



**KPJ HEALTHCARE BERHAD** (247079-M)  
(A Member of Johor Corporation Group)



Your trusted  
health network  
*Care for Life*









**KPJ HEALTHCARE BERHAD**  
(A Member of Johor Corporation Group)

## **YOUR TRUSTED HEALTH NETWORK**

As a leading provider of premium healthcare services, KPJ's unique quality of care is our synergistic strength. We leverage on our integrated network to provide top quality services and advanced facilities across the healthcare spectrum, from specialist consultation to the most complex of surgeries. This has enabled us to provide a one-stop continuum of care to cater to the rapidly growing demands for quality healthcare in the markets we operate in.

With access to a large pool of talent, considerable depth of skills, expertise and knowledge, we are well-positioned to offer the highest standards of patient safety and quality care. Through the years, KPJ has truly become the hospital of choice, not just for Malaysians but also patients from around the globe seeking the highest quality medical care and treatment.





# FACTS AT A GLANCE

## HOSPITALS

**25** in Malaysia  
**2** in Indonesia  
**1** in Thailand  
**1** in Bangladesh

## RETIREMENT & AGED CARE

**1** in Australia **2** in Malaysia

**1** UNIVERSITY COLLEGE   
**35** PROGRAMMES  
 - INCLUDING MASTERS AND PHD

## MEDICAL CONSULTANTS

 **1,062**


## EMPLOYEES

 **11,626**



## INPATIENTS

**280,648**

 **3,026**  
 LICENSED BEDS

## OUTPATIENTS

**2,533,882**

## ACCREDITED HOSPITALS



MALAYSIAN SOCIETY  
 FOR QUALITY IN HEALTH  
 (MSQH) **15**  
 JOINT COMMISSION  
 INTERNATIONAL  
 (JCI) **4**



# OUR SYNERGISTIC STRENGTH

KPJ Healthcare Berhad (KPJ) is committed to providing comprehensive, patient centred *Care for Life* for all stakeholders. The Group's main aim is to sustain its premier position in Malaysia's private healthcare industry.

Moving forward amidst the more challenging external environment, KPJ will focus on five (5) key thrusts namely:



## CAPACITY BUILDING

Continued investments in integrated network of hospitals & services; maximise growth potential for long term sustainability



## CUSTOMER SERVICE

Embedding a patient-centric culture; continuing best practices in engaging with customers & stakeholders



## INFORMATION TECHNOLOGY

Innovative clinical & communications technology; centralised Group-wide systems to boost effectiveness & efficiency



## NEW NICHE

Exploring & expanding healthcare related industries; developing new revenue streams to support existing ones



## TALENT MANAGEMENT

Developing & nurturing world-class talents; building of skillful individuals & teams



## OUR VISION

# THE PREFERRED HEALTHCARE PROVIDER

Our vision is to be the healthcare provider of choice by delivering exceptional healthcare services, focusing on compassionate care for our patients and a culture of continuous quality improvement. Towards this end, we will remain at the forefront of advances in medicine and science in our quest to provide a full continuum of healthcare services to meet the needs of our patients.

## OUR MISSION

# DELIVERING QUALITY HEALTHCARE SERVICES

It is our mission to serve, heal and deliver world-class patient care led by a team of skilled and caring medical staff. We are committed to maintaining clinical excellence by focusing on healthcare academics and the use of latest technology to improve the health of our community.







ENSURING  
**SAFETY**



EXERCISING  
**PROFESSIONALISM**  
AT ALL TIMES



DELIVERING  
SERVICE WITH  
**COURTESY**



STRIVING FOR  
CONTINUOUS  
IMPROVEMENT



PERFORMING  
DUTIES WITH  
**INTEGRITY**

# CORE VALUES

## ***Care for Life***

Our values represent the philosophy and belief of our organisation, and guide all our decisions and actions. As compassionate healthcare providers, we work in a climate of mutual trust and harmony to enable healing and care. We at KPJ are guided by the core values of Ensuring Safety, Delivering Service with Courtesy, Performing Duties with Integrity, Exercising Professionalism at All Times, and Striving for Continuous Improvement; all of which is fundamental towards our commitment to 'Care for Life' in every aspect of our operations.

Our core values create the framework for the work we do and affirms our commitment to serving all those in need.



>  
**INSIDE THIS  
REPORT**

10

CHAIRMAN'S  
STATEMENT TO  
SHAREHOLDERS

54

STRATEGY AND  
PERFORMANCE

94

BUSINESS  
REVIEW

192

FINANCIAL  
STATEMENTS







- 002 Facts at a Glance
- 003 Strategy at a Glance
- 004 Vision & Mission
- 005 Core Values

## KEY MESSAGES

- 010 Chairman's Statement to Shareholders
- 016 President & Managing Director's Statement

## ABOUT KPJ

- 026 Corporate Profile
- 028 Corporate Milestones 2014
- 030 Corporate Information
- 032 Corporate Structure
- 034 Organisation Structure
- 035 Corporate Directory
- 036 Awards and Achievements
- 037 Past Awards
- 040 KPJ in the News
- 042 Corporate Developments and Announcements
- 044 2014 Events Highlights

## STRATEGY AND PERFORMANCE

- 054 Group Financial Review
- 056 Group Financial Highlights
- 058 Stock Performance
- 059 Statement of Comprehensive Income
- 059 Statement of Financial Position
- 060 Statement of Value Added
- 061 Distribution of Value Added
- 062 Group Quarterly Performance

## BOARD AND MANAGEMENT

- 066 Our Leaders: Group Directors
- 068 Directors' Profiles
- 078 Executive Committee: Group Management
- 080 Profile of Executive Committee
- 086 Hospital Medical Directors
- 088 Hospital Management Committee

## BUSINESS REVIEW

- 094 Hospital Operations
- 100 New Hospital Developments
- 104 Health tourism
- 108 Biomedical Services
- 114 Education
- 120 Senior Living Care
- 124 Ancillary Services

## KEY INITIATIVES

- 130 Corporate Responsibility
- 142 Customer Care
- 144 Human Capital Management
- 149 Innovation

## GOVERNANCE AND ACCOUNTABILITY

- 150 Statement on Corporate Governance
- 168 Statement on Risk Management and Internal Control
- 173 Audit Committee Report and Terms of Reference
- 178 Medical Advisory Committee (MAC) Report
- 183 Medical Advisory Committee
- 184 Business Continuity Management
- 188 Compliance Information
- 190 Corporate Integrity

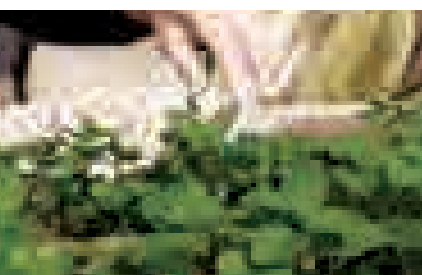
## FINANCIAL STATEMENTS

- 192 Directors' Report
- 198 Statement by Directors
- 198 Statutory Declaration
- 199 Independent Auditors' Report
- 201 Statements of Comprehensive Income
- 202 Statement of Financial Position
- 205 Consolidated Statement of Changes in Equity
- 207 Company Statement of Changes in Equity
- 208 Statements of Cash Flows
- 210 Notes to the Financial Statements
- 297 Supplementary Information

## OTHER INFORMATION

- 298 Shareholdings Statistics
- 301 Warranholdings Statistics
- 304 List of Top 10 Properties
- 305 Network of KPJ Hospitals and Companies
- 307 Notice of Annual General Meeting
- 312 Statement Accompanying Notice of Annual General Meeting

- Proxy Form





KPJ's growth-focused mindset drives our progress and sustainability. The Group undertakes aggressive and bold strategies which keep us competitive, while also building capacity to meet challenges of tomorrow.

# HEART TO HEART









**“ THE GROUP RECORDED  
THE HIGHEST  
NET PROFIT SINCE ITS  
INCEPTION 33 YEARS  
AGO...”**

010

### **Dear Shareholders,**

The uncertainty of the world economy in 2014 was a matter of concern to many. The geo-political instability and also the drastic fall in the oil price had caused many countries to review its budget. The European economy was also sluggish with fear of deflation in some countries. Malaysia was also not spared. Ringgit Malaysia was traded lower towards the third quarter of the year.

Despite of this, the country had managed to stride through the financial storm. Supported by a stronger expansion in domestic demand and a turnaround in net exports, Malaysia ended the year 2014 with the respectable growth of 5.9%. In tandem with the nation's economic resilience, the healthcare sector had maintain its robustness.

## **CHAIRMAN'S STATEMENT TO SHAREHOLDERS**





Notwithstanding the challenges that we had to confront, it is with pleasure that I convey to you that the year 2014 was a very laudable year for KPJ. The Group recorded the highest Net Profit since its inception 33 years ago. We have also successfully delivered an improved net profit margin of 5.6%, as compared to the preceding year. Also of interest to you, I share that the price earning of our share is 26 times whilst the earning per share for the period is RM0.14.

This commendable result is only made possible through the various strategies implemented throughout the year. We had, among others, implemented cost management strategies so as to mitigate the rising prices of goods. This has enabled KPJ to successfully maximise its shareholders value whilst still maintaining its lead as the largest private healthcare provider in Malaysia.

**Dato' Kamaruzzaman Abu Kassim**  
*Chairman*  
KPJ Healthcare Berhad



# CHAIRMAN'S STATEMENT TO SHAREHOLDERS

Realising the many challenges of the healthcare industry, we had taken many innovative decisions and approaches so as to remain competitive. I will now share with you KPJ's strategies to grow the business with the interest of the shareholders and stakeholders as the main dynamics.

## CREATING SUSTAINABLE VALUE

KPJ is in the service business and it is only natural that focus is on how to keep our customers satisfied. In this regard, our core values have helped to ensure that the best possible care is delivered and specific initiatives have been undertaken to ensure the delivery of superior service to our broad spectrum of markets, both at home and abroad.

In line with the mission of KPJ to be the preferred healthcare provider, we have positioned a bold agenda for KPJ with the primary focus of continuous building and improving of KPJ's overall capacity. The Board of Directors believes that the enhancement of the capacity and capability of KPJ will guarantee a much better return on investment and so, for this reason, we had embarked on improving our delivery of products and services. Hence the year 2014 saw many of the hospitals under the KPJ Group undergoing renovation, upgrading and expansion. This is manifested with the 18% growth in the Group assets as compared to the previous period.



**The strategies and planning coupled with experienced managers in KPJ have helped to mould the right business footprint for our Company**

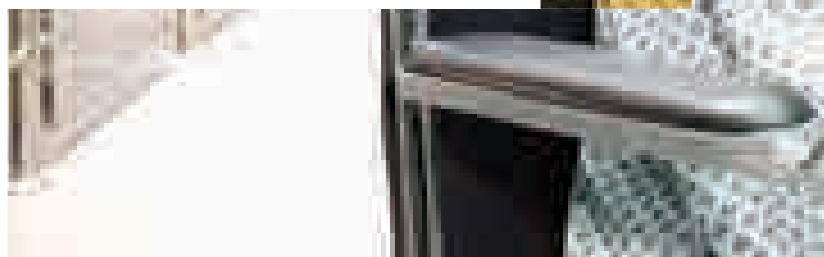


KPJ had also in 2014 boldly undertaken several greenfield projects which shall serve to further inscribe its position in the industry. We had identified new partners to work and collaborate towards the improvement and expansion of our business blueprint.

Two new hospitals joined the KPJ family in 2014. KPJ Rawang Specialist Hospital commenced its operations in March and three months later, KPJ Bandar Maharani Specialist Hospital opened its doors to its patients. Plans are in the pipeline to enlarge the Group by constructing and opening more hospitals by 2019. The community will then benefit from the presence of a KPJ hospital in almost all states in the country.

The Board feels it is of utmost importance to have in place measures to sustain the dynamic growth momentum of KPJ. Hence, the year saw KPJ implementing smarter digital solutions to better manage the constantly increasing volume of data, which has a sizeable economic significance to the organisation. It demonstrates our ability to drive significant innovation in serving patients and customers.

KPJ's business is well positioned and poised for long term success – as exhibited in this Annual Report. The commendable result of our Company for the past years is also evidence that we are in the right direction. The strategies and planning coupled with experienced managers in KPJ have helped to mould the right business footprint for our Company.







**Our Jakarta hospitals managed to exhibit higher growth for the year. RS Bumi Serpong Damai for one, has managed to turnaround giving good vibes on our investment in Indonesia.**

#### OUR INVESTMENT ABROAD

Our Jakarta hospitals managed to exhibit higher growth for the year. RS Bumi Serpong Damai for one, has managed to turnaround giving good vibes on our investment in Indonesia. We expect that both hospitals will be able to contribute better towards the result of KPJ in 2015. One of the key sectoral drivers was the Jaminan Kesehatan Nasional (JKN) – a national health insurance scheme under the Healthcare and Social Security Agency (BPJS Kesehatan) - which has been implemented since 1 January 2014 under the new government. As this government support is expected to trigger increments in patient volumes, demand for hospital-based services in Indonesia is anticipated to rise, alongside growth of various healthcare-related sectors including health tourism and healthcare education.

The healthcare sector in Thailand, however, is currently facing challenges due to its current political scenario, which has affected local consumers' healthcare decisions, and also raised concerns among international health tourism patients. Nevertheless, we are optimistic that our investment in Thailand will continue to generate positive returns as the hospital remained profitable despite the sizeable drop in patient volume.





Since 2011, **KPJ has had six specialist** hospitals listed in the Healthcare National Key Economic Area (NKEA) of the Economic Transformation Programme (ETP)

#### MOVING FORWARD

As a Malaysian brand, KPJ shares the pride about the nation's milestones, and we will strive to keep broadening the healthcare industry further, in keeping with the government's aspirations. Since 2011, KPJ has had six specialist hospitals listed in the Healthcare National Key Economic Area (NKEA) of the Economic Transformation Programme (ETP). The collective value of this investment came up to more than RM814 million, targeting to bring in a Gross National Income (GNI) of RM1.32 billion by 2020. Another benefit is the creation of more than 3,300 new jobs for healthcare professionals in the country, as well as openings for close to 200 medical specialists to operate the enlarged Group with optimum effectiveness.

These initiatives present a significant platform for KPJ to strengthen its presence and maximise returns domestically. As a business entity, KPJ aims to maximise the breadth and depth of its service offerings by introducing more hospitals into our Malaysian stable, in tandem with our strategic goal of growing by two to three hospitals on board every year.

KPJ continues to chart new inroads into the Malaysian and international healthcare industry. Although faced with a standard three to five year gestation period for new hospitals, KPJ remains committed to opening KPJ Pahang Specialist Hospital and KPJ Perlis Specialist Hospital in 2015. The opening of these two new hospitals are very much in tandem with KPJ's long standing strategy of opening a minimum of 2 hospitals annually.



KPJ is also working towards the opening of the iconic KPJ Bandar Dato' Onn Specialist Hospital in Johor Bahru by early 2017.

In addition to expanding its domestic market, KPJ is also aggressively striving for a bigger piece of the health tourism pie, targeting for the segment to contribute consistently to the Group revenue.

Apart from growing its hospital-based care services, KPJ is set to innovatively venture into new sub-sectors, one of them being senior living care. This sub-sector is developed upon a groundbreaking healthcare-based model based on our investment in Jeta Gardens in Australia. It is a relatively untapped market and KPJ anticipates good prospects in the future.

Another sub-sector in which KPJ is making great inroads is healthcare education. The Group made history in 2011 when it became the 1<sup>st</sup> private healthcare provider approved by the Ministry of Higher Education to set up its own Medical School offering specialist post-graduate programmes. This will plant new seeds of possibilities for the country and the industry as a whole to translate their experiences and talent into marketable skills relevant to healthcare.

The Board is confident that all these efforts will accelerate its transformation to become not only a market leader but to ultimately become a healthcare innovation leader.

The Board takes this opportunity to express appreciation to the strong and diverse management team. I also take this opportunity to thank all employees for their dedication and tireless commitment, without which KPJ would not be where we are today.

On a personal note, I would like to acknowledge the immense and invaluable contributions of my fellow Directors – thank you for your constant and wise counsel which has helped to keep the Group on an even keel especially as we charted our way through various challenging moments.

Thank you.



**Dato' Kamaruzzaman Abu Kassim**  
*Chairman*  
KPJ Healthcare Berhad

**KPJ is also aggressively striving for a bigger piece of the health tourism pie, targeting for the segment to contribute consistently to the Group revenue**



KPJ is set to innovatively venture into **new sub-sectors**, one of them being senior living care



“ KPJ HEALTHCARE  
BERHAD (KPJ)  
PULLED IN YET  
ANOTHER VERY  
ENCOURAGING  
YEAR...”



**Dato' Amiruddin Abdul Satar**  
*President & Managing Director*  
KPJ Healthcare Berhad





The year 2014 presented its fair share of challenges to corporations within the region, given an unbalanced development in the global economy, caused mainly by falling oil prices, which in turn affected Malaysia's fiscal stability. This was further exacerbated by depreciation of the Ringgit and reduction in Government spending which greatly influenced the outlook of Malaysia's businesses.

While the healthcare sector is resilient to a certain extent to financial volatilities, other challenges were presented in the form of intensifying competition, changes in the regulatory environment and the rising cost of imported goods, all of which added pressure to the healthcare players in their quest for cost and operational efficiencies.

Within this landscape, it gives me great pleasure to report that KPJ Healthcare Berhad (KPJ) pulled in yet another very encouraging year. The KPJ Group performed remarkably well in 2014 where all statistics and financial figures surpassed the 2013 levels.

# PRESIDENT

## & MANAGING DIRECTOR'S STATEMENT





The year 2014 had, in fact, started off on a very positive note, with KPJ completing the acquisition of Menara 238 in February 2014, for a total cost of RM212 million, funded primarily by external borrowings and internal generated funds. Menara 238 houses the Group's corporate office with excellent facilities for conference, meeting and recreational activities that cater to all the needs of managers and executives in the Headquarters. Subsequent to the acquisition of the building, serious efforts have been dedicated to occupy the office and retail space with tenants. By the end of 2014, close to 75% of the total lettable area was successfully occupied. This has provided the Group with extra revenue and relief to the much needed space at the hospitals which the Headquarters of KPJ used to occupy.

KPJ has also grown its network, with the opening of two new hospitals during the year, in tandem with our five-year plan, and launched a new aged care facility as well as a rehabilitation centre in Kuala Lumpur. In order to deliver quality healthcare to our patients, we have and will continue to invest in cutting-edge medical and IT technologies as well as in our people.

Most importantly, the Group has not just grown in size and performance but also further improved the quality of service and patient care through various initiatives to ensure the safety, comfort and holistic well-being of our patients. We place great importance in nurturing a culture in which patients feel totally at home with us. This key focus is reflected in the theme of our 2014 annual report, which underlines our commitment to being the Preferred Provider of Healthcare Services.

## FINANCIAL PERFORMANCE

In line with our expansion, the Group's revenue increased by 13% from RM2.33 billion in 2013 to RM2.64 billion. Most of the expansion took place in Malaysia, primarily by the hospitals which continued to be our most significant revenue contributor, making up 90% of the total. Growth in revenue among our Malaysian hospitals increased by 15% from RM2.05 billion in 2013 to RM2.36 billion.

The second highest contributor to Group revenue was Ancillary Services, Corporate and Others, which recorded a 3% increase in revenue from RM742.0 million in 2013 to RM760.6 million. This was driven mainly from sales of pharmaceuticals, medical and surgical products, as well as from pathology and laboratory services, all of which increased in line with the increase in the number of patients.

Our Indonesian segment achieved a notable 19% increase in revenue from RM33.5 million in 2013 to RM39.7 million as a result of heightened activities in both hospitals in Jakarta; while Jeta Gardens, our aged care facility in Australia, made steady progress to record revenue growth of 5%, from RM28.0 million to RM29.5 million in 2014.





Parallel with the growth in revenue the Group also recorded an increase in profit before taxation by 36.7% from RM159.56 million in 2013 to RM218.08 million. This was driven both by the increase in activities as well as fair value adjustments in relation to the newly acquired Menara 238 office tower amounting to RM10.8 million and from better returns by our associate Al-Aqar Healthcare REIT. The better margin was also achieved from greater efficiency in operation.

Given our performance, the Group paid three interim dividends during the year, to a total 4.90 sen per RM0.50 ordinary share, translating into a total shareholder payout of RM49.84 million, which compares favourably to the RM39.2 million paid out in 2013. The breakdown of this year's dividends is as follows:

- First interim single tier dividend of 1.45 sen per share on 1,022,500,184 ordinary shares amounting to RM14,826,250, declared on 26 May and fully paid on 18 July.
- Second interim single tier dividend of 1.45 sen per share on 1,014,618,755 ordinary shares amounting to RM14,711,970, declared on 26 August and fully paid on 21 October.
- Third interim single tier dividend of 2.00 sen per share on 1,015,157,631 ordinary shares amounting to RM20,303,153, declared on 26 November and fully paid on 22 January 2015.

## HIGHLIGHTS OF THE YEAR

This performance was achieved whilst at the same time increasing our brand presence. Key highlights of the year have to be the opening of two new hospitals – KPJ Rawang and KPJ Bandar Maharani. The opening of the 159-bed KPJ Rawang in March was particularly significant as it is currently the only private hospital available to serve a population of about 415,000 people living in Rawang and surrounding areas. Two months later, we launched KPJ Bandar Maharani in Muar, which boasts of more than 100 beds. Together with ward extensions in our existing hospitals, these two new hospitals have increased the Group's total bed capacity by 4.9% from 2,717 to 2,851.

Another significant highlight was the opening of our aged care facility, KPJ Senior Living Care (KPJ SLC) in August. Based loosely on the home concept of Jeta Gardens in Queensland, Australia, KPJ SLC has been designed to be as homely as possible. At the same time, we positively encourage family members to visit with no restrictions. KPJ SLC also offers a lively environment marked by continuous activities such as gardening and karaoke, games and celebrations. Located within the KPJ Tawakkal Health Centre (THC), residents at KPJ SLC will have easy access to all the medical facilities offered at THC. Of particular interest to them would be the newly opened KPJ KL Rehabilitation Centre staffed by trained occupational therapists, physiotherapists and counsellors to help our residents maintain a physically active and psychologically positive lifestyle. The occupancy of KPJ is currently at 69%.



Parallel with the growth in revenue the Group also recorded an increase in **profit before taxation by 36.7% from RM159.56 million in 2013 to RM218.08 million**



# PRESIDENT & MANAGING DIRECTOR'S STATEMENT



## Health tourism market is certainly an area we will look into in a more strategic manner in the coming years now that we have expanded into this healthcare realm

Given Malaysia's ageing demographic – with an estimated 14% of the population aged 60 years or above by 2030 – we anticipate demand for aged care services to increase sharply. We believe, further, that the aged care services we are able to offer would be attractive to senior citizens living in temperate climates who would welcome the opportunity to spend their winter months in a warmer climate where they will be well looked after. This niche health tourism market is certainly an area we will look into in a more strategic manner in the coming years now that we have expanded into this healthcare realm.

We are also very excited about two new Memorandums of Understanding (MoUs) signed for the joint development of two hospitals. In October 2014, KPJ signed an MOU for a new specialist centre in Sungai Penchala, Damansara. The project, which will begin in 2015, is set to be developed by Pelaburan Hartanah Berhad and subsequently leased to KPJ. The proposed new 300-bed hospital shall be equipped with the latest state-of-the-art facilities and the 460,000 square feet development would be leased by PHB to KPJ for 15 years upon its completion in 2018.

Strategic collaborations such as these reduce the risks associated with development and construction of a new hospital, to the benefit of all stakeholders. The Damansara Specialist Hospital II is expected to be completed in 2018 for long-term lease by KPJ.

Within our Ancillary Services segment, which is a significant revenue contributor to the Group, Lablink (M) Sdn Bhd, is currently developing a new centralised laboratory which will boast cutting-edge technology, qualifying it to be the only private lab in the country to meet Molecular and Biosafety Level 3 (BSL3) requirements to test for highly infectious diseases. In addition, Lablink will also work towards ISO15189 accreditation. All these are veritable feathers in its cap and contribute to further growth of its operations which is already attracting sizeable income from third parties. This would go a long way towards gaining greater recognition among the public, clients and other medical laboratories. With Lablink Central, Lablink also aims to offer consultation services for all pathology disciplines, and to promote the medical laboratory profession.

The year under review saw the launch of the newly refurbished, fully equipped and modern Kuala Lumpur centre of KPJ Pusat Pakar Mata Centre For Sight (CFS) – located in the iconic KPJ Tawakkal Health Centre (THC). KPJ had invested more than RM7 million for the renovation and state-of-the-art ophthalmic facilities. This Centre also has a dedicated Operation Theatre and Day Care facilities. With six specialists on board, it offers a range of specialty services goes beyond the minimally invasive laser technique to correct vision defects (called Lasik Relex Smile) to cornea and vitreo-retinal surgery, glaucoma treatment, cataract removal, oculoplastic surgery and paediatric ophthalmology.

Sterilisation of surgical equipment is an essential component in the smooth running of any high-quality hospital. As such, KPJ's Centralised Sterilisation Service Centre (CSSC) in Rawang, handles all activities pertaining to the management, supply, collection and delivery of sterile goods to hospitals, both in the Group as well as an increasing number of external hospitals within the Klang Valley.



**KPJ had invested more than RM7 million for the renovation and state-of-the-art ophthalmic facilities.**





## HEALTH TOURISM

Since 2011, when we established a dedicated team to promote Health Tourism, KPJ has been receiving tens of thousands of international patients, mainly from the region but also from as far as the African continent. Thanks to the assiduous efforts of our team to build the KPJ brand in the international market, revenue from health tourism (HT) has increased steadily over the years and in 2014 accounted for no less than RM78.38 million of the Group's revenue, up 16.83% from RM67.09 million in 2013.

Indonesia remains our top tourism feeder market, accounting for about 49% (or RM38.69 million) of our Health Tourism revenue from 36,588 visits, with Libya coming in second and while patient visits from Bangladesh, India and Pakistan combined also grew by 24%.

As part of our value proposition to international patients, we have begun to employ more foreign language-speaking staff. Some of our facilities also provide an International Patient Counter to serve all the needs of foreign patients, from their transport to registration, handling of visa extensions, payment and insurance arrangement, the booking of appointments with specialist consultants and other concierge arrangements.

Given the quality of service we are able to offer, as well as our presence in Indonesia, Bangladesh and Australia, we believe KPJ is in a unique position to build a viable Health Tourism portfolio. Accordingly, we have identified it as one of our key growth areas, and have targeted for Health Tourism to contribute to no less than 10% of our revenue by 2020. By this time, we will have six new hospitals to ensure sufficient capacity for the influx of patients. To further strengthen our pull in this niche segment, we have introduced new facilities and services that would appeal to health tourists, such as IVF fertility treatment and, as mentioned earlier, our KPJ Senior Living Care.

We realise that in order to attract foreign patients, we need to be able to guarantee internationally recognised healthcare standards. Towards this end, we have in the group of four hospitals that have been accredited by Joint Commission International (JCI) namely KPJ Ampang Puteri, KPJ Seremban, KPJ Penang and KPJ Johor Specialist.

## BUILDING STAKEHOLDER RELATIONSHIPS

As a private healthcare provider, KPJ recognises the importance of working closely with key stakeholders in order to maintain our competitive edge. Among our partners, insurance companies and managed care organisations (MCOs) are becoming increasingly more integral to our operations, contributing to about 55% of the Group's total revenue in 2014.

To build robust relationships with these partners, we provide them with healthcare education via health forums, seminars, health campaigns and wellness screening events. These not only help them in their professional capacity but also serve to enhance their own personal well-being. In addition, we undertake case reviews to help our partners evaluate their customers' medical claims using established clinical protocols to determine the necessity of treatments and to manage all clinical issues, costs and charges to ensure optimal patient outcomes.

During the year, we collaborated with Manulife Insurance on heart health initiatives in conjunction with their launch of a plan that covers heart attacks. We participated in a seminar organised by Tokio Marine Insurance for their clients on "Personal Health, Well-being and Your Insurance Coverage". We also organised a series of health talks and screening for PM Care, Tenaga Nasional Berhad (TNB), Asia Assistance, Micare, Maybank, AmBank, etc for their clients and employees.



# PRESIDENT & MANAGING DIRECTOR'S STATEMENT

Further extending our reach to Malaysians via strategic partnerships, in September 2014, we entered into a collaboration with Touch N' Go Sdn Bhd to offer a 15% discount on Executive Screening Packages (excluding medical officers' and specialist consultation fees) to all Touch N' Go cardholders at our eight Klang Valley hospitals. In 2015, we are extending the collaboration to all our hospitals and centres of excellence including KPJ University College. With 6 million Touch N' Go cardholders, this partnership will have a huge impact on our customer base and further strengthen our branding, while facilitating simple, fast, convenient and a fuss-free experience to our customers.

We have also entered into a joint programme with SOCSO under which all workers aged 40 and above who contribute to the national social security organisation will be entitled to free health screening for prevalent non-communicable diseases such as cardiovascular diseases, diabetes and cancer (cervical cancer and breast cancer).

## CUSTOMER CARE & SERVICE

Our tagline "Care for Life" sums up KPJ's philosophy and underlines our ultimate objective, namely to place our patients' needs above all else and to deliver quality care for their well-being in a manner that offers the greatest convenience, comfort and confidence in positive outcomes. The fact that our occupancy rate keeps increasing – it increased from 65.7% in 2013 to 69.2% in 2014 – despite our rapid expansion and increasing competition within the private healthcare space, would indicate that our efforts are translating into results.

Our Service Quality Management (SQM) services team is dedicated to ensuring the highest possible service standard within the Group. SQM is responsible for identifying gaps in our service capabilities and developing appropriate training modules to fill these. Just in 2014, SQM conducted more than 62,000 hours of training in customer service and service delivery improvement. It also updated the KPJ Standard People Practice (SPP) manual to incorporate the latest best practices. And it standardised the Customer Service Indexing (CSI) system Group-wide. Our commitment to service quality is such that in 2014, we revised the Group's Staff Performance Appraisal (SPAR) framework to incorporate elements of SQM, thus ensuring that all our employees embrace a customer-centric mindset.



Various innovations are implemented at KPJ to enhance our customer experience. KPJ's Clinical Information System (KCIS) ensures seamless customer experience from registration to diagnosis, treatment and follow-up care including electronic orders. All of this is aimed at increasing the efficiency while also improving patient safety by reducing medication errors and minimise risks. From one hospital, its implementation expanded to 14 hospitals covering bigger capacity hospitals, namely KPJ Johor, KPJ Ampang Puteri, KPJ Tawakkal and KPJ Damansara. Another four hospitals will have KCIS implemented in year 2015, towards KPJ's aim of achieving a fully consolidated electronic-based patient information and database management system. KCIS continue to improve its functionalities in year 2015 by adding clinical specialities such as paediatrician, obstetrician & gynaecology, dialysis, rehabilitation with internal development initiative improve legible documentation as JCI compliance to the existing system.

KPJ made another bold step in year 2014 by adopting a cloud computing environment with a centralised datacentre to provide high availability in IT resources and services that helps hospitals to reduce IT implementation and maintenance costs. With this robust infrastructure in place, KPJ is the first private healthcare organisation in ASEAN to invest in a private cloud deployment to automate medical records. Cloud enhanced clinical application through mobile devices as mobility services that doctors, nurses and others benefits in accessing patient information to improve communication and patient care at anywhere and anytime connected via internet.

Meanwhile, KPJ Ampang Puteri and KPJ Damansara have started their journey towards becoming Planetree designated hospitals. The Planetree model is patient-centric in which healthcare providers partner with patients and their families to identify and satisfy the full range of patient needs and preferences, while simultaneously supporting the professional and personal aspirations of their staff.





## DEVELOPING OUR PEOPLE

It goes without saying that KPJ's greatest strength is our people. As the Group has grown so has our highly valued workforce, which now stands at about 1,000 employees. Recognising that we are only as good as our people, we are committed to their continuous professional development and spent almost RM6.72 million on training to further enhance their knowledge and soft skills in 2014. Each year, we also sponsor employees to further their education via programmes such as MBAs for our management and further nursing degrees for our nurses. KPJ also provides global learning experience for our employees, through collaborations with renowned educational institutes and international professional training providers.

## PROSPECTS

Although the Malaysian economy is expected to slow down in 2015 along with continued depression in oil prices and a devalued Ringgit, we expect the pharmaceutical and healthcare sectors to continue to be robust given Government support as well as the fundamentals that drive demand. These include a growing middle income group, awareness of treatments available, increasing prevalence of non-communicable diseases and an ageing population.

While these will bolster demand generally, concerted efforts to strengthen our patient-centric culture and to reinforce our reputation as a caring, responsible and professional healthcare provider will ensure a steady flow of patients to the KPJ Group in the face of increasing competition. At the same time, we will continue to market our services within the region and further to grow our revenue via health tourism. Having established our new KPJ Senior Living Care, we aim to promote our aged care services more aggressively in targeted markets abroad as well as within Malaysia.

In line with an anticipated increase in healthcare demand, we are committed to forging ahead with our expansion programme. We expect to open two new hospitals in 2015, namely KPJ Pahang and KPJ Perlis, while working on our joint collaborations on KPJ UTM Specialist Hospital and Damansara Specialist Hospital II.

We expect to open **two new hospitals** in 2015, namely KPJ Pahang and KPJ Perlis



## ACKNOWLEDGEMENTS

KPJ has grown from strength to strength over the years due to the support of various key parties. I would like to take this opportunity to acknowledge each and every stakeholder group that has contributed to our ongoing success. This includes the Government and its agencies, our business partners and financiers, our shareholders and our patients. To our shareholders, let me assure you that your interests are always top of our minds; and as to our patients, you have and always will be at the heart of our actions and decisions.

I would also like to thank our Board of Directors for their wise counsel that has guided KPJ in our long and exciting journey. But most of all, I would like to thank our medical consultants, our nursing staff and all other employees for your hard work and dedication that has made KPJ what we are today – the leading private healthcare group in Malaysia with a sure and growing presence within the region. What inspires me the most is that we lead not only in terms of hard numbers but also in the softer and more meaningful aspects of healthcare – by caring for life and for the well-being of our patients.

Thank you.

**Dato' Amiruddin Abdul Satar**  
President/Managing Director  
KPJ Healthcare Berhad



In KPJ, it's our people that define our organisation. The accomplishments that we have achieved over time are actually the embodiment of the passion and enthusiasm of our talented and highly skilled personnel. We take pride in our employees and devote a substantial amount of time and capital to ensure their continuous enrichment and improvement as we continuously grow day by day, exploring new frontiers.

**HEART  
TO HEART**











KPJ Healthcare Berhad (KPJ), listed on the Main Board of Bursa Malaysia since 1994, is Malaysia's leading private healthcare service provider. KPJ achieved a market capitalisation of more than RM4.05 billion as of December 2014.

Established more than 33 years ago, we currently operate 25 hospitals in Malaysia, two hospitals in Indonesia, one hospital in Bangladesh and a sizeable share in a hospital in Thailand. A progressive healthcare provider, we remain committed to investing in leading edge equipment and state-of-the-art medical technology in an effort to provide positive patient experiences as well as enhance medical and surgical outcomes.

Coupled with its strong network of hospitals in Malaysia and the region, we recorded significant growth in the number of patients served. In year 2014 alone, we served more than 2.8 million patients compared to 2.7 million in the preceding year. This demonstrates increased customer trust in the Group, as evidenced by our good operational performance and quality initiatives.

▲ We remain committed to investing in leading edge equipment and state-of-the-art medical technology in an effort to provide positive patient experiences as well as enhance medical and surgical outcomes.



Its workforce today comprises more than 11,000 staff members which includes the clinical as well as the management and administrative teams. In addition, KPJ has more than 1,000 medical specialists serving in our hospitals nationwide.

In growing the health tourism segment, our aggressive marketing strategies continue to show stellar results as we have expanded our footprint to Asia, the Middle East and East Africa.

Apart from hospital-based care, the KPJ Group also ventured into other healthcare-related industries, primarily KPJ Senior Living Care services and healthcare education. These thriving sub-sectors hold tremendous potential for the future, in line with the increasing consumer demand.

We ventured into KPJ Senior Living Care services, through our investment in the KPJ Tawakkal Health Centre in Kuala Lumpur, the Sibu Geriatric Health and Nursing Centre in Sibu, and Jeta Gardens Retirement Resort in Australia. KPJ Senior Living Care Services at KPJ Both healthcare-based facilities adopt the modern care approach to cater to the needs of its aged residents.

KPJ does not only contribute to the development and employment of Malaysia's healthcare professionals, but also believes in building a strong academic foundation for those involved in the industry. In 1991, KPJ launched the Putri Nursing College (PNC) which became the first nursing college in the country to offer a three-year Diploma in Nursing. Strong in its determination to fulfil the evolving and quality healthcare needs of the industry, PNC has grown and now upgraded to KPJ Healthcare University College (KPJUC), offering 35 programmes from the foundation to PhD level.

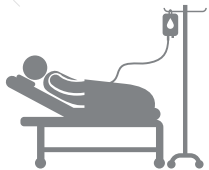
In 2011, KPJ also became the first private provider in Malaysia to have its own Medical School, by offering the Masters in Medicine Programmes. A significant number of doctors under the Group also actively contribute to the development of new specialists via this Medical School.

Our hospitals continue to be recognised by accreditation bodies such as the Malaysian Society for Quality in Health (MSQH) and the Joint Commission International (JCI). We have also been certified by Integrated Management System (IMS) that integrates and emphasises the Quality Management System (MS ISO 9001:2000); Environment (MS ISO 14001:2004) and Occupational Safety and Health (OHSAS 18001:1999) Systems, as well as other ISO and SIRIM certifications.

Our commitment to quality standards in healthcare has not gone unnoticed. The Group has been accorded with several awards throughout 2014 including Best Company for Leadership – Private Healthcare in Malaysia 2014 by IAIR Awards' Excellence in Global Economy; Malaysia Excellence in Healthcare IT Implementation 2014 by Frost & Sullivan; largest private healthcare chain in Malaysia 2014 from the Malaysian Book of Records; HR Asia's Best Companies to Work for in Asia 2014 by Business Media International; Global Leadership Awards 2015 from the American Leadership Development Association. KPJ was also recognised for its contributions and efforts in implementing flexible working hours, under the Career Comeback Programme initiated jointly by the Ministry of Women, Family and Development and TalentCorp.

As a responsible corporate citizen, KPJ reaches out to the community through public health screening sessions, health talks and other events. We continue to touch the lives of the impoverished and underprivileged in communities through our management of Klinik Wakaf An-Nur (KWAN) initiative. Since the inception of the first KWAN charity clinic in Johor in 1998, it has served more than 1.13 million patients. Today, the KWAN network encompasses one hospital in Johor, 20 clinics throughout Malaysia, as well as three mobile clinics in Johor and Selangor.



We served more than **2.8** million patients   
as compared to 2.7 million in the preceding year.



Official launch of the 220-bedded KPJ Klang Specialist Hospital by DYMM Tengku Panglima Diraja Selangor, Tengku Sulaiman Shah in February 2014.

KPJ Rawang Specialist Hospital opened in March 2014 with a capacity of 49 beds. The hospital is the only private hospital to offer full specialist medical services in the high growth Rawang township.

In April 2014, KPJ announced the successful roll-out of KPJ Cloud system. A secure, private cloud, first of its kind in Asean, thus setting up a platform for improved data access and excellence in clinical and business throughout.

Sheikh Fazilatunnessa Mujib Memorial KPJ Specialized Hospital & Nursing College in Dhaka, Bangladesh began its outpatient (April 2014) and inpatient services (October 2014) with 100 beds, with seven specialists and about 300 clinical and support staff.

Signing Ceremony between "Northern Corridor Implementation Authority and KPJ for Human Capital Development Programme and Training Fund for Northern Corridor Projects on 13 June 2014.





KPJ Bandar Maharani Specialist Hospital commenced operations in June 2014 with a capacity of 36 beds. Located in the royal township of Muar, this is the first KPJ specialist hospital in the northern Johor region.

KPJ Senior Living Care in KPJ Tawakkal Health Centre (THC) started operations in August 2014 with 42 beds.

In August 2014, KPJ Pasir Gudang Specialist Hospital was launched by Johor Menteri Besar, YAB Dato' Mohamed Khaled Nordin. It is the fourth hospital in Johor by KPJ.

KPJ signed Memorandum Of Understanding (MOU) with Pelaburan Hartanah Berhad and Nadayu Properties Berhad for the proposed development and leasing of KPJ Damansara Specialist Hospital II, October 2014.

Official launch of KPJ's Baby Hatch initiative by HRH The Sultanah of Pahang, Sultanah Kalsom, in October 2014.

The launch of KPJ Pusat Pakar Mata Centre For Sight (CFS) at the KPJ Tawakkal Health Centre in October 2014.

# CORPORATE MILESTONES 2014



# CORPORATE INFORMATION

## REGISTERED OFFICE

**KPJ Healthcare Berhad**  
Level II,  
Menara KOMTAR,  
Johor Bahru City Centre,  
80000 Johor Bahru,  
Johor, Malaysia.  
T (607) 219 2692  
F (607) 222 3044

## CORPORATE OFFICE

**KPJ Healthcare Berhad**  
Level 12, Menara 238,  
238 Jalan Tun Razak,  
50400 Kuala Lumpur, Malaysia.  
T (603) 2681 6222  
F (603) 2681 6888  
E [kpj@kpjhealth.com.my](mailto:kpj@kpjhealth.com.my)

## PRINCIPAL BANKERS

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

**RHB Bank Berhad**  
257-259, Jalan Genting Klang,  
Setapak,  
53300 Kuala Lumpur,  
Wilayah Persekutuan, Malaysia.

**HSBC Bank Malaysia Berhad**  
No. 2, Lebuhr Ampang,  
P. O. Box 10244,  
50912 Kuala Lumpur,  
Wilayah Persekutuan, Malaysia.

## REGISTRAR

**Pro Corporate Management Services Sdn Bhd**  
Level 16,  
Menara KOMTAR,  
Johor Bahru City Centre,  
80000 Johor Bahru,  
Johor, Malaysia.  
T (607) 219 2692  
F (607) 222 3044

## AUDITOR

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

## STOCK EXCHANGE LISTING

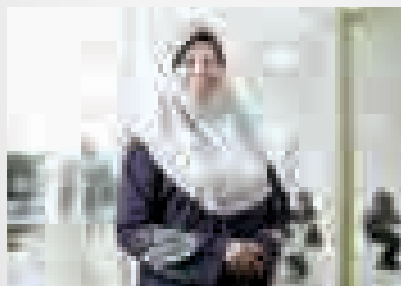
**Bursa Malaysia Securities Berhad**  
**Main Market**  
(Since 29 November 1994)

## COMPANY SECRETARIES

Salmah Abd Wahab  
(LS 0002140)



Hana Ab Rahim @ Ali  
(MAICSA 7064336)







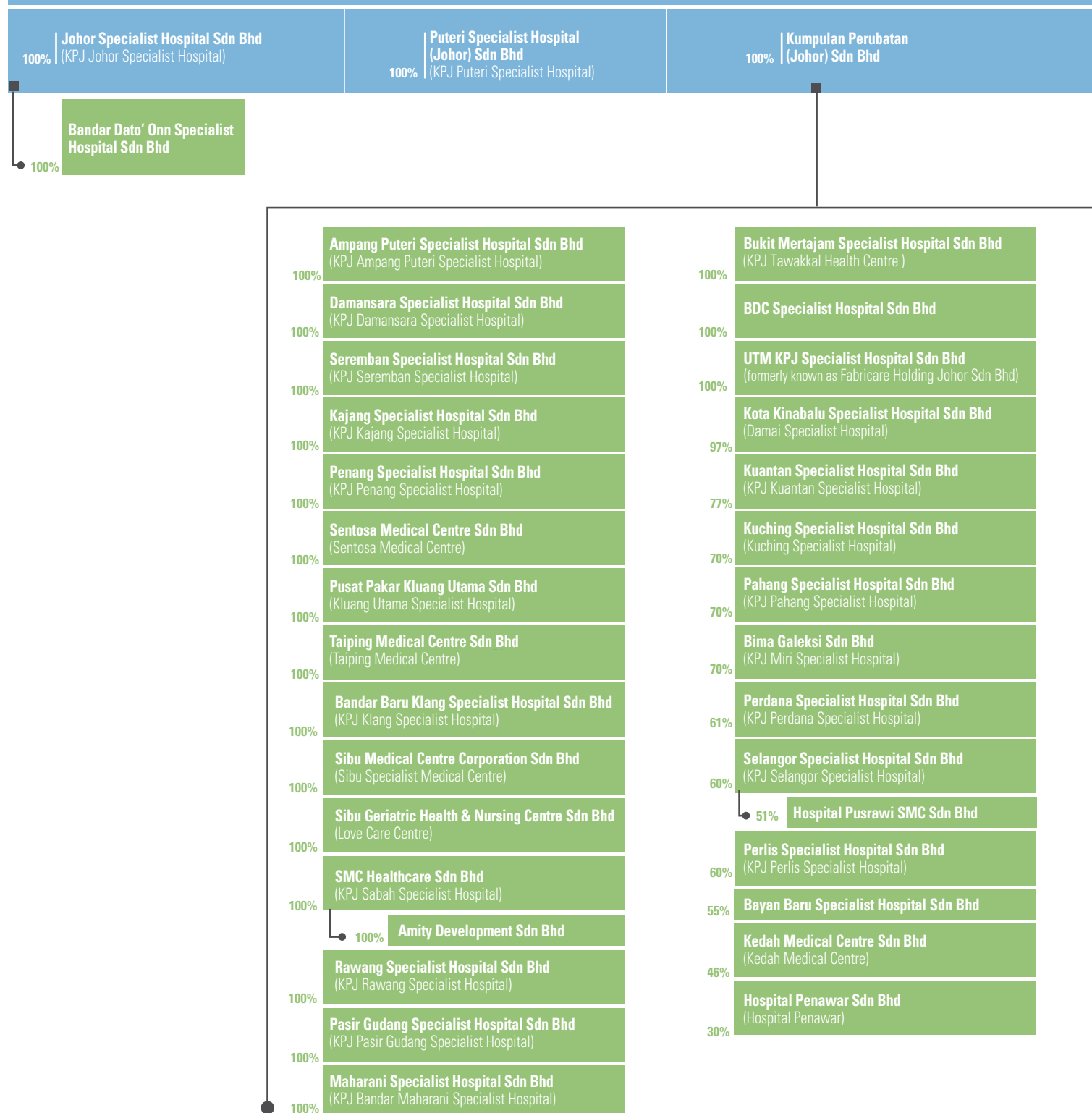
We have invested in the KPJ Senior Living Care in Kuala Lumpur, the Sibü Geriatric Health & Nursing Centre (known as 'Love Care Centre') as well as the Jeta Gardens Aged Care and Retirement Village in Australia. These healthcare-based facilities utilise modern care approach to cater to the needs of their aged residents.



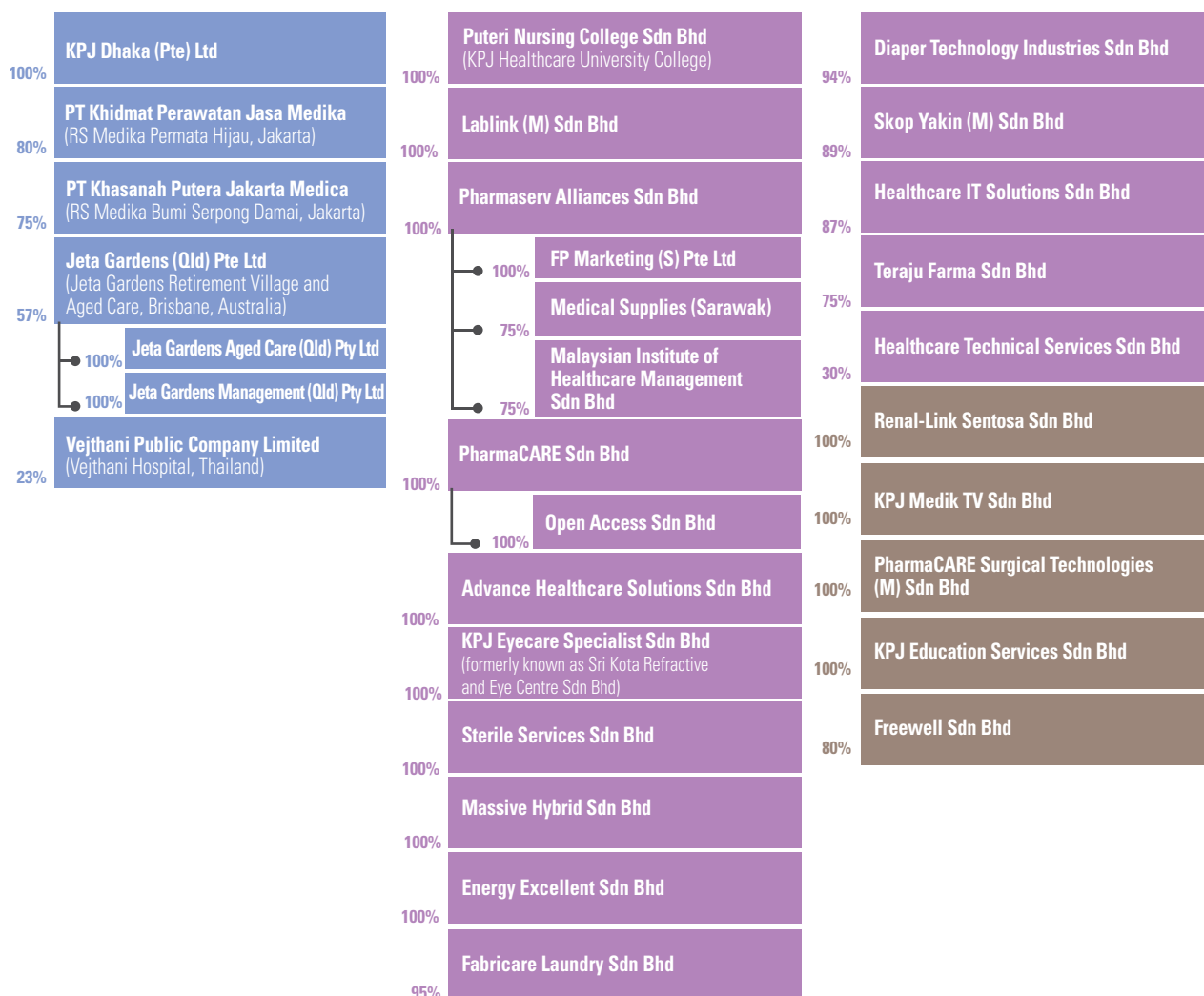




## KPJ HEALTHCARE BERHAD

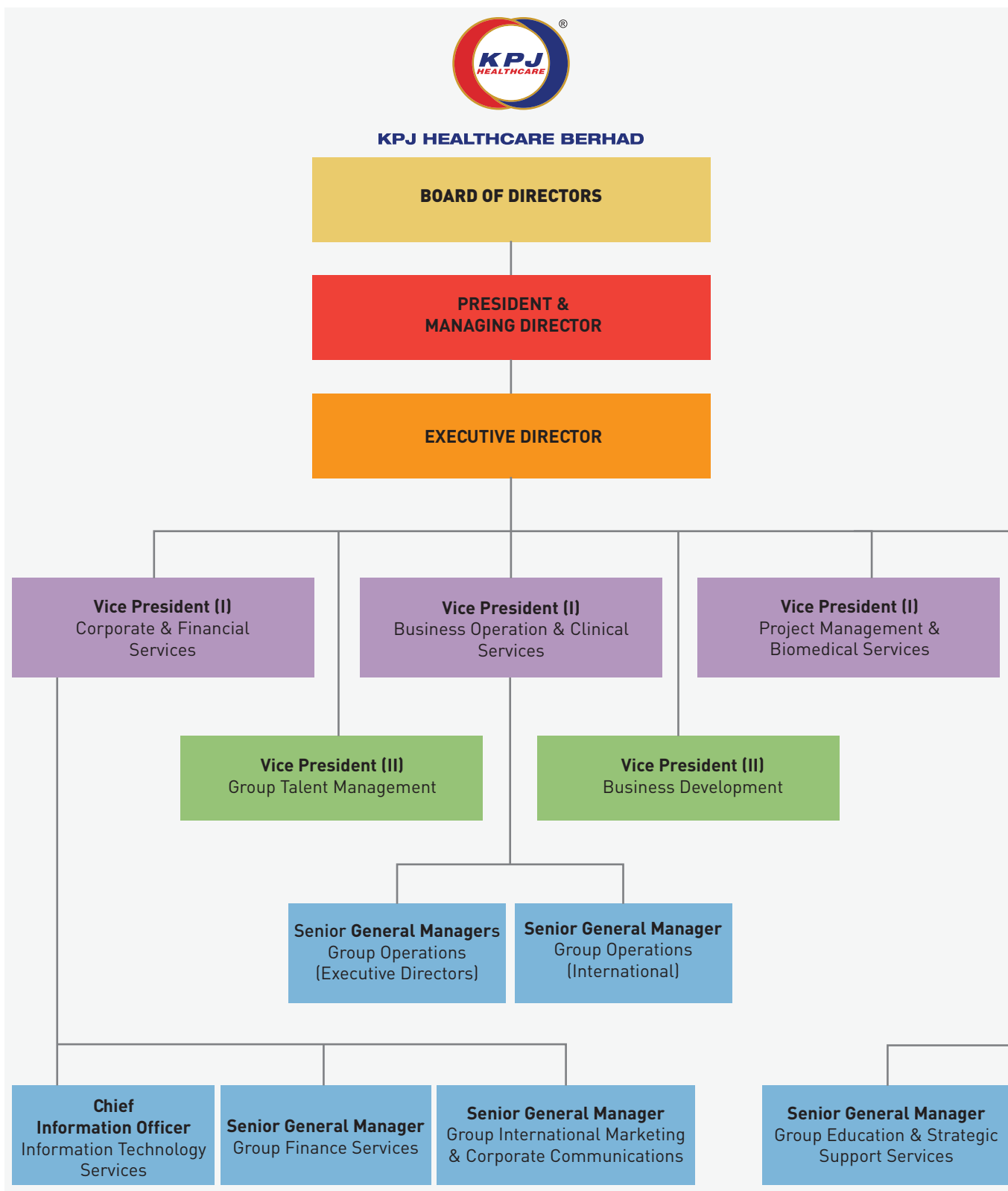




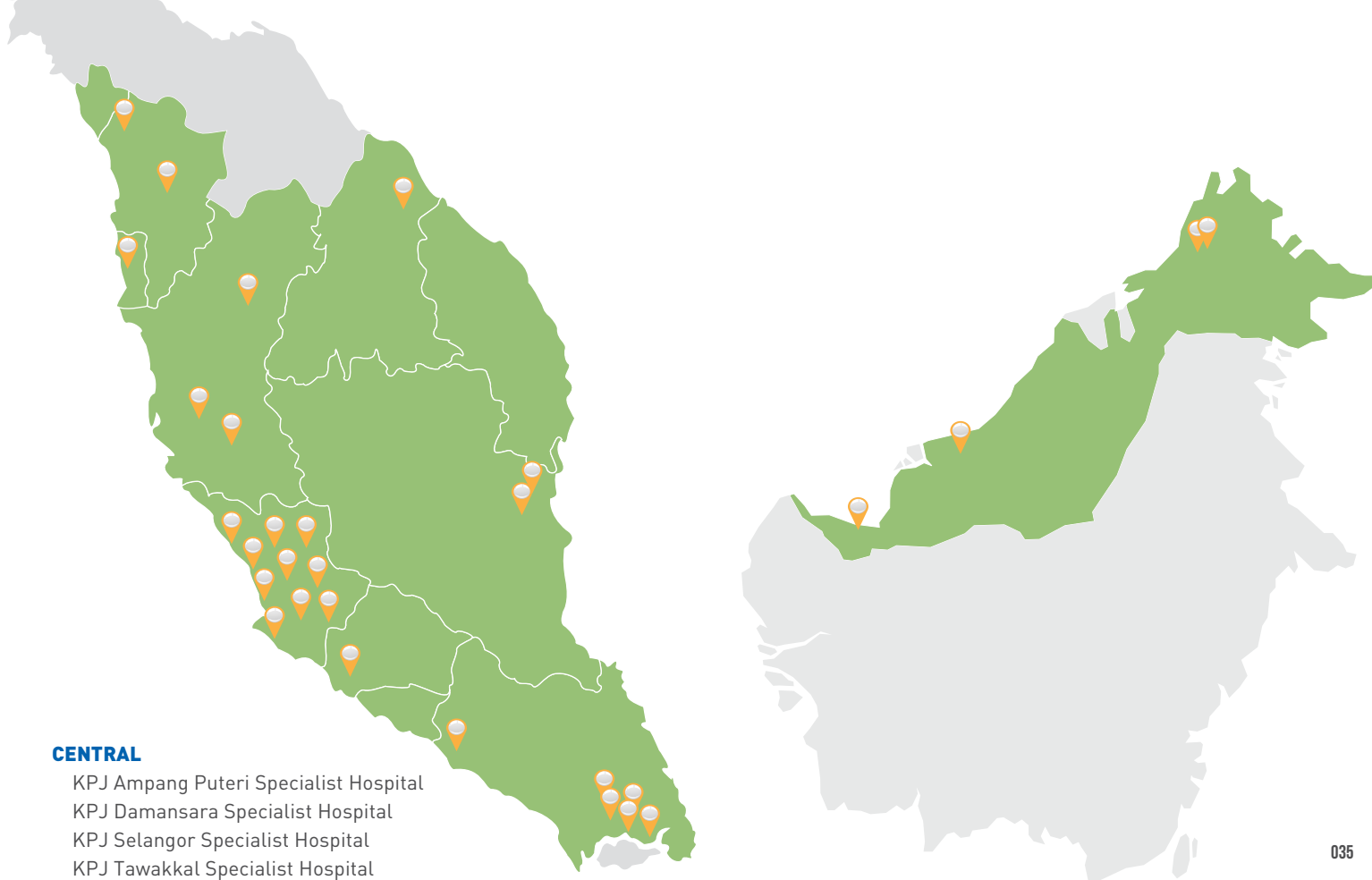




# ORGANISATION STRUCTURE







#### CENTRAL

KPJ Ampang Puteri Specialist Hospital  
 KPJ Damansara Specialist Hospital  
 KPJ Selangor Specialist Hospital  
 KPJ Tawakkal Specialist Hospital  
 KPJ Kajang Specialist Hospital  
 Sentosa Medical Centre  
 KPJ Klang Specialist Hospital  
 KPJ Rawang Specialist Hospital  
 KPJ Tawakkal Health Centre  
 KPJ Pusat Pakar Mata Centre For Sight

#### SOUTHERN

KPJ Johor Specialist Hospital  
 KPJ Puteri Specialist Hospital  
 KPJ Seremban Specialist Hospital  
 Kluang Utama Specialist Hospital  
 KPJ Pasir Gudang Specialist Hospital  
 KPJ Bandar Maharani Specialist Hospital  
 KPJ Bandar Dato' Onn Specialist Hospital \*

#### NORTHERN

KPJ Ipoh Specialist Hospital  
 KPJ Penang Specialist Hospital  
 Taiping Medical Centre  
 Kedah Medical Centre  
 Sri Manjung Specialist Centre  
 KPJ Perlis Specialist Hospital \*

#### EAST COAST

KPJ Perdana Specialist Hospital  
 Kuantan Specialist Hospital  
 KPJ Pahang Specialist Hospital \*

\* Hospitals under development

#### SABAH & SARAWAK

Kuching Specialist Hospital  
 Damai Specialist Hospital  
 KPJ Sabah Specialist Hospital  
 Sibu Specialist Medical Centre

#### THAILAND

Vejthani Hospital, Bangkok

#### AUSTRALIA

Jeta Gardens, Brisbane

#### INDONESIA

RS Medika Permata Hijau, Jakarta  
 RS Medika Bumi Serpong Damai, Jakarta

#### BANGLADESH

Sheikh Fazilatunnessa Mujib Memorial  
 KPJ Specialized Hospital & Nursing College, Dhaka

# CORPORATE DIRECTORY



# AWARDS AND ACHIEVEMENTS



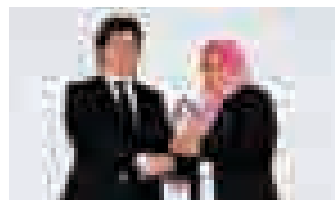
## KPJ HEALTHCARE BERHAD

- Largest Private Healthcare Chain in Malaysia of the Year 2014 from the Malaysia Book of Records
- 30 April 2014 – Kuala Lumpur



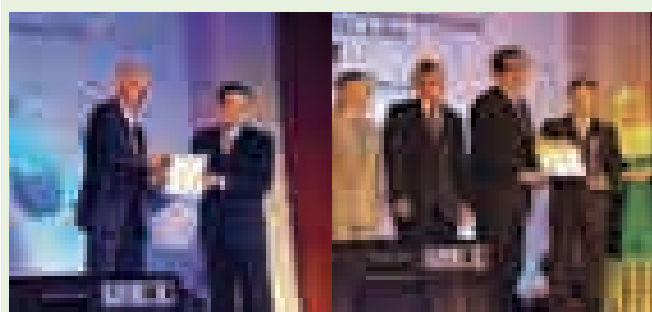
## KPJ HEALTHCARE BERHAD

- IAIR Awards Excellence in Global Economy for Best Company for Leadership Private Healthcare in Malaysia of the Year 2014
- 28 February 2014 – Hong Kong



## KPJ HEALTHCARE BERHAD

- HR Asia Best Companies to Work for in Asia 2014 from Business Media International
- 20 August 2014 – Kuala Lumpur



## KPJ IPOH SPECIALIST HOSPITAL

- SIRIM Quality Award Winner for Organisation category – Companies with Annual Sales of More Than RM100 million. KPJ Ipoh Specialist Hospital from SIRIM
- 21 November 2014 – Kuala Lumpur



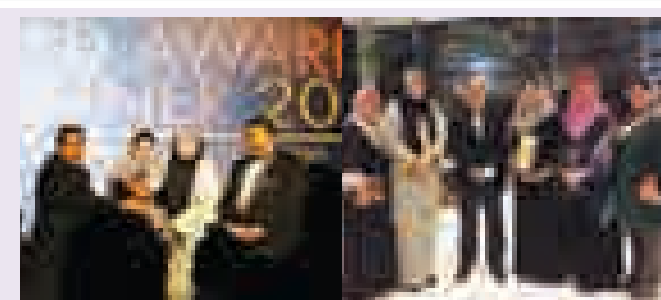
## KPJ JOHOR SPECIALIST HOSPITAL

- Accredited by the Joint Commission International (JCI)
- 1 March 2014 – Johor Bahru



## KPJ DAMANSARA SPECIALIST HOSPITAL

- National Team Excellence Convention 2014 – Winner for Private Category (MNC services)
- 26 November 2014 – Kuala Lumpur



## KPJ SEREMBAN SPECIALIST HOSPITAL

- Human Resources Development Award Winner for Innovation and Creativity Award 2014 from Human Resource Development (HRD)
- 12 December 2014 – Kuala Lumpur



## KPJ AWARDS 2013

### KPJ HEALTHCARE BERHAD

- **BEST MANAGED COMPANY AWARDS – BEST SMALL CAP COMPANY**  
AsiaMoney
- **MARKETING EXCELLENCE IN CORPORATE SOCIAL RESPONSIBILITY**  
Advertising & Marketing Magazine
- **FROST & SULLIVAN MALAYSIA EXCELLENCE AWARDS – HEALTHCARE SERVICE PROVIDER**  
Frost & Sullivan
- **THE BRANDLAUREATE AWARDS – CORPORATE BRANDING FOR BEST BRANDS IN HEALTHCARE**  
The Asia Pacific Brands Foundation
- **GLOBAL EXCELLENCE IN MANAGEMENT AWARDS FOR EXCELLENCE IN HEALTHCARE MANAGEMENT**  
Malaysian Institute of Management (MIM)
- **CHT AWARDS – CHT PURSUIT OF EXCELLENCE (MEDICAL) OF THE YEAR 2013**  
CHT Network
- **HUMAN RESOURCES EXCELLENCE AWARDS FOR EXCELLENCE IN HR TECHNOLOGY OF THE YEAR 2013**  
Human Resources Magazine
- **CORPORATE GOVERNANCE INDUSTRY EXCELLENCE AWARD – HEALTHCARE OF THE YEAR 2013**  
Minority Shareholders Watchdog Group (MSWG)
- **SMALL MEDIUM ENTERPRISE 100 AWARD MALAYSIA'S FAST MOVING COMPANIES**  
SME Magazine

### KPJ AMPANG PUTERI SPECIALIST HOSPITAL

- **2<sup>ND</sup> OHS MANAGEMENT IN HOSPITAL AND HEALTHCARE**  
MOSHPA OSH National Award
- **BIZ WORLD AWARD**  
World Confederation of Businesses
- **GOLD AWARD IN NATIONAL QUALITY ENVIRONMENT QE/5S CONVENTION 2013**  
Malaysia Productivity Corporation (MPC)

### KPJ IPOH SPECIALIST HOSPITAL

- **2<sup>ND</sup> OHS MANAGEMENT IN HOSPITAL AND HEALTHCARE**  
MOSHPA OSH National Award

### KPJ DAMANSARA SPECIALIST HOSPITAL

- **ANUGERAH CEMERLANG KESELAMATAN DAN KESIHATAN PEKERJAAN KEBANGSAAN 2013**  
Majlis Negara bagi Keselamatan dan Kesihatan Pekerjaan (Kementerian Sumber Manusia)

### KPJ SELANGOR SPECIALIST HOSPITAL

- **BRONZE UNDER EMPLOYER OF CHOICE IN MIHRM AWARD**  
Malaysia Institute Human Resource Management

## KPJ AWARDS 2012

### KPJ HEALTHCARE BERHAD

- **FROST & SULLIVAN MALAYSIA EXCELLENCE AWARD – HEALTHCARE SERVICE PROVIDER OF THE YEAR**  
Frost & Sullivan
- **READER'S DIGEST MOST TRUSTED BRAND AWARD – GOLD WINNER FOR PRIVATE HEALTHCARE**  
Reader's Digest
- **EMPLOYER OF CHOICE AWARD 2012 (SILVER)**  
Malaysia Institute of Human Resource Management (MIHRM)
- **CSR LEADERSHIP AWARD 2012**  
Young Entrepreneur Organisation Malaysia (GMB)

### KPJ JOHOR SPECIALIST HOSPITAL

- **1MALAYSIA ENTERPRISE AWARD**  
Malaysia Food Processing Packaging Entrepreneur Association
- **MALAYSIA HR AWARD 2012**  
Malaysia Institute of Human Resource Management (MIHRM)

### KPJ AMPANG PUTERI SPECIALIST HOSPITAL

- **BIZZ AWARD BUSINESS EXCELLENCE 2012**  
BIZZ World Business Leader
- **SERVICE TO CARE AWARD**  
Mark Plus Incorporation
- **ARCH OF EUROPE**  
Business Initiative Direction (BID)

### SELANGOR SPECIALIST HOSPITAL

- **AHMA (WINNER FOR CSR CATEGORY)**  
Hospital Management Asia
- **GOLD AWARD IN NATIONAL ICC CONVENTION (FIREANTS)**  
Malaysia Productivity Corporation (MPC)
- **MOSHPA OSH NATIONAL AWARD**  
Malaysian Occupational Safety and Health Professionals (MOSPHA)



## KPJ AWARDS 2011

### KPJ HEALTHCARE BERHAD

- **MALAYSIA HR AWARD 2011 – GOLD AWARDS (EMPLOYER OF CHOICE CATEGORY)**
- **BEST PERFORMING STOCK**  
Highest Return to Shareholders Over 3 Years (Trading and Services)  
The Edge 100 Billion Club
- **HEALTHCARE SERVICE PROVIDER OF THE YEAR**  
Frost & Sullivan
- **2011 E-RECRUITMENT AWARDS AND SYMPOSIUM**  
Lumesse Inspiring Talent Management
- **INNOVATIVE LEADERSHIP IN GLOBALISATION (HEALTHCARE)**  
Malaysian Institute of Directors
- **GOLD AWARD EMPLOYER OF CHOICE CATEGORY**  
Malaysian Institute of Human Resource Management
- **THE MOST OUTSTANDING HEALTHCARE PROVIDER IN ASIA 2011**  
The Globals

### KPJ AMPANG PUTERI SPECIALIST HOSPITAL

- **MALAYSIA SERVICE TO CARE CHAMPION**  
Asean Marketing & Mark Plus Incorporation

### KPJ JOHOR SPECIALIST HOSPITAL

- **10<sup>th</sup> ASIA PACIFIC INTERNATIONAL ENTREPRENEUR EXCELLENCE AWARD 2011 – EXCELLENCE SERVICE QUALITY CATEGORY**  
Asia Pacific Excellence Entrepreneur Alliance
- **INTERNATIONAL STANDARD QUALITY AWARD IN QUALITY**  
The EU Analysis Alliance

### KPJ PENANG SPECIALIST HOSPITAL

- **INTERNATIONAL STANDARD QUALITY AWARD – QUALITY BEAUTY AND HEALTHCARE CATEGORY**  
The EU Analysis Alliance

### KPJ Kuantan Specialist Hospital

- **3 GOLD STAR AWARD – 5S CONVENTION (QUALITY ENVIRONMENT PRACTICES)**  
Malaysia Productivity Corporation (MPC)

### KPJ SELANGOR SPECIALIST HOSPITAL

- **BRAND LAUREATE AWARD (BEST BRAND AWARD)**  
Asia Pacific Brands Foundation
- **HUMAN RESOURCE DEVELOPMENT AWARD – CERTIFICATE OF APPRECIATION**  
Kementerian Sumber Manusia
- **MALAYSIA RECOGNITION AWARD**  
Ministry of Health

## KPJ AWARDS 2010

### KPJ HEALTHCARE BERHAD

- **HR AWARDS RUNNER UP FOR THE EXCELLENCE AWARD – HUMAN RESOURCE DEVELOPMENT PROJECT CATEGORY**
- **HUMAN RESOURCE MINISTER AWARD**  
Human Resource Minister

### KPJ AMPANG PUTERI SPECIALIST HOSPITAL

- **THE GLOBAL AWARD FOR PERFECTION, QUALITY & IDEAL PERFORMANCE**  
Association Otherways Management & Consulting Paris – France and Otherways International Research & Consultants
- **PRODUCTIVITY AWARD**  
Malaysia Productivity Corporation (MPC)
- **SERVICE EXCELLENCE AWARD**  
Asia Entrepreneur Alliance
- **ASEAN BUSINESS AWARD 2010 – EMPLOYMENT CATEGORY (MEDIUM INDUSTRY)**
- **FINALIST FOR THE CORPORATE SOCIAL RESPONSIBILITY AND INNOVATION CATEGORIES**
- **HEALTH INDUSTRY RECOGNITION AWARD**  
Ministry of Health

### KPJ PUTERI SPECIALIST HOSPITAL

- **GLOBAL AWARD (DIAMOND CATEGORY)**  
Business Productivity Network



### KPJ PUTERI SPECIALIST HOSPITAL

- **QUALITY MANAGEMENT EXCELLENCE AWARD 2010**  
(Selected as a member of the Malaysia Productivity Innovation Class)

### KPJ DAMANSARA SPECIALIST HOSPITAL

- **HUMAN RESOURCE DEVELOPMENT AWARD BIG EMPLOYER**  
Ministry of Human Resources
- **OCCUPATIONAL & SAFETY AWARD**  
Malaysian Occupational Safety and Health Professional Association (MOSHPA)

### KPJ TAWAKKAL SPECIALIST HOSPITAL

- **HUMAN RESOURCE MINISTER AWARD**

### KPJ IPOH SPECIALIST HOSPITAL

- **BUSINESS OF THE YEAR AWARD – SERVICE OF THE YEAR**  
SMI & SME Worldwide Network

### KPJ SELANGOR SPECIALIST HOSPITAL

- **INTERNATIONAL ICC CONVENTION GOLD AWARD – SMILE TEAM DURING THE QUALITY CIRCLE**  
Forum of India
- **THE ASIA PACIFIC INTERNATIONAL BRANDS SUMMIT**
- **SERVICE EXCELLENCE AWARD**  
Asia Entrepreneur Alliance

## KPJ AWARDS 2009

### KPJ HEALTHCARE BERHAD

- **LIBUR BEST HEALTH TOURISM PROGRAMME**
- **MY BRANDED SERVICE AWARD 2009**
- **HEALTH INDUSTRY RECOGNITION AWARD**  
Ministry of Health
- **CERTIFICATE OF MERIT (NATIONAL AWARD FOR MANAGEMENT ACCOUNTING 2009)**  
National Awards for Management Accounting (NAfMA)
- **MALAYSIA HR AWARD FOR HR EXCELLENCE CATEGORY (BRONZE)**

### KPJ JOHOR SPECIALIST HOSPITAL

- **HEALTH INDUSTRY RECOGNITION AWARD**  
Ministry of Health

### KPJ IPOH SPECIALIST HOSPITAL

- **PERAK TOURISM APPRECIATION AWARD**

### KPJ AMPANG PUTERI SPECIALIST HOSPITAL

- **ASEAN BUSINESS AWARD 2008/2009 FOR CSR CATEGORY**  
Asia Entrepreneur Alliance Worldwide
- **ASIA PACIFIC SUPER EXCELLENT BRAND AWARDS**  
Asia Entrepreneur Alliance Worldwide
- **CERTIFICATION OF MERIT – NATIONAL AWARD FOR MANAGEMENT ACCOUNTING (NAFMA)**
- **MALAYSIA HR AWARD – HR EXCELLENCE – MALAYSIA HR AWARDS 2008–2009**

### KPJ DAMANSARA SPECIALIST HOSPITAL

- **ASIA PACIFIC SUPER EXCELLENT BRAND AWARDS**  
Asia Entrepreneur Alliance Worldwide
- **MALAYSIA INDEPENDENCE AWARDS 1957 (STAR COMPANY CATEGORY)**  
Selangor Petaling Business and Industry Association

### KPJ SELANGOR SPECIALIST HOSPITAL

- **ASIAN HOSPITAL MANAGEMENT AWARD**
- **AWARD FOR HEALTHCARE FACILITY PROMOTING THE HEALTH INDUSTRY AND PROVIDING APPROVED SERVICES**  
Ministry of Health
- **MOST ENTERTAINING 5-STAR SERVICE AWARD**  
Focus Learning
- **BEST TEN AT THE NATIONAL ICC/ QCC CONVENTION**  
Malaysia Productivity Centre and the Ministry of International Trade and Industry (MITI)



## KPJ IN THE NEWS



KPJ on track to set up  
**10 HOSPITALS**  
in 5 years



KPJ continuously invests  
in talent to ensure  
**QUALITY  
SERVICES**









# CORPORATE DEVELOPMENTS AND ANNOUNCEMENTS

## 13 JANUARY 2014

### The Penawar Case

Dr. Mohd Adnan Sulaiman and Azizan Sulaiman ("Applicants") filed an Application for leave to appeal to the Federal Court against the Court of Appeal's decision on 12 December 2013 that unanimously allowed the Appeal by KPJSB ("Appellant") and quashed the decision of the Johor Bahru High Court in Suit No: 23NCVC-74-05/2012 dated 26 July 2013.

The unsealed copy of the said Application was served on the Company's solicitors on 10 January 2014.

## 29 JANUARY 2014

43,637,326 Rights Shares and 87,274,652 New Warrants (KPJ-WB) as well as 96,098 additional warrants (KPJ\_WA) consequential to the Rights Issue announced through the Abridged Prospectus on 26 December 2013 were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad, marking the completion of the Rights Issue that was announced on 29 July 2013.

## 10 FEBRUARY 2014

KPJSB completed the acquisition of Menara 238, pursuant to the SPA signed on 16 October 2013.

## 31 MARCH 2014

KPJ Rawang Specialist Hospital commenced operations with current capacity of 49 beds. The hospital is the first to offer full specialist medical services in the Rawang township growth area.

## 14 APRIL 2014

Sheikh Fazilatunnessa Mujib Memorial KPJ Specialist Hospital & Nursing College in Dhaka, Bangladesh began its outpatient services.

## 7 MAY 2014

### The Penawar Case

The Federal Court fixed the hearing date to 19 August 2014 for the Applicants' application for leave to appeal against the decision of the Court of Appeal that unanimously allowed KPJSB's appeal on 12 December 2013.

## 9 JUNE 2014

KPJ Bandar Maharani commenced operations with current capacity of 36 beds. Located in the royal township of Muar, this is the first KPJ specialist hospital in the Northern Johor region.

## 13 AUGUST 2014

### The Penawar Case

The Federal Court allowed the Appellants' request for adjournment for the hearing, earlier scheduled to be held on 19 August 2014 to be fixed for case management on 7 October 2014.

## 3 OCTOBER 2014

KPJ, through its wholly-owned subsidiary Puteri Nursing College Sdn Bhd ("PNCSB"), entered into SPA with AmanahRaya Trustees Berhad on behalf of Al-'Aqar Healthcare REIT, to dispose two parcels of freehold land with buildings erected thereon for RM77.8 million.

Upon completion of the disposal, PNCSB will enter into a lease agreement upon terms and conditions to be agreed with Al-'Aqar, over the same property.

## 7 OCTOBER 2014

### The Penawar Case

The Federal Court fixed the Leave Application for further case management to 20 January 2015.



## 16 OCTOBER 2014

KPJSB entered into a non-binding Memorandum Of Understanding (MOU) with Pelaburan Hartanah Berhad and Ndayu Properties Berhad for the proposed development and leasing of a purpose-built hospital building to be known as the KPJ Damansara Hospital II.

## 18 OCTOBER 2014

Sheikh Fazilatunnessa Mujib Memorial KPJ Specialist Hospital & Nursing College in Dhaka Bangladesh began its inpatient services, with seven specialists and around 300 clinical and support staff.

## 21 OCTOBER 2014

KPJ proposed to undertake an ESOS Scheme of up to 10% of the enlarged issued and paid-up share capital to be granted to eligible directors and employees of KPJ and its subsidiaries.

KPJ also proposed to make a restricted issue of up to 28,000,000 new ordinary shares (representing approximately 2.5% of the issued and paid-up share capital of KPJ) via Section 132D of the Companies Act 1965, to be granted to selected resident consultants of KPJ Group.

KPJ's Articles of Association need to be amended to facilitate this exercise.

## 31 OCTOBER 2014

Bursa Malaysia Securities Berhad gave its conditional approval for KPJ to issue up to 10% of its issued and paid-up share capital pursuant to the proposed ESOS Scheme and the proposed restricted share issue of up to 28,000,000 ordinary shares.

## 20 NOVEMBER 2014

KPJ announced that its wholly-owned subsidiary Point Zone Sdn Bhd has received authorisation from the Securities Commission Malaysia to establish Islamic Commercial Papers ("ICP") and Islamic Medium Term Notes ("IMTN") programmes ("Sukuk Programmes") comprising of a combined limit of up to RM1.5 billion in nominal value and a sub-limit of RM500 million in nominal value for the ICP programme, based on the Syariah principle of Murabahah (via Tawarruq arrangement).

The proceeds from the Sukuk Programmes shall be utilised to refinance the outstanding amount under the existing ICP/IMTN programme of up to RM500 million issued by Point Zone or under a bridging loan facility of up to RM450 million (as the case may be) to finance the expansion and working capital requirements of KPJ Group's healthcare as well as its healthcare-related businesses.

## 25 NOVEMBER 2014

The Extraordinary General Meeting called to approve the resolutions on the proposed ESOS Scheme, proposed restricted Share Issue and proposed amendments to Articles of Association, was successfully conducted at Menara KOMTAR Johor Bahru City Centre.

All the resolutions except for those withdrawn (i.e. ordinary resolutions 2, 5 and 6) were duly approved by the shareholders.

## 9 DECEMBER 2014

KPJ issued a notice to holders of KPJ-WA on the expiry and last date to exercise of Warrants 2010/2015.

The subscription rights of KPJ-WA will expire at 5.00pm 12 January 2015.

## 16 DECEMBER 2014

Point Zone Sdn Bhd redeemed the entire outstanding amount on 10 December 2014 and cancelled the existing RM500 million ICP/IMTN Programme.



# 2014 EVENTS HIGHLIGHTS

## KPJ HEALTHCARE BERHAD



**9 June 2014**

Invest Malaysia Kuala Lumpur 2014



**20 June 2014**

Launch of Mutiara Kuala Lumpur



**23 September 2014**

Malaysian Open Kuala Lumpur  
(Association of Tennis Professionals)

## KPJ JOHOR SPECIALIST HOSPITAL

**19 June 2014**

Launch of International Patient Office

**27 September 2014**

World Heart Day Run

**20 December 2014**

Back to School Fiesta





## KPJ IPOH SPECIALIST HOSPITAL



**8 February 2014**  
World Cancer Day Awareness Campaign



**16 May 2014**  
Launch of FIFA World Cup 2014 Competition



**30 November 2014**  
Post-Congress APAGE 2014 Laparoscopic Gynaecological Surgery Workshop

045

## KPJ AMPANG PUTERI SPECIALIST HOSPITAL

**27 October 2014**  
'I Love Myself' Programme

**9 December 2014**  
Visit to Mahligai Qaseh Charity Home

**17 December 2014**  
Back to School Programme





# 2014 EVENTS HIGHLIGHTS

## KPJ SEREMBAN SPECIALIST HOSPITAL



**22 May 2014**  
Soft Launch of New Ward,  
Sri Dahlia



**22 July 2014**  
Programme '1 Staff 1 Barang'



**1 November 2014**  
10<sup>th</sup> Year Celebration of KPJ  
Seremban Specialist Hospital

## KPJ PENANG SPECIALIST HOSPITAL

**5 February 2014**  
Best Managed Hospital  
Award 2014

**18 May 2014**  
Media Relationship Building –  
Bowling Tournament

**17 October 2014**  
Caring for the Homeless  
Programme in Conjunction with  
World Food Day





## KPJ DAMANSARA SPECIALIST HOSPITAL



**22 February 2014**  
Breast Cancer Talk



**26 April 2014**  
Anti Dengue Campaign



**24 July 2014**  
Shopping Raya Programme with  
Orphans of Jalinan Kasih

047

## KPJ SELANGOR SPECIALIST HOSPITAL

**6 March 2014**  
Launch of Digital Breast  
Mammogramme Services

**6 September 2014**  
Dengue Awareness Campaign

**6 December 2014**  
Curcuncision and Community  
Outreach Programme with Kampung  
'Orang Asli' Residents





# 2014 EVENTS HIGHLIGHTS

## KPJ KAJANG SPECIALIST HOSPITAL



**1 October 2014**  
Pink October Celebrations

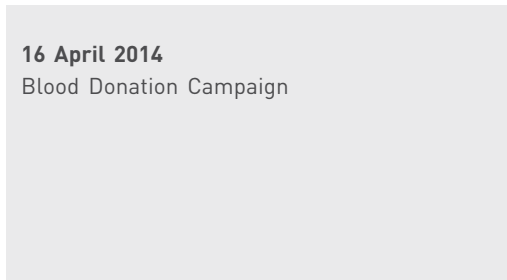


**3 October 2014**  
Launching of Outpatient  
Physiotherapy Centre

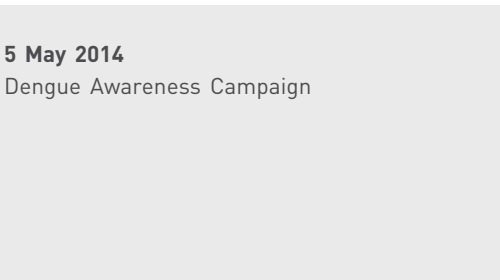


**13 March 2014**  
World Kidney Day Celebration

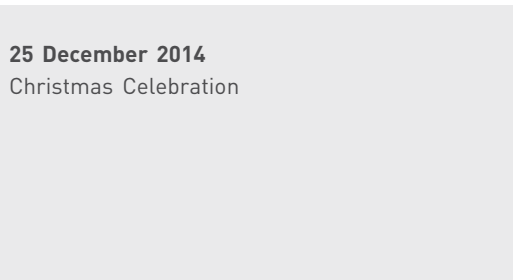
## KPJ PUTERI SPECIALIST HOSPITAL



**16 April 2014**  
Blood Donation Campaign



**5 May 2014**  
Dengue Awareness Campaign



**25 December 2014**  
Christmas Celebration





## KPJ TAWAKKAL SPECIALIST HOSPITAL



**22 April 2014**

Handing Over Tithe Payment  
by Kedah Medical Centre

**19 July 2014**

Anti Dengue Awareness Program with  
Community Kg. Bandar Dalam

**23 August 2014**

Tree Planting Programme with  
Shah Alam Trees For Life

049

## KUANTAN SPECIALIST HOSPITAL

**15 August 2014**

Breast Feeding Week

**30 August 2014**

Corporate Social Responsibility  
Programme – “I Want Sihat”

**27 October 2014**

Health Campaign QSHE Day 2014





# 2014 EVENTS HIGHLIGHTS

## SENTOSA MEDICAL CENTRE



**12 August 2014**  
Outreach Programme by Mutiara Club



**13 September 2014**  
Hand Hygiene Awareness



**22 November 2014**  
Children's Day Celebration

## TAIPING MEDICAL CENTRE

**1 January 2014**  
Health Day Celebration

**14 May 2014**  
Nurses Day Celebration

**14 September 2015**  
1Malaysia Ride





## DAMAI SPECIALIST HOSPITAL



**8 May 2014**  
Corporate Social Responsibility  
Programme with Seri Mengasih  
Centre



**12 May 2014**  
Nurses' Day Celebration



**8 August 2014**  
Corporate Social Responsibility  
Programme

## KLUANG UTAMA SPECIALIST HOSPITAL

**8 March 2014**  
International Women's Day

**28 September 2014**  
World Heart Day – Walkathon

**1 November 2014**  
Medical Camp





# 2014 EVENTS HIGHLIGHTS

## SIBU SPECIALIST MEDICAL CENTRE



**26 January 2014**

Free Health Screening – Rumah Panjang Sg Teku



**22 February 2014**

Hospital Education Programme (HEP)



**15 March 2014**

Corporate Social Responsibility Programme – Public Bank

## KPJ KLANG SPECIALIST HOSPITAL

**22 February 2014**

Launch of KPJ Klang Specialist Hospital

## KPJ RAWANG SPECIALIST HOSPITAL

**25 August 2014**

Soft Launch of KPJ Rawang Specialist Hospital

## KPJ BANDAR MAHARANI SPECIALIST HOSPITAL

**15 September 2014**

Merdeka Day With Taxi Driver – CPR Resuscitation Class





## KPJ PASIR GUDANG SPECIALIST HOSPITAL



**11 January 2014**  
Medical Camp – Kampung Senibong

**22 May 2014**  
World Nurse Day - Visit to Pusat Jagaan Warga Emas Nur Ehsan

**21 August 2014**  
Launch of KPJ Pasir Gudang Specialist Hospital

053

## KPJ PUSAT PAKAR MATA CENTRE FOR SIGHT

## KPJ TAWAKKAL HEALTH CENTRE

**20 November 2014**  
Childrens' Day

**11 October 2014**  
Launch of World Sight Day & KPJ Pusat Pakar Mata Centre for Sight, Kuala Lumpur

**6 September 2014**  
KPJ Tawakkal Health Centre Open Day





## GROUP FINANCIAL HIGHLIGHTS

We are pleased to report that the Group turned in a healthy 13% growth in revenue to RM2.64 billion in 2014 in comparison to revenue of RM2.33 billion in 2013. This, KPJ's highest revenue to date, comes on the back of organic growth as well as an increase in income from newly completed projects and acquisitions.

The Group's profit before zakat and tax (PBZT) registered a 37% increase to RM218.1 million as compared to a PBZT of RM159.6 million in the preceding year.

For 2014, the Group registered a 33% increase in net profit to RM147.2 million as compared to net profit of RM110.4 million in the previous year.

In respect of financial year ended 31 December 2014, a total of RM76.7 million was distributed to shareholders in dividend (2013: RM39.2 million) giving a total dividend payout of 51.6% (2013: 35.6%).

## SEGMENTAL FINANCIAL HIGHLIGHTS

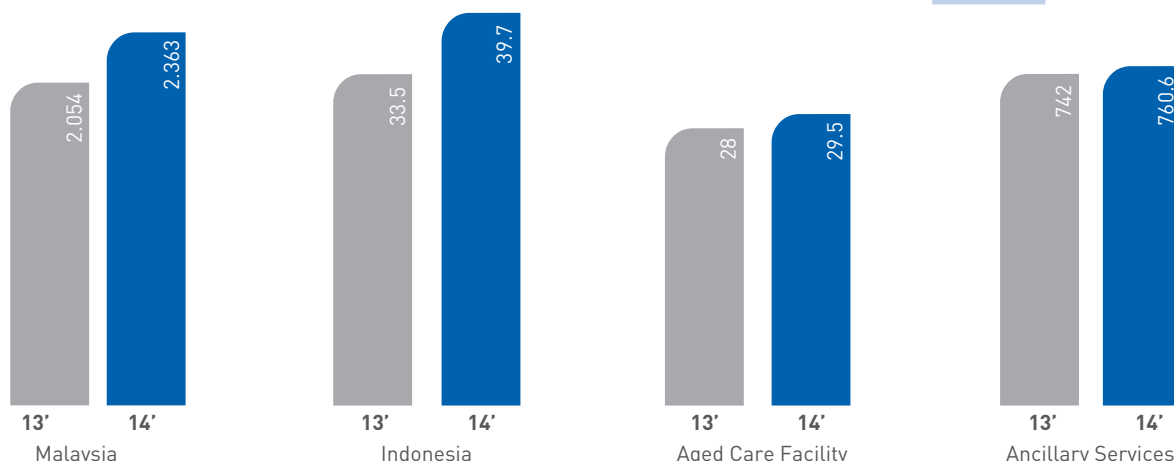
The bulk of the Group's 2014 revenue was derived from the Malaysian operations which contributed 90% of total revenue. Revenue from local operations rose 15% year-on-year (YoY) to RM2.363 billion from RM2.054 billion previously on the back of higher revenue from existing hospitals and newly opened hospitals within the Group.

The Group's hospitals in Indonesia continued to make good progress in 2014, turning in a 19% hike in revenue to RM39.7 million from RM33.5 million previously. This increase in revenue was mainly attributable to the revenue contributed by RS Medika Permata Hijau and improvement at RS Medika Bumi Serpong Damai during the financial year.

The Aged Care Facility Services segment recorded revenue of RM29.5 million in 2014, some 5% higher than 2013's revenue of RM28.0 million.

Revenue from KPJ's Ancillary Services segment improved by 3% to RM760.6 million in 2014 from RM742.0 million previously. The higher revenue was attributable to growth in activities connected to the marketing and distribution of pharmaceuticals, medical and surgical products, as well as higher demand for pathology and laboratory services. These activities grew in tandem with the increased revenue from the Group's hospitals.

Revenue (RM'000'000)	2014	2013	Y-o-Y
Malaysia	2,363	2,054	15%
Indonesia	39.7	33.5	19%
Aged Care Facility	29.5	28.0	5%
Ancillary Services	760.6	742.0	3%





## DIVIDEND PAYMENTS

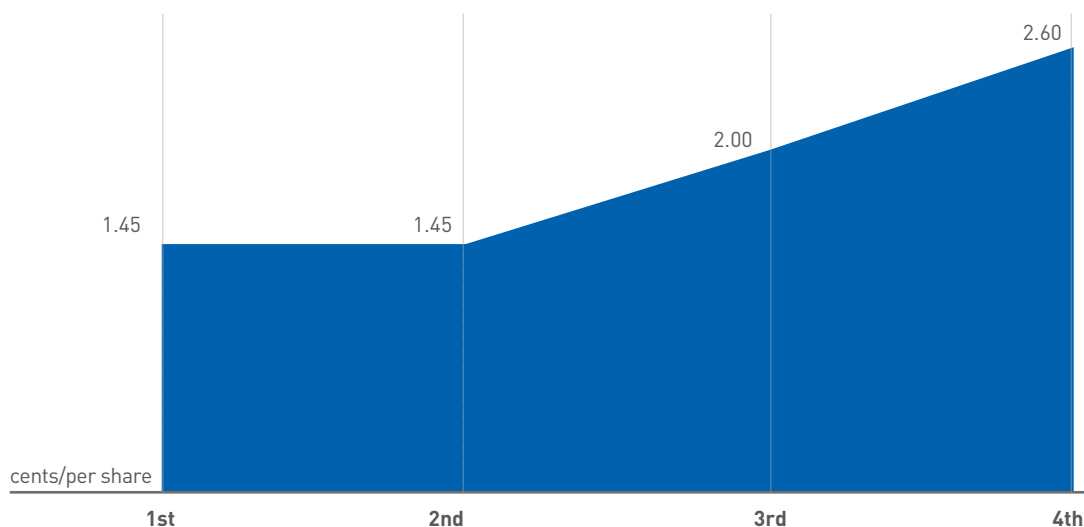
In respect of the financial year ended 31 December 2014, the Group declared and paid the following interim payments:

- On 26 May 2014, the Directors declared a first interim single tier dividend of 1.45 cents per share on 1,022,500,184 ordinary shares amounting to RM14.8 million. The dividend was fully paid on 18 July 2014.
- On 26 August 2014, the Directors declared a second interim single tier dividend of 1.45 cents per share on 1,014,618,755 ordinary shares amounting to RM14.7 million. The dividend was fully paid on 21 October 2014.

- On 25 November 2014, the Directors declared a third interim single tier dividend of 2.0 cents per share on 1,015,157,631 ordinary shares amounting to RM20.3 million. The dividend was fully paid on 22 January 2015.
- On 27 February 2015, the Directors declared a fourth interim single tier dividend of 2.6 cents per share on 1,032,912,000 ordinary shares amounting to RM26.9 million.
- The Directors did not declare a final dividend for the financial year ended 31 December 2014.

All in all, in respect of financial year 2014, a total dividend of 7.5 cents per share amounting to RM76.7 million was declared (in comparison to a total dividend payment of 6.0 cents per share amounting to RM39.2 million in 2013).

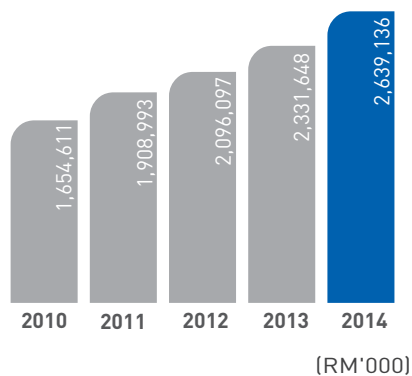
Interim	Date Declared	Date Paid	cents/per share	No. of Share	RM 'Million
1 <sup>st</sup>	26/05/2014	18/7/2014	1.45	1,022,500,184	14.8
2 <sup>nd</sup>	26/08/2014	21/10/2014	1.45	1,014,618,755	14.7
3 <sup>rd</sup>	25/11/2014	22/1/2015	2.00	1,015,157,631	20.3
4 <sup>th</sup>	27/02/2015	–	2.60	1,032,912,000	26.9



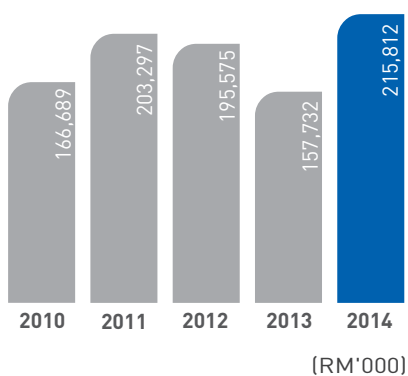


# GROUP FINANCIAL HIGHLIGHTS

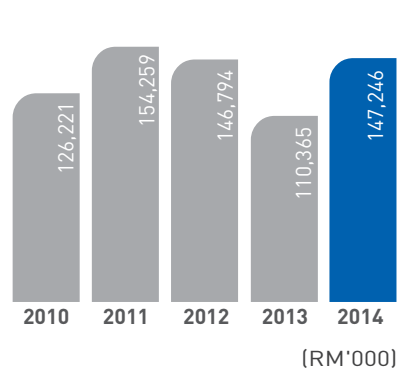
## TURNOVER



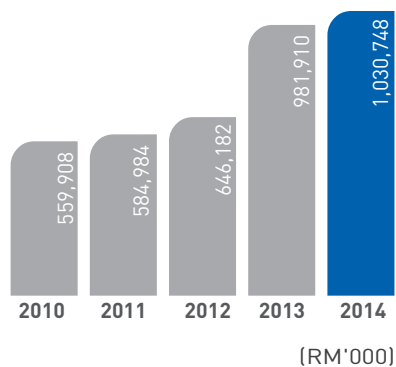
## PROFIT BEFORE TAXATION



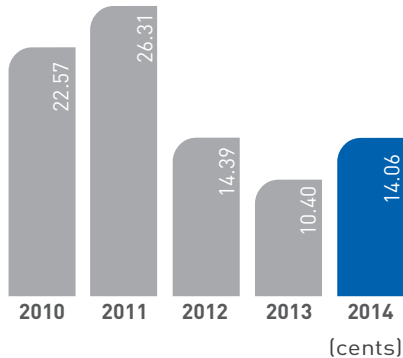
## PROFIT AFTER TAXATION



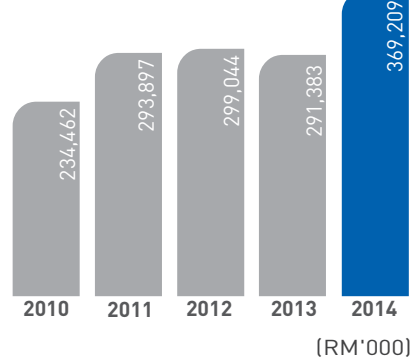
## SHARE CAPITAL



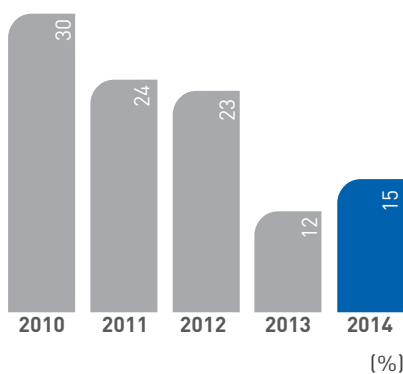
## EARNINGS PER SHARE



## EBITDA

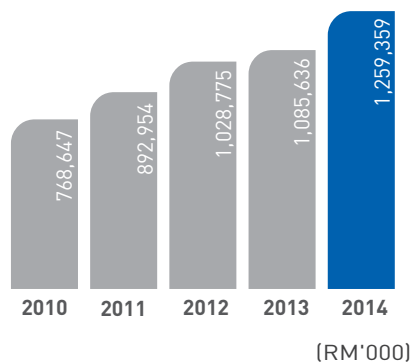


## DIVIDEND RATE

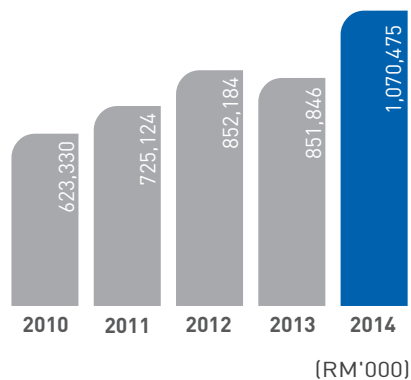




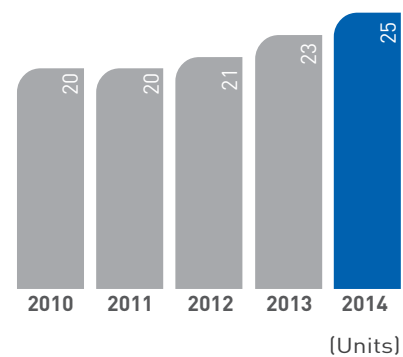
#### SHAREHOLDERS' FUNDS



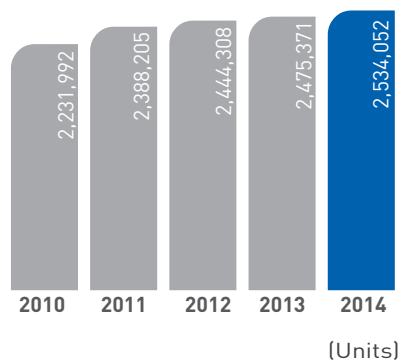
#### NET TANGIBLE ASSETS



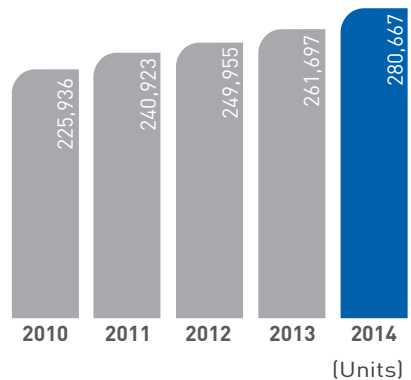
#### NO. OF KPJ HOSPITALS IN MALAYSIA



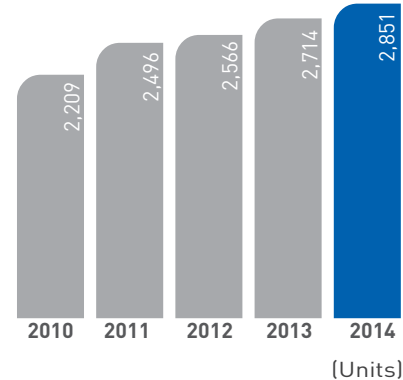
#### OUTPATIENTS



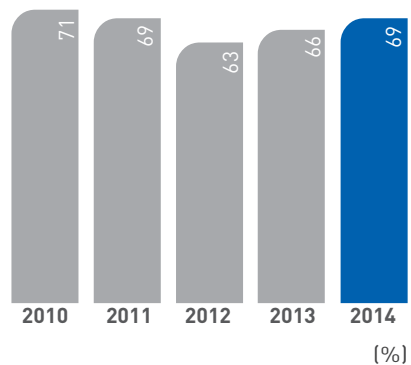
#### INPATIENTS



#### NO OF BEDS



#### OCCUPANCY RATE

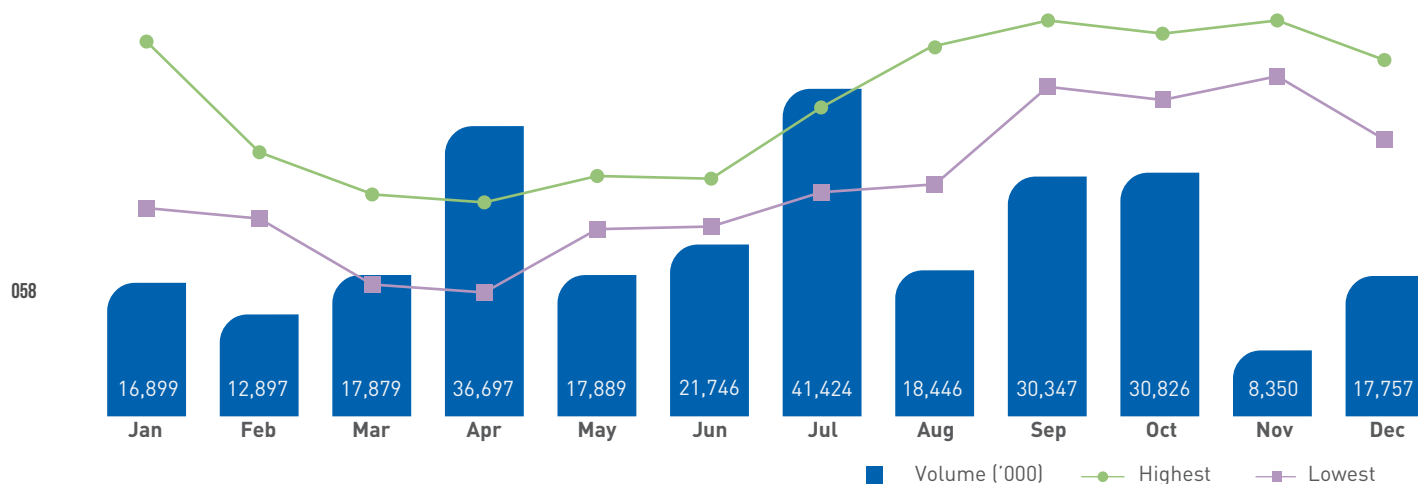




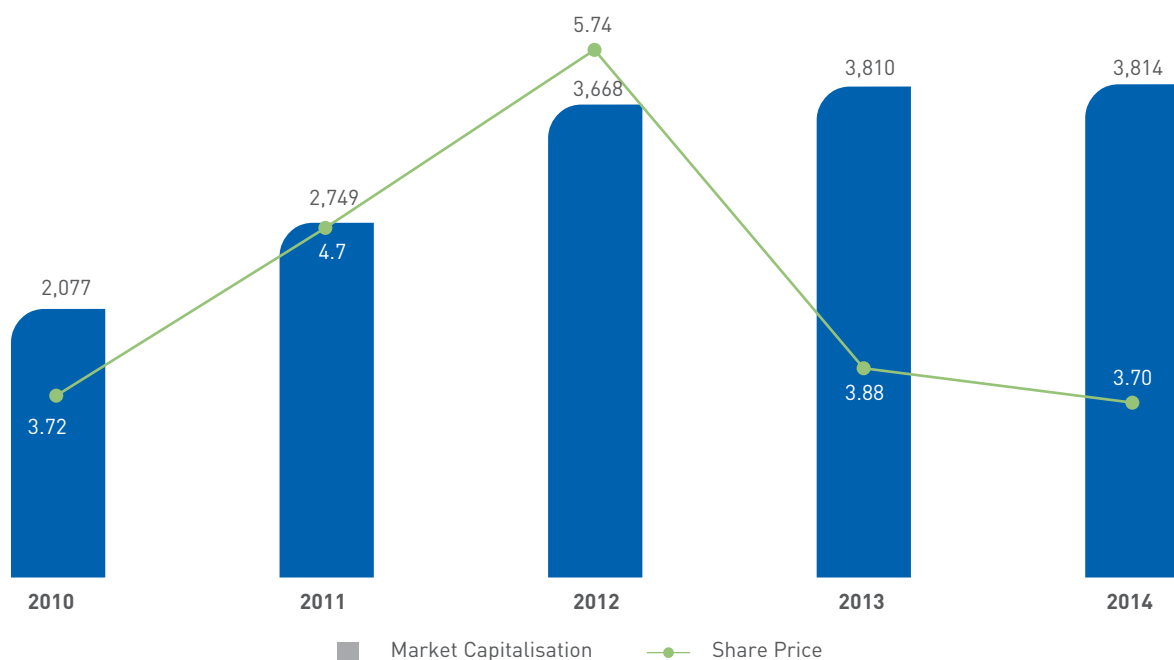
# STOCK PERFORMANCE

## SHARE PRICE & VOLUME TRADED

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Volume '000	16,899	12,897	17,879	36,697	17,889	21,746	41,424	18,446	30,347	30,826	8,350	17,757
High (RM)	3.92	3.50	3.34	3.31	3.41	3.40	3.67	3.90	4.00	3.95	4.00	3.85
Low (RM)	3.29	3.25	2.97	2.97	3.21	3.22	3.35	3.38	3.75	3.70	3.79	3.55



## MARKET CAPITALISATION/SHARE PRICE





## STATEMENT OF COMPREHENSIVE INCOME

	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
<b>Revenue</b>	2,639,136	2,331,648	2,096,097	1,908,993	1,654,611
Gross Profit	773,698	642,821	656,434	601,857	503,895
Profit from operations	207,544	140,894	170,566	159,165	144,019
Finance income	12,982	10,570	12,535	10,295	7,157
Finance cost	(42,857)	(38,765)	(26,603)	(19,688)	(13,597)
Share of results from associates	40,415	46,858	37,397	54,825	23,919
Others	–	–	–	–	6,460
Profit before zakat and tax	218,084	159,557	196,895	204,597	167,958
Zakat	(2,272)	(1,825)	(1,320)	(1,300)	(1,269)
Profit before taxation	215,812	157,732	195,575	203,297	166,689
Taxation	(68,566)	(47,367)	(48,781)	(49,038)	(40,468)
<b>Net profit for year</b>	<b>147,246</b>	<b>110,365</b>	<b>146,794</b>	<b>154,259</b>	<b>126,221</b>
Profit attributable to:					
Equity holders of company	143,030	103,114	140,046	143,670	118,894
Non-controlling interest	4,216	7,251	6,748	10,589	7,327
	<b>147,246</b>	<b>110,365</b>	<b>146,794</b>	<b>154,259</b>	<b>126,221</b>

059

## STATEMENT OF FINANCIAL POSITION

	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
Non-current assets	2,475,733	2,017,453	1,646,880	1,252,530	1,024,563
Current assets	802,385	811,401	595,080	612,443	549,502
Non-current assets held for sale	57,886	2,013	2,013	94,291	105,974
Current liabilities	(632,562)	(525,069)	(447,508)	(456,743)	(362,242)
Non-current liabilities	(118,641)	(115,829)	(109,112)	(62,198)	(54,986)
Borrowings	(1,235,661)	(1,019,352)	(591,050)	(443,471)	(399,423)
<b>TOTAL</b>	<b>1,349,140</b>	<b>1,170,617</b>	<b>1,096,303</b>	<b>996,852</b>	<b>863,388</b>
Share capital	515,374	490,955	323,091	292,492	279,954
Reserve	798,763	595,045	705,707	600,485	488,716
Less: Treasury shares	(54,777)	(364)	(23)	(23)	–
Shareholders' funds	1,259,360	1,085,636	1,028,775	892,954	768,647
Non-controlling interest	89,780	84,981	67,528	103,898	94,741
<b>TOTAL</b>	<b>1,349,140</b>	<b>1,170,617</b>	<b>1,096,303</b>	<b>996,852</b>	<b>863,388</b>

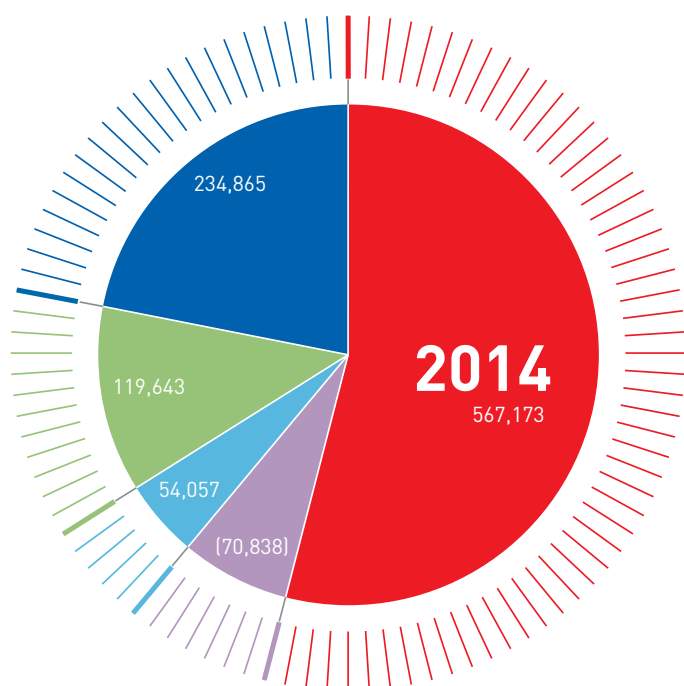


# STATEMENT OF VALUE ADDED

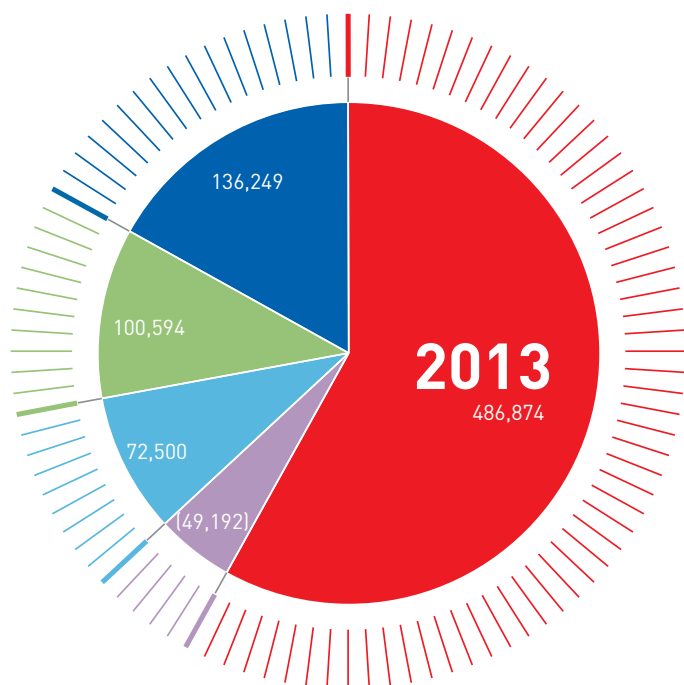
	2014 RM'000	2013 RM'000
<b>Revenue</b>	2,639,136	2,331,648
Purchase of goods and services	(1,781,189)	(1,629,518)
Value added by the Group	857,947	702,130
Other Income	36,413	26,232
Finance Income	12,982	10,570
Finance Cost	(42,857)	(38,765)
Share of results of associates	40,415	46,858
<b>Value added available for distribution</b>	<b>904,900</b>	<b>747,025</b>
<b>Distribution</b>		
To Employees:		
Employee cost	567,173	486,874
To Government/Approved agencies:		
Taxation	(68,566)	(47,367)
Zakat	(2,272)	(1,825)
To Shareholders:		
Dividend	49,841	65,249
Non-controlling Interest	4,216	7,251
Retained for re-investment:		
Depreciation/Amortisation	119,643	100,594
Retained for future growth:		
Retained profit	234,865	136,249
<b>Total distribution</b>	<b>904,900</b>	<b>747,025</b>
No of employees at year end	11,626	10,460
Value added per employee (RM'000)	74	67
Wealth created per employee (RM'000)	78	71
No of shares at year end ('000 units)	1,030,748	981,910
Value added per share (RM)	0.83	0.72
Wealth created per share (RM)	0.88	0.76



# DISTRIBUTION OF VALUE ADDED



- **To Employees**  
Employees Cost
- **To Government/Approved agencies**  
Taxation  
Zakat
- **To Shareholders**  
Dividend  
Non-controlling Interest
- **Retained for re-investment**  
Depreciation/Amortisation
- **Retained for future growth**  
Retained profit



- **To Employees**  
Employees Cost
- **To Government/Approved agencies**  
Taxation  
Zakat
- **To Shareholders**  
Dividend  
Non-controlling Interest
- **Retained for re-investment**  
Depreciation/Amortisation
- **Retained for future growth**  
Retained profit



# GROUP QUARTERLY PERFORMANCE

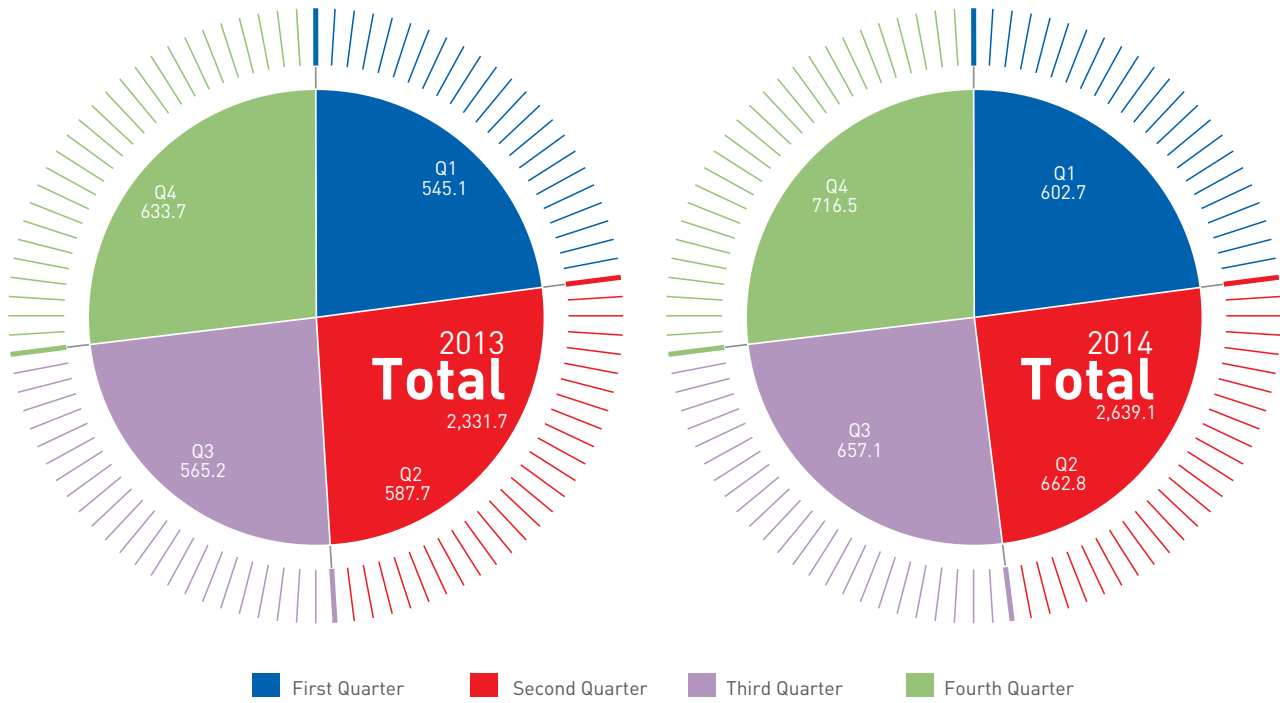
During the financial year, the growth in revenue for the Group is mainly due to the increase in revenue of the existing and newly opened hospitals in the group. The increase in profit before tax is due to the improved performance from the existing and newly opened hospitals in the group which are currently in the middle of their gestation period i.e. KPJ Klang Specialist Hospital and RS Medika Bumi Serpong Damai.

2014	First Quarter RM'million	Second Quarter RM'million	Third Quarter RM'million	Fourth Quarter RM'million	Total RM'million
Revenue	602,742	662,823	657,078	716,493	2,639,136
<b>Gross Profit</b>	<b>197,793</b>	<b>216,928</b>	<b>227,190</b>	<b>131,787</b>	<b>773,698</b>
Profit from Operations	43,708	51,792	54,138	57,906	207,544
Finance Income	2,704	2,521	3,897	3,860	12,982
Finance Cost	(8,949)	(14,000)	(15,400)	(4,508)	(42,857)
Share of Results from associates	8,015	9,882	8,782	13,736	40,415
Profit before zakat and tax	45,478	50,195	51,417	70,994	218,084
Zakat	(470)	(460)	(465)	(877)	(2,272)
Profit before taxation	45,008	49,735	50,952	70,117	215,812
Taxation	(12,667)	(14,207)	(14,911)	(26,781)	(68,566)
<b>Net profit</b>	<b>32,341</b>	<b>35,528</b>	<b>36,041</b>	<b>43,336</b>	<b>147,246</b>
Profit attributable to:					
Equity holders of company	30,221	33,743	29,126	49,940	143,030
Non-controlling interest	2,120	1,785	6,915	(6,604)	4,216
	<b>32,341</b>	<b>35,528</b>	<b>36,041</b>	<b>43,336</b>	<b>147,246</b>
Basic EPS (sen)	2.94	3.29	2.83	5.0	14.06

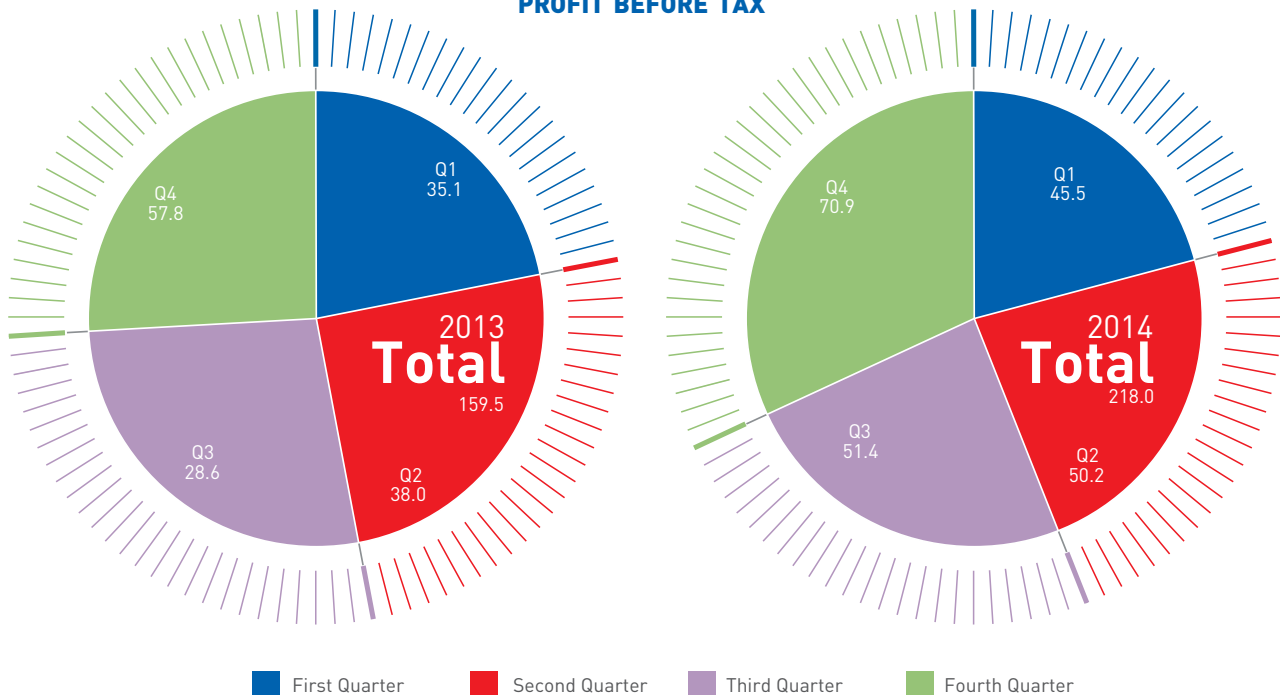
2013 (restated)	First Quarter RM'million	Second Quarter RM'million	Third Quarter RM'million	Fourth Quarter RM'million	Total RM'million
Revenue	545,051	587,698	565,183	633,716	2,331,648
<b>Gross Profit</b>	<b>168,071</b>	<b>185,388</b>	<b>163,695</b>	<b>125,667</b>	<b>642,821</b>
Profit from Operations	30,623	34,139	27,224	48,908	140,894
Finance Income	1,563	3,912	3,216	1,879	10,570
Finance Cost	(5,698)	(8,783)	(9,476)	(14,808)	(38,765)
Share of Results from associates	8,618	8,780	7,623	21,837	46,858
Profit before zakat and tax	35,106	38,048	28,587	57,816	159,557
Zakat	(330)	(330)	(330)	(835)	(1,825)
Profit before taxation	34,776	37,718	28,257	56,981	157,732
Taxation	(8,250)	(9,307)	(6,861)	(22,949)	(47,367)
<b>Net profit</b>	<b>26,526</b>	<b>28,411</b>	<b>21,396</b>	<b>34,032</b>	<b>110,365</b>
Profit attributable to:					
Equity holders of company	25,093	25,294	19,415	33,312	103,114
Non-controlling interest	1,433	3,117	1,981	720	7,251
	<b>26,526</b>	<b>28,411</b>	<b>21,396</b>	<b>34,032</b>	<b>110,365</b>
Basic EPS (sen)	2.75	2.55	1.62	3.48	10.4



## REVENUE



## PROFIT BEFORE TAX





In KPJ, we seek to enhance our quality of service at every juncture. This means continuously listening to customer feedback and making improvements by progressively tweaking our systems and processes so that we better meet their needs and further exceed their demands.

**HEART  
TO HEART**











# OUR LEADERS

...GROUP DIRECTORS





067

**sitting:-**

1. Datin Paduka Siti Sa'diah Sheikh Bakir 2. Dato' Kamaruzzaman Abu Kassim (*Chairman*)  
3. Dato' Amiruddin Abdul Satar (*President & Managing Director*) 4. Zainah Mustafa

**standing:-**

5. Tan Sri Dato' Dr. Yahya Awang 6. Dr. Yoong Fook Ngian 7. Dr. Kok Chin Leong  
8. Zulkifli Ibrahim 9. Aminudin Dawam 10. Ahamad Mohamad  
11. Datuk Azzat Kamaludin

from left:



## DATO' KAMARUZZAMAN ABU KASSIM

### Chairman

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Dato' Kamaruzzaman Abu Kassim, aged 51, was appointed as a Non-Independent Non-Executive Director on 3 January 2011 and subsequently as Chairman of KPJ on 12 January 2011.

He graduated with a Bachelor of Commerce majoring in Accountancy from the University of Wollongong, New South Wales, Australia in 1987.

Dato' Kamaruzzaman embarked on 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 1989. In December 1992, he left the firm and joined Perbadanan Kemajuan Ekonomi Negeri Johor (currently known as Johor Corporation) as a Deputy Manager in the Corporate Finance Department and was later promoted to General Manager in 1999.

Dato' Kamaruzzaman was appointed as the President and Chief Executive of Johor Corporation (JCorp), effective 1 December 2010. Prior to that, he had served as the Chief Operating Officer of JCorp beginning 1 August 2006 and was later appointed as the Senior Vice President, Corporate Services & Finance of JCorp on 1 January 2009.

Dato' Kamaruzzaman sits as the Chairman of Damansara REIT Managers Sdn Berhad, the Manager for Al-`Aqar Healthcare REIT. He is also the Chairman of Kulim (Malaysia) Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. Further, he is also the Chairman of several companies within the JCorp Group which includes, amongst others, Johor Land Berhad, QSR Brands (M) Holdings Sdn Bhd as well as Waqaf An-Nur Corporation Berhad, an Islamic endowment institution which spearheads Johor Corporation's Corporate Responsibility programmes.

Other than as disclosed, he does not have family relationships with any Director and/or major shareholder of KPJ. He has no personal interest in any business arrangement involving KPJ and has not been convicted for any offences.



## DATO' AMIRUDDIN ABDUL SATAR

President and Managing Director

Dato' Amiruddin Abdul Satar, aged 51, was appointed as the President and Managing Director on 1 January 2013.

He embarked on his career with KPJ in 1993, involved in the areas of hospital operations, finance and various other senior management functions such as strategic planning and investment decision-making.

Dato' Amiruddin gained significant experience in finance and management through his capacity as the Accountant and Finance Manager of several large and reputable organisations in the country.

A graduate of the Association of Chartered Certified Accountants (ACCA), Dato' Amiruddin obtained his Masters in Business Administration (MBA) from the Henley Business School, University of Reading, United Kingdom in 2010.

He also holds directorships in several KPJ hospitals as the Chairman.

Dato' Amiruddin contributes actively in the development of the Malaysian healthcare sector through his involvement with the Association of Private Hospitals of Malaysia (APHM), where he is currently the Vice President.

Other than as disclosed, he does not have family relationships with any Director and/or major shareholder of KPJ. He has no personal interest in any business arrangement involving KPJ and has not been convicted for any offences.



FROM TOP TO BOTTOM

DATO' KAMARUZZAMAN ABU KASSIM

DATO' AMIRUDDIN ABDUL SATAR



## AMINUDIN DAWAM

Executive Director

Aminudin Dawam, aged 51, was appointed to the Board as a Non-Independent Non-Executive Director on 1 January 2014. With effect from 1 May 2015, he was re-designated as an Executive Director of the Company. He is also a member of the KPJ Board Tender Committee and Building Committee. He has been the Vice President (Property & Business Development) of Johor Corporation since September 2013.

He graduated with a Bachelor of Business Administration from Sam Houston State University, Huntsville, Texas, USA in 1986 and completed his Masters' degree at the same university in 1988. He received post-graduate Diploma in Health Services & Hospital Management at South Bank University, London, United Kingdom in 1997.

He joined KPJ in 1998 as the General Manager for various hospitals within the KPJ Group. He then became the Commissioning Director for United Hospital Limited Dhaka, Bangladesh.

He was appointed as the Group General Manager of KPJ from 2008 to January 2011. He rejoined JCorp-KPJ in 2012.

Other than as disclosed, he does not have family relationships with any Director and/or major shareholder of KPJ. He has no personal interest in any business arrangement involving KPJ and has not been convicted for any offences.

## DATIN PADUKA SITI SA'DIAH SHEIKH BAKIR

Independent Non-Executive Director

Datin Paduka Siti Sa'diah Sheikh Bakir, aged 62, was appointed as the Non-Independent Non-Executive Director from 1 January 2013. She was subsequently re-designated as an Independent Non-Executive Director on 1 May 2015. She is also the Chairman and Pro-Chancellor of KPJ Healthcare University Colege (KPJUC) since 1 August 2011.

She graduated with a Bachelor of Economics from University of Malaya and an MBA from Henley Business School, University of Reading, London, United Kingdom.

Datin Paduka served as the Managing Director (MD) of KPJ from 1 March 1993 until her retirement on 31 December 2012. From 1 January 2013 until 31 December 2014, she served as KPJ's Corporate Advisor.

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

Throughout her career in KPJ, Datin Paduka has been directly involved in developing and implementing the transformational strategies that made KPJ one of Malaysia's leading private healthcare service providers, with 25 hospitals nationwide, four (4) hospitals abroad and more under development.



Datin Paduka currently sits as a Director of Kulim (Malaysia) Berhad, Damansara REIT Managers Sdn Berhad, and Chemical Company of Malaysia Berhad (CCM). She was a Board member of KFC (Holdings) Bhd and QSR Brands from 2010 until their privatisation in 2013. Datin Paduka was an Independent Non-Executive Director of Bursa Malaysia from 2004 to 2012 and a Board member of MATRADE from 1999 to 2010.

Committed to promoting excellence in healthcare, Datin Paduka is the President of the Malaysian Society for Quality in Health (MSQH), the national accreditation body for healthcare services, elected since its inception in 1997 to date. Currently, she also sits on many other councils and committees at the national level.

In 2010, Datin Paduka was named the 'CEO of the Year 2009' by the New Straits Times Press and the American Express. She has also received many more awards and accolades from 2011 to 2014, due to her contributions to the healthcare industry in Malaysia.

She launched her biography entitled "Siti Sa'diah: Driven by Vision, Mission and Passion", penned by Professor Rokiah Talib, Penerbitan Universiti Kebangsaan Malaysia in 2013.

Datin Paduka is a member of the Academic Committee of the Razak School of Government (RSOG), and sits on several University Committees. She is a member of the University of Reading Malaysia (UoRM) Advisory Board; a member of the Centre for University-Industry Collaboration (CUIC) Advisory Council of Universiti Utara Malaysia (UUM); Adjunct Professor of UUM's Othman Yeop Abdullah Graduate School of Business and as a Member of University Malaya's Research Advisory Committee (UMRAC).

Other than as disclosed, she does not have family relationships with any Director and/or major shareholder of KPJ. She has no personal interest in any business arrangement involving KPJ and has not been convicted for any offences.



FROM TOP TO BOTTOM

AMINUDIN DAWAM

DATIN PADUKA SITI SA'DIAH SHEIKH BAKIR



## ZAINAH MUSTAFA

### Independent Non-Executive Director

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Zainah Mustafa, aged 60, has served as a Director since 21 February 1994 and is also the chairman of KPJ Audit Committee.

She has been an Independent Non-Executive Director since 1 December 2004. She also sits on the board of other companies in the Johor Corporation (JCorp) Group of Companies namely Damansara Realty Berhad, 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 also 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 be the Group Chief Financial Officer before retiring on 31 October 2002.

Other than as disclosed, she does not have family relationships with any Director and/or major shareholder of KPJ. She has no personal interest in any business arrangement involving KPJ and has not been convicted for any offences.



## ZULKIFLI IBRAHIM

**Non-Executive  
Non-Independent Director**

Zulkifli Ibrahim, aged 56, was appointed to the Board of KPJ on 1 January 2014. He is also the Chairman of the KPJ Board Tender Committee. He is currently the Senior Vice President/Chief Operating Officer of Johor Corporation.

He is a Fellow of the ACCA, United Kingdom and a member of the Malaysian Institute of Accountants since 1992.

After serving various companies in the private sector since his graduation in 1983, he joined Johor Corporation (JCorp) Group in 1990 as the Financial

Controller of Sindora Berhad. In 1996, he was appointed as the Managing Director of Antara Steel Mills Sdn Bhd until 2000 before joining PJB Pacific Capital Group in 2001 as the Chief Operating Officer. He joined Kulim as the Chief Operating Officer in 2003. He is also the Chairman and Director of several other companies within the JCorp Group.

Other than as disclosed, he does not have family relationships with any Director and/or major shareholder of KPJ. He has no personal interest in any business arrangement involving KPJ and has not been convicted for any offences.



FROM TOP TO BOTTOM

**ZAINAH MUSTAFA  
ZULKIFLI IBRAHIM**



## DATUK AZZAT KAMALUDIN

Independent Non-Executive Director

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Datuk Azzat Kamaludin, aged 69, was appointed to the Board of Directors on 1 September 1994.

He is currently an Independent Non-Executive Director and is also a member of the Audit Committee as well as the Nomination and Remuneration 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, Boustead Holdings Berhad, BHIC Berhad and Axiata Group Berhad.

Other than as disclosed, he does not have family relationships with any Director and/or major shareholder of KPJ. He has no personal interest in any business arrangement involving KPJ and has not been convicted for any offences.

## DR. YOONG FOOK NGIAN

Independent Non-Executive Director

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Dr. Yoong Fook Ngian, aged 73, 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 (MAC).

He received his Bachelors of Medicine and Bachelors 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.

Dr. Yoong was employed by the Ministry of Health from 1966 to 1975. 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. He has been Resident ENT Consultant in Ipoh Specialist Hospital since 1983 and is also one of its founding doctors. He was the Medical Director of Ipoh Specialist Hospital from 1994 to 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.

Other than as disclosed, he does not have family relationships with any Director and/or major shareholder of KPJ. He has no personal interest in any business arrangement involving KPJ and has not been convicted for any offences.



## AHAMAD MOHAMAD

**Non-Independent  
Non-Executive Director**

Ahamad Mohamad, aged 61, was appointed to the Board on 1 January 2005.

He graduated with a Bachelor of Economics (Honours) degree in 1976 from the University of Malaya. He joined Johor Corporation (JCorp) in 1976 as a Company Secretary for various companies within the JCorp Group. He has been involved in many of JCorp's projects including 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 also currently the Managing Director of Kulim (Malaysia) Berhad, Chairman of EA Technique (M) Berhad and several other companies within the JCorp Group.

Other than as disclosed, he does not have family relationships with any Director and/or major shareholder of KPJ. He has no personal interest in any business arrangement involving KPJ and has not been convicted for any offences.



FROM TOP TO BOTTOM

DATUK AZZAT KAMALUDIN

DR. YOONG FOOK NGIAN

AHAMAD MOHAMAD



## DR. KOK CHIN LEONG

Independent Non-Executive Director

Dr. Kok Chin Leong, aged 57, was appointed to the Board of 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. He has also been the Chairman for the Committee since 2005 and the Advisor for KPJ's Clinical Information System since January 2003.

He has sat on the Executive Committee of the Malaysian Paediatric Association (MPA) since 2009, and was the President of MPA from 2013 to 2015. He is also the President for ASEAN Paediatric Federation from 2014 to 2016.

He received his Bachelor of Medicine and Bachelor of Surgery (MBBS) in 1982 from University of Malaya and completed his postgraduate 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 commenced in 1986 at Kuala Lumpur General Hospital in Clinical Paediatrics, and from there, he went on to work 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; 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.

From 1991 to 1993, he was the Project Coordinator/Chairman for the Batu Pahat Rotary Club Haemodialysis Centre; the Southern Representative for Malaysian Paediatric Association from 2000 to 2004 and the Southern Coordinator for Infant Touch Therapy.

He also sat on the Board for the Association of Private Hospital Malaysia (APHM) from 2008 to 2010 and the Malaysian Society for Quality in Health (MSQH) from 2011 to 2013. 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.

Other than as disclosed, he does not have family relationships with any Director and/or major shareholder of KPJ. He has no personal interest in any business arrangement involving KPJ and has not been convicted for any offences.

## TAN SRI DATO' DR. YAHYA AWANG

Independent Non-Executive Director

Tan Sri Dato' Dr. Yahya Awang, aged 64, was appointed to the Board of KPJ on 18 July 2013. He is an Independent Non-Executive Director of KPJ and was appointed as a member of the Audit Committee since 26 July 2013. He is also presently a member of the KPJ Medical Advisory Committee.

He has been a member of the Board of Governors, International Medical University, Kuala Lumpur since July 1995; Foundation Fellow of the Academy of Science Malaysia since 1995; Visiting Consultant Surgeon, Division of Cardiothoracic Surgery, Department of Surgery, Medical Faculty, Hospital University Kebangsaan Malaysia, Cheras, Kuala Lumpur since September 2005; Chairman, Board of Governors, International Medical University, Kuala Lumpur since September 2005; Adjunct Professor of Medical Faculty, University Teknologi MARA (UiTM), Shah Alam, Selangor Darul Ehsan since November 2005; Panel of Board Members, Post Graduate Cardiothoracic Surgery Programme, University of Kebangsaan Malaysia since 2006; Honorary Member of Special Committee for Development of National Transplant Policy since 2006; Pro-Chancellor Universiti Teknologi Malaysia (UTM) since 2011; Head of Unit General OT/Cardiac OT and Medical Ward, KPJ Damansara Specialist Hospital since January 2012; Member of Malaysian Medical Association, Member of Editorial Board "Asian Cardiovascular and Thoracic Annals" and Council Member of International Society of Cardiothoracic Surgeons.



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Tan Sri received his Bachelor of Medicine and Bachelor of Surgery (MBBS) from the Monash University, Melbourne, Australia in 1974. He was conferred as a Fellow of the Royal College of Surgeons and Physicians of Glasgow, Scotland in January 1980.

He was the Senior Surgical Resident at the Department of Cardiothoracic Surgery Brompton Hospital, London from July 1981 to December 1982 and became the Surgical Registrar to Mr SC Lennox (FRCS)/Mr M Paneth (FRCS) from the Department of Cardiothoracic Surgery Brompton Hospital, London from January 1982 to November 1983.

Tan Sri joined the General Hospital, Kuala Lumpur as the Cardiothoracic Surgeon, Department of Cardiothoracic Surgery from December 1983 to June 1985 and went on to become the Head and Senior Consultant Cardiothoracic Surgeon from July 1985 to June 1992. He became the Founding President of the Malaysian Society of Thoracic and Cardiovascular in 1991; Council Member of the Association of Thoracic & Cardiovascular Surgeons of Asia from 1992 to 1995 and the President of Asian Society of Thoracic and Cardiovascular Surgeons from 1993 to 1995.

He pioneered the establishment of Institut Jantung Negara (IJN), Kuala Lumpur as the Executive Director, then as its Head and Senior Consultant Cardiothoracic Surgeon from June 1992 to March 2004 and the Medical Director of IJN from October 1998 to October 2002. In mid-March 2004, Tan Sri joined KPJ Damansara Specialist Hospital as the Consultant Cardiothoracic Surgeon, Damansara Heart Centre and has been there since.

Tan Sri is also a Director/Chairman of Multi-Purpose Insurance Berhad and Tokio Marine Insurance (M) Berhad, Director/Trustee of Wah Seong Foundation, Chairman/Board of Governors, International Medical University, Kuala Lumpur and a Director for several other companies.

Tan Sri was conferred the Darjah Paduka Mahkota Johor (DPMJ) in 1990, Darjah Sultan Ahmad Shah (DSAP) in 2000 and Panglima Setia Mahkota (PSM) which carries the title Tan Sri in 2003. He was also conferred the Honorary Doctor of Medicine by Universiti Kebangsaan Malaysia in 2006; Anugerah Maulidur Rasul Peringkat Kebangsaan in 2008; Ijazah Kehormat Doktor Sains Perubatan, Universiti Sains Malaysia in 2009 and Honorary Doctor of Medicine in 2012.

He successfully operated on the first Heart Transplant Recipient – Mr Sathrugnan a/l Ramakrishnan in December 1997.

Tan Sri has also been active in writing articles/journals and presenting papers especially on cardiothoracic surgery.

Other than as disclosed, he does not have family relationships with any Director and/or major shareholder of KPJ. He has no personal interest in any business arrangement involving KPJ and has not been convicted for any offences.



FROM TOP TO BOTTOM

**DR. KOK CHIN LEONG**

**TAN SRI DATO' DR. YAHYA AWANG**





# EXECUTIVE COMMITTEE

...GROUP MANAGEMENT





from left:

1. **Mohd Johar Ismail** Senior General Manager – Group Operations Services (International)
2. **Rafeah Ariffin** Senior General Manager – Group International Marketing & Corporate Communications Services
3. **Mah Lai Heng** Senior General Manager – Group Operations Services
4. **Mohd Sahir Rahmat** Vice President (I) – Corporate & Financial Services
5. **Abdul Malek Talib** Vice President (II) – Project Management & Biomedical Services
6. **Abdol Wahab Baba** Vice President (III) – Business Development Services
7. **Dato' Amiruddin Abdul Satar** President & Managing Director, Exco Chairman
8. **Jasimah Hassan** Vice President (II) – Business Operations & Clinical Services
9. **Datin Sabariah Fauziah Jamaluddin** Vice President (III) – Group Talent Management Services
10. **Norhaizam Mohammad** Senior General Manager – Group Finance Services
11. **Ahmad Nasirruddin Harun** Senior General Manager – Group Education & Strategic Support Services
12. **Mohd Nasir Mohamed** Senior General Manager – Group Operations Services
13. **Dr. Mubbashir Iftikhar Bhatti** Chief Information Officer – Information Technology Services



# PROFILE OF EXECUTIVE COMMITTEE



## 1 Dato' Amiruddin Abdul Satar

**PRESIDENT & MANAGING DIRECTOR  
EXCO CHAIRMAN**

Dato' Amiruddin Abdul Satar, aged 51, holds an MBA from Henley Business School, University of Reading, UK. He is also a graduate of the Association of Chartered Certified Accountants (ACCA). Dato' Amiruddin has vast experience in the fields of finance and management. He has held senior positions such as Accountant and Finance Manager in several reputable corporations in the country.

His career with KPJ began in 1993. Prior to his current appointment, he was involved in hospital operations, finance as well as various senior management functions including strategic planning and investment decisions of KPJ. He also holds directorships in several KPJ hospitals as Chairman.

Dato' Amiruddin is also the Vice President of the Association of Private Hospitals of Malaysia (APHM) where he contributes actively towards the development of the Malaysian healthcare sector.

## 2 Jasimah Hassan

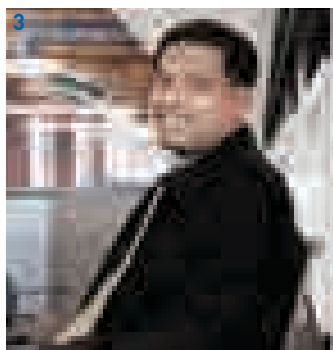
**VICE PRESIDENT (I)  
BUSINESS OPERATIONS &  
CLINICAL SERVICES**

Jasimah Hassan, aged 54, graduated with a Bachelor of Science in Mathematics from Indiana University in Bloomington, Indiana, USA and also holds a Master's in Business Administration (Finance) from North Texas University, Texas, USA.

Upon graduation, she joined the banking industry. After 8 years, she left banking and embarked on a new career in healthcare. She joined KPJ Healthcare Berhad in 1993 as the General Manager of Tawakkal Hospital and subsequently managed various hospitals and companies in the KPJ Healthcare Group in the capacities of Executive Director, Chairman, Deputy Chairman and Director. From July 2000, she also served as the Deputy Chairman of the Board of Directors of KPJ International University College of Nursing & Health Sciences.

Jasimah has also been the Honorary Treasurer for the Asian Society for Quality in Healthcare (ASQUA) since 2007. She has served as a Board member of the Association of Private Hospitals Malaysia (APHM), and was the Treasurer of the Malaysian Society for Quality in Health (MSQH) from 2007-2010.





### 3 Mohd Sahir Rahmat

**VICE PRESIDENT (I)  
CORPORATE & FINANCIAL SERVICES**

Mohd Sahir Rahmat, aged 51, graduated with Bachelor in Accountancy from University Kebangsaan Malaysia and then obtained his Post-graduate Diploma in Health Services and Hospital Management from South Bank University, London. He received his Master in Business Administration from Henley Management College, London, UK in 2006.

He started his career as a lecturer at Politeknik Ungku Omar, Ipoh before taking the position as Accountant at Finance Department, Johor Corporation in 1987. Having joined the Group in 1991, he has managed several companies in KPJ where he was the Hospital Administrator of Puteri Specialist Hospital, General Manager of Rumah Sakit Selasih Padang and Rumah Sakit Medika Bumi Serpong Damai, Jakarta, Indonesia. He was also the Group Chief Financial Officer from July 2011 to December 2012.

He has also served as the Group's Senior Finance Manager before taking the position of Executive Director at KPJ Klang Valley hospitals, KPJ Johor Specialist Hospital, Kuching Specialist Hospital (Sarawak) and Damai Specialist Hospital (Sabah). He is also currently the Director and also Chairman of several hospitals and companies within the Group.

In March 2015, Sahir accorded the Honorary Ahli Mangku Negara by the Yang di-Pertuan Agong, Tuanku Abdul Halim Mu'adzam Shah, in conjunction with His Majesty's 77<sup>th</sup> birthday.



### 4 Abdul Malek Talib

**VICE PRESIDENT (II)  
PROJECT MANAGEMENT &  
BIOMEDICAL SERVICES**

Abdul Malek Talib, aged 52, holds a Bachelor in Civil Engineering from Michigan State University, United States of America, and later obtained his Masters in Business Administration from Henley Management College, London. He is a Committee Member of the Institute of Engineers, Malaysia (Southern Branch) and is a registered Professional Engineer with the Board of Engineers, Malaysia since 2007.

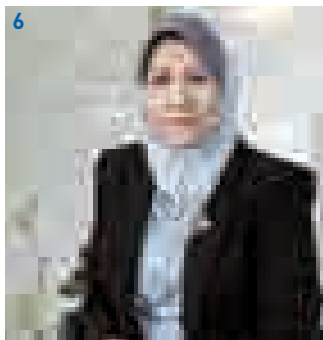
Abdul Malek began his career within Johor Corporation (JCorp) in 1985 as a Civil Engineer in the Technical Department, prior to his appointment as the Secretary of the Executive Committee of JCorp. In 1991, he was transferred to JCorp subsidiary companies; Pembinaan Prefab Sdn Bhd and Johor Land Berhad (JLand) and held several managerial positions including General Manager of JLand, Chief Operating Officer, Managing Director of Damansara Assets Sdn Bhd and Executive Director. Prior to his current position, he was the Executive Director of JLand and the Deputy Chief Executive, Property Division of JCorp.

Throughout his career, he gained in-depth experience in industrial land development, residential and new township development as well as commercial property development and operations, including offices and shopping complexes. In the last two years, he was also involved in hospital aged-care planning and development.

He is also the Chairman and Director of several other companies within the KPJ Healthcare Berhad and JCorp's Group of Companies as well as Director for Syarikat Kumpulan Perubatan (Johor) Sdn Bhd effective 1 January 2014.



# PROFILE OF EXECUTIVE COMMITTEE



## 5 Abdol Wahab Baba

**VICE PRESIDENT (III)  
BUSINESS DEVELOPMENT SERVICES**

Abdol Wahab Baba, aged 58, is the Vice President (III) of KPJ Healthcare Berhad, in charge of Business Development, Strategic Planning and Intrapreneur Business since 2013.

He holds a Masters in Business and Administration from East London University (UEL), a Bachelor's Degree in Accounting from Mara University of Technology, UiTM (previously known as ITM) and a post-graduate Diploma in Healthcare. He is also a Harvard University alumni.

Abdol Wahab has been with the KPJ Group for 27 years. He began his career in KPJ as an Accountant with Johor Corporation (JCorp) in June 1988 and subsequently was seconded to the Johor Specialist Hospital on October 1988. In 1991, he became the Administrator for Kuantan Specialist Hospital. He was appointed as a General Manager of Ipoh Specialist Hospital in 1994 and was later transferred to Jakarta to commission and operate the Rumah Sakit Medika Permata

Hijau from 1995 until 2000. Upon returning to Malaysia in 2000, he was seconded to Bukit Mertajam Specialist Hospital to turnaround the hospital. Prior to his current position, he served as the Company's Chief Risk Officer from 2003 to 2013.

Abdol Wahab is currently the Chairman of KPJ Perdana Specialist Hospital, Kuantan Specialist Hospital, Kuching Specialist Hospital Sdn Bhd, Sibu Specialist Medical Centre Sdn Bhd, Sibu Geriatric Health & Nursing Centre Sdn Bhd, Damai Specialist Hospital Sdn Bhd and a few other KPJ hospitals. He also acts as the Deputy Chairman for SMC Healthcare Sdn Bhd, the operator of KPJ Sabah Specialist Hospital. He currently sits on the Board of several other hospitals and companies within the KPJ Group.

## 6 Datin Sabariah Fauziah Jamaluddin

**VICE PRESIDENT (III)  
GROUP TALENT MANAGEMENT SERVICES**

Datin Sabariah Fauziah Jamaluddin, aged 52, she holds a Bachelor in Business Administration from Ohio University; a Post-Graduate Diploma in Health Services and Hospital Management from South Bank University; and a Masters in Business Administration from the University of Sunshine Coast, Australia.

Her key responsibilities lie in the development of staff career path, encompassing talent management and succession planning of KPJ's talent pool. She also oversees the strategic human capital of the organisation, collaborating with several areas such as Service Quality and Hospital Operations.

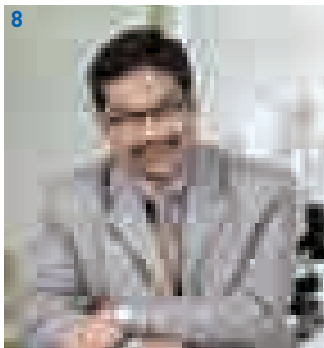
Datin Sabariah Fauziah commenced her career in the banking industry prior to joining KPJ. She gained extensive experience as she was the General Manager of KPJ Hospitals for 15 years. Under her guidance, KPJ Ampang Puteri Specialist Hospital and KPJ Damansara Specialist Hospital become among the pioneer hospitals that achieved the MSQH Accreditation status.



7



8



### 7 Ahmad Nasirruddin Harun

**SENIOR GENERAL MANAGER  
GROUP EDUCATION & STRATEGIC SUPPORT  
SERVICES**

Ahmad Nasirruddin Harun, aged 52, is an accountant by training. He holds a Degree in Accountancy from MARA University of Technology Shah Alam; a post-graduate Diploma in Health Services and Hospital Management from South Bank University London and a Masters in Business Administration from the Henley Business School, University of Reading, United Kingdom.

He began his career as an auditor in Coopers & Lybrand in 1986 and joined KPJ Ipoh Specialist Hospital as an Accountant in 1995. Over the next 20 years, he gained a broad range of experience in the healthcare industry within KPJ's group of hospitals. He held various positions starting from that of accountant, Business Development Manager, Strategic Planning Manager, General Manager and Chief Executive Officer of a hospital.

At present, he is the Director, Executive Director and Chairman of various hospitals and support services within the Group.

### 8 Mohd Johar Ismail

**SENIOR GENERAL MANAGER  
GROUP OPERATIONS SERVICES (INTERNATIONAL)**

Mohd Johar Ismail, aged 52, is the Senior General Manager (Group Operations) of KPJ Healthcare and also the Deputy Chairman of KPJ Ampang Puteri Specialist Hospital, Chairman of Seremban Specialist Hospital and KPJ Kajang Specialist Hospital. He is also the Director of KPJ Ipoh Specialist Hospital, KPJ Selangor Specialist Hospital, KPJ Klang Specialist Hospital, SMC Pusrawi Hospital, Sterile Services Sdn Bhd, Healthcare IT Solutions Sdn Bhd and KPJ Education Services Sdn Bhd.

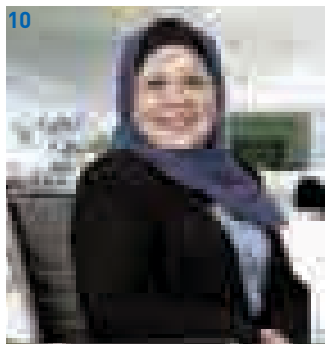
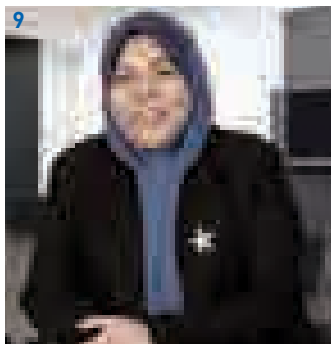
Mohd Johar graduated with a Bachelor of Accountancy (Hons) from Universiti Kebangsaan Malaysia. In 1997, he completed his Post Graduate Diploma in Health Management from South Bank University, England.

He started his career as an Internal Auditor and his roles, amongst others, were to ensure internal control, policy and procedures were implemented for the benefit of the company and subsidiary. Mohd Johar's involvement in the healthcare industry started when he was seconded to various subsidiary companies of JSEDC as a trouble shooter.

With his leadership and management skills, Mohd Johar has played a vital role in the overall management and operations of KPJ Healthcare Berhad. As a tribute and recognition of his contributions and service, Mohd Johar was awarded with Darjah and Bintang Kebesaran Negeri Selangor (Ahli – Sultan Sharafuddin Idris Shah (A.I.S) in conjunction with the 65<sup>th</sup> Birthday celebration of Your Royal Highness Duli Yang Maha Mulia Sultan Selangor, Sultan Sharafuddin Idris Shah in 2010.



# PROFILE OF EXECUTIVE COMMITTEE



## 9 Norhaizam Mohammad

**SENIOR GENERAL MANAGER  
GROUP FINANCE SERVICES**

Norhaizam Mohammad, aged 42, holds a portfolio covering Group Financial Reporting, Treasury/Finance and Tax.

She graduated with a Bachelors in Accountancy and Finance (Hons) from Manchester Metropolitan University, United Kingdom and also holds a Master Degree in Business Administration from the University East London, United Kingdom.

Prior to joining KPJ, Norhaizam was with PricewaterhouseCoopers (PwC) Kuala Lumpur for 11 years. In 2008, she was appointed as the Head of Group Finance and Account Services, KPJ.

Norhaizam is the Honorary Treasurer of the Malaysian Society for Quality in Health (MSQH), a post she has held since December 2010.

She is currently a member of the Board of Management of several hospitals within the Group.

## 10 Rafeah Ariffin

**SENIOR GENERAL MANAGER  
GROUP INTERNATIONAL MARKETING &  
CORPORATE COMMUNICATIONS SERVICES**

Rafeah Ariffin, aged 51, Senior General Manager of the Group International Marketing & Corporate Communications Services, has been involved in the healthcare industry for more than 15 years. Her portfolio in KPJ includes Health Tourism, Corporate Marketing & Corporate Communications. She is also the CEO of KPJ Wellness and Lifestyle Programme, which has more than 18,000 members currently.

Since joining KPJ in 2007, Rafeah has been instrumental in propelling the growth of KPJ's Health Tourism services, which has seen a tremendous growth. Her involvement in Health Tourism includes opening up of key markets including South East Asia and the Middle East. She has also successfully rebranded KPJ, resulting in the company achieving 82% consumer brand recall following a survey carried out by an independent research house and at the same time successfully putting KPJ in the list of Malaysia's top 100 brands.

She graduated from the University of North Texas with a Bachelor of Business Administration in Finance and a Master of Business Administration (Management). She has more than 20 years of working experience in Finance, Marketing and Corporate Communications. In 2013 she became an Alumni of INSEAD University and in 2014, received an award as being among the 100 Most Talented Global Marketing Leader by the World Marketing Congress.



**11 Mah Lai Heng**  
**SENIOR GENERAL MANAGER**  
**GROUP OPERATIONS SERVICES**

Mah Lai Heng, aged 56, is also the Executive Director of KPJ's East Malaysia hospitals, Kuantan Specialist Hospital and KPJ Pahang Specialist Hospital.

She holds a degree in Nursing Sciences from University Malaya and completed her Advanced Critical Care Nursing, University South Australia. She obtained her Masters in Business from the Henley Business School, University of Reading, United Kingdom, in 2005.

Mah joined the Group as a Nursing Tutor at KPJ's Putri Nursing College (now known as KPJ Healthcare University) in 1995. Throughout her tenure, she also taught Post Basic Programme in Critical Care Nursing as an adjunct lecturer at the University of South Australia, Adelaide. She also held several positions across the Group, including as General Manager to Kuching Specialist Hospital and Chief Executive Officer to KPJ Penang.

In 2012, she was appointed as the Senior General Manager of the KPJ Group Clinical & Quality Services, a post she held until year 2014. She is also the Company Director for eight companies and the Executive Director for KPJ East Malaysia Group of hospitals. She is also a facilitator and trained surveyor for Malaysian Society Quality in Health since 2001.



**12 Mohd Nasir Mohamed**  
**SENIOR GENERAL MANAGER**  
**GROUP OPERATIONS SERVICES**

Mohd Nasir Mohamed, aged 54, graduated in 1985 from the University of Abertay, Dundee, Scotland with a Bachelor's Degree in Accounting. He also holds a Post Graduate Diploma in Healthcare and Hospital Management from South Bank University, London, United Kingdom.

Mohd Nasir joined KPJ in 1993 and has since managed various companies and hospitals within the KPJ Group. At present, he is the Executive Director of six hospitals in KPJ, namely KPJ Ipoh Specialist Hospital, KPJ Penang Specialist Hospital, Kedah Medical Centre, Taiping Medical Centre, Sri Manjung Specialist Centre and KPJ Perlis Specialist Hospital. Prior to joining KPJ, he worked as an officer with a local bank.

**13 Dr. Mubbashir Iftikhar Bhatti**  
**CHIEF INFORMATION OFFICER**  
**INFORMATION TECHNOLOGY SERVICES**

Dr. Mubbashir Iftikhar Bhatti, aged 44, heads the IT portfolio as the CIO of KPJ Healthcare. He works on all projects and systems related to KPJ in the areas of IT, operations and marketing, financials, clinical and human resource.

Dr. Mubbashir graduated with a MBBS from the University of Punjab in Lahore, Pakistan. He also completed training in Macro Economics as well as computer science.

As the CIO in KPJ Healthcare, Dr. Mubbashir works on building a strong bond between information technology and the healthcare business. Some of the key projects he has worked on include Cloud Enablement, KPJ Clinical Information System, Picture Archiving and Communication Systems (PACS) and web portals.



# HOSPITAL MEDICAL DIRECTORS

• Dato' Amiruddin Abdul Satar *President & Managing Director* • Dr. Rusli Arshad *KPJ Johor Specialist Hospital* • Dato' Dr. Abdul Wahab Abdul Ghani *KPJ Ampang Puteri Specialist Hospital* • Dr. Chan Kheng Khim *KPJ Tawakkal Specialist Hospital* • Dr. R. Padmanathan *KPJ Penang Specialist Hospital* • Dr. Mahayidin Muhamad *KPJ Perdana Specialist Hospital* • Dato' Dr. Shahrudin Mohd Dun *KPJ Selangor Specialist Hospital* • Dr. Khaled Mat Hassan *Kuantan Specialist Hospital* • Dato' Dr. N. Sivamohan *KPJ Klang Specialist Hospital* • Dr. Lim Keok Tang *Damai Specialist Hospital* • Dr. Ong Boon Teik *Taiping Medical Centre* • Dr. Choong Yean Yaw *KPJ Pusat Pakar Mata Centre For Sight (Petaling Jaya)* • Dr. Ab Razak Samsudin *KPJ Pasir Gudang Specialist Hospital* • Dr. Lee Min Chuang *Sri Manjung Specialist Centre*

from right:





from left:

• **Datuk Dr. Hussein Awang** *KPJ Tawakkal Health Centre* • **Dato' Dr. Fadzli Cheah Abdullah** *KPJ Ipoh Specialist Hospital* • **Prof Dato' Dr. Azizi Hj Omar** *KPJ Damansara Specialist Hospital* • **Prof (C) Dr. Wan Hazmy Che Hon** *KPJ Seremban Specialist Hospital* • **Dr. Balakrishnan Subramaniam** *KPJ Kajang Specialist Hospital* • **Dato' Dr. Ismail Yaacob** *Kedah Medical Centre* • **Dr. Saharudin Abdul Jalal Ajma'in** *KPJ Puteri Specialist Hospital* • **Dr. Mohd Harris Lu** *Sentosa Medical Centre* • **Dr. David Ling Sheng Tee** *Kuching Specialist Hospital* • **Dr. Ahmad Farid Daud** *Kluang Utama Specialist Hospital* • **Dr. Wong Chya Wei Sib** *Specialist Medical Centre* • **Datuk Dr. Ajaz Ahmad Nabijan** *KPJ Sabah Specialist Hospital* • **Dr. Noor Hisham Mansor** *KPJ Rawang Specialist Hospital* • **Dato' Dr. Mahmood Awang Kechik** *KPJ Bandar Maharani Specialist Hospital*





1. **Dato' Amiruddin Abdul Satar**  
*President & Managing Director  
Exco Chairman*
2. **Jasimah Hassan**  
*Vice President (I) – Business  
Operations & Clinical Services*
3. **Mohd Sahir Rahmat**  
*Vice President (II) – Corporate &  
Financial Services*

4. **Abdul Malek Talib**  
*Vice President (II)  
Project Management & Biomedical  
Services*
5. **Abdol Wahab Baba**  
*Vice President (III)  
Business Development Services*
6. **Datin Sabariah Fauziah  
Jamaluddin**  
*Vice President (III)  
Group Talent Management Services*
7. **Ahmad Nasirruddin Harun**  
*Senior General Manager  
Group Education & Strategic Support  
Services*
8. **Mohd Johar Ismail**  
*Senior General Manager  
Group Operations Services  
(International)*
9. **Norhaizam Mohammad**  
*Senior General Manager  
Group Finance Services*

# HOSPITAL MANAGEMENT ...COMMITTEE



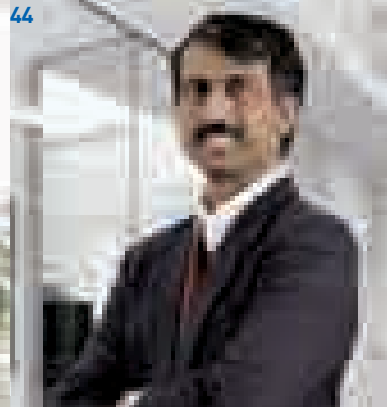
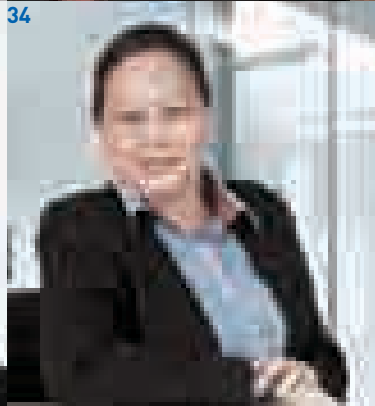
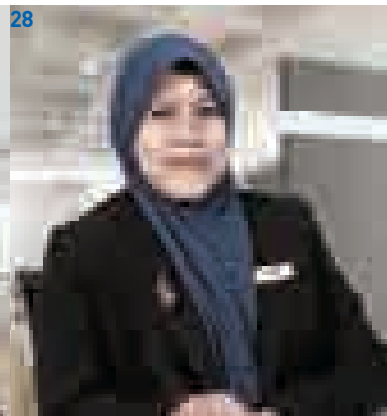


10. **Rafeah Ariffin**  
Senior General Manager  
Group International Marketing & Corporate  
Communications Services
11. **Mah Lai Heng**  
Senior General Manager  
Group Operations Services
12. **Mohd Nasir Mohamed**  
Senior General Manager  
Group Operations Services
13. **Dr. Mubbashir Iftikhar Bhatti**  
Chief Information Officer  
Information Technology Services
14. **Norita Ahmad**  
Executive Director  
KPJ Johor Specialist Hospital  
KPJ Pasir Gudang Specialist Hospital  
Kluang Utama Specialist Hospital

15. **Mohd Taufik Ismail**  
Executive Director Central Region  
(Northern)  
KPJ Damansara Specialist Hospital  
KPJ Tawakkal Specialist Hospital  
Sentosa Medical Centre  
KPJ Klang Specialist Hospital  
KPJ Rawang Specialist Hospital  
KPJ Tawakkal Health Center
16. **Roslan Ahmad**  
Executive Director Central Region  
(Southern)  
KPJ Ampang Puteri Specialist Hospital  
KPJ Seremban Specialist Hospital  
KPJ Perdana Specialist Hospital  
KPJ Kajang Specialist Hospital  
KPJ Selangor Specialist Hospital
17. **Khairun Ahmad**  
Executive Director  
KPJ Puteri Specialist Hospital  
KPJ Bandar Maharani Specialist Hospital

18. **Asmadi Mohd Bakri**  
Chief Executive Officer  
KPJ Ipoh Specialist Hospital
19. **Dr. Munirah Khudri**  
Chief Executive Officer  
KPJ Ampang Puteri Specialist Hospital
20. **Abd Aziz Abd Rahman**  
Chief Executive Officer  
KPJ Penang Specialist Hospital
21. **Maisarah Omar**  
Chief Executive Officer  
KPJ Seremban Specialist Hospital
22. **Zaharah Osman**  
Chief Executive Officer  
KPJ Damansara Specialist Hospital
23. **Mohd Farid Salim**  
Chief Executive Officer  
KPJ Tawakkal Specialist Hospital
24. **Noor Haslina Harun**  
Chief Executive Officer  
KPJ Kajang Specialist Hospital





## HOSPITAL MANAGEMENT ...COMMITTEE

25. **Yasser Arafat Ishak**  
Chief Executive Officer  
KPJ Perdana Specialist Hospital
26. **Mohd Azhar Abdullah**  
Chief Executive Officer  
KPJ Sabah Specialist Hospital
27. **Zabidi Abdul Razak**  
Chief Executive Officer  
Kedah Medical Centre
28. **Norhalida Abdullah**  
General Manager  
KPJ Selangor Specialist Hospital
29. **Muhammad Badri Hussin**  
General Manager  
Kuantan Specialist Hospital

30. **Alice Liu Ghee Voon**  
General Manager  
Sentosa Medical Centre
31. **Rosnani Ismail**  
General Manager  
KPJ Klang Specialist Hospital
32. **Mohamad Hafiz Zaini**  
General Manager  
Kuching Specialist Hospital
33. **Nor Azlina Jemain**  
General Manager  
Damai Specialist Hospital
34. **Fawziah Muhammad**  
General Manager  
Kluang Utama Specialist Hospital
35. **Hazarul Azly Hamzah**  
General Manager  
Taiping Medical Centre
36. **Denis Saving Boniface**  
General Manager  
Sibu Specialist Medical Centre

37. **Zaiton Sulaiman**  
General Manager  
KPJ Rawang Specialist Hospital
38. **Haliza Khalid**  
General Manager  
KPJ Pasir Gudang Specialist Hospital
39. **Mohamad Sofian Ismail**  
General Manager  
KPJ Bandar Maharani Specialist Hospital
40. **Cheow Jen Hurn**  
General Manager  
Sri Manjung Specialist Centre
41. **Sharian Hussain**  
General Manager  
KPJ Perlis Specialist Hospital
42. **Feirulsha Mohd Khalid**  
General Manager  
RS Medika Permata Hijau, Jakarta,  
Indonesia
43. **Yusmah Salleh**  
General Manager  
RS Medika Bumi Serpong Damai, Jakarta,  
Indonesia





44. **Muhammad Gunasingam**  
General Manager  
Jeta Gardens, Brisbane, Australia

45. **Saezahnoor Hanafi**  
Chief Executive Officer  
Sheikh Fazilatunnessa Mujib Memorial  
KPJ Specialized Hospital & Nursing College  
Dhaka, Bangladesh

46. **Zainal Abidin Lajat**  
General Manager  
Pharmaserv Alliances Sdn Bhd

47. **Nora Buhari**  
General Manager  
Lablink (M) Sdn Bhd

48. **Zawari Abdullah**  
Operation Manager  
Sterile Services Sdn Bhd

49. **Farahiyah Badri**  
General Manager  
KPJ Tawakkal Health Centre

50. **Ibrahim Abdullah**  
Operation Manager  
Pusrawi Specialist Medical Centre

51. **Christine Chew Wai Fong**  
Operation Manager  
KPJ Pusat Pakar Mata Centre For Sight



In KPJ, we understand the rigorous demands of our well-informed stakeholders, hence why we follow a strict conduct of business and financial practices. Our mission is to ensure that our every endeavour always gains the trust and confidence of the people we deal with, as we continuously work towards providing reliability and trustworthiness.

**HEART  
TO HEART**









## BUSINESS REVIEW

# HOSPITAL OPERATIONS

It was another very positive year for KPJ's Hospital Operations, marked by capacity expansion in existing facilities and the opening of new hospitals in Malaysia, as well as steady progress of our ventures in neighbouring countries within ASEAN.

### STRENGTHENED MALAYSIAN OPERATIONS

The Group's hospitals in Malaysia turned in a 15% year-on-year (YoY) increase in revenue to RM2.363 billion from RM2.054 billion in 2013, due mainly to robust growth in the number of patients and increased operational activities. A good part of the revenue was contributed by KPJ Sabah Specialist Hospital, KPJ Klang Specialist Hospital and KPJ Pasir Gudang Specialist Hospital, as well as the newly-opened KPJ Rawang Specialist Hospital and KPJ Bandar Maharani Specialist Hospital. With the two new hospitals, the Malaysian network now comprises 25 hospitals. In tandem with

the Group's expansion, we are bringing on board experienced medical specialists. By the end of 2014, KPJ had up to 1,062 medical consultants.

The segment's profit after tax (PAT) in 2014 also improved, by 14%, to RM173.6 million from RM152.7 million in 2013. This was contributed by the significant increase of profits registered in KPJ Ampang Puteri Specialist Hospital, KPJ Penang Specialist Hospital, KPJ Kajang Specialist Hospital, KPJ Tawakkal Health Centre, KPJ Perdana Specialist Hospital and Sentosa Medical Centre. KPJ Tawakkal Health Centre continues to offer the best ambulatory care services within the Klang Valley and in 2014 recorded more than 40% increase in patient numbers. KPJ Klang Specialist Hospital, KPJ Pasir Gudang Specialist Hospital, KPJ Bandar Maharani and KPJ Rawang Specialist Hospital, meanwhile, recorded negative profit as they are still going through their gestation period, which is the norm.



# RM173.6 MILLION

The segment's profit after tax (PAT) in 2014 also improved, by 14%, to RM173.6 million from RM152.7 million in 2013







The Group's hospitals in Malaysia turned in a 15% year-on-year (YoY) increase in revenue to RM2.363 billion from RM2.054 billion in 2013

#### **RISING PATIENT NUMBERS**

Every patient is a valued member of our clientele, and we truly appreciate their trust in our capabilities to serve them and their families. The increasing numbers of local and corporate customers is a reflection of KPJ's dedication to consistently good patient-centred service. Continuous improvements in our service delivery together with the introduction of new services and aggressive marketing as well as promotional activities served to attract more patients.

In 2014, KPJ's Malaysian hospitals served more than 2.8 million patients in all, compared to 2.7 million in the previous year. The number of outpatients increased 2.6% to 2,533,882 from

2,469,543 in 2013. Our hospitals also registered an encouraging 8.2% increase in inpatient numbers to 280,648 in 2014, compared to 259,488 inpatients in 2013.

The growth in the number of inpatients drove the expanding bed capacity throughout our Malaysian hospitals, with 2,851 beds as at 31 December 2014 compared to 2,717 beds in the previous year. This was due to the launch of KPJ Rawang Specialist Hospital and KPJ Bandar Maharani Specialist Hospital, as well as the opening of new wards in several hospitals.



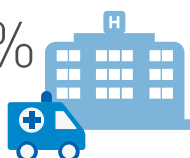
## BUSINESS REVIEW ~ HOSPITAL OPERATIONS

096



Overall occupancy at our hospitals averaged

**69.2%**  
which was 5.3%  
higher than in 2013.



Vejthani Hospital recorded a reduction in  
**revenue and profit of 3.7%  
and 8.8% respectively**, in  
tandem with fewer patients



Overall occupancy at our hospitals averaged 69.2% which was 5.3% higher than in 2013. Along with this increase there was a 3.2% growth in number of surgeries to 91,219 and a marginal 0.4% increase in the number of babies delivered to 15,672.

As part of efforts to increase our patient numbers, KPJ maintains a strong relationship with relationship with corporate clients and insurers. Insurance companies and Managed Care Organisations (MCOs) contributed close to 55% of total group revenue for the year under review.

In this regard, KPJ collaborated with several renowned insurance providers to hold health talks and community programmes, to promote healthy lifestyles and offer treatment options. Among these collaborations were with:

- Manulife Insurance: With the launch of their new insurance plan "Cover-Me-Again" that focus on heart attacks (Critical Illnesses) where, KPJ Hospitals' cardiac services and cardiologists were promoted during their health forums held in both Petaling Jaya and Sibul, Sarawak. Manulife agents, their existing clientele and invited guests attended these talks.





The Indonesian Hospitals served more than

**81,966**  
patients in 2014

as compared to 77,824 in 2013



- Tokio Marine Insurance: During their annual insurance seminar for clients (mostly Japanese companies), KPJ Hospitals were invited to participate in their seminar, "Personal Health, Well-being and Your Insurance Coverage". Held in three different regions, namely KL, Johor and Penang, their audience comprised of senior HR directors, managers and employees.
- Worked together with PM Care, Tenaga Nasional Berhad, Asia Assistance, Micare, Maybank, AmBank and others companies via series of health talks organised with the respective hospitals for their clients' employees.

#### OUR VENTURES OVERSEAS

KPJ's Indonesian Hospitals segment, comprising Rumah Sakit Medika Permata Hijau and Rumah Sakit Bumi Serpong Damai, made laudable strides forward in 2014, registering an improvement in EBITDA, Gross Profit Margin (GPM) and Net Profit Margin (NPM). In 2014, our Indonesian Hospitals' average GPM improved from 36.1% to 41.3%, aided by various transformational strategies.

The Indonesian Hospitals served more than 81,966 patients in 2014 as compared to 77,824 in 2013, reflecting an increase of 5.3%. The number of inpatients increased by 10.4%.

We are confident of continued growth of our Indonesian operations in the coming years given the expected increase in revenue and PBT as a result of the ongoing transformation programme.

In Thailand, KPJ has a 23.4% stake in Vejthani Hospital, Bangkok, which is well-known within the region for its orthopaedic treatment and facilities.

Vejthani Hospital recorded a reduction in revenue and profit of 3.7% and 8.8% respectively, in tandem with fewer patients. The hospital registered 286,453 outpatients and 8,477 inpatients, which were 4.0% and 8.1% less respectively than the numbers in 2013. This was partly due to the political impasse in the country during the year, as most patients at Vejthani Hospital are medical tourists from over 40 different countries. As the political situation stabilises, however, we are confident of a resurgence in performance in the coming year. Meanwhile, the Group continues to acquire knowledge from Vejthani Hospital and will emulate its best practices to transform more KPJ hospitals into health tourism hubs.

Following our agreement with the Sheikh Mujibur Rahman Memorial Trust to lease and operate the Sheikh Fazilatunnessa Mujib Memorial KPJ Specialized Hospital & Nursing College in Dhaka, Bangladesh, the hospital opened its outpatient services on 14 April 2014 with an initial headcount of 53 staff. Inpatient services followed on 18 October 2014, with 100 beds.

KPJ is also exploring the possibility of venturing into consultancy and hospital management expertise in other Asian countries, inclusive of the Middle East market.





Revenue from our  
**Ancillary Services**  
improved by **6%**  
compared to 2013

### GROWING ANCILLARY SERVICES SEGMENT

Companies within the Ancillary Services segment which contributed significantly towards the Group's positive performance in 2014 include Pharmaserv Alliances Sdn Bhd, Lablink Sdn Bhd, KPJ Healthcare University College, KPJ's intrapreneur companies and other subsidiaries.

The year saw revenue from our Ancillary Services improve by 6% compared to 2013 while profits soared to more than double from the previous year. The higher revenue and profit were mainly attributable to the a strategic transformation in the pathology laboratory services offered by Lablink. As Lablink is renovating their main laboratory to increase capacity and offering more services, we look forward to further improvements in top and bottom line performance from Lablink in the future. Further boosting Ancillary Services' income were concerted efforts to market and distribute pharmaceuticals, medical and surgical products, as well as higher demand.

### NURTURING THE AGED CARE FACILITY POTENTIAL

In the Aged Care Facility segment, Jeta Gardens registered a 23.1% decrease in revenue to RM31.5 million as compared to 2013, and a loss of RM3.4 million. However, we are confident of the long-term potential of this venture as well as in exporting Jeta Gardens' best practices in aged care facilities management elsewhere.

Meanwhile, we have started operating our own KPJ Senior Living Care at the KPJ Tawakkal Health Centre, catering for senior citizens and especially those needing assistive care. Based on experience gained from Jeta Gardens and several knowledge transfer initiatives, the KPJ Senior Living Care has been designed to offer a home-like environment, where quality care is provided to all residents, regardless of ethnicity, social status, religion, belief or political affiliation. Our medical, nursing and other healthcare professionals at the centre will provide comprehensive, effective and efficient care, filled with love and compassion. Having taken the first step in the Aged Care Facility segment, we aim to unlock its full potential in the Malaysian market.



## SPECIALIST SERVICES

- Anaesthetics Services
- Audiology
- Bariatric Surgery
- Cancer & Chemotherapy Services
- Cardiology including Coronary Angiogram & Angioplasty
- Cardiothoracic Surgery
- Child Psychiatry
- Clinic Pathology
- Colorectal Surgery
- Cornea Transplant Surgery
- Diet Counselling
- Dental Services
- Dermatology (Skin) Day Surgery
- Ear, Nose & Throat (ENT)
- Endocrinology
- Endoscopy Services – Gastroscopy, Colonoscopy, ERCP, etc.
- Feto-Maternal Medicine
- General Surgery
- General/Internal Medicine
- Haematology
- Immunisation & Vaccination Services
- Interventional Angioplasty
- Interventional Chronic Pain Management
- 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 Medicine Services
- Restorative Dentistry & Endodontics
- Rheumatology
- Sleep Disorder Centre
- Urology
- Vascular Surgery



## BUSINESS REVIEW

# NEW HOSPITAL DEVELOPMENTS

KPJ is geared towards continuous expansion, undertakings several greenfield projects on home ground and overseas. Two new hospitals were opened in 2014, namely KPJ Rawang Specialist Hospital and KPJ Bandar Maharani Specialist Hospital.

The purpose-built 159-bed KPJ Rawang Specialist Hospital, opened in March, is the only private hospital in Rawang district. Not only will it serve Rawang, one of the fastest growing townships in Selangor, which had an estimated population of 120,500 in 2012), but also the surrounding townships of Kuala Kubu Baru, Bukit Beruntung, Batang Berjuntai, Sungai Choh, Selayang, and even Tanjung Malim in Perak and Tanjung Karang in Selangor. Taken together, the hospital has a catchment population of approximately 415,000 people, mostly from the middle and upper-middle classes. Ongoing development and increased economic activity add to the hospital's positive outlook.

In June 2014, the KPJ Bandar Maharani Specialist Hospital in Muar, Johor commenced operations. This project began when KPJ acquired a partially completed seven-storey building situated along Jalan Stadium in Muar, Johor for RM22 million in 2010. Four years later, the 200,000 sq ft hospital with more than 100 beds and almost 200 car park bays, has been completed, at a cost of around RM40.7 million. It offers general services in orthopaedic, surgical, medical, obstetrics and gynaecology, paediatric, ophthalmology, anaesthesiology, radiology and haemodialysis treatment.

Our hospitals in Rawang and Muar are of international standard and will go a long way towards meeting the expected upsurge in demand from health tourism that the Malaysia Healthcare Tourism Council (MHTC) envisages will reach 1.9 billion patients by 2020. Together, they add another 259 beds to our current capacity, bringing the Group total to 3,229 beds as at the end of 2014.



The purpose-built **159-bed KPJ Rawang Specialist Hospital**, opened in March, is the only private hospital in Rawang district.

### EXPANDING OUR NETWORK, STRENGTHENING CAPACITY

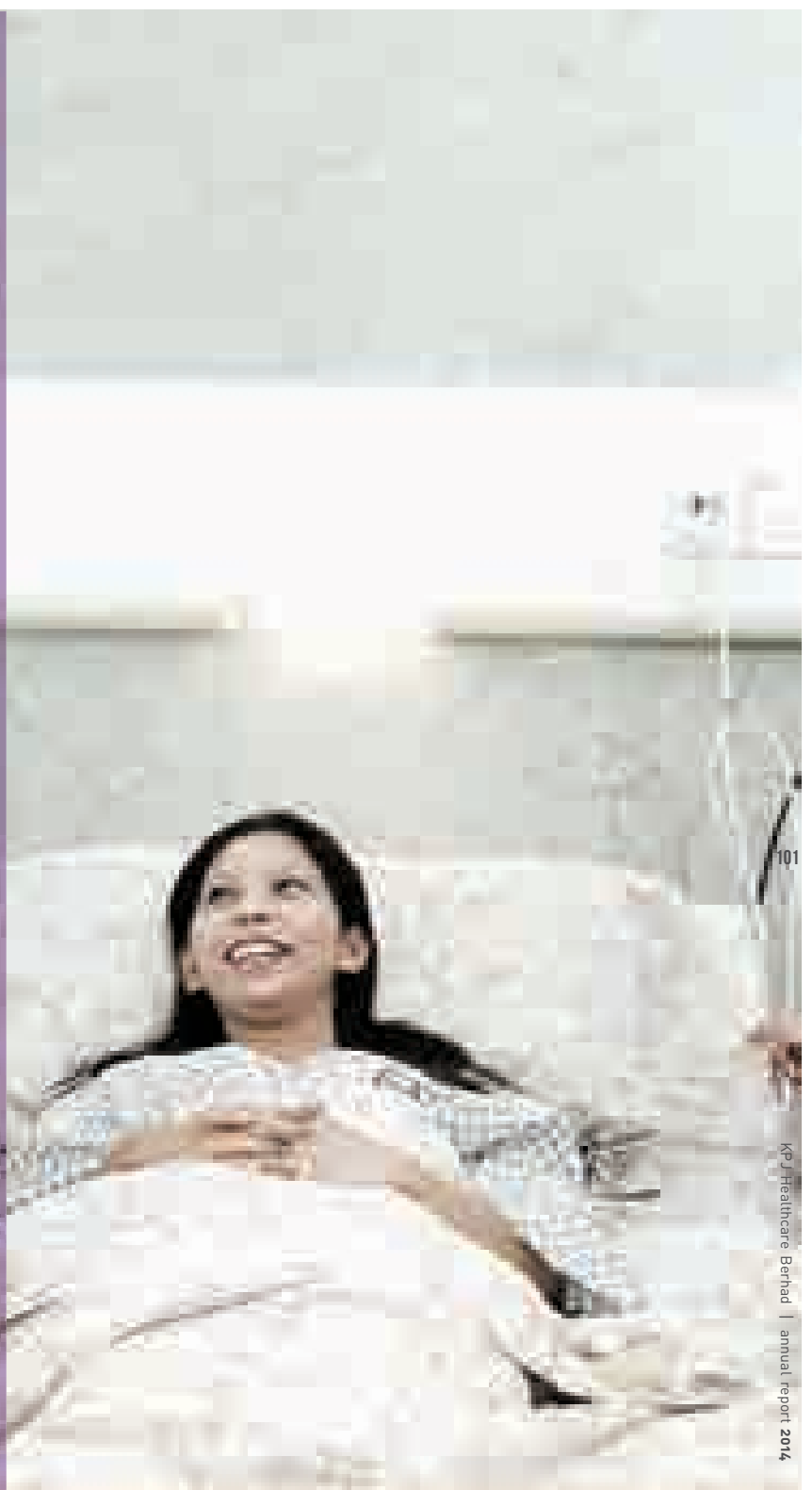
KPJ plans to roll out a minimum of two new hospitals per annum to meet high market demand and ensure continued growth in our performance. Accordingly, plans are in the pipeline to roll out another 10 hospitals over the next five years. Three of these have been identified for development under the Healthcare National Key Economic Area of the Economic Transformation Programme (ETP), which augurs well for KPJ's performance going forward, particularly on the health tourism front.





# The KPJ Perlis Specialist Hospital will be our maiden foray into the northern-most state of Peninsular Malaysia

KPJ plans to open the KPJ Perlis Specialist Hospital and KPJ Pahang Specialist Hospital in 2015. The KPJ Perlis Specialist Hospital will be our maiden foray into the northern-most state of Peninsular Malaysia. KPJ is jointly developing the hospital in collaboration with Yayasan Islam Perlis on a 4-acre site in Kangar, Perlis where it is expected to serve a population of around 250,000 throughout the state of Perlis and southern Thailand. Built at an initial development cost of about RM46 million, the first phase of the development will enable the hospital to provide 60 operating beds with allowance to raise the capacity to a total of 90 beds at a later stage. The new facility will feature some of the latest diagnostic imaging facilities and medical equipment, and will also be equipped with operation theatres alongside an intensive care unit, labour room and more than 30 medical consultant suites. Once the hospital is completed, it will also offer physiotherapy, haemodialysis, 24-hour accident, emergency and outpatient services.



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KPJ plans to roll out a minimum of  
**two new hospitals  
per annum**

to meet high market demand and ensure  
continued growth in our performance

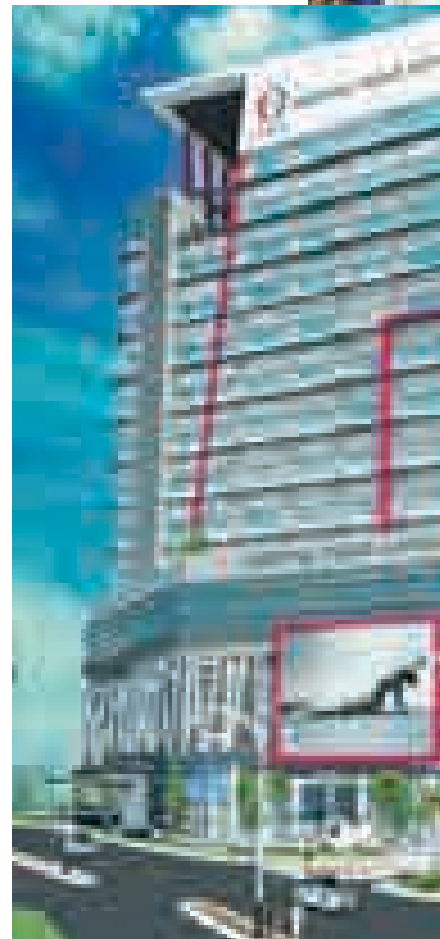




## BUSINESS REVIEW ~ NEW HOSPITAL DEVELOPMENTS

KPJ is also set to expand our presence in Pahang via the development of the KPJ Pahang Specialist Hospital at Tanjung Lumpur, Kuantan. This development, which will complement the services of the existing KPJ Kuantan Specialist Hospital in Pahang, is being undertaken together with PASDEC Corp, a subsidiary of the Pahang State Development Corporation, under a 70:30 joint venture. The upcoming facility will comprise 188 beds and 38 clinics with 45 consultants offering general services in orthopaedics, surgery, obstetrics and gynaecology, paediatrics, ophthalmology, anaesthesiology, radiology as well as ear, nose and throat care.

This will be followed by the opening of the KPJ Bandar Dato' Onn Specialist Hospital in 2017 and our new JV hospital in Johor, KPJ-UTM, in the same year. The KPJ Bandar Dato' Onn Specialist Hospital is located at Bandar Dato' Onn, a new township within the Iskandar Development Region in Johor. The new 510-bed capacity hospital will be developed in two phases – the first phase encompassing a built-up area of approximately 280,000 sq ft with 90 beds. The new flagship hospital will provide six well-equipped, cutting-edge centres of excellence in heart disease, geriatrics, cancer, women and child care, cosmetic care and orthopaedics and related surgery. The hospital's international-standard offerings and strategic location are expected to draw foreign patients, especially from neighbouring Singapore and Indonesia.



Creating a competitive  
**advantage...**





**10 hospitals  
scheduled for  
development  
between 2015  
and 2019** will  
bolster the Group's  
domestic footprint

103



In 2017, the KPJ Miri Specialist Hospital, KPJ BDC Specialist Hospital, Kuching, Sarawak and another facility in Nilai are set to commence operations. Plans are also under way to construct a hospital facility in Port Dickson and another in Melaka by 2018. KPJ Klang Bayuemas Specialist Hospital will start in 2019. These 10 hospitals scheduled for development between 2015 and 2019 will bolster the Group's domestic footprint as well as strengthen our standing as the largest network of private specialist hospitals in Malaysia.

The hospital's international-standard offerings and strategic location are expected to **draw foreign patients**







## BUSINESS REVIEW

# HEALTH TOURISM

104

Following the identification of health tourism as a growth sector by the Malaysian Government in 1998, significant public and private-sector investments have been channelled into its development over the past 15 years. The results have been encouraging, with greater numbers of medical tourists to the country increasing its reputation as a healthcare provider in the global space.

The country's burgeoning health tourism is the result of a combination of factors – from foreigners acknowledging the country's affordable yet quality healthcare and generally excellent tourism facilities to positive efforts by the Government to promote Malaysia as a medical tourist hub.

In 2010, with the launch of the Economic Transformation Programme (ETP) aimed at transforming Malaysia into a high-income nation, interest in harnessing health tourism's economic potential grew. The ETP earmarked healthcare as one of the country's 12 National Key Economic Areas (NKEAs). Within this NKEA, health tourism is intended to generate RM9.6 billion in revenue and RM4.3 billion in gross national income, requiring 5,300 more medical professionals by 2020.

Spurred by the ETP, private healthcare providers have been making concerted efforts to attract more medical tourists whom we believe we could serve efficiently and effectively with our world-class medical practitioners and cutting-edge technology. Various initiatives undertaken culminated in the country being given top ranking for its healthcare services by International Living's 2015 Global Retirement Index.





At KPJ, efforts to promote health tourism began in earnest in 2011 when a full Health Tourism team was put together. Extending the Group's patient-centric credo to our foreign patients, we employed foreign staff specifically to interact with our international patients – to treat them in a manner they are comfortable with as well as to talk to them in their own language. At the hospitals earmarked for health tourism, we set up International Patient Counters to serve as one-stop centres for foreign patients, offering pick-up and shuttle service, patient registration, handling of visa extensions, payment and insurance arrangement, booking of appointments with specialist consultants and other concierge arrangements.

Supporting our resources within Malaysia, we have engaged foreign agents in several key markets overseas including Indonesia, China, Bangladesh, the Middle East and East Africa, who help patients to select the KPJ hospital that best suits their treatment and other needs. These agents then work closely with our Health Tourism team to arrange every aspect of our foreign visitors' stay and treatment in our hospitals, from the selection of the medical consultant to the dates of visits, pick up at the airport and other details.

These efforts have proven effective, as seen in increasing numbers of expat and international patients since 2012. As our foreign patient numbers increase, so do the number of our "patient ambassadors". The multitude of international patients who received successful treatment will return to their countries full of praise of our care. Many of them will repeat with subsequent treatments, while also encouraging their family and friends to benefit from the KPJ touch.

To reassure foreign tourists of the quality of our healthcare, we have been fronting our four JCI-accredited hospitals – namely KPJ Ampang Putri, KPJ Seremban, KPJ Penang and KPJ Johor Specialist Hospitals – as our health tourism hubs. In anticipation of growth in this sector, we have identified two more hospitals for the globally recognised accreditation.

Our revenue from Health Tourism increased by 16.83% as at December 2014 to RM78.38 million from RM67.09 million in 2013. Indonesia remained our top health tourism market, contributing about 49% of our total health tourism revenue. Indonesia being the largest contributor to KPJ Group of Hospitals has led us to participate in events and sales visits that reached an agreement to cooperate with the major Indonesian banks as well as build a good rapport and relationship with the Indonesia Embassy, Tourism Malaysia Jakarta and also health companies throughout Indonesia.

Indonesia remained our top medical  
tourism market contributing



**ABOUT 49%**  
of KPJ's total health tourism revenue





## BUSINESS REVIEW ~ HEALTH TOURISM

The international patients' visits from as far as Middle East and Africa to Malaysia have been on the rise as they see Malaysian hospitals as the centre of medical excellence. This positive trend has led to an increase number of patients from the Middle East by 43%.

All these statistics show improvement as various events were held targeting visitors from the Middle East as well as the expatriate community in the country especially during the summer months. KPJ organised a campaign to welcome Arab tourists in collaboration with the following popular Middle Eastern restaurants all over the Klang Valley. A total of 130 tourists were given health screenings, some of whom were converted as patients. The campaign also saw us set up a booth at the MHTC concierge in the arrival hall at the Kuala Lumpur International Airport (KLIA), where we handed out KPJ goody bags to tourists, mainly Middle Eastern passengers, upon their arrival.

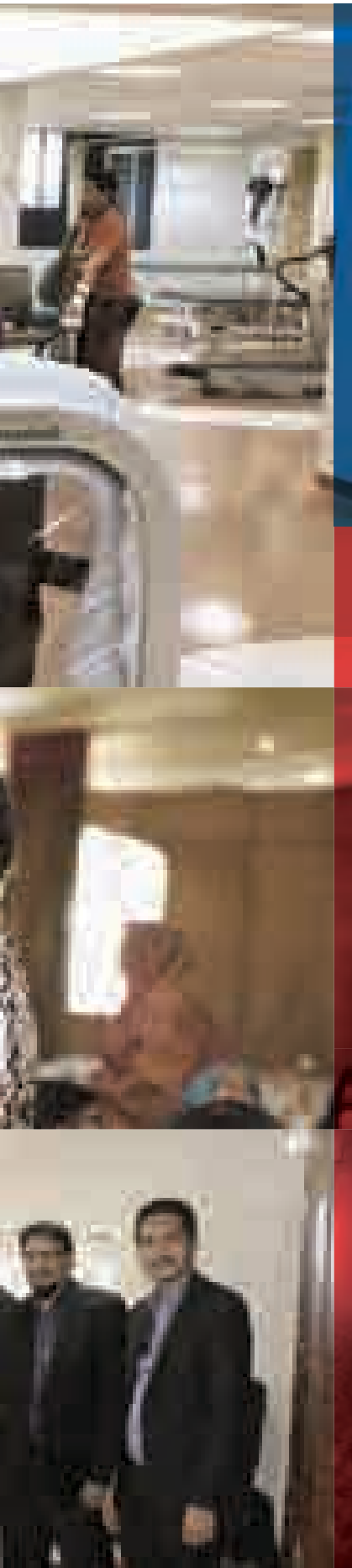
Along with an increase in the number of Somali patients at our network of hospitals in Malaysia, we are inspired to promote our medical services more heavily in Somalia and its neighbouring countries such as Ethiopia and Kenya.



KPJ organised a Summer-Month campaign to welcome Arab tourists in collaboration with **popular Middle Eastern restaurants all over the Klang Valley.**







The international patients' visits from as far as Middle East and Africa to Malaysia have been on the rise as they see Malaysian hospitals as the centre of medical excellence.

## THIS POSITIVE TREND HAS LED TO AN INCREASE NUMBER OF PATIENTS FROM THE MIDDLE EAST BY 43%.



Bangladeshis, Indians and Pakistanis show a total of 24% increase in patients' hospital visits, this is due to an increase number of expatriates working in Malaysia, scholar students studying in local universities and MM2H program takers especially in Klang Valley. Bangladesh is one of KPJ key markets to export Malaysia's medical services especially with our involvement in managing the Sheikh Fazilatunnessa Mujib Memorial KPJ Specialized Hospital & Nursing College. KPJ works closely with MHTC on various programs to create awareness of what we have to offer to the Peoples of Bangladesh.

Throughout the year, our medical consultants presented talks at numerous events both in Bangladesh as well as in Malaysia, focusing on the Bangladeshi community here. Our consultants from the various KPJ Group of Hospitals and Health Centre presented health talks to the Bangladeshi community and doctors.

Although our Health Tourism is already growing at a very healthy rate, we intend to further increase our numbers to 25% by 2020.

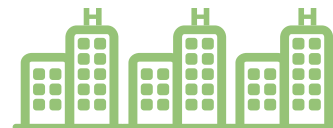
Although this is a large investment, we are confident of generating very attractive returns given that health tourism will have positive spill-over effects in other revenue generating streams such as demand for goods and services in clinical research and development, pharmaceuticals and medical equipment.



We have been fronting

## OUR FOUR JCI-ACCREDITED HOSPITALS

– namely KPJ Ampang Putri, KPJ Seremban, KPJ Penang and KPJ Johor Specialist Hospitals – as our health tourism hubs



We have committed to building six new hospitals under the ETP at a total investment of

## RM814 MILLION



## BUSINESS REVIEW

# BIOMEDICAL SERVICES

108

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Biomedical services, comprising a pool of dedicated personnel with a wealth of experience in the field of

## BIOMEDICAL ENGINEERING AND MANAGEMENT SERVICES

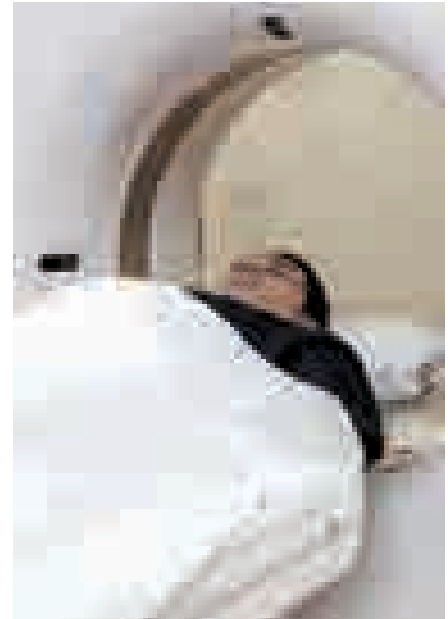
### BIOMEDICAL SERVICES

The Biomedical Services team plays an effective supporting role in coordinating investments and maintaining medical equipment for KPJ Hospitals. Embedding safety, reliability and relentless support to promote cost-effective investment in the usage of every single piece of medical equipment, this Services manages and coordinates thousands of activities per calendar year in Preventive and Corrective maintenance exercise throughout the Group – all in accordance to specific manufacturers' recommendations and in tandem with international safety standards.

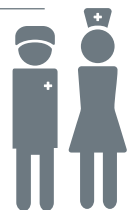


With over 30-strong team Group-wide, Biomedical services, comprising a pool of dedicated personnel with a wealth of experience in the field of Biomedical engineering and management services, currently manage medical equipment throughout their full life cycle 'from-cradle-to-grave' for more than 10,000 pieces of registered medical equipment. They are technically involved from the first day of planning, purchases, delivery, installations, commissioning, operations and maintenance, until the decommissioning stages.

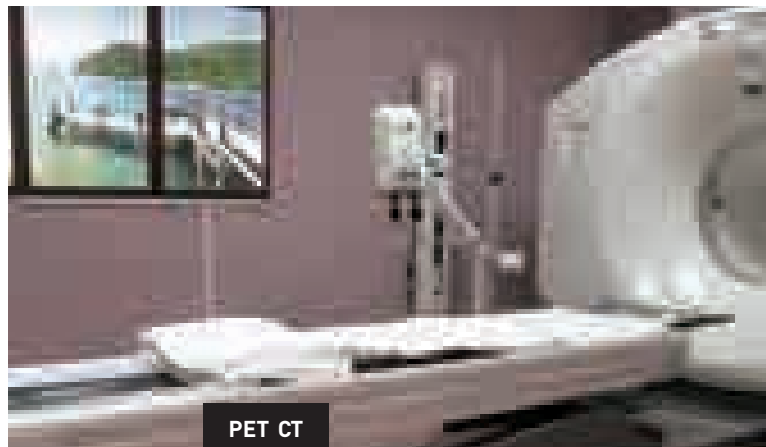
In tandem with continuous and effective investments on the state-of-the-art equipment, synchronised with the growing number of KPJ hospitals, the continuous and relentless support from Biomedical Services is essential in ensuring the safety and reliability of equipment, while promoting cost effectiveness for every piece of medical equipment investment across a wide range of disciplines and services throughout the Group.



## THE BIOMEDICAL SERVICES TEAM PLAYS AN EFFECTIVE SUPPORTING ROLE IN COORDINATING INVESTMENTS AND MAINTAINING MEDICAL EQUIPMENT FOR KPJ HOSPITALS







PET CT

## 1. NUCLEAR MEDICINE

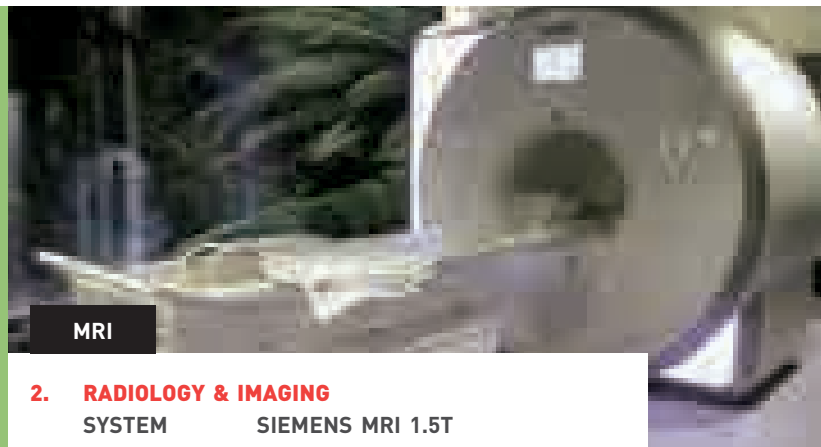
SYSTEM	GE PET CT SCANNER SYSTEM
VENUE	KPJ JOHOR SPECIALIST HOSPITAL

### Special Features

Today, the boundaries imaging technology has expanded with the addition of innovative PET/CT.

Positron Emission Tomography (PET) and computerised tomography (CT) are both state-of-the-art imaging tools that allow physicians for Scanning, Diagnosing, Staging Studies (Analysing) and Evaluating treatments for their cancer patients, allowing the physician to investigate suspected recurrence of cancer, revealing tumors that might otherwise be obscured by scar tissue resulting from surgery and radiation therapy. The KPJ Johor's GE PET/CT 610 system.

- CT detector 40 mm at a speed of rotation of 0.35 seconds.
- Reduction of up to 60% in CO<sub>2</sub> emissions using the power saving mode.
- Advanced applications to help clinicians to make rapid accurate diagnoses.
- The ASiR1 technology lets you reduce the value of mA in the acquisition of diagnostic images.
- Simplify workflow optimised for fast operation.



MRI

## 2. RADIOLOGY & IMAGING

SYSTEM	SIEMENS MRI 1.5T
VENUE	KPJ JOHOR SPECIALIST HOSPITAL (MRI 1.5T 48-CHANNEL) KPJ RAWANG SPECIALIST HOSPITAL (MRI 1.5T 8-CHANNEL) KUCHING SPECIALIST HOSPITAL (MRI 1.5T 8-CHANNEL)

### Special Features

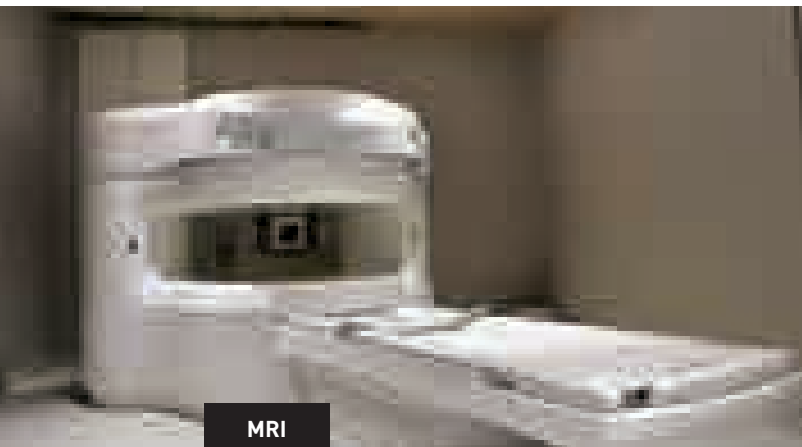
Magnetic Resonance Imaging (MRI) is an image-guided process for displaying structures inside the body.

The high speed and latest 48-channel and 8-channel system installed in KPJ Johor, KPJ Rawang, Kuching Specialist Hospital equipped with enhancement both productivity and image quality in the MRI suite. The new system enabling increased resolution while allowing flexibility, making it easy to customise and provide uniquely tailored, optimised scans configurable to patient condition.

The Siemens MRI delivers true day-changing performance. Through the ground breaking integration of Total Imaging Matrix and Dot, a new standard of efficiency and care that will help patient screening with harness a new level of productivity. A full range of applications and a patient-centered design make this the top-of-the-line choice for 1.5T.

In combination, these technologies bring practitioners to perform more exams per day. It comes with a larger opening bore, and a short magnet to make exams more patient-friendly, especially for claustrophobic and paediatric patients.





**SYSTEM** HITACHI 0.3TESLA MAGNETIC  
RESONANCE IMAGING (MRI)  
**VENUE** KPJ MAHARANI SPECIALIST  
HOSPITAL

### Special Features

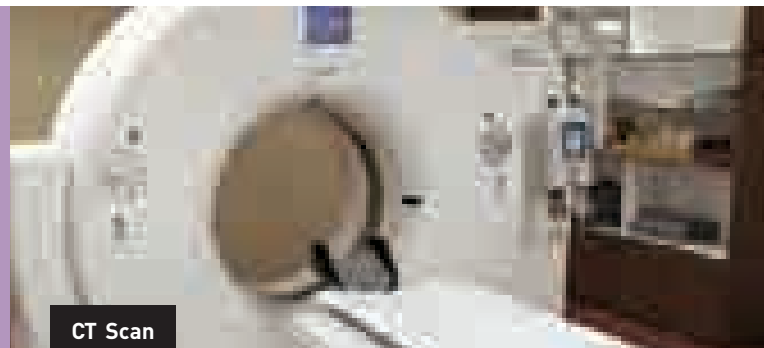
The Open Magnetic Resonance Imaging (MRI) System continues to evolve to more advanced and sophisticated technology.

The Sophisticated Open Architecture with a wide opened in the right and left directions, give not only a feeling of security to the persons who feel uneasy with closed places or claustrophobic, but it has considerable merits for taking care of small children and elderly patients.

The Advance Imaging Capabilities with high definition imaging technology developed for a precise diagnosis in a short-time. Quality Imaging acquired by adopting permanent vertical magnetic field method allows the use of solenoid type receiver coils, MR Signals higher than those of horizontal magnetic field MRI system.

The Sophisticated Operation Environment with smooth operation realised by adoption of a large screen monitor display and comprehensive interface. Capability of confirming the examination status at a glance allows for higher workflow efficiency.

Superb Stability and Reliability provide promising unbreakable medical diagnostic services and support.



**SYSTEM** SIEMENS MUSLTISLICE CT SCANNER  
**VENUE** KPJ RAWANG SPECIALIST HOSPITAL

### Special Features

The new Siemens Definition AS64, a Multislice CT Scanner installed in KPJ Rawang has the latest technologies for Clinicians to perform a wide variety of clinical examinations as well as advanced applications in a streamlined workflow to obtain clinical images of maximum quality at a minimal amount of radiation. The advanced dose reduction technologies with active collimator provides excellent image quality at a low radiation dose.

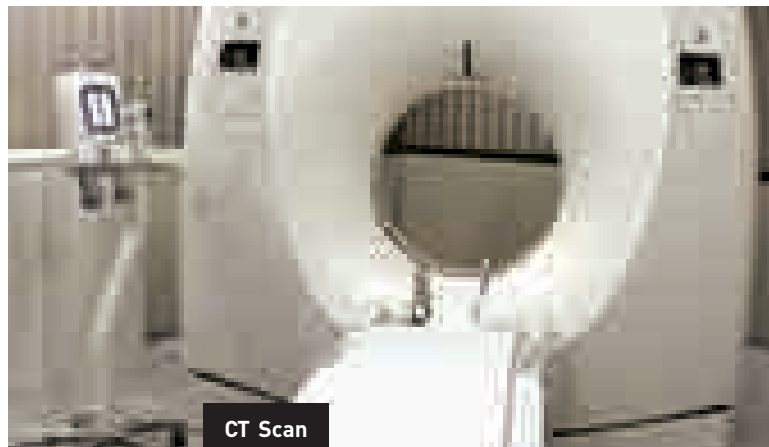
The system comes with high-speed reconstruction which can be performed in parallel to high-speed scanning, allowing images to be instantly available for review as the patient is leaving the scan room.

With fastest rotation time of up to 0.3s with famous Straton tube with z-Sharp technology for excellent image quality, allows many examinations to be performed in mere seconds improving patient care especially for trauma and paediatric patients.

The ultra-thin detector with 64 slices images, enable scanning of organs in higher resolution at shorter scanning time, resulting in multiplanar and 3D images demonstrating perfect continuity along the Z-axis.



## BUSINESS REVIEW ~ BIOMEDICAL SERVICES



CT Scan

SYSTEM	TOSHIBA MULTISLICE CT SCANNER
VENUE	KLUANG UTAMA SPECIALIST HOSPITAL SRI MANJUNG SPECIALIST HOSPITAL

### Special Features

This Toshiba system is the next generation, intelligent 16-slice CT Scanner that sets a new standard for clinical excellence and diagnostic versatility.

Within its modern design, customer-inspired enhancements include superb image quality with advance dose-optimising features.

This CT scanner system is designed to reduce electricity consumption with an energy savings of more than savings compared to prior other CT Scan technology. Built on reliable and proven technology, this system combines advance clinical capacity with economic value.



CT Scan

SYSTEM	GE MULTISLICE CT SCANNER SYSTEM
VENUE	KPJ MAHARANI SPECIALIST HOSPITAL

### Special Features

The GE Optima system is the next generation, intelligent 16-slice CT Scanner that sets a new standard for clinical excellence and diagnostic versatility. Within its modern design, customer-inspired enhancements include superb image quality with advance dose-optimising features.

This GE Optima system is designed to reduce electricity consumption with an energy savings of more than 60% compared to prior other GE CT Scan technology. Built on reliable and proven technology, this system combines advance clinical capacity with economic value.





Angio

### 3. CARDIOLOGY

#### SYSTEM

SHIMADZU FULLY DIGITAL ANGIOGRAPHY SYSTEM

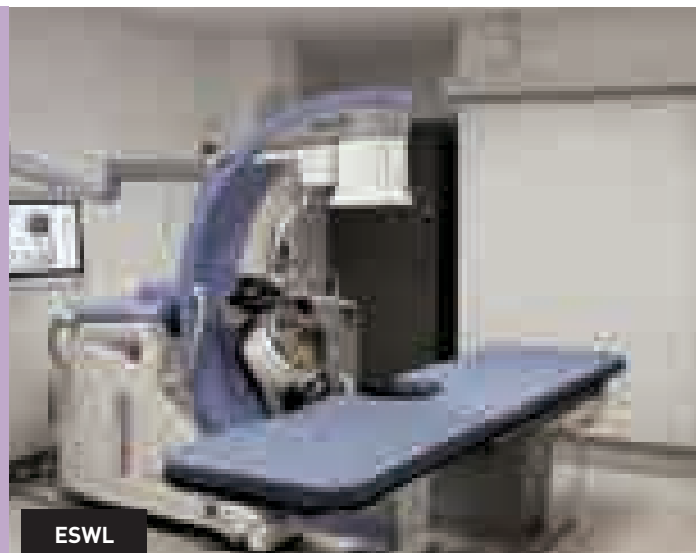
#### VENUE

KPJ KAJANG SPECIALIST HOSPITAL  
KPJ DAMANSARA SPECIALIST HOSPITAL

#### Special Features

With the advent of new technologies, all new angiography system has been constructed with a flat panel detector image intensifier which is user friendly and produces better image resolution. The system, which can detect small blood vessel abnormalities in the heart, enables cardiologists to make quick decisions on diagnose and treatment.

The superiority of this system supports clear Fluoroscopy and Radiography and enables patient examination and treatment to proceed smoothly with a high level of safety. This in turn reduces the stress on the cardiologist and interventionists and provides a safe, comfortable environment for catheterisation examinations and treatment. In addition, multipurpose solutions such as cardiac/peripheral vascular and cerebral/abdominal vascular solutions are available. All in all, the technological superiority of this system and the integration of the latest software and hardware solutions has increased overall performance and improved image resolution, while reducing the radiation dosage and procedural time required.



ESWL

### 4. UROLOGY

#### SYSTEM

EDAPTECHNOMED ESWL (NON-INVASIVE LITHOTRIPSY)

#### VENUE

KPJ SELANGOR SPECIALIST HOSPITAL

#### Special Features

The Edaptechnomed's Sonolith I-Sys, an integrated solution that fit to a dedicated ESWL room, and use the patented Electroconductive technology to offer the best results combined with intuitive and user-friendly devices.

The new Sonolith I-Sys, fully Designed with the patient in mind concept, with the appropriate generator position, a connected platform with clear versatility, safety and fully remote control of X-ray Isocentric robotised movements.



## BUSINESS REVIEW

# EDUCATION



### CONTINUING IN ITS TRADITION OF GROWTH, IN 2014, KPJUC INTRODUCED A TOTAL OF SEVEN NEW PROGRAMMES...

KPJ's venture into healthcare education commenced in 1991, when it became an innovative pioneer in nursing education and training in the country. This education arm of KPJ was upgraded to become KPJ Healthcare University College (KPJUC) in 2011. Its programmes have been expanded to include Medicine, Pharmacy, Health Sciences, Management and Behavioural Science and Humanities at the diploma, Bachelor, Master and PhD levels. At the same time, it has seen a marked increase in its student intake, campus network and in the reputation that it holds for maintaining a high level of academic excellence.

Continuing in its tradition of growth, in 2014, KPJUC introduced a total of 7 new programmes comprising two medical specialist programmes, a Master of Paediatrics, Master of Radiology, Bachelor of Science in Nursing (Hons), Bachelor of Physiotherapy (Hons), Certificate in Aged Health Care, Certificate in Dialysis Technician and Certificate in Obstetric Care Assistant.





## ACADEMIC PROGRAMME

As at end 2014, KPJUC offered 35 programmes ranging from the Foundation to PhD levels at all three campuses. This marks an increase of seven new programmes.

Current Programmes Approved by the Ministry of Education and Offered at KPJUC, Nilai, Johor Bahru and Penang.

NO	PROGRAMME	INTAKE
<b>SCHOOL OF MEDICINE</b>		
1	Master of Otorhinolaryngology – Head and Neck Surgery	1 – Nov
2	Master of Paediatrics	1 – Jun
3	Master of Radiology	1 – Jun
<b>SCHOOL OF PHARMACY</b>		
4	Master of Pharmacy (Research)	3 – Feb/Jun/Sep
5	Master of Sciences in Pharmaceutical Technology (Research)	3 – Feb/Jun/Sep
6	Bachelor of Pharmacy (Hons)	1 – Sep
7	Bachelor of Pharmaceutical with Health Sciences (Hons)	2 – Feb/Sep
8	Diploma in Pharmacy (Nilai) Diploma in Pharmacy (Penang)	3 – Feb/May/Sep
<b>SCHOOL OF NURSING</b>		
9	Doctor of Philosophy in Nursing	3 – Feb/Jun/Sep
10	Master of Nursing Science (Research)	3 – Feb/Jun/Sep
11	Bachelor of Science in Nursing (Hons)	1 – Sep
12	Bachelor of Science (Hons) International Nursing (in collaboration with University of Hertfordshire, UK)	2 – May/Sep
13	Diploma in Nursing (Nilai) Diploma in Nursing (JB)	3 – Feb/May/Sep 2 – Jun/Sep
14	Certificate in Renal Nursing (Nilai) Certificate in Renal Nursing (JB)	2 – Apr/Sep
15	Certificate in Paediatric Nursing	2 – Apr/Sep
16	Professional Certificate in Critical Care Nursing	1 – Jan
17	Professional Certificate in Education & Teaching for Nursing Professionals	1 – Apr
18	Professional Certificate in Gerontology Nursing	1 – Jun
19	Post Basic Certificate in Orthopaedic Nursing (JB)	1 – Dec
20	Advanced Diploma in Perioperative Nursing 1+0 (in collaboration with Liverpool John Moores University, UK)	1 – Sep
21	Advanced Diploma in Midwifery Nursing	1 – Oct
22	Certificate in Aged Health Care	2 – Feb/Jun
23	Certificate in Basic Patient Care Course for Healthcare Assistant (JB)	2 – Feb/Jul
<b>SCHOOL OF HEALTH SCIENCES</b>		
24	Master of Medical Imaging (Research)	3 – Feb/Jun/Sep
25	Master of Physiotherapy (Research)	3 – Feb/Jun/Sep



NO	PROGRAMME	INTAKE
26	Bachelor of Medical Imaging (Hons)	2 – May/Sep
27	Bachelor of Physiotherapy (Hons)	2 – May/Sep
28	Diploma in Medical Imaging	3 – Feb/May/Sep
29	Diploma in Physiotherapy	3 – Feb/May/Sep
30	Diploma of Higher Education in Operating Department Practise (in collaboration with Liverpool John Moores University, UK)	1 – Sep
31	Certificate in Dialysis Technician	1 – Sep
32	Certificate in Obstetric Care Assistant	1 – Sep
<b>SCHOOL OF BUSINESS AND MANAGEMENT</b>		
33	Diploma in Health Information Management	1 – May
34	Certificate in Health Information Management	1 – May
<b>SCHOOL OF BEHAVIOURAL SCIENCE AND HUMANITIES</b>		
35	Foundation in Science	2 – May/Sep

Programmes awaiting approval from the Ministry of Higher Education, to be offered in 2015

NO	PROGRAMME	INTAKE
<b>SCHOOL OF MEDICINE</b>		
1	Master of Surgery	1 – Jun
2	Master of Orthopedics	1 – Jun
<b>SCHOOL OF PHARMACY</b>		
3	PhD in Pharmaceutical Sciences	3 – Feb/Jun/Sep
4	Advanced Diploma in Aseptic Services	1 – Sep
<b>SCHOOL OF HEALTH SCIENCES</b>		
5	Bachelor of Occupational Health Therapy (Hons)	1 – Sep
<b>SCHOOL OF BEHAVIOURAL SCIENCE AND HUMANITIES</b>		
6	BA (Hons) in Strategic Corporate Communication	2 – Feb/Sep

New programmes currently being developed for submission and to be offered in 2016

NO	PROGRAMME	INTAKE
<b>SCHOOL OF NURSING</b>		
1	Post Basic Certificate in Home Nursing	1 – Feb
2	Bachelor of Nursing (Top-up) – 2-year programme	1 – Sep
<b>SCHOOL OF BEHAVIOURAL SCIENCE AND HUMANITIES</b>		
3	Bachelor of Psychology (Hons)	1 – Sep
<b>SCHOOL OF BUSINESS AND MANAGEMENT</b>		
4	Diploma in Business Studies	1 – Jun
5	Bachelor of Business Management (Hons)	1 – Sep
6	Master in Management	1 – Sep



## RESEARCH/CONFERENCE ACTIVITIES

In 2014, KPJUC also strengthened its research and development (R&D) activities. The focus on clinical research in KPJUC is conducive for Master's and PhD students, which are growing in numbers. In line with this, KPJUC invested in building its own animal house at the cost of RM200,000. The animals are used in various pharmacy related experiments under the supervision of Animal Ethics Committees (AECs).

Group. At the same time, the university college has a network of collaborative alliances with international counterparts in the areas of R&D, publications and higher-level supervision. KPJUC will continue to forge alliances with universities abroad and leverage on the multifarious benefits of cross-cultural academic teams to strengthen its R&D and other activities. A total of 24 ongoing and new research projects are being undertaken at KPJUC, some of which in collaboration with KPJ hospitals.

KPJUC's R&D programmes enjoy strong support from the KPJ

School	Ongoing Research	New Research	As at December 2014
Medicine	3	2	5
Nursing	2	8	10
Health Sciences – Medical Imaging	0	0	0
Health Sciences – Physiotherapy	0	2	2
Pharmacy	3	0	3
Business and Management	1	0	1
Behavioural Science and Humanities	1	2	3
<b>Total</b>	<b>10</b>	<b>14</b>	<b>24</b>

## CURRENT STUDENTS AND ALUMNI

Enrolment at all three KPJUC campuses as at December 2014.

S/N	PROGRAMME	Dec 2014	Dec 2013	Variance (%)
<b>SCHOOL OF NURSING</b>				
1	Doctor of Philosophy In Nursing (PhD)	6	4	50
2	Master of Nursing Science	8	4	100
3	Bachelor of Sciences (Hons) UK	22	41	(46)
4	Bachelor of Nursing (Hons)	4	0	100
5	Diploma in Nursing (Nilai)	426	474	(5)
	Diploma in Nursing (JB)	308	299	
6	Certificate in Renal Nursing	0	10	(100)
7	Certificate in Paediatric Nursing	0	13	(100)
8	Professional Certificate in Education & Teaching for Nursing Professionals	0	12	(100)
9	Advanced Diploma in Midwifery	0	11	(100)
10	Professional Certificate in Critical Care Nursing	0	11	(100)
11	Advanced Diploma in Perioperative Nursing	14	0	100
12	Certificate in Orthopedic Nursing (JB)	10	0	100
	<b>TOTAL</b>	<b>798</b>	<b>868</b>	<b>(8)</b>



S/N	PROGRAMME	Dec 2014	Dec 2013	Variance (%)
<b>SCHOOL OF PHARMACY</b>				
1	Master of Science in Pharmaceutical Technology	5	5	0
2	Bachelor of Pharmaceutical with Health Sciences (Hons)	89	40	123
3	Bachelor of Pharmacy (Hons)	54	24	125
4	Diploma in Pharmacy (Nilai)	366	330	29
	Diploma in Pharmacy (Penang)	133	57	
	<b>TOTAL</b>	<b>647</b>	<b>456</b>	<b>42</b>
<b>SCHOOL OF HEALTH SCIENCES</b>				
1	Bachelor of Medical Imaging (Hons)	27	17	59
2	Diploma in Medical Imaging	84	103	(18)
3	Master of Physiotherapy	2	2	0
4	Bachelor of Physiotherapy (Hons)	24	0	100
5	Diploma in Physiotherapy	203	123	65
6	Diploma in Operation Department	60	44	55
7	Certificate in Basic Patient Care Course for Healthcare Assistant	0	6	(100)
8	Certificate in Dialysis Technician	8	0	100
9	NCIA Project 2014	30	0	100
	<b>TOTAL</b>	<b>438</b>	<b>295</b>	<b>48</b>
<b>SCHOOL OF BUSINESS AND MANAGEMENT</b>				
1	Diploma in Health Information Management	37	17	141
	<b>TOTAL</b>	<b>37</b>	<b>17</b>	<b>141</b>
<b>SCHOOL OF BEHAVIOURAL SCIENCE AND HUMANITIES</b>				
1	Foundation In Science	25	11	127
	<b>TOTAL</b>	<b>25</b>	<b>11</b>	<b>127</b>
<b>SCHOOL OF MEDICINE</b>				
1	Master of Otorhinolaryngology – Head And Neck Surgery	4	5	(20)
2	Master of Radiology	3	0	100
	<b>TOTAL</b>	<b>7</b>	<b>5</b>	<b>40</b>
<b>GRAND TOTAL</b>		<b>1,952</b>	<b>1,652</b>	<b>18</b>

### ACADEMIC COLLABORATION AND SUPPORT

KPJUC's tradition of academic excellence is galvanised by a team of dedicated, highly qualified and experienced lecturers who inspire students to unleash their potential. To further strengthen its academic excellence, KPJUC has built strong international alliances with universities in Australia and the United Kingdom (UK). Among these, it has forged sound working relationships with the University of South Australia (1994), Liverpool John Moores University, UK (1997) and University of Hertfordshire, UK (2009). These alliances enrich KPJUC's resources with quality and diverse professional support.

Starting in 2011, KPJUC has been working closely with Universiti Kebangsaan Malaysia (UKM) in developing new specialist medical programmes. Among the first of such programmes to be offered was the Master of Otorhinolaryngology – Head and Neck Surgery. Currently, two new programmes are being finalised with UKM to be offered in 2015, namely the Master of General Surgery and Master of Orthopedics.



Being the leader in Malaysia's healthcare industry, KPJ Healthcare has many medical specialists serving its Group of Hospitals in various areas and sub-specialties. These untapped resources of knowledge and skills have started the first private medical specialist programmes in Malaysia spearheaded by KPJUC. KPJ is a keen advocate of the Government's policy of bridging the private and public sectors via partnership. As the leading healthcare provider in Malaysia, we believe we have the capability and strength to become the Government's partner in promoting Malaysia as the leading healthcare hub in the region.

## MANPOWER

The University and Colleges employ a total of 229 staff, consisting of:

Category/Year	Total			Variance %
	2014	2013	2012	
Academic Staff	133	134	132	1.52
Non-Academic Staff	96	88	82	7.32
<b>Total</b>	<b>229</b>	<b>222</b>	<b>214</b>	<b>3.73</b>

Faculty/Department	No. of Staff
Medicine	2
Pharmacy	21
Nursing	61
Health Sciences	25
Business & Mgt	4
Beh. Science	20
Administrative	96
<b>Total</b>	<b>229</b>

Lecturers	Academic Qualification				
	Certificate	Diploma	Bachelor	Master	PhD
<b>School</b>					
Medicine	0	0	1	1	1
Pharmacy	0	2	5	10	4
Nursing	0	5	21	15	1
Health Sciences	0	2	13	10	0
Business & Management	0	0	0	3	1
Behavioural Sciences & Humanities	0	0	12	9	0
<b>Total</b>	<b>0</b>	<b>9</b>	<b>52</b>	<b>48</b>	<b>7</b>

### BOARD OF DIRECTORS BY COMPANY 2014

#### Puteri Nursing College Sendirian Berhad

Datin Paduka Siti Sa'diah Sheikh Bakir (*Chairman*)  
 Jasimah Hassan (*Deputy Chairman*)  
 Ahmad Nasirruddin Harun (*Executive Director*)  
 Prof. Dato' Dr Azizi Bin Hj Omar  
 Dato' Dr. Shahrudin Bin Mohd Dun  
 Prof. (C) Dr. Wan Hazmy Bin Che Hon  
 Dr. Ab Razak Bin Samsudin  
 Dr. Mohd Harris Lu @ Lu Ping Neng  
 Dr. Mohd Hafetz Bin Ahmad  
 Azizah Binti Ahmad

#### KPJ Education Services Sendirian Berhad

Jasimah Hassan (*Chairman*)  
 Ahmad Nasirruddin Bin Harun (*Executive Director*)  
 Dato' Dr. Sivamohan a/l S Namasivayam  
 Dr. Noor Hisham Bin Mansor  
 Datin Sabariah Fauziah Binti Jamaluddin  
 Mohd Johar Bin Ismail  
 Abdul Malek Bin Talib  
 Khairun Bin Ahmad  
 Roziah Binti Abu Bakar



## BUSINESS REVIEW

# SENIOR LIVING CARE

KPJ is one of the few Malaysian healthcare operators to have invested in Aged Care. Firm in the belief that demand for this service will increase along with ageing populations, we have invested in Jeta Gardens, Australia, while also setting up a KPJ Senior Living Care at one of our own hospitals in Kuala Lumpur.

### JETA GARDENS

KPJ has a 57% stake in Jeta Gardens, an aged care and retirement resort village facility in Brisbane, Australia. Located on 64 acres along the banks of the Logan River in Bethania, between Brisbane and the Gold Coast, the multi-ethnic residents of the village resort enjoy a tranquil atmosphere which combines the best of the East and West.

The Retirement Resort currently offers 65 independent living units comprising 33 villas and 32 apartments, which are leased out to retired residents on a pre-paid long-term arrangement. Given the picturesque surroundings, enhanced by a lake that attracts birds, and the facilities of a club house and cafeteria, these villas and apartments enjoy high occupancy rates. As an added bonus, residents in the retirement village have easy access to clinical and domestic care, if needed, as the Aged Care facility is situated on the same grounds. Jeta Gardens has also contracted with the Department of Social Services to provide domestic and transport services to approved clients living in South Brisbane and the Jeta Gardens Retirement Village.

The Aged Care facility in Jeta Gardens provides residential care for persons, including former residents of the retirement village, who are no longer capable of living independently. Currently offering 108 beds, the facility is set to expand with an additional 70 beds when a new building is completed in April 2015. Expansion of the Aged Care facility is motivated by the high current occupancy rate, and anticipated growth in demand as the population of senior citizens aged over 65 years in Australia increases over the next 40 years from 3.6 million in 2014–2015 to 8.9 million in 2054–2055.

The new Aged Care building will feature a unique “house” concept, grouping 12 residents together in separate wings. Each “house” will function as a normal home, with its own facilities such as a kitchenette, dining area and lounge, doing away with the institutionalised atmosphere. The first residents are expected to move into their new homes in May 2015.

+ Source: 2015 Intergenerational Report Australia in 2015







Jeta Gardens  
currently offers

# 65<sup>+</sup>

# independent

living units comprising 33 villas and 32 apartments...



#### **KPJ SENIOR LIVING CARE, KUALA LUMPUR**

KPJ Senior Living Care (KPJ SLC) is KPJ's latest venture catering to senior citizens, and especially those who need assistive nursing care services. Drawing on the Jeta Gardens experience, we opened a home-like aged care facility to provide quality care to residents regardless of ethnicity, social status, religion, belief or political affiliation. Our focus is to provide a safe, efficient and compassionate environment in which relationships can be cherished.

At KPJ SLC, we aim offer the elderly a home away from home where they are cared for by trained personnel and where they have the opportunity to socialise with other residents. A multidisciplinary care technique is used to ensure optimum comfort and well-being. A network of services, namely the KPJ KL Rehabilitation Centre, KPJ Dental Specialist Centre and KPJ Pusat Pakar Mata Centre For Sight support the facility within the same structure, ensuring convenient and hassle-free referrals.

Residents are kept occupied with planned activities such as karaoke, gardening and board games to fill their days with enjoyment to prevent loneliness or boredom. Birthday celebrations and other gatherings can also be organised.



## **THE NEW AGED CARE**

building will feature a unique "house" concept, grouping 12 residents together in separate wings.



## BUSINESS REVIEW ~ SENIOR LIVING CARE

122

To recreate a home-like environment, the residents are encouraged to bring family photos, their own furniture, favourite personal items like pillows and blankets. We also encourage frequent visits and meals with family members.

KPJ SLC was awarded an Operating Licence for 42 beds in August 2014, and received its first resident on 25 August 2014. As at March 2015, KPJ SLC has received a total of 38 admissions comprising patients with stroke, care for post hip and knee replacement surgeries as well as patients with Parkinson's Disease that require basic or total nursing care and rehabilitation services. Out of 38 admissions, 13 residents were admitted for long-term care and the other 25 were admitted for short-term care and rehabilitation.

### **KPJ KL Rehabilitation in Partnership with KPJ Senior Living Care**

Our KPJ KL Rehabilitation Centre provides whatever support and treatment is necessary for the residents at KPJ SLC. As walking is the simplest exercise, patients are encouraged to walk as much as possible, either on their own or with the aid of special equipment like the Alter G or the Tibion.





We also encourage frequent

## VISITS AND MEALS

with family members.

For residents who are not able to walk independently, there are different treatment methods and modalities at the mini gym on the 5<sup>th</sup> floor that enable them to practice active movements, including the BTE Primus. Bed-bound residents will be encouraged to use the Tilt table to promote passive movement.

Trained Occupational Therapists work with residents to improve residents' cognitive abilities including their focus, attention, sequencing and memory via games and interactive engaging activities. The centre also has on board trained and experienced speech therapists and psychologists to help patients who have problems with speech, swallowing or eating, or who have psychological issues.

KPJ SLC was set up to serve Malaysia's ageing population, meeting their expectations and standard of care in their golden years. This is also part of an extended service care for KPJ's patients who still require care and assistance upon discharge from the hospital.

The centre conducts promotional activities such as Open Days to attract potential clients, while flyers are distributed in targeted residential areas. Leveraging on Malaysia's warm weather, rich culture and outstanding food, our next step is to look into the potential of attracting senior citizens overseas to our shores to escape their harsh winters.

**TRAINED OCCUPATIONAL THERAPISTS WILL LOOK INTO IMPROVING THE RESIDENTS' COGNITIVE ABILITIES INCLUDING THEIR FOCUS, ATTENTION, SEQUENCING AND MEMORY VIA GAMES AND INTERACTIVE ENGAGING ACTIVITIES.**







## BUSINESS REVIEW

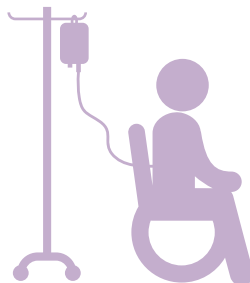
# ANCILLARY SERVICES

THE GROUP'S CORE NETWORK OF HOSPITALS REQUIRE A RANGE OF SUPPORT SERVICES IN ORDER TO FUNCTION OPTIMALLY. **THESE ARE PROVIDED BY A GROUP OF SUBSIDIARY COMPANIES THAT TOGETHER MAKE UP OUR ANCILLARY SERVICES.**

WHILE CREATING GREATER COST EFFICIENCIES FOR THE GROUP, THESE COMPANIES ALSO SERVE AS BUSINESSES IN THEIR OWN RIGHT, EARNING INCOME FROM THIRD PARTIES AND CONTRIBUTING TO KPJ'S REVENUE.



**“THE PREFERRED  
LABORATORY  
SERVICE  
PROVIDER”** in the  
country. To consolidate KPJ  
Group’s laboratory services...



## LABORATORY SERVICES

Lablink (M) Sdn Bhd is wholly owned by Kumpulan Perubatan (Johor) Sdn Bhd (KPJSB), a subsidiary of the Group. Established in 1989, it offers medical laboratory services with a mission to be “The preferred laboratory service provider” in the country. To consolidate KPJ Group’s laboratory services, Lablink was given the task of managing all our hospital laboratories. The first hospital laboratory that it took over was in KPJ Ampang Puteri Specialist Hospital in January 1999. To date, Lablink is managing 24 medical laboratories including 22 KPJ hospital laboratories and a laboratory in Nilai Medical Centre, Negeri Sembilan.

Centralisation of laboratory services under Lablink holds many benefits. It standardises the systems and methods used, enabling bulk purchasing with is more cost-efficient, as well as a comparison of results among the laboratories. Centralisation also allows for all the branches to be linked through a Laboratory Information System which facilitates the transfer of results online. In addition, a consolidated laboratory holds greater weight because of its size and attracts greater recognition in the private medical laboratory sector.

Lablink provides tests in the following areas: haematology, biochemistry, immunoassay, microbiology, molecular testing, histopathology, cytopathology, allergies and auto-immune antibodies and therapeutics drugs monitoring (TDM).

## QUICK FACTS

As at end 2014, Lablink’s total manpower stood at

**338 STAFF COMPARED TO 251 STAFF AT END 2013.** This includes one General Manager and six consultant pathologists including two visiting consultants.

**AS AT END 2014, LABLINK WAS MANAGING 23 HOSPITAL MEDICAL LABORATORIES IN THE COUNTRY.**

**29 HOSPITAL LABORATORIES**



and medical centres are using Laboratory Information System (LIS) developed by Lablink.

As part of a transformation programme, Lablink is developing a reference centre for KPJ laboratories, equipped with state-of-the-art technology that meets international standards for the services offered. Most distinctively, Lablink Central will be the first private laboratory in Malaysia to comply with Molecular and Biosafety Level 3 (BSL3) for testing of highly infectious diseases.

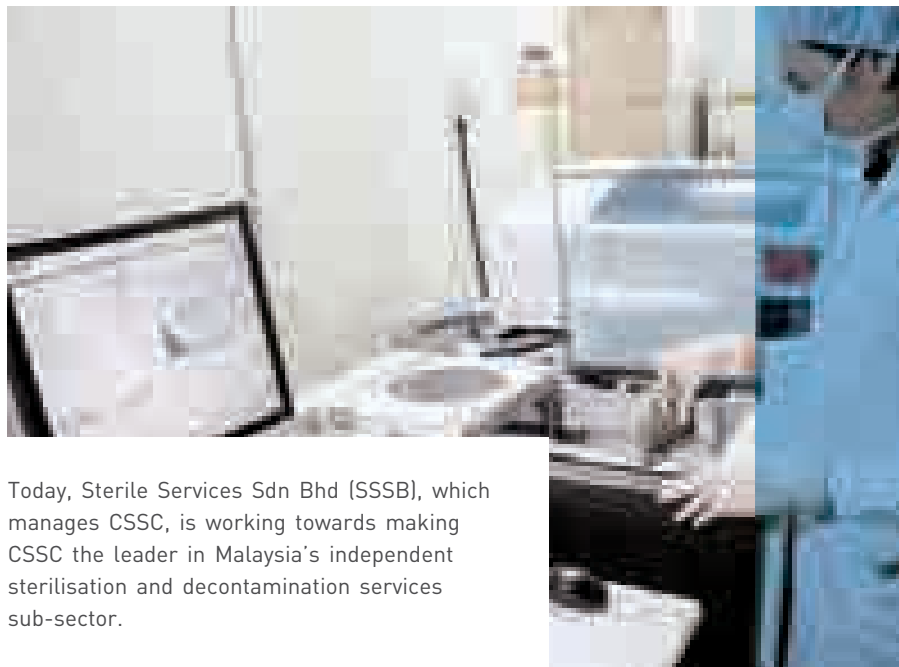
In the first phase of its implementation, Lablink Central will focus on mycobacteriology diagnostics for pathogenic agents that cause diseases such as tuberculosis (TB) and ebola, in addition to catering to the KPJ Group of Hospitals and other healthcare facilities. Lablink Central will also have the capability to work with public and private healthcare institutions on research into highly infectious and pathogenic organisms. All KPJ’s laboratories will have access to Lablink Central for technical and professional consultation.



## BUSINESS REVIEW ~ ANCILLARY SERVICES

Lablink recorded a 64% increase in revenue from RM38.2 million in 2013 to RM62.5 million in 2014, mainly due to a higher volume of General Tests and Cytopathology reports which increased by 72% and 65% respectively. This was followed by Blood Bank tests, which increased by 41%, Histopathology which grew by 39%, and Microbiology which increased by 32%.

Going forward, Lablink will continue to integrate all laboratories under its management, and work towards ISO15189 accreditation. This would go a long way towards gaining greater recognition among the public, clients and other medical laboratories. With Lablink Central, Lablink also aims to offer consultation services for all pathology disciplines, and to promote the medical laboratory profession.



Today, Sterile Services Sdn Bhd (SSSB), which manages CSSC, is working towards making CSSC the leader in Malaysia's independent sterilisation and decontamination services sub-sector.

### STERILISATION SERVICES

Sterilisation of surgical equipment is an essential component in the smooth running of any high-quality hospital. The function can be performed either in-house or externally. At KPJ, the service is undertaken by a centralised body, the Centralised Sterilisation Service Centre (CSSC) in Rawang, which ensures not only a standard level of quality from one hospital to another within the Group but also added operational and cost-efficiencies relating to the management, supply, collection and delivery of sterile goods to hospitals throughout the KPJ network.

As CSSC gains in prominence within the industry, an increasing number of external hospitals within the Klang Valley are beginning to appreciate the value of its business model and are engaging in its sterilisation services. Towards this end, quality of service is paramount, and CSSC is regularly audited and receives approval for the ISO 9001:2008, ISO 13485:2012 and ISO 17665-1:2006 certifications.

### CENTRALISED PURCHASING AND DISTRIBUTION CAPABILITY

PharmaServ Alliances Sdn Bhd (PASB), established on 19 October 2001, is a wholesaler and distributor of pharmaceuticals and medical disposable items, catering mainly to the needs of KPJ Group of hospitals and subsidiary companies. PASB strives to create enduring service based on trust and integrity while maintaining a consistently high quality of products through the entire distribution network. As one of the largest buyers of pharmaceuticals and medical disposable items in the country, it is able to pass on cost savings from bulk purchases to the KPJ Group of hospitals and, eventually, to customers.

PASB stays abreast of the dynamic changes in technologies and applications to enhance its operations and the overall effectiveness of the company. It has, for example, already aligned its processes and systems so they are ready for implementation of the Goods and Services Tax (GST) on 1 April 2015.



In addition to the ISO 9001:2008 certification, PASB officially received the Good Distribution Practice Medical Devices (GDPMD) Certification Scheme in November 2014, indicating compliance with Malaysian medical device regulatory requirements as stipulated by the Medical Device Act 2012 (Act 737). The GDPMD certification underlines PASB's dedication and commitment to quality and further strengthens its capabilities and service offerings to customers.

In 2014, PASB recorded revenue of RM349 million, marking an increase of 5.42% over the preceding year. This is in line with the increase in the total number of hospitals within the Group and other related activities.

#### **KPJ PUSAT PAKAR MATA CENTRE FOR SIGHT**

KPJ Pusat Pakar Mata Centre For Sight (CFS) serves as a centre of excellence in eye care, providing quality clinical care at a reasonable price to the local and international community. Its range of specialty services goes beyond the minimally invasive laser technique to correct vision defects (called Lasik Relex Smile) to cornea and vitreo-retinal surgery, glaucoma treatment, cataract removal, oculoplastic surgery and paediatric ophthalmology.



**PASB recorded revenue of  
RM349 MILLION**  
marking an increase of 5.42% over the  
preceding year

CFS currently operates out of three branches, the newest being launched in KPJ Tawakkal Health Centre (THC) on 11 October 2014 in conjunction with World Sight Day. Offering outpatient and day-care facilities, the three branches combined treat more than 20,000 patients and perform over 2,500 procedures annually.

The centre also rolled out 48 external and four in-house screenings over the course of the year. These eye screenings form part of KPJ's corporate social responsibility (CSR) activities to create awareness of how prevention is better than cure. Most of these activities were carried out in conjunction with World Glaucoma Week 2014, World Sight Day 2014, Retina Disease 2014 and CFS THC Open Day, and received tremendous response from the public.

By investing in state-of-the-art equipment and with continuous aggressive marketing strategies, CFS registered a total turnover of RM9.7 million, 28% higher than in 2013.

#### **INTRAPRENEUR COMPANIES**

KPJ believes in helping our staff grow along with us. Towards this end, we have introduced the concept of "intrapreneurship" through which we support entrepreneurial ventures of our people. To date, we have seen intrapreneurial ventures develop in the areas of stationery and printing supplies, pharmaceuticals and, most recently, centralised kitchen services.

Central Kitchen was set up in 2013 within the vicinity of KPJ Klang Specialist Hospital to supply in-patient meals to its neighbouring hospital. On 1 October 2014, it extended its service to KPJ Rawang Specialist Hospital. The aim, eventually, is for it to cover the entire KPJ Group of hospitals.





### HEALTHCARE IT SOLUTIONS

Healthcare IT Solution Sdn Bhd (HITSSB) manages the healthcare IT system throughout KPJ's hospital network, helping the Group to optimise the cost of our technology investments. The company, which also serves external customers locally and abroad, has grown from strength to strength and is today a key player in the niche healthcare IT solutions sector.

HITSSB does not just implement software solutions within our network of hospital but keeps updating these to ensure our hospital information systems are optimally effective and efficient. In 2014, for example, it enhanced its Material Management Module to simplify and automate the procurement process while introducing an online payment module with HSBC. The result has been quicker processing as well reduced risk of incorrect information.

In order to stay relevant and expand its market presence, the 15-year-old company constantly updates its product and services portfolio with the latest IT innovations so as to be able to offer these to clients. Recently it reinvented itself by switching from a client-based accounting system to a web-based



system. At the same time, it has expanded its product chain by providing integrated multimedia systems which include videos, video walls, kiosks, queue management systems and more. The company's positive growth in 2014 reflects HITSSB team's success in fending off stiff competition in its segment.

### STATIONERY AND PRINTING MATERIALS

Skop Yakin (M) Sdn Bhd provides the Group with cost-effective supply of stationery and printing materials, mainly for promotional collaterals such as hospital brochures, leaflets, banners and bunting. Other products includes printing of hospital & office documents such as administrative forms and supply of signages. From one stop set up initially in KPJ Perdana Specialist Hospital, Skop Yakin is expanding its services to cover more hospitals in the Group and is looking to serve third parties too. It also seeks to grow its product range, and has introduced various baby products to be included in maternity packages offered by hospitals.

net profit of  
**RM2.5 MILLION**  
from the programme in 2014...





To further expand its business, Skop Yakin plans to strengthen its competitive edge by entering into strategic collaborations with established manufacturers. The company is also opening a chain of retail outlets and showrooms, and will soon be migrating onto the online platform to complement its physical presence.

#### PHARMACEUTICALS

Teraju Farma Sdn Bhd (TFSB) is involved in the wholesale supply of pharmaceuticals and healthcare related products to the government sector. Established with a paid-up capital of RM0.5 million in xxxx [year], the company recorded revenue of RM54 million and a profit before tax of RM1.5 million in 2014. With strong financial and operational support of KPJ as its holding company, experienced staff and a strong network encompassing over 200 healthcare enterprises, it aims to be the preferred partner and distributor of healthcare products. TFSB's capability to source health related products and its record of providing excellent service to customers are among its key value propositions.

#### AN EXPANDING WELLNESS & LIFESTYLE PROGRAMME

In 2008, KPJ embarked on a Wellness & Lifestyle Programme based on the concept that prevention is better than cure. The programme, which highlights the positive benefits derives from leading a healthy lifestyle, provides integrated solutions that combine insight into healthcare needs. Along with greater awareness of preventative health among the general population, it has garnered very good response from its target audience of individuals, couples and family members.

We recorded a healthy growth in sales and net profit margin for 2014. As at 31 December 2014, there were over 17,000 subscribers to the programme with total sales amounting more than RM150 million.

This was supported by an increase in number of KPJ hospitals that offer the programme, from 10 as at the end of 2013 to 16 as at the end of 2014. We also plan to enrol more KPJ hospitals into the programme.



There were over

**17,000**  
subscribers



to the programme with total sales amounting to almost RM150 million.



A photograph of three young children in a playroom. On the left, a girl in a green floral dress is looking up and holding a blue ball. In the center, a girl with curly hair in a pink shirt and red pants is also holding a blue ball. On the right, a girl in a white shirt is sitting on the floor, playing with yellow and orange blocks. The background shows a colorful play area with shelves and toys.

# CORPORATE RESPONSIBILITY

As one of Malaysia's most progressive medical providers, KPJ Healthcare Berhad fully appreciates that a strong and innovative presence in the realm of corporate social responsibility (CSR) is one of the core factors that generates the trust of patients and stakeholders alike. The Group continues to adhere to a leading-edge CSR strategy as we lift our profile, both within the medical industry and in the community at large.





## COMMUNITY

KPJ has always been at the forefront of reaching out to the community through public health screening sessions, health talks and other events. We continue to touch the lives of the impoverished and underprivileged in communities around us. Giving back to the community is integral to our corporate philosophy as encompassed by our message of Care for Life.

### KLINIK WAQAF AN-NUR (KWAN)

Our flagship CSR programme is undertaken in collaboration with our parent organisation, Johor Corporation (JCorp), through the Klinik Wakaf An-Nur (KWAN) initiative. The main objective of KWAN is to provide healthcare treatment and dialysis facilities to the general public, particularly the deserving, regardless of ethnicity and religion.

From the inception of the first KWAN charity clinic in Johor in 1998 until year 2014, the network expanded to encompass one hospital in Johor and 19 clinics throughout Malaysia including five site clinics and six dialysis centres. These are supported by two mobile clinics in Johor and Selangor. By end 2014, we had served more than 1.13 million patients.

The current network of KWAN clinics and hospitals:

No	CLINIC/HOSPITAL	LOCATION	DATE OPENED
1.	Klinik Waqaf An-Nur Kotaraya *	Johor Bahru, Johor	01.11.1998
2.	Hospital Waqaf An-Nur Pasir Gudang	Pasir Gudang, Johor	16.06.2006
3.	Klinik Waqaf An-Nur Batu Pahat	Batu Pahat, Johor	16.03.2001
4.	Klinik Waqaf An-Nur Senawang	Seremban, Negeri Sembilan	06.10.2003
5.	Klinik Waqaf An-Nur Sungai Buloh, Selangor	Sg. Buloh, Selangor	23.06.2006
6.	Klinik Waqaf An-Nur Muar	Muar, Johor	01.08.2007
7.	Klinik Waqaf An-Nur Kluang	Kluang, Johor	01.08.2007
8.	Klinik Waqaf An-Nur Ijok, Kuala Selangor	Ijok, Selangor	01.11.2007
9.	Klinik Waqaf An-Nur Kuching, Sarawak	Kuching, Sarawak	19.02.2008
10.	Klinik Waqaf An-Nur Samariang, Sarawak	Kuching, Sarawak	23.12.2009
11.	Klinik Waqaf An-Nur Bukit Indah, Ampang	Ampang, Selangor	24.12.2009
12.	Klinik Waqaf An-Nur Larkin Sentral	Johor Bahru, Johor	29.12.2009
13.	Klinik Waqaf An-Nur Manjoi, Perak	Ipoh, Perak	15.01.2010
14.	Klinik Waqaf An-Nur Pekan Kajang, Selangor (Cabin)	Kajang, Selangor	31.12.2010
15.	Klinik Waqaf An-Nur Rembau, Masjid Jamek Rembau Negeri Sembilan (Cabin)	Rembau, Negeri Sembilan	01.11.2011
16.	Klinik Waqaf An-Nur Masjid Al-Syakirin, Jalan Gombak Selangor (Cabin)	Gombak, Selangor	01.12.2011



No	CLINIC/HOSPITAL	LOCATION	DATE OPENED
17.	Klinik Waqaf An-Nur Masjid Al-Amaniah, Taman Selayang, Batu Cave, Selangor (Cabin)	Batu Caves, Selangor	01.01.2012
18.	Klinik Waqaf An-Nur Masjid Al-Falah USJ9 Subang Jaya, Selangor	Subang Jaya, Selangor	10.10.2012
19.	Klinik Waqaf An-Nur Masjid Seberang Jaya, Pulau Pinang (Cabin)	Seberang Jaya, Pulau Pinang	01.03.2013
20.	Klinik Waqaf An-Nur Taman Bukit Tiram	Johor Bahru, Johor	17.07.2013

In early 2015, 2 more KWAN clinics were opened, namely:

- Waqaf Selangor Muamalat (WSM) – (mobile clinic)
- KWAN Masjid Al-Ismaili, Pekan Tumpat, Kelantan

Other KWAN clinics expected to be opened in 2015 are:

- KWAN Masjid Bandar Baru Sultan Sulaiman, Pelabuhan Klang Selangor
- Yayasan Semesta Berdaftar, Petaling Jaya, Selangor (mobile clinic)

## PUSAT ANAK PERMATA NEGARA

In addition to KWAN, KPJ through 15 of our hospitals has adopted 15 Pusat Anak Permata Negara (Permata Early Childhood Education and Care Centres), which care for underprivileged children throughout Malaysia. The hospitals offer the children free medical care while also carrying out various CSR programmes to uplift their lives. The Permata programme was initiated by the Prime Minister's wife, Datin Seri Rosmah Mansor.

Hospitals participating in this programme are as follows:

No	PERMATA CENTRES	HOSPITALS
1.	Pusat Anak PERMATA Negara Batu Pahat	KPJ Johor Specialist Hospital
2.	Pusat Anak PERMATA Negara Kulai	KPJ Johor Specialist Hospital
3.	Pusat Anak PERMATA Negara Pasir Gudang	Puteri Specialist Hospital
4.	Pusat Anak PERMATA Negara Tenggaraoh	Kluang Utama Specialist Hospital
5.	Pusat Anak PERMATA Negara Dengkil	KPJ Ampang Puteri Specialist Hospital
6.	Pusat Anak PERMATA Negara Subang Jaya	KPJ Selangor Specialist Hospital
7.	Pusat Anak PERMATA Negara Bercham	KPJ Ipoh Specialist Hospital
8.	Pusat Anak PERMATA Negara Besout	KPJ Ipoh Specialist Hospital
9.	Pusat Anak PERMATA Negara Raja Alias	KPJ Seremban Specialist Hospital
10.	Pusat Anak PERMATA Negara Pasir Mas	KPJ Perdana Specialist Hospital
11.	Pusat Anak PERMATA Negara Nibong Tebal	KPJ Penang Specialist Hospital
12.	Pusat Anak PERMATA Negara Bera	Kuantan Specialist Hospital
13.	Pusat Anak PERMATA Negara Kota Samarahan	Kuching Specialist Hospital
14.	Pusat Anak PERMATA Negara Kota Belud	Damai Specialist Hospital
15.	Pusat Anak PERMATA Negara Parit Buntar	Taiping Medical Centre

Under this programme, in 2014 KPJ Puteri Specialist Hospital conducted medical checks on 27 new students during the annual registration day on 24 January; KPJ Perdana organised a Convocation ceremony for the children from the Pasir Mas centre in Kelantan on 13 December; and the Taiping Medical Centre celebrated the fourth anniversary of both Rumah Anak PERMATA Negara Parit Buntar and the Medical Centre itself.

15 of our hospitals have adopted 15  
**Pusat Anak Permata Negara (Permata Early Childhood Education and Care Centres)**





## FLOOD RELIEF

In December 2014, when the East Coast of Malaysia and East Malaysia were inundated by the floods, 159 of our employees were seriously impacted while a number of our hospitals were also affected, namely Damai Specialist Hospital, KPJ Perdana, Kuantan Specialist Hospital and Kuching Specialist Hospital. To come to their aid, KPJ mobilised a relief mission team consisting of consultants, nurses and support staff to provide medical aid, distribute essential items and help in physical rehabilitation efforts. The relief mission was activated from 10 January 2015 to 2 March 2015. Two KWAN mobile clinics also took part in the relief mission – one from KPJ Damansara and another from KPJ Selangor. Contributions from the Group were overwhelming, totalling an estimated RM611,756.



## COMMUNITY OUTREACH PROGRAMMES

As in previous years, our management and staff devoted their time and effort to uplift the lives of less privileged members of our community.

Our Talent Management department was particularly active in organising outreach programmes. On 26 April, working with Kelab Sukan dan Rekreasi (KSR), it invited 50 children from Rumah Titian Kaseh to a healthy living senamrobik session at Menara 238. The children not only enjoyed a good workout but also received cash and toys that had been contributed by personnel from the different departments.

During the holy month of Ramadhan, Talent Management again with KSR held a Charity Bazaar Jumble Sale to collect funds for KWAN. Booths were set up to sell items donated by KPJ staff, while others were rented to interested third parties. A total of RM3,074 was collected from the event. At the end of Ramadhan, Talent Management organised a visit to two orphanages in Kuala Lumpur, Rumah Anak-anak Titiankasih and Rumah Perlindungan Raudhatul Jannah, to celebrate Aidilfitri with the children. Supporting the initiative, KPJ donated RM5,000 to each home.

Other leading community initiatives conducted throughout the year:

- In September, KPJ Tawakkal Specialist Hospital invited tennis enthusiasts to meet members of the international tennis teams participating in the Malaysia Open. KPJ was also the tournament's official health care provider.
- In October, KPJ launched its KPJ Baby Hatch initiative for unwanted babies. The programme consists of eight baby hatches in KPJ hospitals in Peninsular Malaysia and two in Sabah and Sarawak. At the same time, KPJ signed a Memorandum of Collaboration with the non-governmental organisation OrphanCARE to help find adoptive families for babies and children.
- In November, KPJ Johor Specialist Hospital conducted a health camp for around 500 villagers from Kampung Sungai Tiram in Johor to mark World Diabetes Day.
- Throughout the year, KPJ also staged blood donation campaigns throughout Malaysia as well as various charity events to raise awareness of health living.





## MARKETPLACE

KPJ is not content simply to be the largest provider of private medical care in the country. Instead, our ultimate objective is to be the most responsible, caring, professional and innovative healthcare provider, contributing both to better medical treatment in general in the country, as well as to the best care and outcomes for our own patients.

### PATIENT CARE

From the moment a patient walks into one of our hospitals, our goal is to make him feel welcome and cared for. This mission is perfectly encapsulated in our theme for 2014, namely Patient Centred Care – The Way Forward. Each member of our staff plays a role in providing our patients with an exceptional experience – from the front desk to the senior management right through to the office support staff. Our customer service is emphatic and our medical care is high-quality and innovative.

Our patient-centric strategy places the patient firmly at the forefront of everything we do. We believe that an individualised approach to care delivery leads to better recovery and enhanced emotional health. Our patients are active participants in their own care and receive services which focus on their individual needs and preferences. Our engagement with our patients also extends to their family members. Our staff are readily accessible for consultations and we welcome the involvement of family members in our decision making processes.

### QUALITY NURSING

Our nursing professionals are a driving force in the overall patient experience. In acknowledgement, KPJ strives to provide an environment which empowers our nursing staff, through training and recognition, to enable them to further enhance the patient experience. KPJ nurses routinely go over and above the traditional call of duty and are prominently involved in a range of value-added services at our hospitals.

These include:

- Home Nursing Service. Our nurses make home visits to provide wound care, aged care, post natal care, breast feeding counseling and lactation management.
- Baby Friendly Hospital Initiative. As a result of our nurses' passion for baby safety, 10 of our hospitals have been awarded Baby Friendly Hospital Status. Our nurses also lead parentcraft class as well as pre-operative clinics and pain management classes.



10 of our hospitals have been awarded

**Baby Friendly  
Hospital Status.**







## CLINICAL POLICIES

Ensuring patient safety and best clinical practices is an integral part of KPJ's corporate culture. Our clinical governance framework aims to continuously safeguard and improve the standard of these attributes.

The Group Medical Advisory Committee (MAC) develops and monitors clinical governance activities and guidelines and oversees a range of Clinical Governance Committees, including the Clinical Governance Policy Committee, the Clinical Governance Action Committee, the Clinical Risk Management Committee, the Central Mortality Review Committee, the Clinical Ethics Committee and the Research and Development Committee.

At the individual hospital level, the Hospital MAC, under the chairmanship of a medical director, facilitates the implementation and oversees compliance with clinical governance through various clinical sub-committees.

All our hospitals adhere to the six International Patient Safety Goals set by the World Health Organisation, namely:

- Identify patients correctly
- Improve effective communication
- Improve the safety of using medication
- Ensure correct-site, correct-procedure and correct-patient surgery
- Improve hand hygiene to prevent health care associated infection
- Reduce the risk of patient harm resulting from falls

## MEDICAL ACCREDITATIONS

In recognition of our high medical standards, KPJ holds a range of certifications from prestigious medical bodies including the Malaysian Society for Quality in Healthcare (MSQH) and Joint Commission International (JCI). 15 KPJ hospitals have been accredited by MSQH and four hold JCI accreditation. We also hold the Integrated Management System certification and 5S which covers proper documentation and processes.

All our hospitals adhere to the  
**six International Patient Safety Goals**  
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**15 KPJ hospitals**  
have been accredited by MSQH  
and four hold JCI accreditation





## DRIVING INNOVATION IN HEALTHCARE

KPJ has a long tradition of innovation and all levels of staff are encouraged to foster critical and innovative thinking to further improve our patient service. Long-standing initiatives such as the Innovative and Creativity Circle (ICC) and Quality Improvement Activities (QIA) enjoy widespread support from staff and many innovative projects have been patented by SIRIM, such as the Bed Management System for IT and the Visual Gauze Organiser for nursing services. Other projects are in the process of being patented.

The annual KPJ Quality Convention is a platform for hospitals to present their ICC and QIA papers. The conference invites external and independent judges to evaluate projects in the presence of KPJ top management. All winning projects are implemented throughout the Group.

The emphasis placed on innovation is further reflected by the fact that, in 2014, our Service Quality Management (SQM) unit – which is tasked with improving efficiency for patients – required each of our hospitals to submit at least 36 innovative ideas to further enhance our service. More than 1,000 innovations were submitted, embracing patient safety and security, patient loyalty programmes, patient communication and education, new patient services, patient events, community service, environmental enhancement and internal processes.

Some of these innovations have already been introduced in our hospitals and vary from small aesthetic enhancements to broad process re-engineering. To further support this transformation initiative, SQM publishes a quarterly newsletter focusing on innovation and change.

## KPJ HEALTHCARE MEDICAL CONFERENCE AND EXHIBITION

First launched in 2001, the annual KPJ Healthcare Medical Conference has helped to establish us as a leader in the healthcare industry. The initiative emphasises the importance of maintaining high standards of patient safety across the full spectrum of healthcare services nationwide – primarily focusing on good governance, strong leadership and high standards of clinical ethics. It also provides a platform to showcase technological innovation and prowess.







KPJ was shortlisted by the

Malaysian  
Innovation  
Agency (AIM)

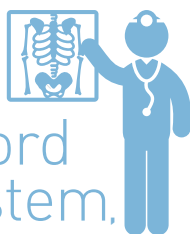
to be part of the National Corporate  
Innovation Index (NCII)



The Electronic

Medical Record  
Archiving system,

which builds on the Electronic Document  
Management System to efficiently save  
scanned images



- The Electronic Medical Record Archiving system, which builds on the Electronic Document Management System to efficiently save scanned images. With the system, doctors do not need to wait for paper records to be sent to their clinics and can access these documents anywhere and at any time.
- Cloud computing, introduced in an industry pioneering move in 2014, ensures that patient data is maintained even more securely, efficiently and effectively.
- The launch of the case mix system at the KPJ Johor Specialist Hospital and Puteri Specialist Hospital in June 2014, further improve efficiency and quality of care, enabling patient classification according to their personal clinical requirements rather than by their ailment.

## NATIONAL AND INTERNATIONAL CONFERENCE PARTICIPATION

KPJ also participate in national and international healthcare conferences and has been recognised by bodies such as the Association of Private Hospitals, the Asian Society for Quality in Healthcare and the International Society for Quality in Healthcare. In 2014, KPJ participated in the Innovating Malaysia Conference, a two-day event organised by AIM and the Asian Strategic Leadership Institute (ASLI).

## TECHNOLOGICAL INNOVATION

Technology plays a key role in enhancing the patient experience. KPJ's recent innovations include:

- The KPJ Clinical Information System. This secure system is the first of its kind in Malaysia and allows medical consultants to access confidential patient data on mobile devices such as tablets and smart phones even when they are away from the hospitals.

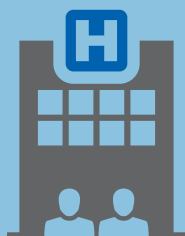
## THE NATIONAL CORPORATE INNOVATION INDEX

In 2014, KPJ was shortlisted by the Malaysian Innovation Agency (AIM) to be part of the National Corporate Innovation Index (NCII), a new initiative to develop ways of measuring how Malaysia's businesses innovate and invest in innovation. According to the Prime Minister, the NCII is intended to serve as a badge of honour for companies – similar in spirit to Bursa Malaysia's Environmental, Social and Governance Index.

KPJ recognises that innovation is an investment in our future profitability and involvement in the NCII has enabled us to strategically review our return on investment in innovation, based on international benchmarks. Our investments span research and development, software, design, training, organisational processes, branding and marketing.

AIM's survey of the KPJ group confirms that innovation is a high priority within our group and our commitment continues to enable us to increase our market share, meet our customers' expectations and increase revenue.





## WORKPLACE

The enduring ability of our organisation to provide premier healthcare services rests on our strongest asset: our people. Our workforce consists of some 11,000 highly qualified employees who provide dedicated support to our growing body of more than 1,000 medical consultants. Some 26% of our staff are women managers, a number approaching the Government's target of having 30% women in key decision-making positions within the corporate sector by 2016. Almost 60% of our total manpower is made up by Gen Y.

As we move forward, we recognise that attracting and retaining high quality staff will continue to play a vital factor in our future success. We therefore have a range of innovative strategies in place to promote a vibrant working environment and foster career satisfaction and employee loyalty.

### TALENT MANAGEMENT

We endeavour to bring out the best in all our staff through a range of learning and development initiatives, broad exposure to work experiences, regular engagement and the promotion of a healthy work-life balance. Our adherence to this strategy has resulted in KPJ being recognised as one of the Best Companies to Work For in 2014 by HR Asia Awards.

Our Talent Management team makes every effort to identify the individual career needs of each member of staff. Towards this end, we invest significantly in recruitment analytics to better understand our workforce needs.

### TEAM COHESIVENESS

KPJ embraces a strong sense of team loyalty and commitment, no matter where our teams are located. This was profoundly showcased during the 2014 massive floods, where contributions were extended to the staff of three hospitals, namely KPJ Perdana Specialist Hospital in Kelantan, Kuantan Specialist Hospital in Pahang and Kuching Specialist Hospital in Sarawak.



Another milestone was the setting up of the KPJ Resource and Information Centre (KPJRIC) – which was launched in January 2014. It stores a vast wealth of institutional knowledge including presentations, proposals, historical information, trends and track records, and it is an indispensable resource for staff and members of the public. Going forward, there are plans to make the information and resources even more available via a virtual platform.

In addition, KPJ has its own Santai@12 as recreational space for all, and a Sports and Recreational Committee whose main purpose is to carry out and coordinate fun and sustainable health activities for the staff.



## STUDY ASSISTANCE FOR CHILDREN OF STAFF MEMBERS

KPJ extends support for staff with college-aged children who further their education in healthcare-related programmes at the by KPJ Healthcare University College (KPJUC). This undertaking, offered since 2012, supports staff members' offspring during their 2<sup>nd</sup> and 3<sup>rd</sup> year of education at both the Diploma and Bachelors levels in KPJUC. It motivates the staff and their children, while also creating new talent for the industry as a whole.

## A TRANSPARENT AND ETHICAL WORKPLACE

Good ethics, accountability and transparency form an integral part of the foundation of KPJ's human capital. One of the systems that enable us to keep these factors in check is the borang peradaban mechanism.

KPJ is also one of the publicly-listed signatories of the Corporate Integrity Pledge, registered under the Malaysian Institute of Integrity. The Pledge documents our commitment to uphold transparency and anti-corruption principles.

## A SAFE WORKING ENVIRONMENT

KPJ continuously strives to ensure a safe working environment for our employees. Measures include strict policies on planned preventive maintenance; the safe and proper disposal of sharp and hazardous materials; and the close monitoring of the exposure levels for employees who work within the confines of radiation and diagnostic imaging services. On-site training and drills, such as fire and disaster drills, are also organised to educate employees on how best to cope with emergency situations.

In order to keep abreast of the latest Occupational Safety and Health (OSH) practices and procedures, specific employees are sent for OSH training. Contracted vendors and suppliers too are required to comply with the health and safety measures that KPJ has put in place, particularly at our hospitals, as the nature of operations involves the use and disposal of sharps and other clinical materials.

## PROMOTING WORK-LIFE BALANCE

At KPJ, we support a strong work-life balance, recognising that employees who are satisfied in both their professional and personal environments will be the most productive in the workplace. We therefore offer flexi-hours and creches for childcare to help young parents balance their work and home commitments. To further engage our staff and promote a sense of belonging, we regularly organise family days and sports carnivals.

We also pay close attention to our employees' physical health via a range of voluntary wellness and health initiatives. Our Body Mass Index programme encourages employees to take part in various healthy activities and has contributed to a 5% decrease in the number of employees categorised as pre-obese and obese and a 2.5% increase in the number of staff within the normal and underweight categories.

We therefore offer

## FLEXI-HOURS AND CRECHES

for childcare to help young parents balance their work and home commitments



KPJ extends support for staff with college-aged children who further their education in

## HEALTHCARE-RELATED PROGRAMMES

at the KPJ Healthcare University College (KPJUC)







## ENVIRONMENT

KPJ has a keen desire to make a lasting contribution towards the preservation of our environment. Our prominent involvement in a diverse range of green initiatives throughout 2014 is testament to that commitment.



### KL CAR FREE MORNING PROGRAMME

The year-long KL Car Free Morning Programme afforded KPJ the opportunity to support efforts to reduce pollution levels in the city and also promote the importance of leading a healthy lifestyle.

Staged on the first Sunday of each month, the programme, organised by Dewan Bandaraya Kuala Lumpur and the Malaysian National Cycling Federation, encouraged people to leave their cars at home and travel by bicycle. Our President and Managing Director, Dato' Amiruddin Abdul Satar, and other members of KPJ's senior management, also cycled through the city to support the event. In conjunction with the event, nurses from our hospitals in the Klang Valley provided health screening for all participants on the grounds of Dataran Merdeka.



### THE PICTURE ARCHIVING AND COMMUNICATIONS SYSTEM

Advances in technology make a strong contribution to our environmental initiatives. Our Picture Archiving and Communications System (PACS) is a medical imaging technology which digitally transmits information such as scan images and radiologists reports. It provides economical storage and easy access to electronic images and eliminates the use of paper, film and chemicals associated with more conventional processes.







## WASTE DISPOSAL

Rigorous guidelines ensure that clinical waste such as needles, samples and fluids are disposed of safely and we employ a specially appointed contractor who adheres to our strict safety standards. We also provide training to our nursing professionals and hospital staff on safe disposal methods. Non-clinical waste, such as paper and other recyclable items, are recycled.

## HEALTH, SAFETY AND ENVIRONMENT POLICY

We emphasise a stringent Health, Safety and Environment (HSE) policy throughout our hospitals. Our institutions also comply with the Integrated Management System (IMS) quality certification, a seal that encompasses the OHSAS 18001 standard on worker health and safety, the EMS 14001 environmental standard and the ISO 9001 mark of corporate governance and quality. The IMS requires us to undergo a yearly audit by external surveyors.

## OTHER ENVIRONMENTAL CONSIDERATIONS

We pride ourselves on our green landscaping and abundant use of plants both within and outside our hospitals. All of our hospitals are no smoking zones.



We emphasise a stringent

**Health, Safety and Environment (HSE)**

policy throughout our hospitals.



We also provide training to our

**NURSING  
PROFESSIONALS AND**

hospital staff on safe disposal methods.





Our patients are our key priority in KPJ, and we seek to provide the best patient care not only through the outstanding medical services of our consultants, but also in the way patients are treated from the time they walk into a KPJ hospital till the moment they leave. This is accomplished by creating a customer service culture throughout the Group.

KPJ has put in place strategic measures since the opening of our first hospital in Johor in 1981, to cultivate and embed a service mindset. Our unwavering dedication to creating long term value for all patients and customers ultimately led to the establishment of the Service Quality Management (SQM) division in 2013. The SQM reviews, strengthens and puts in place appropriate processes and systems to boost service delivery in today's rapidly evolving market. By 2014, SQM was already creating wide-sweeping change in KPJ. During the year, employees attended 62,000 hours of training in customer service and service delivery improvement. In addition, everyone in the Group has access to an updated KPJ Standard People Practice (SPP) manual, which serves as a reference point on best practices in customer service.



2014 also saw the introduction of standard reporting systems. These include a VIP alert system enabling front liners to correctly identify key stakeholders and to escalate any important communication to the management for an appropriate and speedy response. A customer service helpdesk is also being developed for improved efficiency and management of customer requests.

### **TAKING SERVICE PERFORMANCE TO THE FORE**

Among its other achievements, in 2014 SQM standardised the Customer Service Indexing (CSI) system across the Group and increased its scope to measure not only the level of satisfaction of external customers and patients, but also that of internal customers to services delivered by support departments.



Employees attend a total of

**62,000 HOURS**

of training in customer service and service delivery improvement.



With the new CSI system, KPJ can now measure the quality of service of every department in every hospital. This enables us to include customer service as one of the parameters used in employee performance appraisals. In 2014, for the first time, all staff within the hospitals were assessed by the recipients of their services in an objective and standardised manner.

SQM also introduced the Service Environment Auditing (SEA) in 2014, which allows for the assessment of common service areas and the identification of opportunities for improvement. This, along with the new CSI system, has become a crucial performance indicator for all KPJ hospitals.

### **SERVICE TRANSFORMATION THROUGH INNOVATION**

Recognising the importance of innovation in any form of transformation, in 2014 SQM required each KPJ hospital to submit at least 36 innovative ideas to further improve the service experience. Nine categories were created to classify the 1,012 innovations submitted, namely: patient safety & security, patient loyalty programme, patient communication & education, new patient service, patient events, community service, environmental enhancement and internal processes.

Some of these innovations have also been implemented, varying from small aesthetic enhancements to broad process re-engineering. With a strong commitment towards continuous improvement, individuals, departments and hospitals have embraced the process of change and are committed in creating an optimal experience for patients and stakeholders. In order to sustain this transformation initiative and

maintain a laser-sharp cohesive focus, a special motivational bulletin is issued every quarter, focusing on innovation and change management Group-wide.

### **2015 AND BEYOND**

SQM has many activities and projects lined up to sustain and facilitate continuous service improvement for years to come.

In 2015, a new group of trainers will join the Group effectively doubling our training capacity, enabling more employees to be better equipped with knowledge of service delivery practices and continue to transform KPJ's culture. Additional training content will be introduced to further equip the SQM trainers and add value to an already strong training foundation.

The year will also see the CSI measurements enhanced through the automation of various processes including data collection. CSI automation will greatly improve the analysis of data, and provide more strategic information to support managerial decision-making. The process of automation will also be introduced in the area of innovative idea submissions to make these available for broader implementation.

New areas of service will be monitored such as telecommunications to ensure that service delivery is incorporated into the performance of employees while instilling greater ownership over processes and service outcomes. As employees maintain a high level of enthusiasm in adopting a culture of service excellence, 2015 will see continued and pronounced enhancements in our service quality management.



# PEOPLE: AT THE HEART OF OUR BUSINESS

With a network of hospitals in almost every state in Malaysia and with a combined bed capacity of almost 3,000 operating beds, the driving force behind our success is our biggest asset: PEOPLE.

KPJ's workforce today comprises 11,000 plus employees who support the services provided by more than 1,000 medical consultants specialising in various disciplines. This huge pool of talent has been the largest contributor towards our organisation's growth.

Talent Management strategies at KPJHB aims to maximise our employees' full potential through strategies that focus on learning and development, broadening experience, fostering employee engagement and improving work life balance, which contributes towards the building of their overall competency.



The driving force behind our success  
is our biggest asset:

# PEOPLE...



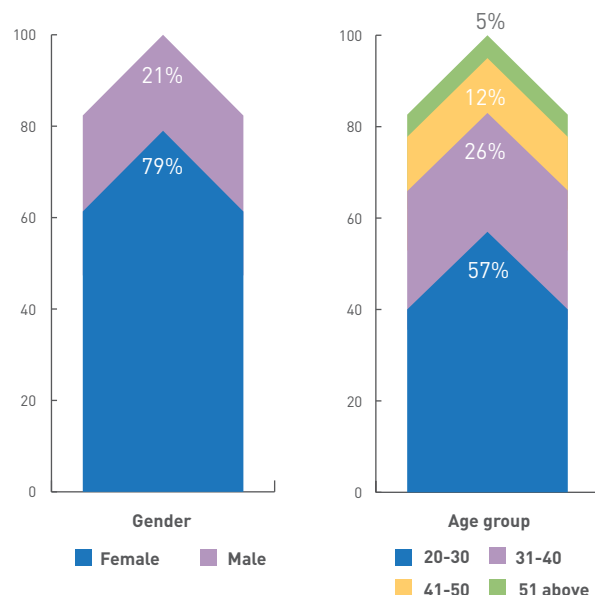
It is through the implementation of the strategies above that has led KPJ to being awarded the HR Asia Awards – Best Company to work for in 2014. Moving forward, HR has targeted its operational initiatives to align to KPJHB's strategic plan by initially identifying ways to leverage and develop technology as a means to cut costs and improve internal efficiencies. In the coming year, HR will use its resources and staff to become a more active, consulting partner for the organisation.

## MANPOWER STRENGTH AT KPJHB

As at December 2014, KPJHB's workforce totaled 11,626 employees group wide as compared to 10,460 in 2013, an increase of 11%. This increase is due to the opening of KPJ Bandar Maharani Muar as well as a rise in manpower for KPJ Klang, KPJ Tawakkal Health Centre, KPJ Pasir Gudang, KPJ Rawang and KPJ Sabah Specialist Hospitals.

Total bed capacity increased to 2,851 as at December 2014, a 5% increase compared to the previous year at 2,714. Manpower to bed ratio is 4:1.

Overall, there has been an increase in professional manpower to 5,233 as at December 2014 compared to 3,884 the previous year (35%). The highest increase is State Registered Nurses (14%) due to the need for manpower for new hospitals in the Group and also the licensing requirement of MOH.



GENDER COMPOSITION

AGE COMPOSITION

## WORKFORCE COMPOSITION – CELEBRATING DIVERSITY IN THE WORKPLACE

The female workforce makes up the bulk of our manpower with a ratio of 4 female employees: 1 male employee. This is the norm for our industry and out of our pool of company directors (employees only), 38% are female directors.

Gen Y remains as the largest age group of employees at 57% of total manpower, with other generations making up the balance of 43%. With a larger pool of younger workforce, there is a challenge to provide benefits and facilities that fulfils their needs. For 2014, we have revised the Nursing Locum rate, standardised allowances throughout the Group and standardised the entry level salary for Nurses and Allied Health employees.

Our Talent Management team is committed to recruit candidates in a manner that is fair and ethical. As such, we are constantly in communication with other Heads of Services to discuss the needs of their services and provide advice on recruitment strategies. At KPJHB, we recruit from within for specific key positions that require comprehensive knowledge on the operations of the healthcare industry. However, we constantly ensure that there is a healthy mix of external candidates into our talent pool in order to bring in fresh ideas and innovations.

Combining these internal and external pipelines, of the 2,322 recruitments that took place in 2014; 61% were replacement positions while 39% were additional manpower requirements due to opening of new hospitals. The attrition rate as at December 2014 stands at 12% for the Group.

We recognise that the successful recruitment of potential employees is critical to maintaining a vibrant workforce and we continue to explore ways to improve and leverage our recruitment technology in order to reach future talent. We also recognise the need to capture further analytics surrounding our recruitment efforts to enable us to understand our workforce needs, levels and the effectiveness of our recruitment strategies.





## CONTINUOUS LEARNING AND SKILL UPGRADING

In 2014, a staggering RM6.72 million was spent Group wide, on various training programmes. We understand the importance of providing a range of training methodologies and approaches to suit the specific requirement for each category of staff i.e. Manager, Executive and Executive Assistant. At each level, we have identified the level core learning and development which in turn allows us to focus on programmes that will support their career growth at KPJ. A combination of both internal and external training opportunities is offered to all employees.

Training expenses in 2014 represented 2% of our total emolument. As at 2014, HRDF utilisation is 84% for the Group as compared to 87% the previous year, partly due to increased contribution by new hospitals. KPJ Healthcare Berhad also fulfils the JCorp 30 hours training per staff policy, recording an average of 34 hours training per staff in 2014.

Since 2002, KPJHB has always encouraged its eligible employees to pursue graduate qualifications, namely MBA and Masters in Nursing. To date, 84 sponsored employees have graduated, 5 of them in 2014.

In 2014, 3 critical and exclusive leadership programmes were conducted as part of our Succession Planning Programme. The programme participation is exclusively for Top Management level at both Hospital and Group level. The programmes conducted were:

1. JCorp Leadership Programme
2. Leadership Innovation Strategy (LIS) organised by GE Crotonville, and
3. Transformational Leadership by Michael Wagner, Advisory Board Company, USA.

Additionally, for the Executive level, we conducted for the third time, the Executive Development Programme held together with the AMG – KPJ Leadership programme, which was developed by Talent Management. This time around, 25 employees graduated from the programme.

Leadership programmes such as above serves as a platform for our Succession Development Programme (SDP). From the initiatives undertaken in leadership training, a number of our employees have been identified as successors. The 5<sup>th</sup> cycle

Succession Planning carried out in 2014, by the group and hospitals identified 759 employees who are qualified to move to the next level, with 91 employees ready to move now. Succession planning is imperative in order to continue building on human capacity. SDP is also a unique reflection of our organisation where most of our successors are done internally due to our emphasis on training and development. However external incumbents are also important to bring in fresh and different ideas.

To support the launch of our e-Learning portal, Talent Management has also developed the e-Idea portal. This portal serves as a platform through which we as employers can learn more from our employees via suggestions or ideas they submit. This two way learning process shows KPJ's serious commitment towards human capital improvements.

KPJ continues its dynamic collaboration with TalentCorp through the KPJHB Structured Internship Programme (SIP) and the SL1M (Skim Latihan 1 Malaysia – special training for Nurses). From this programme a total of 100 plus students were given training at KPJ and its Group of Hospitals/Companies. Out of this, a total of 42 were hired after they completed their internship.

Through KPJ Healthcare University College (KPJUC), we are fulfilling the academic and career ambitions of individuals as well as fulfilling the healthcare industry's requirements for medical specialists, skilled nurses and allied healthcare professionals. KPJ University College remains the institution of choice for our nurses and other professionals to undergo post basic programmes. The total number of enrolment has increased yearly. To date, a total of 1,018 employees have graduated from various post basic programmes.

## PERFORMANCE MANAGEMENT – A DYNAMIC REVIEW

In gearing employees towards achieving the Company's goals, it is imperative to measure their productivity using standard measures. At KPJ, it is compulsory for all confirmed employees to undergo the yearly Staff Performance Appraisal (SPAR). Since 2011, performance appraisal at KPJ has been conducted using the e-SPAR. To date, all the Hospitals/ Company are using e-SPAR with the exception of KPJ Sabah, Sibiu Specialist Hospital and Sri Manjung Specialist Hospital. They will begin using e-SPAR for 2015.



In 2014, KPJ Healthcare Berhad revised the SPAR framework for the whole Group. The new framework introduced elements of Service Quality Management (SQM) into the individual employee's performance appraisal process as part of the 360 degree assessment. In addition, we have standardised the Key Results Area (KRA) for a total of 144 positions. This standardisation aims to ensure that the measurement of an employee's performance is comparable from one hospital to another.

Due to restructuring, the Group Talent Management conducted a series of SPAR (Staff Performance Appraisal) workshops for all Heads of Services throughout the Group of Hospitals/ Company. The workshops were conducted in collaboration with the Service Quality Management Team.

For the SPAR 2014, a total of 8,891 staff were evaluated out of a total staff of 10,368 as at 31<sup>st</sup> October 2014. The SPAR bell curve in 2014 shows the peak of employee's performance (i.e. average staff performance) at Superior (4,623), decreased from 2013 (5,005). The bell curve is slightly skewed to the left, partly due to an increasing number of staff being rated Competent. As we had conducted the standardised KRA roadshow in 2014, Head of Services are more objective when it comes to rating employee's performance.

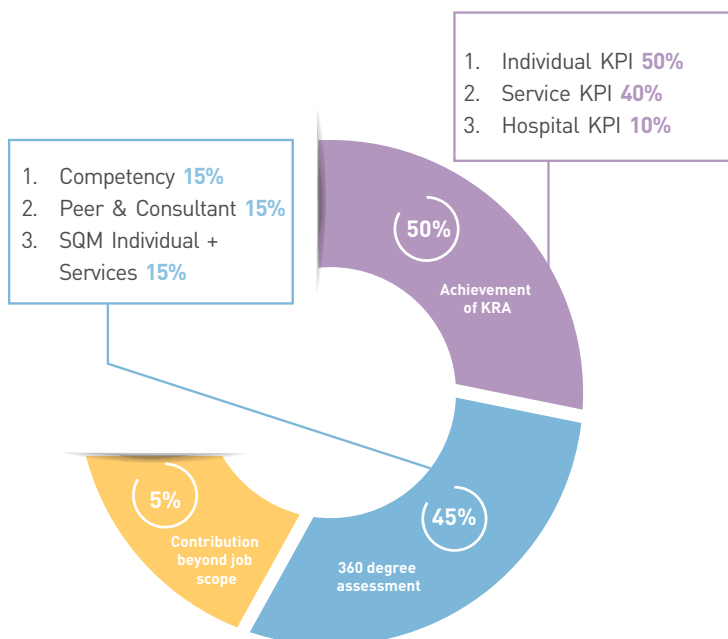
Through the SPAR exercise, a total of 129 employees will be promoted in 2015 and 55 employees were awarded merit for outstanding performance in 2014.

## SUCCESSION PLANNING

The 5<sup>th</sup> cycle Succession Development Plan (SDP) was conducted in 2014. Through this exercise, we have identified over 759 employees as successors within the available talent pool, with 91 successors ready to move to the next level.

Following the SDP, talent movement in 2014 (for successor identified 2013) indicates the following:

- 14% of 568 successors in 2013 had been promoted to other positions in 2014.
- 5% of 568 successors in 2013 had tendered their resignation/transferred in 2014.
- 81% of 568 successors in 2013 are maintained at their current position.
- In 2014, a total of 75 (9%) staff were appointed as new successors out of 759 identified successors due to inclusion of KPJ Klang, Sabah Medical Centre and KPJ Rawang Specialist Hospital.



For 2015, we will monitor staff movement and recommend high potential employees for leadership programmes. Some programmes in the offering are KPJ Breakthrough Leadership Fellowship workshop series by Mike Wagner, Leadership & Innovation workshop – second stage and AMG Kaplan Leadership Programme.

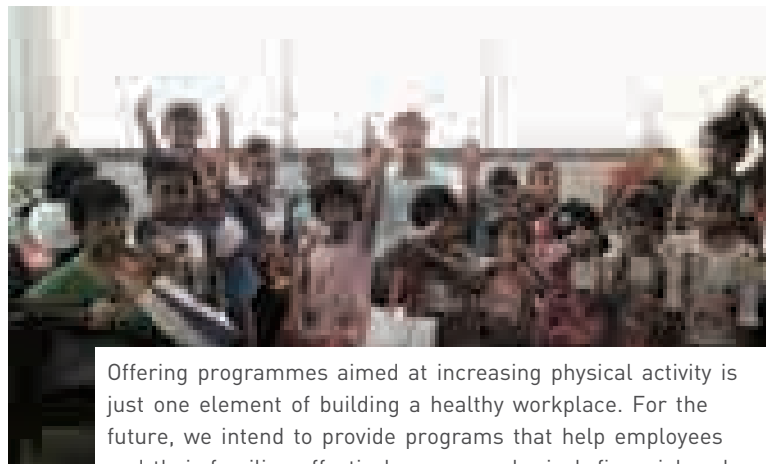
## PROMOTING WORK-LIFE BALANCE

At KPJ, work life balance is also our top priority and employee engagement programmes include flexi hours, priority parking for pregnant staff, crèche, family day, sports carnival, staff announcements and town hall sessions, just to name a few. As part of employee engagement, we also encourage employees to give back to the community via volunteering their services in our numerous CSR programmes.

One of our key engagements with employees is through the PEDOMAN event which is a corporate address organised annually at the beginning of the year. This event is a platform for the Management team to inform our employees about the company's achievements as well as give due recognition to our employees for their outstanding performance.

At Talent Management, we are committed to doing our part through policy, wellness initiatives and wellness promotion and we continue to lead a host of wellness and health initiatives to help our employees achieve success with their goals. For 2014, over 6,603 employees participated in our Body Mass Index (BMI) programme. This programme is a continuation from previous years where employees voluntarily participate in various healthy living lifestyle activities. Overall there has been an average decrease of 8% for employees in weight categories Underweight, Obese I, Obese II and Obese III categories, with an increase of 2.5% in the Normal weight and Pre Obese category.





Offering programmes aimed at increasing physical activity is just one element of building a healthy workplace. For the future, we intend to provide programs that help employees and their families effectively manage physical, financial and mental health. Like many employers, we know that without proper intervention, increasing medical costs within our benefit plan and improving health are challenging issues that need to be addressed continuously.

## EMPLOYEE ENGAGEMENT – BRINGING US CLOSER TOGETHER

While ensuring employee health lies at one spectrum of our commitment towards a healthy workplace, employee engagement lies on the other. At KPJHB we are active in promoting various employee engagement activities. In 2014, we embarked on a massive group wide Climate survey, achieving a response rate of 90% from 8,000 plus employees. The outcome of the survey indicates that level of employee engagement is at 67% and employee enablement level is at 72%. Further analysis shows that overall, employees are proud to be part of KPJ Healthcare Berhad and that there are no significant barriers for them to achieve high performance. Although the results are encouraging, we will seek to find ways to further improve the percentages/rates. As such, KPJ will be implementing in 2015, a compensation & benefits strategy that is more dynamic and holistic, such as a revision of the salary scale, increased employer EPF contribution and increased outpatient medical benefit entitlement.

In 2014, a host of activities were held to promote employee engagement. Among them were:

- Monthly employee assemblies to celebrate birthdays and delivery of special announcements.
- Back to school programme with staff children.
- Children@work programme - Participants of this programme are the children of KPJ employees at Menara 238. The programme aims to expose employee's children to their parents working environment and foster KPJ as a caring employer.

- Talent Management Open Day – Talent Management organised an Open Day event on 20 October 2014. Various agencies were invited such as Pusat Zakat, Employer's Provident Fund (EPF), Lembaga Tabung Haji to provide service to and explanation to our employees.
- Bubur lambuk Ramadhan – As one of our activities in Ramadhan, a bubur lambuk gotong royong was held, organised by Kelab Sukan dan Rekreasi KPJ.
- KPJ Sports Carnival – The annual KPJ Sports Carnival was held on 10 – 14 December 2014. Over 1,500 employees from all over Malaysia took part in various sporting events with the team from the Northern Region, Lionking, crowned Champions for 2014.

KPJ had also for the first time organised a Team Building programme for its' Headquarter Executives who are based at KPJ Corporate Office. It was held from 9<sup>th</sup> – 10<sup>th</sup> May 2014 at HAWA Training Resort, Janda Baik. The team building program is designed as a basic module for participants to experience teamwork adventures and at the end of the program, participants shall recognise their ability for creative thinking, leadership skills, negotiating and decision making skills and strategic planning. A second session was held at PNB Ilham Port Dickson, organised by KPJ University College.

## MOVING FORWARD AND BEYOND

Today, as the KPJ Group makes strong advances forward, it continues to leverage on a shared vision to build healthier communities and an unwavering commitment to "Care for Life". Through the Group's continuum of highly specialised medical solutions, which cover the entire patient lifecycle from pre-natal to geriatric care, KPJ is transcending borders and bridging cultures. KPJ's commitment to "Care for Life" is reflected in the world class patient care, professionalism and undivided compassion that its people show to the communities that they serve. On top of this, the Group ensures the quality of its healthcare offering through continuous improvements in patient care and clinical outcomes. The Group's over 11,000 dedicated employees, who have embraced KPJ's culture of excellence, are also empowered with the skills and know-how to enhance patient care. In all that they do, KPJ's people hold true to KPJ's Core Values of Safety, Courtesy, Integrity, Professionalism and Continuous Improvement.





## CLINICAL & QUALITY

We appreciate the importance of staff's involvement in innovation activities. This is vital for an organisation especially so in healthcare where delivery of care largely depends on our staff. To this effect we encourage innovation activities at all levels of staff, which are carried out throughout our Hospitals and Companies. These innovative activities such as Innovative and Creativity Circle (ICC) and Quality Improvement Activities (QIA) were introduced in the 1980s and have gained incredible support from the staff. KPJ also gives utmost support to staff by continuously recognising and rewarding their efforts through training to equip themselves with Total Quality Management (TQM), ICC, Lean Management and other statistical tools which enhance their project outcomes and analytical thinking. We have also invested in innovation training programmes for the staff such as Kaplan training where staff come together and discuss on work related problems and how to resolve these issues through these structured and analytical training programmes.

KPJ's annual Quality Convention is a platform for the hospitals to present their ICC and QIA projects and this year marks the 17<sup>th</sup> year since KPJ started its first Quality Convention. External and independent judges are invited to evaluate the projects presented by the staff in the presence of KPJ top management. All the winning projects are implemented Group wide. The winning team also represents KPJ Healthcare Berhad to take part at JCorp's Hari Mekar "Mengejar Kecemerlangan" and at National and International levels organised by Malaysia Productivity Centre (MPC). We have also competed and won awards in National and International healthcare conferences such as Association of Private Hospital (APHM), Asian Society for Quality in Healthcare (ASQUA) and International Society for Quality in Healthcare (ISQua). These activities boost staff morale and give them the ownership and pride in their work and this ultimately enhances our service to our customers.

KPJ has been consistently garnering and encouraging innovation among all levels of staff in the Group. Several of our innovative projects (ICC projects) have been patented by SIRIM such as Bed Management System for IT, VIGO (Visual Gauze Organiser) for nursing services and many other projects are in the process of getting patented. VIGO for example is a simple and effective way to ensure that there is no retained gauze during surgery.

## EVALUATING OUR INNOVATION

In 2014, KPJ participated in the survey carried out by Agensi Inovasi Malaysia (AIM) to evaluate our capacity for innovation as a service provider.

The survey, called the National Corporate Innovation Index (NCII), is a project undertaken to develop a way of measuring how Malaysia's businesses innovate and invest in innovation. By participating in this undertaking, KPJ successfully benchmarked itself against other top organisations in the country in terms of dynamic innovation and set the benchmark for future innovation investments.

Several of our innovative projects (ICC projects) have been patented by SIRIM such as

**BED MANAGEMENT SYSTEM FOR IT, VIGO (VISUAL GAUZE ORGANISER)**

for nursing services and many other projects are in the process of getting patented.





# STATEMENT ON CORPORATE GOVERNANCE

(Pursuant to Section 15.25 of the Bursa Malaysia Listing Requirements)

The Board of Directors of KPJ Healthcare Berhad ("KPJ") subscribes to and supports the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") as a minimum basis for practices on corporate governance and continues to ensure that the highest standards of corporate governance have been upheld in accordance with the requirements of MCCG 2012. The Board recognises the importance of corporate governance and conscientiously strives to attain the highest business ethics and governance in conducting the day-to-day business and affairs of the Group, so as to safeguard and enhance shareholders' value, which includes protecting the interests of all stakeholders.

## Good Governance is the Cornerstone of Our Corporate Culture

The Board recognises the importance of corporate governance and conscientiously strives to attain the highest business ethics and governance in conducting the day-to-day business and affairs of the Group

The Board believes that good corporate governance adds value to the business of the Group and will ensure that this practice continues. The Board of Directors believes in playing an active role in guiding the Management through its oversight review and approval of the Group's business direction and strategy.

In line with this commitment, the Board has taken and is continuously reviewing, where appropriate, the necessary steps to comply with the requirements on the standard of corporate responsibility, integrity and accountability as enshrined in the eight (8) Principles and 26 Recommendations of the MCCG 2012. The Board is pleased to elaborate on the Group's application and extent of compliance with MCCG 2012 during the financial year 2014 in this statement:-

### 1. Established Clear Roles and Responsibilities of the Board of Directors and Management

#### BOARD OF DIRECTORS

##### *Separation of Power between the Board and Management*

The Group has documented clear policies for identifying and separating the functions of the Board and Management, Chairman as well as the President & Managing Director in ensuring the smooth running of the Group's business and operations. These are enshrined in the Board Policy Manual, a copy of which is made available to all Directors of the Company.

The roles of the Chairman of the Board, President & Managing Director and the nine (9) Non-Executive Directors are kept separate with a clear division of responsibilities in line with the best practices. The functions of the Chairman and the President & Managing Director are clearly segregated to ensure that there is a balance of power and authority.





Dato' Kamaruzzaman Abu Kassim as the Chairman continues to lead the Board by providing oversight over the strategies and business affairs of the Group. He is also the President & Chief Executive of Johor Corporation ("JCorp") and has never held the position of President & Managing Director of the Company.

Dato' Amiruddin Abdul Satar, the President & Managing Director of the Company, is responsible for leading the Management in the execution of broad policies, strategies and action plans approved by the Board. He regularly engages the Board to report and discuss the Group's business performance and developments, including all strategic matters affecting the Group.

The Board has also developed and approved the Corporate Objectives for 2014, for which the President & Managing Director has the responsibility to achieve them. It also forms the basis where the performance of Management will be assessed.

#### **Board Structure, Composition and Balance**

The composition of the Board of Directors is as follows:

- One (1) Non-Independent Non-Executive Chairman;
- Two (2) Non-Independent Non-Executive Directors;
- Six (6) Independent Non-Executive Directors;
- One (1) President & Managing Director; and
- One (1) 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, all relevant to the direction of a large, expanding Group. The profiles of all Board Members, comprising of their qualification, experience and calibre are disclosed on pages 68 to 77 of this Annual Report.

The Company's Chairman is a Non-Independent Non-Executive Director and there are five (5) Independent Non-Executive Directors out of the eleven (11) Board members.

As the Chairman is representing JCorp which has a substantial interest in the Company, he is well-placed to act on behalf of and in the best interest of all shareholders. The Board believes that the current Chairman and Board members comprise of a well-balanced mix of professionals with a diverse range of knowledge and experience which are relevant to guide the Company and the Group.

The Independent Non-Executive Directors do not engage in any business dealings or the day-to-day management of the Company. Hence, they are capable of exercising independent judgement 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 current Board composition complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and recommendation 3.5 of the MCCG 2012, whereby six (6) out of eleven (11) members are Independent Non-Executive Directors who meet the criteria of "Independent Director", as defined in Paragraph 1.01 of the MMLR. The high number of Independent Non-Executive Directors further provides for diversity of views as well as effective check and balances in the functioning of the Board.

Although all the Directors have equal oversight responsibilities for the Group, the role of these Independent Non-Executive Directors is particularly important in ensuring that all business strategies proposed by the Management are fully and independently deliberated and assessed, takes into account the long-term interest of, not only the shareholders, but also employees, customers, suppliers and the many communities in which the Group operates.

#### **Board Duties and Responsibilities**

All members of the Board contribute significantly in the areas of formulation of strategic direction and policies, performance monitoring and allocation of resources and enhancement of controls and governance.

As prescribed by the MCCG 2012, the Board assumes six (6) principal stewardship responsibilities as follows:-

- **Reviews and approves the strategic business plans for the Group**

The Strategic Business Plan for the period 2015 – 2019 was tabled, discussed and approved by the Board at its meeting on November 2014. Additionally, on an ongoing basis as and when the need arises, the Board will assess whether projects, purchases and sales of equity as well as other strategic considerations proposed at Board meetings during the year, are in line with the objectives and broad outline of the adopted strategic plans.



# STATEMENT ON CORPORATE GOVERNANCE

(Pursuant to Section 15.25 of the Bursa Malaysia Listing Requirements)

- **Oversees the conduct of the Company's business to evaluate whether the business is being properly managed**

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, where necessary. Periodically, the performance of the Group will be benchmarked against the performance of its competitors.

- **Identifies and manages principal risks while ensuring the implementation of appropriate systems to manage these risks**

Various Committees, in relation to clinical and operational risks, have been set up under the Medical Advisory Committee. The functions of each Committee have been disclosed in the Statement on Risk Management and Internal Control on pages 168 to 172 of this Annual Report.

- **Succession planning, which includes the appointment, training, determination of compensation levels and where appropriate, the replacement of senior management**

The Board will deliberate on the latest plans and actions taken in respect of the succession planning as provided by the Group Talent Management Services. More importantly, after several years of continuous efforts in emphasising and communicating the importance of succession planning, the subject has now become an ongoing agenda, reviewed and discussed at various high-level management and operational meetings of the Group. An overview of the Group Talent Management Services and its importance to the Group are elaborated on pages 144 to 148 of this Annual Report.

- **Develops and implements the Investor 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 Investor Relations activities are disclosed on pages 165 to 167 of this Annual Report.

- **Reviews the adequacy and integrity of the Group's internal controls and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines**

The Board's function with regards to fulfilling these responsibilities effectively are supported and reinforced through the various Committees established at both the Board and Management's levels. Aided by the Group Internal Audit division that operates independently, the active functioning of these Committees through their regular meetings and discussions provide a strong check and balance and reasonable assurance on the adequacy of the Group's internal controls. Detailed discussion of these functions are elaborated in the Statement on Risk Management and Internal Control; and the Audit Committee Report on pages 168 to 177 of this Annual Report.

The Board is also responsible to ensure the smooth functioning of core processes, board governance, corporate values and ethical oversight. The Independent Non-Executive Directors will further provide an independent and objective perspective that act as an effective check and balance mechanism in deliberating the above mentioned.

## **Formalised Ethical Standards through Code of Ethics**

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 also appointed Zainah Mustafa, the Independent Non-Executive Director who is also the Chairman of the Audit Committee, to whom concerns pertaining to the Group may be conveyed by shareholders and other stakeholders.

The Directors adhere to the Code of Ethics which is contained in the Board Policy Manual, the important aspects of which are as follows:

- Members must represent non-conflicted loyalty to the interests of the Group;
- Members must avoid conflict of interest with respect to their fiduciary responsibilities;
- Members may not attempt to exercise individual authority over the Group unless it is explicitly provided for in the Board Policy Manual; and



- Members will respect the confidentiality appropriate to issues of a sensitive nature.

### ***Strategies Promoting Sustainability***

The Board believes that developing sustainable business practices is not only critical to the future of the Group, but also for the benefit of future generations as well. For the Group, sustainability means operating a competitive and ethical business through good processes and policies which are applied by competent and responsible employees.

The rewards given to the employees are not only denominated by compensation and benefits but also through structured professional development and career progression plans. The Group implements a system of rewards based on “pay for performance” concept. Employees are rewarded based on their contributions and productivity towards the Group objectives.

### ***Access to Information and Advice***

Prior to each Board meeting, the Board Report will be circulated to all Directors so that each Director has ample time to peruse and review papers 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;
- Report on Audit Committee and Risk Management matters; and
- 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 matters stated above. Decisions and deliberations at the Board meetings are recorded in the

minutes of the meeting by the Company Secretary. All minutes will be confirmed prior to the meeting.

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

### ***Qualified and Competent Company Secretaries***

The Company Secretaries are appointed by the Board and attend all Board and Board Committee Meetings. They are responsible for providing Directors with advice on compliance and corporate governance issues.

The Board has unrestricted access to the advice and services of Company Secretaries. In between meetings, the President & Managing Director meets regularly with the Chairman and other Board Member to keep them abreast on the Group’s current developments.

The Company Secretaries play an advisory role to the Board in relation to the Company’s constitution, Board’s policies, procedures and compliance with the relevant regulatory requirements, including codes or guidance and legislations. The Company Secretaries support the Board in managing the Group’s Governance Model, ensuring it is effective and relevant.

The Company Secretaries safeguard all statutory books and records of the Group, which are maintained in the statutory register of the Group. Company Secretaries also ensures that all Board meetings are properly convened, ensuring accurate and proper records of the proceedings and resolutions passed are recorded. The Company Secretaries also have to ensure that any change in the Group’s statutory information be duly completed in the relevant prescribed forms and lodged with the Companies Commission of Malaysia within the prescribed period of time.

### ***Board Charter***

A Board Charter was adopted in 2014. It captures and formalises governance practices, Board policies and guidelines subsisting throughout the Company onto one formal document in providing clear guidance to all stakeholders.

The Charter will be reviewed regularly to keep it up-to-date with changes in regulations and best practices, while ensuring its effectiveness and relevance to the Board’s objectives.



# STATEMENT ON CORPORATE GOVERNANCE

(Pursuant to Section 15.25 of the Bursa Malaysia Listing Requirements)

## 2. Strengthened Composition

### *Establishment of a Nomination and Remuneration Committee*

The Board has established its own Nomination and Remuneration Committee ("NRC"). With the re-designation of a Non-Independent Non-Executive Director as an Independent Non-Executive Director with effect from 1 May 2015, the composition of the NRC complies with the requirements of Paragraph 15.08A of the MMLR.

The terms of reference of the NRC are as follows:

#### I. Purpose

The NRC has been established primarily for the following purposes:

- a) Nomination
  - To identify and recommend candidates for Board directorship;
  - To recommend Directors to fill the seats on Board Committees, taking into consideration the diversity of these Committees;
  - To evaluate the effectiveness of the Board and Board Committees (including the size and composition) and contributions of each individual Director;
  - To ensure an appropriate framework and plan for Board succession; and
  - To assess the performance quality of individual directors and ensure training needs are addressed.
- b) Remuneration
  - To provide assistance to the Board in determining the remuneration of the President & Managing Director as well as Senior Management. In fulfilling these responsibilities, the NRC is to ensure that the President & Managing Director and applicable Senior Management of the Company are:
    - Fairly rewarded for their individual contribution to overall performance;
    - Compensated reasonably in light of the Company's achievements; and
    - Compensated similar to other companies.

#### c) Performance Setting & Assessment

- To establish the President & Managing Director's goals and objectives; and
- To review the President & Managing Director's performance against the goals and objectives set.

#### II. Membership

The NRC consists of the following members:

- a) Dato' Kamaruzzaman Abu Kassim – Chairman/ Non-Independent Non-Executive Director
- b) Zainah Mustafa – Independent Non-Executive Director
- c) Datin Paduka Siti Sa'diah Sheikh Bakir – Independent Non-Executive Director
- d) Datuk Azzat Kamaludin – Independent Non-Executive Director

The appointment of an NRC member terminates when the member ceases to be a Director of the Company. The NRC does not have executive powers. In the event of equality of votes, the Chairman of the NRC shall have a casting vote. In the absence of the Chairman of the NRC, the members present shall elect one of their members to chair the meeting.

The Board believes that the current composition of NRC is capable to act collectively in the best overall interests of shareholders with reference to nomination and remuneration of Board members.

#### III. Meetings

The NRC meets at least once a year, with additional meetings scheduled as and when necessary. The NRC has established procedures to govern its meetings, keeping of minutes and its administration.

The NRC has 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 Board. The NRC may request other Directors, members of management, counsels and consultants 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 is the Company Secretary. Setting the agenda for NRC meeting is the responsibility of the NRC Chairman, with inputs from the NRC members. The NRC Chairman may also request for management to participate in this process. The agenda of each meeting, including supporting information, are circulated to the NRC members in advance to enable them to have sufficient time to assess and evaluate prior to each meeting. The NRC, through its Chairman, reports to the Board at the next Board of Directors' meeting after the NRC meeting.

The Chairman of the NRC shall be available to answer questions about the NRC matters at the Annual General Meeting ("AGM") of the Company.

#### IV. 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 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 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;
  - Non-Executive Directors should be persons of calibre, credibility and have the necessary skills 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; and

- Boardroom diversity by ensuring that women candidates are sought as part of its recruitment exercises.
- To propose to the Board the responsibilities of Non-Executive Directors, including membership and Chairmanship of Board Committees;
- To evaluate and recommend the appointment of senior executive positions, including that of the Managing Director, 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, in addition to providing 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 Directors in accordance with policy
- To establish appropriate succession plans 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 contributions to the Board and Company;
- To consider other matters as referred to the NRC by the Board.



# STATEMENT ON CORPORATE GOVERNANCE

(Pursuant to Section 15.25 of the Bursa Malaysia Listing Requirements)

## b) Remuneration

- To establish and recommend the remuneration structure and policy for Directors and key executives, if applicable, and to review 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 package 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 President & Managing Director, 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 programmes 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.

### *Remuneration policies and procedures*

The Board believes that the levels of remuneration offered by the Group are sufficient to attract Directors of calibre and with sufficient experience and talent to contribute to the performance of the Group. The remuneration framework for the President & Managing Director has an underlying objective of attracting and retaining an Executive Director needed to manage the Company successfully. The remuneration package of the President & Managing Director is structured to commensurate with the achievement of corporate targets set by the Board and his individual performance. The Non-Executive Directors are remunerated based on fixed annual fees approved by the shareholders of the Company.

The details on the remuneration of the Directors are as follows:

	Salary and Others	Allowances and Fees	Fees from Subsidiaries	Benefit in Kind	TOTAL
<b>Non-Independent Non-Executive Director</b>					
Dato' Kamaruzzaman Abu Kassim <sup>(a)</sup>		113,500			113,500
Ahamad Mohamad <sup>(a)</sup>		56,000			56,000
Zulkifli Ibrahim <sup>(a)</sup>		60,500			60,500
<b>Independent Non-Executive Directors</b>					
Zainah Mustafa		68,500			68,500
Datuk Azzat Kamaludin <sup>(b)</sup>		70,500	15,000		85,500
Dr Kok Chin Leong <sup>(c)</sup>		145,100			145,100
Dr Yoong Fook Ngian <sup>(d)</sup>		279,000			279,000
Tan Sri Dato' Dr Yahya Awang <sup>(b)</sup>		73,600	48,000		121,600
Datin Paduka Siti Sa'diah Sheikh Bakir <sup>(e)</sup>		410,852		21,250	432,102
<b>President &amp; Managing Director</b>					



	Salary and Others	Allowances and Fees	Fees from Subsidiaries	Benefit in Kind	TOTAL
Dato' Amiruddin bin Abdul Satar	935,800	275,722		21,250	1,232,7720
<b>Executive Director</b>					
Aminudin Dawam <sup>(f)</sup>		61,000			61,000
					<b>2,655,574</b>

<sup>(a)</sup> Representatives of major shareholders;

<sup>(b)</sup> Received allowances for appointment as Independent Director of subsidiary hospitals;

<sup>(c)</sup> Received allowances for professional advisory services on implementation of K-CIS;

<sup>(d)</sup> Received allowances for professional advisory services as Medical Advisory Chairman;

<sup>(e)</sup> Re-designated as an Independent Non-Executive Director with effect from 1 May 2015. Received allowances for her previous role as Corporate Advisor in 2014;

<sup>(f)</sup> Re-designated as Executive Director with effect from 1 May 2015.

### Recruitment Process and Annual Assessment

The Board is responsible to the shareholders. All Directors appointed during the financial year retire at the 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 every three (3) years.

The Company has in place a formal and transparent procedure on the appointment of new Directors. All nominees to the Board are first considered by the NRC, taking into account the mix of skills, competencies, experience and other qualities required to oversee a highly regulated healthcare business, before they are recommended to the Board.

While the Board is responsible for the appointment of new Directors, the NRC is delegated the role of screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board. The NRC evaluates the nominees' ability to discharge their duties and responsibilities before recommending their appointment as Directors to the Board for approval.

### Board Performance Evaluation

The effectiveness of the Board is vital to the success of the Group. For that reason, a large portion of the Board Policy Manual is devoted to explaining and outlining the format and procedure for evaluating Board Members performance. The availability of the structured format for Board Members evaluation assists the members in discharging their duties effectively and efficiently.

The Board, through the NRC, undertakes a rigorous

evaluation each year in order to assess how well the Board, its Committees, the Directors and the Chairman are performing, including assessing the independence of Independent Directors, taking into account the individual Director's capability to exercise independent judgement at all times. The evaluation covers the Board's composition, skills mix, experience, communication, roles and responsibilities, effectiveness as well as conduct. All Directors complete a questionnaire regarding the Board and Committees' processes, their effectiveness and where improvements may be considered. The process also includes a peer review in which Directors assess their fellow Directors' performance against a set criteria, including the skills they bring to the Group and the contribution they make. The Company Secretary reported the outcome of the evaluation exercise to the NRC and then to the Board for review.

Following the performance evaluation process for 2014 which was conducted in March 2015, the Directors have concluded that the Board and its Committees operate effectively. Additionally, the Chairman is satisfied that each Director continues to make an effective contribution to the work of the Board, is well prepared and informed concerning matters to be considered by the Board, has a good understanding of the Group's business and their commitment to the role remains strong.



# STATEMENT ON CORPORATE GOVERNANCE

(Pursuant to Section 15.25 of the Bursa Malaysia Listing Requirements)

## 3. Reinforce Independence

### *Assessment of Independence Annually*

The independence of all Directors, including the Non-Independent Non-Executive Directors is reviewed annually via the NRC which undertakes the independence assessment by taking into account their skills, experience and contributions as well as their background, economic and family relationships, and there after determines whether the Directors can continue to bring independent and objective judgement to the Board. The NRC shall also determine whether there are relationships or circumstances which could affect, or appear to affect, the Independent Non-Executive Directors' judgement.

Tenure is not part of the independence assessment criteria as the Board is of the view that the fiduciary duties as promulgated in the Act are paramount for all Directors, irrespective of their status. The ability of a Director to serve effectively is very much dependent on his calibre, qualifications, experience and personal qualities, particularly his integrity and objectivity. The Directors' Peer Evaluation would also indicate the Independent Directors' ability or inability to act independently. Furthermore, the Board agrees that there are significant advantages to be gained from long-serving Directors who not only possess tremendous insight but also in-depth knowledge of the Company's business and affairs. The Directors are enthusiastic and passionate about spearheading the Company to the next level.

### *Tenure of Independent Directors*

As advocated in Recommendation 3.3 of the MCCG 2012, the Board should justify and seek the shareholders'

approval for the retention of the independent status of three (3) existing Directors who had served in that capacity for more than nine (9) years. Zainah Mustafa (appointed 21 February 1994), Datuk Azzat Kamaludin (appointed on 01.09.1994), Dr Yoong Fook Ngian (appointed 7 July 2005) and Dr Kok Chin Leong (appointed 7 July 2005) had all served the Company for more than nine (9) years.

### *Shareholders' Approval for the re-appointment of Independent Directors*

The Board recommends that the tenure of Zainah Mustafa, Datuk Azzat Kamaludin, Dr Yoong Fook Ngian and Dr Kok Chin Leong as Independent Board Members be retained subject to the shareholders' approval at the forthcoming Annual General Meeting (AGM), on the basis of their strong professionalism and competencies with vast experience in the healthcare industry and corporate world.

### *Separate Positions of the Chairman and CEO*

The Chairman as well as the President & Managing Director of the Company are held by two separate individuals. This complies with the requirements of MCCG 2012.

### *Composition of the Board*

As mentioned in Board Structure, Composition and Balance section above, the Board believes that the present size and composition remains well-balanced, ensuring that the necessary checks and balances are conducted with regards to the decision-making process of the Board.

## 4. Foster Commitment

### *Commitment of Board Members and Protocols for Accepting New Directorship*

The Board meets on a quarterly basis with additional meetings convened for specific matters when necessary. Meetings are scheduled ahead to facilitate Directors' attendance. For the financial year 2014 the meetings were fixed in December 2013. During the year ended 31 December 2014, the Board convened five (5) meetings on the following dates and venues:

Date of Meeting	Description	Venue	Attendance
3 March 2014	74 <sup>th</sup> Board of Directors Meeting	Menara 238, Kuala Lumpur	10/11
23 May 2014	75 <sup>th</sup> Board of Directors Meeting	KPJ Sabah Specialist Hospital, Sabah	9/11
10 June 2014	Special Board of Directors Meeting	The Puteri Pacific, Johor	11/11
25 August 2014	76 <sup>th</sup> Board of Directors Meeting	KPJ Rawang Specialist Hospital, Selangor	11/11
25 November 2014	77 <sup>th</sup> Board of Directors Meeting	Menara KOMTAR, Johor	10/11



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	Dato' Kamaruzzaman Abu Kassim	Chairman	5/5
2	Dato' Amiruddin Abdul Satar	Member	5/5
3	Datin Paduka Siti Sa'diah Sheikh Bakir	Member	5/5
4	Tan Sri Dato Dr. Yahya Awang	Member	4/5
5	Datuk Azzat Kamaludin	Member	4/5
6	Zainah Mustafa	Member	5/5
7	Ahamad Mohamad	Member	4/5
8	Dr Kok Chin Leong	Member	5/5
9	Dr. Yoong Fook Ngian	Member	4/5
10	Zulkifli Ibrahim	Member	4/5
11	Aminudin Dawam	Member	5/5

All Directors have complied with the minimum of 50% attendance as stipulated by Paragraph 15.05(3)(c) of the MMLR.

#### **Continuing Education Programmes**

As an integral element of the process of appointing new Directors, the Board ensures that there is an orientation and education programme for new Board Members. Directors also receive further training from time to time through Continuous Education Programmes (CEP), particularly on relevant laws, regulations, changing commercial risks and environment as required by Paragraph 15.08(3) of the MMLR. 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 programmes organised by various parties:

No	Name of Course	Date	Venue	Name of Organiser	Name of Directors
1	MAP Courses	15 – 16 January 2014	The Puteri Pacific, Johor Bahru	Bursatra Sdn Bhd	1. Aminudin Dawam
2	6 <sup>th</sup> Annual Corporate Governance Summit	4 – 5 March 2014	Le Meridien, Kuala Lumpur	Asian World Summit	1. Datin Paduka Siti Sa'diah Sheikh Bakir
3	2 <sup>nd</sup> Annual VIP Paediatrician Meeting	14 – 16 March 2014	Penang	Academy of Medicine of Malaysia	1. Dr Kok Chin Leong
4	Audit Committee Conference 2014: Stepping Up for Better Governance	20 March 2014	Connexion@Nexus Bangsar South, KL	Institute of Internal Auditors Malaysia & Malaysian Institute of Accountants	1. Datin Paduka Siti Sa'diah Sheikh Bakir
5.	Leader Development Workshop by Mr Michael Wagner: Spurring Innovation –Transformative Ideas into Performance Gains	31 March 2014	Menara 238, KPJ, KL	The Advisory Board Company USA	1. Dr Yoong Fook Ngian 2. Dato' Amiruddin Abdul Satar 3. Datin Paduka Siti Sa'diah Sheikh Bakir



# STATEMENT ON CORPORATE GOVERNANCE

(Pursuant to Section 15.25 of the Bursa Malaysia Listing Requirements)

No	Name of Course	Date	Venue	Name of Organiser	Name of Directors
6	Annual Director Duties, Governance And Regulatory Updates Seminar 2014	22 April 2014	Istana Hotel, Kuala Lumpur	Federation of Public Listed Companies/ MICG	1. Dr Kok Chin Leong
7	National Healthcare Leaders' Summit on "Patient for Patient Safety Malaysia"	29 April 2014	Putrajaya Marriot Hotel & Spa	Malaysian Society for Quality in Health & Patients For Patient Safety Malaysia Partnering for Patient Safety	1. Datin Paduka Siti Sa'diah Sheikh Bakir
8	Paediatric Clinical Management of Feeding Difficulties	10 May 2014	Kuala Lumpur	Malaysian Paediatric Association	1. Dr Kok Chin Leong
9	Training on Leadership Innovation Strategy (LIS) by Prof Roch Parayre	25 – 27 May 2014	Equatorial Hotel Bangi	KPJ Healthcare Berhad	1. Dato' Amiruddin Abdul Satar
10	APHM International Healthcare Conference & Exhibition 2014: Smart Partnership in Managing Hospitals – Building Bridges to Win	3 – 5 June 2014	Sunway Pyramid Convention Centre, Selangor	Association of Private Hospitals of Malaysia	1. Dr Yoong Fook Ngian 2. Dr Kok Chin Leong 3. Dato' Amiruddin Abdul Satar 4. Datin Paduka Siti Sa'diah Sheikh Bakir
11	KPMG Global Health Conference: "What Works: A dynamic look at Health Transformation"	10 – 12 June 2014	Langham Hotel, London	KPMG	1. Datin Paduka Siti Sa'diah Sheikh Bakir
12	Leadership Development Workshop by Mr Michael Wagner	19 June 2014	Menara 238	The Advisory Board Company USA	1. Dato' Amiruddin Abdul Satar 2. Datin Paduka Siti Sa'diah Sheikh Bakir
13	Paediatrician In Practice – Specialists' Workshop 2014	20 – 22 June 2014	Malacca	Academy of Medicine of Malaysia	1. Dr Kok Chin Leong
14	15 <sup>th</sup> Paediatrician Roundtable Meeting of National Child Health (ASEAN)	25 – 27 June 2014	Bangkok, Thailand	Queen Sirikit National Institute of Child Health	1. Dr Kok Chin Leong
15	Audit Committee Workshop Malaysian Institute Of Accountants Series 2 Control Environment In Managing Risk	17 July 2014	Kuala Lumpur	Malaysian Institute of Accountants	1. Datuk Azzat Kamaludin



No	Name of Course	Date	Venue	Name of Organiser	Name of Directors
16	Audit Committee Workshop Malaysian Institute Of Accountants Series 3 Oversight Of Financial Report & Compliance	7 August 2014	Kuala Lumpur	Malaysian Institute of Accountants	1. Zainah Mustapha
17	Audit Committee Workshop Malaysian Institute Of Accountants Series 4 Enhancing Audit Quality	7 August 2014	Kuala Lumpur	Malaysian Institute of Accountants	1. Datuk Azzat Kamaludin
18	KPJ Healthcare Conference & Exhibition 2014: "Patient Centred Care" – The Way Forward	22 – 24 August 2014	Marriott Hotel Putrajaya	KPJ Healthcare Berhad	1. Dr Yoong Fook Ngian 2. Dr Kok Chin Leong 3. Dato' Amiruddin Abdul Satar
19	Superlative Annual Brand Marketing Conference 2014	24 – 25 August 2014	Putrajaya Marriot Hotel	KPJ Healthcare Berhad	1. Aminudin Dawam
20	Innovating Malaysia Conference 2014; Return to Innovation	28 – 29 August 2014	Kuala Lumpur Convention Centre	Agensi Inovasi Malaysia and Asian Strategy & Leadership Institute	1. Zulkifli Ibrahim
21	15 <sup>th</sup> ASEAN Paediatrician Federation Congress	17 – 20 September 2014	Penang	Malaysian Paediatric Association	1. Dr Kok Chin Leong
22	Patients for Patient Safety 2 <sup>nd</sup> In-country Workshop	29 – 30 September 2014	The Everly Hotel, Putrajaya	MOH/WHO/MSQH	1. Datin Paduka Siti Sa'diah Sheikh Bakir
23	Razak School Of Government (RSOG) Master Class with Manfred Kets De Vries	29 September 2014	Aloft, KL Sentral	RSOG/Kets De Vries Institute	1. Datin Paduka Siti Sa'diah Sheikh Bakir
24	Khazanah Megatrends Forum 2014	29 September 2014	Kuala Lumpur Convention Centre	Khazanah Malaysia	1. Datuk Azzat Kamaludin
25	Johor Corporation's Director Enhancement Programme 2014	4 October 2014	Persada Johor	Akademi JCorp Sdn Bhd	1. Zulkifli Ibrahim
26	Annual International Society for Quality in Health Care (ISQua) Conference 2014	5 – 8 October 2014	Rio De Janeiro Brazil	International Society for Quality in Health Care	1. Dr Yoong Fook Ngian
27	Effective Board Evaluations	9 October 2014	Kuala Lumpur	Bursa Malaysia	1. Dato' Amiruddin Abdul Satar
28	7 <sup>th</sup> Asian Congress of Paediatric Infectious Diseases	12 – 15 October 2014	Beijing, China	ACPID	1. Dr Kok Chin Leong



# STATEMENT ON CORPORATE GOVERNANCE

(Pursuant to Section 15.25 of the Bursa Malaysia Listing Requirements)

No	Name of Course	Date	Venue	Name of Organiser	Name of Directors
29	Seminar Mukmin Professional Pengurusan Atasan Johor Corporation	20 October 2014	The Puteri Pacific Johor Bahru	Akademi JCorp Sdn Bhd	1. Zulkifli Ibrahim 2. Dato' Kamaruzzaman Abu Kassim 3. Tn Hj Ahamad Mohamad
30	LH Consultant (Train the EXCO) by Michael Wagner	24 October 2014	Menara 238	KPJ Healthcare Berhad	1. Dato' Amiruddin Abdul Satar
31	Johor Corporation's Directors Enhancement Programme 2014: Mandatory Accreditation Programme for Directors of Public Listed Companies	4 November 2014	Persada Johor Bahru	Akademi JCorp Sdn Bhd/Bursatra Sdn Bhd	1. Dato' Kamaruzzaman Abu Kassim 2. Dato' Amiruddin Abdul Satar 3. Datin Paduka Siti Sa'diah Sheikh Bakir 4. Tn Hj Ahamad Mohamad
32	Good and Services Tax (GST) Briefing	7 November 2014	Menara 238, KPJ, KL	KPJ Healthcare Berhad	1. Dr Yoong Fook Ngian
33	Sarawak Business Summit 2014	13 November 2014	Imperial Hotel Kuching, Kuching Sarawak	Asia Strategy & Leadership Institute (ASLI) and MRS Management	1. Aminudin Dawam
34	New Companies Bill vis-à-vis Malaysian Companies Law	27 November 2014	Menara Multi Purpose KL	Wong Beh & Toh	1. Tan Sri Dato' Dr Yahya bin Awang
35	Johor Corporation's "Empower the Digital Economy Knowledge Transfer" Seminar	18 November 2014	PERSADA, Johor	Johor Corporation (JCorp)	1. Datin Paduka Siti Sa'diah Sheikh Bakir
36	Qualified Risk Director Programme: Green Belt	24 November 2014	Institute of Enterprise Risk Practitioners, Kota Damansara, PJ	Institute of Enterprise Risk Practitioners (IERP)	1. Datin Paduka Siti Sa'diah Sheikh Bakir
37	Leader Development Workshop by Mr Michael Wagner: Facilitating Effective Teamwork	4 December 2014	Menara 238, KPJ, KL	The Advisory Board Company USA	1. Dr Yoong Fook Ngian 2. Datin Paduka Siti Sa'diah Sheikh Bakir



## 5. Uphold Integrity in Financial Reporting

### *Compliance with Applicable Financial Reporting Standards*

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

The Audit Committee assists the Board in ensuring that both the 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.

The Directors are required by the Companies Act 1965 to prepare financial statements for each financial year which have been made in accordance with the Malaysian Financial Reporting Standards and the International Financial Reporting Standards. This is to ensure a true and fair view of the financial position 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, prudent and prepared the financial statements on a 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 the overall responsibilities for taking such steps necessary to safeguard the assets of the Group, as well as prevent and detect fraud and other irregularities.

The Statement by Directors pursuant to Section 169(15) of the Companies Act 1965 is set out in the financial statements.

### *Assessment of Suitability and Independence of External Auditors*

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

In 2014, the External Auditors attended all four (4) Audit Committee Meetings which were held on 17 February 2014, 15 May 2014, 14 August 2014 and 13 November 2014. They also attended the Company's 21<sup>st</sup> AGM held on 10 June 2014.

The Audit Committee met with the External Auditors without the presence of the Executive Board Member and Senior Management twice (2) during the year, on 17 February 2014 and 13 November 2014. The Board is of the view that the External Auditors are independent and they are re-appointed annually at the AGM.

## 6. Recognise and Manage Risks

### *Framework to Manage Risk*

The Board, as part of its leadership role coordinates and delegates specific responsibilities to several Committees to facilitate the operations of the Group at the Board and Management level. Each Committee has written terms of reference defining its scope, powers and responsibilities. These Committees have the authority to examine particular issues and report back to the Board with their findings and recommendations. The ultimate responsibility for the final decisions and recommendations on all matters emanating from these Committees, however, lies with the entire Board.



# STATEMENT ON CORPORATE GOVERNANCE

(Pursuant to Section 15.25 of the Bursa Malaysia Listing Requirements)

The Committees are divided into Board and Management Committees. The Board Committees comprises of five (5) main Committees:

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

## **Board Committees**

### **Audit Committee (AC)**

The Audit Committee is chaired by Zainah Mustafa and comprises of two (2) other members, Datuk Azzat Kamaludin and Tan Sri Dato' Dr. Yahya Awang, all of whom are Independent Non-Executive Directors. The Committee meets on a scheduled basis at least four (4) times a year. The profiles of each AC Member are disclosed on pages 68 to 77 of this Annual Report.

Pursuant to Paragraph 15.15 of the MMLR, 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 presented on pages 173 to 177 of this Annual Report.

### **Building Committee (BC)**

The main purpose of the Committee is to oversee the timeline and costs of each development project undertaken by the Group and to address any issues relating to these projects. The Committee is chaired by Datin Paduka Siti Sa'diah Sheikh Bakir and comprises of three (3) other members, Dato' Amiruddin Abdul Satar, Dr. Yoong Fook Ngian and Aminudin Dawam. 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 adopted and practised by the Group. The Committee meets on a scheduled basis at least four (4) times a year and is 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 178 to 183 of this Annual Report.

## **Tender Board Committee (TBC)**

In an effort to achieve high standards of corporate governance, the Board had in February 2014 resolved to establish the Tender Board Committee (TBC). The main purpose of the Committee is to evaluate any major purchases, acquisitions or disposals of assets, awards of contracts and appointments of consultants/advisors for the Group.

Members of the Committee are:

- a) Zulkifli Ibrahim (Chairman) – Non-Independent Non-Executive Director
- b) Dato' Amiruddin Abdul Satar – President & Managing Director
- c) Datuk Azzat Kamaludin – Independent Non-Executive Director
- d) Aminudin Dawam – Executive Director
- e) Dr. Yoong Fook Ngian – Independent Non-Executive Director

In 2014, the TBC held five (5) meetings to evaluate major purchases, awards of contracts and made its recommendations to the Board accordingly.

## **Management Committees**

The Management Committees comprise of two (2) main Committees:

- Executive Committee
- Tender Evaluation Committee

### **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 as follows:

- To manage all aspects of the Group's business
- To implement the strategic business plans and policies approved by the Board of Directors; and
- To identify, formulate and prioritise strategic issues as well as chart strategic directions for action by Management and staff.



## 2. Members

There are thirteen (13) members of EXCO as follows:

- President & Managing Director
- Vice President I – Business Operations & Clinical Services
- Vice President I – Corporate & Financial Services
- Vice President I – Project Management & Biomedical Services
- Vice President II – Business Development Services
- Vice President II – Group Talent Management Services
- Senior General Manager – Group Operation (Executive Director)
- Senior General Manager – Group Operation (International)
- Senior General Manager – Group Finance Services
- Senior General Manager – Group Corporate Communication & Wellness
- Senior General Manager – Group Operation (Executive Director)
- Senior General Manager – Group Operation (Executive Director)
- Chief Information Officer

## 3. Meetings

Meetings are usually held on every Tuesday of the week.

### Tender Evaluation Committee (TEC)

In an effort to achieve high standards of corporate governance, the Board had in February 2014 resolved to establish the Tender Evaluation Committee (TEC). The main purpose of the Committee is to evaluate and make its recommendations to the TBC on major purchases, acquisitions or disposals of assets, awards of contracts and appointments of consultants/advisors for the Group.

The members of the TEC are:

- a) Mohd Sahir Rahmat (Chairman) – Vice President (II), Corporate & Financial Services
- b) Jasimah Hassan – Vice President (II), Business Operations & Clinical Services
- c) Abdul Malek Talib – Vice President (II), Project Management & Biomedical Services
- d) Ahmad Nasirruddin Harun – Senior General Manager – Group Operation (Executive Director)
- e) Mohd Johar Ismail – Senior General Manager, Group Operations (International)

In 2014, the TEC met five (5) times and made its findings and recommendations to the TBC as required.

## Internal Audit Function

The Board acknowledges its primary responsibility for the Group's system of internal controls and risk management. The effectiveness of the system of internal controls and risk management of the Group is reviewed by the Audit Committee. A more detailed discussion is set out in the Statement on Risk Management and Internal Control as well as the Audit Committee Report on pages 168 to 177 of this Annual Report.

## 7. Ensure Timely and High Quality Disclosure

### Corporate Disclosure Policy

The Company has in place procedures for compliance with the MMLR and ensures that all material information are announced immediately to Bursa Securities as required.

### Leverage on Information Technology

The corporate website at [www.kpjhealth.com.my](http://www.kpjhealth.com.my) is maintained to disseminate information and create greater awareness of the Group activities, performance and other relevant information for the benefit of all stakeholders and general public.

The Group also has a dedicated website for Investor Relations where all information relating to quarterly result announcements, Annual Reports, changes to shareholding and press releases are published concurrently with Bursa Malaysia website. This website also sends out alerts to investors for any announcement made in relation to the Company.

## 8. Strengthen Relationship with the Shareholders

### Shareholder Participation at the AGM

At each AGM, the Chairman presents the progress and performance of the Company, in addition to encouraging shareholders to participate in the question-and-answer session. The President & 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. Apart from the Board Chairman and President & Managing Director, shareholders or stakeholders may convey any concerns that they may have to Zainah Mustafa, the Independent Non-Executive Director who is also the Chairman of the Audit Committee.



# STATEMENT ON CORPORATE GOVERNANCE

(Pursuant to Section 15.25 of the Bursa Malaysia Listing Requirements)

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 the Chairman declares the number of proxy votes received both for and against each resolution. The Company also provides shareholders with a summary of the discussions at the AGM by publishing the minutes on the website.

## **Encourage Poll Voting**

The Board encourages poll voting for the specific resolutions which require a poll vote, for example reappointment of Directors whom are above the age of 70 years old and also the Related Party Transactions. During the AGM, the Chairman will inform the shareholders prior to the discussion of such specific resolutions.

The recurrent related party transactions for the financial year ended 31 December 2014 are set out in the notes to the financial statements on pages 281 to 283 of the Annual Report.

At the 21<sup>st</sup> Annual General Meeting held on 10 June 2014, the Company obtained the shareholders' mandate to allow the Group to enter into recurrent related party transactions as set out in the Notes of the Compliance Information on pages from 188 to 189. As required by the MMLR and the 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 meetings convened to consider such matters.

## **Effective Communication and Proactive Engagements with Shareholders**

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

The President & Managing Director and senior management personnel hold discussions with analysts, investors and shareholders from time to time on the Group's results and performance. Presentations are made, where appropriate, to explain the Group's strategies, performance and major developments. However, any information that may be regarded as privileged material information about the Group will be safeguarded until such time that such information has been announced to Bursa Malaysia as required by the MMLR.

In addition, the Group has established a website at [www.kpjhealth.com.my](http://www.kpjhealth.com.my) which shareholders can access. The Group's quarterly and annual results announcements, including press releases are posted in the Investor Relations page on the Group's website immediately after announcements are made on the Bursa Malaysia's website. This website also sends out alerts to investors who opted to get this service for free on any announcement by the Company to Bursa.

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 may affect their investment decisions, thus enhancing the level of transparency.

As part of the Group's commitment to an effective investor relations function, the Company hosted meetings, tele-conferencing and briefings to analysts and investors or via participation in events organised by investment banks or research houses in Malaysia and abroad.

For 2014, the following activities were conducted with the analysts, investors and shareholders:

Types of Meeting	No
Analysts/Investors meetings	83
Teleconference	8
Conferences & road shows	13



Below are some of the major investor relations events and conferences that KPJ participated in 2014:

No	Events	Date	Venue
1	Non-Deal Roadshow with Daiwa Investment	27 February 2014	Hong Kong
2	IAIR Awards 2014	28 February 2014	Hong Kong
3	CLSA ASEAN Forum 2014	7-9 May 2014	Bangkok
4	Invest Malaysia Kuala Lumpur 2014	9-10 June 2014	Kuala Lumpur
5	Citi ASEAN Investors Conference	12-13 June 2014	Singapore
6	MIDF Luncheon Talk – Prospects for Private Healthcare in Malaysia	19 June 2014	Kuala Lumpur
7	Macquarie ASEAN Conference	26-28 August 2014	Singapore
8	UBS ASEAN Conference	3-5 September 2014	Singapore
9	JP Morgan's 4 <sup>th</sup> Annual ASEAN 1x1 Forum	8-9 September 2014	London
10	Invest Malaysia Hong Kong 2014	14 October 2014	Hong Kong
11	Non-Deal Roadshow with Macquarie	13, 15 & 17 October 2014	Hong Kong & Singapore
12	CIMB Healthcare Corporate Day	20 October 2014	Kuala Lumpur
13	Standard Chartered Double in 3/Triple in 5 – Asia Pacific Emerging Conference	6-7 November 2014	Singapore

The Senior Management personnel involved in Investor Relations activities are:

- Dato' Amiruddin Abdul Satar – President & Managing Director
- Mohd Sahr Rahmat – Vice President (II) – Corporate & Financial Services
- Norhaizam Mohammad – Senior General Manager – Group Finance
- Khairul Annuar Azizi – General Manager – Risk, Compliance & Investor Relations

#### **Compliance Statement**


Pursuant to Paragraph 15.25 of the MMLR, the Board is pleased to report that this Statement on Corporate Governance provides the Corporate Governance practices of the Company with reference to the MCCG 2012.

The Board, however, has reserved several of the Recommendations and their Commentaries, and has rationalised and provided justifications for any deviations in this Statement. Nevertheless, KPJ will continue to strengthen its governance practices to safeguard the best interests of its shareholders and other stakeholders.

Signed on behalf of the Board of Directors in accordance with its resolution dated 9 April 2015.



**Dato' Kamaruzzaman Abu Kassim**  
Chairman



**Dato' Amiruddin Abdul Satar**  
President & Managing Director



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements)

Principle 6 of the Malaysian Code on Corporate Governance 2012 requires the Board to establish a sound risk management framework and internal control system. The system of internal controls is designed to provide reasonable assurance that the likelihood and consequence of adverse events during the course of business are at an acceptable level within the context of the competitive environment that the Group operates under.

## BOARD RESPONSIBILITIES

The Board is committed to ensure the adequacy, effectiveness and integrity of the Group's governance model, risk management framework and internal controls system which include financial, operational, environmental and compliance.

## Continuously Safeguarding Our Operations

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 which has been prepared in accordance with the Statement on Risk Management & Internal Control – Guidelines for Directors of Listed Issuers endorsed by Bursa Malaysia.

The principal objective of the risk management framework and internal controls system is to identify and manage business risks effectively and safeguard assets. The role of the Managing Director and Management is to assist in the design and implementation of policies on risk management and internal control system, identifying and evaluating the risks faced by the Group and formulating related policies and procedures to manage these risks, according to the risk appetite set by the Board.

As the internal controls system is designed to manage and reduce risks rather than eliminating them, the system can only provide reasonable assurance to the Board regarding the achievement of company objectives through:-

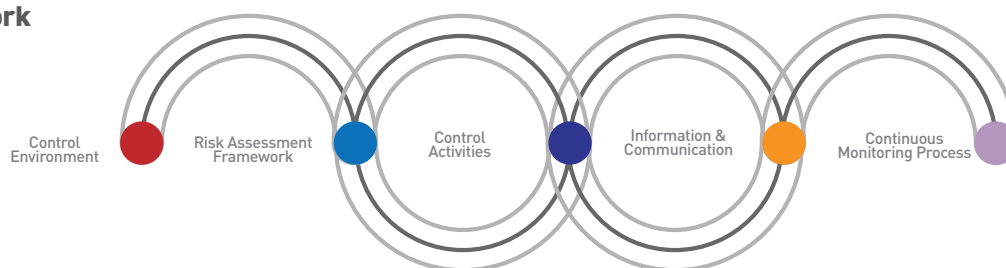
- effectiveness and efficiency of operations;
- reliability of financial reporting; and
- compliance with applicable laws and regulations.

The likelihood of achievement of the Group's objectives is affected by limitations inherent in any internal control systems. The Management therefore needs to consider the cost of implementation of internal controls against the expected benefits to be derived.





## 5 Interrelated components of COSO Internal Control Framework



The Group adopts the COSO Internal Control Framework to ensure an appropriate and sound system of internal controls are in place, which encompasses five inter-related components, namely 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 promote ethical behaviour culture in employees and medical consultants. At the annual staff assembly called “*Pedoman*” (*Perhimpunan, Dialog dan Anugerah Tahunan Anggota Pekerja*), all employees and medical consultants were reminded of the five (5) Core Values adopted by the Group, which are Safety, Courtesy, Integrity, Professionalism and Continuous Improvement. Employees are expected to be transparent in their conduct to promote high ethical values and reaffirm their commitment to the Group through the Staff Integrity Pledge ceremony.

In addition, the Group also encouraged employees to report directly to the Managing Director of any misconduct or unethical behaviour committed by any staff of the Group through the annual *Borang Peradaban* declaration.

To complement this expectation, the Group also has in place a comprehensive Whistle-Blowing Policy that outlines the Group’s commitment to promote the highest standards of governance, ethics and integrity in all aspects of business dealings. The Policy covers, inter-alia, three (3) tiers of whistle-blowing reporting line, comprising of the Managing Director, the Chairman of the Audit Committee or the Chairman of the Board, to facilitate whistle-blowing activities according to different possible circumstances. In order to encourage a conducive environment for effective whistle-blowing, the Policy also provides assurances on the

preservation of identity, confidentiality of information and protection of whistle-blowers from possible retaliation.

The Group is also a signatory to the “Malaysian Corporate Integrity Pledge” since 2011, introduced by the Malaysian Institute of Integrity (MII) in support of the Government efforts to combat corruption and unethical practices.

In July 2014, the Group implemented the “No Gifts and Entertainment” policy, outlining to staff the principles and guidelines in relation to gifts and entertainment, to uphold ethical and responsible behaviour by all its employees. The purpose of this policy is to avoid any conflict of interests or the appearance of conflict of interests in ongoing or potential business dealings in the Group.

#### Organisation Structure

The President/Managing Director is assisted by five (5) Vice Presidents for the following functions:

- Business Operations and Clinical Services;
- Corporate and Finance Services;
- Project Management and Biomedical Services;
- Business Development; and
- Talent Management.

All the hospitals within the Group have been clustered into five (5) zones, whereby one hospital at each cluster will act as the control hub of the other hospitals within the cluster. Each cluster is headed by an Executive Director who oversees and controls all these hospitals’ operations.

At the hospital level, the Executive Directors and the Chief Executive Officers (CEO) or the General Managers are assisted by the Medical Directors who oversee all clinical governance 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 matters.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements)

## Assignment of Authority and Responsibility

The Board assigns authority and responsibility mainly to the Executive Committee (EXCO) to manage operations as well as discuss strategic issues pertaining to the delivery of services and future direction of the Group. Several committees have been formed to identify, evaluate, monitor and manage the significant risks affecting the Group operations. These committees are:

### 1. Medical Advisory Committee

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

### 2. Clinical Governance Committee

(a) Responsible for the establishment of framework for all the clinicians in the Group to:

- i. Continuously improve service quality;
- ii. Ensure high standard of care; and
- iii. Create an environment that promotes safety and excellence in clinical care.

(b) 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. Tender Evaluation Committee

Responsible for evaluating all tenders for purchases, acquisitions or disposals of assets, award of contracts and appointment of project development consultants/advisors for the Group. This Committee will make appropriate recommendations to the Tender Board Committee.

## Commitment to Continuous Learning

The Group, being in a service-oriented industry, recognises the importance of sustainable investment in improving the skills and competencies of its management, medical consultants and employees. This is achieved through facilitating various training programmes, seminars, workshops and service quality initiatives.

To improve staff competency in delivering quality service, the Group spends annually around 2% of total staff emolument on conducting staff training and development programmes. Each employee is mandated to undergo at least 30 hours of training per year on work-related areas such as customer service, clinical safety and leadership programme, facilitated by the Group's KPJ Healthcare University College's teaching professionals or external moderators.

To promote continuous learning and upgrading of knowledge, the Group has a sponsorship programme for eligible executives to further their studies in Masters of Business Administration (MBA) in Healthcare Management. In 2014, five (5) of these executives graduated and obtained their MBAs from the University of East London and University Technology Malaysia respectively. Since this programme started in 2005, 82 staff have benefited and obtained their MBAs.

Nurses are also encouraged to further their studies either for the Degree in Nursing or Masters in Science (Nursing) through collaboration with KPJUC, foreign universities or to take up post basic courses in OT, ICU, CICU, renal and midwifery to enhance their knowledge and skills. The Group also organises the KPJ Medical Conference, Medical Workshop and Nursing Convention annually 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 and standardisation of practices.

Currently, 15 hospitals in the Group have received their accreditation certifications from the Malaysian Society for Quality in Health (MSQH), out of which four (4) hospitals namely KPJ Johor Specialist Hospital, KPJ Seremban Specialist Hospital, KPJ Ampang Puteri Specialist Hospital and KPJ Penang Specialist Hospital, have also been certified by the Joint-Commission International with the internationally recognised and prestigious "JCI Accreditation". It is the Group's aspiration that all hospitals in its network would be accredited upon reaching operational maturity.



## RISK MANAGEMENT FRAMEWORK

### Company-Wide Objectives

The Board has established an organisational structure with clearly defined lines of accountability and responsibility to support the ideal control environment. The Audit Committee's responsibilities have been expanded to include the assessment of risks that the Group faces in its operations.

The Group subscribes to the "Australian/New Zealand Standard 4360:1999 Risk Management" to guide its risk management activities and adopted the "Australian/New Zealand Standard HB228:2001 Guidelines for Managing Risk in Healthcare" as its base framework in managing its business risks, comprising as follows:-

- Patient Care;
- Clinical Staff;
- Employee;
- Property;
- Financial;
- Corporate Governance; and
- Others.

The Group focuses its Risk Management activities on identifying and assessing business risks through a risk reporting & escalation mechanism called Incident Reporting & Root Cause Analysis. This is to ensure that all risk incidents are documented, investigated and root causes are identified to prevent future recurrence and ensure patient safety is given top priority.

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

As a healthcare provider, clinical risk forms the biggest risk class the Group faces. Therefore, the Board has entrusted the Clinical Risk Management Committee to review and oversee the effectiveness of the clinical risk management framework for patient and clinical staff safety. The minutes and decisions of this committee are presented to the Audit Committee which has oversight authority on all risk management and internal control issues of the Group.

## CONTROL ACTIVITIES

### Policies and Procedures

Policies and procedures are documented comprehensively, which are updated regularly to ensure relevance and compliance with the current and applicable laws and regulations. These policies and procedures help to ensure that appropriate authority limits are in place, business activities are carried out according to set standards and necessary actions are taken to address and minimise risks and ensure the orderliness and continuity of business functions.

### Segregation of Duties

The delegation of responsibilities by the Board to the Management and Operating Units are clearly defined and authority limits are strictly enforced and reviewed regularly. Different authority limits are set for different categories of managers for the procurement of capital expenditure, donations and approval of general and operational expenses. Similarly, cheque signatories and authority limits are clearly defined and enforced.

## INFORMATION AND COMMUNICATION

### Information Technology

Information technology continues to be the backbone of the hospital operations whereby the Group has a strong dedicated team of IT professionals to deliver and manage its in-house developed integrated systems comprising of Hospital Information Technology System ("HITS") and KPJ Clinical Information System ("KCIS").



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Listing Requirements)

HITS is an integrated hospital management system covering the complete range of patient service processes from registration to billing. HITS also has functionalities covering financial and material management modules, making it a truly reliable and robust system that has served the Group's information needs well since 1997.

KCIS on the other hand is a system that caters to the clinical activity needs of the hospitals to facilitate seamless communication amongst clinical professionals. KCIS key functionalities include patient clinical information, e-pharmacy, e-ordering and clinical reporting. KCIS was launched in 2011 and will be rolled-out in phases to all hospitals. Presently, 14 hospitals have started using KCIS.

In April 2014, the Group partnered IBM Malaysia to implement a nationwide cloud infrastructure for its hospital network. The new cloud-enabled infrastructure allows the Group to operate at a reduced cost, with greater efficiency, reliability and flexibility. By moving the IT infrastructure to the cloud, the Group is able to centrally deliver IT services to the hospitals nationwide in an efficient, reliable and secure manner.

## Communication and Information Sharing

The Group promotes the culture of effective communication and information sharing amongst the hospitals and key subsidiaries through the holding of functional group meetings and conferences. The objective behind these meetings and conferences is to share and reinforce key business strategies, review performance, discuss current issues and communicate new policies and procedures.

Such meetings and conferences are held either on monthly, quarterly or annual basis, comprising of diverse functional groups such as hospital management, chief nursing officers, finance managers, pharmacists and risk coordinators. The Group conducts the *Pedoman* annual staff gathering at the beginning of every year, whereby achievements and challenges faced during the previous financial year are shared with staff, new strategic initiatives, corporate KPI and business targets for the new financial year are also presented.

## CONTINUOUS MONITORING

### Ongoing Monitoring

The assurance on the effectiveness of internal control systems implemented throughout the Group is provided primarily by the Group Internal Audit through the conduct of regular audit on the hospitals and key subsidiaries. The Group's External Auditors also make both scheduled and surprised audit visits on hospitals and key subsidiaries to ensure compliance.

All internal and external audit reports would be discussed with Management for comments and resolution before being tabled to the Audit Committee.

### Independent Evaluation

All hospitals certified with the MSQH and JCI accreditation have to undergo stringent surveillance audit by the respective surveyors and audit teams to ensure compliance with accreditation standards and requirements before accreditation certification can be renewed, usually every three (3) years.

As information technology is the key enabler for the Group's operations, periodic IT Review is also conducted by the External Auditors for independent assessment and assurance.

## 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 2012 and the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers.





**Zainah Mustafa**  
*Chairman*  
Independent  
Non-Executive Director



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

## Upholding Integrity of Financial Reporting

The Committee assists the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

The Board of Directors of KPJ Healthcare Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2014.



**Tan Sri Dato'  
Dr. Yahya Awang**  
Independent  
Non-Executive Director

### 1. COMPOSITION AND ATTENDANCE

#### 1.1 COMPOSITION

The composition of the Committee and the record of their attendance are as follows:

Name of Member	Status of directorship	Attendance at Meetings
Zainah Mustafa <i>Chairman</i>	Independent Non-Executive Director	4 out of 4
Datuk Azzat Kamaludin <i>Member</i>	Independent Non-Executive Director	4 out of 4
Tan Sri Dato' Dr Yahya Awang <i>Member</i>	Independent Non-Executive Director	4 out of 4

The Chairman of the Committee, Zainah Mustafa meets the requirement of Section 15.09 (1) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements which stipulates at least one (1) of the Committee members fulfilling the financial expertise requisite.



# AUDIT COMMITTEE REPORT AND TERMS OF REFERENCE

## 1.2 ATTENDANCE

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

The quorum for all four meetings held during financial year 2014 was fulfilled. The meetings were held on 17 February 2014, 15 May 2014, 14 August 2014 and 13 November 2014 respectively.

Subsequent to each meeting, the Chairman of the Committee 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 2014, the External Auditors attended all four (4) meetings. Separate sessions were also conducted on 17 February 2014 and 13 November 2014 respectively.

The President & Managing Director, Vice Presidents (I), Vice President (II), senior management team as well as the Head of Internal Audit and representatives of the External Auditors shall normally attend the meetings. Other directors, Executive Directors of the hospitals and employees of the Company and/or Group may attend any particular meeting upon invitation where appropriate. All issues discussed and deliberated during the Committee meetings were recorded by the Company Secretary.

## 2. TERMS OF REFERENCE

### 2.1 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.

## 2.2 MEMBERSHIP

- (a) The Committee members shall be appointed by the Board, amongst its Directors which fulfils the following requirements:
  - i) the Committee must be comprised 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 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.

## 2.3 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.

## 2.4 MEETINGS AND ATTENDANCE

- (a) At a minimum, the Committee shall meet at least four (4) times a year, that is on a quarterly basis, to properly carry out its duties and ensure effective discharge of its responsibilities. Additional meetings may be called at any time at the Chairman's discretion.
- (b) The external auditor shall normally be invited to attend the meeting to present their findings and opinion to the financial statements.
- (c) The Committee has the right to convene separate meeting with the internal auditors, external auditors or both, without the attendance of the Management.
- (d) The Company Secretary is the secretary of the Committee meeting. The secretary plays important role



in organising and providing assistance for the meetings. The meeting agenda shall be drawn up in consultation with the Chairman of the Committee. The minutes shall be circulated to and confirmed by the Committee before disseminating to the Board.

## 2.5 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 functions of the Committee have been expanded to include matters specified in the Malaysian Code of Corporate Governance 2012, 2<sup>nd</sup> Edition (MCCG 2012 2<sup>nd</sup> Edition) as follows:-

### (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 as well as 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, as well as any matters the Auditor may wish to discuss; and
- iv) Review the External Auditor's Management Letter and Management's response.

The Committee has obtained written assurance from the external auditors confirming their independence throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements. This is in line with the recommendation stipulated in the MCCG 2012, 2<sup>nd</sup> Edition.

### (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 authorised by the Board.



# AUDIT COMMITTEE REPORT AND TERMS OF REFERENCE

## 4. SUMMARY OF ACTIVITIES

During the year 2014, the Committee carried out the following activities:

### (a) Financial results

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

### (b) Risk Management

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

### (c) Internal Audit

- i) Reviewed and approved the annual audit plan for the year 2013/2014 to ensure adequate scope and comprehensive coverage over the audit activities;
- ii) Deliberated on the Internal Audit Reports that were tabled and appraised the adequacy of the Management's responsiveness to the audit findings and recommendations;
- iii) Evaluated the results of scheduled follow-ups, investigations and special audits; and
- iv) Assessed the status of audit activities as compared to the approved annual audit plan.

### (d) External Audit

- i) Reviewed the audit plan, audit strategy and scope of work before the audit commences; and
- ii) Reviewed 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

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

### (f) Other Matters

- i) Reviewed and recommended the Audit Committee Report, Statement on Corporate Governance as well as Statement on Risk and Internal Control for inclusion in the Company's Annual Report, prior to Board approval.
- ii) Reviewed the management's quarterly reports on new laws and regulations, material litigations, regulatory matters and risk management.

## 5. INTERNAL AUDIT FUNCTION

### 5.1 ROLES AND RESPONSIBILITIES

The Group has an internal audit function which is carried out by the Internal Audit Services (IAS). The IAS assists the Board in fulfilling its fiduciary responsibilities over the areas of financial, operational, information system, investigation, risk management, internal control and governance process in accordance with the approved Audit Plan. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group.

The Head of IAS reports directly to the Committee and is guided by its Internal Audit Charter. 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. The high risk activities were given due attention on a more regular basis while the others were prioritised according to an assessment of the potential risk exposure and impact.

### 5.2 AUDIT RESOURCES

As at 31 December 2014, the IAS comprised 15 staff. The total costs incurred for the internal audit function covering the manpower and incidental costs such as travelling and training cost for the financial year ended 31 December 2014 was approximately RM1.7 million. Various training programmes and courses were provided to staff members in enhancing the desired competency level. The training programme, comprising in-house and externally-sourced training focuses on functional and development needs of the staff members.



### 5.3 AUDIT ACTIVITIES

The IAS within its terms and reference carried out the following activities for the period:-

- i) Reviewed and appraised 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;
- ii) Ascertained the effectiveness of the Management in identifying principal risks and managed such risks through the Risk Management Framework set-up by the Group;
- iii) Ascertained the level of compliance with Group's plans, policies, procedures and adherence to laws and regulations;
- iv) Appraised the effectiveness of administrative and financial controls applied and the reliability and integrity of data that is produced within the Group;
- v) Performed follow-up reviews of previous audit reports to ensure appropriate actions are implemented to address control weaknesses highlighted;
- vi) Carried out investigations and special reviews requested by the Committee and/or Management; and
- vii) Prepared the Audit Committee Report for the Company's Annual Report 2014.

During the financial year ended 31 December 2014, IAS accomplished a total of 77 audits comprising scheduled financial and operational audits at the hospitals and support companies including due diligence, special audits and ad hoc assignments. Reviews on compliance with the established procedures, guidelines and statutory obligations were also performed.

Investigations were also made 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.

All findings resulting from the audits were reported to the Committee, Senior Management and relevant Management of operating hospitals and support companies. Management of the operating hospitals and support companies were accountable to ensure proper rectification of the audit issues and implementation of action plans within the timeframe specified. Follow up by IAS on the actions taken is updated in the subsequent audits.

## 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	Venue	Name of Organiser
1	Annual Director Duties, Governance and Regulatory Updates Seminar 2014	22 April 2014	Kuala Lumpur	Malaysian Institute of Corporate Governance
2	Audit Committee Workshop – Series 2 : Control Environment in Managing Risk	17 July 2014	Kuala Lumpur	Malaysian Institute of Accountants
3	Audit Committee Workshop – Series 3 : Oversight of Financial Reports and Compliance	7 August 2014/ 1 October 2014	Kuala Lumpur	Malaysian Institute of Accountants
4	Audit Committee Workshop – Series 4 : Enhancing Audit Quality	7 August 2014/ 1 October 2014	Kuala Lumpur	Malaysian Institute of Accountants
5	Khazanah Megatrends Forum 2014	29 September 2014	Kuala Lumpur	Khazanah Nasional
6	New Companies Bill vis-à-vis Malaysian Companies Law	27 November 2014	Kuala Lumpur	Wong Beh & Toh Advocates & Solicitors



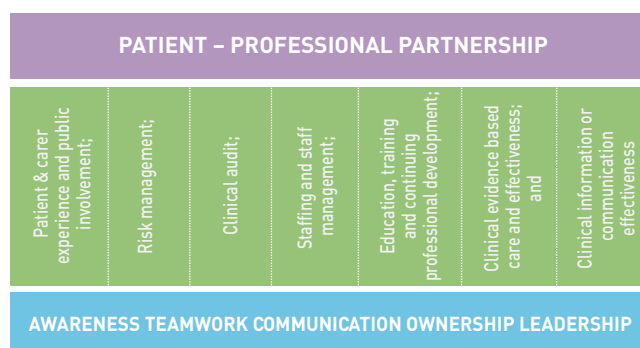
KPJ defines clinical governance as: “A framework through which organisations are accountable for continually improving the quality of their services and safeguarding high standards of care by creating an environment in which excellence in clinical care will flourish.” This definition is intended to embody three key attributes: recognisably high standards of care; transparent responsibility and accountability for those standards, and a constant dynamic of improvement.

There are seven (7) areas of activity that are used to make sure we deliver the highest quality health care to our service users as shown below.

## Enhancing Our Clinical Governance Framework

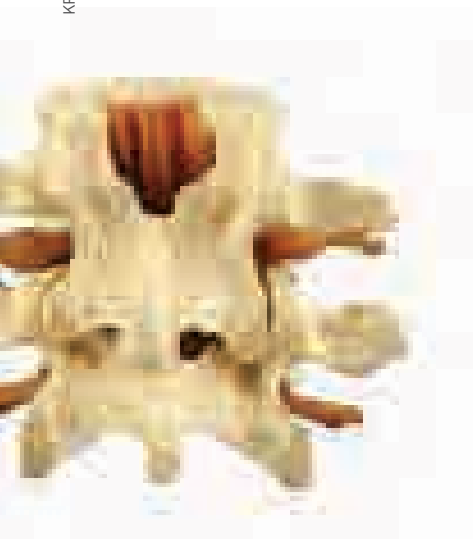
Clinical Governance is about the quality and safety of patient care. Patient safety, health and satisfaction underlines everything we do as an organisation, to maintain high standards of clinical care. This includes the management of resources, clinical and self-governance.

**Figure 1: The 7 Pillars of Clinical Governance**



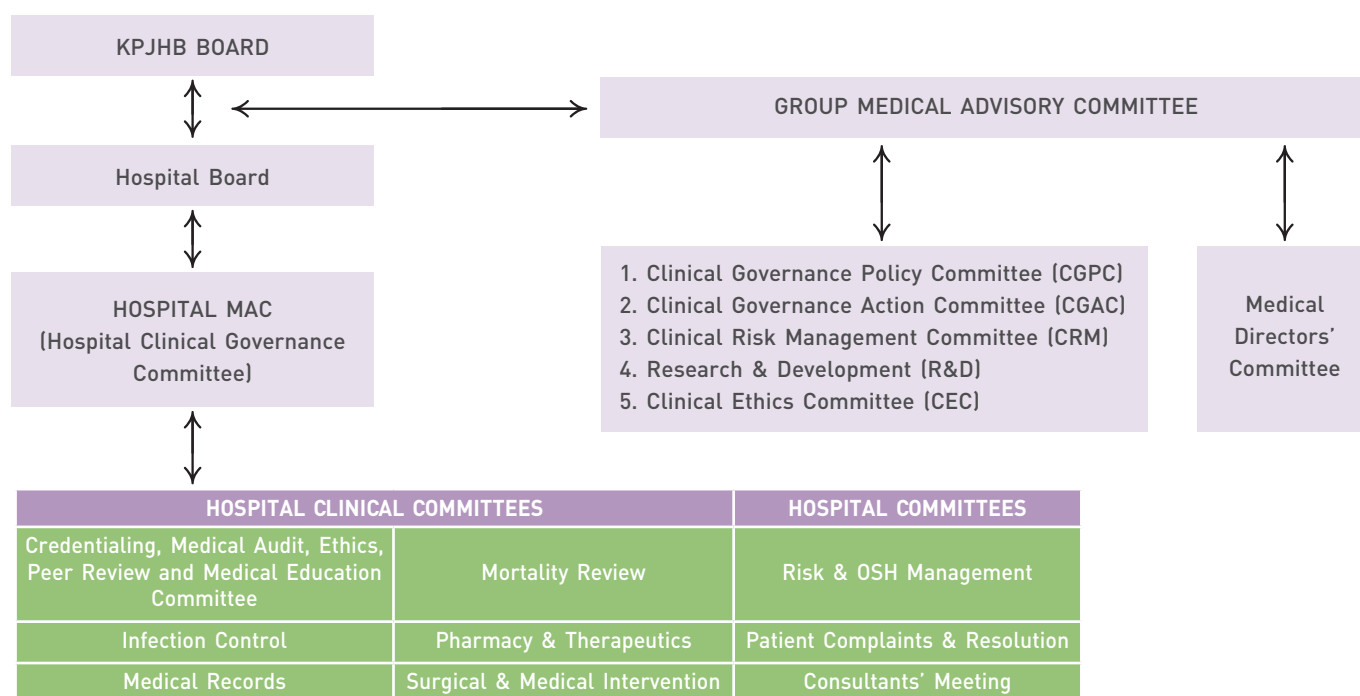
At KPJ hospitals', overall responsibility for clinical governance lies with the Medical Director. However, clinical governance is the responsibility of every member of the staff, including doctors, nurses, physiotherapists, radiographers, laboratory staff, cleaners, porters and administrative staff. Everyone works together to ensure that patients receive the best possible care.

At Group level, the Group Medical Advisory Committee (MAC) develops and monitors clinical governance activities and guidelines for the Group (Figure 2). Whereas at the individual hospital level, the Hospital MAC under the chairmanship of the 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; Surgical Medical Intervention Committee and other hospital Committees.





**Figure 2: Structure of Clinical Governance**



All hospitals have complied with the Hospital Clinical Committee meetings as stipulated in the KPJ Medical Professional By-Laws. The reports collected and compiled by the hospital were discussed during the various hospital meetings and finally presented to the Hospital Board of Directors. Eventually, the statistics and trends were reported to the Group MAC meeting quarterly.

In 2014, two (2) Medical Directors' Meetings were held in April and November. It represented an avenue for all the Medical Directors of the hospitals in the Group to meet and discuss issues raised by the respective clinicians in the hospitals. It allowed the Medical Directors to share best practices for others to emulate.

The MAC endorsed several new quality and safety programmes for the Group. Following is the report on the various patient safety programmes for the year 2014:

## 1. PREVENTION AND CONTROL OF INFECTION (PCI)

### Preparedness & response towards emergence of infectious diseases: Ebola Virus Disease (EVD)

Ebola, one of the notifiable disease listed within the Prevention & Control of Infectious Disease (PCID) Act 1988 (Act 342) was very predominant in the news this year with more than 8,000 deaths in the African countries of Sierra Leone, Liberia and Guinea.

With the ease of world travel now, it was very important to ensure that all our hospitals were prepared to identify and manage any suspected case. It was vital that healthcare workers apply standard precautions consistently with all patients regardless of their diagnosis, in all work practices.

Hospital Infection Control teams at the respective hospitals were actively and consistently involved in training all healthcare workers in preparedness for Ebola by conducting campaigns for public awareness, training on personal protective equipment (PPE), conducting Ebola drills, and more (Figure 3).





180



KPJ Healthcare Berhad | annual report 2014

## 2. THIRD GLOBAL PATIENT SAFETY CHALLENGE: "TACKLING ANTIMICROBIAL RESISTANCE" – ANTIBIOTIC STEWARDSHIP PROGRAMME

The emergence of multi-resistance organisms especially to Carbapenem group of antibiotics as identified by the Ministry of Health (MOH) recently caused the red alert flag to be raised at KPJ Hospitals too. In view of this, the Antibiotic Stewardship Programme (Phase 1) that focused on monitoring the use of Carbapenem Group of antibiotics was initiated in July 2014. Antibigram, Antibiotic Resistance Pattern and Antibiotic Usage of specific micro-organism were closely monitored and reported to the Infection Control Committee. Continuous monitoring was carried out to ensure the resistance pattern remained below the stipulated range.

## 3. MONITORING OF MEDICATION ERROR/ADVERSE EVENTS

New initiatives and innovations were implemented to reduce Look Alike and Sound Alike (LASA)-related medication error. In 2014, we had reduced LASA errors by 25%

Our on-going emphasis on voluntary reporting has increased vigilance amongst the staff and we achieved an 80% increase in near-miss reporting, thus ensuring that errors were detected before it reached our patients. This demonstrated that the culture of safety was upheld by our staff at all times.

New initiatives at Pharmacy Services to address patient safety included:

- Introduction of Tall-Man Lettering to prevent LASA related Medication Error;
- Colour coding for LASA & storage of High Alert Medication (HAM);
- Red font highlight for Psychotropics & HAM medications in KCIS Screen;
- MIMS Integrated Module for KCIS hospitals and Gateway for the non-KCIS hospitals; and
- Standardisation of medication label.



#### 4. PATIENT SAFETY

Since the launch of the 13 National Patient Safety Goals (NPSG) by MOH Malaysia, the data has been submitted online via 'e-goals patient safety' for the year 2014:

- i. To implement Clinical Governance;
- ii. To implement 1<sup>st</sup> Global Patient Safety Challenge: "Clean Care is Safer Care";
- iii. To implement the 2<sup>nd</sup> Global Patient Safety Challenge: "Safe Surgery Saves Lives";
- iv. To implement the 3<sup>rd</sup> Global Patient Safety Challenge: "Tackling Antimicrobial Resistance";
- v. To improve the accuracy of patient identification;
- vi. To ensure the safety of transfusions of blood and blood products;
- vii. To improve medication safety;
- viii. To improve clinical communication by implementing critical value programme;
- ix. To reduce patient fall;

- x. To reduce the incidence of health care associated pressure ulcer;
- xi. To reduce Catheter Related Bloodstream Infection (CRBSI);
- xii. To reduce Ventilator Associated Pneumonia (VAP); and
- xiii. To implement the Patient Safety Incident Reporting and Learning System.

#### QUALITY JOURNEY

In the journey towards continuously improving the quality of care and ensuring patient safety, the Group embarked on various quality improvement programmes. This included the following certifications; Integrated Management Systems (IMS) which consists of Occupational Safety and Health (OSH) and Environmental Management System certification; 5S that focuses on enhancing productivity by properly kept documentation and processes; followed by Malaysian Society for Quality in Healthcare (MSQH) accreditation and Joint Commission International (JCI) accreditation programme (Figure 4).

Figure 4: Certifications and Accreditation

Certifications	JCI	ACCRD MSQH	MEDICAL CLINICS MSQH	IMS	BHFI	5S
Total Certified	4	14	5	15	11	21
Total KPJ hospitals/Clinics as at Dec 2014	25	25	14	25	25	25

Throughout 2014, to ensure patient safety, KPJ Healthcare also embarked on Medical Clinic Accreditation by MSQH for our Klinik Wakaf An Nur (KWAN). Even though KWAN Clinics are part of our Corporate Social Responsibility, patient safety remains our priority. Five (5) clinics have already been certified – KWAN Bukit Indah, KWAN Ijok, KWAN Sungai Buloh, KWAN Kuching and KWAN Seremban.

In addition to this quality journey, four (4) of our hospitals have been identified by Malaysia Productivity Corporation (MPC) to implement Lean Management and one (1) hospital (KPJ Perdana) has completed the programme and been recognised by MPC. Three (3) other hospitals, namely KPJ Johor, KPJ Kajang and the Kedah Medical Centre are still in the process of completing the programme. The Lean Management programme helps hospitals eliminate waste and adds value into the process by minimising cost.





# MEDICAL ADVISORY COMMITTEE (MAC) REPORT

## SPOTLIGHT ON KPJ'S NURSES: AN EXEMPLARY NURSING PROFESSION

International Nurses Day is celebrated nationally and globally on the 12 May, in commemoration of the founder of Modern Nursing, Florence Nightingale. The theme for the Nurses Day celebration in 2014 as announced by the International Nursing Council was "Nurses a Force for Change – A Vital Resource for Health". It simply meant that an educated nurse workforce with good work environment will result in high quality care. (Figure 5)

Nursing has long been considered a career with boundless demand. The challenges and changing scope of practices have an impact to Nursing Leaders and Managers in the healthcare labour market. The gap between the supply and demand of health workers, migration and the working life span of nurses; the importance of workforce planning and the link to patient safety; nurses' workload indicators for safe staffing and the influence of new technology has also changed the way nurses work in today's arena.

Figure 5: Spotlight on KPJ's Nurses







# MEDICAL ADVISORY ...COMMITTEE

1. **Committee Chairman**  
Dr Yoong Fook Ngian  
*Consultant Ear, Nose & Throat Surgeon  
KPJ Ipoh Specialist Hospital*
2. **Dato' Amiruddin Abdul Satar**  
*President & Managing Director*
3. **Dr Kok Chin Leong**  
*Clinical Governance Policy Committee Chairman  
Consultant Paediatrician  
KPJ Puteri Specialist Hospital*
4. **Dato' Dr. S. Jenagaratnam**  
*Clinical Risk Management Committee Chairman  
Consultant Anaesthetist  
KPJ Ipoh Specialist Hospital*
5. **Dato' Dr. Zaki Morad Mohamad Zaher**  
*Clinical Ethics Committee Chairman  
Consultant Physician Nephrologist  
KPJ Ampang Puteri Specialist Hospital*
6. **Dato' Dr. Shahrudin Mohd Dun**  
*Clinical Governance Action Committee Chairman  
Medical Director  
Consultant General Surgeon  
KPJ Selangor Specialist Hospital*
7. **Dato' Dr. Hussein Awang**  
*Hospital Medical Directors Committee Chairman  
Medical Director Consultant Urologist  
KPJ Tawakkal Health Centre*
8. **Prof Dato' Dr. Azizi Hj Omar**  
*Research & Development Committee Chairman  
Medical Director  
Consultant Paediatrician  
KPJ Damansara Specialist Hospital*
9. **Jasimah Hassan**  
*Vice President (II)  
Business Operations & Clinical Services*
10. **Dr. Mohd Hafetz Ahmad**  
*Medical Director  
Consultant Obstetrician & Gynaecologist  
KPJ Johor Specialist Hospital*
11. **Dato' Dr. Ngun Kok Weng**  
*Consultant General Surgeon  
Kuantan Specialist Hospital*
12. **Mah Lai Heng**  
*Senior General Manager  
Group Operations Services*
13. **Gunavathy Kalee**  
*Senior Corporate Manager  
Clinical and Quality Services*
14. **Dr. Aliza Jamaluddin**  
*Senior Corporate Manager  
Clinical & Quality Services*



In line with our corporate vision of being the Preferred Healthcare Provider, KPJ Healthcare ensures that provision of such care is in keeping with the best practices of healthcare, benchmarked against the best in the industry and equally best in the business world. It is therefore KPJ Healthcare's top priority to maintain an ability to perform at the highest level in the event of a disaster of natural causes or otherwise.

To continue operations in the event of a disaster encompasses operational excellence and thorough preparedness, developed through a comprehensive and established working plan of business continuity, i.e. a 'Business Continuity Plan'. The key aspects of this plan is to ensure best possible operational continuity in the event of such occurrences and how best we can protect the business interests from both medical and non-medical aspects and to safeguard the interests of all involved parties, be it patients, doctors or corporates.

## Ensuring The Business Continuity Through Operational Excellence

KPJ Healthcare's top priority to maintain an ability to perform at the highest level in the event of a disaster of natural causes or otherwise.



We use standard practices of experience in the industry to chart out these plans and to review them at regular intervals. A structured format ensures continuous feedback and improvements from a top level working committee as well as evaluations and enhancements by end users at our partner hospitals. We keep regular updated risk registers and incidence reporting to ensure updated preparedness in handling the crises. We work on a severity index to label events and then develop a plan to counter these, thus allaying risks and mitigating the consequences. We regularly update our staff members and partners to ensure shared knowledge and learning from these occurrences. We collate regular updates and tabulate them accordingly for the best possible outcomes. All this is done through a team approach and well-structured job scopes.

The Business Continuity Plan is a guide to all stakeholders and provides insights into such events. This mechanism is put in place to secure a certain level of trust and reliability in times of need. Related information and knowledge is shared at all levels if required.





a thoroughly planned execution on system downtimes at hospitals became an important organisation

## learning and development process



**We are planning to bring more hospitals onto the cloud model due to better throughput,**

including a more efficient centralised command and control for business critical applications as well as processes via the cloud system



A Business Continuity Plan (BCM) is conducted through a Steering Committee working directly under the purview of a Head of Business Operations, who is also Vice President 1, reporting to the President's Office. The Steering Committee reviews the conduct of such occurrences and looks into the aspects of decision making, approves the proper decision making steps and resolves any pressing needs as to handle the challenges and difficulties in times of disaster and need. The other important contributors to this are risk management and all key unit heads.

### THE PROCESS OF A BUSINESS CONTINUITY PLAN:

A well-thought and structured approach is adopted to craft and develop a Business Continuity Plan Process, with regular feedback and enhancements based on such feedback as an integral part of the process. Risks are identified based on industry knowledge of threats to the business from both internal and external factors. Risks are escalated as per their severity and urgency based on risk register and are labelled with the possible approaches in handling those from knowledge base and an urgent action plan is always on the cards through a team approach. The workup is properly initiated with proper documentation based on the knowledge and a well-structured design plan is laid down for the best possible solution. A response is graduated and a mode of escalation and risk mitigation and risk reduction is executed under the key committee headed by the business operations in charge. The execution is properly phased in a step by step fashion and through a model of solutions suggested. At all levels of execution, feedback is gathered and documented. This is a very important aspect of the entire process of BCM implementation. Post mortems are conducted, and follow through is always an important aspect of the action plan.

In the recent past, a thoroughly planned execution on system downtimes at hospitals became an important organisation learning and development process. These were executed for the sudden system down times of a couple of hours ranging from an impact at a single hospital to a group of hospitals, working in KPJ Datacenter of KPJ Cloud. The plan laid out for risk assessment and business impact analysis on the areas of information technology problems causing sudden downtime, were well structured based on previous documentation of such incidences and available knowledge in the system at KPJ IT. Urgent solutions were planned and executed with the participation of an IT team, resulting in a fast and satisfactory recovery followed by proper command and control system of the business and a favorable outcome. These type of occurrences instill a strong belief model in the Business Continuity Management team, and is also a dipstick analysis of the business continuity plan A.



Follow through on these plans are well documented with emphasis on coordination, execution and the right outcome with minimum business impact and assurance on the reliability of the system at large and process of business continuity in short. A system of accountability is an integral part of the overall business continuity capability. A focused approach in building a structured team effort is a hallmark of the whole exercise. The focus areas range from clinical issues affecting operations and potential impact on businesses are always taken up with care and a thorough approach is developed to handle these issues, such as H1N1 readiness or issues around sudden eruption of endemic caused by a resistant strain in a localised area of hospitals, for example the ICU or operating theatre. Or a BCM plan for an issue arising from an operational challenge due to system unavailability due to major hardware failure in a business critical server. The BCM Plan will revolve around the clinical aspects of managing this incident or workout with KPJ IT services to reduce the impact to as minimal as possible and ensure faster recovery and follow through on the incidence.

Regular review of these incidences is one of the core activities of the committee under business operations and are discussed at every fortnightly meetings. Every two months, risk register meetings are held to vet through impact and challenges and input is recorded on improvements and fine tuning of the issues. All initiatives and any BCM related activity is always updated at the top management meetings to ensure organisation wide continuity on reliance of the fall back mechanisms under BCM.

## PROGRESS AND CONTINUITY OF THE BCM PLAN

Risk register maintenance under the Business Development Unit at KPJ Healthcare is an important part of continuum of business process development. Also the area of impact to business under each business units are a regular feature of development at respective business units. The input from all the business units are gathered under business development, Risk Office, to structure the risk register and create best possible approaches to handle the probability built around the scenarios.

For IT-related risks, a DR Drill is conducted on annual basis. Nevertheless, in the last two (2) years, our gradual transition from virtualised/client-based implementation to cloud has enabled us to build a more robust DR platform that allows for all hospitals under this network to share information more effectively, in a safe and secure environment.



## Every two months, risk register meetings are held

to vet through impact and challenges and input is recorded on improvements and fine tuning of the issues



## A structured approach is employed to evaluate business impact

coming from the ever changing environments in the fast paced dynamics of information technology at KPJ Healthcare

We are planning to bring more hospitals onto the cloud model due to better throughput, including a more efficient centralised command and control for business critical applications as well as processes via the cloud system. KPJ IT Services is currently working on further improving DR system, which will enable the system to be recovered at processor level for each virtual machine in the Data Centre at KPJ Cloud.

We routinely discuss the scenarios around the development of IT and impact on the business. A structured approach is employed to evaluate business impact coming from the ever changing environments in the fast paced dynamics of information technology at KPJ Healthcare. A very robust Helpdesk is developed around this to gather proper feedback and a system of aligning the change management in line with the development of DR Plans and streamlining those changes to ensure proper recovery protocols are adhered, at times of need. This has helped hospitals to adopt cloud with ever increasing confidence, as assurance of reliability remains at the core of shift from conventional to new. As an ever





increasing need of technology driven approaches are fast taking place, it becomes even more important in ascertaining that change brings positive impact, when an untoward disaster due to some hardware/software glitch occurs. The ever improving system built around these conceptual and real events has resulted in greater confidence in developing business and not fearing the onslaught of technological advances and handling the likelihood of incidences in a very measured approach and ensuring minimal catastrophic risk.

The capability and capacity to build the Business Continuity Plan is a long haul journey, one best accomplished with set targets and an end destination. The BCM team is always eager to build more robust plans, based knowledge driven templates with input from systems and processes both manual and auto driven. All this is to ensure that KPJ Healthcare continues to grow faster and in the right direction to deal with the onslaught of challenges from disasters and difficulties. The BCM team is always eager to improve coverage of more areas and systems under the BCM and to remain more predictive and perceptive.

## REACHING THE DESTINATION

KPJ Healthcare makes it a top priority to ensure effective and updated Business Continuity Management and keeps on improving the capability to bring the notion of readiness and ability to deal with any untoward situation through an orchestrated and well planned system. It's a fundamental aspect to design our workload and processes based on BCM plan and ensure the implementation is properly executed with users rightly aligned to the aspects of handling untoward challenges, disasters and catastrophes to better fight the challenge of potential business loss or disruption of mission critical services.

We are at the forefront of redefining the dynamics of this important change and adopting this as the core competency in handling business from the angle of risk and sudden untoward challenges. Change is always imminent and the ever-evolving business landscape with its complexities and rapid flow of information brings an element of disaster and hazards. It thus becomes increasingly important to handle the onslaught of such competitive situations with well-defined and well-documented methodology or in other words, a Business Continuity Plan.



In conformance with the Bursa Malaysia Listing Requirements, the following additional information is provided:

## 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

The proceeds which were raised from the Islamic Commercial Papers/Islamic Medium Term Notes Programme was fully settled and cancelled on 16 November 2014 in the following manner:

ICP/IMTN	RM'000
At 1 January	499,000
Full settlement of the ICP outstanding	(499,000)
Issued during the financial year for working capital purposes	0
<b>At 31 December</b>	<b>0</b>

## 2. TREASURY SHARES

Up to 31 December 2014, 15,520,000 units of KPJ Healthcare Berhad shares were bought by the Company from the open market, listed on the Main Market of Bursa Listed Securities Berhad, at an average buy-back price of RM3.46 per share for a total consideration of RM54,413,249 including transaction cost and was financed by internally generated fund. The shares were retained as treasury shares.

## 3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, 5,201,000 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 RM1.13 per share. Adjustment was made to the exercise price if the outstanding warrants 2010/2015 from RM1.14 to RM1.13 as a result of the Rights Issue and Free Warrants on 29 January 2014.

## 4. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY 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 paid RM293,000 in relations to corporate exercise.

## 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 28 May 2014, 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 19 May 2014 to date of next AGM RM'000	Frequency of transactions
Metro Parking (M) Sdn Bhd	Rental Income for renting of land for car park	1,709	Monthly
Al-'Aqar	Rental payable for renting of retirement village building and aged care facility in Australia	7,000	Monthly
HC Duraclean Sdn Bhd	Housekeeping contract fees payable	13,841	Monthly
Pro Corporate Management Services Sdn Bhd	Secretarial and Registrar fees payable	338	Monthly
Teraju Fokus Sdn Bhd	Security service fees payable	4,702	Monthly
Healthcare Technical Services Sdn Bhd	Project Management and Maintenance Fee	9,795	Contract Basis
TMR Urusharta (M) Sdn Bhd	Project and maintenance fees of lab premises payable	139	Contract Basis
MIT Insurance Brokers Sdn Bhd	Insurance Coverage payable	5,709	Contract Basis
Damansara Asset Sdn Bhd	Building management services fees payable	240	Monthly
		<b>43,473</b>	



In November 2011, KPJ Healthcare Berhad had signed the Malaysian Corporate Integrity (CI) Pledge and was included amongst the list of signatories of Public Listed Companies that are registered under the Malaysian Institute of Integrity.

In addition to this, effective from 1<sup>st</sup> January 2012, all hospitals and companies Management and Officers were required to use CI Agreement in their interactions with business counterparts, whether they are a vendor, supplier, JV Partner or any other counterpart to operate using the same principles. The CI Agreement acts as a tool to engage in clean business relations with one another.

In 2013, the KPJ Whistle Blowing Policy was enacted as a specific means by which a worker or stakeholder can report or disclose through established channels, concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place/has taken place in the organisation. It is enforced by the Whistleblower and Protection Act 2010, which came into force on 15 December 2010. Thus all employees and stakeholders (i.e. shareholders/suppliers/customers) are encouraged to report genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.

Following to the Corporate Integrity program, a Corporate Integrity Assessment was conducted throughout the Group's Hospitals & Companies between May to June 2013. A total of 220 employees took part in the survey, comprising of Top Management, Head of Services, Managers and Executives. The finding was received on 12 September 2013 encompassing 214 items that measure 12 dimensions of the Group's Corporate Integrity System.

Another integrity milestone was achieved during our Pedoman 2014, when KPJ Top Management along with the rest of employees had taken the Integrity Pledge as a testimony and a commitment to uphold the integrity values of KPJ Healthcare Berhad. Following that, an e-Integrity exercise was conducted group wide where individual employees are to acknowledge the integrity pledge and submit to the Employee Self Service (ESS) portal.

In March 2014, Johor Corporation appointed Tn Hj Md Yusoff Md Zain a Chief Integrity Officer (CeIO) from the Malaysian Anti-Corruption Commission (MACC) on contract basis for a period of two years to serve at the headquarters and its subsidiaries including KPJ Healthcare Berhad. Besides embedding a high integrity culture among employees his objective is also to detect any elements that could lead to abuse of power or corruption.

In view of this, Corporate Integrity briefing session was conducted by the CeIO, to Head of services (HOS) of Klang Valley hospitals and companies especially Chief Executive Officers or General Managers, Head of Purchasing and Head of Maintenance. The objective is to give understanding on the concept of integrity and implementing the high integrity values and practice throughout KPJ Group of Hospitals and companies.

As a continuance to our effort in promoting integrity, a No Gift policy statement was communicated to all existing vendors, supplier and other external parties with effect from 1<sup>st</sup> July 2014. Under this policy statement the following are defined (but not limited to) as gifts and services:-

- Cash or cash vouchers;
- Gift vouchers;
- General gifts (e.g. flowers, wine, chocolates, gift baskets, hampers);
- Corporate merchandise;
- Products (e.g. promotional products, samples etc.);
- Souvenirs; other than corporate souvenirs;
- Entertainment (e.g. luncheons, dinners, theatre, sporting events, conferences etc.);
- Traveling expenses (e.g. a third party paying for or subsidising flights, accommodation, meals etc.);

KPJ will continue to enforce and uphold the principles of integrity by monitoring hospitals/companies compliance to statutory requirements as well as KPJ Group's policies and procedures.



## financial statements

- 192 Directors' Report
- 198 Statement by Directors
- 198 Statutory Declaration
- 199 Independent Auditors' Report
- 201 Statements of Comprehensive Income
- 202 Statement of Financial Position
- 205 Consolidated Statement of Changes in Equity
- 207 Company Statement of Changes in Equity
- 208 Statements of Cash Flows
- 210 Notes to the Financial Statements
- 297 Supplementary Information



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 2014.

## 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 disclosed in **Note 15** to the financial statements.

There has been no significant change in the nature of the principal activities of the Group and of the Company during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Profit net of tax	147,246	83,997
<b>Profit attributable to:</b>		
Owners of the Company	143,030	83,997
Non-controlling interests	4,216	–
	147,246	83,997

There was no material transfer 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.



## DIVIDENDS

The amount of dividends paid and declared by the Company since 31 December 2013 were as follows:

	RM'000
In respect of the financial year ended 31 December 2014:	
First interim single tier dividend of 1.45 sen per share on 1,022,500,184 ordinary shares, declared on 26 May 2014 and paid on 18 July 2014	14,826
Second interim single tier dividend of 1.45 sen per share on 1,014,618,755 ordinary shares, declared on 26 August 2014 and paid on 21 October 2014	14,712
Third interim single tier dividend of 2.0 sen per share on 1,015,157,631 ordinary shares, declared on 25 November 2014 and paid on 22 January 2015	20,303
	49,841

On 27 February 2015, the directors declared fourth interim single tier dividend of 2.6 sen per share on 1,034,831,401 ordinary shares amounting to RM26,905,614.

The directors do not propose any final dividend for the financial year ended 31 December 2014.

## ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from RM490,955,000 to RM515,374,000 as follows:

- RM2,600,233 through the issuance of 5,300 and 5,200,467 ordinary shares of RM0.50 each by way of the conversion of warrants at an exercise price of RM1.14 and RM1.13 per share respectively.
- RM21,818,663 through the issuance of 43,637,326 ordinary shares of RM0.50 each by way of rights issue on the basis of one rights share for every fifteen existing ordinary shares held, together with 87,274,652 free detachable new warrants on the basis of two new warrants for every one rights share subscribed at an issue price of RM2.80 per rights share.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

## TREASURY SHARES

During the financial year, the Company repurchased 15,520,000 of its issued ordinary shares from the open market at an average price of RM3.46 per share. The total consideration paid for the repurchase including transaction costs was RM54,413,249. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2014, the Company held as treasury shares a total of 15,590,000 of its 1,030,747,632 issued ordinary shares. Such treasury shares are held at a carrying amount of RM54,776,737.

Further details on change in the share capital during and subsequent to the financial year and up to the date of this report are set out in **Note 30** to the financial statements.



# DIRECTORS' REPORT

(continued)

## 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:

Dato' Kamaruzzaman bin Abu Kassim	(Chairman)
Dato' Amiruddin bin Abdul Satar	(Managing Director)
Datin Paduka Siti Sa'diah Sh Bakir	
Datuk Azzat bin Kamaludin	
Tan Sri Dato' Dr Yahya bin Awang	
Zainah binti Mustafa	
Ahamad bin Mohamad	
Dr Kok Chin Leong	
Dr Yoong Fook Ngian	
Zulkifli bin Ibrahim	
Aminudin bin Dawam	

In accordance with Article 96 of the Company's Articles of Association, Datin Paduka Siti Sa'diah Sh Bakir and Dr Kok Chin Leong, 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, Dr Yoong Fook Ngian, who is above the age of seventy (70) retires at the forthcoming Annual General Meeting and a resolution will be proposed for re-appointment as director and to hold office until the next Annual General Meeting.

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor 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.

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.



## 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 corporations during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
	1.1.2014	Acquired	Sold	31.12.2014
<b>KPJ Healthcare Berhad</b>				
Datin Paduka Siti Sa'diah Sh Bakir				
– Direct	1,092,375	54,749	–	1,147,124
– Indirect (Amy Nadzlina binti Mohamed)	18,750	833	–	19,583
Dato' Amiruddin bin Abdul Satar	6,000	266	–	6,266
Datuk Azzat bin Kamaludin	90,000	4,000	–	94,000
Ahamad bin Mohamad	1,125	–	–	1,125
Dr Kok Chin Leong	238,500	10,600	–	249,100
Dr Yoong Fook Ngian				
– Direct	420,000	–	(420,000)	–
– Maybank Noms (T) Sdn Bhd	–	430,666	–	430,666
Aminudin Bin Dawam	750	–	–	750

	Number of ordinary shares of RM0.25 each			
	1.1.2014	Acquired	Sold	31.12.2014
<b>Kulim (M) Berhad</b>				
Datin Paduka Siti Sa'diah Sh Bakir	278,000	100,000	–	378,000
Ahamad bin Mohamad	963,400	–	–	963,400
Dr Kok Chin Leong	40,000	–	–	40,000
Dr Yoong Fook Ngian				
– Direct	20,000	–	(20,000)	–
– Maybank Noms (T) Sdn Bhd	–	20,000	–	20,000



## DIRECTORS' INTERESTS (CONTINUED)

	1.1.2014	Number of warrants of 2010/2015		
		Granted	Exercised	31.12.2014
KPJ Healthcare Berhad				
Warrants (2010/2015)				
Ahamad bin Mohamad	132	–	–	132
Aminudin bin Dawam	10,447	–	–	10,447

	1.1.2014	Number of warrants of 2014/2019		31.12.2014
		Granted	Exercised	
Warrants (2014/2019)				
Dato' Amiruddin Abdul Satar	–	532	–	532
Datuk Azzat Kamaludin	–	8,000	–	8,000
Dr Kok Chin Leong	–	21,200	–	21,200
Dr Yoong Fook Ngian				
– Maybank Noms (T) Sdn Bhd	–	37,332	–	37,332

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 corporations 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:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment of receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) 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.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the allowance for impairment of receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and 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.



**OTHER STATUTORY INFORMATION (CONTINUED)**

- (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:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) 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 or of the Company to meet their obligations when they fall due; and
  - (ii) 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 or of the Company for the financial year in which this report is made.

**SIGNIFICANT EVENTS**

Significant events are disclosed in **Note 36** to the financial statements.

**SUBSEQUENT EVENTS**

Subsequent events are disclosed in **Note 37** to the financial statements.

**AUDITORS**

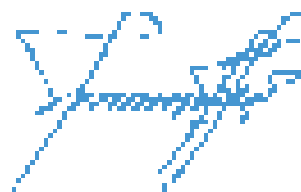
The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 9 April 2015.



**DATO' KAMARUZZAMAN BIN ABU KASSIM**

*Chairman*



**DATO' AMIRUDDIN BIN ABDUL SATAR**

*President/Managing Director*

Kuala Lumpur, Malaysia




## STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Dato' Kamaruzzaman bin Abu Kassim and Dato' Amiruddin bin Abdul Satar, 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 201 to 296 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2014 and of their financial performance and cash flows for the year then ended.

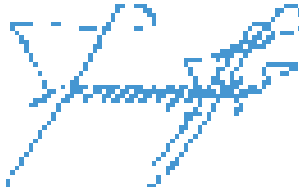
The supplementary information set out in **Note 45** to the financial statements on page 297 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad 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 9 April 2015.



**DATO' KAMARUZZAMAN BIN ABU KASSIM**

*Chairman*



**DATO' AMIRUDDIN BIN ABDUL SATAR**

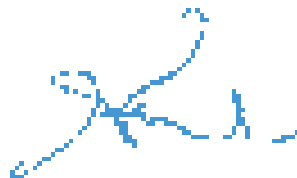
*President/Managing Director*

## 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 201 to 297 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  
on 9 April 2015



**MOHD SAHIR BIN RAHMAT**

Before me,





## 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 2014 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 210 to 296.

### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible 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 about 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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.



# INDEPENDENT AUDITORS' REPORT

to the members of KPJ Healthcare Berhad (Incorporated in Malaysia) (continued)

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 ("the Act") in Malaysia, we also report the following:

- (a) 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.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) 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.
- (d) 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 REPORTING RESPONSIBILITIES

The supplementary information set out in **Note 45** of the financial statements on page 297 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. 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 the directive of Bursa Malaysia Securities Berhad.

## OTHER MATTERS

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



**Sundralingam A/L Navaratnam**  
No. 2894/05/16(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
9 April 2015



# STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	Group 2014 RM'000	2013 RM'000 (Restated)	Company 2014 RM'000	2013 RM'000
Revenue	4	2,639,136	2,331,648	148,931	144,846
Cost of sales	4	(1,865,438)	(1,688,827)	–	–
Gross profit		773,698	642,821	148,931	144,846
Administrative expenses		(602,567)	(528,159)	(43,448)	(55,563)
Other income		36,413	26,232	–	–
Operating profit		207,544	140,894	105,483	89,283
Finance income	5	12,982	10,570	–	–
Finance costs	5	(42,857)	(38,765)	(22,519)	(19,653)
Finance costs – net		(29,875)	(28,195)	(22,519)	(19,653)
Share of results of associates		40,415	46,858	–	–
Profit before zakat and tax	6	218,084	159,557	82,964	69,630
Zakat	9	(2,272)	(1,825)	(70)	(20)
Income tax (expense)/credit	10	(68,566)	(47,367)	1,103	(586)
<b>Profit net of tax</b>		<b>147,246</b>	<b>110,365</b>	<b>83,997</b>	<b>69,024</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Currency translation differences		157	2,997	–	–
Share of other comprehensive income of associate		221	218	–	–
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>					
Revaluation surplus	13	9,147	–	–	–
Income tax relating to components of other comprehensive income	10	(1,105)	–	–	–
<b>Other comprehensive income for the year, net of tax</b>		<b>8,420</b>	<b>3,215</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the year</b>		<b>155,666</b>	<b>113,580</b>	<b>83,997</b>	<b>69,024</b>
<b>Profit attributable to:</b>					
Owners of the Company		143,030	103,114	83,997	69,024
Non-controlling interests		4,216	7,251	–	–
		<b>147,246</b>	<b>110,365</b>	<b>83,997</b>	<b>69,024</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		151,564	106,642	83,997	69,024
Non-controlling interests		4,102	6,938	–	–
		<b>155,666</b>	<b>113,580</b>	<b>83,997</b>	<b>69,024</b>
<b>Earnings per share attributable to ordinary equity holders of the Company:</b>					
– Basic (sen)	12(a)	14.06	10.40		
– Diluted (sen)	12(b)	14.04	10.35		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	31.12.2014 RM'000	Group 31.12.2013 RM'000 (Restated)	1.1.2013 RM'000 (Restated)
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13	1,461,201	1,226,397	921,358
Investment properties	14	267,750	62,746	53,118
Investments in associates	16	474,991	467,924	477,115
Available-for-sale financial assets	17	288	554	3,074
Intangible assets	18	243,662	234,154	176,614
Deferred tax assets	20	27,841	25,678	15,601
		<b>2,475,733</b>	<b>2,017,453</b>	<b>1,646,880</b>
<b>Current assets</b>				
Inventories	21	44,567	52,837	57,552
Receivables	22	437,855	427,430	325,027
Tax recoverable		14,687	18,169	11,041
Deposits, cash and bank balances	23	305,276	312,965	201,460
		<b>802,385</b>	<b>811,401</b>	<b>595,080</b>
Non-current assets held for sale	24	57,886	2,013	2,013
		860,271	813,414	597,093
<b>Total assets</b>		<b>3,336,004</b>	<b>2,830,867</b>	<b>2,243,973</b>
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Payables	25	565,158	478,547	403,446
Income tax payables		18,361	11,951	13,422
Borrowings				
– Bank overdrafts	26	15,727	8,140	1,046
– Others	26	900,194	849,482	205,581
Deferred revenue	27	13,012	13,340	13,440
Dividend payable		20,304	13,091	16,154
		<b>1,532,756</b>	<b>1,374,551</b>	<b>653,089</b>
<b>Net current liabilities</b>		<b>(672,485)</b>	<b>(561,137)</b>	<b>(55,996)</b>



# STATEMENT OF FINANCIAL POSITION

As at 31 December 2014 (continued)

	Note	31.12.2014 RM'000	Group 31.12.2013 RM'000 (Restated)	1.1.2013 RM'000 (Restated)
<b>Non-current liabilities</b>				
Deferred tax liabilities	20	42,673	47,701	43,857
Borrowings	26	335,467	169,870	385,469
Deferred revenue	27	55,712	48,837	47,693
Provision for retirement benefits	28	2,260	2,038	2,038
Deposits	29	17,996	17,253	15,524
		454,108	285,699	494,581
<b>Total liabilities</b>		<b>1,986,864</b>	<b>1,660,250</b>	<b>1,147,670</b>
<b>Net assets</b>		<b>1,349,140</b>	<b>1,170,617</b>	<b>1,096,303</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	30	515,374	490,955	323,091
Less: Treasury shares	30(a)	(54,777)	(364)	(23)
		460,597	490,591	323,068
Reserves	31	798,763	595,045	705,707
Non-controlling interests		89,780	84,981	67,528
<b>Total equity</b>		<b>1,349,140</b>	<b>1,170,617</b>	<b>1,096,303</b>
<b>Total equity and liabilities</b>		<b>3,336,004</b>	<b>2,830,867</b>	<b>2,243,973</b>

203

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Note	Company	
		2014 RM'000	2013 RM'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	15	948,920	947,920
		<b>948,920</b>	<b>947,920</b>
<b>Current assets</b>			
Receivables	22	230,022	100,829
Tax recoverable		6,924	5,288
Deposits, cash and bank balances	23	66,013	8,955
		<b>302,959</b>	<b>115,072</b>
<b>Total assets</b>		<b>1,251,879</b>	<b>1,062,992</b>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Payables	25	234,853	85,964
Borrowings			
– Others	26	250,000	275,000
Dividend payable		20,303	13,091
		<b>505,156</b>	<b>374,055</b>
<b>Net current liabilities</b>		<b>(202,197)</b>	<b>(258,983)</b>
<b>Non-current liabilities</b>			
Payables	25	125,447	174,282
		125,447	174,282
<b>Total liabilities</b>		<b>630,603</b>	<b>548,337</b>
<b>Net assets</b>		<b>621,276</b>	<b>514,655</b>
<b>Equity attributable to equity holders of the Company</b>			
Share capital	30	515,374	490,955
Reserves	31	160,679	24,064
		676,053	515,019
Less: Treasury shares	30(a)	(54,777)	(364)
<b>Total equity</b>		<b>621,276</b>	<b>514,655</b>
<b>Total equity and liabilities</b>		<b>1,251,879</b>	<b>1,062,992</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 2014

	Attributable to owners of the Company								Non-controlling interests			Total equity
	Non-distributable											
	Share capital	Share premium	Treasury shares	Warrant reserve	Merger reserve	Exchange reserve	Revaluation reserve	Retained earnings				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	Total RM'000	RM'000	RM'000	
	(Note 30)	(Note 31(a))		(Note 31(e))	(Note 31(b))	(Note 31(c))	(Note 31(d))	(Note 31(f))				
Group												
At 1 January 2014	490,955	–	(364)	–	(3,367)	1,403	50,387	546,622	1,085,636	84,981	1,170,617	
Comprehensive income												
Profit net of tax	–	–	–	–	–	–	–	143,030	143,030	4,216	147,246	
Other comprehensive income												
Translation of foreign subsidiaries	–	–	–	–	–	271	–	–	271	(114)	157	
Revaluation surplus	–	–	–	–	–	–	8,042	–	8,042	–	8,042	
Share of other comprehensive income of associates	–	–	–	–	–	221	–	–	221	–	221	
Total other comprehensive income/(loss)	–	–	–	–	–	492	8,042	–	8,534	(114)	8,420	
Total comprehensive income	–	–	–	–	–	492	8,042	143,030	151,564	4,102	155,666	
Transactions with owners												
Changes in ownership interest in subsidiaries	–	–	–	–	–	–	–	(464)	(464)	697	233	
Issue of shares:												
– exercise of share warrants	2,600	3,276	–	–	–	–	–	–	5,876	–	5,876	
– purchase of treasury shares	–	–	(54,413)	–	–	–	–	–	(54,413)	–	(54,413)	
Rights issue	21,819	68,414	–	31,952	–	–	–	–	122,185	–	122,185	
Rights issue cost	–	(1,183)	–	–	–	–	–	–	(1,183)	–	(1,183)	
Dividends on ordinary shares	–	–	–	–	–	–	–	(49,841)	(49,841)	–	(49,841)	
At 31 December 2014	515,374	70,507	(54,777)	31,952	(3,367)	1,895	58,429	639,347	1,259,360	89,780	1,349,140	

205

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 2013

	Attributable to owners of the Company								Non-controlling interests	Total equity	
	Non-distributable										
	Share capital	Share premium	Treasury shares	Warrant reserve	Merger reserve	Exchange reserve	Revaluation reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
	(Note 30)	(Note 31(a))		(Note 31(e))	(Note 31(b))	(Note 31(c))	(Note 31(d))	(Note 31(f))	Total RM'000	RM'000	RM'000
Group											
At 1 January 2013	323,091	142,266	(23)	–	(3,367)	(25)	50,415	518,546	1,030,903	67,528	1,098,431
Adjustments (Note 44)	–	–	–	–	–	(2,128)	–	–	(2,128)	–	(2,128)
At 1 January 2013 (restated)	323,091	142,266	(23)	–	(3,367)	(2,153)	50,415	518,546	1,028,775	67,528	1,096,303
Comprehensive income											
Profit net of tax	–	–	–	–	–	–	–	103,114	103,114	7,251	110,365
Other comprehensive income											
Translation of foreign subsidiaries	–	–	–	–	–	3,310	–	–	3,310	(313)	2,997
Share of other comprehensive (income)/loss of associates	–	–	–	–	–	246	(28)	–	218	–	218
Total other comprehensive income/(loss)	–	–	–	–	–	3,556	(28)	–	3,528	(313)	3,215
Total comprehensive income	–	–	–	–	–	3,556	(28)	103,114	106,642	6,938	113,580
Transactions with owners											
Changes in ownership interest in subsidiaries	–	–	–	–	–	–	–	–	–	10,262	10,262
Transaction with non-controlling interests	–	–	–	–	–	–	–	1,447	1,447	253	1,700
Issue of shares:											
– exercise of share warrants	4,224	10,138	–	–	–	–	–	–	14,362	–	14,362
Purchase of treasury shares	–	–	(341)	–	–	–	–	–	(341)	–	(341)
Bonus issue	163,640	(152,404)	–	–	–	–	–	(11,236)	–	–	–
Dividends on ordinary shares	–	–	–	–	–	–	–	(65,249)	(65,249)	–	(65,249)
At 31 December 2013	490,955	–	(364)	–	(3,367)	1,403	50,387	546,622	1,085,636	84,981	1,170,617

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 2014

	Non-distributable				Distributable	
	Ordinary	Share	Treasury	Warrant	Retained	Total
	share capital RM'000 (Note 30)	premium RM'000 (Note 31(a))	shares RM'000	Reserves RM'000 (Note 31(e))	earnings RM'000 (Note 31(f))	equity RM'000
<b>Company</b>						
<b>At 1 January 2014</b>	490,955	–	(364)	–	24,064	514,655
Profit net of tax, representing total comprehensive income for the year	–	–	–	–	83,997	83,997
Dividends on ordinary shares	–	–	–	–	(49,841)	(49,841)
Issue of shares:						
– exercise of share warrants	2,600	3,276	–	–	–	5,876
Purchase of treasury shares	–	–	(54,413)	–	–	(54,413)
Rights issue	21,819	68,414	–	31,952	–	122,185
Rights issue cost	–	(1,183)	–	–	–	(1,183)
<b>At 31 December 2014</b>	<b>515,374</b>	<b>70,507</b>	<b>(54,777)</b>	<b>31,952</b>	<b>58,220</b>	<b>621,276</b>
<b>At 1 January 2013</b>	323,091	142,266	(23)	–	31,525	496,859
Profit net of tax, representing total comprehensive income for the year	–	–	–	–	69,024	69,024
Dividends on ordinary shares	–	–	–	–	(65,249)	(65,249)
Issue of shares:						
– exercise of share warrants	4,224	10,138	–	–	–	14,362
Purchase of treasury shares	–	–	(341)	–	–	(341)
Bonus issue	163,640	(152,404)	–	–	(11,236)	–
<b>At 31 December 2013</b>	<b>490,955</b>	<b>–</b>	<b>(364)</b>	<b>–</b>	<b>24,064</b>	<b>514,655</b>

207

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2014

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
<b>Operating activities</b>				
Profit before zakat and tax	218,084	159,557	82,964	69,630
Adjustments for:				
Share of results of associates	(40,415)	(46,858)	–	–
Finance income	(12,982)	(10,570)	(2,032)	(4,040)
Finance costs	42,857	38,765	22,519	19,653
Dividend income from subsidiaries	–	–	(107,118)	(105,322)
Trade receivables:				
– Impairment <b>(Note 22)</b>	6,843	8,238	–	–
– Reversal of impairment loss <b>(Note 22)</b>	(917)	(1,754)	–	–
Impairment of goodwill <b>(Note 18)</b>	728	–	–	–
Gain on fair value on investment properties <b>(Note 14)</b>	(14,461)	(646)	–	–
Gain on disposal of investment property	(166)	–	–	–
Gain on disposal of shares in an associate	(1,732)	(1,306)	–	–
Gain on disposal of non-current assets held for sale	(1,577)	–	–	–
Property, plant and equipment				
– Depreciation <b>(Note 13)</b>	108,268	93,061	–	–
– Written off <b>(Note 13)</b>	473	519	–	–
– Loss on disposal	266	104	–	–
– Reversal of impairment loss <b>(Note 6)</b>	(3,581)	–	–	–
Inventories written off	96	157	–	–
Available-for-sale financial assets written off	266	2,520	–	–
Amortisation of software development expenditure <b>(Note 18)</b>	1,140	1,049	–	–
<b>Operating profit/(loss) before working capital changes</b>	<b>303,190</b>	<b>242,836</b>	<b>(3,667)</b>	<b>(20,079)</b>
Changes in working capital:				
Inventories	8,013	5,061	–	–
Receivables	(16,700)	(101,172)	(54)	294
Payables	86,708	58,041	(5,463)	101,557
Deferred revenue	6,547	1,044	–	–
Related companies	–	–	65,828	(162,338)
<b>Cash flows generated from/(used in) operations</b>	<b>387,758</b>	<b>205,810</b>	<b>56,644</b>	<b>(80,566)</b>
Interest paid on advances from subsidiaries	–	–	(9,713)	(19,653)
Zakat paid	(2,272)	(1,825)	(70)	(20)
Income tax refund	3,482	10,170	–	–
Income tax paid	(70,451)	(70,642)	(534)	(943)
<b>Net cash generated from/(used in) operating activities</b>	<b>318,517</b>	<b>143,513</b>	<b>46,327</b>	<b>(101,182)</b>



# STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2014 (continued)

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
<b>Investing activities</b>				
Purchase of property, plant and equipment	(372,417)	(307,779)	–	–
Purchase of intangible assets <b>(Note 18)</b>	(2,166)	(15,574)	–	–
Purchase of investment properties	(195,218)	(8,982)	–	–
Proceeds from disposal of property, plant and equipment	2,183	1,511	–	–
Proceeds from disposal of investment properties	1,375	–	–	–
Proceeds from disposal of non-current assets held for sale	3,590	–	–	–
Acquisition of subsidiaries, net of cash acquired <b>(Note 15 (c))</b>	(16,516)	(70,809)	(999)	–
Proceeds from disposal of shares in an associate	6,350	16,382	–	–
Interest received	12,982	10,570	513	4,040
Dividends received	28,952	32,913	6,381	3,457
<b>Net cash (used in)/generated from investing activities</b>	<b>(530,885)</b>	<b>(341,768)</b>	<b>5,895</b>	<b>7,497</b>
<b>Financing activities</b>				
Issue of shares:				
– rights issues	121,002	–	121,002	–
– exercise of share warrants	5,876	14,362	5,876	14,362
Purchase of treasury shares	(54,413)	(341)	(54,413)	(341)
Bank borrowings:				
– Drawdown	779,229	535,904	–	155,000
– Repayment	(568,686)	(145,561)	(25,000)	–
(Decrease)/Increase in deposits with licensed banks	(3,293)	3,309	(16)	(512)
Interest paid	(42,857)	(38,765)	–	–
Dividends paid to shareholders	(42,629)	(68,312)	(42,629)	(68,312)
<b>Net cash generated from financing activities</b>	<b>194,229</b>	<b>300,596</b>	<b>4,820</b>	<b>100,197</b>
<b>Net changes in cash and cash equivalents</b>	<b>(18,139)</b>	<b>102,341</b>	<b>57,042</b>	<b>6,512</b>
<b>Currency translation differences</b>	<b>(430)</b>	<b>5,379</b>	<b>–</b>	<b>–</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>297,909</b>	<b>190,189</b>	<b>8,443</b>	<b>1,931</b>
<b>Cash and cash equivalents at end of the financial year (Note 23)</b>	<b>279,340</b>	<b>297,909</b>	<b>65,485</b>	<b>8,443</b>

209

KPJ Healthcare Berhad | annual report 2014

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 2014

## 1. CORPORATE INFORMATION

KPJ Healthcare Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor. The principal place of business of the Company is located at Level 12, Menara 238, Jalan Tun Razak, 50400 Kuala Lumpur.

The Directors regard Johor Corporation, a body corporate established under the Johor Corporation Enactment (No. 4 of 1968) (as amended by Enactment No. 5 of 1995), as the ultimate holding corporation.

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 disclosed in **Note 15**. There has been no significant change in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 9 April 2015.

## 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 Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 2014, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and of the Company.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendment to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendment to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendment to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2017
MFRS 9 Financial Instruments	1 January 2018

#### Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The amendments to MFRS 119 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee. For contributions that are independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. For contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standard issued but not yet effective (continued)

#### Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

#### Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and
- gains and losses resulting from transactions involving the sale or contribution to an associate of a joint venture of assets that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after 1 January 2016. Earlier application is permitted.

#### Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

#### Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standard issued but not yet effective (continued)

#### Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are to be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's and the Company's financial statements.

#### MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, such as when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will not have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

#### MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

The Group is currently assessing the impact and plans to adopt the new standard on the required effective date.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit and loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Business combinations involving entities under common control are accounted for by applying the merger method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the 'acquired' entity is reflected within equity as merger reserve/deficit. The profit or loss reflect the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented if the entities had always been combined since the date the entities had come under common control.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit and loss. The accounting policy for goodwill is disclosed in **Note 2.9(a)**.

### 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 2014 (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 directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

#### (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, long leasehold land and buildings are measured at fair value less accumulated depreciation on long leasehold land and 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, long leasehold land and buildings at the reporting date.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Property, plant and equipment (continued)

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.

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% – 20%
Medical and other equipment	7.5% – 33.33%
Furniture and fittings	10% – 20%
Motor vehicles	20%
Computers	20% – 33%

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Investment properties (continued)

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.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in **Note 2.7** up to the date of change in use.

### 2.9 Intangible assets

#### (a) 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.

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**.

#### (b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Intangible assets (continued)

#### (b) Other intangible assets (continued)

##### Software development expenditure

Software development is stated at cost less accumulated amortisation and impairment losses. The expenditure represents development work carried out in developing specialised software packages and is capitalised if the product is technically and commercially feasible and the Group has sufficient resources to complete the development. It is amortised over the straight-line basis over a period of five years. The policy for the recognition and measurement of impairment losses is in accordance with **Note 2.10**. The expenditure capitalised includes cost to purchase the software and direct cost such as salaries and hardware costs specifically attributable to each project. Cost incurred in software development which have ceased to be technically and commercially viable, are written off immediately.

### 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRS. Then, on initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets, employee benefits assets, financial assets and inventories) are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in the profit or loss.

### 2.12 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for 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.

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 as disclosed in **Note 2.5**.

### 2.13 Investments in associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of 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.

An associate is equity accounted for from the date on which the investee becomes an associate.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Investments in associates (continued)

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### 2.14 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within twelve months after the reporting period; or
- (iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Current versus non-current classification (continued)

All other assets are classified as non-current. A liability is current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 2.15 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.

#### (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.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Financial assets (continued)

#### (b) Available-for-sale financial assets (continued)

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 that is, the date that the Group and the Company commit to purchase or sell the asset.

### 2.16 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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Impairment of financial assets (continued)

#### (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.

### 2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, 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.

### 2.18 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.

### 2.19 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 MFRS 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.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 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.

### 2.20 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.

### 2.21 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Leases (continued)

#### (a) As lessee (continued)

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.

#### (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.

### 2.22 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. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.23 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.24 Revenue

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, medical supplies and surgical products. 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) Wellness subscription fees

Wellness subscription fees are recognised in the period the services are provided over the term of the membership contract.

Annual renewal fees are recognised on the accrual basis based on fees chargeable to members upon execution and renewal of the membership.

#### (c) Tuition fees

Revenue from tuition fees are recognised over the period of instruction whereas non-refundable registration and enrolment fees are recognised on a receipt basis.

#### (d) Deferred management fees

Deferred management fees represent amounts charged to residents at the retirement village under the long-term management agreements. Deferred management fees are recognised upon performance of services, calculated in accordance with terms stipulated in resident contracts.

#### (e) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

#### (f) 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.

#### (g) Interest income

Interest income is recognised on an accrual basis using the effective interest method.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 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 and associates, 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 and associates, 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.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Income taxes (continued)

#### (b) Deferred tax (continued)

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.

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.

### 2.26 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 43**, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.27 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.

### 2.28 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.

### 2.29 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.30 Resident upfront contributions

Resident upfront contributions are measured at the principal amount less any accumulated deferred management fees. Resident upfront contributions are non-interest bearing and are payable at the end of the resident contract. Average tenure periods for residents are for an extended period of time greater than one year, however, they are classified as current liabilities because the Group may exit the contract at any point of time.

### 2.31 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participant act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that appropriate in circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets of liabilities
- (ii) Level 2 – Valuation techniques for the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purposes of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.



## 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 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) 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 2.9**. 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 19**.

#### (b) Income tax

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expense are disclosed in **Note 10**.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.2 Key sources of estimation uncertainty (continued)

#### (c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax of the Group are disclosed in **Note 20**.

#### (d) Capitalisation and amortisation of software development expenditure

The Group capitalised costs relating to the software development and enhancement of its new and existing facilities respectively, upon meeting all the criteria for capitalisation as described in **Note 2.9(b)**. Amortisation, which commences upon commercialisation, is recognised in profit or loss based on a straight-line basis over the products' estimated economic lives of five years. The Group reviews the amortisation period and amortisation method at least once a year.

However, if there are indications that the products are unable to meet expected future cash flow, immediate impairment loss will be recognised. Details of software development expenditure are disclosed in **Note 18**.

## 4. REVENUE AND COST OF SALES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Hospital charges	963,996	874,018	–	–
Consultation fees	760,360	636,074	–	–
Sale of pharmaceutical, medical and surgical products	798,371	716,700	–	–
Other hospital revenue	23,417	22,631	–	–
Wellness subscription fees	13,340	13,440	–	–
Enrollment fees	29,994	27,076	–	–
Registration fees	1,723	1,396	–	–
Deferred management fees	1,603	1,802	–	–
Dividend income from subsidiaries	–	–	107,118	105,322
Interest income charged to subsidiaries	–	–	2,032	4,040
Management fees charged to subsidiaries	–	–	39,029	34,976
Other revenue	46,332	38,511	752	508
	<b>2,639,136</b>	<b>2,331,648</b>	<b>148,931</b>	<b>144,846</b>

Cost of sales of the Group consists mainly of appropriation to consultant, cost of medical supplies, direct staff cost, repair and maintenance on medical equipment and depreciation charged on medical equipment.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 5. FINANCE INCOME AND COSTS

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
<b>Finance costs</b>				
Accretion of interest	276	278	–	–
Profit sharing from Islamic financing:				
– Commercial papers	7,100	18,801	–	–
– Al-Ijarah	713	894	–	–
– Revolving credits	11,646	9,491	11,646	9,491
Interest expense from conventional financing:				
– Overdrafts	369	513	–	–
– Interest on advances from subsidiaries	–	–	10,867	9,971
– Term loans	16,498	1,277	–	–
– Revolving credits	2,274	2,258	–	–
– Lease and hire purchase	2,779	1,272	–	–
– Others	2,959	6,706	6	191
	44,614	41,490	22,519	19,653
Less: Interest expense capitalised in:				
– Property, plant and equipment	(1,757)	(2,725)	–	–
	<b>42,857</b>	<b>38,765</b>	<b>22,519</b>	<b>19,653</b>
<b>Finance income</b>				
Profit sharing from Islamic short term deposits	12,982	10,570	–	–
<b>Net finance costs</b>	<b>29,875</b>	<b>28,195</b>	<b>22,519</b>	<b>19,653</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 6. PROFIT BEFORE ZAKAT AND TAX

The following amounts have been included in arriving at the profit before zakat and tax:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
– Statutory audits	1,822	1,552	98	84
– Other services	743	242	–	–
Trade receivables:				
– Impairment charge for the year (Note 22)	6,843	8,238	–	–
– Reversal of impairment loss (Note 22)	(917)	(1,754)	–	–
Contribution to Klinik Waqaf An-Nur	3,120	3,120	–	–
Directors' remuneration (Note 8)	2,656	2,909	2,178	2,723
Inventories written off	96	157	–	–
Professional fees	5,771	6,769	1,990	2,091
Repair and maintenance	35,072	26,431	195	525
Direct operating expenses for investment properties	2,959	661	–	–
Property, plant and equipment:				
– Depreciation (Note 13)	108,268	93,061	–	–
– Written off	473	519	–	–
– Loss on disposal	266	104	–	–
– Reversal of impairment loss (Note 13)	3,581	–	–	–
Gain on fair value of investment properties (Note 14)	(14,461)	(646)	–	–
Rental expense of land and buildings	104,907	109,509	2	3,094
Rental of equipment and vehicles	5,088	4,538	142	122
Employee benefits costs (Note 7)	567,173	486,874	24,101	22,618
Intangible assets:				
– Amortisation of software development expenditure (Note 18)	1,140	1,049	–	–
– Impairment of goodwill (Note 18)	728	–	–	–
Available-for-sale financial assets written off (Note 17)	266	2,520	–	–
Gain on disposal of investment property	(166)	–	–	–
Gain on disposal of non-current assets held for sale	(1,577)	–	–	–
Gain on disposal of shares in an associate	(1,732)	(1,306)	–	–



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 7. EMPLOYEE BENEFITS COSTS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Staff costs (excluding directors' remuneration):				
– Salaries, allowances and bonuses	514,844	442,722	21,262	20,101
– Contribution to defined contribution plan	52,098	43,878	2,839	2,517
– Provision for retirement benefits	231	274	–	–
	<b>567,173</b>	<b>486,874</b>	<b>24,101</b>	<b>22,618</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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Executive:				
– Fees	125	122	75	75
– Salaries, allowances and bonuses	947	863	947	863
– Contribution to defined contribution plan	140	125	140	125
– Benefits-in-kind	22	22	22	22
	<b>1,234</b>	<b>1,132</b>	<b>1,184</b>	<b>1,085</b>
Non-Executive:				
– Fees	662	643	550	526
– Salaries, allowances and bonuses	739	1,110	423	1,088
– Benefits-in-kind	21	24	21	24
	<b>1,422</b>	<b>1,777</b>	<b>994</b>	<b>1,638</b>
<b>Total directors' remuneration</b>	<b>2,656</b>	<b>2,909</b>	<b>2,178</b>	<b>2,723</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 8. DIRECTORS' REMUNERATION (CONTINUED)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of directors	
	2014	2013
<u>Executive directors:</u>		
RM1,100,001 – RM1,200,000	–	1
RM1,200,001 – RM1,300,000	1	–
<u>Non-executive directors:</u>		
RM1 – RM100,000	5	7
RM100,001 – RM200,000	3	2
RM200,001 – RM300,000	1	1
RM300,001 – RM400,000	–	–
RM400,001 – RM500,000	1	–
RM500,001 – RM600,000	–	–
RM600,001 – RM700,000	–	–
RM700,001 – RM800,000	–	1
	11	12

## 9. ZAKAT

Zakat expense is zakat provided and paid during the year.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 10. INCOME TAX EXPENSE

### Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2014 and 2013 are:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Statements of comprehensive income:</b>				
Current income tax:				
– Malaysian income tax	81,712	57,170	–	1,683
– Foreign income tax	21	633	–	–
– Overprovision in respect of previous years	(4,871)	(3,655)	(1,103)	(1,097)
	76,862	54,148	(1,103)	586
Deferred income tax:				
– Reversal of temporary differences	(10,700)	(7,491)	–	–
– Under provision in respect of previous years	2,404	710	–	–
	(8,296)	(6,781)	–	–
<b>Income tax expense recognised in profit or loss</b>	<b>68,566</b>	<b>47,367</b>	<b>(1,103)</b>	<b>586</b>
<b>Deferred income tax related to other comprehensive income:</b>				
– Net surplus on revaluation of freehold land & building	1,105	–	–	–
– Acquisition of a subsidiary	–	548	–	–
	<b>1,105</b>	<b>548</b>	<b>–</b>	<b>–</b>

The current income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year. The domestic statutory rate will be reduced to 24% from the current year's rate of 25% effective year of assessment 2016.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 10. INCOME TAX EXPENSE (CONTINUED)

### 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 2014 and 2013 is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before tax after zakat	215,812	157,732	82,894	69,610
Tax at Malaysian statutory tax rate of 25% (2013: 25%)	53,953	39,433	20,724	17,403
Different tax rates in other countries	(65)	(161)	–	–
Adjustments:				
Income not subject to tax	(6,693)	(2,501)	(26,780)	(24,677)
Non-deductible expenses	29,336	28,896	7,036	6,442
Expenses qualified for double deduction	(40)	(146)	–	–
Small and Medium Enterprise tax savings	(25)	(25)	–	–
Share of results of associates	(10,104)	(11,715)	–	–
Utilisation of previously unrecognised tax losses	(1,421)	(10,434)	(980)	–
Utilisation of previously unrecognised capital allowances	(464)	–	–	–
Utilisation of previously unrecognised temporary differences	(300)	(1,255)	–	–
(Over)/under provision in respect of previous years:				
– Taxation	(4,871)	(3,655)	(1,103)	(1,097)
– Deferred tax	2,404	710	–	–
Current year deferred tax asset not recognised	6,856	8,220	–	2,515
Income tax expense/(credit)	<b>68,566</b>	<b>47,367</b>	<b>(1,103)</b>	<b>586</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 11. DIVIDENDS

	Group and Company dividends recognised in year	
	2014 RM'000	2013 RM'000
<u>Cash dividends on ordinary shares declared and paid:</u>		
<b>2012</b>		
Fourth interim tax exempt (single tier) dividend of 8% for 2012 (4.0 sen per ordinary share) paid on 18 April 2013	–	26,014
<b>2013</b>		
First interim tax exempt (single tier) dividend of 4% for 2013 (2.0 sen per ordinary share) paid on 19 July 2013	–	13,060
Second interim tax exempt (single tier) dividend of 4% for 2013 (2.0 sen per ordinary share) paid on 18 October 2013	–	13,084
Third interim tax exempt (single tier) dividend of 4% for 2013 (2.0 sen per ordinary share) paid on 10 January 2014	–	13,091
<b>2014</b>		
First interim tax exempt (single tier) dividend of 2.9% for 2014 (1.45 sen per ordinary share) paid on 18 July 2014	14,826	–
Second interim tax exempt (single tier) dividend of 2.9% for 2014 (1.45 sen per ordinary share) paid on 21 October 2014	14,712	–
Third interim tax exempt (single tier) dividend of 4% for 2014 (2.0 sen per ordinary share) paid on 22 January 2015	20,303	–
	<b>49,841</b>	<b>65,249</b>
<u>Cash dividends to ordinary equity holders of the Company declared and not paid (single-tier):</u>		
<b>2014</b>		
Fourth interim tax exempt (single tier) dividend of 5.2% for 2014 (2.6 sen per ordinary share)	26,906	–

The Directors do not recommend any final dividend in respect of the financial year ended 31 December 2014.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 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 average number of ordinary shares in issue during the financial year.

	Group 2014	2013 (Restated)
Profit attributable to ordinary equity holders of the Company (RM'000)	143,030	103,114
Weighted average number of ordinary shares in issue ('000)	1,017,122	991,263
Basic earnings per share (sen)	14.06	10.40

### (b) Diluted earnings per share

For the diluted earnings per share calculation, the average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares for the Group 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 2014	2013 (Restated)
Profit attributable to equity holders of the Company (RM'000)	143,030	103,114
Weighted average number of ordinary shares in issue ('000)	1,017,122	991,263
Assumed shares issued from the – exercise of warrants	1,583	5,154
Weighted average number of ordinary shares in issue ('000)	1,018,705	996,417
Diluted earnings per share (sen)	14.04	10.35



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (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 2014</b>								
At 1 January								
– Cost	72,295	62,596	261,197	128,213	631,797	305,010	267,105	1,728,213
– Valuation	12,750	18,460	3,999	–	–	–	–	35,209
	85,045	81,056	265,196	128,213	631,797	305,010	267,105	1,763,422
Exchange differences	(594)	(4)	88	(589)	741	(777)	(1,441)	(2,576)
Additions	3,100	6,652	27,952	22,965	83,330	45,016	193,510	382,525
Acquisition of a subsidiary (Note 15)	–	16,516	–	–	–	–	–	16,516
Revaluation surplus	–	2,100	7,047	–	–	–	–	9,147
Elimination of accumulated depreciation on revaluation	–	(17)	(3,251)	–	–	–	–	(3,268)
Disposals	–	–	–	(69)	(5,661)	(5,778)	(172)	(11,680)
Written off	–	–	–	–	(1,760)	(202)	(230)	(2,192)
Reclassification – cost	46,620	–	105,143	7,271	2,841	(10,776)	(151,099)	–
Reclassification to non-current assets held for sale (Note 24)	(9,872)	–	(48,745)	–	–	–	–	(58,617)
Transfer from investment properties (Note 14)	2,400	–	855	–	–	–	–	3,255
Transfer to intangible assets (Note 18)	–	–	–	–	–	(9,210)	–	(9,210)
	<b>126,699</b>	<b>106,303</b>	<b>354,285</b>	<b>157,791</b>	<b>711,288</b>	<b>323,283</b>	<b>307,673</b>	<b>2,087,322</b>
At 31 December								
– Cost	113,949	53,103	312,954	157,791	711,288	323,283	307,673	1,980,041
– Valuation	12,750	53,200	41,331	–	–	–	–	107,281
	<b>126,699</b>	<b>106,303</b>	<b>354,285</b>	<b>157,791</b>	<b>711,288</b>	<b>323,283</b>	<b>307,673</b>	<b>2,087,322</b>
<b>Accumulated depreciation</b>								
At 1 January	–	(869)	(5,069)	(31,605)	(330,227)	(169,255)	–	(537,025)
Elimination of accumulated depreciation on revaluation	–	17	3,251	–	–	–	–	3,268
Reversal of Impairment loss (Note 6)	–	–	3,581	–	–	–	–	3,581
Exchange differences	–	–	(63)	(2)	(332)	(101)	–	(498)
Charge for the financial year (Note 6)	–	(506)	(7,362)	(12,964)	(57,211)	(30,225)	–	(108,268)
Disposals	–	–	–	14	4,743	4,474	–	9,231
Written off	–	–	–	–	1,522	197	–	1,719
Reclassification	–	–	(1,268)	(379)	(2,578)	4,225	–	–
Reclassification to non-current assets held for sale (Note 24)	–	–	731	–	–	–	–	731
Transfer to intangible assets (Note 18)	–	–	–	–	–	1,140	–	1,140
	<b>–</b>	<b>(1,358)</b>	<b>(6,199)</b>	<b>(44,936)</b>	<b>(384,083)</b>	<b>(189,545)</b>	<b>–</b>	<b>(626,121)</b>
<b>Net carrying amounts</b>								
At 31 December 2014	<b>126,699</b>	<b>104,945</b>	<b>348,086</b>	<b>112,855</b>	<b>327,205</b>	<b>133,738</b>	<b>307,673</b>	<b>1,461,201</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (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>Group</b>								
<b>2013</b>								
At 1 January								
– Cost	58,525	44,378	13,701	102,756	547,424	289,980	283,700	1,340,464
– Valuation	8,737	11,782	6,136	–	–	–	–	26,655
Adjustment <b>(Note 44)</b>	–	–	–	–	–	–	15,680	15,680
At 1 January (restated)	67,262	56,160	19,837	102,756	547,424	289,980	299,380	1,382,799
Exchange differences	–	–	(300)	(12)	(3,136)	(693)	–	(4,141)
Additions	19,152	10,673	7,526	20,515	80,383	34,096	142,675	315,020
Acquisition of subsidiaries <b>(Note 15)</b>	–	8,000	3,964	112	9,765	2,992	74,077	98,910
Disposals	–	–	(503)	–	(2,923)	(10,725)	–	(14,151)
Written off	–	–	–	(29)	(2,368)	(991)	–	(3,388)
Reclassification – cost	(1,369)	6,223	234,672	4,871	2,652	1,978	(249,027)	–
Transfer to intangible assets <b>(Note 18)</b>	–	–	–	–	–	(11,627)	–	(11,627)
	<b>85,045</b>	<b>81,056</b>	<b>265,196</b>	<b>128,213</b>	<b>631,797</b>	<b>305,010</b>	<b>267,105</b>	<b>1,763,422</b>
At 31 December								
– Cost	72,295	62,596	261,197	128,213	631,797	305,010	267,105	1,728,213
– Valuation	12,750	18,460	3,999	–	–	–	–	35,209
	<b>85,045</b>	<b>81,056</b>	<b>265,196</b>	<b>128,213</b>	<b>631,797</b>	<b>305,010</b>	<b>267,105</b>	<b>1,763,422</b>
<b>Accumulated depreciation</b>								
At 1 January	–	(501)	6,273	(29,003)	(281,291)	(153,243)	–	(457,765)
Reclassification	–	–	(7,149)	7,149	–	–	–	–
Adjustment <b>(Note 44)</b>	–	–	(3,676)	–	–	–	–	(3,676)
At 1 January (restated)	–	(501)	(4,552)	(21,854)	(281,291)	(153,243)	–	(461,441)
Exchange differences	–	–	121	–	1,248	703	–	2,072
Charge for the financial year <b>(Note 6)</b>	–	(368)	(638)	(9,751)	(54,618)	(27,686)	–	(93,061)
Disposals	–	–	–	–	2,062	10,474	–	12,536
Written off	–	–	–	–	2,372	497	–	2,869
<b>At 31 December</b>	<b>–</b>	<b>(869)</b>	<b>(5,069)</b>	<b>(31,605)</b>	<b>(330,227)</b>	<b>(169,255)</b>	<b>–</b>	<b>(537,025)</b>
<b>Net carrying amounts</b>								
At 31 December 2013	<b>85,045</b>	<b>80,187</b>	<b>260,127</b>	<b>96,608</b>	<b>301,570</b>	<b>135,755</b>	<b>267,105</b>	<b>1,226,397</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### Revaluation of land and building

Certain leasehold land and buildings have been revalued on 31 December 2014 based on open market valuations carried out by an independent firm of professional valuers to reflect fair value. The book values of the leasehold land and buildings were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve.

If the total amounts of the leasehold land and buildings had been determined in accordance with the historical cost convention, they would have been included at:

	Group	
	2014 RM'000	2013 RM'000
<u>Costs</u>		
Freehold land	5,899	5,899
Leasehold land	33,080	–
Buildings	37,214	6,929
	76,193	12,828
<u>Accumulated depreciation</u>		
Leasehold land	(216)	–
Buildings	(6,030)	(1,615)
Net carrying amounts	<b>69,947</b>	<b>11,213</b>

The additions and net book value of assets under hire purchase and finance leases are as follows:

	Group	
	2014 RM'000	2013 RM'000
Assets under hire purchase and finance leases:		
– Addition during the financial year ( <b>Note 32</b> )	10,108	7,569
– Net book value at the end of financial year	78,201	77,708

The net book value of property, plant and equipment pledged for borrowing facility as at 31 December 2014 is RM425,992,000 (2013: RM348,343,000), as disclosed in **Note 26**.

### Capitalisation of borrowing costs

The capital work-in-progress include borrowing costs arising from bank loans borrowed specifically for the purpose of construction of a property. During the financial year, the borrowing costs capitalised as cost of capital work-in-progress amounted to RM1,757,000 (2013: RM2,725,000).

Included in property, plant and equipment during the year are:

	Group	
	2014 RM'000	2013 RM'000
Finance cost ( <b>Note 5</b> )	1,757	2,725



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 14. INVESTMENT PROPERTIES

	Group	
	2014	2013
	RM'000	RM'000
<b>At fair value:</b>		
At 1 January	62,746	53,118
Additions	195,218	8,982
Transfer to property, plant and equipment (Note 13)	(3,255)	–
Disposal	(1,209)	–
Exchange differences	(211)	–
Gain on fair value recognised in other income (Note 6)	14,461	646
<b>At 31 December</b>	<b>267,750</b>	<b>62,746</b>

The fair value of the properties was estimated at RM267,750,000 (2013: RM62,746,000) based on valuations performed by independent professionally qualified valuers, using either the comparison or investment method as described below.

Fair value hierarchy disclosures for investment properties are in Note 40.

The following table shows a reconciliation of Level 3 fair value:

	Office Properties	
	2014	2013
	RM'000	RM'000
At 1 January	–	–
Additions	192,875	–
Re-measurement recognised in profit or loss	12,533	–
<b>At 31 December</b>	<b>205,408</b>	<b>–</b>



## 14. INVESTMENT PROPERTIES (CONTINUED)

### Description of valuation techniques used and key inputs to valuation on investment properties

	Valuation technique	Significant unobservable inputs	Range (weighted average)
Land and building	Comparison method <sup>(i)</sup>	–	–
Office properties	Investment method <sup>(ii)</sup>	Estimated rental value per sqft per month	RM3.60 – RM5.30
		Outgoings per sqft per month	RM1.45 – RM1.56
		Void rate	5% – 7.5%
		Term yield	6.2% – 6.5%

- (i) The comparison method entails analysing recent transactions and asking prices of similar property in and around the locality for comparison purposes with adjustments made for differences in location, visibility, size, tenure, etc.
- (ii) The investment method entails determining the net annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by suitable rate of return consistent with the type and quality of the investment to arrive at the market value of the subject property.

### Inter-relationship between significant unobservable inputs and fair value measurement

#### Investment method

Significant increases/(decreases) in estimated rental value per sqft in isolation would result in a significantly higher/(lower) fair value of the properties. Significant increases/(decreases) in the long-term vacancy rate (void rate) and discount rate (term yield) in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rental value per sqft and an opposite change in the void rate and term yield.

## 15. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries is made up as follows:

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	948,920	947,920



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2014 %	2013 %	
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	Management and investment holding company for medical sector
Puteri Specialist Hospital (Johor) Sdn Bhd *	Malaysia	100	100	Operating as a specialist hospital
Tawakal Holdings Sdn Bhd	Malaysia	100	100	Investment holding
Point Zone (M) Sdn Bhd ~	Malaysia	100	100	Providing treasury management
<b>Subsidiary of Johor Specialist Hospital Sdn Bhd</b>				
Bandar Dato Onn Specialist Hospital Sdn Bhd	Malaysia	100	100	To be operating as an international specialist hospital
<b>Subsidiary of Ipoh Specialist Hospital Sdn Bhd</b>				
Sri Manjung Specialist Centre Sdn Bhd ~	Malaysia	100	100	Operating as a 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



## 15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company (continued):

		Effective equity interest		
Name of company	Country of incorporation	2014 %	2013 %	Principal activities
Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd (continued)				
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	Operating as a specialist hospital
Sterile Services Sdn Bhd	Malaysia	100	100	Providing sterile services
Puteri Nursing College Sdn Bhd	Malaysia	100	100	Operating a private university college of nursing and allied health
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	100	100	Operating as a specialist hospital
Sibu Medical Centre Corporation Sdn Bhd	Malaysia	100	100	Operating as a specialist hospital
Sibu Geriatric Health & Nursing Centre Sdn Bhd	Malaysia	100	100	Providing aged care services
Jeta Gardens (Qld) Pty Ltd ~	Australia	57	57	Providing retirement village and aged care services
Diaper Technology Industries Sdn Bhd	Malaysia	94	94	Providing information technology related services and rental of software
Fabricare Laundry Sdn Bhd ~	Malaysia	95	95	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	Operating as a specialist hospital



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company (continued):

		Effective equity interest		
Name of company	Country of incorporation	2014 %	2013 %	Principal activities
Subsidiaries of Kumpulan Perubatan (Johor) Sdn Bhd (continued)				
Perlis Specialist Hospital Sdn Bhd ~	Malaysia	60	60	To be operating as a specialist hospital
KPJ Education Services Sdn Bhd ~	Malaysia	100	100	Dormant
Freewell Sdn Bhd	Malaysia	80	80	Dormant
Bayan Baru Specialist Hospital Sdn Bhd	Malaysia	55	55	Dormant
Pharmacare Surgical Technologies (M) Sdn Bhd	Malaysia	100	100	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	Operating as a specialist hospital
Pahang Specialist Hospital Sdn Bhd ~	Malaysia	70	70	To be operating as a specialist hospital
Skop Yakin (M) Sdn Bhd ~	Malaysia	89	89	General merchandise
Healthcare IT Solutions Sdn Bhd	Malaysia	70	87	Providing healthcare information system services
Renal-Link Sentosa Sdn Bhd	Malaysia	100	100	Dormant
Sri Kota Refractive And Eye Centre Sdn Bhd ~	Malaysia	100	100	Providing medical profession and consultancy services
Advanced Healthcare Solution Sdn Bhd ~	Malaysia	100	100	Providing healthcare information system services
Bima Galeksi Sdn Bhd ~	Malaysia	70	70	To be operating as a specialist hospital
Energy Excellent Sdn Bhd ~	Malaysia	100	100	To be operating as a specialist hospital
BDC Specialist Hospital Sdn Bhd ~	Malaysia	100	–	To be operating as a specialist hospital
Rawang Specialist Hospital Sdn Bhd ~	Malaysia	100	100	Operating as a specialist hospital
Massive Hybrid Sdn Bhd ~	Malaysia	100	100	To be operating as a specialist hospital
PT Khidmat Perawatan Jasa Medika ~	Indonesia	80	80	Operating as a specialist hospital
KPJ Dhaka (Pte) Ltd ~ #	Bangladesh	100	–	Managing as a specialist hospital
UTM KPJ Specialist Hospital Sdn Bhd ~ # (f.k.a Fabricare Holdings (Johor) Sdn Bhd)	Malaysia	100	–	To be operating as a specialist hospital



## 15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following are subsidiaries of the Company (continued):

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2014 %	2013 %	
Subsidiary of PharmaCARE Sdn Bhd				
Open Access Sdn Bhd	Malaysia	100	100	Dormant
Subsidiary of Selangor Specialist Hospital Sdn Bhd				
Hospital Pusrawi SMC Sdn Bhd ~	Malaysia	51	51	Operating as a hospital
Subsidiaries of Pharmaserv Alliances Sdn Bhd				
Medical Supplies (Sarawak) Sdn Bhd	Malaysia	75	75	Distributor 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
Subsidiary of SMC Healthcare Sdn Bhd				
Amity Development Sdn Bhd	Malaysia	100	100	Dormant
Subsidiaries of Jeta Gardens (Qld) Pty Ltd				
Jeta Gardens Aged Care (Qld) Pty Ltd ~	Australia	100	100	Operates and manages an aged care facility
Jeta Gardens Management (Qld) Pty Ltd ~	Australia	100	100	Providing payroll and other administration services

\* Direct equity holding by the Company is 84% (2013: 84%).

+ Direct equity holding by the Company is 14% (2013: 14%).

~ Audited by a firm other than Ernst & Young.

# The acquisition of these subsidiaries have no material impact on the financial position and financial performance of the Group.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (a) On 10 March 2014, the Company subscribed for additional 999,998 new ordinary shares of RM1.00 each in Point Zone Sdn Bhd ("PZSB") for a total cash consideration of RM999,998. The equity interest of the Company in PZSB remains the same at 100% subsequent to the subscription.
- (b) On 6<sup>th</sup> November 2013, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), a wholly-owned subsidiary of the Company, acquired 100% equity interest in BDC Specialist Hospital Sdn Bhd ("BDCSB") comprising 2 ordinary shares of RM1.00 each for an aggregate cash consideration of RM16,516,144. BDCSB is the registered owner of a leasehold land described as Lot 18807 Block 11 Muara Tebas Land District, located at Stampin, Kuching, Sarawak, measuring approximately 1.918 hectares. The subsidiary did not contribute to any revenue of the Group, except expenses of RM291,120 during the financial year as it was still dormant. Had the acquisitions took effect at the beginning of the financial year, the effect to profit of the Group was not material.

No goodwill was recognised as a result of the acquisition as the assets and liabilities acquired do not constitute a business.

- (c) Acquisition of subsidiaries in 2013:

In prior year, the Group completed its acquisition in new interests and increased its stake in several subsidiaries as follows:

	2013 RM'000
Subscription of right issue in subsidiaries (Note (b)(iv) and (b)(v))	18,516
Acquisition of interests in newly acquired subsidiaries (Note (b)(i), (b)(ii) and (b)(iii))	80,720
	99,236
Less: Cash and cash equivalents of subsidiaries acquired	(9,911)
Cash outflow of the Group on acquisition of subsidiaries	<b>89,325</b>

- (i) On 23<sup>rd</sup> March 2012, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), a wholly-owned subsidiary of KPJ Healthcare Berhad ("KPJHB"), accepted the offer to acquire of up to 80% equity interest in PT Khidmat Perawatan Jasa Medika ("PT KPJ Medika") for a total cash consideration of RM15,840,000. The proposed acquisition was completed on 7 March 2013.
- (ii) On 17<sup>th</sup> April 2013, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), a wholly-owned subsidiary of the Company, acquired 100% equity interest in Rawang Specialist Hospital Sdn Bhd ("RSHSB") comprising 30,000,000 ordinary shares of RM1.00 each for an aggregate cash consideration of RM50,630,164. The acquisition was completed on 18 July 2013.



## 15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Acquisition of subsidiaries in 2013 (continued):

- (iii) On 12<sup>th</sup> September 2012, Ipoh Specialist Hospital Sdn Bhd ("ISH"), a subsidiary of KPJ Healthcare Bhd ("KPJHB"), proposed to acquire 100% equity interest in Sri Manjung Specialist Centre Sdn Bhd ("SMSC") equivalent to the total of 900,000 ordinary share of RM1.00 each for a total cash consideration of RM14,250,000. The acquisition was completed on 7 March 2013.
- (iv) On 25 March 2013, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), a wholly-owned subsidiary of the Company, subscribed for a further 9,750,000 ordinary shares of RM1.00 each in Perlis Specialist Hospital Sdn Bhd by capitalising RM9,750,000 advances made to the company.
- (v) On 15 January 2013, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), a wholly-owned subsidiary of the Company, subscribed for a further 8,765,748 ordinary shares of RM1.00 each in Pahang Specialist Hospital Sdn Bhd by capitalising RM8,765,748 advances made to the company.

The effect of the acquisitions on the financial results of the Group in the previous financial year is as follows:

	2013 RM
Revenue	23,836
Operating costs	(14,413)
Profit before tax	1,651
Tax expense	(238)
Profit for the financial year	<b>1,413</b>

Had the acquisitions took effect at the beginning of the previous financial year, the revenue and profit of the Group would have been RM30,662,694 and RM1,311,725 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 2013, together with the consequential tax effect.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Acquisition of subsidiaries in 2013 (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>PT Khidmat Perawatan Jasa Medika</b>		
Property, plant and equipment	2,382	2,382
Receivables, deposits and prepayments	4,352	4,352
Deposits, bank and cash balances	9,621	9,621
Payables	(1,119)	(1,119)
Income tax payable	(11)	(11)
Fair value of net assets acquired	<b>15,225</b>	<b>15,225</b>
Goodwill on acquisition		615
Purchase consideration settled in cash		15,840
Less: Cash and cash equivalents of subsidiaries acquired		(9,621)
Cash outflow of the Group on acquisition		<b>6,219</b>

	Acquiree's carrying amounts RM'000	Fair value RM'000 (Restated)
<b>Sri Manjung Specialist Centre Sdn Bhd</b>		
Property, plant and equipment	4,405	6,756
Receivables, deposits and prepayments	347	347
Deposits, bank and cash balances	288	288
Payables	(485)	(485)
Income tax payable	(225)	(225)
Bank Borrowing	(841)	(841)
Deferred taxation liabilities	(65)	(613)
Fair value of net assets acquired	<b>3,424</b>	<b>5,227</b>
Goodwill on acquisition		9,023
Purchase consideration settled in cash		14,250
Less: Cash and cash equivalents of subsidiaries acquired		(288)
Cash outflow of the Group on acquisition		<b>13,962</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Acquisition of subsidiaries in 2013 (continued):

The details of net assets acquired and cash flows arising from the acquisitions of the following significant subsidiaries are as follows (continued):

	Acquiree's carrying amounts RM'000	Fair value RM'000
<b>Rawang Specialist Hospital Sdn Bhd</b>		
Property, plant and equipment	74,601	74,601
Trade and other receivables	192	192
Deposit, cash and cash equivalents	2	2
Payables	(8,798)	(8,798)
Bank Borrowing	(37,117)	(37,117)
Fair value of net assets acquired	<b>28,880</b>	<b>28,880</b>
Goodwill on acquisition		21,750
Purchase consideration settled in cash		50,630
Less: Cash and cash equivalents of subsidiaries acquired		(2)
Cash outflow of the Group on acquisition		<b>50,628</b>

253

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 (Restated)
Property, plant and equipment	81,388	83,739
Receivables, deposits and prepayments	4,891	4,891
Deposits, bank and cash balances	9,911	9,911
Payables	(10,402)	(10,402)
Tax Recoverable	(236)	(236)
Bank Borrowing	(37,958)	(37,958)
Deferred taxation	(65)	(613)
Net assets acquired	<b>47,529</b>	<b>49,332</b>
Goodwill on acquisition		31,388
Purchase consideration settled in cash		80,720
Less: Cash and cash equivalents of subsidiaries acquired		(9,911)
Cash outflow of the Group on acquisition		<b>70,809</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

### (c) Acquisition of subsidiaries in 2013 (continued):

The net assets recognised in the 31 December 2013 financial statements were based on a provisional assessment of their fair value while the Group sought an independent valuation for the land and buildings owned by Sri Manjung Specialist Centre Sdn Bhd. The valuation had not been completed by the date the 2013 financial statements were approved for issue by management.

In February 2015, the valuation was completed and the acquisition date fair value of the property, plant and equipment was RM6,756,000, an increase of RM2,351,000 over the provisional value. The 2013 comparative information was restated to reflect the adjustment to the provisional amounts. As a result, there was an increase in the deferred tax liabilities of RM548,000. There was also a corresponding reduction in goodwill of RM1,803,000, resulting in RM9,023,000 of total goodwill arising on the acquisition. The increased depreciation charge on the property, plant and equipment from the acquisition date to 31 December 2013 was not material.

### (d) Disposal of equity interest Healthcare IT Solutions Sdn Bhd in 2014 without losing control

On 4th September 2014, the Group disposed 17% interest in Healthcare IT Solutions Sdn Bhd ("HITS") for a consideration of RM233,454. This resulted in an increase in non-controlling interest of RM697,474 and a decrease in the equity attributable to owner of the parent of RM697,474. The effects of changes in ownership interest in HITS are summarised below:

	Group	
	2014 RM'000	2013 RM'000
Carrying amount of equity interest disposed	697	–
Consideration received	233	–
Loss on disposal	464	–
Changes in equity attributable to owners of the parents arising from disposal of interest in HITS without a loss of control	697	–



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

- (e) Summarised financial information of Kuantan Specialist Hospital Sdn Bhd, Perdana Specialist Hospital Sdn Bhd and Selangor Specialist Hospital Sdn Bhd which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of other subsidiaries are not material to the Group.

- (i) Summarised statements of financial position

	Kuantan Specialist Hospital Sdn Bhd		Perdana Specialist Hospital Sdn Bhd		Selangor Specialist Hospital Sdn Bhd		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	61,140	54,941	36,664	41,053	77,282	98,508	175,086	194,502
Current assets	20,731	17,775	26,283	23,274	72,761	34,882	119,775	75,931
<b>Total assets</b>	<b>81,871</b>	<b>72,716</b>	<b>62,947</b>	<b>64,327</b>	<b>150,043</b>	<b>133,390</b>	<b>294,861</b>	<b>270,433</b>
Current liabilities	13,336	10,293	30,798	38,273	40,262	32,645	84,396	81,211
Non-current liabilities	1,441	1,380	647	1,345	6,519	8,029	8,607	10,754
<b>Total liabilities</b>	<b>14,777</b>	<b>11,673</b>	<b>31,445</b>	<b>39,618</b>	<b>46,781</b>	<b>40,674</b>	<b>93,003</b>	<b>91,965</b>
<b>Net asset</b>	<b>67,094</b>	<b>61,043</b>	<b>31,502</b>	<b>24,709</b>	<b>103,262</b>	<b>92,716</b>	<b>201,858</b>	<b>178,468</b>
<b>Net equity attributable</b>	<b>67,094</b>	<b>61,043</b>	<b>31,502</b>	<b>24,709</b>	<b>103,262</b>	<b>92,716</b>	<b>201,858</b>	<b>178,468</b>
Equity attributable to owners of the Company	52,018	47,327	19,078	14,964	61,957	55,630	133,053	117,920
Non-controlling interests	15,076	13,716	12,424	9,745	41,305	37,086	68,805	60,548



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(e) (ii) Summarised statements of comprehensive income

	Kuantan Specialist Hospital Sdn Bhd		Perdana Specialist Hospital Sdn Bhd		Selangor Specialist Hospital Sdn Bhd		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	65,476	58,986	84,959	75,542	153,399	133,926	303,834	268,454
Profit for the year	7,318	6,723	7,802	5,293	20,300	17,410	35,420	29,426
Profit attributable to the owners of the Company	5,674	5,212	4,725	3,205	12,180	10,446	22,579	18,863
Profit attributable to the non-controlling interests	1,644	1,511	3,077	2,088	8,120	6,964	12,841	10,563
Total comprehensive income	<b>7,318</b>	<b>6,723</b>	<b>7,802</b>	<b>5,293</b>	<b>20,300</b>	<b>17,410</b>	<b>35,420</b>	<b>29,426</b>
Total comprehensive income attributable to owners of the Company	5,674	5,212	4,725	3,205	12,180	10,446	22,579	18,863
Total comprehensive income attributable to the non-controlling interest	1,644	1,511	3,077	2,088	8,120	6,964	12,841	10,563
	<b>7,318</b>	<b>6,723</b>	<b>7,802</b>	<b>5,293</b>	<b>20,300</b>	<b>17,410</b>	<b>35,420</b>	<b>29,426</b>
Dividends paid to non-controlling interest	1,176	1,176	967	967	4,000	4,000	6,143	6,143

(iii) Summarised statements of cash flows

	Kuantan Specialist Hospital Sdn Bhd		Perdana Specialist Hospital Sdn Bhd		Selangor Specialist Hospital Sdn Bhd		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash generated from operating activities	3,402	1,096	2,445	8,580	10,080	11,486	15,927	21,162
Net cash (used in)/generated from investing activities	(2,375)	(114)	(2,418)	(1,541)	(123)	553	(4,916)	(1,102)
Net cash (used in)/generated from financing activities	(1,531)	(1,524)	155	(6,311)	(12,270)	(6,174)	(13,646)	(14,009)
Net changes in cash and cash equivalents	(504)	(542)	182	728	(2,313)	5,865	(2,635)	6,051
Cash and cash equivalents at the beginning of the year	642	1,184	3,921	3,193	10,838	4,973	15,401	9,350
Cash and cash equivalents at the end of the year	<b>138</b>	<b>642</b>	<b>4,103</b>	<b>3,921</b>	<b>8,525</b>	<b>10,838</b>	<b>12,766</b>	<b>15,401</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 16. INVESTMENTS IN ASSOCIATES

	Group	
	2014	2013
	RM'000	RM'000
		(Restated)
Quoted ordinary shares in Al-'Aqar Healthcare REIT, at cost	327,891	342,967
Disposal	(4,618)	(15,076)
Unquoted ordinary shares, at cost	323,273	327,891
Group's share of post acquisition retained profits and reserves less losses	65,799	65,799
	85,919	74,234
	<b>474,991</b>	<b>467,924</b>
Market value of quoted ordinary shares in Al-'Aqar Healthcare REIT	<b>461,967</b>	<b>437,206</b>

The associates of the Group are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2014 %	2013 %	
Unit trusts				
Al-'Aqar Healthcare REIT ^	Malaysia	49	49	Real estate investment trust
Associates of KPJSB				
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
Vejthani Public Company Limited *	Thailand	23	23	International specialist hospital

^ Listed on the Main Market of Bursa Malaysia Securities Berhad.

\* Audited by a firm other than Ernst & Young.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 16. INVESTMENTS IN ASSOCIATES (CONTINUED)

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

### (i) Summarised statements of financial position

	Al-'Aqar Healthcare REIT	
	2014	2013
	RM'000	RM'000
Non-current assets	1,509,996	1,483,685
Current assets	82,426	85,224
Total assets	1,592,422	1,568,909
Current liabilities	96,627	12,312
Non-current liabilities	664,332	741,783
Total liabilities	760,959	754,095
<b>Net asset</b>	<b>831,463</b>	<b>814,814</b>

### (ii) Summarised statements of comprehensive income

	Al-'Aqar Healthcare REIT	
	2014	2013
	RM'000	RM'000
Revenue	109,946	107,419
Profit before tax	73,148	75,825
Profit for the year	71,209	73,311
Other comprehensive income	94	(63)
Dividend received from the associates during the year	26,357	29,044

### (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	Al-'Aqar Healthcare REIT	
	2014	2013
	RM'000	RM'000
Net assets at 1 January	814,814	800,064
Profit for the year	71,209	73,311
Other comprehensive income	94	(63)
Dividend paid during the year	(54,654)	(58,498)
Net assets at 31 December	831,463	814,814
Interest in associates	49%	49%
Carrying value of Group's interest in associates	407,417	399,259



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 16. INVESTMENTS IN ASSOCIATES (CONTINUED)

(iv) Aggregate information of associates that are not individually material

	2014 RM'000	2013 RM'000
The Group's share of profit before tax	28,437	26,345
The Group's share of profit after tax	22,285	21,460
The Group's share of other comprehensive income	(268)	(3,965)
The Group's share of total comprehensive income	22,017	17,495

## 17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 RM'000	Group 2013 RM'000
At 1 January	554	3,074
Written off (Note 6)	(266)	(2,520)
At 31 December	288	554
Analysed as follows:		
– Listed equity securities in Malaysia	6	8
– Unlisted equity securities in Malaysia	282	546

## 18. INTANGIBLE ASSETS

	Goodwill RM'000	Software development expenditure RM'000	Total RM'000
<b>2014</b>			
<b>Cost</b>			
At 1 January 2014	196,619	39,234	235,853
Transfer from property, plant and equipment (Note 13)	–	9,210	9,210
Additions	–	2,166	2,166
Impairment (Note 6)	(728)	–	(728)
At 31 December 2014	195,891	50,610	246,501
<b>Accumulated amortisation</b>			
At 1 January 2014	–	1,699	1,699
Transfer from property, plant and equipment (Note 13)	–	1,140	1,140
At 31 December 2014	–	2,839	2,839
<b>Net carrying amount</b>			
At 31 December 2014	195,891	47,771	243,662



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 18. INTANGIBLE ASSETS (CONTINUED)

### Amortisation expense

The amortisation of software development expenditure is included in the "Administrative expenses" line items in the statement of comprehensive income.

### Impairment loss recognised

During the financial year, an impairment loss was recognised to write down the goodwill. The impairment loss of RM728,000 (2013:Nil) has been recognised in the statement of comprehensive income.

	Goodwill RM'000	Software development expenditure RM'000	Total RM'000
<b>2013</b>			
<b>Cost</b>			
At 1 January 2013	165,231	12,033	177,264
Transfer from property, plant and equipment (Note 13)	–	11,627	11,627
Additions	–	15,574	15,574
Acquisitions of subsidiaries (restated *)	31,388	–	31,388
At 31 December 2013	196,619	39,234	235,853
<b>Accumulated amortisation</b>			
At 1 January 2013	–	650	650
Amortisation charge for the year (Note 6)	–	1,049	1,049
At 31 December 2013	–	1,699	1,699
<b>Net carrying amount</b>			
At 31 December 2013	196,619	37,535	234,154

\* The amount of goodwill is restated and does not correspond to the figures in 2013 financial statements since adjustments to the final valuation of acquisition of Sri Manjung Specialist Centre Sdn Bhd were made, as detailed in Note 15.

## 19. IMPAIRMENT OF ASSETS

### Impairment tests for goodwill

	Group 2014 RM'000	2013 RM'000
Hospitals		
– Malaysia	177,533	178,199
– Indonesia	1,622	1,622
Aged care facility	16,356	16,356
Support services	380	442
	<b>195,891</b>	<b>196,619</b>



## 19. IMPAIRMENT OF ASSETS (CONTINUED)

### Recoverable amount based on value-in-use

The recoverable amount of the 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:

	2014 %	2013 %
Gross margin <sup>1</sup>	30	30
Discount rate <sup>2</sup>	12	12
Terminal growth rate <sup>3</sup>	5	5

Assumptions:

- 1 Budgeted gross margin.
- 2 Pre-tax discount rate applied to the cash flow projections.
- 3 Weighted average growth rate used to extrapolate cash flows beyond the budget period.

The directors have determined budgeted gross margin based on past performance and expectations of market development. The discount rates used are based on published healthcare industry market data and inflation rate.

## 20. DEFERRED TAX

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 statements of financial position:

	Group 2014 RM'000	2013 RM'000 (Restated)
Deferred tax assets	27,841	25,678
Deferred tax liabilities	(42,673)	(47,701)
At 31 December	(14,832)	(22,023)



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 20. DEFERRED TAX (CONTINUED)

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	
	2014 RM'000	2013 RM'000 (Restated)
At 1 January	(22,023)	(28,256)
(Charged)/credited to profit or loss (Note 10):		
– Property, plant and equipment	(6,717)	(417)
– Investment property	(1,338)	(2,468)
– Deferred expenses	(557)	(1,322)
– Tax losses	2,328	1,210
– Unabsorbed capital allowances	1,011	(2,966)
– Deferred revenue	439	169
– Others	13,130	12,575
	8,296	6,781
Charged to other comprehensive income	(1,105)	–
Deferred tax arising from business combination (Note 15(c))	–	(548)
At 31 December	<b>(14,832)</b>	<b>(22,023)</b>
<b>Subject to income tax</b>		
Deferred tax assets (before offsetting):		
– Tax losses	18,483	16,155
– Unabsorbed capital allowances	4,910	3,899
– Deferred revenue	15,124	14,685
– Others	14,902	1,772
	53,419	36,511
Offsetting	(25,578)	(10,833)
Deferred tax assets (after offsetting)	<b>27,841</b>	<b>25,678</b>
Deferred tax liabilities (before offsetting):		
– Property, plant and equipment	(46,430)	(38,608)
– Investment property	(14,470)	(13,132)
– Deferred expenses	(7,351)	(6,794)
	(68,251)	(58,534)
Offsetting	25,578	10,833
Deferred tax liabilities (after offsetting)	<b>(42,673)</b>	<b>(47,701)</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 20. DEFERRED TAX (CONTINUED)

The amounts of unabsorbed capital allowance and unutilised tax losses for which no deferred tax asset are recognised on the statements of financial position are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unabsorbed capital allowance	111,940	103,187	–	–
Unused tax losses	54,141	44,207	12,922	16,839

### Unrecognised tax losses

At the reporting date, the Group has tax losses of approximately RM54,140,553 (2013: RM44,206,101) and the Company has tax losses of approximately RM12,921,716 (2013: RM16,838,412) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority. The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

## 21. INVENTORIES

	Group	
	2014 RM'000	2013 RM'000
<b>At cost:</b>		
Pharmaceutical products	30,858	38,058
Medical supplies	10,739	12,210
Consumables and disposable items	1,592	1,661
Laboratory chemicals	574	498
Other supplies	804	410
	<b>44,567</b>	<b>52,837</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 22. RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000 (Restated)	2014 RM'000	2013 RM'000
Trade receivables	324,384	296,783	–	–
Less: Impairment of trade receivables	(30,168)	(29,555)	–	–
Trade receivables – net	294,216	267,228	–	–
Amount due from ultimate holding corporation	1,258	212	–	–
Amounts due from subsidiaries	–	–	229,693	100,554
Amounts due from related companies	3,183	4,102	–	–
Amounts due from associates	4,789	3,886	37	37
Other receivables	62,386	36,183	49	–
Deposits	53,294	70,127	31	26
Prepayments	18,729	45,692	212	212
Total receivables	<b>437,855</b>	<b>427,430</b>	<b>230,022</b>	<b>100,829</b>
Add: Deposits, cash and bank balances (Note 23)	305,276	312,965	66,013	8,955
Less: Prepayments	(18,729)	(45,692)	(212)	(212)
Total loans and receivables	<b>724,402</b>	<b>694,703</b>	<b>295,823</b>	<b>109,572</b>

Credit terms of trade receivables range from 30 to 60 days (2013: 30 to 60 days).

As at 31 December 2014, trade receivables of RM201,684,000 (2013: RM147,192,000) was neither past due nor impaired and RM92,532,000 (2013: RM120,036,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

Included in amount due from subsidiaries are advances receivable from subsidiaries amounting to RM93,790,000 (2013: RM89,300,000) which are unsecured, bearing effective weighted average interest rate of 3.7% (2013: 3.7%) and with no repayment terms.



## 22. RECEIVABLES (CONTINUED)

### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2014 RM'000	2013 RM'000
Neither past due nor impaired	201,684	147,192
1 to 30 days past due not impaired	35,526	49,591
31 to 60 days past due not impaired	21,292	25,863
61 to 90 days past due not impaired	14,397	11,859
91 to 120 days past due not impaired	6,981	6,636
More than 121 days past due not impaired	14,336	26,087
	92,532	120,036
Impaired	30,168	29,555
	<b>324,384</b>	<b>296,783</b>

As at 31 December 2014, trade receivables of RM30,168,000 (2013: RM29,555,000) were impaired and provided for.

Movement in allowance accounts:

	Group	
	2014 RM'000	2013 RM'000
At 1 January	29,555	23,208
Charge for the year (Note 6)	6,843	8,238
Appropriation to consultant	913	1,129
Written off	(6,226)	(1,266)
Reversal of impairment loss (Note 6)	(917)	(1,754)
At 31 December	<b>30,168</b>	<b>29,555</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 22. RECEIVABLES (CONTINUED)

### Ageing analysis of trade receivables (continued)

The currency exposure profile of the receivables and deposits (excluding prepayments) are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	403,926	365,631	229,810	100,617
Singapore Dollar	1,126	5,071	–	–
Indonesian Rupiah	10,140	4,274	–	–
Australian Dollar	3,934	6,762	–	–
	<b>419,126</b>	<b>381,738</b>	<b>229,810</b>	<b>100,617</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.

## 23. CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits with licensed banks	126,504	157,972	61,332	6,421
Cash and bank balances	178,772	154,993	4,681	2,534
Total cash and bank balances	305,276	312,965	66,013	8,955
less: Bank overdraft (Note 26)	(15,727)	(8,140)	–	–
Deposits with licensed banks with maturity of more than 3 months	(10,209)	(6,916)	(528)	(512)
	<b>279,340</b>	<b>297,909</b>	<b>65,485</b>	<b>8,443</b>

Bank balances are deposits held at call with licensed banks and do not earn interest.

The weighted average interest rates of deposits with licensed banks of the Group during the financial year were 3.36% (2013: 2.8%) per annum.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 23. CASH AND BANK BALANCES (CONTINUED)

The currency exposure profile of deposits, cash and bank balances as at end of the reporting period is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Ringgit Malaysia	271,177	287,278	66,013	8,955
Singapore Dollar	7,967	6,095	–	–
Indonesian Rupiah	14,299	12,762	–	–
Australian Dollar	11,833	6,830	–	–
	<b>305,276</b>	<b>312,965</b>	<b>66,013</b>	<b>8,955</b>

Deposits of the Group have maturity ranges from 1 to 730 days (2013: 1 to 730 days).

## 24. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2014 RM'000	2013 RM'000
<b>Land and buildings</b>		
At 1 January	2,013	2,013
Reclassification from property, plant and equipment ( <b>Note 13</b> )	57,886	–
Disposals	(2,013)	–
At 31 December	<b>57,886</b>	<b>2,013</b>

On 3 October 2014, Puteri Nursing College Sdn Bhd ("PNC"), a subsidiary of the Group entered into an agreement to dispose two pieces of lands together with buildings erected thereon, both situated in Nilai, Negeri Sembilan to Al-'Aqar Healthcare REIT for a total consideration of RM77,800,000. The disposal is expected to be completed in the second quarter of 2015.

In the prior year, Puteri Specialist Hospital (Johor) Sdn Bhd ("PSH"), a subsidiary of the Company entered into an agreement to dispose two pieces of lands, both situated in the town of Johor Bahru to Al-'Aqar Healthcare REIT for a total consideration of RM3,590,000 to be fully satisfied in cash. The disposal was completed in the second quarter of 2014.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 25. PAYABLES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
<b>Non-current</b>				
Advances from subsidiaries	–	–	125,447	174,282
<b>Current</b>				
Trade payables	276,291	277,262	–	–
Other payables	135,183	84,103	2,270	1,464
Resident upfront contribution	34,793	46,289	–	–
Accruals	111,509	59,116	8,743	2,205
Amount due to ultimate holding corporation	260	167	219	199
Amounts due to subsidiaries	–	–	222,852	82,046
Amounts due to related companies	1,594	1,986	769	50
Amounts due to associates	5,528	9,624	–	–
Total current payables	565,158	478,547	234,853	85,964
Total payables	565,158	478,547	360,300	260,246
Add: Borrowings (Note 26)	1,251,388	1,027,492	250,000	275,000
Add: Deposits (Note 29)	17,996	17,253	–	–
Total financial liabilities carried at amortised cost	<b>1,834,542</b>	<b>1,523,292</b>	<b>610,300</b>	<b>535,246</b>

Included in amount due to subsidiaries are advances from subsidiaries amounting to RM125.4 million (2013: RM174.3 million) which are unsecured, bearing effective weighted average interest rate of 3.70% (2013: 3.70%) per annum.

Amounts due to ultimate holding corporation, subsidiaries and other related companies are unsecured, interest free and repayable on demand.

Credit terms of trade payables ranges from 30 to 60 days (2013: 30 to 60 days).

The currency exposure profile of payables is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	443,532	376,704	360,300	260,246
Singapore Dollar	210	9,226	–	–
Indonesian Rupiah	2,273	1,775	–	–
Australian Dollar	119,143	90,842	–	–
	<b>565,158</b>	<b>478,547</b>	<b>360,300</b>	<b>260,246</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 26. BORROWINGS

	Group	
	2014 RM'000	2013 RM'000 (Restated)
<b>Current</b>		
Bridging loan (unsecured)	449,000	–
Islamic commercial papers/Islamic Medium Term Notes (unsecured)	–	499,000
Term loans (secured):		
– Conventional	38,506	2,444
– Hiwalah	11,259	–
– Al-Ijarah	–	4,683
– Murabahah	7,416	–
	57,181	7,127
Revolving credits (unsecured):		
– Conventional	50,000	55,900
– Al-Amin	252,500	277,027
– Tawarruq	75,000	–
	377,500	332,927
Hire purchase and finance lease liabilities:		
– Conventional	5,235	1,912
– Bai Al-Inah	11,278	8,516
	16,513	10,428
	900,194	849,482
Bank overdrafts (unsecured)	15,727	8,140
	<b>915,921</b>	<b>857,622</b>
<b>Non-current</b>		
Term loans (secured):		
– Conventional	42,776	51,561
– Hiwalah	105,561	77,048
– Al-Ijarah	–	8,305
– Murabahah	151,822	–
	300,159	136,914
Hire purchase and finance lease liabilities:		
– Conventional	16,503	3,383
– Bai Al-Inah	18,805	29,573
	35,308	32,956
	<b>335,467</b>	<b>169,870</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 26. BORROWINGS (CONTINUED)

	Group	
	2014	2013
	RM'000	RM'000
		(Restated)
<b>Total</b>		
Bridging loan (unsecured)	449,000	–
Islamic commercial papers/Islamic Medium Term Notes (unsecured)	–	499,000
Term loans (secured):		
– Conventional	81,282	54,005
– Hiwalah term loan	116,820	77,048
– Al-Ijarah	–	12,988
– Murabahah	159,238	–
	357,340	144,041
Revolving credits (unsecured):		
– Conventional	50,000	55,900
– Al-Amin	252,500	277,027
– Tawarruq	75,000	–
	377,500	332,927
Hire purchase and finance lease liabilities:		
– Conventional	21,738	5,295
– Bai Al-Inah	30,083	38,089
	51,821	43,384
Bank overdrafts (unsecured)	15,727	8,140
	<b>1,251,388</b>	<b>1,027,492</b>

	Company	
	2014	2013
	RM'000	RM'000
<b>Current</b>		
Revolving credits (unsecured):		
– Al-Amin	250,000	275,000

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**);
- fixed and floating 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;
- finance leases are effectively secured as the rights to the leased asset revert to the lessor in the event of default;
- an assignment of the proceeds to be received from the disposal of the building;
- corporate guarantee provided by the Company to its subsidiary (**Note 41**); and
- jointly and severally guaranteed by certain Directors of the Company.



## 26. BORROWINGS (CONTINUED)

### (i) Islamic Commercial Papers/Islamic Medium Term Notes ("ICP/IMTN")

Salient features of the ICP/IMTN are as follows:

- (1) Total outstanding nominal value of ICPs and IMTNs (collectively known as "Notes") shall not exceed RM500 million.
- (2) The tenure of the Facility is up to 7 years from date of the first issuance of any Notes (25 April 2011) under the Facility.
- (3) ICP has a maturity subject to the management tenure, either 1, 2, 3, 6, 9 and 12 months and are mandatorily redeemed at nominal value upon maturity date which is expired on 16 November 2014.
- (4) IMTN has a maturity of 1 year but not more than 7 years and on condition that the IMTN shall not mature beyond 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.
- (5) The ICP/IMTN Facility is issued on a clean basis and shall be fully repaid at the end of the tenure of the Facility.
- (6) The ICP/IMTN Facility was secured by Memorandum of charge over designated account identified as Finance Service Reserve Account ("FSRA") and Corporate Guarantee Agreement was issued by the holding company in favour of the appointed trustee (known as "Security Trustee").

In the prior year, the ICP/IMTN used the Group's investment in its associate, AL-'Aqar Healthcare REIT amounting to RM234,963,962 as underlying assets as required under the Islamic Facilities requirement.

The proceeds which were raised from the ICP issue during the financial year have been utilised by the Company in the following manner:

ICP/IMTN	2014 RM'000	2013 RM'000
At 1 January	499,000	349,000
Full settlement of the ICP outstanding	(499,000)	–
Issued during the financial year for working capital	–	150,000
At 31 December	–	<b>499,000</b>

The ICP/IMTN was fully settled and cancelled on 16 November 2014.

### (ii) Bridging loan

The bridging loan facility of a subsidiary was obtained from a local financial institution which bear an interest rate of 5.15% per annum. It was secured with a Corporate Guarantee given by the Company.

The facility was obtained on a short term basis to refinance the outstanding amount under the existing ICP/IMTN of RM499 million.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 26. BORROWINGS (CONTINUED)

The effective interest rates during the financial year for borrowings, and the remaining maturities of the loans and borrowings as at 31 December 2014 are as follows:

	Functional currency/ currency exposure	Interest rate/ profit	Effective interest rate/ profit % per annum at the end of the period	Maturity profile						Total carrying amount RM'000
				<1 year	1-2 years	2-3 years	3-4 years	4-5 years	> 5 years	
				RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>2014</b>										
<b>Group</b>										
Bridging loan	RM/RM	Floating	5.51	449,000	-	-	-	-	-	449,000
Term loans (secured):										
- Conventional	RM/RM	Floating	5.39	38,506	3,159	3,444	3,494	2,874	29,805	81,282
- Hiwalah	RM/RM	Fixed	7.29	11,259	21,900	21,926	21,957	21,986	17,792	116,820
- Al-Ijarah	RM/RM	Fixed	2.83	-	-	-	-	-	-	-
- Murabahah	RM/RM	Floating	5.38	7,416	10,815	11,948	15,347	16,480	97,232	159,238
Revolving credits (unsecured):										
- Conventional	RM/RM	Floating	4.04	50,000	-	-	-	-	-	50,000
- Al-Amin	RM/RM	Floating	4.63	327,500	-	-	-	-	-	327,500
Hire purchase and finance lease liabilities:										
- Conventional	RM/RM	Fixed	4.46	5,235	5,457	5,823	4,479	744	-	21,738
- Bai Al-Inah	RM/RM	Fixed	3.12	11,278	8,607	7,564	2,609	22	3	30,083
Bank overdrafts (unsecured)	RM/RM	Floating	7.77	15,727	-	-	-	-	-	15,727
				<b>915,921</b>	<b>49,938</b>	<b>50,705</b>	<b>47,886</b>	<b>42,106</b>	<b>144,832</b>	<b>1,251,388</b>
<b>Company</b>										
Revolving credits (unsecured):										
- Al-Amin	RM/RM	Floating	4.63	250,000	-	-	-	-	-	250,000



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 26. BORROWINGS (CONTINUED)

The effective interest rates during the financial year for borrowings, and the remaining maturities of the loans and borrowings as at 31 December 2013 are as follows:

	Functional currency/ currency exposure	Interest rate/ profit	Effective interest rate/ profit % per annum at the end of the period	Maturity profile						Total carrying amount
				<1 year RM'000	1-2 years RM'000	2-3 years RM'000	3-4 years RM'000	4-5 years RM'000	> 5 years RM'000	
<b>2013</b>										
<b>Group</b>										
Islamic commercial papers (unsecured)	RM/RM	Floating	3.66	499,000	-	-	-	-	-	499,000
Term loans (secured):										
– Conventional	RM/RM	Floating	4.40	2,444	3,829	3,058	3,125	3,227	38,322	54,005
– Hiwalah	RM/RM	Fixed	5.21	-	8,989	15,410	15,410	15,410	21,829	77,048
– Al-Ijarah	RM/RM	Fixed	2.83	4,683	3,377	3,227	1,701	-	-	12,988
Revolving credits (unsecured):										
– Conventional	RM/RM	Floating	3.25	55,900	-	-	-	-	-	55,900
– Al-Amin	RM/RM	Floating	4.38	277,027	-	-	-	-	-	277,027
Hire purchase and finance lease liabilities:										
– Conventional	RM/RM	Fixed	3.28	1,912	1,781	1,260	152	152	38	5,295
– Bai Al-Inah	RM/RM	Fixed	3.55	8,516	8,834	6,868	6,819	4,856	2,196	38,089
Bank overdrafts (unsecured)	RM/RM	Floating	7.56	8,140	-	-	-	-	-	8,140
				<b>857,622</b>	<b>26,810</b>	<b>29,823</b>	<b>27,207</b>	<b>23,645</b>	<b>62,385</b>	<b>1,027,492</b>
<b>Company</b>										
Revolving credits (unsecured):										
– Al-Amin	RM/RM	Floating	4.30	275,000	-	-	-	-	-	275,000



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 26. BORROWINGS (CONTINUED)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	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>Group</b>							
<b>2014</b>							
Hire purchase and finance lease liabilities:							
– Conventional	6,481	6,330	6,330	4,637	747	–	24,525
– Bai Al-Inah	12,663	9,385	8,027	2,704	24	3	32,806
	<b>19,144</b>	<b>15,715</b>	<b>14,357</b>	<b>7,341</b>	<b>771</b>	<b>3</b>	<b>57,331</b>
Less: Future finance charges							
– Conventional							(2,788)
– Bai Al-Inah							(2,722)
							(5,510)
							<b>51,821</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	Later than 5 years RM'000	Total RM'000
<b>Group</b>							
<b>2013</b>							
Hire purchase and finance lease liabilities:							
– Conventional	2,155	1,846	1,834	160	160	40	6,195
– Bai Al-Inah	10,134	10,086	10,720	6,764	4,724	379	42,807
	<b>12,289</b>	<b>11,932</b>	<b>12,554</b>	<b>6,924</b>	<b>4,884</b>	<b>419</b>	<b>49,002</b>
Less: Future finance charges							
– Conventional							(900)
– Bai Al-Inah							(4,718)
							(5,618)
							<b>43,384</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 27. DEFERRED REVENUE

	Group	
	2014	2013
	RM'000	RM'000
		(Restated)
At 1 January	63,110	61,133
Additions	48,948	44,458
Earned during the financial year	(43,334)	(43,414)
At 31 December	<b>68,724</b>	<b>62,177</b>
Current	13,012	13,340
Non-current	55,712	48,837
Represented by:		
Fees received in advance		
– Students' fees	6,527	3,462
– Accommodation fees	1,273	641
– Others	431	267
KPJ Wellness Subscription Fees	60,493	57,807
	<b>68,724</b>	<b>62,177</b>

The Wellness Programme provides healthcare service packages ("packages") to the public under the allocated specialist hospital. The packages range from 5 years, 10 years and 18 years to individuals and couples. In order to carry on the packages, subscribers are required to pay renewal fees on a yearly basis up to the end of the subscription period.

## 28. PROVISION FOR RETIREMENT BENEFITS

The Group operates an unfunded lump-sum retirement benefit plan for its eligible employees.

The movements during the financial year in the amount recognised in the statement of financial position are as follows:

	Group	
	2014	2013
	RM'000	RM'000
		(Restated)
At 1 January	2,038	2,038
Charged to profit or loss (Note 7)	231	274
Retirement benefits paid	(9)	(274)
At 31 December	<b>2,260</b>	<b>2,038</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 28. PROVISION FOR RETIREMENT BENEFITS (CONTINUED)

The amount recognised in profit or loss is as follows:

	Group	
	2014 RM'000	2013 RM'000
Current service cost	122	112
Interest cost on benefit obligation	109	98
Past service cost	–	96
Curtailments*	–	(32)
<b>Total included in employee benefits costs (Note 7)</b>	<b>231</b>	<b>274</b>

\* The curtailment gain was recognised in respect of several members who were no longer eligible for the retirement plan benefits from 1 January 2013.

The principal assumptions used in respect of the defined benefit plan of the Group are as follows:

	Group	
	2014 %	2013 %
Discount rate <sup>1</sup>	5.4	5.4
Expected rate of salary increase		
– Non-management staff <sup>2</sup>	5.5	5.5
– Management staff <sup>2</sup>	5.5	5.5
Turnover <sup>3</sup>	Age related scale of 25% per annum prior age 25, gradually reducing to 0% per annum by age 50	Age related scale of 25% per annum prior age 25, gradually reducing to 0% per annum by age 50

1 Discount rate is reflective of 10 – 15 year yield for AAA rated bond.

2 Expected rate of salary increase is as per industry average.

3 Turnover rate is relatively influenced by average employees age.

The above assumptions derived from the latest actuarial valuation of the plan which was carried out on 6 February 2012.

	2014 RM'000	2013 RM'000
1. A 1% increase in salary increment rate		
a. Defined benefit obligation	2,262	2,041
b. Effect an increase of net defined liability	2	2
2. A 1% decrease in discount rate		
a. Defined benefit obligation	2,257	2,037
b. Effect a decrease of net defined liability	(2)	(2)



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 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 income and recognise income over the remaining service period to retirement (at age 65) of consultants.

	Group	
	2014	2013
	RM'000	RM'000
Represented by:		
Refundable practicing deposits	9,625	8,709
Deferred consultancy income	8,371	8,544
	<b>17,996</b>	<b>17,253</b>

## 30. SHARE CAPITAL

	Group/Company	
	2014	2013
	RM'000	RM'000
<b>Authorised ordinary shares of RM0.50 each</b>		
At 1 January/31 December	750,000	750,000
<b>Issued and fully paid ordinary shares of RM0.50 each</b>		
At 1 January	490,955	323,091
Issued during the financial year:		
– Exercise of share warrants	2,600	4,224
– Issuance of bonus share	–	163,640
– Rights issue	21,819	–
	<b>515,374</b>	<b>490,955</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 30. SHARE CAPITAL (CONTINUED)

### (a) Treasury shares

On 10 June 2014, 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.

During the financial year, 15,520,000 units of KPJ Healthcare Berhad shares were bought by the Company from the open market, listed on the Main Market of Bursa Listed Securities Berhad, at an average buy-back price of RM3.46 per share for a total consideration of RM54,413,249 including transaction cost and was financed by internally generated fund. The shares were retained as treasury shares.

### (b) Free Warrants

#### Free Warrants (2010/2015)

On 15 January 2010, 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.

The new shares issued arising from the Free Warrants exercised shall upon issue and allotment, rank pari passu in all respects.

Set out below are details of the Free Warrants issued by the Company as at 31 December 2014:

Issuance date	Expiry date	Exercise price RM/share	Number of warrants 2010/2015			
			1.1.2014 '000	Additional '000	Exercised '000	31.12.2014 '000
15 January 2010	12 January 2015	1.13*	7,355	96	(5,201)	2,250

\* Adjustment was made to the exercise price of the outstanding warrants 2010/2015 from RM1.14 to RM1.13 as a result of the Rights Issue and Free Warrants 2014/2019 on 29 January 2014.

Details relating to warrants exercised during the year are as follows:

	Group/Company	
	2014 RM'000	2013 RM'000
Ordinary share capital – at par	2,600	4,224
Share premium	3,276	10,138
Proceeds from exercise of warrants	5,876	14,362
Fair value at exercise date of shares issued	19,816	43,761

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.



## 30. SHARE CAPITAL (CONTINUED)

### (b) Free Warrants (continued)

Pursuant to the terms and conditions stipulated in the Deed Poll dated 29 October 2009, the subscription rights of the Warrants expired on Monday, 12 January 2015. As at this expiry date, the total number of unexercised warrants is 85,514.

Hence, this completed the corporate exercise which started in 2010.

### (c) Bonus Issue, Rights issue and Free Warrants

#### Bonus Issue (2013)

On 29 July 2013, the shareholders of KPJ Healthcare Berhad ("KPJ"), have approved the listing of Bonus Issue up to 327,279,946 new shares ("Bonus Shares"), to be credited as fully paid up by the Company, on the basis of one (1) Bonus Share for every two (2) Shares held by the entitled shareholders of the Company on the Entitlement Date of 26 December 2013.

The transactions were completed on 27 December 2013 with listing of 327,279,946 Bonus Shares and 2,451,551 additional warrants 2010/2015 consequential to the Bonus Issue.

#### Rights Issue (2014) and Free Warrants (2014/2019)

On 29 January 2014, renounceable Right Issue of 43,637,326 new ordinary shares of RM0.50 each in KPJ ("KPJ Share(s)") ("Right Share(s)") on the basis of one (1) Right Share for every fifteen (15) existing KPJ Shares held as at 26 December 2013, together with 87,274,652 free detachable new warrants ("Free Warrant(s)") on the basis of two (2) new warrants for every one (1) Right Share subscribed at an issue price of RM2.80 per Right Share ("Right Issue") were listed and quoted on the Main market of Bursa Malaysia Securities Berhad.

The issue price of RM2.80 for the Right Shares represents a discount of approximately 30.17% to the theoretical ex-all price of RM4.01 per KPJ Share (after taking into account the Bonus Issue) based on the five (5)-day volume weighted average market price ("VWAP") of KPJ Shares.

The transactions were completed on 29 January 2014.

Set out below are details of the Free Warrants issued by the Company:

Issuance date	Expiry date	Exercise price RM/share	Number of warrants 2014/2019			
			1.1.2014 '000	Additional '000	Exercised '000	31.12.2014 '000
29 January 2014	23 January 2019	4.01	–	87,275	–	87,275



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 31. RESERVES

		Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
			(Restated)		
Non-distributable reserves:					
Share premium	(a)	70,507	–	70,507	–
Merger reserve	(b)	(3,367)	(3,367)	–	–
Exchange reserve	(c)	1,895	1,403	–	–
Revaluation reserve	(d)	58,429	50,387	–	–
Warrant reserve	(e)	31,952	–	31,952	–
		159,416	48,423	102,459	–
Distributable reserve:					
Retained earnings	(f)	639,347	546,622	58,220	24,064
		<b>798,763</b>	<b>595,045</b>	<b>160,679</b>	<b>24,064</b>

- (a) This reserve comprise the premium paid on subscription of shares in the Company over and above the par value of the shares.
- (b) The difference between the issue price and the nominal value of shares issued were classified as merger reserve.
- (c) Exchange reserve is used to record exchange differences arising from the translation of financial statements of subsidiaries/associate whose functional currency differs from the Group's presentation currency.
- (d) Revaluation reserve (non-distributable)

		Group	
		2014	2013
		RM'000	RM'000
At 1 January		50,387	50,387
Revaluation surplus, net of tax		8,042	–
At 31 December		<b>58,429</b>	<b>50,387</b>

The revaluation reserve represents surplus from the revaluation of the Group's land and buildings.

- (e) Warrant reserve is a reserve created based on the number of warrants issued to date.
- (f) The entire retained earnings of the Company as at 31 December 2014 may be distributed as dividend under the single-tier system.

## 32. NON-CASH TRANSACTIONS

The principal non-cash transaction during the financial year is the acquisition of property, plant and equipment of which RM10,107,650 (2013: RM7,569,000) is by means of hire purchase and finance lease.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (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	
		2014 RM'000	2013 RM'000
Ampang Puteri Specialist Hospital Sdn Bhd	Management fees	(3,416)	(2,907)
	Interest expense	706	755
	Dividend received (net)	(21,000)	(21,000)
Damansara Specialist Hospital Sdn Bhd	Management fees	(3,251)	(2,820)
	Interest expense	303	466
	Dividend received (net)	(21,150)	(21,000)
Ipoh Specialist Hospital Sdn Bhd	Management fees	(4,018)	(3,591)
	Interest expense	2,450	2,051
	Dividend received (net)	(1,772)	(1,519)
Johor Specialist Hospital Sdn Bhd	Management fees	(3,563)	(3,155)
	Dividend received (net)	(22,645)	(21,273)
	Interest expense	1,277	1,533
Kuching Specialist Hospital Sdn Bhd	Interest income	(73)	(45)
	Management fees	(960)	(1,009)
Kumpulan Perubatan (Johor) Sdn Bhd	Interest income	(932)	(1,236)
	Dividend received (net)	(25,200)	(25,200)
Kuantan Specialist Hospital Sdn Bhd	Management fees	(982)	(892)
	Interest expense	1,333	1,491
Pharmaserv Alliances Sdn Bhd	Management fees	(4,301)	(3,984)
	Interest income	(105)	(116)
Puteri Nursing College Sdn Bhd	Management fees	(1,200)	(1,200)
	Interest income	(72)	–
	Interest expense	205	–
Perdana Specialist Hospital Sdn Bhd	Interest income	(95)	(46)
	Management fees	(1,308)	(1,145)



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

### (a) Significant related party transactions (continued)

Paid/payable to/(received/ receivable from) subsidiaries	Type of transactions	Company	
		2014 RM'000	2013 RM'000
Puteri Specialist Hospital (Johor) Sdn Bhd	Management fees	(2,427)	(2,196)
	Dividend received (net)	(10,892)	(10,114)
	Interest expense	757	707
Pusat Pakar Tawakal Sdn Bhd	Management fees	(2,828)	(2,631)
	Dividend received (net)	(636)	(447)
	Interest income	(170)	–
Penang Specialist Hospital Sdn Bhd	Management fees	(1,794)	(1,528)
	Interest expense	132	–
Selangor Specialist Hospital Sdn Bhd	Management fees	(2,139)	(1,962)
	Interest expense	589	150
Sentosa Medical Centre Sdn Bhd	Management fees	(966)	(888)
	Interest expense	760	695
Seremban Specialist Hospital Sdn Bhd	Management fees	(1,998)	(1,813)
SMC Healthcare Sdn Bhd	Management fees	(1,089)	(811)
Tawakal Holdings Sdn Bhd	Dividend received (net)	(3,972)	(2,979)
Kajang Specialist Hospital Sdn Bhd	Management fees	(1,742)	(1,487)
	Interest expenses	90	–
	Interest income	(51)	–
Lablink (M) Sdn Bhd	Management fees	(150)	(150)
	Interest expenses	19	–
Teraju Farma Sdn Bhd	Management fees	(120)	(120)
Taiping Medical Centre Sdn Bhd	Management fees	(263)	(252)
	Interest expense	649	–
Pusat Pakar Kluang Utama Sdn Bhd	Management fees	(515)	(434)
	Interest income	(18)	–
	Interest expenses	328	–
Point Zone (M) Sdn Bhd	Interest expense	1,359	1,724



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 33. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

### (a) Significant related party transactions (continued)

Paid/payable to/(received/ receivable from) from an associate	Type of transactions	Group	
		2014 RM'000	2013 RM'000
AL-Aqar Healthcare REIT	Disposal of land	3,590	–
	Rental expense	101,451	100,367

Management fees charged to subsidiaries are in respect of operational and administrative function of the subsidiaries which are performed by employees of the Company.

Information regarding outstanding balances arising from related party transactions as at the financial year end are disclosed in **Notes 22** and **25**.

### (b) Key management personnel compensation

	Group/Company	
	2014 RM'000	2013 RM'000
Salaries, allowances and bonus	3,044	2,653
Contribution to defined contribution plan	329	296
	<b>3,373</b>	<b>2,949</b>

One of the directors of the Group and of the Company is part of the key management personnel of the Group and of the Company. The details of directors' remuneration are disclosed in **Note 8**.

## 34. NON-CANCELLABLE OPERATING LEASE COMMITMENTS

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2014 RM'000	2013 RM'000
Represented by:		
Not later than 1 year	100,920	81,704
Later than 1 year but not later than 2 years	116,702	118,751
Later than 2 years but not later than 5 years	249,981	233,073
Later than 5 years	280,583	428,879
	<b>748,186</b>	<b>862,407</b>

The Group has entered into a contractual agreement with AmanahRaya Trustees 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 35. MATERIAL LITIGATION

On 26 July 2013, the Johor Bahru High Court allowed the claim by Dr Mohd Adnan bin Sulaiman and Azizan Sulaiman (collectively known as the "Plaintiffs") against KPJSB ("Defendant") wherein the Plaintiffs alleged that the Defendant had breached the Joint Venture Agreement Incorporating Shareholders' Agreement dated 30 May 1995 whereby the said High Court awarded the sum of RM70.4 million and costs for the sum of RM150,000 (total amounting to RM70.5 million) against the Defendant ("Judgement").

KPJSB had instructed its solicitors, Messrs. Bodipalar Ponnudurai De Silva to file an appeal at the Court of Appeal against the said Judgement.

On 12 December 2013, the Honourable Court of Appeal Judges, YA Datuk Zaharah binti Ibrahim, YA Dato' Mohamad Arif bin Md Yusof and YA Dato' Mah Weng Kwai unanimously allowed the appeal by KPJSB against the decision of the Johor Bahru High Court in Suit No: 23NCVC-74-05/2012 dated 26 July 2013 with costs of RM200,000 ("Court of Appeal Judgement").

The decision of the Judgement was also set aside.

The Court of Appeal further gave Consequential Order that the monies in the sum of RM70.5 million together with the accrued interest in the Maybank Fixed Deposit account held in the joint names of the solicitors for the Respondents and the solicitors for KPJSB, "Adam Abdullah & Mani and Bodipalar Ponnudurai De Silva" respectively in Maybank Account No: 214075807213 be released to KPJSB.

On 13 January 2014, the Plaintiffs filed an application for leave to appeal to the Federal Court against the Court of Appeal Judgement.

The unsealed copy of the said Application was served on the Company's solicitors on 10 January 2014. The Federal Court has fixed the Leave Application for hearing on 28 May 2015.

No amount has been provided during the year as management is in the opinion that the application for leave to appeal does not result in a present obligation to the Plaintiffs.

## 36. SIGNIFICANT EVENTS

- (a) Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), a wholly-owned subsidiary of KPJ, on 10 February 2014, has completed the acquisition of all parcels of land held under Geran 52130 Lot 405 Seksyen 87A, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL together with a multi-storey office building erected thereon known as Menara 238 ("property") from Danaharta Hartanah Sdn Bhd ("DHSB") for a total cash consideration of RM206,000,000.00 ("proposed acquisition").
- (b) Puteri Nursing College Sdn. Bhd. ("PNCSB") on 3 October 2014 has entered into a sale and purchase agreement ("SPA") with AmanahRaya Trustees Berhad ("Trustee" or "Purchaser"), on behalf of Al-'Aqar, to dispose the Properties for a total disposal consideration of RM77,800,000 ("Disposal Consideration") upon the terms and conditions of the SPA ("Proposed Disposal").

Upon completion of the Proposed Disposal, PNCSB will enter into a lease agreement ("Lease Agreement") with Al-'Aqar, represented by its Trustee, and Damansara REIT Managers Sdn Berhad, being the manager of Al-'Aqar ("Manager"), for the lease of the Properties to PNCSB upon terms and conditions of the Lease Agreement to be agreed between the aforesaid parties ("Proposed Leaseback").

The Proposed Disposal is expected to complete in the first quarter of 2015.



## 36. SIGNIFICANT EVENTS (CONTINUED)

- (c) Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") has on 16 October 2014 signed a Memorandum of Understanding ("MOU") with Pelaburan Hartanah Berhad ("PHB") and Nadayu Properties Berhad ("NPB") for the proposed development and leasing of a purpose-built hospital building to be known as the "KPJ Damansara Specialist Hospital II" by PHB to KPJSB. The Parties shall execute three (3) agreements, namely Agreement ("SPA"), the Agreement to Lease ("ATL") and Lease Agreement ("LA") (collectively known as "Definitive Agreements").

The Definitive Agreements shall be executed within six (6) months from the date of MOU execution.

- (d) Disposal by Puteri Specialist Hospital (Johor) Sdn Bhd ("PSH") of two (2) pieces of land

On 8 August 2012, PSH, a subsidiary of the Company, proposed to dispose two (2) pieces of lands, both situated in the town of Johor Bahru, District of Johor Bahru, State of Johor to Al-Aqar Healthcare REIT ("Al-Aqar") for a total consideration of RM3,590,000 to be fully satisfied in cash.

The proposed disposal was completed on 18 November 2014.

- (e) Acquisition by Kumpulan Perubatan (Johor) Sdn Bhd of 100% equity in BDC Specialist Hospital Sdn Bhd ("BDCSHSB")

On 6 November 2013, KPJSB entered into a conditional Share Sale Agreement with Usaha Cendera Sdn Bhd (formerly known as Usaha Cendera Cerah Sdn Bhd) for the acquisition of 2 ordinary shares of RM1.00 each in BDCSHSB which is equivalent to 100% of the equity of BDCSHSB for a total cash consideration of RM16,516,144. BDCSHSB is the registered owner of all that parcel of leasehold land described as Lot 18807 Block 11, Muara Tebas Land District located at Stampin, Kuching, Sarawak measuring approximately 1.918 hectares. Henry Butcher in their valuation report dated 11 December 2012 has valued the Land based on the market value of RM16,590,000.

Upon the completion of the Proposed Acquisition, BDCSHSB will be a wholly-owned subsidiary of KPJSB.

The proposed acquisition was completed on 10 February 2014.

- (f) On 21 October 2014, the Board of Directors announced that KPJ Healthcare Berhad ("KPJ") propose to undertake the following:-
- Establishment of an employees' share option scheme of up to 10.0% of the enlarged issued and paid-up share capital of KPJ, to be granted to eligible directors and employees of KPJ and its subsidiaries ("KPJ Group"), which are not dormant ("Proposed ESOS");
  - Restricted Issue via Section 132D of the Companies Act, 1965 of up to 28,000,000 new ordinary shares of RM0.50 each in KPJ, representing approximately 2.5% of the issued and paid-up share capital, to selected resident consultants of KPJ Group ("Proposed Restricted Issue"); and
  - Amendment to the Articles of Association of KPJ pursuant to the Proposed ESOS ("Proposed Amendment").

The Proposed Amendment involves the amendment to Article 3(2)(d)(ii) of the Article of Association of KPJ to allow for the granting of options to the non-executive Directors pursuant to the Proposed ESOS.

The listing proposals was submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 23 October 2014.

Subsequently, on 31 October 2014, RHB Investment Bank, on behalf of the Board, announced that Bursa Securities had resolved to approve the listing and quotation for up to ten percent (10%) of the issued and paid up share capital of KPJ to be issued pursuant to the exercise of ESOS Options under Proposed ESOS and up to 28,000,000 Placement Shares pursuant to the Proposed Restricted Issue on the Main Market of Bursa Securities, subject to the conditions as set out in Circular to shareholder dated 4 November 2014.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 36. SIGNIFICANT EVENTS (CONTINUED)

- (g) On 3 November 2014, Point Zone (M) Sdn Bhd ("Point Zone") (a wholly-owned subsidiary of the Company) had received the authorisation from the Securities Commission Malaysia (the "SC") to establish the issuance of Islamic Commercial Papers ("ICP") pursuant to an ICP programme and Islamic Medium Term Notes ("IMTN") pursuant to an IMTN programme collectively known as "Sukuk Programme" up to RM1.5 billion.

The proceeds raised from the Sukuk Programme shall be utilised to refinance the outstanding amount under the existing Islamic Commercial Papers/Islamic Medium Term Notes Programme of up to RM500.0 million issued by Point Zone or under a Bridging Loan Facility of up to RM450.0 million (as the case may be); and to advance to the Company to finance the expansion and working capital requirements of the KPJ group's healthcare and healthcare related businesses (including to finance/refinance any borrowings incurred in relation thereto).

The ICP Programme shall have a tenure of 7 years from the first issuance date whilst the IMTN Programme shall have a tenure of 10 years from the first issuance date. The Sukuk Programme will be secured against a charge and assignment over the designated account and an irrevocable and unconditional corporate guarantee from KPJ. Both the ICP Programme and the IMTN Programme will not be rated.

- (h) Point Zone (M) Sdn Bhd ("Point Zone") (a wholly-owned subsidiary of the Company) had on 10 December 2014 redeemed the entire outstanding amount under the ICP/IMTN Programme.

In this respect, Point Zone (M) Sdn Bhd has cancelled the ICP/IMTN Programme on 16 December 2014 as Point Zone (M) Sdn Bhd has no intention to reissue the ICP or IMTN under the ICP/IMTN Programme.

- (i) On 8 April 2014, Kumpulan Perubatan (Johor) Sdn Bhd, a wholly-owned subsidiary of KPJ, subscribed for 9,999 ordinary shares of BDT100 each representing 99% of the issued and paid up share capital of KPJ Dhaka Pte Limited for a total cash consideration of BDT999,900 (equivalent to approximately RM41,556).
- (j) On 22 September 2014, Kumpulan Perubatan (Johor) Sdn Bhd, a wholly-owned subsidiary of KPJ, acquired 100% equity interest in UTM KPJ Specialist Hospital Sdn Bhd (previously known as Fabricare Holdings (Johor) Sdn Bhd) for a cash consideration of RM2.

## 37. SUBSEQUENT EVENTS

- (a) On 27 February 2015, the Board announced that pursuant to Paragraph 6.43(1) of the Listing Requirements, the effective date for the ESOS and the Restricted Issue has been fixed on 27 February 2015, being the date of submission of the following documents in relation to the ESOS to Bursa Securities:-
- Final By-Laws
  - Resolutions passed by the shareholders of KPJ at the extraordinary general meeting of the Company held on 25 November 2014.

The Board has also fixed the issue price at RM3.64 per share representing a discount of approximately ten percent (10%) or RM0.40 to the five (5)-day volume weighted average market price of KPJ Shares up to and including 26 February 2015 of RM4.04, being the market day immediately preceding the price-fixing date.

On 13 March 2015, the Company completed the placement of 17,509,000 new ordinary shares of RM0.50 each in KPJ at an issue price of RM3.64 per placement share representing approximately 62.53% of the total number of Placement Shares available under the Restricted Issue. Accordingly, the Restricted Issue is deemed completed.



## 37. SUBSEQUENT EVENTS (CONTINUED)

- (b) On 18 March 2015, Seremban Specialist Hospital Sdn Bhd, a wholly-owned subsidiary of KPJ ("SSHSB"), entered into a sale and purchase agreement with the Amanah Raya Trustees Berhad, being the trustee of Al-Aqar Healthcare REIT ("Trustee" or "Purchaser" or "Al-Aqar"), to dispose a parcel of freehold land in Seremban, Negeri Sembilan ("SSH Land") to Al-Aqar for a total cash consideration of RM4.25 million upon the terms and conditions as stipulated in the Sale and Purchase Agreement ("SSH SPA") ("Proposed Disposal").

As a condition to the Proposed Disposal, SSHSB will enter into a supplemental lease agreement with the Trustee and Damansara REIT Managers Sdn Berhad, being the manager of Al-Aqar ("DRMSB" or "Manager"), for the lease of the SSH Land to SSHSB ("SSH Supplemental Lease Agreement") upon the terms and conditions to be agreed between the aforesaid parties ("Proposed Leaseback"). The SSH Supplemental Lease Agreement shall supplement a lease agreement dated 12 December 2012 entered into between SSHSB, the Trustee and DRMSB for the lease of the Existing Properties for the second lease term period (as defined herein) to SSHSB ("SSH Existing Lease Agreement").

The Proposed Disposal is expected to complete in the third quarter of 2015.

## 38. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements is as follows:

	Group	
	2014 RM'000	2013 RM'000
Approved by the directors and contracted	99,513	191,557
Approved by the directors but not contracted	238,825	298,759
	<b>338,338</b>	<b>490,316</b>

	Group	
	2014 RM'000	2013 RM'000
Analysed as follows:		
– Leasehold land	2,880	1,500
– Buildings	205,784	342,209
– Medical equipment	39,919	68,479
– Other property, plant and equipment	89,755	78,128
	<b>338,338</b>	<b>490,316</b>

The Group's interest in capital commitments of the associates is disclosed in **Note 16**.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 39. CONTINGENT LIABILITIES

During the year, Jeta Gardens (Qld) Pty Ltd was subjected to a taxation audit by the Australian Taxation Office ("ATO"). The Deputy Commission of Taxation is reviewing the GST treatment of the rental expenses paid to Al-Aqar Australia Pty Ltd, in which 100% of GST input tax credits has been claimed to date. The ATO has engaged a qualified property valuer to apportion the property between the aged care facility, which is GST free (100% input tax credits are able to be claimed), and the retirement village, which is input taxed (0% input tax credits are able to be claimed).

The ATO is also disputing as to whether the apportionment should be the responsibility of the Jeta Gardens (Qld) Pty Ltd or the landlord. At this stage, no clarification of this matter has been forthcoming. Consequently, the directors are not in a position to confirm if the Company will be liable to any further taxation on the amounts which could be involved.

## 40. FAIR VALUE OF FINANCIAL INSTRUMENTS

### (a) Determination of fair value

#### Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

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	22
Deposits, cash and bank balances	23
Payables	25
Borrowings	26
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.

### (b) Fair value measurement

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 31 December 2014 are as follows:

#### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical assets or liabilities.

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

#### Level 3 fair value

Level 3 fair value is estimated using inputs that are not based on observable market data.



## 40. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Fair value measurement (continued)

Quantitative disclosures fair value measurement hierarchy for assets and liabilities as at 31 December 2014 and 31 December 2013 are as below:

	Date of valuation	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Assets measured at fair value</b>				
<b>Group</b>				
Property, plant and equipment <b>(Note 13)</b>				
– Long leasehold land	31 December 2014	43,093	–	43,093
– Buildings	31 December 2014	12,685	20,647	33,332
Investment properties <b>(Note 14)</b>	31 December 2014	62,342	205,408	267,750
Investment properties <b>(Note 14)</b>	31 December 2013	62,746	–	62,746

#### Level 2 fair value

Level 2 fair values of the land and buildings have been generally derived using the comparison method as described in **Note 13** and **Note 14**.

#### Level 3 fair value

Level 3 fair value of the office building has been derived using the investment method as described in **Note 14**.

There were no material transfer between Level 2 and Level 3 during the financial year.

Fair value disclosure of property, plant and equipment and investment properties are categorised in Level 2 and 3 within the fair value hierarchy. The Group and Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 1 as at 31 December 2014 and 31 December 2013.

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Note	Group Carrying amount RM'000	Fair value RM'000
<b>At 31 December 2014</b>			
<b>Financial liabilities</b>			
Term loans (secured):	26		
– Hiwalah		116,820	99,913
Hire purchase and finance lease liabilities:	26		
– Conventional		21,738	21,677
– Bai Al-Inah		30,083	29,679
		<b>168,641</b>	<b>151,269</b>

As at 31 December 2014, the fair value of the Company's financial instruments are approximate their carrying amounts either due to their short term tenure of less than one year or they are floating rate instruments.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 41. 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 the 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, trade and other receivables, 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.

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 that 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 institutions.

The Company provides unsecured financial guarantee to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and the repayment made by the subsidiary. As at end of the reporting date, there was no indication that the subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

#### 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 22**.

#### Financial assets that are neither past due or impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in **Note 22**. 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 22**.

Apart from those disclosed above, none of other financial assets is either past due or impaired.



## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (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.

#### 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>2014</b>				
<b>Group</b>				
Payables	565,158	–	–	565,158
Borrowings	960,277	258,140	153,119	1,371,536
Deposits	17,996	–	–	17,996
Total undiscounted financial liabilities	<b>1,543,431</b>	<b>258,140</b>	<b>153,119</b>	<b>1,954,690</b>
<b>Company</b>				
Payables	234,853	125,447	–	360,300
Borrowings	260,100	–	–	260,100
Total undiscounted financial liabilities	<b>494,953</b>	<b>125,447</b>	<b>–</b>	<b>620,400</b>
<b>2013</b>				
<b>Group</b>				
Payables	403,446	–	–	403,446
Borrowings	857,622	128,606	65,288	1,051,516
Deposits	17,253	–	–	17,253
Total undiscounted financial liabilities	<b>1,278,321</b>	<b>128,606</b>	<b>65,288</b>	<b>1,472,215</b>
<b>Company</b>				
Payables	85,964	174,282	–	260,246
Borrowings	287,073	–	–	287,073
Total undiscounted financial liabilities	<b>373,037</b>	<b>174,282</b>	<b>–</b>	<b>547,319</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and of 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 RM723,575 (2013: RM826,940) 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.

### (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 five subsidiaries abroad; a hospital in Jakarta, Indonesia and Bangladesh, and 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. Hence, transactions involving foreign currency are minimal and risks are limited to the translation of foreign currency functional financial statements to that of the presentation currency.

## 42. 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 maximises 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 gross gearing ratio, which is total borrowings divided by shareholders' funds.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 42. CAPITAL MANAGEMENT (CONTINUED)

The Group's gross gearing ratios as at 31 December 2014 and 2013 were as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current borrowings	915,921	857,622	250,000	275,000
Non-current borrowings	335,467	169,870	–	–
<b>Total</b>	<b>1,251,388</b>	<b>1,027,492</b>	<b>250,000</b>	<b>275,000</b>
Shareholders' funds	1,259,360	1,085,636	621,276	514,655
Gearing ratio	<b>0.99</b>	<b>0.95</b>	<b>0.40</b>	<b>0.53</b>

## 43. SEGMENTAL REPORTING

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 university college of nursing and allied health.

	Hospitals				Aged care Facility	Support services, corporate and others	Adjustments and eliminations	Consolidated
	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Total RM'000	Australia RM'000	RM'000	RM'000	RM'000
<b>Year ended 31 December 2014</b>								
<b>Revenue</b>								
Total segment revenue	2,363,392	39,714	–	2,403,106	29,503	810,758	(604,231)	2,639,136
Inter-segment revenue	–	–	–	–	–	(50,115)	50,115	–
Revenue from external customers	<b>2,363,392</b>	<b>39,714</b>	<b>–</b>	<b>2,403,106</b>	<b>29,503</b>	<b>760,643</b>	<b>(554,116)</b>	<b>2,639,136</b>
<b>Results</b>								
Share of results of associates	28,740	–	2,426	31,166	3,062	6,187	–	40,415
Adjusted EBITDA*	356,796	240	2,426	359,462	(3,839)	174,681	(161,095)	369,209
Depreciation and amortisation	(93,388)	(2,569)	–	(95,957)	(406)	(11,905)	–	(108,268)
Finance cost	(22,921)	(3)	–	(22,924)	(572)	(44,293)	24,932	(42,857)
Profit before zakat and tax	240,487	(2,332)	2,426	240,581	(4,817)	118,483	(136,163)	218,084
Zakat	(2,022)	–	–	(2,022)	–	(250)	–	(2,272)
Income tax expense	(64,893)	–	–	(64,893)	1,619	(10,476)	5,184	(68,566)
Profit for the year	173,572	(2,332)	2,426	173,666	(3,198)	107,757	(130,979)	147,246
<b>Total assets</b>	<b>2,235,486</b>	<b>47,554</b>	<b>–</b>	<b>2,283,040</b>	<b>127,729</b>	<b>4,144,451</b>	<b>(3,219,216)</b>	<b>3,336,004</b>
Investment in associates	366,899	–	68,675	435,574^	35,854	32,515	(28,952)	474,991
<b>Total liabilities</b>	<b>1,231,210</b>	<b>48,088</b>	<b>–</b>	<b>1,279,298</b>	<b>127,963</b>	<b>3,283,657</b>	<b>(2,703,821)</b>	<b>1,987,097</b>

\* Earnings before interest, taxation, depreciation and amortisation ("EBITDA").

^ Related to investment of an associate in Thailand.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 43. SEGMENTAL REPORTING (CONTINUED)

	Hospitals				Aged care Facility Australia RM'000	Support services, corporate and others RM'000	Adjustments and eliminations RM'000	Consolidated RM'000
	Malaysia RM'000	Indonesia RM'000	Thailand RM'000	Total RM'000				
<b>Year ended 31 December 2013</b>								
<b>Revenue</b>								
Total segment revenue	2,054,299	33,545	–	2,087,844	27,971	779,978	(564,145)	2,331,648
Inter-segment revenue	–	–	–	–	–	(37,933)	37,933	–
Revenue from external customers	<b>2,054,299</b>	<b>33,545</b>	<b>–</b>	<b>2,087,844</b>	<b>27,971</b>	<b>742,045</b>	<b>(526,212)</b>	<b>2,331,648</b>
<b>Results</b>								
Share of results of associates	33,626	–	3,216	36,842	4,028	5,988	–	46,858
Adjusted EBITDA*	295,825	(3,764)	3,216	295,277	(5,083)	147,275	(146,086)	291,383
Depreciation and amortisation	(83,864)	(2,759)	–	(86,623)	(466)	(5,972)	–	(93,061)
Finance cost	(11,890)	(432)	–	(12,322)	(515)	(30,830)	4,902	(38,765)
Profit before zakat and tax	200,071	(6,955)	3,216	196,332	(6,064)	110,473	(141,184)	159,557
Zakat	(1,678)	–	–	(1,678)	–	(147)	–	(1,825)
Income tax expense	(45,648)	–	–	(45,648)	(452)	(6,253)	4,986	(47,367)
Profit for the year	152,745	(6,955)	3,216	149,006	(6,516)	104,073	(136,198)	110,365
<b>Total assets</b>	<b>1,902,378</b>	<b>42,379</b>	<b>–</b>	<b>1,944,757</b>	<b>100,107</b>	<b>3,983,710</b>	<b>(3,197,707)</b>	<b>2,830,867</b>
Investment in associates	376,827	–	57,870	434,697^	49,160	16,980	(32,913)	467,924
<b>Total liabilities</b>	<b>954,276</b>	<b>33,536</b>	<b>–</b>	<b>987,812</b>	<b>95,708</b>	<b>3,214,571</b>	<b>(2,637,841)</b>	<b>1,660,250</b>

\* Earnings before interest, taxation, depreciation and amortisation ("EBITDA").

^ Related to investment of an associate in Thailand.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 44. COMPARATIVE FIGURES

The following comparative figures have been restated as follows:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
<b>Effect on statement of financial position as at 31 December 2012</b>			
Property, plant and equipment (i), (ii)	909,354	12,004	921,358
Other assets (ii)	15,680	(15,680)	–
Investment in associates (iv)	479,243	(2,128)	477,115
Payables (i), (v)	(409,160)	5,714	(403,446)
Provision for retirement benefits (v)	–	(2,038)	(2,038)
Deferred revenue (vi)			
– Current	61,133	(47,693)	13,440
– Non-current	–	47,693	47,693
<b>Effect on statement of comprehensive income for the year ended 31 December 2012</b>			
Reserves (iv)	(707,835)	2,128	(705,707)
<b>Effect on statement of financial position as at 31 December 2013</b>			
Property, plant and equipment (i), (ii), (iii)	1,206,019	20,378	1,226,397
Other assets (ii)	22,031	(22,031)	–
Investment in associates (iv)	475,536	(7,612)	467,924
Receivables (ii)	427,102	328	427,430
Intangible assets (iii)	235,957	(1,803)	234,154
Payables (i), (iv), (v)	(489,963)	11,416	(478,547)
Provision for retirement benefits (v)	–	(2,038)	(2,038)
Deferred tax liabilities (iii)	(47,153)	(548)	(47,701)
Deferred revenue (vi)			
– Current	(62,177)	48,837	(13,340)
– Non-current	–	(48,837)	(48,837)
Borrowings (vii)			
– Current	(350,482)	(499,000)	(849,482)
– Non-current	(668,870)	499,000	(169,870)
<b>Effect on statement of comprehensive income for the year ended 31 December 2013</b>			
Reserves (iv)	(596,955)	1,910	(595,045)
Cost of sales (viii)	(1,634,209)	(54,618)	(1,688,827)
Administrative expenses (viii)	(582,777)	54,618	(528,159)



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2014 (continued)

## 44. COMPARATIVE FIGURES (CONTINUED)

- (i) The Group has reclassified provision for impairment of building amounting to RM3,676,000 from payables to property, plant and equipment as at 31 December 2012 and 2013 because it was wrongly classified as payables in the prior years.
- (ii) The Group has reclassified RM15,680,000 and RM21,703,000 from other asset to property, plant and equipment as at 31 December 2012 and 2013 respectively as these amounts relate to construction costs for a hospital building. Further, the Group has reclassified RM328,000 from other asset to receivables as at 31 December 2013 as this amount relates to amount due from an associate.
- (iii) The Group has restated its comparative figures as at 31 December 2013 to reflect the adjustments to the provisional amounts used in the acquisition of Sri Manjung Specialist Centre Sdn Bhd as disclosed in **Note 15(c)**. The fair value of the property, plant and equipment was valued at RM6,756,000, an increase of RM2,351,000 over the provisional value. Correspondingly, there was an increase in the deferred tax liabilities of RM548,000 and a reduction in goodwill of RM1,803,000.
- (iv) The Group has made an adjustment in respect of share of foreign translation losses of an associate not taken up in the financial year 2012, amounting to RM2,128,000. As a result, the carrying amount of the investment in associate and the corresponding reserves are reduced respectively by this amount. The Group has also made an adjustment to reverse the pre-acquisition reserves of an associate amounting to RM5,702,000 which was wrongly taken to investment in associates and payables respectively in the financial year 2013. Further, the Group also made an adjustment of RM218,000 to recognise the share of associates' reserves, which was not taken up in the financial year 2013.
- (v) The Group has reclassified RM2,038,000 from payables to provision for retirement benefits to present as a separate line item in the statement of financial position as at 31 December 2012 and 2013.
- (vi) The Group has reclassified deferred revenue of RM47,693,000 and RM48,837,000 from current liabilities to non-current liabilities for financial years ended 2012 and 2013 respectively, as these relate to amounts received in advance from subscribers with subscription period more than one year.
- (vii) The Group has reclassified borrowings amounting to RM499,000,000 from non-current liabilities to current liabilities for the financial year ended 31 December 2013 as it was wrongly classified as non-current liabilities in prior year.
- (viii) The Group has reclassified RM54,618,000 relating to depreciation charges on medical equipments from administrative expenses to cost of sales as these are direct operating costs in nature.



#### 45. 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		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings of KPJ Healthcare Berhad and its subsidiaries:				
– Realised	585,978	523,520	58,220	24,064
– Unrealised	(29,453)	(19,124)	–	–
	556,525	504,396	58,220	24,064
Total share of retained earnings from associates:				
– Realised	33,545	31,281	–	–
– Unrealised	61,945	57,080	–	–
	652,015	592,757	58,220	24,064
Less: Consolidation adjustments	(12,668)	(46,135)	–	–
Total Group retained earnings	<b>639,347</b>	<b>546,622</b>	<b>58,220</b>	<b>24,064</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 2014 amounting to RM58,220,000 (31 December 2013: RM24,064,000) is fully realised.



# SHAREHOLDINGS STATISTICS

as at 31 March 2015

Authorised Share Capital : RM750,000,000  
 Issued & Fully Paid-Up Capital : RM525,210,700.50 less RM7,795,000.00 Treasury Shares = RM517,415,700.50  
 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	252	4.96	10,040	–
100 – 1,000	736	14.50	442,807	0.04
1,001 – 10,000	2,700	53.18	11,524,576	1.11
10,001 – 100,000	1,094	21.55	37,586,258	3.63
100,001 to less than 5% of Issued Capital	290	5.71	362,880,826	35.07
5% and above of Issued Capital	5	0.10	622,386,894	60.14
<b>TOTAL</b>	<b>5,077</b>	<b>100.00</b>	<b>1,034,831,401</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	Johor Corporation	236,946,682	22.90
2	Citigroup Noms (T) Sdn Bhd – A/C Employees Provident Fund Board	111,573,795	10.78
3	Lembaga Tabung Haji	106,347,563	10.28
4	Johor Corporation	94,374,945	9.12
5	Waqaf An-Nur Corporation Berhad	73,143,909	7.07
6	RHB Noms (T) Sdn Bhd – A/C Johor Corporation (3 <sup>rd</sup> Party)	28,927,197	2.80
7	Kumpulan Wang Persaraan (Diperbadankan)	18,948,700	1.83
8	RHB Noms (T) Sdn Bhd – A/C Johor Corporation	17,500,000	1.69
9	AmanahRaya Trustees Berhad – A/C Public Islamic Select Treasures Fund	17,270,593	1.67
10	Cartaban Noms (T) Sdn Bhd – A/C Exempt AN for Eastspring Investments Berhad	16,893,700	1.63
11	AmanahRaya Trustees Berhad – A/C Public Islamic Dividend Fund	13,832,210	1.34
12	Maybank Noms (T) Sdn Bhd – A/C Etiqa Takaful Berhad (Family PRF EQ)	10,967,516	1.06
13	HSBC Noms (A) Sdn Bhd – A/C TNTC for Mondrian Emerging Markets Small Cap Equity Fund, L.P.	10,560,286	1.02
14	Citigroup Noms (A) Sdn Bhd – A/C Exempt AN for Citibank New York (Norges Bank 12)	10,382,200	1.00
15	AmanahRaya Trustees Berhad – A/C Public Islamic Select Enterprises Fund	10,351,546	1.00
16	HSBC Noms (A) Sdn Bhd – A/C Exempt AN for The Bank of New York Mellon (Mellon Acct)	9,971,986	0.96
17	Johor Corporation	8,641,312	0.84
18	AmanahRaya Trustees Berhad – A/C Public Islamic Sector Select Fund	8,123,986	0.79
19	HSBC Noms (A) Sdn Bhd – A/C BBH and Co Boston for Matthews Asia Small Companies Fund	6,966,893	0.67
20	AmanahRaya Trustees Berhad – A/C Public Islamic Equity Fund	6,666,636	0.64
21	Maybank Noms (T) Sdn Bhd – A/C Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)	6,500,000	0.63
22	Citigroup Noms (A) Sdn Bhd – A/C CBNY for DFA Emerging Markets Small Cap Series	6,258,025	0.60
23	HSBC Noms (A) Sdn Bhd – A/C HSBC-FS I for Best Investment Corporation (Deutsche Asia)	6,149,380	0.59
24	AmanahRaya Trustees Berhad – A/C Public Islamic Opportunities Fund	4,741,025	0.46
25	HSBC Noms (A) Sdn Bhd – A/C Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	4,341,528	0.42
26	AmanahRaya Trustees Berhad – A/C Public Equity Fund	3,900,500	0.38
27	Kulim (Malaysia) Berhad	3,595,500	0.35
28	CIMB Commerce Trustee Berhad – A/C Public Focus Select Fund	3,419,666	0.33
29	Zalaraz Sdn Bhd	3,142,800	0.30
30	AmanahRaya Trustees Berhad – A/C Public Ittikal Sequel Fund	3,045,366	0.29



# SHAREHOLDINGS STATISTICS

as at 31 March 2015

## SUBSTANTIAL SHAREHOLDERS

		Direct		Indirect	
	Name	No. of Shares	%	No. of Shares	%
1	Johor Corporation – 4 a/cs	340,037,939	32.86	123,797,773	11.96
2	Citigroup Noms (T) Sdn Bhd – A/C Employees Provident Fund Board	111,573,795	10.78	–	–
3	Lembaga Tabung Haji	106,347,563	10.28	–	–
4	Waqaf An-Nur Corporation Berhad	73,143,909	7.07	–	–

## ANALYSIS OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Malaysian – Bumiputra	1,238	24.39	739,766,376	71.49
– Others	3,654	71.97	197,279,898	19.06
Foreigners	185	3.64	97,785,127	9.45
<b>TOTAL</b>	<b>5,077</b>	<b>100.00</b>	<b>1,034,831,401</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDING

as at 31 March 2015

	Name	No. of Shares	%
1	Dato' Kamaruzzaman bin Abu Kassim	–	–
2	Dato' Amiruddin bin Abdul Satar	6,266	–
3	Datin Paduka Siti Sa'diah Sheikh Bakir – 2 a/cs	1,147,124	0.11
	– Indirect (Amy Nadzlina binti Mohamed)	19,583	–
4	Dr Yoong Fook Ngian		
	– Maybank Noms (T) Sdn Bhd – A/C Yoong Fook Ngian	430,666	0.04
5	Dr Kok Chin Leong	249,100	0.03
6	Datuk Azzat bin Kamaludin	94,000	0.01
7	Aminudin bin Dawam	11,197	–
8	Ahamad bin Mohamad	1,125	–
9	Tan Sri Dato' Dr Yahya bin Awang	–	–
10	Zainah bte Mustafa	–	–
11	Zulkifli bin Ibrahim	–	–



## BREAK DOWN OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
Less than 100	92	3.80	4,240	0.01
100 – 1,000	1,288	53.24	602,810	0.69
1,001 – 10,000	691	28.57	2,961,261	3.39
10,001 – 100,000	283	11.70	8,808,633	10.09
100,001 to less than 5% of Issued Capital	61	2.52	27,029,988	30.97
5% and above of Issued Capital	4	0.17	47,867,720	54.85
<b>TOTAL</b>	<b>2,419</b>	<b>100.00</b>	<b>87,274,652</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 RHB Capital Noms (T) Sdn Bhd – A/C Johor Corporation (Jedcon ESSB)	18,000,000	20.62
2 RHB Noms (T) Sdn Bhd – A/C Johor Corporation (3 <sup>rd</sup> Party)	14,790,394	16.95
3 Lembaga Tabung Haji	8,363,326	9.58
4 Kulim (Malaysia) Berhad	6,714,000	7.69
5 Johor Corporation	3,629,100	4.16
6 Citigroup Noms (T) Sdn Bhd – A/C Employees Provident Fund Board	2,561,868	2.94
7 CIMSec Noms (T) Sdn Bhd – A/C CIMB Bank for Liew Jun Kuan (MY0750)	2,407,100	2.76
8 Waqaf An-Nur Corporation Berhad	1,625,012	1.86
9 Amanahraya Trustees Berhad – A/C Public Islamic Dividend Fund	946,920	1.08
10 Chue Ching Wen	845,500	0.97
11 HSBC Noms (A) Sdn Bhd – A/C TNTC for Mondrian Emerging Markets Small Cap Equity Fund, L.P.	656,372	0.75
12 AllianceGroup Noms (T) Sdn Bhd – A/C Mohan a/l Perumal (8077481)	650,000	0.74
13 Teh Swee Seah	650,000	0.74
14 Citigroup Noms (A) Sdn Bhd – A/C Exempt AN for Citibank New York (Norges Bank 1)	645,702	0.74
15 HSBC Noms (A) Sdn Bhd – A/C HSBC-FS I for Best Investment Corporation (Deutsche Asia)	623,436	0.71
16 Amanahraya Trustees Berhad – A/C Public Islamic Select Enterprises Fund	570,692	0.65
17 Amanahraya Trustees Berhad – A/C Public Islamic Equity Fund	567,372	0.65
18 Maybank Noms (T) Sdn Bhd – A/C Kek Lian Lye	530,000	0.61
19 Alliancegroup Noms (T) Sdn Bhd – A/C Sureasan @ Suresh a/l Nadasan (6000007)	523,400	0.60
20 Amanahraya Trustees Berhad – A/C Dana Johor	477,332	0.55
21 CIMSec Noms (T) Sdn Bhd – A/C CIMB for Tan Kok Pin @ Kok Khong (PB)	425,000	0.49
22 Lim Yong Hiang	413,000	0.47



# WARRANTHOLDINGS STATISTICS

as at 31 March 2015 (KPJWB)

	Name	No. of Warrants	%
23	HSBC Noms (A) Sdn Bhd – A/C Exempt AN for Morgan Stanley & Co. LLC (Client)	405,136	0.46
24	HSBC Noms (A) Sdn Bhd – A/C Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	346,104	0.40
25	HSBC Noms (A) Sdn Bhd – A/C Exempt AN for The Bank Of New York Mellon (Mellon Acct)	332,880	0.38
26	Zalaraz Sdn Bhd	300,600	0.34
27	Public Noms (T) Sdn Bhd – A/C Fong Kwee Min (E-KPG)	300,000	0.34
28	Dai Shek Hung	295,200	0.34
29	CIMB Commerce Trustee Berhad – A/C Public Focus Select Fund	289,332	0.33
30	Chai Ming Fatt	280,000	0.32

## SUBSTANTIAL WARRANTHOLDERS

	Name	No. of Warrants	%
1	RHB Capital Noms (T) Sdn Bhd – A/C Johor Corporation (Jedcon ESSB)	18,000,000	20.62
2	RHB Noms (T) Sdn Bhd – A/C Johor Corporation (3 <sup>rd</sup> Party)	14,790,394	16.95
3	Lembaga Tabung Haji	8,363,326	9.58
4	Kulim (Malaysia) Berhad	6,714,000	7.69

## ANALYSIS OF WARRANTHOLDERS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
Malaysian – Bumiputra	575	23.77	64,247,365	73.62
– Others	1,779	73.54	18,853,417	21.60
Foreigners	65	2.69	4,173,870	4.78
<b>TOTAL</b>	<b>2,419</b>	<b>100.00</b>	<b>87,274,652</b>	<b>100.00</b>



**DIRECTORS' WARRANTHOLDING**  
as at 31 March 2015

	<b>Name</b>	<b>No. of Warrants</b>	<b>%</b>
1	Dato' Kamaruzzaman bin Abu Kassim	-	-
2	Dato' Amiruddin bin Abdul Satar	532	-
3	Datin Paduka Siti Sa'diah Sheikh Bakir – 2 a/cs	109,498	0.13
	– Indirect (Amy Nadzlina binti Mohamed)	1,666	-
4	Dr Yoong Fook Ngian		
	– Maybank Noms (T) Sdn Bhd – A/C Yoong Fook Ngian	37,332	0.04
5	Dr Kok Chin Leong	21,200	0.02
6	Datuk Azzat bin Kamaludin	8,000	0.01
7	Ahamad bin Mohamad	-	-
8	Aminudin bin Dawam	-	-
9	Tan Sri Dato' Dr Yahya bin Awang	-	-
10	Zainah bte Mustafa	-	-
11	Zulkifli bin Ibrahim	-	-



# LIST OF TOP 10 PROPERTIES

No.	Location	Description	Market value 2014 (RM million)	Net book value 2014 (RM million)	Tenure & Expiry Date	Area (in sq metre)
<b>Kumpulan Perubatan (Johor) Sdn Bhd</b>						
1	Mukim of Klang, District of Klang State of Selangor.	Vacant Land	25.7	25.7	Freehold	18,397
2	Menara 238, 238 Jalan Tun Razak, 50400 Kuala Lumpur.	Building	226.0	226.0	Freehold	3,988
<b>Pasir Gudang Specialist Hospital Sdn Bhd</b>						
3	Lot PTD 204781, Mukim Plentong, Johor Bahru, Johor.	Land and building	55.7	54.9	Leasehold 99 years expiring 2053	13,142
<b>Maharani Specialist Hospital Sdn Bhd</b>						
4	Lot 2024, Bandar Maharani, Muar, Johor.	Land and building	57.5	57.5	Freehold	6,944
<b>Rawang Specialist Hospital Sdn Bhd</b>						
5	Jalan Rawang, Bandar Baru Rawang, 48000 Rawang, Selangor.	Land and building	84.0	82.2	Leasehold	7,264
<b>Bandar Dato Onn Specialist Hospital Sdn Bhd</b>						
6	HSD 501209 PTD 163189, Bandar Dato' Onn, Mukim Tebrau Daerah Johor Bahru.	Commercial Land	45.0	45.0	Leasehold 99 years expiring 2111	54,026
<b>Amity Development Sdn Bhd</b>						
7	TL 017553221, Jalan Damai Kota Kinabalu, Sabah.	Development Land	44.0	44.0	Leasehold 999 years expiring 2910	16,850
<b>SMC Healthcare Sdn Bhd</b>						
8	Jalan Bersatu, Off Jalan Damai, Luyang, Kota Kinabalu, Sabah.	Building	123.8	123.8	N/A	29,728
9	PT 17010, Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan	Academic Building	77.8	48.0	Freehold	610,500
	PT 17010, Persiaran Seriemas, Kota Seriemas, 71800 Nilai, Negeri Sembilan.	Hostel Building			Freehold	166,242
<b>Jeta Gardens (Qld) Pte Ltd</b>						
10	86 Albert Street, Bethania 4205, Queensland, Australia.	Development Land	79.0	25.6	Freehold	10,940



## MSQH Accredited Hospitals

### **KPJ IPOH SPECIALIST HOSPITAL**

26, Jalan Raja Dihilir,  
30350 Ipoh, Perak.  
Tel: 605-240 8777 Fax: 605-254 1388  
Emergency: 605-241 8989  
Website: www.kpjipoh.com  
Email: ish@ish.kpjhealth.com.my

### **KPJ DAMANSARA SPECIALIST HOSPITAL**

119, Jalan SS20/10, Damansara Utama,  
47400 Petaling Jaya, Selangor.  
Tel: 603-7718 1000 Fax: 603-7722 2617  
Emergency: 603-7722 3500  
Website: www.kpjdamansara.com  
Email: info@kpjdamansara.com

### **KPJ SELANGOR SPECIALIST HOSPITAL**

Lot 1, Jalan Singa 20/1, Section 20,  
40300 Shah Alam, Selangor.  
Tel: 603-5543 1111 Fax: 603-5543 1722  
Emergency: 603-5540 3361  
Website: www.kpjselangor.com  
Email: kpjselangor@kpjselangor.kpjhealth.com.my

### **KPJ PERDANA SPECIALIST HOSPITAL**

Lot PT 37 & 600,  
Seksyen 14, Jalan Bayam,  
15200 Kota Bharu, Kelantan.  
Tel: 609-745 8000 Fax: 609-747 2877  
Emergency: 609-747 3140  
Website: www.kpjperdana.com  
Email: perdana@perdana.kpjhealth.com.my

### **KPJ KAJANG SPECIALIST HOSPITAL**

Jalan Cheras, 43000 Kajang, Selangor.  
Tel: 603-8769 2999 Fax: 603-8769 2808  
Emergency: 603-8769 2911  
Website: www.kpjkaang.com  
Email: kpjkaang@kpjkaang.kpjhealth.com.my

### **KEDAH MEDICAL CENTRE**

Pumpong, 05250 Alor Star, Kedah.  
Tel: 604-730 8878 Fax: 604-733 2869  
Emergency: 604-730 8878  
Website: www.kmc.kpjhealth.com.my  
Email: custcare@kedahmedical.com.my

### **KPJ TAWAKKAL SPECIALIST HOSPITAL**

No. 1, Jalan Pahang Barat,  
53000 Kuala Lumpur.  
Tel: 603-4026 7777 Fax: 603-4023 8063  
Emergency: 603-4026 7777  
Website: www.kpjtaawakkal.com  
Email: tawakkal@kpjtaawakkal.com

### **KPJ PUTERI SPECIALIST HOSPITAL**

33, Jalan Tun Abdul Razak (Susur 5),  
80350 Johor Bahru, Johor.  
Tel: 607-225 3222 Fax: 607-223 8833  
Emergency: 607-225 3203  
Website: www.kpjputeri.com  
Email: psh@psh.kpjhealth.com.my

### **KUANTAN SPECIALIST HOSPITAL**

51, Jalan Alor Akar,  
Taman Kuantan, 25250 Kuantan, Pahang.  
Tel: 609-567 8588 Fax: 609-567 8098  
Emergency: 609-567 8588  
Website: www.ksh.kpjhealth.com.my  
Email: ksh@ksh.kpjhealth.com.my

### **SENTOSA MEDICAL CENTRE**

No. 36, Jalan Cemor, Kompleks Damai,  
50400 Kuala Lumpur.  
Tel: 603-4043 7166 Fax: 603-4043 7761  
Emergency: 603-4043 7166  
Website: www.kpjsentosa.com  
Email: customerservices@sentosa.kpjhealth.com.my

## MSQH & JCI Accredited Hospitals

### **KPJ AMPANG PUTERI SPECIALIST HOSPITAL**

No. 1, Jalan Mamanda 9,  
Taman Dato' Ahmad Razali,  
68000 Ampang, Selangor.  
Tel: 603-4270 2500 Fax: 603-4270 2443  
Emergency: 603-4270 7060  
Website: www.kpjampang.com  
Email: apsh@kpjampang.com

### **KPJ SEREMBAN SPECIALIST HOSPITAL**

Lot 6219 & 6220, Jalan Toman 1,  
Kemayan Square, 70200 Seremban,  
Negeri Sembilan.  
Tel: 606-767 7800 Fax: 606-767 5900  
Emergency: 606-763 6900  
Website: www.kpjseremban.com  
Email: ssh\_pr@ssh.kpjhealth.com.my

### **KPJ PENANG SPECIALIST HOSPITAL**

570, Jalan Perda Utama, Bandar Perda,  
14000 Bukit Mertajam, Seberang Prai  
Pulau Pinang.  
Tel: 604-548 6688 Fax: 604-548 6700  
Emergency: 604-548 6799  
Website: www.kpjpenang.com  
Email: inquiry@kpjpenang.kpjhealth.com.my  
Tol free: 1800 22 2692

### **KPJ JOHOR SPECIALIST HOSPITAL**

39-B, Jalan Abdul Samad,  
80100 Johor Bahru, Johor.  
Tel: 607-225 3000 Fax: 607-224 8213  
Emergency: 607-220 7505/607-225 3199  
Website: www.kpj Johor.com  
Email: jsh@jsh.kpjhealth.com.my

## Moving Towards Accreditation

### **TAIPING MEDICAL CENTRE**

45-49, Jalan Medan Taiping 2,  
Medan Taiping, 34000 Taiping, Perak.  
Tel: 605-807 1049 Fax: 605-806 3713  
Emergency: 605-807 1049  
Website: www.tmc.kpjhealth.com.my  
Email: tmc@tmc.kpjhealth.com.my

### **DAMAI SPECIALIST HOSPITAL**

DSC Building, Lorong Pokok Tepus 1,  
Off Jalan Damai, 88300 Kota Kinabalu, Sabah.  
Tel: 6088-222 922 Fax: 6088-243 540  
Emergency: 6088-250 060  
Website: www.kpjdamai.com  
Email: dsc@dsc.kpjhealth.com.my

### **KUCHING SPECIALIST HOSPITAL**

Lot 10420, Block 11,  
Tabuan Stutong Commercial Centre,  
Jalan Setia Raja, 93350 Kuching, Sarawak.  
Tel: 6082-365 777 Fax: 6082-364 666  
Emergency: 6082-365 030  
Website: www.kpj kuching.com  
Email: kcsh@kcsh.kpjhealth.com.my

### **KLUANG UTAMA SPECIALIST HOSPITAL**

No. 1, Susur 1, Jalan Besar,  
86000 Kluang, Johor.  
Tel: 607-771 8999 Fax: 607-772 8999  
Emergency: 607-771 6999  
Website: www.kpjkluang.com  
Email: kush@kush.kpjhealth.com.my

### **KPJ SABAH SPECIALIST HOSPITAL**

Lot No. 2, Off Jalan Damai, Luyang,  
88300 Kota Kinabalu, Sabah.  
Tel: 6088-211 333 Fax: 6088-272 622  
Emergency: 6088-322 199  
Website: www.kpjsabah.com  
Email: prsmck@smck.kpjhealth.com.my

### **SIBU SPECIALIST MEDICAL CENTRE**

No. 52A-G, Brooke Drive, 96000 Sibu, Sarawak.  
Tel: 6084-329 900 Fax: 6084-327 700  
Emergency: 6084-329 900  
Website: www.kpjsibu.com  
Email: enquiry@kpjsibu.com



# NETWORK OF KPJ HOSPITALS AND COMPANIES

## KPJ KLANG SPECIALIST HOSPITAL

No.102, Persiaran Rajawali/KU1,  
Bandar Baru Klang, 41150 Klang, Selangor.  
Tel: 603-3377 7888 Fax: 603-3377 7800  
Emergency: 603-3377 7999  
Website: www.kpjklang.com  
Email: prmarketing@kpjklang.com

## SRI MANJUNG SPECIALIST CENTRE

Lot 14777, Jalan Lumut, 32000 Sitiawan, Perak.  
Tel: 05-691 8153 Fax: 05-691 5368

## KPJ PASIR GUDANG SPECIALIST HOSPITAL

Lot PTD 204871, Jalan Persiaran Dahlia 2,  
Taman Bukit Dahlia, 81700 Pasir Gudang,  
Johor.  
Tel: 07-257 3999 Fax: 07-257 3974  
Emergency: 07-257 3900  
Website: www.kpjpgsh.com  
Email: pgsh@kpjpgsh.com

## KPJ RAWANG SPECIALIST HOSPITAL

Hospital Pakar Rawang, Jalan Rawang,  
Bandar Baru Rawang, 48000 Rawang,  
Selangor.  
Tel: 03-6099 8999 Fax: 03-6099 8927  
Website: www.kpjrawang.com  
Email: customerservice@kpjrawang.com

## KPJ BANDAR MAHARANI SPECIALIST HOSPITAL

73-1 Jalan Stadium, 84000 Muar, Johor.  
Tel: 06-956 4500 Fax: 06-956 4556  
Website: www.kpjmaharani.com  
Email: maharani@kpjmaharani.com

## KPJ TAWAKKAL HEALTH CENTRE

202-A Jalan Pahang, 53000 Kuala Lumpur.  
Tel: 03-4023 3599 Fax: 03-4023 8063  
Website: www.kpjhealthcentre.com  
Email: info@kpjhealthcentre.com

## KPJ International Network

### RUMAH SAKIT MEDIKA PERMATA HIJAU

Jl Raya Kebayoran Lama 64,  
11560 Jakarta Barat, Indonesia.  
Tel: 62021-530 5288 Fax: 62021-530 5291  
Emergency: 62021-530 5288  
Website: www.rsmph.co.id  
Email: info@rsmph.co.id

### RUMAH SAKIT MEDIKA BUMI SERPONG DAMAI

Jl Letnan Soetopo Kav Kom 111A,  
No.7, BSD City Tangerang, Banten,  
15330, Indonesia.  
Tel: 62021-537 2296 Fax: 62021-538 2296  
Emergency: 62021-537 8609  
Website: www.rs-medikabsd.co.id  
Email: marketing@rs-medikabsd.co.id

## VEJTHANI HOSPITAL

1 Ladprao Road 111, Klong-Chan Bangkok,  
Bangkok 10240, Thailand.  
Tel: +66-2734 0000 Fax: +66-2734 0088  
Emergency: (+66)8-522 38888  
Website: www.vejthani.com  
Email: int.mkt@vejthani.com

## SHEIKH FAZILATUNNESSA MUJIB MEMORIAL KPJ SPECIALIZED HOSPITAL & NURSING COLLEGE

12 Block C, Tetuibari,  
Kashimpur, Gazipur, Bangladesh.  
Tel: +088-017 0378 8561 Fax: +088-017 0378 8562  
Emergency: (+66)8-522 38888  
Website: www.sfmmpkjsh.com  
Email: info@sfmmpkjsh.com

## KPJ Aged Care

### JETA GARDENS

Retirement and Aged Care Resort,  
27 Clarendon Ave Bethania, 4205,  
Queensland, Australia.  
Free call: 1800 227 818  
Tel: +617 3200 7188 Fax: +617 3200 7100  
Website: www.jetagardens.com  
Email: enquiry@jetagardens.com

## KPJ Healthcare Education

### KPJ Healthcare University College (KPJUC)

Email: info@kpjuc.edu.my  
Website: www.kpjuc.edu.my

### Main Campus (Nilai, Negeri Sembilan)

Lot PT 17010, Persiaran Seriemas,  
Kota Seriemas, 71800 Nilai,  
Negeri Sembilan Darul Khusus.  
Tel: 1300 88 5758 Fax: 606-794 2669

### Branch Campus (Johor Bahru, Johor)

Level 24, Metropolis Tower,  
Jalan Dato' Abdullah Tahir,  
80250 Johor Bahru, Johor.  
Tel: 607-335 2692 Fax: 607-333 6392

### Branch Campus (Penang)

565, Jalan Sg. Rambai, Seberang Perai,  
14000 Bukit Mertajam, Pulau Pinang.  
Tel: 604-538 2692 Fax: 604-530 8695

## KPJ Healthcare Related Companies

### KPJ PUSAT PAKAR MATA CENTRE FOR SIGHT (PJ)

1-1, Jalan SS23/15, Taman SEA,  
47400 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia.  
Tel: 03-7804 4051 Fax: 03-7804 6052  
Website: www.kpjcfcs.com  
Email: info@kpjcfcs.com

## KPJ PUSAT PAKAR MATA CENTRE FOR SIGHT (KL)

Lot 100-102, Level 4,  
KPJ Tawakkal Health Centre, 202-A Jalan Pahang,  
53000 Kuala Lumpur.  
Tel: 03-4022 6222 Fax: 03-4021 1409  
Website: www.kpjcfcs.com  
Email: infokl@kpjcfcs.com

## KPJ PUSAT PAKAR MATA CENTRE FOR SIGHT (RAWANG)

88, Jalan Bandar Rawang 1,  
Pusat Bandar Rawang, 48000 Rawang,  
Selangor.  
Tel: 03-6093 1051 Fax: 03-6093 1052  
Website: www.kpjcfcs.com  
Email: inforw@kpjcfcs.com

## PHARMASERV ALLIANCES SDN BHD

Tel: 603-5632 2692  
Fax: 603-5624 1330  
Website: www.kpjpharmaserv.com  
Email: pasb@kpjpharmaserv.com

## LABLINK (M) SDN BHD

Tel: 603-4023 4588  
Fax: 603-4023 4298  
Website: www.kpjlablink.com  
Email: enquiry@kpjlablink.com

## STERILE SERVICES SDN BHD

Tel: 603-6092 2692  
Fax: 603-6091 6200  
Website: www.kpjsterile.com  
Email: info@kpjsterile.com

## HEALTHCARE TECHNICAL SERVICES SDN BHD

Tel: 603-4021 2331  
Fax: 603-4021 2337  
Website: www.hts.com.my  
Email: hts@hts.kpjhealth.com.my

## KPJ Intrapreneur Companies

### TERAJU FARMA SDN BHD

Tel: 603-7874 4212  
Fax: 603-7874 4126

### FABRICARE LAUNDRY SDN BHD

Tel: 607-232 7231/3  
Fax: 607-232 723

### SKOP YAKIN

Tel: 609-2681 6222  
Fax: 609-2681 6888  
Email: skop.yakin@gmail.com

## HEALTHCARE IT SOLUTIONS SDN BHD

Tel: 603-2168 1945  
Fax: 603-2168 1826  
Website: www.hitssb.com  
Email: general@hitssb.com



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty Second (22<sup>nd</sup>) 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 Thursday, 28 May 2015 at 12.00 noon for the following purposes:-

## AGENDA

### Ordinary Business

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2014 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
2. To re-elect the following Directors who 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) Dr Kok Chin Leong – Article 96 **(Resolution 4)**
3. To consider, and if thought fit, to pass the following resolutions pursuant to Section 129(6) of the Companies Act 1965:-
  - (i) That Dr Yoong Fook Ngian, who is above the age of seventy (70), be and is hereby re-appointed as Director and to hold office until the next AGM of the Company. **(Resolution 5)**
4. To approve the payment of Directors’ fees in respect of the financial year ended 31 December 2014. **(Resolution 6)**
5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

307

### Special Business

To consider and if thought fit, to pass the following resolutions:

#### 6. ORDINARY RESOLUTION 1

##### CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

In line with Recommendation 3.2 and 3.3 of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”), the Nomination & Remuneration Committee (“NRC”) had conducted an assessment of independence under the nomination and election process of Independent Non-Executive Directors (“INED”), whereby the NRC reviewed whether the nominated candidates have satisfied the criteria for an independent director as prescribed in Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Listing Requirements”) and its Practice Note 13 prior to seeking shareholders’ approval at the 22<sup>nd</sup> AGM on the appointment of INEDs.

“**THAT**, subject to the passing of Resolution 3, approval be and is hereby given to Zainah Binti Mustafa who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM. *(See Note f)* **(Resolution 8)**

“**THAT**, subject to the passing of Resolution 4, approval be and is hereby given to Dr Kok Chin Leong who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM. *(See Note f)* **(Resolution 9)**



# NOTICE OF ANNUAL GENERAL MEETING

**“THAT**, subject to the passing of Resolution 5, approval be and is hereby given to Dr Yoong Fook Ngian who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM. *(See Note f)* **(Resolution 10)**

**“THAT** Datuk Azzat Kamaludin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be hereby re-appointed as an Independent Non-Executive Director of the Company until the conclusion of the next AGM. *(See Note f)* **(Resolution 11)**

## 7. ORDINARY RESOLUTION 2

### AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

**“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 Securities and that such authority shall continue in force until the conclusion of the next AGM of the Company. *(See Note g)* **(Resolution 12)**

## ORDINARY RESOLUTION 3

### PROPOSED RENEWAL OF THE SHARE BUY-BACK AUTHORITY (“PROPOSED SHARE BUY BACK”) **(Resolution 13)**

**“THAT**, subject to Section 67A of the Act, Part IIIA of the Companies Regulations 1966, the provisions of the Memorandum and 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 for the time being 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 for the time being 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; or
  - (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 AGM of the Company at which such resolution was passed, at which time the authority would lapse unless renewed by ordinary resolution passed at the AGM either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) revoked or varied by a resolution passed by the shareholders of the Company in general meeting,

whichever is earlier, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements of Bursa Securities or any other relevant authorities.

**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, the Listing Requirements and the guidelines issued by Bursa Securities and any other relevant authorities.” *(See Note h)*

#### **ORDINARY RESOLUTION 4**

##### **PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR EXISTING RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)**

“**THAT** subject always to the provisions of the Act, the Memorandum and Articles of Association of the Company, the Listing Requirements or other regulatory authorities, approval be and is hereby given to the Company and/or its subsidiaries, to renew the shareholders’ mandate for Recurrent Related Party Transactions of a Revenue or Trading nature and to enter into and give effect to the specified Recurrent Related Party Transactions;

**(Resolution 14)**

all with the particulars of which are set out in Part B of the Circular to Shareholders dated 5 May 2015 (“**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;



# NOTICE OF ANNUAL GENERAL MEETING

**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 will 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 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 i)*

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 22<sup>nd</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 58 of the Company's Articles of Association and Paragraph 7.16 of the Listing Requirements to issue a General Meeting Record of Depositors ("ROD") as at 21 May 2015. Depositors whose names appear on the ROD as at 21 May 2015 are entitled to attend, speak and vote at the said meeting.

**By Order of the Board,  
KPJ HEALTHCARE BERHAD**

SALMAH BINTI HJ ABD WAHAB (LS 0002140)  
HANA BINTI AB RAHIM @ ALI, ACIS (MAICSA 7064336)  
*Secretaries*

Johor Bahru  
Dated: 5 May 2015



## NOTES:

### Proxy

- 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 initiated 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, Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

### Abstention from Voting

1. All the Non-Executive Directors ("NED") of the Company who are shareholders of the Company shall abstain from voting on Resolution 6 concerning remuneration to the NED at the 22<sup>nd</sup> AGM.
2. Any Director referred to in Resolutions 2, 3 and 4, who is a shareholder of the Company shall abstain from voting on the resolution in respect his election or re-appointment at the 22<sup>nd</sup> AGM.

## EXPLANATORY NOTES ON SPECIAL BUSINESS:

- f. The Ordinary Resolutions 8, 9, 10 and 11 if passed, will enable Zainah Binti Mustafa, Dr Kok Chin Leong, Dr Yoong Fook Ngian, Datuk Azzat Bin Kamaludin and to continue to act as Independent Directors notwithstanding that they have served the Board as Independent Non-Executive Directors for a term of more than 9 years. The Board strongly believes that a director's independence cannot be determined arbitrarily with reference only to the tenure of service. To qualify as independent, a director must be independent in character and judgement, independent of management and free from any relationship or circumstances as set out in Chapter 1 of the Listing Requirements, which are likely to affect or appear to affect their independent judgement. Following an assessment, the Board concluded that the INEDs' length of service do not interfere with the exercise of independent judgement and ability to act in the best interests of the shareholders. In addition, the Board believes that their detailed knowledge of the Group's business and their proven commitment, experience and competence will greatly benefit the Company. The Directors' concerned had declared their independence and desire to continue as Independent Non-Executive Directors of the Company.
- g. The proposed Resolution 12 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 12 is a renewal of an existing mandate particularly on the conversion of KPJ warrants into ordinary shares of RM0.50 at the price of RM1.13 per share
  - (ii) The proceeds raised from the previous mandate were RM6,857,242
  - (iii) The proceeds were utilised 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.
- h. The proposed Resolution 13 if passed will enable the Company to utilise any of its surplus financial resources to purchase its own shares from the market.
- i. The proposed Resolution 14 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 the Circular to Shareholders dated 5 May 2015 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.



# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia:-

- The Directors who are retiring pursuant to Article 96 of the Company's Articles of Association are as follows:-
  - Datin Paduka Siti Sa'diah Sh Bakir – Article 96
  - Zainah Mustafa – Article 96
  - Dr Kok Chin Leong – Article 96
- The Directors who are standing for re-appointment under Section 129(6) of the Companies Act, 1965 are:-
  - Dr Yoong Fook Ngian
- A total of five (5) Board Meetings were held during the financial year ended 31 December 2014.
- Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2014 are as follows:-

	3 March 2014	23 May 2014	10 June 2014	25 August 2014	25 November 2014
<b>Non-Independent Non-Executive Director</b>					
Dato' Kamaruzzaman Kassim	✓	✓	✓	✓	✓
Ahamad Mohamad	✓	x	✓	✓	✓
Zulkifli Ibrahim	✓	✓	✓	✓	✓
Aminudin Dawam	✓	✓	✓	✓	✓
<b>Non-Independent Non-Executive Director/ Corporate Advisor</b>					
Datin Paduka Siti Sa'diah Sheikh Bakir	✓	✓	✓	✓	✓
<b>Independent Non-Executive Directors</b>					
Zainah Mustafa	✓	✓	✓	✓	✓
Datuk Azzat Kamaludin	x	✓	✓	✓	✓
Tan Sri Dato Dr Yahya Awang	✓	x	✓	✓	✓
Dr Kok Chin Leong	✓	✓	✓	✓	✓
Dr Yoong Fook Ngian	✓	✓	✓	✓	x
<b>President/Managing Director</b>					
Dato' Amiruddin Abdul Satar	✓	✓	✓	✓	✓

Date of Meeting	Description	Venue
3 March 2014	74 <sup>th</sup> Board of Directors Meeting	Menara 238, Kuala Lumpur
23 May 2014	75 <sup>th</sup> Board of Directors Meeting	KPJ Sabah Specialist Hospital, Sabah
10 June 2014	Special Board of Directors Meeting	The Puteri Pacific, Johor
25 August 2014	76 <sup>th</sup> Board of Directors Meeting	KPJ Rawang Specialist Hospital, Selangor
25 November 2014	77 <sup>th</sup> Board of Directors Meeting	Menara KOMTAR, Johor

- Particulars of Directors seeking re-election at the Annual General Meeting are set out in the Directors' Profile appearing in pages 68 to 77 of the Annual Report.



**KPJ HEALTHCARE BERHAD**

Company No. 247079-M)  
Incorporated in Malaysia under the Companies Act, 1965

**PROXY FORM**

No. of ordinary shares held	CDS account no.

I/We\* \_\_\_\_\_  
(Full name and NRIC No./Company No. in block letters)

of \_\_\_\_\_  
(Full address in block letters)

being a member(s) of KPJ HEALTHCARE BERHAD hereby appoint Chairman of the meeting, or \_\_\_\_\_

\_\_\_\_\_ (Full name and NRIC in block letters)

of \_\_\_\_\_  
(Full address in block letters)

or failing him/her \_\_\_\_\_  
(Full name and NRIC in block letters)

of \_\_\_\_\_  
(Full address in block letters)

As my/our proxy to vote for me/us\* on my/our\* behalf at the Twenty Second (22<sup>nd</sup>) Annual General Meeting of the Company to be held at the Permata Ballroom, Level B2, The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80000 Johor Bahru, Johor on Thursday 28 May 2015 at 12.00 p.m. and at any adjournment in respect of my/our holdings of shares in the manner indicated below:

RESOLUTION	DESCRIPTION	FOR	AGAINST
1	TO RECEIVE THE REPORT AND AUDITED ACCOUNTS		
2	<b>TO RE-ELECT DIRECTORS:</b>		
3	DATIN PADUKA SITI SA'DIAH SH BAKIR		
4	ZAINAH MUSTAFA		
	DR KOK CHIN LEONG		
5	<b>TO RE-APPOINT:</b>		
	DR YOONG FOOK NGIAN		
6	TO APPROVE DIRECTORS' FEE		
7	TO RE-APPOINT AUDITORS		
	<b>ANY OTHER BUSINESS</b>		
	<b>PROPOSED DIRECTOR TO CONTINUE AS INDEPENDENT NON-EXECUTIVE DIRECTOR:</b>		
8	ZAINAH MUSTAFA		
9	DR KOK CHIN LEONG		
10	DR YOONG FOOK NGIAN		
11	DATUK AZZAT KAMALUDIN		
12	AUTHORITY TO ISSUE SHARES		
13	PROPOSED SHARE BUY BACK		
14	PROPOSED SHAREHOLDERS' MANDATE		

(Please indicate with a (✓) in the appropriate box whether you wish your vote to be cast for or against the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.)

\_\_\_\_\_  
Signature(s)/Common Seal of Shareholder(s)

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015



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**NOTE:**

1. A member of the Company entitled to be present and vote at the Meeting may appoint a proxy to 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 the Companies Act, 1965 need not be complied with.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation, either under the hand of its common seal or under the hand of an officer or attorney duly authorised. The instrument appointing the proxy shall be deemed to confer authority to demand or join in demanding a poll.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, he may appoint at least one (1) proxy in respect of each securities account he holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Any alteration made in this form should be initialled by the person who signs it.
5. 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 Level 11, Menara KOMTAR, Johor Bahru City Centre, 80000 Johor Bahru, Johor at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.

*Then fold here*

Affix postage  
stamp

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

Level 11  
Menara KOMTAR  
Johor Bahru City Centre  
80000 Johor Bahru  
Johor, Malaysia

*1<sup>st</sup> fold here*



**[www.kpjhealth.com.my](http://www.kpjhealth.com.my)**