

**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORTS**

**30 JUNE 2011**

Company No.

247079	M
--------	---

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORTS

FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the three months ended 30 June 2011.

The interim report is prepared in accordance with FRS134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia's Listing Requirements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to this report.

### UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>6 months ended</u>	
		<u>30.06.2011</u>	<u>30.06.2010</u>	<u>30.06.2011</u>	<u>30.06.2010</u>
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		470,898	410,237	908,646	786,284
Cost of sales		(329,628)	(290,848)	(635,512)	(557,377)
Gross profit		141,270	119,389	273,134	228,907
Other operating income		4,926	4,816	8,680	9,223
Administrative and other operating expenses		(100,678)	(83,839)	(195,384)	(160,158)
Profit from operations		45,518	40,366	86,430	77,972
Finance cost		(5,385)	(4,385)	(10,716)	(8,619)
Share of results of associated companies		5,092	5,324	11,064	9,993
<b>Profit from ordinary activities before zakat and tax</b>					
	B1	45,225	41,305	86,778	79,346
Zakat		(310)	0	(635)	(0)
Income tax expense	B5	(10,854)	(10,243)	(20,767)	(19,507)
Profit for the period		34,061	31,062	65,376	59,839
Other comprehensive income					
Translation of foreign subsidiaries		1,645	462	2,745	322
Total comprehensive income for the period		35,706	31,524	68,121	60,161

Company No.

247079	M
--------	---

**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>6 months ended</u>	
		<u>30.06.2011</u>	<u>30.06.2010</u>	<u>30.06.2011</u>	<u>30.06.2010</u>
		RM'000	RM'000	RM'000	RM'000
<b>Profit attributable to:</b>					
Equity holders of the Company		30,160	29,163	57,670	56,410
Minority interest		3,901	1,899	7,706	3,429
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net profit attributable to shareholders</b>		<u>34,061</u>	<u>31,062</u>	<u>65,376</u>	<u>59,839</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		31,805	29,625	60,415	56,732
Minority interest		3,901	1,899	7,706	3,429
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net profit attributable to shareholders</b>		<u>35,706</u>	<u>31,524</u>	<u>68,121</u>	<u>60,161</u>
<b>Dividend per share (sen)</b>	A8	<u>2.4</u>	<u>3.25</u>	<u>7.40</u>	<u>3.25</u>
<b>Earnings per share (sen)</b>	B13				
- Basic					
- at par value RM0.50		5.70	5.54	10.84	10.71
- Diluted					
- at par value RM0.50		<u>5.09</u>	<u>5.06</u>	<u>9.68</u>	<u>9.79</u>

Company No.

247079	M
--------	---

**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011**

	<u>Note</u>	<u>30.06.2011</u>	<u>Audited 31.12.2010</u>
		RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A10	589,899	536,773
Investment properties		24,810	24,810
Interest in associates		318,152	307,352
Available-for-sale financial assets		3,447	3,447
Intangible assets		136,317	136,317
Deferred tax assets		18,693	15,864
		<u>1,091,318</u>	<u>1,024,563</u>
<b>Current assets</b>			
Inventories		42,940	41,615
Receivables, deposits and prepayments		309,320	298,427
Tax refund receivable		11,480	12,342
Deposit, cash and bank balances		165,177	197,118
		<u>528,917</u>	<u>549,502</u>
Non-current assets held for sale		105,974	105,974
		<u>634,891</u>	<u>655,476</u>
<b>Total assets</b>		<u><u>1,726,209</u></u>	<u><u>1,680,039</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	A7	283,500	279,954
Reserves		523,489	488,716
		<u>806,989</u>	<u>768,670</u>
Less: Treasury Shares		(23)	(23)
<b>Total equity attributable to shareholders of the Company</b>		<u>806,966</u>	<u>768,647</u>
<b>Minority interest</b>		<u>102,447</u>	<u>94,741</u>
<b>Total equity</b>		<u>909,413</u>	<u>863,388</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	B9	280,697	36,747
Deposits		15,712	13,782
Deferred tax liabilities		36,619	41,204
		<u>333,028</u>	<u>91,733</u>

Company No.

247079

M

**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011**

	<u>30.06.2011</u> RM'000	Audited <u>31.12.2010</u> RM'000
<b>Current liabilities</b>		
Payables	292,716	308,107
Borrowings	B9	
- bank overdrafts	0	18
- others	129,068	362,658
Current tax liabilities	1,885	3,318
Deferred revenue	47,028	36,144
Dividend Payable	13,071	14,673
	<hr/> 483,768	<hr/> 724,918
<b>Total liabilities</b>	<hr/> 816,796	<hr/> 816,651
<b>Total equity and liabilities</b>	<hr/> <hr/> 1,726,209	<hr/> <hr/> 1,680,039
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>		
- at par value RM0.50	1.60	1.54

Company No.

247079	M
--------	---

**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

Note	Attributable to shareholders of the Company											
	Issued and fully paid ordinary shares of RM0.50 each						Non-distributable		Distributable		Minority Interest	Total equity
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Treasury shares RM'000	Merger reserve RM'000	Exchange reserve RM'000	Fair Value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2011	559,908	279,954	43,759	(23)	(3,367)	(1,295)	172	56,110	393,337	768,647	94,741	863,388
Total comprehensive income for the period	0	0	0	0	0	2,745	0	0	57,670	60,415	7,706	68,121
Issue of shares:												
- exercise of share warrants	7,092	3,546	8,510	0	0	0	0	0	0	12,056	0	12,056
Dividend in respect of the financial year ended:												
- 31 December 2010 (4th Interim)	0	0	0	0	0	0	0	0	(21,081)	(21,081)	0	(21,081)
- 31 December 2011 (First Interim)	0	0	0	0	0	0	0	0	(13,071)	(13,071)	0	(13,071)
	0	0	0	0	0	0	0	0	(34,152)	(34,152)	0	(34,152)
At 30 June 2011	567,000	283,500	52,269	(23)	(3,367)	1,450	172	56,110	416,855	806,966	102,447	909,413

Company No.

247079 M

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010

Note	Attributable to shareholders of the Company										
	Issued and fully paid ordinary shares of RM0.50 each		Non-distributable					Distributable		Minority Interest RM'000	Total equity RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Treasury shares RM'000	Merger reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2010	422,102	211,051	36,391	0	(3,367)	(235)	50,456	337,715	632,011	45,427	677,438
Changes in accounting policy	A2 (a)	0	0	0	0	0	0	5,779	5,779	0	5,779
As restated	422,102	211,051	36,391	0	(3,367)	(235)	50,456	343,494	637,790	45,427	683,217
Total comprehensive income for the period	0	0	0	0	0	322	0	56,410	56,732	3,429	60,161
Issuance of bonus shares	105,524	52,762	(31,369)	0	0	0	0	(21,393)	0	0	0
Acquisition of a subsidiary	0	0	0	0	0	0	0	0	0	42,153	42,153
Shares bought back	0	0	0	(23)	0	0	0	0	(23)	0	(23)
Issue of shares - exercise of share warrants	3,784	1,892	4,539	0	0	0	0	0	6,431	0	6,431
Dividend in respect of the Financial year ended: - 31 December 2010 First Interim	0	0	0	0	0	0	0	(12,953)	(12,953)	0	(12,953)
At 30 June 2010	531,410	265,705	9,561	(23)	(3,367)	87	50,456	365,558	687,977	91,009	778,986

Company No.

247079	M
--------	---

**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011**

	<u>30.06.2011</u>	<u>6 months ended</u> <u>30.06.2010</u>
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Profit for the financial year attributable to equity holders of the Company	57,670	56,410
Adjustments for:		
Taxation	21,387	19,507
Minority interest	7,706	3,429
Associated companies	(11,064)	(9,993)
Interest income	(3,759)	(2,061)
Interest expense	10,716	8,619
Allowance for doubtful debts	2,246	4,195
Property, plant and equipment - depreciation	34,685	27,516
Operating profit before changes in working capital	<u>119,587</u>	<u>107,622</u>
Changes in working capital:		
Inventories	1,325	(9,393)
Receivables	(2,413)	(36,548)
Payables	10,475	(40,890)
Related companies	(2,036)	(3,668)
Cash (used in)/from operations	<u>126,938</u>	<u>17,123</u>
Long term deposit	219	(592)
Interest paid	(10,716)	(8,619)
Income tax paid	(14,433)	(17,027)
Net cash from/(used in) operating activities	<u>102,008</u>	<u>(9,115)</u>



Company No.

247079	M
--------	---

**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2011 (CONTINUED)**

	<u>6 months ended</u>	
	<u>30.06.2011</u>	<u>30.06.2010</u>
	RM'000	RM'000
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(92,561)	(97,434)
Additional investment in subsidiary and associates company	(32,980)	19,810
Net cash used in investing activities	<u>(125,541)</u>	<u>(77,624)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of shares		
- exercise of share warrants	12,056	6,431
- shares bought back	0	(23)
Interest received	3,759	2,061
Bank borrowings		
- drawdown	16,625	95,500
- repayment	(6,283)	(10,956)
Dividend paid to shareholders	(35,754)	0
Net cash (used in)/from financing activities	<u>(9,597)</u>	<u>93,013</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(33,130)</b>	<b>6,274</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>197,118</b>	<b>142,198</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b><u>163,988</u></b>	<b><u>148,472</u></b>
<b>DEPOSITS, CASH AND BANK BALANCES</b>		
Deposits with licensed banks	25,218	32,816
Cash and bank balances	144,069	120,842
Bank overdraft	0	(3,535)
	<u>169,287</u>	<u>150,123</u>
less: Deposits pledged with licensed banks	(5,299)	(1,651)
<b>CASH AND CASH EQUIVALENTS</b>	<b><u>163,988</u></b>	<b><u>148,472</u></b>

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011

#### A1 BASIS OF PREPARATION

The interim report is prepared in accordance with the FRS 134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia's Listing Requirements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2010 annual financial statements, except for the accounting policy changes that are expected to be reflected with effect from the 2011 annual financial statement. Details of these changes in accounting policies are set out in Note A2.

The preparation of an interim financial report in conformity with FRS 134, "Interim Financial Reporting" requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2010 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with FRSS.

The financial information relating to the financial year ended 31 December 2010 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements other than those that have been restated as a result of the change in accounting policies.

#### A2 CHANGES IN ACCOUNTING POLICIES

The MASB has issued a number of new and revised Financial Reporting Standards (FRSs, which term collectively includes the MASB's Issues Committee's interpretations) that are effective for accounting periods beginning on or after 1 January 2011.

The FRSs that was effective in the annual financial statement for the year ended 31 December 2010 may be affected by the issue of additional interpretation(s) or other changes announced by MASB subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the Group's financial statements for said period cannot be determined with certainty at the date of the issuance of this interim financial report.

#### A3 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements was not qualified.

#### A4 SEASONALITY OR CYCLICALITY OF OPERATIONS

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

**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011****A5 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH  
FLOWS**

There were no items, transactions or events of a material and unusual nature which would substantially affect the earnings, revenue, assets, liabilities, equity or cash flows of the Group for the current financial period under review.

**A6 CHANGE IN ACCOUNTING ESTIMATES**

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

**A7 DEBT AND EQUITY SECURITIES**

There has been no issuance of shares, share buy-backs, and repayments of debt and equity securities by the Company in the current financial period under review, except for the following:

**(i) Share Split, Bonus Issue and Warrants**

On 21 December 2009, the shareholders of KPJ Healthcare Berhad ("KPJ"), approved the following proposals:

- a. Share split involving the subdivision of every existing one (1) ordinary share of RM1.00 each in KPJ into two (2) ordinary shares of RM0.50 each ("Shares") in KPJ ("Share Split");
- b. Bonus issue of up to 105,525,308 new shares ("Bonus Shares"), to be credited as fully paid up by the Company, on the basis of one (1) Bonus Share for every four (4) Shares held by the entitled shareholders of the Company after the Share Split ("Bonus Issue"); and
- c. Issue of up to 131,906,484 free warrants in KPJ ("Free Warrants") on the basis of one (1) Free Warrant for every four (4) Shares held by the entitled shareholders of the Company after the Share Split and Bonus Issue ("Free Warrants Issue"). The exercise value of the warrant is RM1.70 per share.

The transactions were completed on 15 January 2010 with listing of the Share Split, Bonus Shares and Free Warrants. Upon completion, the number of issued and paid up ordinary share capital and warrants listed and quoted on Bursa Malaysia Securities Berhad is 527,626,510 and 131,906,484 respectively.

**Ordinary shares of RM0.50 each**

	<u>30.06.2011</u>	<u>30.06.2011</u>
	Number of shares ('000)	RM'000
At start of the financial period	559,908	279,954
Issued during the financial period		
- exercise of Free Warrants (1 free warrant for every 4 shares)	7,092	3,546
At end of financial period	<u>567,000</u>	<u>283,500</u>

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011

## A7 DEBT AND EQUITY SECURITIES (CONTINUED)

(ii) Share Buy-back

On 16 June 2011, at the Annual General Meeting, the shareholders of the Company renewed their approval for the Company to buy-back its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company.

During the financial period, the Company bought back from the open market 10,000 units of KPJ Healthcare Berhad shares, listed on the Main Market of Bursa Malaysia Securities Berhad, at an average buy-back price of RM2.26 per share. The total consideration paid for share buy-back, including transaction costs, was RM22,765 and was financed by internally generated fund. The shares purchased were retained as treasury shares.

## A8 DIVIDEND PAID

The Directors declared 4th interim gross dividend for the financial year ended 31 December 2010, of 5.00 cents per share on 562,162,650 ordinary shares less 25% tax amounting to RM21,081,099. The dividend was fully paid on 15 April 2011.

The Directors declared 1st interim gross dividend for the financial year ended 31 December 2011, on 568,306,400 ordinary shares of:

- i. 0.4 cents per share, less 25% tax, amounting to RM1,704,918 and
- ii. 2.0 cents per share, single tier, amounting to RM11,366,128

The dividend was fully paid on 29 July 2011.

## A9 SEGMENT REPORTING

The chief operating decision-maker has been identified as the management committee. This committee reviews the Group's internal reporting in order to assess performance and allocate resources. The committee considers the business from both geographic and nature of business.

The Group principally operates in one main business segment namely operating of specialist hospitals. Other operations of the Group mainly comprise of provision of management services and pathology and laboratory services, marketing and distribution of pharmaceutical, medical and surgical products and operating a private nursing college.

<u>30 June 2011</u>	HOSPITALS		OTHERS	GROUP
	Malaysia (RM'000)	Indonesia (RM'000)	(RM'000)	(RM'000)
Revenue	844,782	3,783	227,277	1,075,842
Intersegment revenue	0	0	(167,196)	(167,196)
External revenue	<u>844,782</u>	<u>3,783</u>	<u>60,081</u>	<u>908,646</u>
Profit/(loss) for the period	86,302	(4,391)	4,867	86,778

Company No.

247079	M
--------	---

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011

#### A9 SEGMENT REPORTING (CONTINUED)

<u>30 June 2010</u>	HOSPITALS		OTHERS (RM'000)	GROUP (RM'000)
	Malaysia (RM'000)	Indonesia (RM'000)		
Revenue	733,766	744	189,011	923,521
Intersegment revenue	0	0	(137,237)	(137,237)
External revenue	<u>733,766</u>	<u>744</u>	<u>51,774</u>	<u>786,284</u>
Profit/(loss) for the period	77,549	(2,271)	4,068	79,346

#### A10 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The freehold land, long leasehold land and buildings were revalued by the Directors on 31 December 2010 based on open market valuations carried out by an independent firm of professional valuers, CH Williams, Talhar & Wong of 3228, Menara Tun Razak, Jalan Raja Laut, 50768 Kuala Lumpur to reflect market value for existing use. The valuations made are in compliance with the Group policy to revalue freehold land, long leasehold land and building once in every 5 years.

The valuations of property, plant and equipment have been brought forward without amendment from the last audited financial statement for the year ended 31 December 2010.

#### A11 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the financial period ended 30 June 2011 that has not been reflected in the interim financial reports except as stated in note B8.

**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011****A12 CHANGES IN THE COMPOSITION OF THE GROUP**

- 1) On 18 January 2011, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") entered into a Share Sale Agreement for the acquisition of:
- (i) 100% equity interest in Sibü Medical Centre Corporation Sdn Bhd ("SMCC") comprising 6,624,944 ordinary share of RM1.00 each for an aggregate purchase consideration of RM26,904,000.
  - (ii) 100% equity interest in Sibü Geriatric Health & Nursing Centre Sdn Bhd ("SGHNC") comprising 1,080,000 share for an aggregate purchase consideration of RM1,242,000.

Total purchase consideration paid for the above acquisition was RM28,146,000 and was completed on 6<sup>th</sup> April 2011.

- 2) On 1 April 2011, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") increased its existing authorised capital of KPJSB in Pasir Gudang Specialist Hospital Sdn Bhd from RM2.00 divided into 2 units of ordinary shares of RM1.00 each to RM7,000,000.00 by the creation of additional 6,999,998 new Ordinary Shares of RM1.00 each at RM6,999,998.

**A13 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date as at 31 December 2010.

**A14 CAPITAL COMMITMENT**

Capital expenditures not provided for in the interim financial report as at 30 June 2011 are as follows:

	RM'000
Approved and contracted	85,340
Approved but not contracted	310,664
	<u>396,004</u>
Analysed as follows:	
Prepaid leases (leasehold land)	9,536
Building	250,696
Medical equipment	104,933
Other property, plant and equipment	30,839
	<u>396,004</u>

**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011**

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

The profit before taxation for the current quarter has increased by 9.4% to RM45.2 million from RM41.3 million in the corresponding quarter 2010. The increase is in line with the increase in revenue of the hospitals.

**B2 MATERIAL CHANGE IN QUARTERLY RESULTS**

The profit before taxation for the current quarter of RM45.2 million increased by 8.7% as compared to preceding quarter of RM41.6 million. The increase in the net profit before tax is in line with the increase in revenue and contribution from the hospitals.

**B3 CURRENT YEAR PROSPECTS**

The Board of Directors is confident that the Group's performance in financial year 2011 will continue to improve in tandem with increasing hospital capacity and activities.

**B4 PROFIT FORECAST / GUARANTEE**

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

**B5 TAXATION**

	<u>3 months ended</u>		<u>6 months ended</u>	
	<u>30.06.2011</u>	<u>30.06.2010</u>	<u>30.06.2011</u>	<u>30.06.2010</u>
	RM'000	RM'000	RM'000	RM'000
Taxation	10,854	10,243	20,767	19,507

The effective tax rate of the Group for the period ended 30 June 2011 is lower than the statutory tax rate due to recognition of previously unrecognised tax losses of subsidiaries.

**B6 SALE OF UNQUOTED INVESTMENTS AND/ OR PROPERTIES**

There were no profits on sale of investments or properties for the current financial period under review.

Company No.

247079	M
--------	---

**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011**

**B7 QUOTED SECURITIES**

Investment in Al-'Aqar KPJ REIT

	RM'000
Quoted shares in Malaysia	
<u>At start of period</u>	
At cost	279,310
Less : Provision for Impairment	0
	<hr/>
	279,310
Addition	10,800
Add: Reversal of impairment	0
	<hr/>
<u>At the end of period /Net book value</u>	<u>290,110</u>
Market value for quoted shares at RM1.18 as at 30 June 2011	<u>342,330</u>

There was no other purchase or disposal of quoted securities for the current financial period under review.

**B8 STATUS OF CORPORATE PROPOSALS**

a) Free Warrants

On 15 January 2010, the Company has granted 131,906,484 units listed and quoted free warrants ("Free Warrants") on the basis of one (1) Free Warrant for every four (4) Shares held by the entitled shareholders of the Company.

Set out below are details of Free Warrants granted by the Company:

	Number of <u>shares</u> '000
At the start of period	99,626
Granted	
Exercised at RM1.70 per units (Converted into ordinary Shares at par value of RM0.50)	(7,092)
	<hr/>
At the end of period	<u>92,534</u>



**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011**

**B8 STATUS OF CORPORATE PROPOSALS (CONTINUED)**

**b) Proposed Acquisition by Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB")**

- i) On 22 September 2010, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") entered into a conditional Subscription Deed ("Deed") for the acquisition of up to 367,605 new ordinary units in Jeta Garden Waterford Trust ("JGWT") (representing up to 51% equity interest in JGWT) and up to 3,308,415 10-year convertible notes into new ordinary units in JGWT ("Convertible") for a total cash consideration of up to RM19,000,000 ("Purchase Consideration").

On 3 February 2011, KPJSB has paid RM4,750,000, being 25% of total purchase consideration equivalent to 21% shareholdings in JGWT. Balance of purchase consideration will be satisfied via put and call option which is exercisable within the period from 1 July 2011 until 1 August 2011 at an issue price of AUD1.00.

On 5 August 2011, KPJSB and JGWT had mutually agreed to further extend the expiry date of the options from 1 August 2011 to 30 September 2011.

- ii) On 18 January 2011, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") entered into a Share Sale Agreement for the acquisition of:
- (i) 100% equity interest in Sibu Medical Centre Corporation Sdn Bhd ("SMCC") comprising 6,624,944 ordinary share of RM1.00 each for an aggregate purchase consideration of RM26,904,000.
- (ii) 100% equity interest in Sibu Geriatric Health & Nursing Centre Sdn Bhd ("SGHNC") comprising 1,080,000 share for an aggregate purchase consideration of RM1,242,000.

Total purchase consideration paid for the above acquisition was RM28,146,000 and completed on 6 April 2011.

- iii) On 22 June 2011, Pahang Specialist Hospital Sdn Bhd ("PSHSB"), a wholly-owned subsidiary of KPJSB, propose to acquire a 3.12 acre leasehold land for a total consideration of RM3,756,750 to be satisfied via issuance of 3,756,750 ordinary shares of RM1.00 each in PSHSB.

The proposed acquisition is expected to be completed by 3<sup>rd</sup> quarter 2011.

**c) Proposed Disposal by Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB")**

On 30 April 2010, KPJ proposed to dispose its entire interest in Rumah Sakit Bumi Serpong Damai ("RSBSD") Building, Kluang Utama Specialist Hospital Building and Bandar Baru Klang Specialist Hospital Building to Al-'Aqar KPJ Real Estate Investment Trust ("Al-'Aqar KPJ REIT") for a proposed total sale consideration of RM138.77 million to be satisfied partly by cash consideration of RM83.26 million and RM55.51 by the issuance of 56.64 million new units in Al-'Aqar at an issue price of RM0.98 per unit to be credited as fully paid-up. The proposed disposal was approved by shareholders on 17 December 2010.

The proposed disposal of RSBSD Building was completed on 2 August 2011.

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS

FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011

#### B8 STATUS OF CORPORATE PROPOSALS (CONTINUED)

- d) Issuance of up to RM500 million Islamic Commercial Papers/Medium Term Notes (ICP/IMTN Programme)

On 12 November 2010, KPJ proposed to issue Islamic Commercial Papers/Islamic Medium Term Notes of up to RM500 million ("ICP/IMTN Programme") by Point Zone (M) Sdn Bhd, a 100% owned subsidiary of KPJ. On 27 December 2010, the Securities Commission ("SC") has approved the ICP/IMTN Programme.

In January 2011, Rating Agency Malaysia Berhad ("RAM") has assigned a short term and long term rating of P1(s) and AA3(s) for the ICP/IMTN Programme. The AA3(s) rating indicates high safety for payment of financial obligations while the P1(s) rating reflects high safety for payment of financial obligations in the short term. The rating is premised on an unconditional and irrevocable guarantee from KPJ Healthcare Berhad. KPJ Group will utilise the proceeds from the ICP/IMTN Programme to repay the existing RM250 million CP/MTN programme and the remaining balance to finance the expansion of healthcare related business.

On 3 May 2011, KPJ has issued the first issuance of ICP/IMTN amounting to RM250 million and the tenure of up to seven (7) years starts on the same date.

- e) Proposed Joint Venture between Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") and Yayasan Islam Perlis ("YIP")

On 11 July 2011, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") had signed a Joint Venture Agreement ("JVA") with Yayasan Islam Perlis ("YIP") for the purpose of designing, developing, building, completing, owning and subsequently operating from a hospital building to be known as "KPJ Perlis Specialist Hospital" ("Proposed JV").

The Proposed JV was completed on the same date.

**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011**

**B9 BORROWINGS**

Details of the Group's borrowings as at 30 June 2011 are as follows:

	<u>30.06.2011</u>	Audited
	RM'000	<u>31.12.2010</u>
		RM'000
<u>Current</u>		
Commercial papers (unsecured)	0	249,000
Term loans:		
- Conventional (secured)	2,860	7,988
- Islamic (secured)	4,515	1,200
Revolving Credit:		
- Conventional (unsecured)	60,900	47,037
- Islamic (unsecured)	55,000	50,000
Hire Purchase and lease liabilities:		
- Conventional (secured)	3,979	5,985
- Islamic (secured)	1,814	1,448
Bank overdrafts (unsecured)	0	18
	<u>129,068</u>	<u>362,676</u>
<u>Non current</u>		
Commercial papers (unsecured)	249,000	0
Term loans:		
- Conventional (secured)	2,317	18,599
- Islamic (secured)	14,327	900
Hire Purchase and lease liabilities:		
- Conventional (secured)	7,767	9,987
- Islamic (secured)	7,286	7,261
	<u>280,697</u>	<u>36,747</u>
Grand total	<u><u>409,765</u></u>	<u><u>399,423</u></u>

**B10 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK**

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

**B11 MATERIAL LITIGATIONS**

Since the last audited balance sheet date, there was no pending material litigation.

Company No.

247079	M
--------	---

**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011**

**B12 DIVIDENDS**

In respect of the financial year ended 31 December 2010:

On 28 February 2011, the Directors declared fourth interim gross dividend of 5.00 cents per share on 562,162,650 ordinary shares, less 25% tax, amounting to RM21,081,099 and was fully paid on 15 April 2011.

In respect of the financial year ending 31 December 2011:

1. For the first quarter ended 31 March 2011, the Director declared first interim gross dividend on 568,306,400 ordinary shares of:

- iii. 0.4 cents per share, less 25% tax, amounting to RM1,704,918, and
- iv. 2.0 cents per share, single tier, amounting to RM11,366,128

The proposed dividend was fully paid on 29 July 2011.

**B13 EARNINGS PER SHARE**

(a) Basic earnings per share

Basic earnings per share are calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

	<u>6 months ended</u>	
	<u>30.06.2011</u>	<u>30.06.2010</u>
	RM'000	RM'000
Profit for the financial year attributable to Equity Holders of the Company (RM'000)	57,670	56,410
Weighted average number of ordinary shares in issue ('000)	541,537	526,674
Basic earnings per share (sen)		
- at par value RM0.50	<u>10.65</u>	<u>10.71</u>

Company No.

247079

M

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011

#### B13 EARNINGS PER SHARE (Cont.)

##### (b) Diluted

For diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares for the Group are warrants granted to shareholders.

For the warrants granted to shareholders, a calculation is carried out to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding 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 the net profit attributable to the shareholders for the free warrants calculation.

	<u>6 months ended</u>	
	<u>30.06.2011</u>	<u>30.06.2010</u>
Profit for the financial year attributable to Equity Holders of the Company (RM'000)	57,670	56,410
Weighted average number of ordinary shares in issue ('000)	541,537	526,674
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	65,037	49,515
Basic earnings per share (sen)		
- at par value RM0.50	<u>9.51</u>	<u>9.79</u>

Company No.

247079	M
--------	---

**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2011**

**B14 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

The following analysis of realized and unrealized retained profits/(accumulated losses) 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 Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at 30 June 2011 RM'000	As at 31 December 2010 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	429,603	418,101
- Unrealised gain	(10,534)	(23,065)
	<u>419,069</u>	<u>395,036</u>
Total share of retained profits from associates		
- Realised gains	23,297	19,363
- Unrealised gain	(2,041)	(1,205)
	<u>440,325</u>	<u>413,194</u>
Less: Consolidation adjustments	(22,439)	(19,857)
Total group retained profits as per consolidated financial statements	<u><u>417,886</u></u>	<u><u>393,337</u></u>