

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

31 MARCH 2009

Company No.

247079

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KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2009

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the three months ended 31 March 2009.

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 2008 and the accompanying explanatory notes attached to this report.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended		3 months ended	
		31.3.2009	31.3.2008	31.3.2009	31.3.2008
		RM'000	RM'000	RM'000	RM'000
Revenue		338,736	304,726	338,736	304,726
Cost of sales		(239,263)	(214,544)	(239,263)	(214,544)
Gross profit		99,473	90,182	99,473	90,182
Other operating income		2,897	7,582	2,897	7,582
Administrative and other operating expenses		(69,746)	(64,671)	(69,746)	(64,671)
Profit from operations		32,624	33,093	32,624	33,093
Finance cost		(5,191)	(5,426)	(5,191)	(5,426)
Share of results of associated companies		4,230	3,692	4,230	3,692
Profit from ordinary activities before tax	B1	31,663	31,359	31,663	31,359
Income tax expense	B5	(7,821)	(7,768)	(7,821)	(7,768)
Profit for the period		23,842	23,591	23,842	23,591
Attributable to:					
Equity holders of the Company		21,848	21,698	21,848	21,698
Minority interest		1,994	1,893	1,994	1,893
Net profit attributable to shareholders		23,842	23,591	23,842	23,591
Dividend per share (sen)	A8	Nil	Nil	Nil	Nil
Earnings per share (sen)	B13				
- Basic		10.55	10.52	10.55	10.52
- Diluted		10.46	10.36	10.46	10.36

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**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2009**

	<u>Note</u>	<u>31.3.2009</u> RM'000	<u>Audited</u> <u>31.12.2008</u> RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	335,518	303,683
Prepaid leases		4,324	4,252
Investment properties		25,488	25,488
Interest in associates		231,194	226,963
Other investments		3,980	3,980
Intangible assets		110,244	110,244
Deferred tax assets		12,210	14,889
		<hr/>	<hr/>
		722,958	689,499
		<hr/>	<hr/>
Current assets			
Inventories		30,041	29,730
Receivables, deposits and prepayments		212,544	195,362
Tax refund receivable		9,647	11,221
Deposit, cash and bank balances		93,177	106,162
		<hr/>	<hr/>
		345,409	342,475
Non-current assets held for sale		246,478	246,478
		<hr/>	<hr/>
		591,887	588,953
		<hr/>	<hr/>
Total assets		<u>1,314,845</u>	<u>1,278,452</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	A7	209,737	209,461
Reserves		395,402	373,466
		<hr/>	<hr/>
		605,139	582,927
Less: Treasury Shares		(1,886)	(1,886)
		<hr/>	<hr/>
Total equity attributable to shareholders of the Company		603,253	581,041
Minority interest		49,526	47,532
		<hr/>	<hr/>
Total equity		<u>652,779</u>	<u>628,573</u>
LIABILITIES			
Non-current liabilities			
Borrowings	B9	264,780	267,879
Deposits		11,492	11,359
Deferred tax liabilities		17,508	18,571
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		293,780	297,809
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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2009

	<u>31.3.2009</u>	<u>Audited</u> <u>31.12.2008</u>
Current liabilities		
Payables	213,338	235,977
Borrowings	B9	
- bank overdrafts	2,899	1,982
- others	132,882	98,582
Current tax liabilities	5,406	1,768
Deferred revenue	13,761	13,761
	<hr/>	<hr/>
	368,286	352,070
Total liabilities	<hr/>	<hr/>
	662,066	649,879
Total equity and liabilities	<hr/>	<hr/>
	1,314,845	1,278,452
	<hr/> <hr/>	<hr/> <hr/>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<hr/>	<hr/>
	2.88	2.77
	<hr/> <hr/>	<hr/> <hr/>

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009**

Note	Issued and fully paid ordinary shares of RM1.00 each		Share premium RM'000	Treasury shares RM'000	Merger reserve RM'000	Exchange reserve RM'000	Non-distributable		Attributable to shareholders of the Company		
	Number of shares '000	Nominal value RM'000					Revaluation reserve RM'000	Revaluation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000	Minority Interest RM'000
At 1 January 2008	207,745	207,745	33,301	0	(3,367)	(632)	53,074	218,707	508,828	45,742	554,570
Net profit for the period	0	0	0	0	0	0	0	21,698	21,698	1,893	23,591
Issues of shares: - exercise of share options	308	308	102	0	0	0	0	0	410	0	410
Shares bought back	0	0	0	(227)	0	0	0	0	(227)	0	(227)
Realisation of revaluation reserve	0	0	0	0	0	0	(18,106)	10,459	(7,647)	1,416	(6,231)
Translation of foreign subsidiaries	0	0	0	0	0	5	0	0	5	0	5
At 31 March 2008	208,053	208,053	33,403	(227)	(3,367)	(627)	34,968	250,864	523,067	49,051	572,118

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009**

Note	Issued and fully paid ordinary shares of RM1.00 each		Attributable to shareholders of the Company						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	Non-distributable			Distributable Retained earnings RM'000	Minority Interest RM'000
							Revaluation reserve RM'000	Revaluation reserve RM'000			
At 1 January 2009	209,461	209,461	33,867	(1,886)	(3,367)	(765)	42,622	301,109	581,041	47,532	628,573
Net profit for the period	0	0	0	0	0	0	0	21,848	21,848	1,994	23,842
Issues of shares: - exercise of share options	276	276	91	0	0	0	0	0	367	0	367
Translation of foreign subsidiaries	0	0	0	0	0	(3)	0	0	(3)	0	(3)
At 31 March 2009	209,737	209,737	33,958	(1,886)	(3,367)	(768)	42,622	322,957	603,253	49,526	652,779

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009**

	3 months ended	
	<u>31.3.2009</u>	<u>31.3.2008</u>
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit for the financial year attributable to equity holders of the Company	21,848	21,698
Adjustments for:		
Taxation	7,821	7,768
Minority interest	1,994	1,893
Associated companies	(4,230)	(3,692)
Interest income	(1,030)	(473)
Interest expense	5,191	5,426
Allowance for doubtful debts	1,715	-
Property, plant and equipment		
- depreciation	11,246	10,223
- gain on disposals	0	(3,949)
Amortisation of prepaid leases	40	40
	<hr/>	<hr/>
Operating profit before changes in working capital	44,595	38,934
Changes in working capital:		
Inventories	(311)	1,556
Receivables	(15,823)	(20,277)
Payables	(22,796)	(31,896)
Related companies	(1,238)	4,667
	<hr/>	<hr/>
Cash generated from operations	4,427	(7,016)
Long term deposit	133	130
Interest paid	(5,191)	(5,426)
Income tax paid	(2,715)	4,437
	<hr/>	<hr/>
Net cash from operating activities	(3,346)	(7,875)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(43,153)	(19,924)
Proceeds from disposal of property plant and equipment	0	38,905
Additional investment in subsidiary companies	0	(14,838)
Disposal of shares in associated company	0	29,100
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Net cash used in investing activities	(43,153)	33,243

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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2009 (CONTINUED)

	<u>3 months ended</u>	
	<u>31.3.2009</u>	<u>31.3.2008</u>
	RM'000	RM'000
FINANCING ACTIVITIES		
Interest received	1,030	473
Issue of shares		
- exercise of share options	367	410
Bank borrowings		
- drawdown	40,000	44,000
- repayment	(8,800)	(40,758)
Dividends paid	0	(15,198)
Net cash from financing activities	<u>32,597</u>	<u>(11,073)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	(13,902)	14,295
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>101,303</u>	<u>90,905</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u><u>87,401</u></u>	<u><u>105,200</u></u>
DEPOSITS, CASH AND BANK BALANCES		
Deposits with licensed banks	16,639	16,594
Deposits with financed companies	0	1,015
Cash and bank balances	76,538	93,946
Bank overdraft	(2,899)	(3,558)
	<u>90,278</u>	<u>107,997</u>
less: Deposits pledged with licensed banks	(2,877)	(2,797)
CASH AND CASH EQUIVALENTS	<u><u>87,401</u></u>	<u><u>105,200</u></u>

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2009**

A1 BASIS OF PREPARATION

The interim report is prepared in accordance with 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 2008.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements.

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 2008 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 2008 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 2008.

The FRSs that was effective in the annual financial statement for the year ending 31 December 2008 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 that 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.

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A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2009

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 of 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 have a material effect in the current financial period under review.

A7 DEBT AND EQUITY SECURITIES

There is no other 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 Company has issued shares under the Employees Share Options Scheme (ESOS) which is as follows:

Ordinary shares of RM1.00 each

	<u>31.03.2009</u> RM'000
At start of the financial period	209,461
Issued during the financial period	
- exercise of Employees Share Options Scheme (ESOS)	276
At end of financial period	<u>209,737</u>

A8 DIVIDENDS PAID

The Company did not make any dividend payment during the financial period 31 March 2009.

A9 SEGMENT REPORTING

The Group principally operates in one main business segment namely the operating of specialist hospitals. The hospitals segment also includes the support services companies which has been principally providing services and supports the operations of the hospitals. These support services companies 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.

Other operations of the Group mainly comprise of import, export and distribution of pharmaceutical, medical and consumer healthcare product and retail pharmacy. None of these operations is of a sufficient size to be reported separately and it contributed less than 10% of consolidated revenue or assets.

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A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2009

A10 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The carrying value of long leasehold land and buildings has been brought forward without amendment from the annual financial statements for the year ended 31 December 2008.

A11 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There are no material events subsequent to the financial period ended 31 March 2009 that has not been reflected in the interim financial reports except as stated in note B8.

A12 CHANGES IN THE COMPOSITION OF THE GROUP

There is no change to the composition of the Group for the financial period ended 31 March 2009.

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 2008.

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 31 March 2009 are as follows:

	RM'000
Approved and contracted	73,335
Approved but not contracted	45,741
	<hr/>
	119,076
	<hr/> <hr/>
Analysed as follows:	
Building	55,304
Medical equipment	48,971
Other property, plant and equipment	14,801
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	119,076
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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2009

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

The operating revenue for the quarter increased to RM338.7 million from RM304.7 million in the corresponding quarter 2008. Despite the increase in revenue, the profit before taxation for the current quarter of RM31.7 million increased slightly by 1% as compared to RM31.4 million due to gain on disposal of RM3.9 million included as part of the results in the corresponding quarter 2008.

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

The profit before taxation for the current quarter of RM31.7 million has increased by 33.8% as compared to preceding quarter of RM23.7 million. The increase in the net profit before tax is in line with the increase in revenue from the hospitals.

B3 CURRENT YEAR PROSPECTS

In spite of the economic slowdown, the hospitals continue to record higher activities. The Board is optimistic that Group's financial performance for the financial year ending 31 December 2009 will continue to be encouraging.

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>3 months ended</u>	
	<u>31.03.2009</u>	<u>31.03.2008</u>	<u>31.03.2009</u>	<u>31.03.2008</u>
	RM'000	RM'000	RM'000	RM'000
Taxation	<u>7,821</u>	<u>7,768</u>	<u>7,821</u>	<u>7,768</u>

The effective tax rate of the Group for the period ended 31 March 2009 is lower than the statutory tax rate due to availability of unutilised losses from 6 subsidiaries.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2009

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.

B7 QUOTED SECURITIES

Investment in Al-'Aqar KPJ REIT

	RM'000
Quoted shares in Malaysia	
<u>At start of period</u>	
At cost	208,121
Less : Provision for Impairment	(6,460)
	<hr/>
Net book value	201,661
<u>Additions</u>	57
	<hr/>
<u>At the end of period</u>	201,718
	<hr/> <hr/>
Market value for quoted shares at RM0.86 as at 31 March 2009	181,884
	<hr/> <hr/>

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

B8 STATUS OF CORPORATE PROPOSALS

a) Employee Share Option Scheme ("ESOS")

On 13 July 2004, the Company granted options under the ESOS to subscribe for 12.0 million unissued ordinary shares of RM1.00 each in the Company at an option price of RM1.33 per share to eligible executive directors and employees.

Set out below are details of options over the ordinary shares of the Company granted under the ESOS:

	Number of shares <u>'000</u>
At the start of period	3,550
Exercised	(276)
	<hr/>
At the end of period	3,274
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ii) Utilisation of proceeds raised from corporate proposals

There were no significant corporate proposals that give rise to the utilisation of proceeds raised.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING
REQUIREMENTS
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2009**

B9 BORROWINGS

Details of the Group's borrowings as at 31 March 2009 are as follows:

	<u>31.03.2009</u>	<u>Audited</u> <u>31.12.2008</u>
	RM'000	RM'000
<u>Current</u>		
Term loans (secured)	78,723	83,661
Islamic facilities (secured)	1,200	1,204
Revolving credits	40,000	0
Hire purchase and lease liabilities (secured)	12,959	13,717
Bank overdrafts (secured)	2,899	409
Bank overdrafts (unsecured)	0	1,573
	<u>135,781</u>	<u>100,564</u>
<u>Non current</u>		
Term loans (secured)	32,350	32,350
Commercial papers (unsecured)	214,000	214,000
Islamic facilities (secured)	3,000	3,300
Hire purchase and lease liabilities (secured)	15,430	18,229
	<u>264,780</u>	<u>267,879</u>
Grand total	<u><u>400,561</u></u>	<u><u>368,443</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.

B12 DIVIDENDS

In respect of the financial year ended 31 December 2008, the Directors have declared, dividend-in-specie of 31 sen gross per share less 25% tax distributed on the basis of 23 units of Al-Aqar KPJ REIT for every 100 ordinary shares held in the Company amounting to RM46,542,800.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2009

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>3 months ended</u>	
	<u>31.03.2009</u>	<u>31.03.2008</u>
	RM'000	RM'000
Profit for the financial year attributable to Equity Holders of the Company (RM)	21,848	21,698
Weighted average number of ordinary shares in issue	207,051	206,349
Basic earnings per share (sen)	<u>10.55</u>	<u>10.52</u>

(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 share options granted to employees.

For the share options granted to employees, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. 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 share options calculation.

	<u>3 months ended</u>	
	<u>31.03.2009</u>	<u>31.03.2008</u>
Profit for the financial year (RM'000)	21,848	21,698
Weighted average number of ordinary shares in issue ('000)	207,051	206,349
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,780	3,045
Basic earnings per share (sen)	<u>10.46</u>	<u>10.36</u>