

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

30 JUNE 2014

Company No.

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

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2014

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the three months ended 30 June 2014.

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 2013 and the accompanying explanatory notes attached to this report.

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		<u>30.06.2014</u>	<u>30.06.2013</u>	<u>30.06.2014</u>	<u>30.06.2013</u>
		RM'000	RM'000	RM'000	RM'000
Revenue		662,823	587,698	1,265,565	1,132,749
Cost of sales		(445,895)	(402,310)	(850,844)	(779,290)
Gross profit		216,928	185,388	414,721	353,459
Administration expenses		(173,985)	(157,222)	(333,538)	(300,017)
Other income		8,849	5,973	14,317	11,319
Operating profit		51,792	34,139	95,500	64,761
Finance Income		2,521	3,912	5,225	5,475
Finance cost		(14,000)	(8,783)	(22,949)	(14,480)
Finance costs – net		(11,479)	(4,871)	(17,724)	(9,005)
Associates					
- share of results		9,882	8,780	17,897	17,398
Profit before zakat and tax	B1	50,195	38,048	95,673	73,154
Zakat		(460)	(330)	(930)	(660)
Income tax expense	B5	(14,207)	(9,307)	(26,874)	(17,557)
Profit net of tax		35,528	28,411	67,869	54,937
Other comprehensive income		(2,620)	62	(2,793)	1,064
Total comprehensive income for the period		<u>32,908</u>	<u>28,473</u>	<u>65,076</u>	<u>56,001</u>

Company No.

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

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		3 months ended		6 months ended	
		<u>30.06.2014</u>	<u>30.06.2013</u>	<u>30.06.2014</u>	<u>30.06.2013</u>
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Equity holders of the Company		33,743	25,294	63,964	50,387
Minority interest		1,785	3,117	3,905	4,550
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net profit attributable to shareholders		<u>35,528</u>	<u>28,411</u>	<u>67,869</u>	<u>54,937</u>
Total comprehensive income attributable to:					
Equity holders of the Company		31,123	25,356	61,171	51,451
Minority interest		1,785	3,117	3,905	4,550
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net profit attributable to shareholders		<u>32,908</u>	<u>28,473</u>	<u>65,076</u>	<u>56,001</u>
Dividend per share (sen)	A7	<u>1.45</u>	<u>2.00</u>	<u>1.45</u>	<u>6.00</u>
Earnings per share (sen)	B11				
- Basic					
- at par value RM0.50		3.29	2.55	6.23	5.49
- Diluted					
- at par value RM0.50		<u>2.95</u>	<u>3.71</u>	<u>5.59</u>	<u>5.03</u>

Company No.

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

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	<u>Note</u>	<u>30.06.2014</u>	<u>Audited</u> <u>31.12.2013</u>
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	1,278,407	1,206,019
Other Assets		23,958	22,031
Investment properties		275,743	62,746
Interest in associates		492,807	475,536
Available-for-sale financial assets		554	554
Intangible assets		235,957	235,957
Deferred tax assets		22,760	25,678
		<u>2,330,186</u>	<u>2,028,521</u>
Current assets			
Inventories		51,132	52,837
Receivables, deposits and prepayments		468,573	427,102
Tax refund receivable		13,548	18,169
Deposit, cash and bank balances		317,771	312,965
		<u>851,024</u>	<u>811,073</u>
Non-current assets held for sale		0	2,013
		<u>851,024</u>	<u>813,086</u>
Total assets		<u><u>3,181,210</u></u>	<u><u>2,841,607</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	A6	513,475	490,955
Reserves		744,550	596,955
		<u>1,258,025</u>	<u>1,087,910</u>
Less: Treasury Shares		<u>(14,207)</u>	<u>(364)</u>
Total equity attributable to shareholders of the Company		<u>1,243,818</u>	<u>1,087,546</u>
Minority interest		<u>88,886</u>	<u>84,981</u>
Total equity		<u><u>1,332,704</u></u>	<u><u>1,172,527</u></u>
LIABILITIES			
Non-current liabilities			
Borrowings	B7	861,351	668,870
Deposits		19,816	17,253
Deferred tax liabilities		46,272	47,153
		<u>927,439</u>	<u>733,276</u>

Company No.

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

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

	<u>30.06.2014</u>	<u>Audited</u>
	RM'000	31.12.2013
		RM'000
Current liabilities		
Payables	460,984	489,963
Borrowings	B7	
- bank overdrafts	0	8,140
- others	376,438	350,482
Current tax liabilities	6,235	11,951
Deferred revenue	62,584	62,177
Dividend Payable	14,826	13,091
	<u>921,067</u>	<u>935,804</u>
Total liabilities	<u>1,848,506</u>	<u>1,669,080</u>
Total equity and liabilities	<u>3,181,210</u>	<u>2,841,607</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)		
- at par value RM0.50	1.21	1.11

Company No.

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

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

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	Warrant reserve RM'000	Merger reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2014	981,910	490,955	0	(364)	0	(3,367)	3,285	50,415	546,622	1,087,546	84,981	1,172,527
Total comprehensive income for the period	0	0	0	0	0	0	(2,793)	0	63,964	61,171	3,905	65,076
Rights Issue	43,637	21,819	37,528	0	62,838	0	0	0	0	122,185	0	122,185
Issue of shares:												
- exercise of share warrants	1,403	701	884	0	0	0	0	0	0	1,585	0	1,585
- shares bought back	0	0	0	(13,843)	0	0	0	0	0	(13,843)	0	(13,843)
Changes in ownership interest in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0
Transaction with non-controlling Interests	0	0	0	0	0	0	0	0	0	0	0	0
Dividend in respect of the financial year ending: 31 December 2014												
- 1st Interim	0	0	0	0	0	0	0	0	(14,826)	(14,826)	0	(14,826)
	0	0	0	0	0	0	0	0	0	0	0	0
At 30 June 2014	<u>1,026,950</u>	<u>513,475</u>	<u>38,412</u>	<u>(14,207)</u>	<u>62,838</u>	<u>(3,367)</u>	<u>492</u>	<u>50,415</u>	<u>595,760</u>	<u>1,243,818</u>	<u>88,886</u>	<u>1,332,704</u>

Company No.

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

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

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	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2013	646,182	323,091	147,288	(23)	(3,367)	(25)	50,415	518,546	1,035,925	67,528	1,103,453
Total comprehensive income for the period	0	0	0	0	0	1,064	0	50,387	51,451	4,550	56,001
Issue of shares:											
- exercise of share warrants	6,909	3,454	8,291	0	0	0	0	0	11,745	0	11,745
- shares bought back	0	0	0	(341)	0	0	0	0	(341)	0	(341)
Dividend in respect of the financial year ended:											
31 December 2012											
- 4th Interim	0	0	0	0	0	0	0	(26,014)	(26,014)	0	(26,014)
31 December 2013											
- 1 st Interim	0	0	0	0	0	0	0	(13,060)	(13,060)	0	(13,060)
	0	0	0	0	0	0	0	(39,074)	(39,074)	0	(39,074)
At 30 June 2013	653,091	326,545	155,579	(364)	(3,367)	1,039	50,415	529,859	1,059,706	72,078	1,131,784

Company No.

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

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

	<u>6 months ended</u>	
	<u>30.06.2014</u>	<u>30.06.2013</u>
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit for the financial year attributable to equity holders of the Company	63,964	50,387
Adjustments for:		
Zakat	930	660
Taxation	26,874	17,557
Minority interest	3,905	4,550
Associated companies	(17,897)	(17,398)
Finance income	(5,225)	(5,475)
Finance costs	22,949	13,681
Allowance for doubtful debts	(303)	2,538
Property, plant and equipment - depreciation	51,932	44,757
Gain on disposal of shares in an associate	-	(1,620)
Operating profit before changes in working capital	<u>147,129</u>	<u>109,637</u>
Changes in working capital:		
Inventories	1,705	2,540
Receivables	(43,469)	(39,136)
Payables	(26,320)	(38,542)
Cash from operations	<u>79,045</u>	<u>34,499</u>
Interest received	5,225	5,475
Income tax paid	(29,206)	(15,808)
Net cash from operating activities	<u>55,064</u>	<u>24,166</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(106,484)	(143,327)
Purchase of investment property	(212,997)	-
Acquisition of subsidiary company	-	(17,745)
Additional investment in subsidiary company	-	(9,750)
Proceeds from disposal of shares in an associate	-	7,500
Net cash used in investing activities	<u>(319,481)</u>	<u>(163,322)</u>

Company No.

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

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014 (CONTINUED)

	<u>6 months ended</u>	
	<u>30.06.2014</u>	<u>30.06.2013</u>
	RM'000	RM'000
FINANCING ACTIVITIES		
Issuance of shares		
- right issues	122,185	-
- exercise of share warrants	1,585	11,745
Purchase of treasury shares	(13,843)	-
Bank borrowings		
- drawdown	240,506	278,821
- repayment	(50,121)	(11,540)
Dividend paid to shareholders	-	(42,168)
Interest paid	(22,949)	(13,681)
	<u>277,363</u>	<u>223,177</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	12,946	84,021
CURRENCY TRANSLATION DIFFERENCES	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	304,825	200,414
	<u>304,825</u>	<u>200,414</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	317,771	284,435
	<u><u>317,771</u></u>	<u><u>284,435</u></u>
DEPOSITS, CASH AND BANK BALANCES		
Deposits with licensed banks	156,376	63,368
Cash and bank balances	170,096	227,739
Bank overdraft	-	(1,373)
	<u>326,472</u>	<u>289,734</u>
less: Deposits pledged with licensed banks	(8,701)	(5,299)
	<u>317,771</u>	<u>284,435</u>
CASH AND CASH EQUIVALENTS	317,771	284,435
	<u><u>317,771</u></u>	<u><u>284,435</u></u>

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2014****A1 BASIS OF PREPARATION**

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2013 except for the newly-issued Malaysian Accounting Standards Board approved accounting framework - Malaysian Financial Reporting Standards ("MFRS"), Amendments to standards and IC Interpretations ("IC Int.") to be applied by all Entities Other Than Private Entities for the:

Financial periods beginning on or after 1 January 2014

Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
------------------------	---

Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
---	---------------------

Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
------------------------	---

Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
------------------------	--

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
------------------------	---

IC Interpretation 21	Levies
----------------------	--------

To be announced

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
--------	--

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
--------	---

MFRS 9	Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139
--------	---

The adoption of the above standards and interpretations will have no material impact on the interim financial report in the period of initial application.

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

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

A3 SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4 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.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2014

A5 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.

A6 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 followings:

i. 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.

Up to 30 June 2014, 4,380,000 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 RM3.26 per share for a total consideration of RM13,843,061 including transaction cost and was financed by internally generated fund. The shares were retained as treasury shares.

ii. Share split, bonus issue and free warrants (2010)

Share Split

On 15 January 2010, the Company has subdivided its existing 211,050,615 ordinary shares of RM1 each into 422,101,230 ordinary shares of RM0.50 each ("Share Split").

Bonus Issue

On the same date, the Company issued bonus shares of up to 105,525,308 new ordinary shares of RM0.50 each, which credited as fully paid up by the Company, on the basis of one (1) Bonus Shares for every four (4) shares held by the entitled shareholders of the Company after the share split ("Bonus Issue").

Free Warrants (2010/2015)

On the same date, the Company issued up to 131,906,635 free warrants on the basis of one (1) free warrant for every four (4) shares held by the entitled shareholders of the Company after the Share Split and Bonus Issue.

The warrants exercise period is five years commencing from the offer date. Warrant exercise price is 15% discount to the theoretical ex-all price based on five-day volume weighted-average market price up to and including 20 November 2009 ("price fixing date").

Subsequent to the Bonus Issue in December 2013, the exercise price of the warrants is now revised to RM1.13 per units (converted into ordinary share at par value RM0.50).

The new shares issued arising from the Share Split, Bonus Issue and Free Warrants exercised shall upon issue and allotment, rank pari passu in all respects.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2014

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

iii. Bonus issue, Rights issue and free warrants (2013)Bonus Issue

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

On 29 January 2014, 43,637,326 Rights Shares and 87,274,652 New Warrants as well as 96,098 additional warrants 2010/2015 consequential to the Rights Issue were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

The issue price of RM2.80 for the Right Shares are arrived based on a discount of approximately thirty percent (30%) over the theoretical ex-all price of the shares (after taking into account the Proposed Bonus Issue) based on the five (5) days volume weighted average market price ("VWAP") of the shares immediately preceding the price fixing date.

Free Warrants (2014/2019)

On 29 January 2014, Warrants 2014/2019 are issued for free to the subscribers of the renounceable rights issue of 43,637,326 new ordinary shares of RM0.50 each in KPJ Healthcare Berhad Rights Shares on the basis of one (1) Rights Share for every fifteen (15) existing KPJ Shares held by the entitled shareholders of the Company, together with 87,274,652 free detachable new warrants ("Warrant(s) 2014/2019") on the basis of two (2) Warrants 2014/2019 for every one (1) Rights Share subscribed at an issue price of RM2.80 per Rights Share ("Rights Issue").

The number of issued and paid up ordinary share capital as a result of the above mentioned Corporate Exercise is as follows:

	<u>30.06.2014</u>	<u>30.06.2014</u>
	Number of shares ('000)	RM'000
<u>Ordinary shares of RM0.50 each</u>		
At start of the financial period	981,910	490,955
Issued during the financial period		
- exercise of Free Warrants (1 free warrant for every 4 shares) (ii)	1,403	701
- Rights Issue (1 rights share for every 15 shares) (iii)	43,637	21,819
At end of financial period	<u>1,026,950</u>	<u>513,475</u>

Balance of free warrants which have yet to be exercised at the end of the financial period is disclosed in Note B6.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2014

A7 DIVIDENDS PAID

In respect of the financial year ending 31 December 2014, the Directors declared 1st interim single tier dividend of 1.45 cents per share on 1,022,500,184 ordinary shares amounting to RM14,826,250. The dividend was fully paid on 18 July 2014.

A8 SEGMENT REPORTING

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

The Group principally operates in one main business segment namely the operating of specialist hospitals. This business segment is segregated geographically to Malaysia, Indonesia and Thailand. Other operations of the Group mainly comprise of the provision of hospital management services, pathology and laboratory services, marketing and distribution of pharmaceutical, medical and surgical products and operating a private university college of nursing and allied health and also providing retirement village and aged care facility services in Australia.

30 June 2014

	← Hospitals →			Aged Care Facility	Support Services, Corporate & Others	Adjustments/ Elimination	Group
	Malaysia (RM'000)	Indonesia (RM'000)	Thailand (RM'000)				
Revenue	1,147,678	21,048	0	17,099	299,326	(219,586)	1,265,565
Intersegment revenue	0	0	0	0	(14,237)	14,237	0
External revenue	<u>1,147,678</u>	<u>21,048</u>	<u>0</u>	<u>17,099</u>	<u>285,089</u>	<u>(205,349)</u>	<u>1,265,565</u>
Profit/(loss) for the period	102,547	(1,430)	432	(1,329)	(12,947)	(19,404)	67,869

30 June 2013

	← Hospitals →			Aged Care Facility	Support Services, Corporate & Others	Adjustments/ Elimination	Group
	Malaysia (RM'000)	Indonesia (RM'000)	Thailand (RM'000)				
Revenue	1,036,312	16,892	0	13,073	283,235	(216,763)	1,132,749
Intersegment revenue	0	0	0	0	(15,002)	15,002	0
External revenue	<u>1,036,312</u>	<u>16,892</u>	<u>0</u>	<u>13,073</u>	<u>268,233</u>	<u>(201,761)</u>	<u>1,132,749</u>
Profit/(loss) for the period	88,235	(3,692)	1,268	(1,622)	(13,603)	(15,649)	54,937

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2014****A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT**

The freehold land, long leasehold land and buildings were re-valued 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.

A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the financial period ended 30 June 2014 that has not been reflected in the interim financial reports, except as stated in note B6.

A11 CHANGES IN THE COMPOSITION OF THE GROUP

There are no changes in the composition of the Group during current quarter.

A12 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 2013 except as stated in note B9.

A13 CAPITAL COMMITMENT

Capital expenditures not provided for in the interim financial report as at 30 June 2014 are as follows:

	RM'000
Approved and contracted	190,140
Approved but not contracted	286,122
	<u>476,262</u>

Analysed as follows:

Building	326,410
Medical equipment	87,813
Other property, plant and equipment	62,039
	<u>476,262</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 2014

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

The profit before taxation for the current quarter of RM50.2 million has increased by 32% as compared to the corresponding quarter in 2013 of RM38.0 million. The increase is in line with the increase in revenue of the hospitals

Additional Information As Required By Appendix 9B of Bursa Malaysia Listing Requirements

a. Current financial period compared to last financial period (six months)

The Group recorded revenue of RM1,265.6 million for 6 months ended 30 June 2014 with an increase of 12% from RM1,132.7 million as reported for 2013. The higher revenue for the period is mainly due to the increase in revenue of the existing hospitals and newly open hospitals in the group.

Malaysia

The Malaysian segment revenue for 6 months ended 30 June 2014 has increased by 11% to RM1,147.7 million compared with RM1,036.3 million as reported in 2013. The higher revenue reported is due to the increase in revenue of the existing hospitals and newly open hospitals in the group.

Indonesia

The Indonesian segment revenue of RM21.0 million for 6 months ended 30 June 2014 is 24% higher than the revenue reported in 2013 of RM16.9 million. The increase in revenue from this segment is due to the increase in activity in both hospitals in Jakarta.

Aged Care Facility

The Aged Care Facility segment revenue for 6 months ended 30 June 2014 is RM17.1 million, 31% higher than the revenue reported in 2013 of RM13.1 million due to increase in the total commonwealth subsidy from AUD125 to AUD169 per resident day for the Aged Care Facility.

Support Services, Corporate and Others

The revenue from Support Services, Corporate and Others segment of RM299.3 million for 6 months ended 30 June 2014 is 6% higher, compared to revenue from the same period in 2013 of RM283.2 million. Marketing and distribution of pharmaceutical, medical and surgical products and pathology and also from the laboratory services contributed to the revenue growth of this segment, which has increased in line with the increase in revenue of the hospitals within the Group.

b. Current quarter compared with the corresponding quarter of the preceding year (three months)

The Group recorded revenue of RM662.8 million for 3 months ended 30 June 2014 with an increase of 13% from RM587.7 million as reported for 2013. The higher revenue for the period is mainly due to the increase in revenue of the existing hospitals and newly open hospitals in the group.

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 2014

B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES (CONTINUED)

- b. Current quarter compared to the corresponding quarter of the preceding year (three months) (continued)

Malaysia

The Malaysian segment revenue for 3 months ended 30 June 2014 has increased by 13% to RM603.4 million compared with RM535.8 million as reported in 2013. The higher revenue reported is due to the increase in revenue of the existing hospitals and newly open hospitals in the group.

Indonesia

The Indonesian segment revenue of RM10.3 million for 3 months ended 30 June 2014 is 3% higher than the revenue reported in 2013 of RM10.0 million. The increase in revenue from this segment is due to the increase in activity in both hospitals in Jakarta.

Aged Care Facility

The Aged Care Facility segment revenue for 3 months ended 30 June 2014 is RM9.3 million, 72% higher than the revenue reported in 2013 of RM5.4 million due to increase in the total commonwealth subsidy from AUD125 to AUD169 per resident day for the Aged Care Facility.

Support Services, Corporate and Others

The revenue from Support Services, Corporate and Others segment of RM153.0 million for 3 months ended 30 June 2014 is 2% higher, compared to revenue from the same period in 2013 of RM149.3 million. Marketing and distribution of pharmaceutical, medical and surgical products and pathology and also from the laboratory services contributed to the revenue growth of this segment, which has increased in line with the increase in revenue of the hospitals within the Group.

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

The profit before taxation for the current quarter of RM50.2 million increased by 10% as compared to the preceding quarter of RM45.5 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

Consistent with our performance reported in Quarter 1 2014, the activities at all KPJ hospitals in Quarter 2 2014 continue to increase in tandem with the continued public awareness about the importance of healthcare. This is supported by exceptionally high bed occupancy at all hospitals including the newly completed hospitals in Klang, Pasir Gudang, Kota Kinabalu, Rawang and Muar.

This positive impact will further support the Group core strategy in increasing and enhancing the capacity and improve service delivery for our patients within the network of KPJ hospitals.

Thus, based on the positive economic prospects, increasing demand by public and the financial achievements for the first half of the year, the Board of Directors is confident that the Group's performance will continue to improve.

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 2014

B4 PROFIT FORECAST / GUARANTEE

The Company is not subject 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>30.06.2014</u>	<u>30.06.2013</u>	<u>30.06.2014</u>	<u>30.06.2013</u>
	RM'000	RM'000	RM'000	RM'000
Taxation	<u>14,207</u>	<u>9,307</u>	<u>26,874</u>	<u>17,557</u>

The effective tax rate of the Group for the period ended 30 June 2014 is higher than the statutory tax rate due to the Group did not recognised the benefits of current year accumulated losses from the newly opened subsidiaries to net off the total tax expenses for the Group.

B6 STATUS OF CORPORATE PROPOSALS

a) Free Warrants (2010/2015)

On 15 January 2010, the Company has granted 131,906,484 units of 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 with an exercise price of RM1.70 per unit (converted into ordinary shares at par value of RM0.50).

Subsequent to the Bonus Issue in December 2013, the exercise price of the warrants is now revised to RM1.13 per unit (converted into ordinary share at par value RM0.50).

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 2014

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

a) Free Warrants (2010/2015) (continued)

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

	Number of shares <u> </u> '000
Issued on 15.01.2010	131,907
Exercised in Financial Year Ended 2010	(32,281)
	<u> </u>
Balance not exercised as at 01.01.2011	99,626
Exercised in Financial Year Ended 2011	(25,077)
	<u> </u>
Balance not exercised as at 01.01.2012	74,549
Exercised in Financial Year Ended 2012	(61,197)
	<u> </u>
Balance not exercised as at 01.01.2013	13,352
Exercised in Financial Year Ended 2013	(8,448)
Additional Warrants issued as a result of Bonus Shares issued on 27.12.2013	2,452
	<u> </u>
Balance not exercised as at 01.01.2014	7,356
Additional Warrants issued as a result of Right Shares issued on 29.01.2014	96
Exercised in Current period	(1,403)
	<u> </u>
Balance not exercised as at 30.06.2014	<u>6,049</u>

Free Warrants (2014/2019)

On 29 January 2014, the Warrants 2014/2019 are issued for free to the subscribers of the renounceable rights issue of 43,637,326 new ordinary shares of RM0.50 each in KPJ Healthcare Berhad Rights Shares on the basis of one (1) Rights Share for every fifteen (15) existing KPJ Shares held by the entitled shareholders of the Company, together with 87,274,652 free detachable new warrants ("Warrant(s) 2014/2019") on the basis of two (2) Warrants 2014/2019 for every one (1) Rights Share subscribed at an issue price of RM2.80 per Rights Share ("Rights Issue").

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 2014

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

a) Free Warrants (2014/2019) (continued)

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

	Number of shares <u>'000</u>
Issued on 29.01.2014 and balance as at 30.06.2014	87,275

b) Proposed Disposal by Puteri Specialist Hospital (Johor) Sdn Bhd ("PSH") of two (2) pieces of land

On 8th August 2012, Puteri Specialist Hospital (Johor) Sdn Bhd ("PSH"), a subsidiary of KPJ Healthcare Bhd ("KPJHB"), 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 23rd April 2014.

c) Proposed Business between Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") and Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust

On 18 November 2013, KPJSB entered into a Deed of Agreement with Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust to lease a 250-bed hospital building known as "Sheikh Fazilatunnessa Mujib Memorial KPJ Specialist Hospital" erected on a piece of land located approximately 50 kilometers from Dhaka, Bangladesh ("the Land") (collectively "Hospital Building"). The Hospital Building was built at a cost of Tk2.15 billion (equivalent to RM87.5 million).

Pursuant to the Agreement, KPJSB or its nominee company, KPJ Healthcare (Bangladesh) Private Limited, a subsidiary of KPJSB in Bangladesh, will be the license operator of the said Hospital. KPJ Healthcare (Bangladesh) Private Limited will be incorporated upon the fulfillment of the Conditions Precedent.

The proposed business commenced operation on 8th April 2014.

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 2014

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

d) Proposed Combination of New Issue of Securities KPJ Healthcare Berhad ("KPJHB")

On 28 November 2013, at the Extraordinary General Meeting, the shareholders of KPJHB have duly approved the combination of new issue detailed out below:

- (i) Proposed renounceable rights issue of up to 43,968,866 new KPJ shares on the basis of one (1) rights share for every fifteen (15) existing KPJ shares held, together with up to 87,937,732 free detachable new warrants 2013/2018 on the basis of two (2) new warrants for every one (1) rights share subscribed.

On 29 January 2014, 43,637,326 Rights Shares and 87,274,652 New Warrants as well as 96,098 additional warrants 2010/2015 consequential to the Rights Issue were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

Rights shares has an issue price of RM2.80, is arrived based on a discount of approximately thirty percent (30%) over the theoretical ex-all price of KPJ shares (after taking into account the Proposed Bonus Issue) based on the five (5)-day VWAP of KPJ shares immediately preceding the price fixing date.

The new shares issued arising from the Bonus Issue, Rights Issue and Free Warrants exercised shall upon issue and allotment, rank pari passu in all respects.

The exercise of the Rights Shares and New Warrants as well as additional warrants 2010/2015 consequential to the Rights Issue were completed on 29 January 2014.

The gross proceeds from the Rights Issue of Shares with Warrants of RM122,185,000 was utilised as follows:

Descriptions	Proposed Utilisation RM'000	Actual utilisation as at 30 June 2014 RM'000	Amount unutilised as at 30 June 2014 RM'000	Expected time frame for utilisation of proceeds (from the date of listing of the Rights Shares)
Business expansion	80,000	49,600	30,400	Within 36 months
Repayment of borrowings	35,000	35,000	-	Within 12 months
Working capital	4,185	4,185	-	Within 12 months
Estimated expenses for the Bonus Issue and Rights Issue	3,000	3,000	-	Within 3 months
Total estimated proceeds	122,185	91,785	30,400	

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 2014

B7 BORROWINGS

Details of the Group's borrowings as at 30 June 2014 are as follows:

	<u>30.06.2014</u>	<u>Audited</u> <u>31.12.2013</u>
	RM'000	RM'000
<u>Current</u>		
Term loans		
- Islamic (secured)	10,775	4,683
- Conventional (secured)	1,399	2,444
Revolving Credit		
- Islamic (unsecured)	302,500	277,027
- Conventional (unsecured)	50,000	55,900
Hire Purchase and lease liabilities		
- Islamic (secured)	11,083	8,516
- Conventional (secured)	681	1,912
Bank overdrafts		
- Conventional (unsecured)	0	8,140
	<u>376,438</u>	<u>358,622</u>
<u>Non current</u>		
Islamic Commercial papers (unsecured)	499,000	499,000
Term loans		
- Islamic (secured)	271,082	85,353
- Conventional (secured)	39,886	51,561
Hire Purchase and lease liabilities		
- Islamic (secured)	50,772	29,573
- Conventional (secured)	611	3,383
	<u>861,351</u>	<u>668,870</u>
Grand total	<u><u>1,237,789</u></u>	<u><u>1,027,492</u></u>

B8 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.

B9 MATERIAL LITIGATIONS

On 13 January 2014, Hospital Penawar Sdn Bhd had filed an Application for leave to appeal to the Federal Court against the Court of Appeal's decision dated 12 December 2013 ("the said Application").

The unsealed copy of the said Application was served on the Company's solicitors on 10 January 2014. The hearing date for the Applicants' application for leave to appeal to the Federal Court against the Court of Appeal's decision dated 12 December 2013 has been fixed by the Federal Court on Tuesday, 19 August 2014. However, the Federal Court has via letter dated 12 August 2014 allowed for the hearing date to be adjourned to 7 October 2014.

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 2014

B10 DIVIDENDS

In respect of the financial year ending 31 December 2014, the Directors declared 1st interim single tier dividend of 1.45 cents per share on 1,022,500,184 ordinary shares amounting to RM14,826,250. The dividend was fully paid on 18 July 2014.

B11 EARNINGS PER SHARE

(a) Basic earnings per share

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

	<u>30.06.2014</u>	<u>6 months ended 30.06.2013</u>
Profit for the financial year attributable to equity holders of the Company (RM'000)	63,964	50,387
Adjusted number of ordinary shares in issue ('000)	1,026,950	917,674*
Basic earnings per share (sen)		
- at par value RM0.50	<u>6.23</u>	<u>5.49</u>

*The bonus issue was without consideration and it is treated as if it had occurred before the beginning of 1 January 2012.

(b) Diluted

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 subscription rights attached to the 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.

	<u>30.06.2014</u>	<u>6 months ended 30.06.2013</u>
Profit for the financial year attributable to equity holders of the Company (RM'000)	63,964	50,387
Number of ordinary shares in issue ('000)	1,026,950	917,674
Adjusted number of ordinary shares in issue and issuable ('000)	116,501	83,992
Number of ordinary shares for diluted earnings per share ('000)	1,143,451	1,001,666
Diluted earnings per share (sen)		
- at par value RM0.50	<u>5.59</u>	<u>5.03</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 2014

B12 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.

	<u>As at</u> <u>30.06.2014</u> RM'000	<u>As at</u> <u>30.06.2013</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	576,329	543,312
- Unrealised gains	(33,600)	(19,113)
	<u>542,729</u>	<u>524,199</u>
Total share of retained profits from associates		
- Realised gains	98,391	30,862
- Unrealised gains	(2,742)	(5,241)
	<u>638,378</u>	<u>549,820</u>
Less: Consolidation adjustments	(42,618)	(19,961)
	<u>595,760</u>	<u>529,859</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 2014

B13 NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME

Pursuant to the amendment to paragraph 9.22 of Bursa Malaysia listing announcement which is effective from 3rd January 2012, the following amounts have been debited or credited in arriving at the Total Comprehensive Income for the period.

	<u>3 months ended</u>		<u>6 months ended</u>	
	<u>30.06.2014</u> RM'000	<u>30.06.2013</u> RM'000	<u>30.06.2014</u> RM'000	<u>30.06.2013</u> RM'000
(a) Finance income	2,521	3,912	5,225	5,475
(b) Other operating income including investment income	8,849	5,973	14,317	11,319
(c) Interest expense	14,000	8,783	22,949	14,480
(d) Depreciation and amortization				
-Depreciation	26,798	23,335	51,932	44,757
-Loss on disposal	347	-	347	-
-Written off	-	-	-	-
-Revaluation deficit/(surplus)	-	-	-	-
(e) Write off of receivable	-	-	-	-
(f) Write off of inventories	-	-	-	-
(g) Foreign exchange (loss) / gain	(2,620)	62	(2,793)	1,064

Save as disclosed above, there is no other information required by Bursa Malaysia which affects the Company.