

Company No.

247079

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KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

31 DECEMBER 2009

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2009

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the period ended 31 December 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 QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2009**

	Note	3 months ended		Year Ended	
		31.12.2009	31.12.2008	31.12.2009	31.12.2008
		RM'000	RM'000	RM'000	RM'000
Revenue		375,361	322,501	1,446,370	1,267,305
Cost of sales		(273,358)	(234,658)	(1,025,939)	(898,950)
Gross profit		102,003	87,843	420,431	368,355
Other operating income		4,192	1,059	18,608	15,964
Administrative and other operating expenses		(72,302)	(65,647)	(300,536)	(270,439)
Profit from operations		33,893	23,255	138,503	113,880
Finance cost		(2,121)	(6,103)	(16,609)	(18,533)
Share of results of associated companies		5,682	6,524	20,062	18,705
Profit from ordinary activities before tax	B2	37,454	23,676	141,956	114,052
Income tax expense	B5	(10,246)	(2,213)	(34,177)	(24,744)
Profit for the period		27,208	21,463	107,779	89,308
Attributable to:					
Equity holders of the Company		28,248	22,456	101,869	85,644
Minority interest		(1,040)	(993)	5,910	3,664
Net profit attributable to shareholders		27,208	21,463	107,779	89,308
Dividend per share (sen)	A8	10	7	20	7
Earnings per share (sen)	B13				
- Basic		13.59	10.86	49.01	41.41
- Diluted		13.59	10.70	49.01	40.82

Company No.

247079

M

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

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

	<u>Note</u>	<u>31.12.2009</u>	<u>Audited</u> <u>31.12.2008</u>
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	429,081	303,683
Prepaid leases		17,785	4,252
Investment properties		17,488	25,488
Associated companies		241,387	226,963
Investments		3,275	3,980
Intangible assets		116,486	110,244
Deferred tax assets		9,545	14,889
		<u>835,047</u>	<u>689,499</u>
Current assets			
Inventories		30,132	29,730
Trade and other receivables		229,104	195,362
Tax recoverable		8,387	11,221
Deposit, cash and bank balances		138,050	106,162
		<u>405,673</u>	<u>342,475</u>
Non-current assets held for sale		95,922	246,478
		<u>501,595</u>	<u>588,953</u>
Total assets		<u><u>1,336,642</u></u>	<u><u>1,278,452</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	A7	211,051	209,461
Reserves		411,795	371,580
		<u>622,846</u>	<u>581,041</u>
Total equity attributable to sha reholders of the Company		<u>622,846</u>	<u>581,041</u>
Minority interest		45,233	47,532
Total equity		<u>668,079</u>	<u>628,573</u>
LIABILITIES			
Non-current liabilities			
Borrowings	B9	301,879	267,879
Long term deposits		12,759	11,359
Deferred tax liabilities		18,506	18,571
		<u>333,144</u>	<u>297,809</u>

Company No.

247079	M
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KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2009

	<u>31.12.2009</u>	<u>Audited</u> <u>31.12.2008</u>
Current liabilities		
Payables	236,809	235,977
Borrowings	B9	
- bank overdrafts	214	1,982
- others	58,656	98,582
Current tax liabilities	3,083	1,768
Deferred revenue	28,812	13,761
Dividend payable	7,845	0
	<u>335,419</u>	<u>352,070</u>
Total liabilities	<u>668,563</u>	<u>649,879</u>
Total equity and liabilities	<u>1,336,642</u>	<u>1,278,452</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	<u>2.95</u>	<u>2.72</u>

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

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

Note	Attributable to shareholders of the Company														
	Issued and fully paid ordinary shares of RM1.00 each		Share premium			Treasury shares		Merger reserve		Non-distributable		Distributable		Minority Interest	Total equity
	Number of shares '000	Nominal value RM'000	RM'000	RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	RM'000	RM'000	RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000		
At 1 January 2008	207,745	207,745	33,301	0	(3,367)	(632)	53,074	0	0	218,707	508,828	45,742	554,570		
Net profit for the period	0	0	0	0	0	0	0	0	0	85,644	85,644	3,664	89,308		
Issues of shares:															
- exercise of share options	1,716	1,716	566	0	0	0	0	0	0	0	2,282	0	2,282		
Shares bought back	0	0	0	(1,886)	0	0	0	0	0	0	(1,886)	0	(1,886)		
Realisation of revaluation reserve	0	0	0	0	0	0	(10,452)	0	0	7,526	(2,926)	173	(2,753)		
Acquisition of MI	0	0	0	0	0	0	0	0	0	0	0	(2,047)	(2,047)		
Disposal of shares in subsidiaries to MI	0	0	0	0	0	0	0	0	0	0	0	0	0		
Translation of foreign subsidiaries	0	0	0	0	0	(133)	0	0	0	0	(133)	0	(133)		
Dividend in respect of the Financial year ending:															
- 31 December 2008 (Interim)	0	0	0	0	0	0	0	0	0	(10,768)	(10,768)	0	(10,768)		
At 31 December 2008	209,461	209,461	33,867	(1,886)	(3,367)	(765)	42,622	0	0	301,109	581,041	47,532	628,573		

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

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

Note	Attributable to shareholders of the Company														
	Issued and fully paid ordinary shares of RM1.00 each		Share premium			Treasury shares		Merger reserve		Non-distributable		Distributable		Minority Interest	Total equity
	Number of shares '000	Nominal value RM'000	RM'000	RM'000	RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Share premium RM'000	RM'000	RM'000	Retained earnings RM'000	Total RM'000	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	101,869	101,869	5,910	107,779				
Issues of shares:															
- exercise of share options	1,590	1,590	531	0	0	0	0	0	2,121	0	2,121		0	2,121	
Sale of treasury shares	0	0	2,000	1,886	0	0	0	0	3,886	0	3,886		0	3,886	
Realisation of revaluation reserve	0	0	0	0	0	0	(10,864)	10,452	(412)	0	(412)		0	(412)	
Reversal of deferred tax on revaluation reserve	0	0	0	0	0	0	1,538	0	1,538	0	1,538		0	1,538	
Revaluation recognized	0	0	0	0	0	0	9,655	0	9,655	3,219	12,874		0	12,874	
Translation of foreign subsidiary	0	0	0	0	0	530	0	0	530	0	530		0	530	
Acquisition of new MI	0	0	0	0	0	0	0	0	0	(11,428)	(11,428)		0	(11,428)	
Financial year ended:															
- 31 December 2008 (Dividend-in-specie)	0	0	0	0	0	0	0	(45,818)	(45,818)	0	(45,818)		0	(45,818)	
- 31 December 2009 (1 st Interim)	0	0	0	0	0	0	0	(15,782)	(15,782)	0	(15,782)		0	(15,782)	
- 31 December 2009 (2 nd Interim)	0	0	0	0	0	0	0	(15,782)	(15,782)	0	(15,782)		0	(15,782)	
At 31 December 2009	211,051	211,051	36,398	0	(3,367)	(235)	42,951	336,048	622,846	45,233	668,079		0	668,079	

Company No.

247079

M

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

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

	12 months ended	
	<u>31.12.2009</u>	<u>31.12.2008</u>
	RM'000	RM'000
OPERATING ACTIVITIES		
Net profit attributable to shareholders	101,869	85,644
Adjustments for:		
Taxation	34,177	24,744
Minority interest	5,910	3,664
Associated company		
- share of profit	(20,062)	(18,705)
Property, plant and equipment		
- depreciation	46,098	41,374
- (gain)/loss on disposals	(4,529)	392
- write offs	220	3,844
Allowance for diminution in value	987	0
Bad debts written off	28	740
Amortisation of prepaid leases	100	156
Gain loss on fair value		
of investment property	0	(50)
Loss on disposal of a subsidiary	0	6
Gain on disposal of shares in associated company	0	(594)
Impairment loss of property, plant and equipment	0	1,643
Negative goodwill on acquisition of		
additional interest in a subsidiary	(493)	(594)
Allowance for impairment in an associate	0	6,460
Interest income	(4,901)	(6,122)
Interest expense	16,609	18,533
Inventories		
- written offs	95	84
Allowance for doubtful debts	2,530	3,958
Operating profit before changes in working capital	<u>178,638</u>	<u>165,177</u>
Changes in working capital:		
Inventories	(402)	(3,281)
Receivables	(16,754)	(32,430)
Payables	(18,675)	15,642
Related companies	(2,352)	2,494
Cash generated from operations	<u>140,455</u>	<u>147,602</u>
Long term deposits	1,400	900
Interest paid	(16,609)	(19,986)
Income tax paid	(29,689)	(4,566)
Net cash from operating activities	<u>95,557</u>	<u>123,950</u>

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

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

	12 months ended	
	<u>31.12.2009</u>	<u>31.12.2008</u>
	RM'000	RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(170,957)	(120,644)
Proceeds from disposal of property, plant and equipment	134,974	41,169
Additional investment	(282)	0
Additional investment in subsidiary companies	(15,150)	(23,543)
Additional investment in associate company	0	(3,341)
Proceeds from disposal of shares in a subsidiary	0	89
Proceeds from disposal of shares in associated company	0	29,100
Deposits received from pledged with banks	0	(80)
Dividends received	17,987	9,870
Interest received	4,901	6,122
Net cash used in investing activities	<u>(28,527)</u>	<u>(61,258)</u>
FINANCING ACTIVITIES		
Issue of shares		
- exercise of share options	2,121	2,282
- shares bought back	0	(1,886)
- resale of treasury shares	3,886	0
Bank borrowings		
- drawdown	70,000	91,037
- repayment	(77,817)	(117,761)
Dividends paid	(31,564)	(25,966)
Net cash used in financing activities	<u>(33,374)</u>	<u>(52,294)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	33,656	10,398
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>134,959</u>	<u>101,303</u>
DEPOSITS, CASH AND BANK BALANCES		
Deposits with licensed banks	39,290	24,854
Cash and bank balances	98,760	81,308
Bank overdraft	(214)	(1,982)
	<u>137,836</u>	<u>104,180</u>
less: Deposits pledged with licensed banks	(2,877)	(2,877)
CASH AND CASH EQUIVALENTS	<u>134,959</u>	<u>101,303</u>

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER
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.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER
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

Save as disclosed below, there were no issuances of shares, share buy-backs, and repayments of debt and equity securities by the Company:

a) Issuance of Shares

The Company has issued shares under the Employees Share Options Scheme (ESOS) which is as follows:

Ordinary shares of RM1.00 each

	<u>31.12.2009</u> RM'000
At start of the financial period	209,461
Issued during the financial period	
- exercise of Employees Share Options Scheme (ESOS)	1,590
At end of financial period	<u>211,051</u>

Share option has all been exercised except as disclosed in note B8 (e).

b) Sale of Treasury Shares

During the previous financial year, the Company bought back from the open market 620,800 units of KPJ Healthcare Berhad shares, listed on the Main Board of Bursa Malaysia Securities Berhad, at an average buy-back price of RM3.02 per share. The total consideration paid for share buy-back, including transaction costs, was RM1,885,947 and was financed by internally generated fund.

During the financial period, the Company sold all its treasury shares in the open market, at an average share price of RM6.19 per share. The total consideration received nett of transaction costs, was RM3,885,635. The Company make a profit of RM1,999,688 from the whole disposal.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER
2009**

A8 DIVIDENDS PAID

The dividends paid by the Company since 31 December 2008 was as follows:

In respect of the financial year ended 31 December 2008:

Dividend-in-specie of on the basis of 23 units of Al-'Aqar KPJ REIT
for every 100 ordinary shares held in the Company,
distributed on 17 July 2009

45,818

In respect of the financial year ended 31 December 2009:

1st Interim gross dividend of 10 sen per share on 210,429,815 ordinary shares,
less 25% tax, paid on 30 September 2009

15,782

2nd Interim gross dividend of 10 sen per share on 210,429,815 ordinary shares,
less 25% tax, paid on 31 December 2009

15,782

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.

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 December 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

- (i) Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), a wholly-owned subsidiary of KPJ Healthcare Berhad, entered into a conditional Sale and Purchase Agreement ("SPA") with Majlis Agama Islam Negeri Sembilan for an additional acquisition of 7,068,466 ordinary shares of RM1.00 each, representing 28.3% equity interest in Seremban Specialist Hospital Sdn Bhd ("SSH") for a total cash consideration of RM14.15 million. The acquisition was completed on 5 August 2009 and SSH is now a wholly-owned subsidiary of KPJSB.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER
2009**

A12 CHANGES IN THE COMPOSITION OF THE GROUP (CONTINUED)

- (ii) On 27 August 2009, KPJSB, a wholly-owned subsidiary of KPJ Healthcare Berhad, acquired an additional 100,000 ordinary shares of RM1.00 each, representing 16% equity interest in Lablink (M) Sdn Bhd for a cash consideration of RM1million resulted in the Company now being a wholly-owned subsidiary of KPJSB.

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 December 2009 are as follows:

	RM'000
Approved and contracted	85,364
Approved but not contracted	184,910
	<u>270,274</u>
Analysed as follows:	
Land	908
Building	149,516
Medical equipment	89,047
Other property, plant and equipment	30,803
	<u>270,274</u>

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

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

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

The profit before taxation for the current quarter has increased by 58.2% to RM37.5 million from RM23.7 million in the corresponding quarter 2008 mainly due to higher activities recorded by the hospitals.

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

The operating revenue for the quarter increased to RM375.4 million from RM361.5 million as compared to the preceding quarter. Despite the increase in revenue, the profit before taxation for the current quarter of RM37.5 million has increased by only 1.4% as compared to the profit before tax in the preceding quarter of RM37.0 million. This is due to the results reported in the preceding quarter was inclusive of gain from disposal of hospital buildings amounting to RM3.1 million.

B3 CURRENT YEAR PROSPECTS

In spite of the economic uncertainties, the Group continues to enjoy strong support from both our existing and new clients for the expanded and enhanced facilities and services of our network of hospitals throughout the country. The Board of Directors is optimistic that the Group's performance in financial year 2009 can be further improved in the next financial year.

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>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months ended</u>		<u>12 months ended</u>	
	<u>31.12.2009</u>	<u>31.12.2008</u>	<u>31.12.2009</u>	<u>31.12.2008</u>
	RM'000	RM'000	RM'000	RM'000
Taxation	<u>10,246</u>	<u>2,213</u>	<u>34,177</u>	<u>24,744</u>

The effective tax rate of the Group for the period ended 31 December 2009 is lower than the statutory tax rate due to availability of unutilised losses for offset against current period profit of certain 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 other than as disclosed in note B2.

Company No.

247079

M

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

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

B7 QUOTED SECURITIES

Investment in Al-'Aqar KPJ REIT - Associates

	RM'000
Quoted shares in Malaysia	
<u>At start of period</u>	
At cost	208,121
Less : Provision for Impairment	(6,460)
Net book value	<u>201,661</u>
<u>Additions</u>	<u>12,347</u>
<u>At the end of period</u>	<u><u>214,008</u></u>
Market value for quoted shares at RM0.98 as at 31 December 2009	<u><u>220,766</u></u>

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

B8 STATUS OF CORPORATE PROPOSALS

a) Proposed Joint Venture between Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") and Pasdec Corporation Sdn Bhd ("PCSB")

On 20 July 2009, KPJSB, a wholly-owned subsidiary of KPJ Healthcare Berhad, entered into a Joint Venture Agreement incorporating the Shareholders' Agreement ("JVA") with PCSB to set up a joint venture company ("JV Co"), for the purpose of developing a hospital building on a leasehold land measuring approximately 3.12 acres held under H.S. (M) 6562 Lot No. PT 83065 at Tanjung Lumpur, District of Kuala Kuantan, Kuantan, Pahang. Equity participation of the new JV Co will be 70% for KPJSB and 30% for PCSB. KPJSB expects completion of the JV by 2011.

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

- (i) On 29 July 2009, KPJSB, a wholly-owned subsidiary of KPJ Healthcare Berhad, entered into a conditional Sale and Purchase Agreement ("SPA") with Greenbelt View Sdn Bhd for the proposed acquisition of a partially completed building ("Bandar Baru Klang Medical Centre Building") for a purchase consideration of RM38.0 million. The proposed acquisition was completed on 17 November 2009.

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

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

B8 STATUS OF CORPORATE PROPOSALS (CONTINUED)

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

- ii) On 26 November 2009, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") entered into a subscription agreement ("Subscription Agreement") with Intrapreneur Development Sdn Bhd (formerly known as JCorp Property Management Sdn Bhd) ("Fund") for the proposed subscription of 50,000 Redeemable Preference Shares of RM0.01 each in Intrapreneur Development Sdn Bhd at an issue price of RM100.00 each totaling to RM5.0 million.
- iii) On 6 January 2010, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") entered into a conditional Share Sale Agreement with Sabah Medical Centre Sdn Bhd for the acquisition of 40.8 million ordinary shares of RM1.00 each which is equivalent to 51% of equity interest in SMC Healthcare Sdn Bhd ("SMCH") for a cash consideration of RM51.0 million. KPJSB has also entered into Management Agreement with SMCH for the appointment of KPJSB to manage the existing and the new private hospitals of SMCH.

c) On 1 October 2009, KPJ Healthcare Berhad ("KPJ"), proposed to undertake the following proposals:

- (i) 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 held by the entitled shareholders of the Company on an entitlement date to be determined and announced later ("Proposed Share Split");
- (ii) 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 Proposed Share Split on an entitlement date to be determined and announced later ("Proposed Bonus Issue"); and
- (iii) Issue of up to 131,906,635 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 Proposed Share Split and Proposed Bonus Issue on an entitlement date to be determined and announced later ("Proposed Free Warrants Issue").

The proposals were completed on 15th January 2010 with listing of Share Split, Bonus Shares and Warrants. With the completion, KPJ share capital listed and quoted on Bursa Malaysia Securities Berhad stands at:

- Share Capital	422,101,230 units
- Bonus Shares	105,525,280 units
- Warrants	131,906,484 units

Company No.

247079	M
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KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

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

B8 STATUS OF CORPORATE PROPOSALS (CONTINUED)

d) Proposed Acquisition by Maharani Specialist Hospital Sdn Bhd

On 16 December 2009, Maharani Specialist Hospital Sdn Bhd, wholly-owned subsidiary of KPJSB, entered into conditional Sale and Purchase Agreement ("SPA") with Property Base Development Sdn Bhd for the proposed acquisition of a piece of freehold land with a partially completed building at Lot 2024, Bandar Maharani, Muar for a purchase consideration of RM22.0 million. The acquisition is not completed pending fulfillment of conditions precedent.

e) 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. The share option expired on 24 August 2009. As at end of the reporting Quarter, there were 73,000 options lapsed.

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

	<u>Number of shares</u> '000
At the start of period	3,550
Exercised	(1,590)
Cancelled	(1,886)
At the end of period/Lapsed	<u>73</u>

Cancelled options are due to staff resignation.

f) Utilisation of proceeds raised from corporate proposals

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

Company No.

247079

M

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

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

B9 BORROWINGS

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

	<u>31.12.2009</u>	Audited
	RM'000	<u>31.12.2008</u>
		RM'000
<u>Current</u>		
Term loans (secured)	11,633	83,661
Revolving credit (unsecured)	35,000	0
Islamic facilities (secured)	1,200	1,204
Hire purchase and lease liabilities (secured)	10,823	13,717
Bank overdrafts (secured)	214	409
Bank overdrafts (unsecured)	0	1,573
	<u>58,870</u>	<u>100,564</u>
<u>Non current</u>		
Term loans (secured)	41,527	32,350
Commercial papers (unsecured)	249,000	214,000
Islamic facilities (secured)	2,100	3,300
Hire purchase and lease liabilities (secured)	9,252	18,229
	<u>301,879</u>	<u>267,879</u>
Grand total	<u>360,749</u>	<u>368,443</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 FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2009

B12 DIVIDENDS

In respect of the financial year ended 31 December 2008, the Directors have declared, dividend-in-specie distributed on the basis of 23 units of Al-'Aqar KPJ REIT for every 100 ordinary shares held in the Company amounting to RM45,818,000. The distribution of Al-'Aqar KPJ REIT shares was credited into the shareholders' accounts on 17 July 2009.

In respect of the financial year ending 31 December 2009, on 25 August 2009 the Directors have declared, first interim gross dividend of 10 sen per share on ordinary shares, less 25% tax, amounting to RM15,782,000 and was paid on 30 September 2009.

In respect of the financial year ending 31 December 2009, on 24 November 2009 the Directors have declared, second interim gross dividend of 10 sen per share on ordinary shares, less 25% tax, amounting to RM15,782,000 and was paid on 31 December 2009.

B13 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is 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>12 months ended</u>	
	<u>31.12.2009</u>	<u>31.12.2008</u>
	RM'000	RM'000
Profit for the financial year attributable to Equity Holders of the Company (RM)	101,869	85,644
Weighted average number of ordinary shares in issue	207,843	206,811
Basic earnings per share (sen)	<u>49.01</u>	<u>41.41</u>

Company No.	
247079	M

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

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

B13 EARNINGS PER SHARE (CONTINUED)

(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.

In respect of period ending 31 December 2009, KPJ has no outstanding share options as ESOS has expired on 24 August 2009.

	<u>12 months ended</u>	
	<u>31.12.2009</u>	<u>31.12.2008</u>
Profit for the financial year (RM'000)	101,869	85,644
Weighted average number of ordinary shares in issue ('000)	207,843	206,811
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	0	3,020
Weighted average number of ordinary shares in issue ('000)	<u>207,843</u>	<u>209,831</u>
Diluted earnings per share (sen)	<u>49.01</u>	<u>40.82</u>