of Jeta's successful operations alongside KPJ's experience in the healthcare industry has helped strengthen JGWT's financial position in 2011.

Further development of the Bethania site and the provision of more comprehensive services in the coming years will further magnify the returns for JGWT, and ultimately for KPJ.

# EduKATE

## - KPJ UNIVERSITY COLLEGE



## KPJ University College

First row from left

1. **Dato' Dr Azizi Omar**  
Director  
Member, Senate  
Member, Education Advisory Committee  
Medical Director  
Consultant Paediatrician  
KPJ Damansara Specialist Hospital
2. **Prof Dato' Dr Lokman Saim**  
President and  
Dean of School of Medicine
3. **Jasimah Hassan**  
Chief Education and Knowledge  
Management (EduKATE)  
and Deputy Chairman

4. **Tan Sri Dato' Seri Arshad Ayub**  
Chancellor
5. **Datin Paduka Siti Sa'diah Sheikh Bakir**  
Pro-Chancellor and Chairman
6. **Yusof Ismail**  
Executive Director and  
Group Chief Executive Officer

7. **Prof Dr Durrishah Idrus**  
Vice Chancellor cum  
Chief Executive Officer
8. **Dato' Dr Hussein Awang**  
Medical Director  
Consultant Urological Surgeon  
Tawakal Health Centre

Second row from left

9. **Dr Wan Hazmy Che Hon**  
Director  
Member, Senate  
Member, Research  
and Development Committee  
Medical Director  
Consultant Orthopaedic Surgeon  
KPJ Seremban Specialist Hospital
10. **Dr Mohd Harris Lu**  
Director  
Medical Director  
Consultant Ophthalmologist  
Sentosa Medical Centre

11. **Dato' Dr Shahrudin Mohd Dun**  
Director  
Medical Director  
Consultant General Surgeon  
KPJ Selangor Specialist Hospital
12. **Dr Noor Hisham Mansor**  
Director  
Member, Senate  
Member, Research  
and Development Committee  
Consultant Physician  
KPJ Tawakkal Specialist Hospital

13. **Dr Abd Razak Samsudin**  
Director  
Consultant General Surgeon  
Puteri Specialist Hospital
14. **Dato' Dr N Sivamohan**  
Medical Director  
Consultant Obstetrician  
and Gynaecologist  
KPJ Klang Specialist Hospital
15. **Dr Mohd Hafetz Ahmad**  
Director  
Medical Director  
Consultant Obstetrician  
and Gynaecologist  
KPJ Johor Specialist Hospital





Convocation Ceremony on 5 December 2011

**KPJ Education and Knowledge Management Services (KPJ EduKATE)**

The KPJ Education and Knowledge Management Services (KPJ EduKATE) was newly introduced into KPJ Organization Structure beginning year 2011.

KPJ EduKATE term of reference covers four main broad areas:-

- i Formal Education and Training, i.e. the KPJ College & KPJ University College
- ii KPJ Corporate Intellectual Property Management and Resource Centre (Library, etc) including data processing and management
- iii Knowledge Events / Conferences / Seminars and Workshops
- iv Training, knowledge and skill enhancement for KPJ staff.

KPJ EduKATE aims to encourage the inculcation and cultivation of knowledge sharing culture among the KPJ community through systematic compilation and collection of the abundance of intangible and tangible knowledge assets available within the Group for the last 30 years. These KPJ intellectual properties could be survived and archived for reference, guidance and training of future KPJ generation of managers and staff, while data processing and management will provide value added knowledge towards decision making process and strategic planning.

All materials are being compiled and stored in KPJ EduKATE Resource Centre to serve as a central resource/reference centre for KPJ community and will be made available and accessible via existing electronic platform with aims to have a more effective knowledge management system in the very near future for easy access and promote self-learning.

Collaborating with Human Capital Management, KPJ EduKATE looks into the training appropriateness, applicability, efficiency and effectiveness in tandem with KPJ's mission of being a learning organization embracing continuous education, training and skill enhancement for staff.

**KPJ International University College of Nursing and Health Sciences**

It was a historic moment for KPJ International University College of Nursing and Health Sciences (KPJ University College) when it was bestowed the University College status in mid-2011 and another milestone was achieved through the successful conclusion of its 15<sup>th</sup> Convocation Ceremony later that year, which was its first as a University College.

Datin Paduka Siti Sa'diah Sheikh Bakir, Managing Director of KPJ Healthcare Berhad received the University College award certificate from Malaysia's Minister of Higher Education, Datuk Seri Mohamed Khaled Nordin, at an event held at the ministry on 25 July 2011. The event was witnessed by Kamaruzzaman Abu Kassim, President and Chief Executive of Johor Corporation.

This was soon followed by the University College's First Convocation Ceremony on 5 December 2011, which was also the 15th Convocation Ceremony for the education unit under its previous College status when it was known as KPJ International College of Nursing and Health Sciences (KPJIC).

Scrolls were presented to 782 graduates, alongside various awards for academic achievements in the fields of nursing and health sciences, ranging from Diplomas to Bachelors and Masters degrees. This represented an 11% year-on-year rise in the number of graduates.

Of this, 655 were diploma nursing graduates who have sat for and passed the Malaysian Nursing Board examination.

The inauguration of both the Chancellor and Pro-Chancellor for the university college was also formalized at the convocation ceremony, with Tan Sri Dato' Seri Arshad Ayub receiving the appointment certificate as Chancellor and Datin Paduka Siti Sa'diah accepting the certificate as Pro-Chancellor from Kamaruzzaman.

New and recent appointments included, among others, Professor Dato' Dr Lokman Saim as President and Dean of School of Medicine, and Professor Dr Durrishah Idrus as the first Vice-Chancellor of KPJ University College.



(From left) Jasimah Hassan, Tan Sri Arshad, Kamaruzzaman, Datin Paduka Siti Sa'diah, Prof Dr Durrishah

**A Peek Beyond 2011**

Clearly the year 2011 had been an exciting one for the education unit, which was also given the nod of approval by the minister himself to proceed with the setting up of a medical school, thus moving a step closer to realizing its ambition of becoming an envied higher learning institution.

The university college is in the midst of establishing medical school in 2012. Plans are also afoot to expand the student capacity at the main campus in Nilai, Negeri Sembilan, while also increasing the number and types of education programmes.

Five new homegrown Bachelor programmes, namely, Bachelor in Nursing, Pharmacy, Pharmaceutical and Health Sciences, Medical Imaging, and Physiotherapy, as well as a Foundation in Science programme, has been submitted to the education ministry for approval.

These and other initiatives to boost the university college's physical capacity, intellectual property, image and financial performance of the education unit are expected to help KPJ University College double its net income in 2012.

**Campus Expansion**

The campus ground in Nilai transformed rapidly throughout the year 2011 under Phase 2 of its expansion plan.

As it begins to take shape in 2012, KPJ University College is also preparing to take in a higher number of students in the coming years and planning its manpower and education programmes that will be offered.

This expansion is designed to enhance the teaching and learning environment as it will provide wider space and will be equipped with an extensive range of the latest facilities to sharpen the skills and understanding of the students.

Almost RM50 million will be spent on the development of an 8-storey academic block that has a capacity for 1,600 students alongside a new 11-storey hostel block that will house up to 2,000 students at any one time. Within the development will be a nursing skill lab, pharmacy lab, and medical imaging skills lab, among other things.

Under the second phase, the construction of the hostel is anticipated to be completed by June 2012 while the academic block is slated for completion two months later, to be in time for the subsequent student intake in September 2012.

Currently, the existing campus has a capacity of about 2,500 and the completion of the second phase of expansion will allow for a maximum intake of 5,000 students.

The third phase, which will be built at a later stage, will see the addition of two hostel blocks, three academic blocks, a multipurpose hall and modern sports complex, after which the student capacity will rise to 10,000 upon full completion.

**Widening of Education Programmes**

In 2011, KPJ University College registered slightly more than 2,500 students, which was an increase of 2% from the preceding year, all of whom are part of 11 Nursing and Health Sciences programmes that are available at the education facility.

Following the elevation of its status to a University College in mid-2011, KPJ University College has since began structuring new programmes to be offered at the institution in addition to the existing ones.

At the next intake in September 2012, KPJ University College expects to offer, in addition to the existing ones, 30 new bachelors and masters degree as well as doctorate programmes at the main Nilai campus.

To cater to the increase in capacity and student intake, the university college has also placed significant emphasis on its human capital development and has grown its staff force by 15% year-on-year to 204 employees in 2011 from 170 in the preceding year.

The rise in manpower numbers are in tandem with the increase in the number of programmes that will be offered, with more than half of the staff members being qualified and experienced lecturers in order to achieve a balanced student-lecturer ratio.

**KPJIC Johor Bahru and Penang**

KPJIC Johor Bahru Campus will be offering diploma and degree programmes with the option of a collaboration degree programme with Liverpool John Moores University or several other Diploma and Post-Graduate Certificate in Paediatric Nursing and Diploma in Nursing programmes.

At the same time, KPJIC Penang Campus in Bukit Mertajam, Seberang Perai, is set to open in mid-2012.

The certificate of Completion and Compliance for the building was obtained at end-2011 and it is now applying for the license to operate from the Ministry of Higher Education.

Among the first programmes planned for the Penang Campus is the Diploma in Pharmacy and it is also planning to offer Bachelor (Hons) of Pharmacy programme in collaboration with University Sains Malaysia.

**Programmes that will commence in 2012:**

- ▶ Bachelor of Science in Nursing (Hons)
- ▶ Bachelor of Pharmacy (Hons)
- ▶ Bachelor of Pharmaceutical with Health Science (Hons)
- ▶ Bachelor of Physiotherapy (Hons)
- ▶ Bachelor of Medical Imaging (Hons)
- ▶ Diploma in Health Information Management
- ▶ Foundation in Science
- ▶ Professional Certificate in Critical Care Nursing

**Current Programmes:**

- ▶ Bachelor of Science (Hons) International Nursing (in collaboration with Hertfordshire University, UK)
- ▶ Post-Basic Certificate In Pediatric Nursing
- ▶ Post-Basic Certificate In Renal Nursing
- ▶ Certificate in Health Information Management
- ▶ Diploma in Medical Imaging
- ▶ Diploma in Nursing
- ▶ Diploma in Pharmacy
- ▶ Diploma in Physiotherapy
- ▶ Diploma of Higher Education In Operating Department Practice (in collaboration with Liverpool John Moores University, UK)
- ▶ Professional Certificate in Education and Teaching For Nursing Professionals
- ▶ Professional Certificate in Gerontology Nursing

**Facts on KPJ International University College of Nursing and Health Sciences**

- ▶ Located in Nilai, Negeri Sembilan
- ▶ Established 1 April 1991 as PNC International College of Nursing and Health Sciences
- ▶ Renamed KPJ International College of Nursing and Health Sciences (KPJIC) on 4 November 2008
- ▶ Obtained University College status in May 2011, changed name to KPJ University College of Nursing and Health Sciences
- ▶ First private nursing college to offer Diploma in Nursing programme
- ▶ First private nursing college to obtain Diploma in Nursing accreditation by Malaysian Qualification Agency
- ▶ To date, produced almost 5,000 nurses and healthcare professionals with Diploma, Degree and Post-graduate specialized qualifications
- ▶ International alliance with foreign universities from Australia, UK:
  - University of South Australia (1994)
  - Liverpool John Moores University, United Kingdom (1997)
  - University of Hertfordshire, United Kingdom (2009)

**List of programmes for Johor Bahru and Penang campuses:**

- School of Nursing (Johor Bahru)**
- ▶ Bachelor of Science (Hons) Nursing (in collaboration with Liverpool John Moores University, UK)
  - ▶ Professional Certificate in Renal Nursing
  - ▶ Professional Certificate in Neonatology
  - ▶ Professional Certificate in Orthopedic Nursing
  - ▶ Professional Certificate in Gerontology Nursing

- School of Nursing (Penang)**
- ▶ Professional Certificate in Critical Care Nursing
  - ▶ Certificate in Renal Nursing
  - ▶ Certificate in Perioperative Nursing
  - ▶ Certificate in Teaching Methodology for Allied Health

- School of Pharmacy (Penang)**
- ▶ Bachelor (Hons) in Pharmacy (in collaboration with Universiti Sains Malaysia)
  - ▶ Diploma in Pharmacy

**Programmes that will be submitted for approval in 2012:**

- School of Medicine**
- ▶ Bachelor of Surgery and Bachelor of Medicine (MBBS)
  - ▶ Masters of Otorhinolaryngology
  - ▶ Masters of Pediatrics
  - ▶ Masters of Radiology

- School of Nursing**
- ▶ Doctor of Philosophy in Nursing
  - ▶ Masters of Nursing Science (by mix mode)
  - ▶ Masters of Nursing Science (by research)
  - ▶ Bachelor of Science (Hons) Nursing (in collaboration with Liverpool John Moores University, UK)
  - ▶ Advanced Diploma in Peri operative Nursing (in collaboration with Liverpool John Moores University, UK)
  - ▶ Advanced Diploma in Midwifery

- School of Pharmacy**
- ▶ Doctor of Philosophy in Pharmacy
  - ▶ Master in Pharmacy
  - ▶ Master in Pharmaceutical Technology

- School of Allied Health**
- ▶ Doctor of Philosophy in Medical Imaging
  - ▶ Doctor of Philosophy in Physiotherapy
  - ▶ Master of Physiotherapy (by research)
  - ▶ Master of Physiotherapy in Clinical Practice
  - ▶ Master of Medical Imaging (by coursework)
  - ▶ Master of Medical Imaging (by research)

- School of Business and Management**
- ▶ Doctor of Philosophy in Management
  - ▶ Master of Healthcare Management
  - ▶ Bachelor (Hons) of Healthcare Information System

- School of Behavioral Sciences and Humanities**
- ▶ Master of Art in Special Education Needs (in collaboration with University of East London)

ANCILLARY SERVICES



# Ancillary Services

The intricate interplay of medical treatment calls for a host of integrated services that support the operations at KPJ hospitals and complement the overall healthcare services, which the Group currently provides to customers.

These ancillary services, which are provided for by several key subsidiary companies of the Group, have helped KPJ keep some of its operating costs low and, as these companies grow, they have also generated good earnings income for the KPJ Group.

For fiscal year 2011, KPJ generated total revenue of RM602.66 million from the provision of management services, pathology and laboratory services, marketing and distribution of pharmaceutical, medical and surgical products, and operating its private nursing college. This represented a 24% increase from the preceding year.

## Laboratory Services

Following the expansion of KPJ's hospital network and extension of its range of services, the Group set up a subsidiary, Lablink (M) Sdn Bhd, in 1991 to manage all laboratories at its hospitals and to enhance services provided to customers through greater efficiency and speed in processing lab tests and results.

Specialising in laboratory and pathology services, LabLink began operating within the hospital premise at KPJ Ampang Puteri Specialist Hospital in January 1999 and subsequently extended its in-house services to Pusat Pakar Tawakal, KPJ Damansara Specialist Hospital, KPJ Ipoh Specialist Hospital, KPJ Perdana Specialist Hospital, Kuching Specialist Hospital and KPJ Seremban Specialist Hospital.

LabLink also manages the laboratory at Nilai Cancer Institute.

The DIN EN ISO 9002 accreditation from IQNET, which Lablink received in 2002, marked a major milestone for the company as it reflects international recognition through such management and system assessments and certifications. LabLink is also ISO9001:2000 certified.

## Central Purchasing & Distribution Services

Aside from laboratory services, KPJ also leverages on economies of scale through its central purchasing arm, Pharmaserve Alliances Sdn Bhd (PASB), which has contributed significantly to the Group's earnings.

PASB, which was established in 2002, is a wholesaler and distributor of pharmaceutical, medical and other hospital-related products, mainly to support the needs of KPJ hospitals and companies.

Today, PASB is one of the largest buyers in the medical industry after the Ministry of Health, and with volume purchases enable the Group to generate relatively better margins and also allow for the translation of cost savings to KPJ's customers.

Its range of products include, among others, pharmaceutical, medical disposables, radiological, rehabilitation, laboratory and other related goods, as well as sutures and catgut, implants and stationeries.

The company also puts much emphasis on efficiency and enhances its operations through the use of information technology and best practices in management systems. PASB has its main office in Petaling Jaya, Selangor, but also operates several sub-stores in a few KPJ hospitals to better service the needs of the hospitals that are located in various regions in Malaysia.



KPJ practices laboratory services in-house



Sterilization of medical instruments at KPJ Sterilization Centre in Rawang

## Sterilization Services

To further improve the Group's efficiency and trim operating costs, KPJ opened its own Certified Sterilization Service Centre (CSSS) in Rawang, Selangor in 2011 together with its joint-venture partner, Steril Gamma Sdn Bhd.

The centre, which is owned and operated by KPJ's subsidiary Sterile Services Sdn Bhd (SSSB), was officially opened by the Minister of Health, Dato' Sri Liow Tiong Lai, on 11 January 2011.

It essentially functions as the central sterilization and supply network for sterile goods, where it is responsible for the logistics relating to the management, supply, collection and delivery of sterile goods to KPJ hospitals. This central sterilization of all medical instruments from KPJ hospitals will result in significant cost savings and greater efficiency for the hospitals.

Currently, its services are provided to Klang Valley hospitals but will be extended to KPJ hospitals in other parts of the country in future.

SSSB's operations are properly documented and processes are carried out in compliance with certified standards, as the company is aiming to achieve its ISO certification in 2012, specifically the QMS and sterilization process certifications.

As a pioneer in Malaysia's independent sterilization and decontamination CSSC service sub-sector, SSSB vision is to provide services that conform to international quality standards.



## KPJ Eye Centre

To further enhance its specialist services, KPJ Group had in December 2010 acquired a strategic 80% stake in Sri Kota Refractive and Eye Centre Sdn Bhd, which has its main office in Petaling Jaya, Selangor and a branch in Rawang, Selangor.

Branded as Pusat Pakar Mata Centre For Sight (CFS), the eye centre has been operating in Selangor since 2004.

Currently, CFS offers outpatient and day care facility for about 20,000 patients and performing 1,600 procedures annually, alongside a comprehensive range of eye surgery services including sub-specialties in cornea, vitreo-retinal surgery, glaucoma, cataract, refractive surgery / lasik, oculoplastic surgery and paediatric ophthalmology.

As part of its expansion plan, CFS is planning to open another branch in Kuala Lumpur in 2012, investing about RM10 million to set up the 5,000sq ft facility.

## Healthcare Technical Services

KPJ's rapid expansion called for the services of project managers and this boosted the growth of Healthcare Technical Services Sdn Bhd (HTSSB), in which KPJ holds a 30% interest.

HTSSB specializes in project management, specifically the construction of hospital buildings and is actively involved in the development of KPJ's new projects as well as the expansion at existing hospitals.

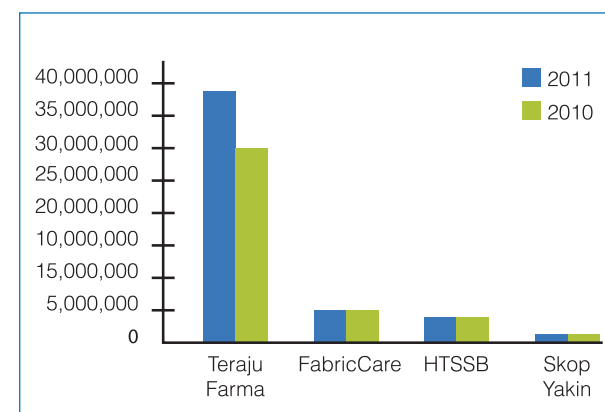
# CORPORATE RESPONSIBILITY

## Intrapreneur Companies

The Intrapreneur concept of Shared Growth and Shared Prosperity was introduced in KPJ to develop entrepreneurial talent among its staff members, and this initiative has paid off in several ways.

KPJ has succeeded in bringing up talented employees by cultivating their entrepreneurial spirit and this, in turn, has also helped the Group develop new services that generate additional income as well as further support the expansion of KPJ hospitals care for patients.

Currently, there are four companies under the Intrapreneur stable and they have performed well despite the economic uncertainties. The four are Teraju Farma Sdn Bhd, Fabricare Laundry Sdn Bhd, Healthcare IT Solution Sdn Bhd and Skop Yakin (M) Sdn Bhd.



## Teraju Farma

Teraju Farma's core business is in supplying pharmaceutical and medical equipment as well as hospital supplies and it also acts as a sole distributor with warehousing and distribution facilities for a number of products.

Aside from the KPJ Group, Teraju Farma is also actively servicing the Government sector, as a tendering agent, where it supplies pharmaceuticals, medical and healthcare related products to over 150 health institutions nationwide.

## Fabricare Laundry

Fabricare Laundry Sdn Bhd supports the KPJ Group by undertaking laundry services for KPJ hospitals in the Johor state and it also extends its services to the hotels and convention centre that is operated by Johor Corporation.

With its main office in Johor Bahru, Fabricare is currently focusing its attention on the Johor market due to logistical reasons, servicing both KPJ Johor Specialist Hospital and Puteri Specialist Hospital, and will be offering its services to the Group's two new hospitals in Pasir Gudang and Muar once they are operational.

Currently, KPJ hospitals account for almost three-quarters of Fabricare's business and the laundry service provider's revenue has shown improvement in fiscal 2011 in tandem with higher patient numbers in both Johor hospitals.

## Healthcare IT Solution

To enhance efficiency and reduce patients' waiting time at KPJ hospitals, the Group has continuously tapped on the advantages of information technology (IT), implementing the hospital information system and rolling out other IT systems at these hospitals.

Healthcare IT Solution Sdn Bhd (HITSSB) was set up to manage the healthcare IT system for KPJ hospitals and, over time, has evolved to become a player in healthcare solutions for KPJ and other customers.

The company continued to perform well in 2011, showing positive growth as more systems are introduced to the KPJ hospitals and external clients, and HITSSB is expected to continue riding the ICT wave in Malaysia.

## Skop Yakin

As with all other enterprises, KPJ is also a consumer of printing and stationeries and the setting up of its Skop Yakin (M) Sdn Bhd was aimed at leveraging on bulk purchasing in order to bring down overall costs.

This company is still at its infancy, having been established since March 2010, but is showing good revenue growth from its provision of supplies to KPJ and other clients, and holds much potential as the company continues to actively bid for new contracts whenever business opportunities arise.

## Small Business Units

KPJ plans to continue supporting this Intrapreneur initiative and in 2011, KPJ has identified four sub-business units (SBUs), or incubator companies, that hold much growth potential.

These SBUs are now operating under the wing of the Group as they strengthen their foundation and prove their business viability, before they are elevated into the Intrapreneur programme.

To date, they have showed significant progress, with some showing profits within the first year of operations, and are expected to continue this upward momentum.

The four SBUs are involved in the supply of perishables, ambulance services, home nursing services and event management.



Corporate Responsibility

Over the past three decades, KPJ has developed a culture of socially responsible operations and a comprehensive approach to sustainable business by aligning its practices to its core values.

The values of giving to the community, helping the indigent and underprivileged, adopting good social and environmental practices are deeply embedded in KPJ's operations and this continues to permeate the work culture within the Group through its Corporate Responsibility (CR) initiatives.

It maximizes the positive impact in this journey towards sustainability by focusing on four key areas, namely, the community, marketplace, workplace and environment, and it approaches these CR initiatives through five ways:

- 1. Community engagement – through health awareness programmes and educating the public with the aim of develop a healthier society
- 2. Community outreach – integrating social responsibility by reaching out to the indigent and underprivileged though financial, literacy, health and volunteer support
- 3. Accountability – identify and implement best practices, prioritize patient safety and uphold stakeholders' trust and confidence
- 4. Empowering people – investing in its greatest asset through improvement and training programmes for employees and shaping future leaders through coaching and transformational leadership
- 5. Environmental protection – sustaining the environment for future generations through investments in green technology and identifying ways to reduce carbon footprint.

Every year, staff members of the Group touch millions of lives across the nation and KPJ believes these community service efforts alongside active stakeholder approach will result in meaningful and sustainable solutions.

This commitment to corporate responsibility is led by senior management and extends to all divisions within the KPJ Group, which encompasses almost 9,000 employees across the nation as well as a supply chain of thousands of suppliers and business partners who share KPJ's vision to operate in a responsible and sustainable manner.



KPJ commemorating World Diabetes Day at its hospital

Community

Delivering a Healthier Society

KPJ's move to empower the community with knowledge and good practices in order to improve their overall well-being is an ongoing effort and continues to form a significant part of the Group's corporate responsibility strategy.

During the year, KPJ's team of Medical Consultants and nurses and dietitians conducted a wide range of public health talks on various medical and nutritional topics and its employees also organized many events to promote healthy lifestyles and good hygiene practices.

It is heartening to see the encouraging response from the public to KPJ's community projects, because these initiatives form the platform for its staff members to better understand the needs of the people and to work together to build a healthier nation.

Some of the notable projects that took place in fiscal 2011 include, among others, nationwide celebration of the World Health Day, World Heart Day, World Diabetes Day, and blood donation drives at all KPJ hospitals.

These events often include activities such as health talks on related medical conditions, free basic medical screening, advice from Medical Consultants or clinical staff on how to deal with those medical conditions and the availability of treatment options, as well as exhibitions and various other forms of information distribution to promote health awareness and healthy lifestyles.

KPJ also tries to communicate these messages to the communities in far reaches of the country through publications in the media on medical-related issues and conditions as well as Medical Consultants going on air through the radio or television to educate the public on health care with the aim of improving the society's overall wellbeing.

To create a more sustainable society, KPJ must continue to find more innovative ways to help its customers take greater interest in their health and to lead healthier lifestyles.



Dr G Ruslan Nazaruddin Simanjuntak of KPJ Tawakkal Specialist Hospital at Selamat Pagi Malaysia programme, TV1



Dr Huzaimi Yaakob, General Surgeon of Kuantan Specialist Hospital, at Radio Pahang FM

Community Projects for the Needy

The Group is also committed to helping the community, particularly the indigent and underprivileged, through volunteer programmes or charity events.

One of KPJ's major CR efforts is the chain of charity clinics under Klinik Waqaf An-Nur or KWAN programme, where the needy can seek basic medical care that would normally be beyond their reach.

These clinics provide medical assistance to low-income patients – those with monthly income below RM1,000.00 – at a nominal fee of RM5.00.

The focus of these charity clinics is on delivering basic medical care to them so that they may lead a healthier life and in doing so, promote a more productive Malaysia.

This initiative began as early as 1998 when KPJ, together with its parent company Johor Corporation, established the first charity clinic in Johor Bahru, Klinik Waqaf An-Nur Kotaraya, and the drive to expand this network has been on-going ever since.

As at end 2011, KWAN has a network of 15 charity clinics and dialysis centres throughout Malaysia and one charity hospital, Hospital Waqaf Pasir Gudang in Johor, and plans are afoot to open two additional clinics in 2012.

On its part, KPJ provides the clinical resources and bears the cost of the medication supplied to patients and the Group also contributes more than RM1.75 million annually in financial aid to support KWAN's activities.

To date, KWAN has helped more than 760,000 patients of all races throughout the country and expects to widen its reach to more communities as the network expands.

The spirit of giving that KPJ nurtures among its employees is also reflected in their efforts to lend a helping hand to the underprivileged through visits and donations made to orphanages as well as disabled and aged care centres, charity fund-raisers to help them seek a better life, and other meaningful projects to help those around them.



Dr Mohd Harris Lu Abdullah launching Klinik Waqaf An - Nur or KWAN

KPJ's Medical Consultants also play their role in developing a sustainable community through the Consultants Charity Fund and a number of them have also championed various humanitarian causes and supported fund raising exercises for the indigent.

They also support KPJ's social responsibility efforts by providing free surgery to select patients under KPJ's CSR programme and volunteer their time to the community during disasters by participating in flood relief activities and other efforts.

The Group will continue to harness the commitment and dedication of its Medical Consultants and employees to build community leadership that will define KPJ and further strengthen its philosophy to Care for Life.

	No Clinic/Hospital	Location	Date opened
1	Klinik Waqaf An-Nur Kotaraya	Johor Bahru, Johor	1 Nov 1998
2	Klinik Waqaf An-Nur Batu Pahat	Batu Pahat, Johor	16 Mar 2001
3	Klinik Waqaf An-Nur MAINS	Seremban, Negeri Sembilan	16 Oct 2003
4	Hospital Waqaf An-Nur PasirGudang	Pasir Gudang, Johor	16 Jun 2006
5	Klinik Waqaf A-Nur Sg. Buloh,	Sg. Buloh, Selangor	23 Jun 2006
6	Klinik Waqaf An-Nur Muar	Muar, Johor	1Aug 2007
7	Klinik Waqaf An-Nur Kluang	Kluang, Johor	1Aug 2007
8	Klinik Wakaf An-Nur Ijok	Ijok, Selangor	1 Nov 2007
9	Klinik Waqaf An Nur Satok Sarawak	Kuching, Sarawak	19 Feb 2008
10	Klinik Waqaf An-Nur Bukit Indah	Ampang, Selangor	24 Dec 2009
11	Klinik Waqaf An Nur Larkin Sentral	Johor Bahru, Johor	29 Dec 2009
12	Klinik Waqaf An-Nur Samariang Sarawak	Kuching, Sarawak	23 Dec 2009
13	Klinik Waqaf An-Nur Manjoi Perak	Ipoh, Perak	15 Jan 2010
14	Klinik Waqaf An-Nur USJ9 Subang Jaya	Subang Jaya, Selangor	31 Dec 2010
15	Klinik Waqaf An-Nur Pekan Kajang	Kajang, Selangor	31 Dec 2010
16	Klinik Waqaf An-Nur Rembau	Rembau, Negeri Sembilan	1 Nov 2011

Highlights in Pictures:

Hospital Activities



1. 12 Feb 2011 • KPJ Damansara Specialist Hospital - Chinese New Year Celebration 2. 14 Feb 2011 • KPJ Perdana Specialist Hospital - Healthy Lifestyle Bazaar 3. 26 -27 Feb 2011 • Damai Specialist Hospital - Wellness Journey 4. 13 May 2011 • KPJ Tawakkal Specialist Hospital - Nurses Day Celebration 5. 16 - 17 Jul 2011 • KPJ Tawakkal Specialist Hospital - Relay For Life 6. 20 - 24 Jul 2011 • KPJ Penang Specialist Hospital - KPJ Sports Carnival 2011

7. 9 Sept 2011 • Kuantan Specialist Hospital - World Heart Day 8. 10 Sept 2011 • KPJ Healthcare Berhad - Merdeka Day Celebration 9. 16 Sept 2011 • Sentosa Medical Centre - Hari Malaysia Baby 10. 21 Sept 2011 • KPJ Healthcare Berhad - Hari Raya Open House 11. 25 Sept 2011 • KPJ Ipoh Specialist Hospital - World Heart Day 12. 29 Dec 2011 • Kuantan Specialist Hospital - 25th Anniversary Celebration

Highlights in Pictures:

Health Education



1. 3 Feb 11 • Kluang Utama Specialist Hospital - CPR Training 2. 26 Feb 11 • Sentosa Medical Centre - GP talk by Dato' Dr Abdul Samad (Consultant Radiologist), Dr S. Sivabalan (Consultant General Surgeon) & Dr Bala Sundaram (Consultant Urologist) 3. 28 Apr 11 • KPJ Kajang Specialist Hospital - Dr Balbir Singh (Consultant Ophthalmologist) speaking on *Common Eye Disease & Avoidable Blindness in Adults*. 4. 30 Apr 11 • Damai Specialist Hospital - Dr Joseph Lau Hui Lung (Consultant Obstetrician & Gynaecologist) speaking on *Understanding Labour, Delivery & Pain Relief* 5. 15 May 11 • Kuantan Specialist Hospital - Dr Khairul Muhsein Abdullah, (Consultant Neurosurgeon) speaking on *Treatment for Stroke* 6. 18 Jun 11 • Kluang Utama Specialist Hospital - Talk by Dr Md Adhanizam (Consultant Obstetrician and Gynaecologist) about Cervical Cancer

7. & 8. 2 Jul 11 • Puteri Specialist Hospital - Antenatal Class 9. 15 - 17 Jul 11 • KPJ Healthcare Berhad - Medical Workshop on *Enhancing Engagement in Clinical Leadership* by Datin Paduka Siti Sa'diah Sheikh Bakir. 10. 6 Sep 11 • Kuantan Specialist Hospital - Dr Khairul Muhsein Abdullah, (Consultant Neurosurgeon) talks about Stroke on Radio at Pahang.fm. 11. 26 Nov 11 • Sentosa Medical Centre - Educating children on proper hand hygiene.

Highlights in Pictures:

Corporate Social Responsibility



1. 7 Jan 2011 • Taiping Medical Centre - CSR Activities with Majlis Perbandaran Taiping 2 & 3. 25 March 2011 • KPJ Perdana Specialist Hospital - Anti-Dengue Campaign 2011 with the Jalan Bayan Committee 4. 7 Apr 2011 • KPJ Selangor Specialist Hospital - World Health Day and Wheelchair Presentation 5. 23 Apr 2011 • KPJ Tawakkal Specialist Hospital - World Health Day and Health Awareness Campaign With Residents of Perkampungan Orang Asli Bukit Kala 6. 11 May 2011 • Damai Specialist Hospital - Nurses Day and Community Services at Seri Mengasih Sensory Centre, Tanjung Aru.

7. 15 May 2011 • KPJ Ampang Puteri Specialist Hospital - Visit To Rumah Titian Kasih, Taman Titingwasa 8. 18 Aug 2011 • KPJ Selangor Specialist Hospital - Breaking Fast With Orphans From Rumah Anak-Anak Yatim Bangi 9. 15 Nov 2011 • KPJ Seremban Specialist Hospital - Presentation of Three Units of Computers to Sekolah Kebangsaan Temian Seremban 10 & 11. 4 Dec 2011 • KPJ Johor Specialist Hospital - Programme for Underprivileged Students at Sekolah Kebangsaan Kampung Pasir, Tampoi 12. KPJ Kajang Specialist Hospital - Klinik Wakaf An-Nur (KWAN) opens every Wednesday and Friday.

Marketplace

As a major healthcare provider, KPJ has a responsibility to uphold the trust and confidence that the stakeholders have placed in it.

This means putting patient safety as its utmost priority and being accountable to all the stakeholders through adoption of best practices and good work ethics.

KPJ has a responsibility to continuously enhance ethics and transparency within the business and the integrity and professionalism that is expected of its services.

This has been achieved through the risk management mechanisms that are in place as well as the development of its framework of clinical governance, which has been structured through years of experience and through the invaluable input of experience clinicians, to ensure that best practices are adhered to and the risks to patients are minimized.

Clinical governance committees are established at both the Group and at hospital levels, along with various clinical sub-committees, to facilitate the implementation and monitoring of compliance with best practices and standards set by internationally-recognized bodies such as The International Society for Quality in Health Care Ltd (ISQUA), MSQH and JCI.

These priorities continue to guide KPJ's marketplace initiatives and integrate good practices in the daily engagement with patients.

Every year, KPJ reviews its policies and practices through discussion and dialogue among the clinical team in the Group through committee meetings and bi-annual medical workshops to keep abreast with the latest global practices as well as updates on the latest medical developments. More details are available in the Medical Advisory Report in subsequent pages.

As a learning organization, KPJ also shares its clinical knowledge among the members of the Group through sessions in the medical workshop and talks that are held regularly and it also enhances the knowledge of its members by participating in seminars and conferences locally and abroad.

This effort is important as the knowledge gained will enhance the clinicians' capabilities to ensure better medical and surgical outcomes. Healthcare is a dynamic industry and KPJ must evolve along with the changing needs of the patients and be even more receptive to clinical and quality excellence.

KPJ also understand its corporate responsibility to its shareholders, which it undertakes by continuously improving accountability, risk management and internal controls through on-going good management practices.

Existing mechanisms that are in place include strict compliance to Bursa Malaysia's listing requirements and other regulations, the critical functions of the Audit, Award Tender and Building Committees, and KPJ's whistle-blowing policy.

Another key deliverable was the signing of the Malaysian Corporate Integrity Pledge for Public Listed Companies.

The objective of this Corporate Integrity Pledge is to reinforce KPJ's commitment to promote values of integrity, transparency and good governance, and strengthen internal systems that support corruption prevention.

It is also a commitment to comply with laws, policies and procedures relating to fighting corruption and corrupt practices as well as to support corruption prevention initiatives by the Malaysian Government and Malaysian Anti-Corruption Commission.

To further strengthen accountability to KPJ's stakeholders, with effect from 2012, all suppliers and business partners will also be required to comply with the Corporate Integrity Agreement.

Workplace

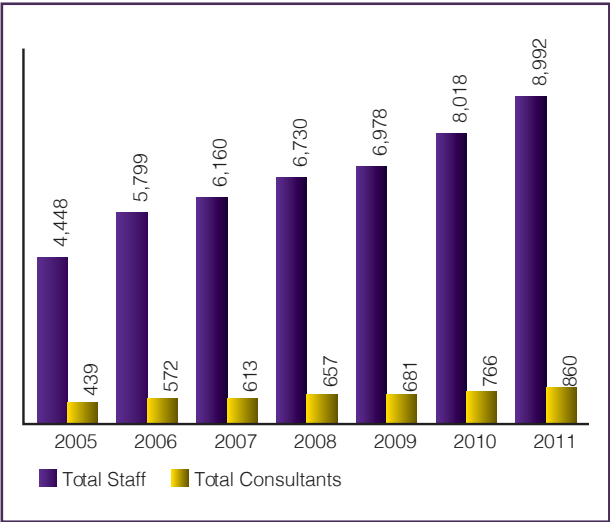
Human capital development is one of KPJ's strategies to create a sustainable workplace for employees.

KPJ develops responsible leaders by providing its employees with the opportunities to enhance their knowledge and skills through formal learning and training as well as by enriching their experience through various avenues.

It is important for KPJ to shape responsible leaders and employees as the Group deals with the essence of life through the provision of healthcare services and its people must be able to engage patients in a meaningful and compassionate way.

This is further strengthened by the employees shared commitment to positive values of honesty and transparency in their work ethics, with KPJ's core values of Safety, Courtesy, Integrity, Professionalism and Continuous Improvement playing a significant role as guiding principles.

In fiscal 2011, KPJ continue to help its 8,992 employees grow by encouraging them to adopt best practices, training and development, coaching and mentoring and opportunities to enrich their professional experience.



KPJ contributes to the development of the healthcare industry by actively training healthcare professionals through sponsorship of doctors, pharmacists, nurses, paramedics, and other support personnel, and providing training its existing clinical team, to meet the constantly growing demand for quality healthcare services in the country.

In 2011 alone, KPJ spent as much as RM7.2 million on various training programmes for the Group's employees, encompassing clinical staff, managers, executives and non-executives. These programmes focus on leadership development, and sharpening of management and technical skills.

Its long-term objectives are to inculcate the knowledge and learning culture among its employees, shape skilled and experienced healthcare professionals and managers, and cultivate the budding spirit of intrapreneurship in talented and potential entrepreneurs.

The deliverables for 2011 include, among others, the successful initiation of several SBUs under the Intrapreneur programme, the creation of a pool of about 400 managers in the Group, and sponsorship for 191 graduates from various educational programmes in collaboration with KPJ's training partners.

These training partners are KPJ International University College of Nursing and Health Sciences', University Teknologi Malaysia, Henley Management School of University of Reading, University of Hertfordshire, University of East London, University of South Australia, ACCA, CIMA, and International Business School.

It has sponsored employees for the Masters programmes, Bachelor's degrees as well as nursing post-basic certificates and sent its employees for almost 100 seminars throughout the year, with a target to have every employee undergo at least 30 hours of training each year.

KPJ espouse the culture of success for its employees by motivating them to reach their potential and also sculpts them to become leaders of tomorrow through transformational leadership, which essentially inspires change in people who believe in creating shared progress and goals that will bring benefit to all parties.

Career development opportunities are also offered to employees based on their ability and initiative to assume greater responsibilities.

The Succession Development Programme allows not only the management to prepare future leaders and also for the employees to develop their leadership traits.

Emphasis is also placed on leadership succession as part of good management practice by identifying potential leaders from within the group through the competency mapping process and other quantifiable measurements through the Staff Performance Appraisal Review, Behavioural Event Interview, 360° Appraisal and the Psychometric Test.

Good ethics, accountability and transparency play an integral role in the development of KPJ's human capital.

Its pay for performance reward scheme has also helped encourage improvement in staff performance and the good ethics and culture inculcated in work processes have also helped to boost transparency and accountability among the workforce.

Risk management mechanisms are also in place and continuously reviewed for further improvement.

The framework to ensure high levels of integrity also includes the whistle-blowing avenue via the Borang Peradaban, where employees can report any misappropriation.

KPJ also provides a safe working environment for its employees by placing strict policies on planned preventive maintenance. The use and disposal of sharps and other materials in the process of providing treatment and care for patients. The exposure level for employees who work within the confines of radiation and diagnostic imaging services are also closely monitored according to the atomic regulations in the country.

Where appropriate, relevant employees are also sent for Occupational Safety and Health (OSH) training to ensure that KPJ hospitals keep up with the latest OSH practices and procedures, and on-site training and drills, such as fire and disaster drills, are also organized to help employees cope with emergency situations.

Contracted vendors and suppliers are also required to comply with the health and safety measures that KPJ has put in place, particularly at the hospitals, as the nature of operations involves the use and disposal of sharps and other clinical materials.

Employee welfare is also covered by the provision of Group Hospitalization and Insurance Plan as well as medical coverage at KPJ hospitals that are provided to staff and their family members.

For its overall efforts to create a sustainable workplace, KPJ was awarded the Lumesse e-Recruitment Award 2011 in recognition of its contributions to human capital development. KPJ triumphed over 30 other organizations in Malaysia to take home the award for its efforts in talent acquisition and management, and in Asia was second only to a nominee from Hong Kong.

KPJ was also named the Gold Winner of the MIHRM Awards 2011, under the Employer of Choice category, by the Malaysian Institute of Human Resource Management (MIHRM). The award was in recognition of KPJ's outstanding achievement and significant best practices in Human Resource Management that is aligned to the Group's philosophies and vision.

To further enhance itself as an employer of choice, KPJ has also set a goal for itself to retain talent within the Group with a target of 5% annual staff resignation rate, and this will also minimise the cost of staff turnover.

Announcements To Bursa Malaysia

Environment

To sustain the environment for future generations, KPJ leads environment-friendly initiatives in four broad ways:

- 1. Paying homage to the environment by raising awareness among employees and community
- 2. Reducing carbon footprint through conscious effort to recycle and reduce waste
- 3. Creating a green environment at place of business
- 4. Investing in Green Technology for environmental protection and maximize resources

KPJ's projects such as tree planting, promoting recycling, community service or gotong-royong together with the community are aimed at continually raising awareness about the need to care for the environment and preserve this treasure.

It also shows support for green activities by commemorating World Environment Day through activities and display of information at its hospitals to educate its employees and the community on climate changes and the impact of wastage on the environment.

While the use of electricity is essential, KPJ also encourages its staff to "switch off" whenever possible and to maximize the use of resources by employing more efficient methods. The hospitals also participate in Earth Hour by switching off at non-critical areas during the designated hour.

Employees, whether as representatives of the Group or on volunteer basis, also participate in other independent or state events that are aimed at environmental protection.

KPJ also does its part to reduce carbon footprint by reducing the use of plastic bags at its hospitals and encouraging employees to recycle.

Each hospital allocates a corner for recycling activities and staff members are regularly advised to recycle the paper and plastic materials. Printing materials are minimized in a bid to reduce the use of paper.

Sharps and hazardous waste are also appropriately dealt with, with disposals contracted only to qualified vendors, to ensure that the disposal is in line with KPJ's strict policies on waste management and Safety, Health and Environment (SHE).

To create a greener environment at the workplace, KPJ hospitals also carry out tree planting activities and gotong-royong with the local community and authorities to clean up the surrounding areas and to rid mosquito and pests breeding grounds.

In developments like its Jeta Gardens retirement resort in Australia, the lush greenery of nature is preserved through the availability of extensive parklands and the creation of its picturesque Chinese Gardens and walkways in the settings of an abundance of wildlife and birds at its ponds and the surrounding borders of the Logan River.

Environmental protection efforts also include significant investment in information technology through the roll out and continuous enhancement of IT systems at KPJ hospitals.

Of significance is the utilization of the Picture Archiving and Communication System (PACS), Digital Imaging Systems and Computed Radiography Systems, which eliminates the use of imaging films and chemicals for processing the films.

In addition, with the integrated KPJ Clinical Information System being rolled out at its hospitals, KPJ further eliminates the use of paper for a significant portion of its processes as they system enables processes to be efficiently carried out online without the use of paper and for diagnostic images to be stored and read online without the need to produce films, unless requested by patients.

A wider initiative would be the investment in facilities that can reduce the use of chemicals and other harmful substances as well as the development of green buildings, which will be the future for environment protection, as that will help to save energy and reduce waste.

One achievement of significance is the setting up of the Certified Sterilization Service Centre (CSSS) in Rawang, Selangor, which sterilizes medical instruments using wet steam, and this reduces the use of chemicals.

The use of green buildings technology at KPJ is a deliverable that is expected to come to fruition with the completion of the extension for KPJ Selangor Specialist Hospital in the coming year << to check and verify >>, which in addition to saving energy, will also feature waste reduction through the processing of excess food into fertilizers.

As with its other CR initiatives, KPJ also looks favourably to participating and supporting projects that are environmentally-friendly and dealing with suppliers that are environmentally conscious, and the Group will also continue to invest in new technologies and facilities that minimize the use of chemicals and other substances that can be harmful to Mother Earth.

We also continue to hold dialogues with our suppliers and business partners to encourage responsible sourcing of material and invite them to participate in our green projects and initiatives.

● 3 Jan 11	Appointment of Kamaruzzaman Abu Kassim as Non-Independent & Non-Executive Director
7 Jan 11	Notice of Extraordinary General Meeting (EGM) to be held at Permata 3, Level B2, The Puteri Pacific Johor Bahru, Jalan Abdullah Ibrahim , 80000 Johor Bahru, Johor, on 26 January 2011 at 9.00 a.m.
12 Jan 11	Resignation of Tan Sri Dato' Muhammad Ali Hashim as Chairman and Non-Independent & Non-Executive Director
12 Jan 11	Redesignation of Kamaruzzaman Abu Kassim as Chairman and Non-Independent & Non-Executive Director
13 Jan 11	Securities Commission's approval obtained for Point Zone (M) Sdn Bhd's proposed issue of up to RM500.0 million nominal value of Islamic Commercial Papers/Islamic Medium Term Notes (ICP/IMTN)
18 Jan 11	Signing of Share Sale Agreement for acquisition of 100% stake In Sibu Medical Centre Corporation Sdn Bhd (SMCC) and Sibu Geriatric Health & Nursing Centre Sdn Bhd (SGHNC) for RM28.15 million in cash
● 2 Feb 11	Signing of a Supplementary Deed with Jeta Gardens Waterford Trust (JGWT) on 31 January 2011 to vary certain terms of the proposed acquisition of 51% equity interest in JGWT
9 Feb 11	Completion of the First Tranche Issue of the proposed acquisition of up to 51% equity interest in JGWT
28 Feb 11	Quarterly report on consolidated results for the financial period ended 31 December 2010
28 Feb 11	Fourth interim dividend of 5.0 sen gross (less 25% Malaysian income tax) per ordinary share of RM0.50 each
● 30 Mar 11	Proposal to seek shareholders approval at the forthcoming Annual General Meeting of the Company for a renewal of share buy-back authority
● 6 Apr 11	Completion of acquisition of SMCC and SGHNC
● 4 May 11	Issuance of Point Zone's ICP/IMTN Programme, with a tenure of up to seven (7) years from the date of the first issuance
20 May 11	Quarterly report on consolidated results for the financial period ended 31 March 2011
20 May 11	First interim dividend of 0.4 sen gross (less 25% Malaysian income tax) and 2.0 sen single tier dividend per ordinary share of RM0.50 each
24 May 11	Notice of 18th Annual General Meeting (AGM) to be held at Bilik Sekijang 401, Level 4, Persada Johor International Convention Centre, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor on 16 June 2011 at 12.30 p.m.

●	<b>16 Jun 11</b>	Retirement of Tan Sri Dato' Seri Arshad Ayub as Independent and Non-Executive Director and he did not seek re-election. He also ceases to be Chairman of Audit Committee.
—	<b>16 Jun 11</b>	Redesignation of Zainah Mustafa as Chairman of Audit Committee
—	<b>16 Jun 11</b>	All resolutions proposed at the 18th AGM were duly approved by shareholders
—	<b>22 Jun 11</b>	Signing of agreement to acquire 3.12-acre leasehold land for RM3.76 million from Pasdec Corporation Sdn Bhd
●	<b>4 Jul 11</b>	Appointment of Abd Razak Haron as Non-Independent & Non-Executive Director
—	<b>4 Jul 11</b>	Appointment of Amiruddin Abdul Satar as Executive Director
—	<b>4 Jul 11</b>	Appointment of Mohd Sahir Rahmat as Chief Financial Officer
—	<b>11 Jul 11</b>	Signing of joint-venture agreement with Yayasan Islam Perlis to develop new hospital in Perlis
●	<b>2 Aug 11</b>	Completion of disposal of Rumah Sakit Medika Bumi Serpong Damai's building and Rumah Sakit Medika Permata Hijau's building to Al-'Aqar KPJ REIT on 26 July 2011
—	<b>8 Aug 11</b>	Extension of option expiry date from 1 August 2011 to 30 September 2011 in relation to the proposed acquisition of 51% equity interest in JGWT
—	<b>19 Aug 11</b>	Quarterly report on consolidated results for the financial period ended 30 June 2011
—	<b>19 Aug 11</b>	Second interim dividend of 2.5 sen single tier dividend per ordinary share of RM0.50 each
●	<b>30 Sep 11</b>	Further extension of the options expiry date from 30 September 2011 to 30 November 2011 in relation to the proposed acquisition of 51% equity interest in JGWT
●	<b>11 Nov 11</b>	Signing of agreement for proposed acquisition of four plots of land in Klang, Selangor, measuring a total of 1.84 hectares, from Sazean Development Sdn Bhd for RM23.76 million in cash
—	<b>11 Nov 11</b>	Signing of Proposed Design, Build and Lease Agreement with Lembaga Kemajuan Wilayah Pulau Pinang (PERDA) and Aseania Development Sdn Bhd for the construction of a medical care facility on a four-acre land in Seberang Perai Tengah Pulau Pinang
—	<b>29 Nov 11</b>	Quarterly report on consolidated results for the financial period ended 30 September 2011
—	<b>29 Nov 11</b>	Third interim dividend of 2.5 sen single tier dividend per ordinary share of RM0.50 each
—	<b>30 Nov 11</b>	Completion of the acquisition of 51% equity interest in JGWT

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## FINANCIAL STATEMENTS

## Directors’ Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2011.

### Principal activities

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are mainly the operation of specialist hospitals.

The details of the principal activities of the subsidiaries are set out in Note 16 to the financial statements.

There were no significant changes in the nature of these activities during the financial year ended 31 December 2011, other than the additional activity of providing retirement village and aged care services arising from the acquisition of Jeta Gardens Waterford Trust in Australia as disclosed in Note 16(b)(iv) to the financial statements.

Results		
	Group RM'000	Company RM'000
Profit net of tax	154,259	81,669
<b>Profit attributable to:</b>		
Owners of the Company	143,670	81,669
Non-controlling interests	10,589	-
	<b>154,259</b>	<b>81,669</b>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than the inclusion of the share of post acquisition accumulated fair value adjustments in relation to investments of an associated company as referred to in Note 17 to the financial statements.

### Dividends

The amount of dividends paid and declared by the Company since 31 December 2010 were as follows:

	RM'000
In respect of the financial year ended 31 December 2010:	
Fourth interim gross dividend of 5.0 sen per share on 565,821,150 ordinary shares, less 25% tax, paid on 15 April 2011	21,218
In respect of the financial year ended 31 December 2011:	
First interim gross dividend on 568,306,400 ordinary shares, declared on	
16 June 2011 and paid on 29 July 2011 of:	
i. 0.4 sen per share, less 25% tax	1,705
ii. 2.0 sen per share, single tier	11,366
Second interim single tier dividend of 2.5 sen per share on 579,773,114 ordinary shares, declared on 15 August 2011 and paid on 14 October 2011	14,494
Third interim single tier dividend of 2.5 sen per share on 584,905,160 ordinary shares, declared on 29 November 2011 and paid on 13 January 2012	14,623
	<b>63,406</b>

## Directors’ Report (continued)

The directors declared fourth interim single tier dividend of 4.7 sen per share on 595,200,000 ordinary shares amounting to RM27,974,400 on 23 February 2012.

The directors do not propose any final dividend for the financial year ended 31 December 2011.

### Issue of shares

During the financial year, 25,077,310 new ordinary shares of RM0.50 each were issued by the Company for cash by virtue of the conversion of warrants at an exercise price of RM1.70 per share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

### Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Kamaruzzaman bin Abu Kassim	(Chairman)
Datin Paduka Siti Sa'diah Sh Bakir	(Managing Director)
Datuk Dr Hussien bin Awang	
Datuk Azzat bin Kamaludin	
Zainah binti Mustafa	
Hj Ahamad bin Mohamad	
Dr Kok Chin Leong	
Dr Yoong Fook Ngian	
Hj Rozan bin Mohd Sa'at	
Abd Razak bin Haron	(Appointed on 1 July 2011)
Amiruddin bin Abdul Satar	(Appointed on 1 July 2011)
Tan Sri Dato' Seri Arshad bin Ayub	(Retired on 16 June 2011)

In accordance with Article 96 of the Company's Articles of Association, Datin Paduka Siti Sa'diah Sh Bakir, Zainah binti Mustafa and Hj Rozan bin Mohd Sa'at, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Article 97 of the Company's Articles of Association, Amiruddin bin Adbul Satar and Abdul Razak bin Haron retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Section 129 (6) of the Companies Act 1965, Datuk Dr Hussein Bin Awang and Dr Yoong Fook Ngian retire and offer themselves for re-appointment and to hold office until the conclusion of the next Annual General Meeting of the Company.

### Directors’ benefits

Neither at the end of the financial year, not at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employee Share Option Plan.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 33 to the financial statements.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related

## Directors' Report (continued)

### Directors' Interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options over shares in the Company and its related companies during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
	As at 1.1.2011/ At date of appointment	Addition	(Disposal)	As at 31.12.2011
<b>KPJ Healthcare Berhad</b>				
Datin Paduka Siti Sa'diah Sh Bakir				
- direct	1,118,250	-	(560,000)	558,250
- CimSec Noms (T) Sdn Bhd (A/c CIMB Bank for Siti Sa'diah Sh Bakir)	-	560,000	-	560,000
- indirect	12,500	-	-	12,500
Datuk Azzat bin Kamaludin	60,000	-	-	60,000
Hj Ahamad bin Mohamad				
- direct	750	-	-	750
Dr Kok Chin Leong	138,000	-	-	138,000
Dr Yoong Fook Ngian	325,000	-	(25,000)	300,000
Hj Rozan bin Mohd Sa'at	500	-	-	500
Amiruddin bin Abdul Satar	30,000	-	(23,000)	7,000

	Number of warrants of 2010/2015		
	As at 1.1.2011	Exercised	As at 31.12.2011
<b>KPJ Healthcare Berhad</b>			
Datin Paduka Siti Sa'diah Sh Bakir			
- direct	180,762	-	180,762
- indirect	3,125	-	3,125
Hj Ahamad bin Mohamad			
- direct	87	-	87
- indirect	6,250	-	6,250
Hj Rozan bin Mohd Sa'at	125	-	125

Note of the other directors in office at the end of the financial year had any interest in shares in the Company or its related companies during the financial year.

### Other statutory information

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

## Directors' Report (continued)

### Other statutory information (continued)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
  - the values attributed to the current assets in the financial statements of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and
  - no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### Significant and subsequent events

Significant events and events subsequent to end of the reporting period are disclosed in Note 36 and 42 to the financial statements respectively.


### Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2012.



**KAMARUZZAMAN BIN ABU KASSIM**  
CHAIRMAN



**DATIN PADUKA SITI SA'DIAH SHEIKH BAKIR**  
MANAGING DIRECTOR

Kuala Lumpur, Malaysia

## Statement By Directors

### Pursuant to Section 169(15) of the Companies Act, 1965

We, Kamaruzzaman bin Abu Kassim and Datin Paduka Siti Sa'diah Sh Bakir, being two of the directors of KPJ Healthcare Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 130 to 185 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 44 to the financial statements on page 185 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the directors dated 31 March 2012.

**KAMARUZZAMAN BIN ABU KASSIM**  
CHAIRMAN

**DATIN PADUKA SITI SA'DIAH SHEIKH BAKIR**  
MANAGING DIRECTOR

## Statutory Declaration

### Pursuant to Section 169(16) of the Companies Act, 1965

I, Mohd Sahir bin Rahmat, being the officer primarily responsible for the financial management of KPJ Healthcare Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 130 to 185 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the  
abovenamed Mohd Sahir bin Rahmat at  
Johor Bahru in Johor  
on 31 March 2012

**MOHD SAHIR BIN RAHMAT**  
CHIEF FINANCIAL OFFICER

Before me,



## Independent Auditors' Report to the members of KPJ Healthcare Berhad

(Incorporated in Malaysia)  
(Company No. 247079 M)

### Report on the financial statements

We have audited the financial statements of KPJ Healthcare Berhad, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 130 to 185.

#### Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2011 and of their financial performance and cash flows for the year then ended.

### Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- We have considered the financial statements and the auditors' reports of all the subsidiaries which we have not acted as auditors, which is indicated in Note 16 (a) to the financial statements, being financial statements that have been included in the consolidated financial statements.
- We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## Other matters

The supplementary information set out in Note 44 to the financial statements on page 185 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**ERNST & YOUNG**  
AF: 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
31 March 2012

**ABRAHAM VERGHESE A/L T.V. ABRAHAM**  
1664/10/12(J)  
Chartered Accountant

## STATEMENT OF COMPREHENSIVE INCOME For The Financial Year Ended 31 December 2011

	Notes	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Revenue</b>	<b>4</b>	<b>1,908,993</b>	<b>1,654,611</b>	<b>136,599</b>	<b>82,968</b>
Cost of sales		(1,307,136)	(1,150,716)	-	-
<b>Gross profit</b>		<b>601,857</b>	<b>503,895</b>	<b>136,599</b>	<b>82,968</b>
Administrative expenses		(451,351)	(365,500)	(29,228)	(22,304)
Other income		11,957	12,484	-	-
Other operating expenses		(3,298)	(6,860)	-	-
<b>Operating profit</b>		<b>159,165</b>	<b>144,019</b>	<b>107,371</b>	<b>60,664</b>
Finance income	5	10,295	7,157	-	-
Finance costs	5	(19,688)	(13,597)	(19,643)	(14,905)
Finance costs - net		(9,393)	(6,440)	(19,643)	(14,905)
Associates					
- share of results		54,825	23,919	-	-
- reversal of impairment of interest in associates		-	6,460	-	-
		<b>54,825</b>	<b>30,379</b>	<b>-</b>	<b>-</b>
Profit before zakat and tax	6	204,597	167,958	87,728	45,759
Zakat	9	(1,300)	(1,269)	(15)	(10)
Income tax expense	10	(49,038)	(40,468)	(6,044)	(9,268)
<b>Profit net of tax</b>		<b>154,259</b>	<b>126,221</b>	<b>81,669</b>	<b>36,481</b>
<b>Other comprehensive income:</b>					
Translation of foreign subsidiaries		571	(1,060)	-	-
Revaluation (deficit)/surplus		(2,124)	9,107	-	-
Available-for-sale financial assets		-	172	-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(1,553)</b>	<b>8,219</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>152,706</b>	<b>134,440</b>	<b>81,669</b>	<b>36,481</b>
<b>Profit attributable to:</b>					
Owners of the Company		143,670	118,894	81,669	36,481
Non-controlling interests		10,589	7,327	-	-
		<b>154,259</b>	<b>126,221</b>	<b>81,669</b>	<b>36,481</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		145,082	123,660	81,669	36,481
Non-controlling interests		7,624	10,780	-	-
		<b>152,706</b>	<b>134,440</b>	<b>81,669</b>	<b>36,481</b>
<b>Earnings per share attributable to ordinary equity holders of the Company:</b>					
- basic (sen)	12(a)	26.31	22.57		
- diluted (sen)	12(b)	23.34	20.31		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	641,729	536,773	-	-
Investment properties	15	26,223	24,810	-	-
Interest in subsidiaries	16	-	-	870,014	762,622
Interest in associates	17	398,712	307,352	-	-
Available-for-sale financial assets	18	3,074	3,447	-	-
Intangible assets	19	167,830	136,317	-	-
Deferred tax assets	21	14,962	15,864	-	-
Receivables	23	-	-	56,302	94,386
		<b>1,252,530</b>	<b>1,024,563</b>	<b>926,316</b>	<b>857,008</b>
<b>Current assets</b>					
Inventories	22	47,066	41,615	-	-
Receivables	23	304,636	298,427	57,393	32,727
Tax refund receivable		8,661	12,342	-	1,288
Deposits, cash and bank balances	24	252,080	197,118	2,559	13,593
		<b>612,443</b>	<b>549,502</b>	<b>59,952</b>	<b>47,608</b>
Non-current assets held for sale	25	94,291	105,974	-	-
		<b>706,734</b>	<b>655,476</b>	<b>59,952</b>	<b>47,608</b>
<b>Total assets</b>		<b>1,959,264</b>	<b>1,680,039</b>	<b>986,268</b>	<b>904,616</b>
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Payables	26	335,229	308,107	91,570	29,062
Current tax liabilities		8,552	3,318	410	-
Borrowings	27				
- Bank overdrafts		1,141	18	-	-
- others		139,850	362,658	65,000	299,000
Deferred revenue	28	98,339	36,144	-	-
Dividend payable		14,623	14,673	14,623	14,673
		<b>597,734</b>	<b>724,918</b>	<b>171,603</b>	<b>342,735</b>
<b>Net current assets/(liabilities)</b>		<b>109,000</b>	<b>(69,442)</b>	<b>(111,651)</b>	<b>(295,127)</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	21	47,413	41,204	-	-
Borrowings	27	302,480	36,747	-	-
Payables	26	-	-	434,644	242,754
Deposits	29	14,785	13,782	-	-
		<b>364,678</b>	<b>91,733</b>	<b>434,644</b>	<b>242,754</b>
<b>Total liabilities</b>		<b>962,412</b>	<b>816,651</b>	<b>606,247</b>	<b>585,489</b>
<b>Net assets</b>		<b>996,852</b>	<b>863,388</b>	<b>380,021</b>	<b>319,127</b>

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2011 (continued)

	Notes	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Equity attributable to equity holders of the Company</b>					
Share capital	30	292,492	279,954	292,492	279,954
Reserves	31	600,485	488,716	87,552	39,196
		<b>892,977</b>	<b>768,670</b>	<b>380,044</b>	<b>319,150</b>
Less: Treasury shares	30(a)	(23)	(23)	(23)	(23)
		<b>892,954</b>	<b>768,647</b>	<b>380,021</b>	<b>319,127</b>
<b>Non-controlling interests</b>		103,898	94,741	-	-
<b>Total equity</b>		<b>996,852</b>	<b>863,388</b>	<b>380,021</b>	<b>319,127</b>
<b>Total equity and liabilities</b>		<b>1,959,264</b>	<b>1,680,039</b>	<b>986,268</b>	<b>904,616</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2011

	Ordinary share capital RM'000 (note 30)	Share premium RM'000 (Note 31)	Treasury shares RM'000	Merger reserve RM'000	Exchange reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Equity attributable to owners, total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>At 1 January 2011</b>	279,954	43,759	(23)	(3,367)	(1,295)	172	56,110	393,337	768,647	94,741	863,388
<b>Comprehensive income</b>											
Profit for the year	-	-	-	-	-	-	-	143,670	143,670	10,589	154,259
<b>Other comprehensive income</b>											
Translation of foreign subsidiaries	-	-	-	-	300	-	-	-	300	271	571
Revaluation surplus	-	-	-	-	-	-	1,112	-	1,112	(3,236)	(2,124)
Realisation of revaluation reserve	-	-	-	-	-	-	(12,007)	12,007	-	-	-
Realisation of fair value reserve	-	-	-	-	-	(172)	-	172	-	-	-
<b>Total other comprehensive income</b>	-	-	-	-	300	(172)	(10,895)	12,179	1,412	(2,965)	(1,553)
<b>Total comprehensive income</b>	-	-	-	-	300	(172)	(10,895)	155,849	145,082	7,624	152,706
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	1,533	1,533
Issue of shares:											
- exercise of share warrants	12,538	30,093	-	-	-	-	-	-	42,631	-	42,631
Dividends on ordinary shares	-	-	-	-	-	-	-	(63,406)	(63,406)	-	(63,406)
<b>At 31 December 2011</b>	292,492	73,852	(23)	(3,367)	(995)	-	45,215	485,780	892,954	103,898	996,852
<b>At 1 January 2010</b>	211,051	36,391	-	(3,367)	(235)	-	50,456	337,715	632,011	45,427	677,438
- changes in accounting policies	-	-	-	-	-	-	-	(755)	(755)	-	(755)
<b>As restated</b>	211,051	36,391	-	(3,367)	(235)	-	50,456	336,960	631,256	45,427	676,683
<b>Comprehensive income</b>											
Profit for the year	-	-	-	-	-	-	-	118,894	118,894	7,327	126,221
<b>Other comprehensive income</b>											
Translation of foreign subsidiaries	-	-	-	-	(1,060)	-	-	-	(1,060)	-	(1,060)
Revaluation surplus	-	-	-	-	-	-	5,654	-	5,654	3,453	9,107
Available-for-sale financial assets	-	-	-	-	-	172	-	-	172	-	172
<b>Total other comprehensive income</b>	-	-	-	-	(1,060)	172	5,654	-	4,766	3,453	8,219
<b>Total comprehensive income</b>	-	-	-	-	(1,060)	172	5,654	118,894	123,660	10,780	134,440
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	38,534	38,534
Bonus issue	52,762	(31,369)	-	-	-	-	-	(21,393)	-	-	-
Issue of shares											
- exercise of share warrants	16,141	38,737	-	-	-	-	-	-	54,878	-	54,878
Treasury shares purchased	-	-	(23)	-	-	-	-	-	(23)	-	(23)
Dividends on ordinary shares	-	-	-	-	-	-	-	(41,124)	(41,124)	-	(41,124)
<b>At 31 December 2010</b>	279,954	43,759	(23)	(3,367)	(1,295)	172	56,110	393,337	768,647	94,741	863,388

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## COMPANY STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2011

	Non-distributable			Distributable	
	Ordinary share capital RM'000 (Note 30)	Shares premium RM'000 (Note 31)	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2011</b>	279,954	38,737	(23)	459	319,127
Profit for the year	-	-	-	81,669	81,669
Dividends on ordinary shares	-	-	-	(63,406)	(63,406)
Issue of shares:					
- exercise of share warrants	12,538	30,093	-	-	42,631
<b>At 31 December 2011</b>	292,492	68,830	(23)	(18,722)	380,021
<b>At 1 January 2010</b>	211,051	31,369	-	26,495	268,915
Total comprehensive income	-	-	-	36,481	36,481
Dividends on ordinary shares	-	-	-	(41,124)	(41,124)
Bonus issue	52,762	(31,369)	-	(21,393)	-
Issue of shares:					
- exercise of share warrants	16,141	38,737	-	-	54,878
Treasury shares purchased	-	-	(23)	-	(23)
<b>At 31 December 2010</b>	279,954	38,737	(23)	459	319,127

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Operating activities</b>				
Profit before zakat and tax	204,597	167,958	87,728	45,759
Adjustments for:				
Associates:				
- share of results	(54,825)	(23,919)	-	-
- reversal of impairment of interest in associates	-	(6,460)	-	-
Interest income	-	-	(3,168)	(3,359)
Finance income	(10,295)	(7,157)	-	-
Finance costs				
- interest expenses	19,379	13,268	19,643	14,905
- accretion of interest	309	329	-	-
Dividend income	-	-	(100,582)	(49,508)
Bad debts recovered	(393)	(417)	-	-
Provision for impairment of trade receivables	2285	4,923	-	-
Bad debts written off	871	489	-	-
Gain on disposal of non-current assets held for sale	(1,321)	-	-	-
Gain on fair value of investment properties	(1,413)	(755)	-	-
Loss/(gain) on disposal of property, plant and equipment	320	(1,770)	-	-
Property, plant and equipment				
- depreciation	69,612	59,367	-	-
- written off	655	15	-	-
- revaluation (surplus)/deficit	(1,877)	885	-	-
Inventories written off	644	28	-	-
Amortisation of deferred consultancy expenses	(305)	(414)	-	-
<b>Operating profit before working capital changes</b>	<b>228,243</b>	<b>206,370</b>	<b>3,621</b>	<b>7,797</b>
Changes in working capital:				
-Inventories	(6,095)	(7,428)	-	-
-Receivables	(8,972)	(4,811)	2,477	3,839
-Payables	44,569	43,663	(884)	(5,448)
Related companies	-	-	(90,225)	(109,875)
<b>Cash flows generated from/(used in) operations</b>	<b>257,745</b>	<b>237,794</b>	<b>(85,011)</b>	<b>(103,687)</b>
Long term deposits	999	828	-	-
Interest paid	(19,379)	(13,268)	(19,643)	(14,905)
Zakat paid	(1,269)	(1,395)	(10)	(10)
Income tax refund	4,838	-	1,596	-
Income tax paid	(37,850)	(35,683)	(5,941)	(1,662)
<b>Net cash generated from/(used in) operating activities</b>	<b>205,084</b>	<b>188,276</b>	<b>(109,009)</b>	<b>(120,264)</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011 (continued)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Investing activities</b>				
Purchase of property, plant and equipment	(138,792)	(215,012)	-	-
Purchase of non-current assets held for sale	(37,149)	(12,526)	-	-
Purchase of investment property	-	(840)	-	-
Proceeds from disposal of property, plant and equipment	2,256	64,710	-	-
Proceeds from disposal of non-current assets held for sale	50,270	-	-	-
Acquisition of subsidiaries, net of cash acquired	(36,068)	(38,400)	-	-
Additional investment in subsidiaries	(26,000)	(22,128)	-	-
Proceeds from disposal of shares in associate	-	1,134	-	-
Dividends received	26,465	20,085	100,582	41,903
Interest received	10,295	7,157	3,168	3,359
<b>Net cash (used in)/generated from investing activities</b>	<b>(148,723)</b>	<b>(195,820)</b>	<b>103,750</b>	<b>45,262</b>
<b>Financing activities</b>				
Treasury shares purchased	-	(23)	-	(23)
Issue of shares:				
- exercise of share warrants	42,631	54,878	42,631	54,878
Bank borrowings:				
- drawdown	32,498	120,200	15,000	50,000
- repayment	(15,415)	(89,576)	-	-
Dividends paid to shareholders	(63,456)	(26,451)	(63,406)	(26,451)
<b>Net cash (used in)/generated from financing activities</b>	<b>(3,742)</b>	<b>59,028</b>	<b>(5,775)</b>	<b>78,404</b>
Net changes in cash and cash equivalents	52,619	51,484	(11,034)	3,402
Currency translation differences	1,220	7,767	-	-
Cash and cash equivalents at beginning of the financial year	197,100	143,849	13,593	10,191
<b>Cash and cash equivalents at end of the financial year *</b>	<b>250,939</b>	<b>197,100</b>	<b>2,559</b>	<b>13,593</b>

\* Cash and cash equivalents comprise of the followings:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits, cash and bank balances (Note 24)	252,080	197,118	2,559	13,593
Bank overdrafts (Note 27)	(1,141)	(18)	-	-
	<b>250,939</b>	<b>197,100</b>	<b>2,559</b>	<b>13,593</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

### 1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 12B, Level 12, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor. The principal place of business of the Company is located at 202, Jalan Pahang, 53000 Kuala Lumpur.

The principal activities of the Company are investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are mainly the operation of specialist hospitals. The details of the principal activities of the subsidiaries are set out in Note 16. There were no significant changes in the nature of these activities during the financial year ended 31 December 2011, other than the additional activity of providing retirement village and aged care services arising from the acquisition of Jeta Gardens Waterford Trust in Australia as disclosed in Note 16(b) (iv) to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 March 2012.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2011 as described in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

#### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2011, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

FRS 1 *First-time Adoption of Financial Reporting Standards*  
FRS 3 *Business Combinations (revised)*  
Amendments to FRS 1: *Additional Exemptions for First-time Adopters*  
Amendments to FRS 1: *Limited Exemption from Comparative FRS 7 Disclosures* for First-time Adopters  
Amendments to FRS 2 *Share-based Payment*  
Amendments to FRS 2: *Group Cash-settled Share-based Payment Transactions*  
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*  
Amendments to FRS 7: *Improving Disclosures about Financial Instruments*  
Amendments to FRS 127 *Consolidated and Separate Financial Statements*  
Amendments to FRS 132: *Classification of Rights Issues*  
Amendments to FRS 138 *Intangible Assets*  
IC Interpretation 4 *Determining Whether an Arrangement contains a Lease*  
IC Interpretation 12 *Service Concession Arrangements*  
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*  
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*  
IC Interpretation 18 *Transfer of Assets from Customers*  
Improvements to FRSs issued in 2010  
TR-i 4 *Shariah Compliant Sale Contracts*

Adoption of the above standards and interpretations did not have any significant effect on the financial performance and position of the Group and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.3 Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012.

The directors are of the opinion that the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 would not be significantly different if prepared under the MFRS Framework.

#### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.9.

Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

#### 2.5 Transaction with non-controlling interest ("NCI")

NCI represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with NCI are accounted for using the entity concept method, whereby, transactions with NCI are accounted for as transactions with owners. On acquisition of NCI, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to NCI is recognised directly in equity.

#### 2.6 Foreign currency

##### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.6 Foreign currency(continued)

##### (b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised as other comprehensive income. Exchange differences arising from such non-monetary items are also recognised as other comprehensive income.

##### (c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

#### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the freehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.7 Property, plant and equipment (continued)

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2%
Renovation	10%
Medical and other equipment	7.5% - 25%
Furniture and fittings	10% - 20%
Motor vehicles	20%
Computers	20% - 30%

Capital work-in-progress included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

#### 2.8 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

#### 2.9 Intangible assets - Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.9 Intangible assets - Goodwill (continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

#### 2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

#### 2.11 Non-current assets (or disposal groups) classified as assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less cost to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use and a sale is considered highly probable.

#### 2.12 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the acquisition method of accounting except for Johor Specialist Hospital Sdn Bhd and Ipoh Specialist Hospital Sdn Bhd which were consolidated using the merger method of accounting. The subsidiaries were consolidated prior to 1 April 2002 in accordance with Malaysia Accounting Standard 2 "Accounting for Acquisitions and Mergers", the generally accepted accounting principles prevailing at that time.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.12 Subsidiaries (continued)

The Group has taken advantage of the exemption provided under FRS 122/2004 "Business Combinations" to apply the standard prospectively. Accordingly, business combinations entered into prior to 1 January 2008 have not been restated with this standard.

#### 2.13 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

Under the equity method, unrealised profit and losses resulting from upstream (associate to investor) and downstream (investor to associate) associate should be eliminated to the extent of the investor's interest in the associate. However, unrealised losses should not be eliminated to the extent that the transaction provides evidence of an impairment of the assets transferred.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

#### 2.14 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include loans and receivables and available-for-sale financial assets.

##### (a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.14 Financial assets (continued)

##### (b) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, the date that the Group and the Company commit to purchase or sell the asset.

#### 2.15 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.15 Impairment of financial assets (continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

##### (b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

#### 2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

#### 2.17 Inventories

Inventories are stated at the lower of cost (determined on the weighted average basis) and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 2.18 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

##### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities at fair value through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.18 Financial liabilities (continued)

##### (b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### 2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

#### 2.20 Leases

##### (a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.20 Leases (continued)

##### (b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

#### 2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 2.22 Employee benefits

##### (a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### 2.23 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

##### (a) Sale of goods and rendering of services

Revenue from hospital operations comprises inpatient and outpatient hospital charges, consultation fees, and sales of pharmaceutical products and medical supplies. These are recognised when services are rendered and goods are delivered, net of discounts, rebates and returns.

Other hospital revenue mainly consists of clinic rental for consultants. These are recognised on an accrual basis in accordance with the substance of the relevant agreements.

##### (b) Deferred revenue

Deferred revenue represents revenue billed in advance in relation to students' fees, accommodation fees, resident fees for retirement village and fees for other external courses. Amounts are included in the financial statements as deferred revenue at the commencement of the course and recognised as revenue on monthly basis over the duration of the course.

##### (c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.23 Revenue recognition (continued)

##### (d) Management fees

Management fees represent fees charged to subsidiaries for assisting in the management of the subsidiaries and these are recognised upon performance of services.

##### (e) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

#### 2.24 Income taxes

##### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 2. Summary of significant accounting policies (continued)

#### 2.24 Income taxes (continued)

##### (b) Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### 2.26 Ordinary share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### 2.27 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

#### 2.28 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

### 3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### 3.1 Critical judgements made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 3. Significant accounting judgements and estimates

#### 3.1 Critical judgements made in applying accounting policies

##### Estimated impairment of goodwill

The Group tests goodwill for impairment annually whether goodwill has suffered any impairment, in accordance with its accounting policy stated in Note 2.10. More regular reviews are performed if events indicate that this is necessary.

The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The calculations require the use of estimates as set out in Note 20.

### 4. Revenue

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Hospital charges	689,665	638,193	-	-
Consultation fees	535,962	490,011	-	-
Sale of pharmaceutical, medical and surgical products	660,478	507,383	-	-
Other hospital revenue	-	-	-	-
- clinics rental	10,955	10,519	-	-
- others	11,933	8,505	-	-
Dividend income from subsidiaries	-	-	100,582	49,508
Interest income	-	-	3,168	3,359
Management fees	-	-	32,849	30,101
	<b>1,908,993</b>	<b>1,654,611</b>	<b>136,599</b>	<b>82,968</b>

### 5. Finance income and costs

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Finance costs</b>				
Finance cost on Islamic facilities	561	250	-	-
Accretion of interest	309	329	-	-
Interest expense				
- commercial papers	8,850	7,232	8,850	7,232
- overdrafts	144	998	-	-
- term loans	1,720	1,752	-	-
- hiwalah term loan	123	217	-	-
- revolving credits	3,719	452	1,763	988
- al-amin	51	431	-	-
- lease and hire purchase	838	1,182	-	-
- bai al-inah	-	12	-	-
- others	3,373	742	9,030	6,675
	<b>19,688</b>	<b>13,597</b>	<b>19,643</b>	<b>14,905</b>
<b>Finance income</b>				
Interest income on short term deposits	10,295	7,157	-	-
Net finance costs	<b>9,393</b>	<b>6,440</b>	<b>19,643</b>	<b>14,905</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 6. Profit before zakat and tax

The following amounts have been included in arriving at the profit before zakat & tax:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Auditors' remuneration:				
- statutory audits	913	800	73	73
Bad debts recovered	(393)	(417)	-	-
Provision for impairment of trade receivables	2,285	4,923	-	-
Bad debts written off	871	489	-	-
Contribution to Klinik Waqaf An-Nur	2,110	2,130	-	-
Directors' remuneration (Note 8)	3,059	2,219	2,601	2,062
Inventories written off	644	28	-	-
Professional fees	5,317	5,730	1,267	1,164
Repairs and maintenance	34,744	35,294	424	190
Property, plant and equipment:				
- depreciation	69,612	59,367	-	-
- written off	655	15	-	-
- revaluation (surplus)/deficit	(1,877)	885	-	-
Loss/(gain) on disposal of property, plant and equipment	320	(1,770)	-	-
Gain on disposal of non-current assets held for sale	(1,321)	-	-	-
Gain on fair value of investment properties (Note 15)	(1,413)	(755)	-	-
Rental expense of land and buildings	85,724	68,876	663	91
Rental equipment and vehicles	1,534	2,319	24	7
Employee benefits costs (Note 7)	338,188	308,152	12,691	10,272
Amortisation of deferred consultancy expenses	(305)	(414)	-	-

### 7. Employee benefits costs

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Staff costs (excluding directors' remuneration):				
- salaries, allowances and bonus	301,953	275,593	11,331	9,196
- contribution to defined contribution plan	36,235	32,559	1,360	1,076
	<b>338,188</b>	<b>308,152</b>	<b>12,691</b>	<b>10,272</b>

### 8. Directors' remuneration

The aggregate amount of emoluments received/receivable by directors of the Company during the financial year is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Directors' remuneration				
- fees & allowances	1,203	1,187	1,014	1,030
- salaries, allowances and bonus	1,583	847	1,583	847
- contribution to defined contribution plan	190	102	190	102
- benefits-in-kind	83	83	83	83
	<b>3,059</b>	<b>2,219</b>	<b>2,601</b>	<b>2,062</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 9. Zakat

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 January	1,269	1,395	10	10
Zakat expense for the financial year	1,300	1,269	15	10
Zakat paid during the financial year	(1,269)	(1,395)	(10)	(10)
At 31 December	<b>1,300</b>	<b>1,269</b>	<b>15</b>	<b>10</b>

### 10. Income tax expense

#### Major components of income tax expenses

The major components of income tax expenses for the years ended 31 December 2011 and 2010 are:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Statements of comprehensive income:</b>				
Current income tax -				
- Malaysian income tax	43,832	36,382	6,577	9,181
- Under/(over) provision in respect of previous years	764	(1,445)	(533)	87
	<b>44,596</b>	<b>34,937</b>	<b>6,044</b>	<b>9,268</b>
Deferred income tax -				
- Origination and reversal of temporary differences	6,344	4,586	-	-
- (Over)/under provision in respect of previous years	(1,902)	945	-	-
	<b>4,442</b>	<b>5,531</b>	<b>-</b>	<b>-</b>
Income tax expense recognised in profit or loss	<b>49,038</b>	<b>40,468</b>	<b>6,044</b>	<b>9,268</b>

The current income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

#### Reconciliation between tax expense and accounting profit

The reconciliation of income tax expense and the product of accounting profit multiplied by the applicable corporate rate for the years ended 31 December 2011 and 2010 is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before tax after zakat	<b>203,297</b>	<b>166,689</b>	<b>87,713</b>	<b>45,749</b>
Tax at statutory tax rate of 25%	50,824	41,672	21,928	11,437
Income not subject to taxation	(713)	(1,789)	(20,866)	(2,748)
Non-deductible expenses	7,893	11,554	5,515	492
Share of results of associates	(7,067)	(5,980)	-	-
Benefits from previously unrecognised tax losses	(595)	(3,948)	-	-
Benefits from previously unrecognised temporary differences	(166)	(27)	-	-
Reversal of deferred tax liabilities due to exemption on taxes arising on disposal of buildings to Al-Aqar Healthcare REIT	-	(514)	-	-
Under/(over) provision in respect of previous years				
- current tax	764	(1,445)	(533)	87
- deferred tax	(1,902)	945	-	-
Tax expense for the year	<b>49,038</b>	<b>40,468</b>	<b>6,044</b>	<b>9,268</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 11. Dividends

	Company	
	2011 RM'000	2010 RM'000
<b>Recognised during the financial year:</b>		
Interim dividends to ordinary equity holders of the Company:		
- Interim gross dividends of 5.4 sen (2010: 10.0 sen) per share less 25% (2009: 25%) tax	22,923	41,124
- Interim single tier dividends of 7.0 sen per share	40,483	-
	<b>63,406</b>	<b>41,124</b>

### 12. Earnings per share

#### (a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2011 RM'000	2010 RM'000
Profit attributable to ordinary equity holders of the Company (RM'000)	143,670	118,894
Weighted average number of ordinary shares of RM0.50 each ('000)	546,128	526,706
Basic earnings per share (sen)	26.31	22.57

#### (b) Diluted earnings per share

For the diluted earnings per share calculation, the weighted 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 are the warrants issued.

For the share warrants issued, 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 subscriptions rights attached to outstanding warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the warrants. 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 warrants calculation.

	Group	
	2011 RM'000	2010 RM'000
Profit attributable to equity holders of the Company (RM'000)	<b>143,670</b>	<b>118,894</b>
Weighted average number of ordinary shares in issue ('000)	546,128	526,706
Adjusted weighted average number of ordinary shares of RM0.50 each in issue and issuable ('000)	69,503	58,832
Weighted average number of ordinary shares for diluted earnings per share ('000)	<b>615,631</b>	<b>585,538</b>
Diluted earnings per share (sen)	<b>23.34</b>	<b>20.31</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 13. Property, plant and equipment

	Freehold land RM'000	Long leasehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Group</b>								
<b>2011</b>								
At 1 January	19,098	44,800	15,990	26,356	447,140	244,912	45,255	843,551
- cost	7,907	9,183	6,136	-	-	-	-	23,226
- valuation								
	27,005	53,983	22,126	26,356	447,140	244,912	45,255	866,777
Revaluation surplus	-	147	1,730	-	-	-	-	1,877
Currency translation differences	-	-	231	2	330	(32)	-	531
Additions	1,008	-	191	9,190	36,148	29,454	66,777	142,768
Acquisition of subsidiaries	-	-	-	-	-	-	-	-
- cost	17,014	1,673	322	6,413	8,792	4,827	-	39,041
- valuation	830	-	-	-	-	-	-	830
Reclassification to non-current assets held for sale	-	-	-	-	-	-	(117)	(117)
Disposals	-	-	-	-	(7,641)	(369)	-	(8,010)
Write offs	-	-	-	(109)	(1,727)	(2,216)	-	(4,052)
Reclassification	-	-	-	7,468	708	-	(8,176)	-
	<b>45,857</b>	<b>55,803</b>	<b>24,600</b>	<b>49,320</b>	<b>483,750</b>	<b>276,576</b>	<b>103,739</b>	<b>1,039,645</b>
At 31 December	37,120	46,620	18,464	49,320	483,750	276,576	103,739	1,015,589
- cost	8,737	9,183	6,136	-	-	-	-	24,056
- valuation								
	<b>45,857</b>	<b>55,803</b>	<b>24,600</b>	<b>49,320</b>	<b>483,750</b>	<b>276,576</b>	<b>103,739</b>	<b>1,039,645</b>
<b>Accumulated depreciation</b>								
<b>2011</b>								
At 1 January	-	-	-	(3,145)	(206,048)	(120,811)	-	(330,004)
Currency translation differences	-	-	(65)	(1)	9	1	-	(56)
Charge for the financial year	-	(130)	(1,619)	(5,881)	(40,348)	(21,634)	-	(69,612)
Acquisition of subsidiaries	-	(154)	-	(1,373)	(4,060)	(1,488)	-	(7,075)
Disposals	-	-	-	-	5,155	279	-	5,434
Write offs	-	-	-	109	1,617	1,671	-	3,397
At 31 December	-	(284)	(1,684)	(10,291)	(243,675)	(141,982)	-	(397,916)
<b>Net carrying amounts</b>								
At 31 December 2011	<b>45,857</b>	<b>55,519</b>	<b>22,916</b>	<b>39,029</b>	<b>240,075</b>	<b>134,594</b>	<b>103,739</b>	<b>641,729</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 13. Property, plant and equipment (continued)

	Freehold land RM'000	Long leasehold land RM'000	Buildings RM'000	Renovation RM'000	Medical and other equipment RM'000	Furniture, fittings, motor vehicles and computers RM'000	Capital work-in- progress RM'000	Total RM'000
<b>2010</b>								
At 1 January	19,536	-	61,626	12,219	362,618	203,200	32,535	691,734
- cost	22,027	-	5,848	-	-	-	-	27,875
- valuation	-	19,572	-	-	-	-	-	19,572
- effects of adoption of Amendments to FRS 117								
As restated	<b>41,563</b>	<b>19,572</b>	<b>67,474</b>	<b>12,219</b>	<b>362,618</b>	<b>203,200</b>	<b>32,535</b>	<b>739,181</b>
Currency translation differences	(901)	-	(1,707)	-	(139)	(145)	-	(2,892)
Additions	3,000	7,070	308	15,256	90,565	45,439	53,374	215,012
Acquisition of subsidiaries	-	32,640	-	9	3,805	806	-	37,260
Disposals	-	-	-	(509)	(6,526)	(2,891)	(639)	(10,565)
Write offs	-	-	-	-	(3,183)	(592)	-	(3,775)
Revaluation deficit	-	(746)	(139)	-	-	-	-	(885)
Revaluation surplus	1,771	10,383	(11)	-	-	-	-	12,143
Reclassification to non-current assets held for sale	(18,428)	(14,482)	(33,456)	(619)	-	(905)	(40,015)	(107,905)
Revaluation restatement	-	(454)	(10,343)	-	-	-	-	(10,797)
	<b>27,005</b>	<b>53,983</b>	<b>22,126</b>	<b>26,356</b>	<b>447,140</b>	<b>244,912</b>	<b>45,255</b>	<b>866,777</b>
At 31 December	19,098	44,800	15,990	26,356	447,140	244,912	45,255	843,551
- cost	7,907	9,183	6,136	-	-	-	-	23,226
- valuation								
	<b>27,005</b>	<b>53,983</b>	<b>22,126</b>	<b>26,356</b>	<b>447,140</b>	<b>244,912</b>	<b>45,255</b>	<b>866,777</b>
<b>Accumulated depreciation</b>								
<b>2010</b>								
At 1 January	-	-	(8,842)	(1,295)	(177,531)	(104,315)	-	(291,983)
- effects of adoption of Amendments to FRS 117	-	(413)	-	-	-	-	-	(413)
As restated	-	(413)	(8,842)	(1,295)	(177,531)	(104,315)	-	(292,396)
<b>Group (continued)</b>								
Currency translation differences	-	-	54	-	-	11	-	65
Charge for the financial year	-	(233)	(2,185)	(1,850)	(35,881)	(19,218)	-	(59,367)
Reclassification to non-current assets held for sale	-	192	568	-	-	824	-	1,584
Disposals	-	-	62	-	4,205	1,286	-	5,553
Write offs	-	-	-	-	3,159	601	-	3,760
Revaluation restatement	-	454	10,343	-	-	-	-	10,797
At 31 December	-	-	-	(3,145)	(206,048)	(120,811)	-	(330,004)
<b>Net carrying amounts</b>								
At 31 December 2010	<b>27,005</b>	<b>53,983</b>	<b>22,126</b>	<b>23,211</b>	<b>241,092</b>	<b>124,101</b>	<b>45,255</b>	<b>536,773</b>

The freehold land and buildings stated at valuation were revalued by the directors on 31 December 2010 based on open market valuations carried out by an independent firm of professional valuers to reflect fair value. The book values of the buildings were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve.

If the total amounts of the freehold land and buildings had been determined in accordance with the historical cost convention, they would have been included at:

	Group	
	2011 RM'000	2010 RM'000
<b>Costs</b>		
Freehold land	21,623	20,093
Buildings	15,990	15,990
	<b>37,613</b>	<b>36,083</b>
<b>Accumulated depreciation</b>		
Buildings	(1,908)	(1,822)
<b>Net carrying amounts</b>	<b>35,705</b>	<b>34,261</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 13. Property, plant and equipment (continued)

The additions and net book value of assets under hire purchase and finance leases are as follows:

	Group	
	2011 RM'000	2010 RM'000
Assets under hire purchase and finance leases:		
- addition during the financial year (Note 32(i))	3,976	6,117
- net book value at the end of financial year	31,263	29,642

The net book value of property, plant and equipment pledged for borrowing facility (Note 27) as at 31 December 2011 is RM10,293,000 (2010: RM4,000,000).

Borrowing costs of RM2,962,710 (2010: Nil), arising on financing specifically entered into for the construction of the hospital building, were capitalised during the financial year and included in additions of property, plant and equipment of the Group during the financial year.

### 14. Prepaid leases

	Group	
	2011 RM'000	2010 RM'000
Cost		
At 1 January	-	19,572
- effect of adoption of Amendments to FRS 117	-	(19,572)
As restated	-	-
<b>Accumulated amortisation</b>		
At 1 January	-	(413)
- effect of adoption of Amendments to FRS 117	-	413
As restated	-	-

### 15. Investment properties

	Group	
	2011 RM'000	2010 RM'000
<b>As fair value:</b>		
At 1 January	24,810	23,215
Additions	-	840
Gain on fair value	1,413	755
At 31 December	<b>26,223</b>	<b>24,810</b>

The fair value of the properties was estimated at RM26,223,000 (2010: RM24,810,000) based on valuations by an independent professionally qualified valuers, using the comparison method of actual sales transactions in the particular area surrounding the property. Valuations were based on current prices in an active market for the respective properties.

### 16. Interest in subsidiaries

Interest in subsidiaries is made up as follows:

	Company	
	2011 RM'000	2010 RM'000
Unquoted shares, at cost	222,631	222,631
Loans to subsidiaries	647,383	539,991
	<b>870,014</b>	<b>762,622</b>

During the financial year, the Company has reclassified amounts due from subsidiaries amounting to RM107.4 million (2010: RM540.0 million) to interest in subsidiaries. This reclassification is in compliance with FRS 139, "Financial Instruments: Recognition and Measurement" to reclassify balances when the intercompany advances are not of commercial nature, and are interest free with no fixed terms of repayment.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 16. Interest in subsidiaries (continued)

(a) The following are subsidiaries of the Company:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2011 %	2010 %	
Johor Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Ipoh Specialist Hospital Sdn Bhd	Malaysia	98	98	Operating as a specialist hospital
Kumpulan Perubatan (Johor) Sdn Bhd	Malaysia	100	100	Investment holding, provision of management services, rental of equipment and health screening services through wellness program
Puteri Specialist Hospital (Johor) Sdn Bhd *	Malaysia	100	100	Operating as a specialist hospital
Tawakal Holdings Sdn Bhd	Malaysia	100	100	Investment holding
<b>Subsidiary of Johor Specialist Hospital Sdn Bhd</b>				
Renalcare Perubatan (M) Sdn Bhd	Malaysia	100	100	To be operating as an international specialist hospital
<b>Subsidiary of Tawakal Holdings Sdn Bhd</b>				
Pusat Pakar Tawakal Sdn Bhd +	Malaysia	100	100	Operating as a specialist hospital
<b>Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd</b>				
Bukit Mertajam Specialist Hospital Sdn Bhd	Malaysia	100	100	Dormant
Kota Kinabalu Specialist Hospital Sdn Bhd	Malaysia	97	97	Operating as a specialist hospital
Damansara Specialist Hospital Sdn Bhd ^	Malaysia	100	100	Operating as a specialist hospital
Kuantan Specialist Hospital Sdn Bhd	Malaysia	77	77	Operating as a specialist hospital
Perdana Specialist Hospital Sdn Bhd	Malaysia	61	61	Operating as a specialist hospital
Ampang Puteri Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Kuching Specialist Hospital Sdn Bhd	Malaysia	70	70	Operating as a specialist hospital
Selangor Specialist Hospital Sdn Bhd ~	Malaysia	60	60	Operating as a specialist hospital
Sentosa Medical Centre Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Seremban Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Kajang Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Taiping Medical Centre Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Pusat Pakar Kluang Utama Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Penang Specialist Hospital Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Bandar Baru Klang Specialist Hospital Sdn Bhd	Malaysia	100	100	To be operating as a specialist hospital
Sterile Services Sdn Bhd	Malaysia	65	65	Providing sterile services

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 16. Interest in subsidiaries (continued)

(a) The following are subsidiaries of the Company (continued):

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2011 %	2010 %	
Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd (continued)				
Puteri Nursing College Sdn Bhd	Malaysia	100	100	Operating a private university colleg
Pharmaserv Alliances Sdn Bhd	Malaysia	100	100	Marketing and distribution of medical and pharmaceutical products
PT Khasanah Putera Jakarta Medica ~	Indonesia	75	75	Operating as a specialist hospital
PharmaCARE Sdn Bhd ~	Malaysia	100	100	Providing human resource, training services and rental of human resource information system
SMC Healthcare Sdn Bhd	Malaysia	51	51	Operating as a specialist hospital
Sibu Medical Centre Corporation Sdn Bhd ~	Malaysia	100	-	Operating as a specialist hospital
Sibu Geriatric Health & Nursing Centre Sdn Bhd ~	Malaysia	100	-	Providing aged care services
Jeta Gardens Waterford Trust ~	Australia	51	-	Providing retirement village and age care services
Diaper Technology Industries Sdn Bhd	Malaysia	94	94	Providing information technology related services and rental of software
Fabricare Laundry Sdn Bhd ~	Malaysia	100	90	Providing business of laundry services
Teraju Farma Sdn Bhd	Malaysia	75	75	Distribution of medical and pharmaceutical products
Maharani Specialist Hospital Sdn Bhd	Malaysia	100	100	To be operating as a specialist hospital
Freewell Sdn Bhd	Malaysia	80	80	Dormant
Bayan Baru Specialist Hospital Sdn Bhd	Malaysia	55	55	Dormant
PharmaCARE Surgical Technologies (M) Sdn Bhd	Malaysia	99	99	Dormant
Lablink (M) Sdn Bhd	Malaysia	100	100	Pathology and laboratory services
KPJ Medik TV Sdn Bhd ~	Malaysia	100	100	Dormant
Pasir Gudang Specialist Hospital Sdn Bhd	Malaysia	100	100	To be operating as a specialist hospital

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 16. Interest in subsidiaries (continued)

(a) The following are subsidiaries of the Company (continued):

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2011 %	2010 %	
Point Zone (M) Sdn Bhd ~	Malaysia	100	100	Providing treasury management
Pahang Specialist Hospital Sdn Bhd ~	Malaysia	100	100	To be operating as a specialist hospital
Skop Yakin (M) Sdn Bhd ~	Malaysia	90	90	Distribution of general merchandise / stationeries
Healthcare IT Solutions Sdn Bhd ~	Malaysia	87	90	Providing healthcare information
Renal-Link Sentosa Sdn Bhd	Malaysia	100	100	Dormant
Sri Kota Refractive And Eye Centre Sdn Bhd ~	Malaysia	80	80	Providing medical profession and consultancy for eye services
<b>Subsidiary of Selangor Specialist Hospital Sdn Bhd</b>				
Hospital Pusrawi SMC Sdn Bhd ~	Malaysia	51	51	Operating as a specialist hospital
<b>Subsidiary of PharmaCARE Sdn Bhd</b>				
Open Access Sdn Bhd	Malaysia	100	100	Dormant
<b>Subsidiaries of Pharmaserv Alliances Sdn Bhd</b>				
Medical Supplies (Sarawak) Sdn Bhd	Malaysia	75	75	Distribution of pharmaceutical products
Malaysian Institute of Healthcare Management Sdn Bhd	Malaysia	75	75	Dormant
FP Marketing (S) Pte Ltd ~	Singapore	100	100	Import, export and distribution of pharmaceutical, medical and consumer healthcare products
<b>Subsidiary of SMC Healthcare Sdn Bhd</b>				
Amity Development Sdn Bhd	Malaysia	100	100	Dormant

\* Direct equity holding by the Company is 84 % (2010: 84%).

+ Direct equity holding by the Company is 14 % (2010: 14%).

^ Direct equity holding by the Company is 10% (2010: 10%).

~ Audited by a firm other than Ernst & Young

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 16. Interest in subsidiaries (continued)

#### (b) Acquisition of companies in 2011:

During the financial year, the Group completed its acquisition in new interests and increased its stake in several subsidiaries as follows:

	2011 RM'000
Subscription of right issue in subsidiaries (Note (b)(ii) and (b)(iii))	26,000
Acquisition of interests in newly acquired subsidiaries (Note (b)(i) and (b)(iv))	47,146
	73,146
Less: Cash and cash equivalents of subsidiaries acquired	(11,078)
Cash outflow of the Group on acquisition of subsidiaries	<b>62,068</b>

(i) On 18 January 2011, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") entered into a Share Sale Agreement for the acquisition of:

(i) 100% equity interest in Sibü Medical Centre Corporation Sdn Bhd ("SMCC") comprising 6,624,944 ordinary share of RM1.00 each for an aggregate purchase consideration of RM26,904,000.

(ii) 100% equity interest in Sibü Geriatric Health & Nursing Centre Sdn Bhd ("SGHNC") comprising 1,080,000 share for an aggregate purchase consideration of RM1,242,000.

The total purchase consideration paid for the above acquisition was RM28,146,000 and the acquisition was completed on 6 April 2011.

(ii) On 14 March 2011, KPJSB subscribed for a further 6,999,998 in Pasir Gudang Specialist Hospital Sdn Bhd by capitalising RM6,999,998 advances made to the company.

(iii) On 15 August 2011, KPJSB subscribed for a further 19,000,000 in Bandar Baru Klang Specialist Hospital Sdn Bhd by capitalising RM19,000,000 advances made to the company.

(iv) On 9 February 2011, KPJSB acquired a 21% equity investment in Jeta Gardens Waterford Trust ("JGWT") at a purchase consideration of RM4,750,000 for cash. The balance of the equity investment in JGWT granted to KPJSB via a put and call option which is exercisable between 1 July 2011 until 30 November 2011 at an issue price of AUD1.

On 29 November 2011, Kumpulan Perubatan (Johor) Sdn Bhd exercised the Call Option to acquire 275,704 ordinary shares and 2,481,311 New A Class Convertible Notes of JGWT at AUD equivalent to RM14,250,001 at the exchange rate prevalent on the date of payment.

The effect of the acquisitions on the financial results of the Group in the current financial year is as follows:

	2011 RM'000
Revenue	20,124
Operating costs	(17,836)
Profit before tax	2,081
Tax expense	(172)
Profit for the financial year	<b>1,909</b>

Had the acquisitions took effect at the beginning of the financial year, the revenue and profit of these companies attributable to the Group would have been RM53,225,506 and RM13,540,771 respectively. These amounts have been calculated using the Group's accounting policies and by adjusting the results of the subsidiaries to reflect the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment had applied from 1 January 2011, together with the consequential tax effect.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 16. Interest in subsidiaries (continued)

#### (b) Acquisition of companies in 2011 (continued):

The details of net assets acquired and cash flows arising from the acquisitions of the following significant subsidiaries are as follows:

	Acquiree's carrying amounts RM'000	Fair value RM'000
<b>Sibü Medical Centre Corporation Sdn Bhd</b>		
Property, plant and equipment	10,738	10,738
Other investment	79	79
Receivables, deposits and prepayments	4,178	4,178
Deposits, cash and bank balances	507	507
Payables	(1,217)	(1,217)
Tax recoverable	111	111
Bank borrowing	(1,690)	(1,690)
Deferred taxation	(722)	(722)
Fair value of net assets acquired	<b>11,984</b>	<b>11,984</b>
Goodwill on acquisition		14,920
Purchase consideration settled in cash		26,904
Less: Cash and cash equivalents of subsidiary acquired		(507)
Cash outflow of the Group on acquisition		<b>26,397</b>
<b>Sibü Geriatric Health and Nursing Centre Sdn Bhd</b>		
Property, plant and equipment	508	508
Receivables, deposits and prepayments	63	63
Deposits, cash and bank balances	255	255
Payables	(16)	(16)
Deferred taxation	(16)	(16)
Fair value of net assets acquired	<b>794</b>	<b>794</b>
Goodwill on acquisition		448
Purchase consideration settled in cash		1,242
Less: Cash and cash equivalents of subsidiary acquired		(255)
Cash outflow of the Group on acquisition		<b>987</b>
<b>Jeta Gardens Waterford Trust</b>		
Property, plant and equipment	9,467	9,467
Interest in associates	23,902	23,902
Other investment	67	67
Trade and other receivables	793	793
Deposit, cash and cash equivalents	10,316	10,316
Payables	(33,720)	(33,720)
Bank borrowing	(7,970)	(7,970)
Fair value of net assets acquired	<b>2,855</b>	<b>2,855</b>
Goodwill on acquisition		16,145
Purchase consideration settled in cash		19,000
Less: Cash and cash equivalents of subsidiary acquired		(10,316)
Cash outflow of the Group on acquisition		<b>8,684</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 16. Interest in subsidiaries (continued)

#### (b) Acquisition of companies in 2011 (continued):

A summary of the details of net assets acquired and cash flows arising from the acquisitions during the financial year are as follows:

	Acquiree's carrying amounts RM'000	Fair value RM'000
Property, plant and equipment	20,713	20,713
Other investment	146	146
Interest in associates	23,902	23,902
Receivables, deposits and prepayments	5,034	5,034
Deposits, bank and cash balances	11,078	11,078
Payables	(34,953)	(34,953)
Tax recoverable	111	111
Bank borrowings	(9,660)	(9,660)
Deferred taxation	(738)	(738)
<b>Fair value of net assets acquired</b>	<b>15,633</b>	<b>15,633</b>
Goodwill on acquisition (Note 19)		31,513
Purchase consideration settled in cash		47,146
Less: Cash and cash equivalents of subsidiaries acquired		(11,078)
<b>Cash outflow of the Group on acquisition</b>		<b>36,068</b>

### 17. Interest in associates

	Group	
	2011 RM'000	2010 RM'000
Quoted ordinary shares in Al-'Aqar Healthcare REIT, at cost	279,310	279,310
Additions	65,360	-
	<b>344,670</b>	<b>279,310</b>
Group's share of post acquisition retained profits and reserves less losses *	43,730	17,730
Unquoted ordinary shares, at cost	10,312	10,312
	<b>398,712</b>	<b>307,352</b>
Share of capital commitments for property, plant and equipment	47,799	2,505
<b>Share of non-cancellable operating lease commitments</b>	<b>527,693</b>	<b>21,785</b>
<b>Market value of quoted ordinary shares in Al-'Aqar Healthcare REIT</b>	<b>396,370</b>	<b>319,481</b>

\* Included in the Group's share of post acquisition retained profits are accumulated fair value adjustments amounting to RM25.9 million in relation to investment properties of an associate, Al-'Aqar Healthcare REIT

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 17. Interest in associates (continued)

The associates of the Group are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2011 %	2010 %	
<b>Unit trusts</b> Al-'Aqar Healthcare REIT (formerly known as KPJ Al-'AQAR REIT)	Malaysia	49	49	Real estate investment trust
<b>Associates of Kumpulan Perubatan (Johor) Sdn Bhd</b>				
Kedah Medical Centre Sdn Bhd	Malaysia	46	46	Operating as a specialist hospital
Hospital Penawar Sdn Bhd	Malaysia	30	30	Operating as a specialist hospital
Healthcare Technical Services Sdn Bhd	Malaysia	30	30	Project management and engineering maintenance services for specialist hospital

The aggregate amount of revenue, profits, assets (excluding goodwill) and liabilities of the associates of the Group are as follows:

	Group	
	2011 RM'000	2010 RM'000
Revenue	200,955	172,533
Profit after tax	92,707	47,290
Non-current assets	1,409,445	1,156,826
Current assets	97,650	87,923
Current liabilities	(48,728)	(47,362)
Non-current liabilities	(687,671)	(530,316)
<b>Net assets</b>	<b>770,696</b>	<b>667,071</b>

### 18. Available-for-sale financial assets

	Group	
	2011 RM'000	2010 RM'000
At 1 January	3,447	3,275
Disposals	(373)	-
	3,074	3,275
Fair value gain recognised in other comprehensive income	-	172
At 31 December	<b>3,074</b>	<b>3447</b>
Analysed as follows:		
- listed equity securities in Malaysia	8	8
- unlisted equity securities in Malaysia	3,066	3,439

Available-for-sale financial assets are denominated in Ringgit Malaysia. None of these financial assets is impaired.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 19. Intangible assets

#### Goodwill

	Group	
	2011 RM'000	2010 RM'000
<b>Cost</b>		
At 1 January	136,317	115,591
Acquisitions of subsidiaries (Note 16)	31,513	20,726
<b>At 31 December</b>	<b>167,830</b>	<b>136,317</b>

The purchase price allocation ("PPA") exercise on the acquisition of Sibu Medical Centre Corporation Sdn Bhd, Sibu Geriatric Health & Nursing College Sdn Bhd and Jeta Gardens Waterford Trust is still being carried out by the Group. The results of this independent valuation had not been received at the date of this report. Accordingly, the resultant goodwill above represents a provisional amount pending the completion of the PPA exercise. In accordance with Paragraph 45 of FRS 3, Business Combinations, the Group has a grace period of twelve months from the acquisition date to complete the PPA exercise.

### 20. Impairment of assets

#### Impairment tests for goodwill

	Group	
	2011 RM'000	2010 RM'000
Hospitals		
- Malaysia	146,059	131,139
- Indonesia	1,060	1,060
Aged care facility	16,145	-
Support services	4,566	4,118
	<b>167,830</b>	<b>136,317</b>

Recoverable amount based on value-in use

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the directors covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the relevant CGUs.

The key assumptions used in value-in-use calculations are as follows;

	2011 %	2010 %
Gross margin <sup>1</sup>	30	29
Growth rate <sup>2</sup>	7	7
Discount rate <sup>3</sup>	12	12
Terminal growth rate	5	5

Assumptions:

<sup>1</sup> Budgeted gross margin

<sup>2</sup> Weighted average growth rate used to extrapolate cash flows beyond the budget period

<sup>3</sup> Pre-tax discount rate applied to the cash flow projections

The directors have determined budgeted gross margin based on past performance and expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 21. Deferred taxation

Deferred tax assets and liabilities were offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown on the statement of financial position:

	Group	
	2011 RM'000	2010 RM'000
Deferred tax assets	14,962	15,864
Deferred tax liabilities		
- subject to income tax	(47,413)	(41,204)
<b>At 31 December</b>	<b>(32,451)</b>	<b>(25,340)</b>

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follows:

	Group	
	2011 RM'000	2010 RM'000
At 1 January	(25,340)	(8,619)
(Charged)/credited to profit or loss (Note 10):		
- property, plant and equipment	(2,941)	(4,360)
- tax losses	(4,683)	(1,056)
- provisions	3,182	(115)
	(4,442)	(5,531)
Charged to equity	-	(3,036)
Deferred tax arising from acquisition	(2,669)	(8,154)
<b>At 31 December</b>	<b>(32,451)</b>	<b>(25,340)</b>
<b>Subject to income tax</b>		
Deferred tax assets (before offsetting)		
- tax losses	7,352	8,610
- property, plant and equipment	8,301	17,910
- provisions	10,159	3,959
	<b>25,812</b>	<b>30,479</b>
Offsetting	(10,850)	(14,615)
<b>Deferred tax assets (after offsetting)</b>	<b>14,962</b>	<b>15,864</b>
Deferred tax liabilities (before offsetting)		
- property, plant and equipment	(58,263)	(55,819)
	<b>(58,263)</b>	<b>(55,819)</b>
Offsetting	10,850	14,615
<b>Deferred tax liabilities (after offsetting)</b>	<b>(47,413)</b>	<b>(41,204)</b>

The amounts of deductible temporary differences and unutilised tax losses (both of which have no expiry date) for which no deferred tax asset is recognised on the statement of financial position are as follows:

	Group	
	2011 RM'000	2010 RM'000
Unutilised tax losses	2,560	2,753

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 22. Inventories

	Group	
	2011 RM'000	2010 RM'000
<b>At cost:</b>		
Pharmaceutical products	33,283	29,206
Medical supplies	9,637	7,194
Consumables and disposable items	3,302	4,538
Laboratory chemicals	446	517
Other supplies	398	160
	<b>47,066</b>	<b>41,615</b>

### 23. Receivables

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Non-current</b>				
Advances to subsidiaries	-	-	<b>56,302</b>	<b>94,386</b>
<b>Current</b>				
Trade receivables	238,596	227,374	-	-
Less: Provision for impairment of trade receivables	(18,560)	(17,503)	-	-
<b>Trade receivables - net</b>	<b>220,036</b>	<b>209,871</b>	-	-
Amount due from former ultimate holding corporation	217	185	-	-
Amounts due from subsidiaries	-	-	56,613	29,465
Amounts due from associates	36	595	36	41
Amounts due from former related companies	-	95	-	-
Other receivables	59,393	41,490	268	2,447
Deposits	19,794	28,697	-	-
Prepayments	5,160	17,494	476	774
<b>Total receivables</b>	<b>304,636</b>	<b>298,427</b>	<b>57,393</b>	<b>32,727</b>
Add: Deposits, cash and bank balances (Note 24)	252,080	197,118	2,559	13,593
Less: Prepayments	(5,160)	(17,494)	(476)	(774)
<b>Total loans and receivables</b>	<b>551,556</b>	<b>478,051</b>	<b>59,476</b>	<b>45,546</b>

Advances given to subsidiaries amounting to RM56.3 million (2010: RM94.4 million) are unsecured, bearing effective weighted average interest rate of 3.68% (2010: 2.85%) per annum and shall be repaid within 7 years.

Credit terms of trade receivables range from 0 to 60 days (2010: 0 to 60 days).

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 23. Receivables (continued)

As at 31 December 2011, trade receivables of RM157,990,000 (2010: RM162,833,000) is neither past due nor impaired and RM62,046,000 (2010: RM47,038,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

#### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2011 RM'000	2010 RM'000
Neither past due nor impaired	157,990	162,833
1 to 30 days past due not impaired	17,395	8,855
31 to 60 days past due not impaired	12,783	5,963
61 to 90 days past due not impaired	13,339	7,209
91 to 120 days past due not impaired	5,103	14,003
More than 121 days past due not impaired	13,426	11,008
Impaired	62,046	47,038
	<b>238,596</b>	<b>227,374</b>

As at 31 December 2011, trade receivables of RM18,560,000 (2010: RM17,503,000) were impaired and provided for.

The currency exposure profile of the receivables and deposits (excluding prepayments) are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	274,962	278,114	56,917	31,953
Singapore Dollar	3,847	923	-	-
Indonesian Rupiah	2,860	1,896	-	-
Australian Dollar	17,807	-	-	-
	<b>299,476</b>	<b>280,933</b>	<b>56,917</b>	<b>31,953</b>

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

### 24. Deposits, cash and bank balances

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits with licensed banks	83,988	74,622	-	-
Cash and bank balances	168,092	122,496	2,559	13,593
	<b>252,080</b>	<b>197,118</b>	<b>2,559</b>	<b>13,593</b>

Bank balances are deposits held at call with licensed banks and do not earn interest.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 24. Deposits, cash and bank balances (continued)

The fixed deposits of certain subsidiaries have been pledged to licensed banks for the following facilities:

	Group	
	2011 RM'000	2010 RM'000
Performance bonds to Tenaga Nasional Berhad	4,059	4,059
As a security for:		
- borrowing facilities	1,128	1,128
- performance guarantee	112	112
	<b>5,299</b>	<b>5,299</b>

The weighted average interest rates of deposits with licensed banks of the Group during the financial year were 2.76% (2010: 2.37%) per annum.

The currency exposure profile of deposits, cash and bank balances as at end of the reporting period is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	225,925	188,479	2,559	13,593
Singapore Dollar	5,304	4,417	-	-
Indonesian Rupiah	259	4,222	-	-
Australian Dollar	20,592	-	-	-
	<b>252,080</b>	<b>197,118</b>	<b>2,559</b>	<b>13,593</b>

Deposits of the Group have an average maturity of 365 days (2010: 365 days).

### 25. Non-current assets held for sale

	Group	
	2011 RM'000	2010 RM'000
<b>Hospitals' land and buildings</b>		
At 1 January	105,974	103,765
Additions	37,149	12,526
Reclassification from property, plant and equipment (Note 13)	117	106,321
Disposals	(48,949)	(116,638)
At 31 December	<b>94,291</b>	<b>105,974</b>

(a) On 30 April 2010, the Group proposed to dispose its entire interest in Rumah Sakit Bumi Serpong Damai ("RSBSD") Building, Kluang Utama Specialist Hospital Building and Bandar Baru Klang Specialist Hospital Building to Al-Aqar Healthcare Real Estate Investment Trust ("Al-Aqar Healthcare REIT") for a proposed total sale consideration of RM138.77 million to be satisfied partly by cash consideration of RM83.26 million and partly by issuance of RM56.64 million new units in Al-Aqar Healthcare REIT at an issue price of RM0.98 per unit to be credited as fully paid-up. The proposed disposal was approved by shareholders on 17 December 2010.

The proposed disposal of RSBSD Building was completed on 2 August 2011.

The proposed disposal of Kluang Utama Specialist Hospital Building was completed on 6 January 2012.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 26. Payables

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
<b>Non-current</b>				
Advances from subsidiaries	-	-	434,644	242,754
<b>Current</b>				
Trade payables	244,724	186,690	-	-
Other payables	38,840	97,508	17	504
Accruals	51,597	23,249	3,547	3,889
Amount due to former ultimate holding corporation	68	302	61	93
Amounts due to subsidiaries	-	-	87,895	24,526
Amounts due to former related companies	-	358	50	50
Total current payables	335,229	308,107	91,570	29,062
<b>Total payables</b>	<b>335,229</b>	<b>308,107</b>	<b>526,214</b>	<b>271,816</b>
Add: Borrowings (Note 27)	443,471	399,423	65,000	299,000
Add: Deposits (Note 29)	14,785	13,782	-	-
<b>Total financial liabilities carried at amortised costs</b>	<b>793,485</b>	<b>721,312</b>	<b>591,214</b>	<b>570,816</b>

Advances given by subsidiaries amounting to RM434.6 million (2010: RM242.8 million) are unsecured, bearing effective weighted average interest rate of 3.35% (2010: 2.85%) per annum and shall be repaid within 7 years.

Amounts due to former ultimate holding corporation, subsidiaries and other related companies are unsecured, interest free and have no fixed terms of repayment.

Credit terms of trade payables range from 30 to 60 days (2010: 30 to 60 days).

The currency exposure profile of payables is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Ringgit Malaysia	266,510	295,640	91,570	29,062
Singapore Dollar	5,095	9,530	-	-
Indonesian Rupiah	14,132	2,937	-	-
Australian Dollar	49,492	-	-	-
	<b>335,229</b>	<b>308,107</b>	<b>91,570</b>	<b>29,062</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 27. Borrowings

	Group	
	2011 RM'000	2010 RM'000
<b>Current</b>		
Term loans (secured)	5,477	7,988
Commercial papers (unsecured)	-	249,000
Revolving credits (unsecured)		
- Conventional	103,000	47,037
- Islamic	15,000	50,000
	<b>118,000</b>	<b>97,037</b>
Islamic facilities:		
- Hiwalah term loan (secured)	8,676	1,200
- Al-Ijarah	1,585	207
	10,261	1,407
Hire purchase and finance lease liabilities		
- Conventional	5,267	5,985
- Bai Al-Inah	845	1,241
	6,112	7,226
Bank overdrafts (unsecured)	<b>139,850</b>	<b>362,658</b>
	1,141	18
	<b>140,991</b>	<b>362,676</b>
<b>Non-current</b>		
Term loans (secured)	35,234	18,599
Islamic commercial papers (secured)	249,000	-
Islamic facilities:		
- Hiwalah term loan (secured)	5,862	900
- Al-Ijarah	3,752	730
	9,614	1,630
Hire purchase and finance lease liabilities		
- Conventional	6,055	9,987
- Bai Al-Inah	2,577	6,531
	8,632	16,518
	<b>302,480</b>	<b>36,747</b>
<b>Total</b>		
Term loans (secured)	40,711	26,587
Islamic commercial papers (secured)/Commercial papers (unsecured)	249,000	249,000
Revolving credits (unsecured)		
- Conventional	103,000	47,037
- Al-Amin	15,000	50,000
	118,000	97,037
Islamic facilities:		
- Hiwalah term loan (secured)	14,538	2,100
- Al-Ijarah	5,337	937
	19,875	3,037
Hire purchase and finance lease liabilities		
- Conventional	11,322	15,972
- Bai Al-Inah	3,422	7,772
	14,744	23,744
Bank overdrafts (unsecured)	1,141	18
	<b>443,471</b>	<b>399,423</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 27. Borrowings (continued)

	Company	
	2011 RM'000	2010 RM'000
<b>Current</b>		
Revolving credits (unsecured)		
- Conventional	50,000	-
- Al-Amin	15,000	50,000
Commercial papers (unsecured)	-	249,000
	<b>65,000</b>	<b>299,000</b>

Borrowings for the Group and the Company are denominated in Ringgit Malaysia.

The borrowings are secured by:

- fixed charge on certain landed properties of the Group (Note 13);
- first fixed charge on certain assets of the Group by way of debenture;
- letter of awareness, letter of comfort and letter of subordinates from Johor Corporation;
- a negative pledge over some of the fixed and floating assets of the Group;
- fixed first and floating charge over some movable and immovable assets of the Group; and
- finance leases are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

#### Islamic Commercial Papers/Islamic Medium Term Notes ("ICP/IMTN")

Salient features of the ICP/IMTN are as follows:

- Total outstanding nominal value of ICPs and IMTNs (collectively known as "Notes") shall not exceed RM500 million.
- The tenure of the Facility is up to 7 years from date of the first issuance of any Notes (3 May 2011) under the Facility.
- ICP has a maturity of between 1,2,3,6 and 7 months and are mandatorily redeemed at nominal value upon maturity date. The ICP is issued at a discount to its value.
- IMTN has a maturity of 1 year but not more than 7 years and on condition that the IMTN matures prior to the expiry of the tenure of the Facility. The IMTN shall be mandatorily redeemed at nominal value upon maturity date. The interest for the IMTN shall be payable semi-annually upon maturity of IMTN.
- The ICP/IMTN Facility is issued on a clean basis and shall be fully repaid at the end of the tenure of the Facility.

As at 31 December 2011, the unutilised amount of ICP/IMTN amounted to RM251.0 million (2010: RM1.0 million).

On 3 May 2011, the Company refinanced its existing Commercial Papers/Medium Term Notes ("CP/MTN") with the first issuance of ICP/IMTN up to RM500 million from RM250 million.

The ICP/IMTN is parked at Point Zone Sdn Bhd, a special purpose vehicle incorporated to raise funds for the Group.

The ICP/IMTN is pledged against the Group's investment in its associate, Al-Aqar Healthcare REIT amounting to RM235 million as security.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 27. Borrowings (continued)

	Functional currency / currency exposure	Interest rate	Effective interest rate at the end of the period % per annum	Total carrying amount RM'000	Maturity profile					
					< 1 year RM'000	1-2 years	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	> 5 years RM'000
<b>2011 Group</b>										
Term loans (secured)	RM/RM	Floating	3.28	40,711	5,477	6,186	3,601	1,643	682	23,122
Islamic commercial papers (secured)	RM/RM	Floating	3.70	249,000	-	-	-	-	-	249,000
Revolving credits (unsecured)										
- Conventional	RM/RM	Floating	3.73	103,000	103,000	-	-	-	-	-
- Islamic	RM/RM	Floating	4.00	15,000	15,000	-	-	-	-	-
Islamic facilities:										
- Hiwalah term loan (secured)	RM/RM	Floating	6.32	14,538	8,676	5,608	254	-	-	-
- Al-Ijarah	RM/RM	Floating	2.95	5,337	1,585	1,677	1,770	305	-	-
Hire purchase and finance lease liabilities										
- Conventional	RM/RM	Floating	3.55	11,322	5,267	2,690	2,213	770	382	-
- Bai Al-Inah	RM/RM	Floating	2.72	3,422	845	773	635	604	565	-
Bank overdrafts (unsecured)	RM/RM	Floating	7.56	1,141	1,141	-	-	-	-	-
<b>Company</b>				<b>443,471</b>	<b>140,991</b>	<b>16,934</b>	<b>8,473</b>	<b>3,322</b>	<b>1,629</b>	<b>272,122</b>
Revolving credits (unsecured)	RM/RM	Floating	3.75	50,000	50,000	-	-	-	-	-
- Conventional	RM/RM	Floating	4.30	15,000	15,000	-	-	-	-	-
- Al-Amin				<b>65,000</b>	<b>65,000</b>	-	-	-	-	-
<b>2010 Group</b>										
Term loans (secured)	RM/RM	Floating	5.35	26,587	7,988	8,569	6,259	938	2,833	-
Commercial papers (unsecured)	RM/RM	Floating	2.90	249,000	249,000	-	-	-	-	-
Revolving credits (unsecured)										
- Conventional	RM/RM	Floating	2.75	47,037	47,037	-	-	-	-	-
- Islamic	RM/RM	Floating	2.75	50,000	50,000	-	-	-	-	-
Islamic facilities:										
- Hiwalah term loan (secured)	RM/RM	Floating	7.80	2,100	1,200	900	-	-	-	-
- Al-Ijarah	RM/RM	Floating	3.00	937	207	214	516	-	-	-
Hire purchase and finance lease liabilities										
- Conventional	RM/RM	Floating	3.95	15,972	5,985	3,746	3,217	1,281	1,737	6
- Bai Al-Inah	RM/RM	Floating	3.85	7,772	1,241	1,646	1,725	1,770	1,390	-
Bank overdrafts (unsecured)	RM/RM	Floating	7.80	18	18	-	-	-	-	-
<b>Company</b>				<b>399,423</b>	<b>362,676</b>	<b>15,075</b>	<b>11,717</b>	<b>3,989</b>	<b>5,960</b>	<b>6</b>
Commercial papers (unsecured)	RM/RM	Floating	2.85	249,000	249,000	-	-	-	-	-
Revolving credits (unsecured)	RM/RM	Floating	2.75	50,000	50,000	-	-	-	-	-
				<b>299,000</b>	<b>299,000</b>	-	-	-	-	-

	Not later than 1 year RM'000	Later than 1 year and not later than 2 years RM'000	Later than 2 years and not later than 3 years RM'000	Later than 3 years and not later than 4 years RM'000	Later than 4 years and not later than 5 years RM'000	Total RM'000
<b>2011 Group</b>						
Hire purchase and finance lease liabilities						
- Conventional	5,606	2,776	2,792	810	412	12,396
- Bai Al-Inah	1,057	980	658	623	582	3,900
	<b>6,663</b>	<b>3,756</b>	<b>3,450</b>	<b>1,433</b>	<b>994</b>	<b>16,296</b>
Less: Future finance charges						(1,074)
- Conventional						(478)
- Bai Al-Inah						(1,552)
						<b>14,744</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 27. Borrowings (continued)

	Not later than 1 year RM'000	Later than 1 year and not later than 2 years RM'000	Later than 2 years and not later than 3 years RM'000	Later than 3 years and not later than 4 years RM'000	Later than 4 years and not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
<b>2010 Group</b>							
Hire purchase and finance lease liabilities							
- Conventional	6,009	4,830	3,771	1,835	2,287	10	18,742
- Bai Al-Inah	1,787	1,662	1,741	1,786	878	-	7,854
	<b>7,796</b>	<b>6,492</b>	<b>5,512</b>	<b>3,621</b>	<b>3,165</b>	<b>10</b>	<b>26,596</b>
Less: Future finance charges							(2,770)
- Conventional							(82)
- Bai Al-Inah							(2,852)
							<b>23,744</b>

### 28. Deferred revenue

	Group/Company	
	2011 RM'000	2010 RM'000
At 1 January	36,144	28,812
Additions	103,760	46,296
Earned during the financial year	(41,565)	(38,964)
<b>At 31 December</b>	<b>98,339</b>	<b>36,144</b>
Represented by:		
Students' fees	2,307	3,868
Accommodation fees	693	1,028
Resident fees	44,748	-
KPJ Wellness Subscription Fees	50,591	31,248
	<b>98,339</b>	<b>36,144</b>

### 29. Deposits

Long term deposits represent amounts received from consultants, which are repayable on death, retirement (at age 65) or disability of the consultants. Deposits are forfeited on termination of a consultant's practice either by the Group due to events of breach or on early termination by the consultant. However, the deposits may be refunded to the consultants if approval from the Board of Directors is obtained.

Long term deposits previously measured at cost, are now measured at fair value initially and subsequently at amortised costs using effective interest method. The differences between the fair value and cash value are recognised as deferred consultancy expenses and amortised using remaining service period to retirement (at age 65) of consultants. These amortisation expenses are charged to profit or loss.

	Group	
	2011 RM'000	2010 RM'000
Represented by:		
Refundable practising deposits	7,356	6,390
Deferred consultancy expenses	7,429	7,392
	<b>14,785</b>	<b>13,782</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 30. Share capital

	Group/Company	
	2011 RM'000	2010 RM'000
<b>Authorised ordinary shares of RM0.50 each</b> At 1 January / 31 December	<b>500,000</b>	<b>500,000</b>
<b>Issued and fully paid ordinary shares of RM0.50 each</b> At 1 January	279,954	211,051
Issued during the financial year	-	52,762
- issuance of bonus shares	12,538	16,141
- exercise of share warrants		
	<b>292,492</b>	<b>279,954</b>

#### (a) Treasury shares

On 16 June 2011, 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.

In the previous financial year, the Company bought back from the open market 10,000 units of KPJ Healthcare Berhad shares, listed on the Main Market of Bursa Malaysia Securities Berhad, at an average buy-back price of RM2.26 per share. The total consideration paid for share buy-back, including transaction costs, was RM22,765 and was financed by internally generated fund. The shares purchased were retained as treasury shares.

#### (b) Share split, bonus issue and free warrants

On 15 January 2010, the Company has subdivided its existing 211,050,615 ordinary shares of RM1 each into 422,101,230 ordinary shares of RM0.50 each ("Share Split").

On the same date, the Company issued bonus shares of up to 105,525,308 new ordinary shares of RM0.50 each, which credited as fully paid up by the Company, on the basis of one (1) Bonus Shares for every four (4) shares held by the entitled share holders of the Company after the share split ("Bonus Issue").

On the same date, the Company issued up to 131,906,635 free warrants on the basis of one (1) free warrant for every four (4) shares held by the entitled shareholders of the Company after the Share Split and Bonus Issue.

The new shares issued arising from Share Split, Bonus Issue and Free Warrants exercised shall upon issue and allotment, rank pari passu in all respects.

The warrants exercise period is five years commencing from the offer date. Warrant exercise price is 15% discount to the theoretical ex-all price based on five-day volume weighted-average market price up to and including 20 November 2009 ("price fixing date").

Set out below are details of the free warrants issued by the Company:

Issuance date	Expiry date	Exercise price RM/share	Number of warrants 2010/2015		
			At 1.1.2011 '000	Exercised '000	At 31.12.2011 '000
15 January 2010	14 January 2015	1.70	99,626	(25,077)	74,549

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 30. Share capital

#### (b) Share split, bonus issue and free warrants (continued)

Details relating to warrants exercised during the year are as follows:

Exercise date	Fair value of shares at share issue date RM/share	Exercised price RM/share	Number of shares issued	
			2011 '000	2010 '000
1 January 2011 to 31 December 2011	3.72-4.70	1.70	25,077	32,281

Details relating to warrants exercised during the year are as follows:

	Group/Company	
	2011 RM'000	2010 RM'000
Ordinary share capital - at par	12,538	16,141
Share premium	30,093	38,737
<b>Proceeds from exercised of warrants</b>	<b>42,631</b>	<b>54,878</b>
<b>Fair value at exercise date of shares issued</b>	<b>105,570</b>	<b>113,122</b>

The fair value of shares issued on the exercise of warrants is the mean market price at which the Company's shares were traded on the Main Market of Bursa Malaysia Securities Berhad on the day prior to the exercise of the warrants.

### 31. Reserves

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-distributable reserves:				
Share premium	73,852	43,759	68,830	38,737
Merger reserve	(3,367)	(3,367)	-	-
Exchange reserve	(995)	(1,295)	-	-
Revaluation reserve	45,215	56,110	-	-
Fair value reserve	-	172	-	-
	<b>114,705</b>	<b>95,379</b>	<b>68,830</b>	<b>38,737</b>
Distributable reserve:				
Retained earnings	485,780	393,337	18,722	459
	<b>600,485</b>	<b>488,716</b>	<b>87,552</b>	<b>39,196</b>

Under the single-tier tax system which came into effect from the year of assessment 2009, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

Companies with Section 108 credits as at 31 December 2011 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013 whichever if earlier unless they opt to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act, 2009. As at 31 December 2011, KPJ has fully utilised its Section 108 balance.

The revaluation reserve includes surplus from the revaluation of Group's land and buildings and unrealised revaluation reserves retained in the Group's interest in Al-Aqar Healthcare REIT.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 31. Reserves (continued)

#### Revaluation reserve (non-distributable)

	Group	
	2011 RM'000	2010 RM'000
At 1 January	56,110	50,456
Transfer to retained earnings on disposal of property, plant and equipment to Al-Aqar Healthcare REIT net of non-controlling interest	(12,007)	-
Revaluation surplus, net of tax	1,112	5,654
	<b>(10,895)</b>	<b>5,654</b>
At 31 December	<b>45,215</b>	<b>56,110</b>

### 32. Non-cash transactions

The principal non-cash transactions during the financial year are as follows:

- (i) The acquisition of property, plant and equipment of which RM3,976,000 (2010: RM6,116,532) is by means of hire purchase and finance lease.
- (ii) In the previous financial year, the disposal of Pusat Pakar Tawakal Sdn Bhd's new buildings for a total consideration of RM109.1 million, which was satisfied by issuance of RM58.7 million new units of shares in Al-Aqar Healthcare REIT at RM0.95 each and cash consideration of RM50.4 million. The disposal resulted in gain on disposal of RM290,000.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 33. Significant related party disclosures

In addition to the related party disclosures elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on terms, conditions and prices obtainable in transactions with unrelated parties.

#### (a) Significant related party transactions

Paid/payable to/ (received/receivable from) subsidiaries	Type of transactions	Company	
		2011 RM'000	2010 RM'000
Ampang Puteri Specialist Hospital Sdn Bhd	Management fees Advances received Dividend received (net) Interest expense	(2,812) 19,750 (4,350) 1,539	(2,676) 1,829 (5,000) 1,063
Bukit Mertajam Specialist Hospital Sdn Bhd	Management fees Interest on advances given	- -	(15) (22)
Damansara Specialist Hospital Sdn Bhd	Management fees Advances received Dividend received (net) Interest expense	(2,484) (10,117) (27,000) 973	(2,366) (6,599) (1,178) 1,213
Ipoh Specialist Hospital Sdn Bhd	Management fees Dividend received (net) Interest expense Advances received	(3,032) (1,614) 1,525 -	(2,709) (1,568) 877 (2,123)
Johor Specialist Hospital Sdn Bhd	Management fees Dividend received (net) Interest expense Advances received	(2,917) (28,753) - -	(2,568) (15,097) 944 (5,607)
Kuching Specialist Hospital Sdn Bhd	Interest income Management fees	(344) (702)	(346) (816)
Kumpulan Perubatan (Johor) Sdn Bhd	Interest income	(1,828)	(1,717)
Kuantan Specialist Hospital Sdn Bhd	Management fees Interest expense	(707) 598	(696) 487
Pharmaserv Alliances Sdn Bhd	Management fees Interest income	(3,949) (509)	(2,838) (498)
Puteri Nursing College Sdn Bhd	Management fees	(1,500)	(1,200)
Perdana Specialist Hospital Sdn Bhd	Interest income Management fees Payment on behalf	(346) (864) 1,785	(410) (735) -
Puteri Specialist Hospital (Johor) Sdn Bhd	Management fees Dividend received (net) Interest expense Advances received	(1,981) (5,368) 472 (8,016)	(1,841) (3,900) 457 (7,983)
Pusat Pakar Tawakal Sdn Bhd	Management fees Dividend received (net)	(1,825) (255)	(1,665) (255)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 33. Significant related party disclosures (continued)

#### (a) Significant related party transactions (continued)

Paid/payable to/ (received/receivable from) subsidiaries (continued)	Type of transactions	Company	
		2011 RM'000	2010 RM'000
Penang Specialist Hospital Sdn Bhd	Interest income Advances given	(409) 713	(398) 602
Selangor Specialist Hospital Sdn Bhd	Management fees Interest expense	(1,635) 741	(1,586) 671
Sentosa Medical Centre Sdn Bhd	Management fees Dividend received (net) Interest expense	(880) (4,959) 473	(866) (4,346) 457
Seremban Specialist Hospital Sdn Bhd	Management fees Advances received	(157) (3,412)	(1,299) (2,301)
Tawakal Holdings Sdn Bhd	Dividend received (net)	(1,584)	(114)
Kajang Specialist Hospital Sdn Bhd	Management fees	(1,048)	(1,011)
Lablink (M) Sdn Bhd	Management fees	(261)	(150)
Taiping Medical Centre Sdn Bhd	Management fees	(273)	(162)
Pusat Pakar Kluang Utama Sdn Bhd	Management fees Advances given	(326) -	(230) (3,077)

#### (b) Key management personnel compensation

	Group/Company	
	2011 RM'000	2010 RM'000
Salaries, allowances and bonus	2,843	3,399
Contribution to defined contribution plan	317	408
	<b>3,160</b>	<b>3,807</b>

### 34. Non-cancellable operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2011 RM'000	2010 RM'000
Represented by:		
Not later than 1 year	71,398	75,306
Later than 1 year but not later than 2 years	89,066	81,720
Later than 2 years but not later than 5 years	224,854	251,706
Later than 5 years	516,907	596,356
	<b>902,225</b>	<b>1,005,088</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 34. Non-cancellable operating lease commitments (continued)

The Group has entered into a contractual agreement with Amanah Raya Berhad (as Trustee for Al-'Aqar Healthcare REIT) and Damansara REIT Managers Sdn Bhd to lease the hospital land and buildings including certain equipment for a period of fifteen years, with an option to renew for another fifteen years subject to terms and conditions as stipulated in the agreement.

### 35. Contingent liabilities

Upon the adoption of FRS 139, the financial guarantees provided to financiers for subsidiaries are no longer disclosed as contingent liabilities, but would instead be recorded as financial liabilities if considered likely to crystallise. The Company has assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material.

### 36. Significant events

#### (a) Proposed Acquisition by Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB")

On 22 June 2011, Pahang Specialist Hospital Sdn Bhd ("PSHSB"), a wholly-owned subsidiary of KPJSB, proposed to acquire a 3.12 acre leasehold land for a total consideration of RM3,756,750 to be satisfied via issuance of 3,756,750 ordinary shares of RM1.00 each in PSHSB.

The proposed acquisition is expected to be completed by 2nd quarter 2012.

#### (b) Disposal by Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB")

On 30 April 2010, KPJ proposed to dispose its entire interest in Rumah Sakit Bumi Serpong Damai ("RSBSD") Building, Kluang Utama Specialist Hospital Building and Bandar Baru Kluang Specialist Hospital Building to Al-'Aqar Healthcare Real Estate Investment Trust ("Al-'Aqar Healthcare REIT") for a total sale consideration of RM138.77 million to be satisfied partly by cash consideration of RM83.26 million and RM55.51 by the issuance of 56.64 million new units in Al-'Aqar at an issue price of RM0.98 per unit to be credited as fully paid-up. The disposal was approved by shareholders on 17 December 2010.

The disposal of RSBSD Building was completed on 2 August 2011.

The disposal of Kluang Utama Specialist Hospital Building was completed on 6 January 2012.

#### (c) Issuance of up to RM500 million Islamic Commercial Papers/Islamic Medium Term Notes (ICP/IMTN Programme)

On 3 May 2011, the Company refinanced its existing Commercial Papers/Medium Term Notes ("CP/MTN") with the first issuance of ICP/IMTN up to RM500 million from RM250 million.

The ICP/IMTN Programme will be utilised to repay the existing RM250 million CP/MTN programme and the remaining balance to finance the expansion of healthcare related business.

#### (d) Joint Venture between Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") and Yayasan Islam Perlis ("YIP")

On 11 July 2011, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") had signed a Joint Venture Agreement ("JVA") with Yayasan Islam Perlis ("YIP") for the purpose of designing, developing, building, completing, owning and subsequently operating from a hospital building to be known as "KPJ Perlis Specialist Hospital" ("JV").

#### (e) Proposed Acquisition of Land at Klang District, Selangor.

On 11 November 2011, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") entered into a Sale and Purchase agreement ("SPA") with Sazeen Development Sdn Bhd to acquire four (4) plots of land with an aggregate area of approximately 1.8 hectares, for a total cash consideration of RM23,762,400, located at Mukim of Klang District of Klang State of Selangor.

The Proposed Acquisition is expected to be completed by the 4th quarter 2012.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 37. Capital commitments

Capital expenditure not provided for in the financial statements is as follows:

	Group	
	2011 RM'000	2010 RM'000
Approved by the directors and contracted	188,031	88,969
Approved by the directors but not contracted	244,494	323,514
	<b>432,525</b>	<b>412,483</b>
Analysed as follows:		
- Leasehold land	10,431	9,536
- Buildings	301,372	267,804
- Medical equipment	29,628	106,506
- Other property, plant and equipment	91,094	28,637
	<b>432,525</b>	<b>412,483</b>

The Group's interest in capital commitments of the associates is disclosed in Note 17.

### 38. Fair value of financial instruments

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Receivables	23
Deposits, cash and bank balances	24
Payables	26
Borrowings	27
Deposits	29

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of long term receivables and payables, which comprise advances to or from subsidiaries, are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date.

### 39. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

#### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises mainly from revenue made on deferred credit terms, cash and cash equivalents, and deposits with financial institutions. Risk arising from these are minimised through effective monitoring of receivable accounts that exceeded the stipulated credit terms. Credit limits are set and credit history is reviewed to minimise potential losses. The Group has no significant concentration of credit risk with any single customer.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 39. Financial risk management objectives and policies (continued)

#### (a) Credit risk (continued)

The Group seeks to invest cash assets safely and profitability and buys insurance to protect itself against insurable risk. In this regard, counterparties are assessed for credit limits are set to minimise any potential losses. The Group's cash and cash equivalents and short term deposits are placed with creditworthy financial institutions and the risks arising there from are minimised in view of the financial strength of these financial institution.

#### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 23.

#### Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 23. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

#### Financial assets that are either past due or impaired

Information regarding trade receivables that are either past due or impaired is disclosed in Note 23.

Apart from those disclosed above, none of other financial assets is either past due or impaired.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 39. Financial risk management objectives and policies (continued)

#### (b) Liquidity risk (continued)

##### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>31 December 2011</b>				
<b>Group</b>				
Payables	335,229	-	-	335,229
Borrowings	142,048	52,615	250,548	445,211
Deposits	-	9,830	5,665	15,495
Total undiscounted financial liabilities	<b>477,277</b>	<b>62,445</b>	<b>256,213</b>	<b>795,935</b>
<b>Company</b>				
Payables	91,570	152,942	281,702	526,214
Borrowings	65,000	-	-	65,000
Total undiscounted financial liabilities	<b>156,570</b>	<b>152,942</b>	<b>281,702</b>	<b>591,214</b>
<b>31 December 2010</b>				
<b>Group</b>				
Payables	308,107	-	-	308,107
Borrowings	362,676	36,741	6	399,423
Deposits	-	8,776	5,006	13,782
Total undiscounted financial liabilities	<b>670,783</b>	<b>45,517</b>	<b>5,012</b>	<b>721,312</b>
<b>Company</b>				
Payables	67,432	161,989	42,395	271,816
Borrowings	299,000	-	-	299,000
Total undiscounted financial liabilities	<b>366,432</b>	<b>161,989</b>	<b>42,395</b>	<b>570,816</b>

#### (c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

##### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM249,215 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in interest rate for interest rate sensitivity analysis is based on the currently observable market environment.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 39. Financial risk management objectives and policies (continued)

#### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has three subsidiaries abroad; a hospital in Jakarta, Indonesia, an aged care facility in Queensland, Australia and a pharmaceutical distributor in Singapore. The Group does not face significant exposure from currency risk as these subsidiaries operate independently; pharmaceutical drugs and medical supplies are supplied from and distributed in the country these subsidiaries operate. Hence, transactions involving foreign currency are minimal and risks are limited to the translation of foreign currency functional financial statement to that of the presentation currency.

### 40. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is total borrowings divided by shareholders' funds.

The Group's gearing ratios as at 31 December 2011 and 2010 were as follows:

	Group	
	2011 RM'000	2010 RM'000
Current borrowings	140,991	362,676
Non-current borrowings	302,480	36,747
<b>Total</b>	<b>443,471</b>	<b>399,423</b>
Shareholders' funds	892,954	768,647
Gearing ratio	0.50	0.52

### 41. Segmental reporting

The chief operating decision-maker has been identified as the management committee. This committee reviews the Group's internal reporting in order to assess performance and allocate resources. The committee considers the business from both geographic and nature of business.

The Group principally operates in one main business segment namely the operating of specialist hospitals. Support services of the Group mainly comprise provision of management services and pathology and laboratory services, marketing and distribution of pharmaceutical, medical and surgical products and operating a private nursing college.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 41. Segmental reporting (continued)

	Hospitals			Age care facility Australia RM'000	Support services RM'000	Group RM'000
	Malaysia RM'000	Indonesia RM'000	Total RM'000			
<b>Year ended 31 December 2011</b>						
<b>Revenue</b>						
Total segment revenue	1,718,453	11,541	1,729,994	6,609	636,028	2,372,631
Inter-segment revenue	-	-	-	-	(463,638)	(463,638)
Revenue from external customers	<b>1,718,453</b>	<b>11,541</b>	<b>1,729,994</b>	<b>6,609</b>	<b>172,390</b>	<b>1,908,993</b>
<b>Results</b>						
Adjusted EBITDA*	232,835	(7,334)	225,501	948	12,623	239,072
Depreciation and amortisation	(60,459)	(2,362)	(62,821)	(50)	(6,741)	(69,612)
Finance cost	(10,605)	(652)	(11,257)	(1,139)	(7,292)	(19,688)
Associates						
- share of results	3,960	-	3,960	-	50,865	54,825
Profit before zakat and tax	165,731	(10,348)	155,383	(241)	49,455	204,597
Zakat	(1,275)	-	(1,275)	-	(25)	(1,300)
Income tax expense	(46,200)	-	(46,200)	-	(2,838)	(49,038)
Profit for the year	<b>118,256</b>	<b>(10,348)</b>	<b>107,908</b>	<b>(241)</b>	<b>46,592</b>	<b>154,259</b>
<b>Total assets</b>	<b>1,604,084</b>	<b>22,951</b>	<b>1,627,035</b>	<b>126,546</b>	<b>205,683</b>	<b>1,959,264</b>
Total assets includes:						
Investment in associates	320,659	-	320,659	-	78,053	398,712
<b>Total liabilities</b>	<b>358,158</b>	<b>9,877</b>	<b>368,035</b>	<b>120,097</b>	<b>474,280</b>	<b>962,412</b>

\* Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 41. Segmental reporting (continued)

	Hospitals			Support services RM'000	Group RM'000
	Malaysia RM'000	Indonesia RM'000	Total RM'000		
<b>Year ended 31 December 2010</b>					
<b>Revenue</b>					
Total segment revenue	1,532,868	2,835	1,535,703	485,285	2,020,988
Inter-segment revenue	-	-	-	(366,377)	(366,377)
Revenue from external customers	<b>1,532,868</b>	<b>2,835</b>	<b>1,535,703</b>	<b>118,908</b>	<b>1,654,611</b>
<b>Results</b>					
Adjusted EBITDA*	192,100	(4,713)	187,387	23,156	210,543
Depreciation and amortisation	(52,595)	(2,412)	(55,007)	(4,360)	(59,367)
Finance cost	(7,868)	(52)	(7,920)	(5,677)	(13,597)
Associates					
- share of results	1,581	-	1,581	22,338	23,919
- reversal of impairment of interest in associates -	-	-	6,460	6,460	
Profit before zakat and tax	133,218	(7,177)	126,041	41,917	167,958
Zakat	(1,259)	-	(1,259)	(10)	(1,269)
Income tax expense	(39,086)	-	(39,086)	(1,382)	(40,468)
Profit for the year	<b>92,873</b>	<b>(7,177)</b>	<b>85,696</b>	<b>40,525</b>	<b>126,221</b>
<b>Total assets</b>	<b>1,382,253</b>	<b>74,316</b>	<b>1,456,569</b>	<b>223,470</b>	<b>1,680,039</b>
Total assets includes:					
Investment in associates	17,795	-	17,795	289,557	307,352
<b>Total liabilities</b>	<b>301,101</b>	<b>17,787</b>	<b>318,888</b>	<b>497,763</b>	<b>816,651</b>

\* Earnings before interest, taxation, depreciation and amortisation ("EBITDA")

### 42. Events subsequent to end of the reporting period

#### (a) Disposal of Redeemable Preference Shares in Intrapreneur Development Sdn Bhd

The Company had on 30 January 2012, disposed its 15,359 Redeemable Preference Shares ("RPS") at the total sale consideration of RM1,536,900 to Johor Corporation. The RPS was previously purchased on 26 November 2009.

#### (b) Acquisition of 8 units of service apartments for a total purchase consideration of RM1,934,880

On 8 February 2012, Kumpulan Perubatan (Johor) Sdn Bhd entered into separate Sale and Purchase Agreements ("SPAs") with JCorp Hotels and Resorts Sdn Bhd to acquire eight (8) units of Service Apartments for a total purchase consideration of RM1,934,880. The purchase consideration for each one (1) unit of the Service Apartment is RM241,860.00.

The Service Apartments are part of the Berjaya Tioman Suites developed by Tioman Island Resort Bhd. The Berjaya Tioman Suites is located on a parcel of land at PN14711 Lot 5006, Bandar Tioman, Daerah Rompin, Pahang.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011 (continued)

### 42. Events subsequent to end of the reporting period (continued)

#### (c) Proposed Acquisition by Kumpulan Perubatan (Johor) Sdn Bhd

On 23 March 2012, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), proposed to purchase 80% equity interest in PT Khidmat Perawatan Jasa Medika ("PT KPJ Medika") for a total cash consideration of RM15,840,000 ("Proposed Acquisition") from Johor Corporation.

The Proposed Acquisition is expected to be completed within a month from the date of acceptance.

### 43. Comparatives

(a) The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been reclassified to conform with current year's presentation.

(b) The comparative figures have been audited by a firm of chartered accountants other than Ernst & Young.

### 44. Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad listing requirement

The following analysis of realised and unrealised retained earnings is prepared pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profit or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	Group	
	As at 31.12.2011 RM'000	As at 31.12.2010 RM'000
Total retained earnings of KPJ Healthcare Berhad and its subsidiaries:		
- Realised	498,907	418,101
- Unrealised	(25,088)	(23,065)
	<b>473,819</b>	<b>395,036</b>
Total share of retained earnings from associates:		
- Realised	50,197	19,363
- Unrealised	(26,981)	(1,205)
	<b>497,035</b>	<b>413,194</b>
Less: Consolidation adjustments	(11,255)	(19,857)
<b>Total Group retained earnings</b>	<b>485,780</b>	<b>393,337</b>

The disclosure of realised and unrealised earnings above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.

The total retained earnings of the Company as at 31 December 2011 amounting to RM18,722,000 (31 December 2010: RM459,000) is fully realised.

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## STATISTICS AND NOTICE OF ANNUAL GENERAL MEETING

## Shareholdings Statistics as at 30 April 2012

Authorised Share Capital : RM500,000,000  
 Issued & Fully Paid-Up Capital : RM309,248,508 less RM5,000 Treasury Shares = RM309,243,508  
 Class of Shares : Ordinary Share of RM0.50 each

### Voting Right of Shareholders

Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he/she is the holder.

### Break down of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	191	4.78	4,693	-
100 – 1000	755	18.89	617,459	0.10
1,001 – 10,000	2,092	52.34	8,742,349	1.41
10,001 – 100,000	669	16.74	24,586,879	3.98
100,001 to less than 5% of Issued Capital	286	7.15	287,542,955	46.49
5% and above of Issued Capital	4	0.10	296,992,681	48.02
<b>TOTAL</b>	<b>3,997</b>	<b>100.00</b>	<b>618,487,016</b>	<b>100.00</b>

### Top Thirty Securities Account Holders

(Without aggregating the securities from different securities accounts belonging to the same depositor)

Name	No. of Shares	%
1 Maybank Noms (T) Sdn Bhd - A/C Johor Corporation (45124911053B)	137,221,675	22.19
2 Johor Corporation	62,916,630	10.17
3 Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board	50,366,774	8.14
4 Waqaf An-Nur Corporation Berhad	46,487,602	7.52
5 Johor Corporation	20,029,000	3.24
6 OSK Noms (T) Sdn Bhd - A/C Johor Corporation	17,500,000	2.83
7 Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board (Nomura)	11,492,400	1.86
8 AmanahRaya Trustees Berhad - A/C Public Islamic Select Treasures Fund	10,417,700	1.68
9 Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board (CIMB Prin)	9,211,700	1.49
10 HSBC Noms (A) Sdn Bhd - A/C Exempt An for JPMorgan Chase Bank, National Association (Norges BK Lend)	9,164,800	1.48
11 Cartaban Noms (A) Sdn Bhd - A/C SSBT Fund W4B3 for Wasatch Emerging Markets Small Cap Fund	9,130,393	1.48
12 Kumpulan Wang Persaraan (Diperbadankan)	9,019,300	1.46
13 AmanahRaya Trustees Berhad - A/C Public Islamic Optimal Growth Fund	6,528,950	1.06
14 AmanahRaya Trustees Berhad - A/C Public Islamic Dividend Fund	6,310,700	1.02
15 AmSec Noms (T) Sdn Bhd - AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	6,175,800	1.00
16 Johor Corporation	5,760,875	0.93
17 Citigroup Noms (T) Sdn Bhd - A/C Kumpulan Wang Persaraan (Diperbadankan) (CIMB Equities)	4,851,100	0.78
18 AmanahRaya Trustees Berhad - A/C Public Islamic Opportunities Fund	4,825,750	0.78
19 HSBC Noms (A) Sdn Bhd - A/C Best Investment Corporation	4,675,775	0.76
20 AmanahRaya Trustees Berhad - A/C Public Islamic Sector Select Fund	4,645,900	0.75
21 Maybank Noms (T) Sdn Bhd - A/C Etiqa Takaful Berhad (Family PFR EQ)	4,479,000	0.72
22 AmanahRaya Trustees Berhad - A/C Public Islamic Equity Fund	3,559,100	0.58
23 HSBC Noms (A) Sdn Bhd - A/C BBH and Co Boston for Matthews Asia Small Companies Fund	2,896,500	0.47
24 AmanahRaya Trustees Berhad - A/C PB Growth Fund	2,857,200	0.46

Name	No. of Shares	%
25 HSBC Noms (A) Sdn Bhd - A/C Exempt An for The Bank of New York Mellon (Mellon Acct)	2,834,212	0.46
26 Cartaban Noms (A) Sdn Bhd - A/C State Street Luxembourg Fund DW37 for DWS Invest Asian Small/Mid Cap (DWS INVST SICAV)	2,554,000	0.41
27 HSBC Noms (A) Sdn Bhd - A/C Exempt An for J.P. Morgan Bank Luxembourg S.A.	2,484,888	0.40
28 HSBC Noms (A) Sdn Bhd - A/C TINTC for Baring Pacific Fund	2,156,500	0.35
29 Maybank Noms (T) Sdn Bhd - A/C Etiqa Insurance Berhad (Life Par Fund)	2,086,600	0.34
30 Zalaraz Sdn Bhd	1,985,000	0.32

### Substantial Shareholders

Name	Direct		No. of Shares	
	No. of Shares	%	No. of Shares	%
1 Maybank Noms (T) Sdn Bhd - A/C Johor Corporation (45124911053B)	137,221,675	22.19	106,647,380	17.24
2 Johor Corporation - 4 a/cs	88,756,505	14.35	155,112,550	25.08
4 Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board	50,366,774	8.14	25,475,200	4.12
3 Waqaf An-Nur Corporation Berhad	46,487,602	7.52	-	-

### Analysis of Shareholders

	No. of Shareholders	%	No. of Shares	%
Malaysian - Bumiputra	918	22.97	400,474,400	64.75
- Others	2,860	71.55	142,051,669	22.97
Foreigners	219	5.48	75,960,947	12.28
<b>TOTAL</b>	<b>3,997</b>	<b>100.00</b>	<b>618,487,016</b>	<b>100.00</b>

### Directors' Shareholding as at 30 March 2012

Name	No. of shares	%
1 Kamaruzzaman Bin Abu Kassim	-	-
2 YB Datin Paduka Siti Sa'diah Sheikh Bakir - Direct (2 a/cs) 558,250 CimSec Noms (T) Sdn Bhd - A/C CIMB Bank for Siti Sa'diah binti Sh Bakir 560,000 - Indirect (Amy Nadzlina binti Mohamed)	1,118,250 12,500	0.18% 0.00%
3 Dr Yoong Fook Ngian	300,000	0.05%
4 Dr Kok Chin Leong	138,000	0.02%
5 Datuk Azzat Bin Kamaludin	60,000	0.01%
6 Amiruddin bin Abdul Satar	7,000	0.00%
7 Ahamad bin Mohamad	750	0.00%
8 Rozan bin Mohd Sa'at	500	0.00%
9 Datuk Dr Hussein Bin Awang	-	-
10 Abd Razak bin Haron	-	-
11 Zainah bte Mustafa	-	-

## Warrantholdings Statistics as at 30 April 2012

### Break down of Warrantholdings

Size of Warrantholdings	No. of Warrantheolders	%	No. of Warrants	%
Less than 100	429	25.12	12,084	0.03
100 – 1000	452	26.46	272,492	0.66
1,001 – 10,000	629	36.83	2,067,444	5.04
10,001 – 100,000	166	9.72	4,521,169	11.02
100,001 to less than 5% of Issued Capital	30	1.75	12,673,489	30.88
5% and above of Issued Capital	2	0.12	21,489,300	52.37
<b>TOTAL</b>	<b>1,708</b>	<b>100.00</b>	<b>41,035,978</b>	<b>100.00</b>

### Top Thirty Securities Account Holders

(Without aggregating the securities from different securities accounts belonging to the same depositor)

Name	No. of Warrants	%
1 Waqaf An-Nur Corporation Berhad	11,621,900	28.32
2 Johor Corporation	9,867,400	24.05
3 AmanahRaya Trustees Berhad - A/C Public Islamic Opportunities Fund	1,462,687	3.56
4 Universal Trustee (M) Berhad - A/C CIMB Islamic Small Cap Fund	1,255,137	3.06
5 QSR Brands Bhd	1,125,000	2.74
6 Kulim (Malaysia) Berhad	1,000,000	2.44
7 Maybank Noms (T) Sdn Bhd - A/C Maybank Trustees Berhad for CIMB-Principal Small Cap Fund (240218)	853,750	2.08
8 SBB Noms (T) Sdn Bhd - A/C Manulife Insurance (Malaysia) Berhad - (Managed Fund)	669,350	1.63
9 Public Noms (T) Sdn Bhd - A/C Phang Chia Ean (E-PPG)	640,000	1.56
10 Citigroup Noms (T) Sdn Bhd - A/C Exempt An for American International Assurance Berhad	596,900	1.45
11 SBB Noms (T) Sdn Bhd - A/C Manulife Insurance (Malaysia) Berhad - (Equity Fund)	503,175	1.23
12 DB (M) Nom (A) Sdn Bhd - A/C Deutsche Bank AG London for Doric Asia Pacific Small Cap Fund	412,500	1.01
13 Citigroup Noms (T) Sdn Bhd - A/C Employees Provident Fund Board	363,931	0.89
14 Citigroup Noms (A) Sdn Bhd - A/C Exempt An for Citibank NA, Singapore (Julius Baer)	347,000	0.85
15 Maybank Noms (T) Sdn Bhd - A/C Maybank Trustees Berhad for CIMB-Principal Strategic Bond Fund (290077)	320,000	0.78
16 AmanahRaya Trustees Berhad - A/C Public Islamic Asia Tactical Allocation Fund	300,000	0.73
17 CimSec Noms (T) Sdn Bhd - A/C CIMB Bank for Mohammed Amin bin Mahmud (MM1004)	287,725	0.70
18 Employees Provident Fund Board	271,250	0.66
19 Caroline Ang Chai Boon	236,250	0.58
20 AmSec Noms (T) Sdn Bhd - A/C AmTrustee Berhad for Hong Leong Strategic Fund	230,000	0.56
21 Lee Thian Chai	194,477	0.47

Name	No. of Shares	%
22 Chan Kan Hing	185,000	0.45
23 SBB Noms (T) Sdn Bhd - A/C HSBC Income Fund (CAFM)	176,800	0.43
24 CimSec Noms (T) Sdn Bhd - A/C Tan Tuan Phin (Jalan Dedap-CL)	176,200	0.43
25 CIMB Group Noms (T) Sdn Bhd - A/C CIMB Bank Berhad (EDP 2)	160,000	0.39
26 Ong Eng Bin	157,902	0.38
27 Mohd Fauzy bin Abdullah	150,000	0.37
28 Mediqas Sdn Bhd	136,875	0.33
29 CimSec Noms (T) Sdn Bhd - A/C CIMB for Ting Kuok Ley @ David Kuok Leh Ting (PB)	130,000	0.32
30 Siti Sa'diah binti Sh Bakir	116,687	0.28

### Substantial Warrantheolders

Name	Direct		No. of Shares	
	No. of Warrants	%	No. of Warrants	%
1 Waqaf An-Nur Corporation Berhad	11,621,900	28.32	-	-
2 Johor Corporation - 2 a/cs	9,879,900	24.08	1,097,718	2.67

### Analysis of Shareholders

	No. of Warrantheolders	%	No. of Warrants	%
Malaysian - Bumiputra	453	26.52	31,243,557	76.14
- Others	1,214	71.08	8,683,391	21.16
Foreigners	41	2.40	1,109,030	2.70
<b>TOTAL</b>	<b>1,708</b>	<b>100.00</b>	<b>41,035,978</b>	<b>100.00</b>

### Directors' Warrantheolding as at 30 April 2012

Name	No. of Warrants	%
1 Kamaruzzaman Bin Abu Kassim	-	-
2 YB Datin Paduka Siti Sa'diah Sheikh Bakir - Direct (2 a/cs) - Indirect (Amy Nadzlina binti Mohamed)	116,762 3,125	0.28% 0.01%
3 Dr Yoong Fook Ngian	-	-
4 Dr Kok Chin Leong	-	-
5 Datuk Azzat Bin Kamaludin	-	-
6 Amiruddin bin Abdul Satar	-	-
7 Ahamad bin Mohamad	87	-
8 Rozan bin Mohd Sa'at	125	-
9 Datuk Dr Hussein Bin Awang	-	-
10 Abd Razak bin Haron	-	-
11 Zainah bte Mustafa	-	-

## Compliance Information

In conformance with the Bursa Malaysia Listing Requirements, the following additional information is provided:

### 1. Utilisation of Proceeds Raised From Corporate Proposal

The proceeds of RM249.0 million raised from the Commercial Papers/Medium Term Notes Programme have been fully utilised in the following manner:

CP/MTN	RM'000
At start of the financial year	249,000
Issued during the financial year for working capital purposes	0
<b>At end of financial year</b>	<b>249,000</b>

### 2. Treasury Shares

During the financial year, the company did not make any purchase, re-sale and cancellation of shares.

### 3. Options, Warrants or Convertible Securities

During the financial year, 25,077,310 new ordinary shares of RM0.50 each were issued by the Company for cash by virtue of the conversion of warrant at exercise price of RM1.70 per share.

### 4. American Depositary Receipt (ADR) or Global Depositary Receipt (GDR) Programme

During the financial year, the Company did not issue any ADR or GDR Programme.

### 5. Impositions of sanctions/penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

### 6. Non-audit Fees

During the financial year, the Company only engaged audit services with the external auditor.

### 7. Profit estimate, forecast or projections

The Company did not make any release on the profit estimate, forecast or projections for the financial year.

### 8. Profit guarantee

There is no profit guarantee given by the Company in respect of the financial year.

### 9. Material contracts

There is no material contract by the Company and its subsidiary companies, involving Directors' and major shareholders' interest substituting at the end of the financial year.

### 10. Recurrent related party transactions statement

At Annual General Meeting (AGM) held 16 July 2011, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of revenue or trading nature with the following parties:

Party transacted with	Nature of transactions	Estimated aggregate value from 25 May 2011 to date of next AGM RM'000	Frequency of transactions
<b>Metro Parking (M) Sdn Bhd</b>	Rental income for renting of land for carpark	1,517	Monthly
<b>Teraju Fokus Sdn Bhd</b>	Security service fees payable	2,909	Monthly
<b>HC Duraclean Sdn Bhd</b>	Housekeeping contract fees payable	7,720	Monthly
<b>Pro Corporate Management Services Sdn Bhd</b>	Secretarial fees payable	178	Monthly
<b>Healthcare Technical Services Sdn Bhd</b>	Project Management and Maintenance fee	12,807	Contract basis
<b>TMR Urusharta (M) Sdn Bhd</b>	Project and maintenance fees of lab premises payable	806	Contract basis
		<b>25,937</b>	

## Listing of Properties

Location	Description	Net book value (RM million)	Tenure & A Expiry date	Area (in sq metre)
<b>Tawakal Hospital</b> Lot No 523, Seksyen 85A, Jalan Pahang Barat, Kuala Lumpur	Car Park	10.5	Term in perpetuity	4,048
Unit No. 14-5-1, The Palladium Condominium, Jalan Gurney 2, 54000 Kuala Lumpur	Condominium	0.3	Freehold	114
<b>KPJ Selangor Specialist Hospital</b> Lot No 2, Jalan 18/24, Seksyen 18, Shah Alam, Selangor	Vacant land	8.0	Leasehold 99 years expiring 2096	15,484
No. 43, Jalan Mamanda 9, Ampang Point, 68000 Ampang, Selangor	Commercial Building	2.2	Leasehold 99 years expiring 2092	1,650
<b>KPJ Damansara Specialist Hospital</b> Lot No. PT 12058, Jalan SS 20/17, Damansara Utama, 47400 Petaling Jaya, Selangor	Vacant land	1.8	Freehold	945
No. 131, Jalan SS 20/10, Damansara Utama, 47400 Petaling Jaya, Selangor	Land and double storey detached house	2.6	Freehold	916
No. 5 & 7, Persiaran Titiwangsa 3, 53200 Kuala Lumpur	Land and office building	3.9	Term in perpetuity	981.3 & 851.0
No. 3, Lorong San Ah Wing, Off Lorong Gurney, 54100 Kuala Lumpur	Land and bungalow	4.6	Term in perpetuity	1,282
24-N, 24-P & 24D-1, Jalan Tarom, 81200 Johor Bahru	Nurse Hostel	1.5	Freehold	2,027
<b>KPJ Johor Specialist Hospital</b> No. 38B, Jalan Abdul Samad, 80100 Johor Bahru, Johor	Land under development	0.7	Freehold Land	1,002
<b>Hospital Pusrawi building</b> No. 19, Jalan USJ 9/3F, Subang Jaya, 47620 Petaling Jaya, Selangor	Clinic and office building	1.0	Freehold	149
Bangunan Pharmicare, Jalan Pahang Barat, Off Jalan Pahang, 53000 Kuala Lumpur	Office Building	8.0	Term in perpetuity	1,204
<b>Puteri Specialist Hospital</b> 1, Jln Sentosa, Lrg 1, Kg Dato Onn, Johor Bahru, Johor	Temporary car park / office	1.1	Leasehold 99 years expiring 2053	1,596
5, Jln Sentosa, Lrg 1, Kg Dato Onn, Johor Bahru, Johor	Temporary office	1.0	Leasehold 99 years expiring 2053	1,414
<b>Kluang Utama Specialist Hospital</b> 1-11, Jln Susur 1, Jalan Besar, Kluang, Johor	Land and private hospital building	3.5	Leasehold 99 years expiring 2100	985
<b>Bandar Baru Klang Specialist Hospital</b> Persiaran Rajawali, Bandar Baru Klang, Klang, Selangor	Land and building under development	91	Leasehold 99 years expiring in 2093	10,906
<b>Pasir Gudang Specialist Hospital</b> Lot PTD 204781, Mukim Plentong, Johor Bahru, Johor	Land and building under development	7.8	Leasehold 99 years expiring 2108	13,142
<b>Maharani Specialist Hospital Building</b> Lot 2024, Bandar Maharani, Muar, Johor	Land and building under development	23.8	Freehold	6,944

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Nineteenth (19th) Annual General Meeting ("AGM") of KPJ Healthcare Berhad ("KPJ" or the "Company") will be held at the Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor on Monday, 25 June 2012 at 12.00 pm for the purpose of transacting the following businesses:-

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2011 and the Reports of the Directors and Auditors thereon. (Resolution 1)
2. To re-elect the following Directors retire in accordance with the Articles of Association of the Company:-
  - i. Datin Paduka Siti Sa'diah Sh Bakir (Article 96) (Resolution 2)
  - ii. Zainah Binti Mustafa (Article 96) (Resolution 3)
  - iii. Rozan Bin Mohd Sa'at (Article 96) (Resolution 4)
  - iv. Amiruddin Bin Abdul Satar (Article 97) (Resolution 5)
  - v. Abd Razak Bin Haron (Article 97) (Resolution 6)
3. To consider, and if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act 1965:-
  - i. That Datuk Dr Hussein Bin Awang, who is above the age of seventy (70) years, be and is hereby re-appointed as Director and to hold office until the next Annual General Meeting of the Company." (Resolution 7)
  - ii. That Dr Yoong Fook Ngian, who is above the age of seventy (70) years, be and is hereby re-appointed as Director and to hold office until the next Annual General Meeting of the Company." (Resolution 8)
4. To approve the payment of Directors' fees in respect of the financial year ended 31 December 2011. (Resolution 9)
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 10)

### As Special Business

To consider and if thought fit, to pass the following resolutions:

#### 6. ORDINARY RESOLUTION 1

AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

(Resolution 11)

"THAT pursuant to Section 132D of the Companies Act, 1965 ("Act"), the Articles of Association of the Company and subject to the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered to issue shares of the Company, from time to time, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10 percent (10%) of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company. (See Note f)

#### 7. ORDINARY RESOLUTION 2

##### PROPOSED RENEWAL OF THE SHARE BUY-BACK AUTHORITY ("PROPOSED SHARE BUY BACK")

(Resolution 12)

"THAT, subject to Section 67A of the Act, Part IIIA of the Companies Regulations 1966, the provisions of the Articles of Association of the Company, the Main Market Listing Requirements ("Listing Requirements") of the Bursa Securities and any other applicable laws, rules, regulations and guidelines at any point in time in force, the Directors of the Company be and are hereby authorised, to make purchase(s) of ordinary shares of RM0.50 each in the Company's issued and paid-up capital on Bursa Securities subject to the following:-

- a. The maximum number of shares which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any point in time subject to the restriction that the issued and paid-up capital of the Company does not fall below the applicable minimum share capital requirement of the Listing Requirements;
- b. The maximum fund to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits and the share premium account of the Company; and
- c. Upon completion of the purchase by the Company of its own shares, the Directors of the Company are authorised to deal with the shares so bought-back in their absolute discretion in any of the following manners:-
  - i. cancel the shares so purchased; or
  - ii. retain the shares so purchased as Treasury Shares and held by the Company; or
  - iii. retain part of the shares so purchased as Treasury Shares and cancel the remainder,
  - iv. distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

**AND THAT** the authority conferred by this resolution shall continue to be in force until:-

- a. the conclusion of the next Annual General Meeting ("AGM") of the Company at which such resolution was passed, at which time the authority would lapse unless renewed by ordinary resolution passed either unconditionally; or
- b. the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- c. revoked or varied by a resolution passed by the shareholders of the Company in general meeting,

whichever is earlier.

**AND THAT** the Directors of the Company be and are authorised to take all such steps to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, revaluations and/or amendments as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter in accordance with the Act, the provisions of the Memorandum and Articles of Association of the Company and the guidelines issued by Bursa Securities and any other relevant authorities." (See Note g)

#### 8. ORDINARY RESOLUTION 3

##### **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR ADDITIONAL RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (" PROPOSED SHAREHOLDERS' MANDATE")**

"**THAT** subject always to the provisions of the Act, the Memorandum & Articles of Association of the Company, Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries, to

- a. enter into new Recurrent Related Party Transactions of a Revenue or Trading Nature; and
- b. renew the shareholders' mandate for recurrent Related Party Transactions of a Revenue or Trading nature for any of the aforesaid companies to enter into and give effect to the specified Recurrent related Party Transactions;

all with the particulars of which are set out in the Section 2.3 and 2.4, Part B of the Circular to Shareholders dated 1 June 2012 ("Circular") with the Related Parties as described in the Circular, provided that such transactions are:-

- a. recurrent transactions of a revenue or trading nature;
- b. necessary for the day-to-day operations of the Company and/or its subsidiaries;
- c. carried out in the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which those generally available to the public ; and
- d. not detrimental to the minority shareholders of the Company;

**AND THAT** such authority shall continue to be in force until :-

- a. the conclusion of the next AGM of the Company following this AGM, at which time the authority shall lapse unless by a resolution passed at the AGM, such authority is renewed; or
- b. the expiration of the period within which the next AGM after the date that is required by law to be held pursuant to Section 143(1) of the Companies Act (but shall not extend to such extensions as may be allowed pursuant to Section 143(2) of the Companies Act); or
- c. revoked or varied by a resolution passed by the shareholders of the Company at a general meeting;

whichever is earlier;

**AND THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the Proposed Shareholders' Mandate." (See Note h)

#### 9. SPECIAL RESOLUTION PROPOSED AMENDMENTS

"**THAT** the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as set out in the Circular to Shareholders be and are hereby approved." (See Note i)

10. To transact any other business of which due notice shall have been given.

#### **By Order of the Board, KPJ HEALTHCARE BERHAD**

SALMAH BINTI HJ ABD WAHAB (LS 0002140)

ROHAYA BINTI JAAFAR (LS 0008376)

#### **Secretaries**

Johor Bahru

Dated : 1 June 2012

(Resolution 13)

(Special Resolution)

#### **NOTES:**

- a. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of Companies Act, 1965 need not be complied with.
- b. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or if the appointor is a corporation, under its common seal or in other manner approved by its Board of Directors.
- c. Where a member of the Company is an Authorised Nominee as defined under the Central Depositories Act 1991, he may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- d. Any alteration made in this form should be initialed by the person who signs it.
- e. The instrument appointing a proxy, together with the power of attorney (if any) under which it is signed or a certified copy thereof, shall be deposited at the registered office of the Company at: KPJ HEALTHCARE BERHAD, Suite 12B, Level 12, Menara Ansar, 65 Jalan Trus , 80000 Johor Bahru, Johor at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- f. The proposed Resolution 11 if passed is primarily to give flexibility to the Directors to issue up to a maximum amount not exceeding in total 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM or the expiration of the period within the next AGM required by law to be held, whichever is earlier.
  - i. The mandate sought under Resolution 11 is a renewal of an existing mandate particularly on the conversion of KPJ warrants into ordinary shares of RM0.50 at the price of RM1.70 per share
  - ii. The proceeds raised from the previous mandate were RM85,307,047.20
  - iii. The proceeds were utilized for working capital purposes
  - iv. The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.
- g. The proposed Resolution 12 if passed will enable the Company to utilise any of its surplus financial resources to purchase its own shares from the market.
- h. The proposed Resolution 13 if passed is primarily to authorise the Company and/its unlisted subsidiaries to enter into arrangements or transactions with Related Parties, particulars of which are set out in Section 2.3 and 2.4 of the Circular to Shareholders dated 1 June 2012 circulated together with this Annual Report, which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to the Related Parties than those generally made to the public.
- i. The Special Resolution, if passed, will render the Articles of Association of the Company to be in line with the Listing Requirements of Bursa Securities and to update the Articles of Association of the Company to be consistent with the prevailing laws, guidelines or requirements of the relevant authorities.



## Publications

### Annual Report



### Medical Digest/Journal



AFFIX  
STAMP

### KPJ HEALTHCARE BERHAD (247079-M)

Suite 12B, Level 12  
Menara Ansar  
65 Jalan Trus  
80000 Johor Bahru  
Johor Darul Takzim  
Malaysia

## Care for Life



Care for Life  
Jan - Jun 2010

Care for Life  
Jul - Dec 2010

Care for Life  
Vol 2 Issue 1

Care for Life  
Vol 2 Issue 2

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Vol 2 Issue 3

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Vol 2 Issue 4

## Nursing Bulletin



Nursing Bulletin  
1st Issue

Nursing Bulletin  
2nd Issue

Nursing Bulletin  
3rd Issue

Nursing Bulletin  
4th Issue

Nursing Bulletin  
5th Issue

Nursing Bulletin  
6th Issue



Nursing Bulletin  
7th Issue

Nursing Bulletin  
8th Issue

Nursing Bulletin  
9th Issue

Nursing Bulletin  
10th Issue

Nursing Bulletin  
11th Issue

## 30th Anniversary



## 25th Anniversary



## KPJ Healthcare Quarterly



Issue 1

Issue 2

Issue 3

Issue 4

Issue 5



Issue 6

Issue 7

Issue 8

Issue 9

Issue 10



Issue 11

Issue 12

Issue 13

Issue 14

Issue 15



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