

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

**INTERIM FINANCIAL REPORTS**

**30 JUNE 2013**

Company No.

247079	M
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## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORTS

FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2013

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the three months ended 30 June 2013.

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 2012 and the accompanying explanatory notes attached to this report.

### UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>6 months ended</u>	
		<u>30.06.2013</u>	<u>30.06.2012</u>	<u>30.06.2013</u>	<u>30.06.2012</u>
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		587,698	529,290	1,132,749	1,054,911
Cost of sales		(402,310)	(370,443)	(779,290)	(739,578)
Gross profit		185,388	158,847	353,459	315,333
Administration expenses		(156,530)	(113,830)	(298,799)	(229,374)
Other income		5,973	4,793	11,319	9,611
Other operating expenses		(692)	(309)	(1,218)	(1,176)
Operating profit		34,139	49,501	64,761	94,394
Finance Income		3,912	1,977	5,475	4,119
Finance cost		(8,783)	(7,131)	(14,480)	(12,588)
Finance costs – net		(4,871)	(5,154)	(9,005)	(8,469)
Associates					
- share of results		8,780	8,979	17,398	16,704
<b>Profit before zakat and tax</b>	B1	38,048	53,326	73,154	102,629
Zakat		(330)	(330)	(660)	(660)
Income tax expense	B5	(9,307)	(13,510)	(17,557)	(24,631)
Profit net of tax		28,411	39,486	54,937	77,338
Other comprehensive income		62	(16)	1,064	59
Total comprehensive income for the period		28,473	39,470	56,001	77,397

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**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

	Note	<u>Individual Quarter</u> <u>3 months ended</u>		<u>Cumulative Quarter</u> <u>6 months ended</u>	
		<u>30.06.2013</u> RM'000	<u>30.06.2012</u> RM'000	<u>30.06.2013</u> RM'000	<u>30.06.2012</u> RM'000
<b>Profit attributable to:</b>					
Equity holders of the Company		25,294	34,798	50,387	68,135
Minority interest		3,117	4,688	4,550	9,203
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net profit attributable to shareholders</b>		<u>28,411</u>	<u>39,486</u>	<u>54,937</u>	<u>77,338</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		25,356	34,782	51,451	68,194
Minority interest		3,117	4,688	4,550	9,203
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net profit attributable to shareholders</b>		<u>28,473</u>	<u>39,470</u>	<u>56,001</u>	<u>77,397</u>
<b>Dividend per share (sen)</b>	A7	<u>2.00</u>	<u>2.50</u>	<u>6.00</u>	<u>7.20</u>
<b>Earnings per share (sen)</b>	B11				
- Basic					
- at par value RM0.50		4.24	5.98	8.53	11.79
- Diluted					
- at par value RM0.50		<u>3.71</u>	<u>5.24</u>	<u>7.47</u>	<u>10.40</u>

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**KPJ HEALTHCARE BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2013**

	<u>Note</u>	<u>30.06.2013</u>	<u>Audited</u> <u>31.12.2012</u>
		RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A9	1,020,825	909,355
Other Assets		15,680	15,680
Investment properties		53,118	53,118
Interest in associates		489,362	479,243
Available-for-sale financial assets		3,074	3,074
Intangible assets		176,614	176,614
Deferred tax assets		18,244	15,601
		<u>1,776,917</u>	<u>1,652,685</u>
<b>Current assets</b>			
Inventories		55,012	57,552
Receivables, deposits and prepayments		362,150	325,027
Tax refund receivable		10,179	11,041
Deposit, cash and bank balances		291,107	201,460
		<u>718,448</u>	<u>595,080</u>
Non-current assets held for sale		2,013	2,013
		<u>720,461</u>	<u>597,093</u>
<b>Total assets</b>		<u><u>2,497,378</u></u>	<u><u>2,249,778</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	A6	326,545	323,091
Reserves		733,525	712,857
		<u>1,060,070</u>	<u>1,035,948</u>
Less: Treasury Shares		(364)	(23)
<b>Total equity attributable to shareholders of the Company</b>		<u>1,059,706</u>	<u>1,035,925</u>
<b>Minority interest</b>		<u>72,078</u>	<u>67,528</u>
<b>Total equity</b>		<u><u>1,131,784</u></u>	<u><u>1,103,453</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	B7	518,061	385,469
Deposits		16,840	15,524
Deferred tax liabilities		55,723	43,857
		<u>590,624</u>	<u>444,850</u>

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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2013**

	<u>30.06.2013</u>	<u>Audited</u>
	RM'000	31.12.2012
		RM'000
<b>Current liabilities</b>		
Payables	351,691	404,139
Borrowings	B7	
- bank overdrafts	1,373	1,046
- others	339,943	205,581
Current tax liabilities	7,793	13,422
Deferred revenue	61,110	61,133
Dividend Payable	13,060	16,154
	<u>774,970</u>	<u>701,475</u>
<b>Total liabilities</b>	<u>1,365,594</u>	<u>1,146,325</u>
<b>Total equity and liabilities</b>	<u>2,497,378</u>	<u>2,249,778</u>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>		
- at par value RM0.50	1.73	1.71

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## 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	Total equity RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Treasury shares RM'000	Merger reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority Interest 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													
- 1st 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		

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**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**AUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012**

Note	Attributable to shareholders of the Company												
	Issued and fully paid ordinary shares of RM0.50 each			Non-distributable								Distributable	Total equity RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Treasury shares RM'000	Merger reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000		Minority Interest RM'000		
At 1 January 2012	584,985	292,492	73,852	(23)	(3,367)	(995)	45,215	485,780	892,954	103,898	996,852		
Total comprehensive income for the period	0	0	0	0	0	30	29	68,135	68,194	9,203	77,397		
Issue of shares: - exercise of share warrants	39,959	19,980	47,951	0	0	0	0	0	67,931	0	67,931		
Dividend in respect of the financial year ended:													
31 December 2011													
- 4th Interim	0	0	0	0	0	0	0	(28,835)	(28,835)	0	(28,835)		
31 December 2012													
- 1st Interim	0	0	0	0	0	0	0	(15,619)	(15,619)	0	(15,619)		
	0	0	0	0	0	0	0	(44,454)	(44,454)	0	(44,454)		
At 30 June 2012	<u>624,944</u>	<u>312,472</u>	<u>121,803</u>	<u>(23)</u>	<u>(3,367)</u>	<u>(965)</u>	<u>45,244</u>	<u>509,461</u>	<u>984,625</u>	<u>113,101</u>	<u>1,097,726</u>		

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**KPJ HEALTHCARE BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013**

	<u>6 months ended</u>	
	<u>30.06.2013</u>	<u>30.06.2012</u>
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Profit for the financial year attributable to equity holders of the Company	50,387	68,135
Adjustments for:		
Zakat	660	660
Taxation	17,557	24,631
Minority interest	4,550	9,203
Associated companies	(17,398)	(16,704)
Finance income	(5,475)	(4,119)
Finance costs	13,681	12,588
Allowance for doubtful debts	2,538	3,584
Property, plant and equipment - depreciation	44,757	36,832
Gain on disposal of shares in an associate	(1,620)	0
Operating profit before changes in working capital	<u>109,637</u>	<u>134,810</u>
Changes in working capital:		
Inventories	2,540	2,145
Receivables	(39,136)	(7,175)
Payables	(38,695)	(21,650)
Related companies	(1,163)	5,053
Cash from operations	<u>33,183</u>	<u>113,183</u>
Long term deposit	1,316	77
Interest paid	(13,681)	(12,588)
Income tax paid	(15,808)	(21,650)
Net cash from operating activities	<u>5,010</u>	<u>79,022</u>



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**KPJ HEALTHCARE BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013 (CONTINUED)**

	<u>6 months ended</u>	
	<u>30.06.2013</u>	<u>30.06.2012</u>
	RM'000	RM'000
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(143,327)	(157,188)
Acquisition of subsidiary company	(17,745)	0
Additional investment in subsidiary company	(9,750)	19,085
Proceeds from disposal of shares in an associate	7,500	0
	<u>(163,322)</u>	<u>(138,103)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of shares		
- exercise of share warrants	11,745	67,931
Interest received	5,475	4,119
Bank borrowings		
- drawdown	278,821	10,553
- repayment	(11,540)	(18,915)
Dividend paid to shareholders	(42,168)	(44,455)
	<u>242,333</u>	<u>19,233</u>
Net cash from financing activities		
	<u>242,333</u>	<u>19,233</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>84,021</b>	<b>(39,848)</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>0</b>	<b>0</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>200,414</b>	<b>252,080</b>
	<u>200,414</u>	<u>252,080</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>284,435</b>	<b>212,232</b>
	<u><u>284,435</u></u>	<u><u>212,232</u></u>
<b>DEPOSITS, CASH AND BANK BALANCES</b>		
Deposits with licensed banks	63,368	24,565
Cash and bank balances	227,739	193,946
Bank overdraft	(1,373)	(980)
	<u>289,734</u>	<u>217,531</u>
less: Deposits pledged with licensed banks	(5,299)	(5,299)
	<u>284,435</u>	<u>212,232</u>
<b>CASH AND CASH EQUIVALENTS</b>	<b>284,435</b>	<b>212,232</b>
	<u><u>284,435</u></u>	<u><u>212,232</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 2013

#### A1 BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in compliance 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 2012.

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 2012 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 July 2012

Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
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#### Financial periods beginning on or after 1 January 2013

Amendments to MFRS 101	Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
MFRS 3	Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
MFRS 10	Consolidation Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 13	Fair Value Measurements
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 127	Consolidated and Separate Financial Statements (IAS27 as revised by IASB in December 2003)
Amendments to IC Int 2	Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standard- Government Loans
Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 116	Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 132	Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
Amendments to MFRS 10	Consolidated Financial Statements: Transaction Guidance
Amendments to MFRS 11	Joint Arrangements: Transition
Amendments to MFRS 12	Disclosure of Interest in Other Entities: Transition Guidance

**KPJ HEALTHCARE BERHAD**  
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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2013**

**A1 BASIS OF PREPARATION (CONTINUED)**

Financial periods beginning on or after 1 January 2014

Amendments to Offsetting Financial Assets and Financial Liabilities  
MFRS 132

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

Financial periods beginning on or after 1 January 2015

Amendments to Financial Instruments  
MFRS 9

The adoption of the above did not have any significant effects on the interim financial report upon their 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 except as stated in note A10.

**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.

Pursuant to the Corporate Exercise announced and completed on 15 January 2010, the movement of share capital as a result of warrants being exercised during the period under review is as follows:

	<u>30.06.2013</u>	<u>30.06.2013</u>
	Number of shares ('000)	RM'000
<u>Ordinary shares of RM0.50 each</u>		
At start of the financial period	646,182	323,091
Issued during the financial period		
- exercise of Free Warrants (1 free warrant for every 4 shares)	6,909	3,454
	<u>653,091</u>	<u>326,545</u>
At end of financial period	<u>653,091</u>	<u>326,545</u>

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## KPJ HEALTHCARE BERHAD

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### A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2013

#### A6 DEBT AND EQUITY SECURITIES (CONTINUED)

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

##### i. Share Buy-back

On 25 June 2012, 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.

On 11 January 2013, the Company bought back from the open market 60,000 unit of KPJ Healthcare Berhad shares, listed on the Main Market of Bursa Malaysia Securities Berhad, at an average buy-back price of RM5.66 per share.

The total consideration paid for share buy-back, including transaction costs, was RM340,722 and was financed by internally generated fund. The shares purchased were retained as treasury shares.

#### A7 DIVIDEND PAID

The Directors declared 1<sup>st</sup> interim single tier dividend of 2.00 cents per share on 653,020,611 ordinary shares amounting to RM13,060,412. The dividend was fully paid on 19 July 2013.

#### 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. 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 healthcare university.

##### 30 June 2013

	HOSPITAL			AGED CARE FACILITY	SUPPORT SERVICES	GROUP
	Malaysia (RM'000)	Indonesia (RM'000)	Thailand (RM'000)	Australia (RM'000)	(RM'000)	(RM'000)
Revenue	1,012,134	17,729	0	17,941	287,315	1,335,119
Intersegment revenue	0	0	0	0	(202,370)	(202,370)
External revenue	<u>1,012,134</u>	<u>17,729</u>	<u>0</u>	<u>17,941</u>	<u>84,945</u>	<u>1,132,749</u>
Profit/(loss) for the period	92,184	(3,658)	1,101	(703)	(15,770)	73,154

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
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**A8 SEGMENT REPORTING (CONTINUED)**

30 June 2012

	HOSPITALS			AGED CARE FACILITY	SUPPORT SERVICES	GROUP
	Malaysia (RM'000)	Indonesia (RM'000)	Thailand (RM'000)	Australia (RM'000)	(RM'000)	(RM'000)
Revenue	965,838	10,342	0	13,179	243,959	1,233,318
Intersegment revenue	0	0	0	0	(178,407)	(178,407)
External revenue	<u>965,838</u>	<u>10,342</u>	<u>0</u>	<u>13,179</u>	<u>65,552</u>	<u>1,054,911</u>
Profit/(loss) for the period	104,345	(4,090)	0	(3,663)	6,037	102,629

**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**

On 26<sup>th</sup> July 2013, the Johor Bahru High Court had allowed the claim by Dr Mohd Adnan bin Sulaiman and Azizan Sulaiman (collectively the "Plaintiffs") against KPJSB ("Defendant") wherein the Plaintiffs had alleged that the Defendant had breached the Joint Venture Agreement Incorporating Shareholders' Agreement dated 30<sup>th</sup> May 1995 whereby the said High Court had awarded the sum of RM70.486 million and costs for the sum of RM150,000 against the Defendant ("Judgement").

An application for a stay of the execution was later filed by the Defendant to which the Johor Bahru High Court had granted a Conditional Interim Stay of Execution wherein all execution proceedings and any proceedings pertaining to the Judgement is stayed and further ordered that the Plaintiffs are to stop any execution proceeding pertaining to the Judgement until the disposal of the stay. Hearing of the stay at the Johor Bahru High Court has been fixed on 20<sup>th</sup> September 2013.

**KPJ HEALTHCARE BERHAD**

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2013****A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD (CONTINUED)**

A notice of appeal against the whole judgement has been filed at the Court of Appeal and case management of the same has been fixed on 26<sup>th</sup> September 2013.

The above judgement sum has not been provided for in this quarterly result. Had the above judgement sum of RM70.486 million being included in this quarterly result, the pro-forma results for current period will be loss before tax of RM32.4 million and profit before tax for cumulative quarter will be reduced to RM2.7 million. Therefore the Pro-forma Basic Earnings per share will be recorded at loss per share of 7.69 cents for current quarter and 3.40 cents loss for cumulative quarter at par value of RM0.50. The Pro-forma Diluted Earnings per share will be at loss per share of 6.74 cents for current quarter and 2.98 cents loss for cumulative quarter at par value of RM0.50.

**A11 CHANGES IN THE COMPOSITION OF THE GROUP**

- 1) On 12<sup>th</sup> September 2012, Ipoh Specialist Hospital Sdn Bhd ("ISH"), a subsidiary of KPJ Healthcare Bhd ("KPJHB"), proposed to acquire 100% equity interest in Sri Manjung Specialist Centre Sdn Bhd ("SMSC") equivalent to the total of 900,000 ordinary share of RM1.00 each for a total cash consideration of RM14,250,000.

The acquisition was completed on 23<sup>rd</sup> May 2013.

- 2) On 17<sup>th</sup> April 2013, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), a subsidiary of KPJ Healthcare Bhd ("KPJHB"), has entered into a Sale and Purchase Agreement ("SPA") with the shareholders of Rawang Specialist Hospital Sdn Bhd ("RSHSB") for the acquisition of one hundred percent (100%) equity interest in RSHSB comprising of 30,000,000 ordinary shares of RM1.00 each for a total cash consideration of RM50,630,164.00. Upon the completion of the Proposed Acquisition, RSHSB will be a wholly-owned subsidiary of KPJSB.

The acquisition was completed on 18<sup>th</sup> July 2013.

**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 2012 except as stated in note A10 and B9.

**A13 CAPITAL COMMITMENT**

Capital expenditures not provided for in the interim financial report as at 30 June 2013 are as follows:

	RM'000
Approved and contracted	176,370
Approved but not contracted	142,653
	<hr/>
	319,023
	<hr/> <hr/>
Analysed as follows:	
Leasehold land	17,531
Building	144,506
Medical equipment	90,660
Other property, plant and equipment	43,374
Renovation	22,952
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	319,023
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## KPJ HEALTHCARE BERHAD

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### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2013

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

The profit before taxation for the current quarter of RM38.0 million is decreased from corresponding quarter in 2012 of RM53.3 million, due to the losses contributed by the newly open hospitals in the group.

#### 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 RM1,132.7 million for 6 months ended 30 June 2013 with an increase of 7% from RM1,054.9 million as reported for 2012. 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 2013 has increased by 5% to RM1,012.1 million compared with RM965.8 million as reported in 2012. 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 RM17.7 million for 6 months ended 30 June 2013 is 72% higher than the revenue reported in 2012 of RM10.3 million. The increase in revenue from this segment is due to the revenue contributed by PT Khidmat Perawatan Jasa Medika in current quarter.

##### Aged Care Facility

The Aged Care Facility segment revenue for 6 months ended 30 June 2013 is RM17.9 million, 36% higher than the revenue reported in 2012 of RM13.2 million due to increase in resale of Retirement Village unit in 2013 as compared to 2012.

##### Support Services

The revenue from Support Services segment of RM287.3 million for 6 months ended 30 June 2013 is 18% higher, compared to revenue from the same period in 2012 of RM244.0 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 RM587.7 million for 3 months ended 30 June 2013 with an increase of 11% from RM529.3 million as reported for 2012. 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.

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#### 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 2013 has increased by 8% to RM520.5 million compared with RM481.9 million as reported in 2012. 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 RM10.8 million for 3 months ended 30 June 2013 is 104% higher than the revenue reported in 2012 of RM5.3 million. The increase in revenue from this segment is due to the revenue contributed by PT Khidmat Perawatan Jasa Medika in current quarter.

##### Aged Care Facility

The Aged Care Facility segment revenue for 3 months ended 30 June 2013 is RM10.2 million, 52% higher than the revenue reported in 2012 of RM6.7 million.

##### Support Services

The revenue from Support Services segment of RM151.4 million for 3 months ended 30 June 2013 is 17% higher, compared to revenue from the same period in 2012 of RM129.3 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 RM38.0 million increased by 8.3% as compared to the preceding quarter of RM35.1 million. The increase in the net profit before tax is in line with the increase in revenue and contribution from the hospitals.

#### B3 CURRENT YEAR PROSPECTS

The healthcare industry is expected to enjoy continued growth in this current year. The drivers are mainly from population growth, rapid ageing, the rising of middle income and health tourism.

The Group will continue to strengthen its presence in Malaysia and Asia by continually building its capacity through the expansion of existing hospitals as well as building new hospitals. In April 2013, KPJ Pasir Gudang Specialist Hospital started its operations. The remaining hospitals that are under construction are KPJ Sabah Specialist Hospital, Maharani Specialist Hospital and KPJ Rawang Specialist Hospital.

The expansion of existing hospitals will have a positive impact to the Group results for 2013, however this will be moderated by the new greenfield hospitals where each of this hospital will have an average gestation period between three to five years.



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### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2013

#### 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>30.06.2013</u>	<u>30.06.2012</u>	<u>30.06.2013</u>	<u>30.06.2012</u>
	RM'000	RM'000	RM'000	RM'000
Taxation	<u>9,307</u>	<u>13,510</u>	<u>17,557</u>	<u>24,631</u>

The effective tax rate of the Group for the period ended 30 June 2013 is lower than the statutory tax rate due to recognition of previously unrecognised tax losses of subsidiaries.

#### B6 STATUS OF CORPORATE PROPOSALS

##### a) Free Warrants

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 units (converted into ordinary shares at par value of RM0.50).

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

	<u>Number of shares</u> <u>'000</u>
Issued on 15.01.2010	131,907
Exercised in Financial Year Ended 2010	(32,281)
Balance not exercised as at 01.01.2011	<u>99,626</u>
Exercised in Financial Year Ended 2011	(25,077)
Balance not exercised as at 01.01.2012	<u>74,549</u>
Exercised in Financial Year Ended 2012	(61,197)
Balance not exercised as at 01.01.2013	<u>13,352</u>
Exercised in Current Quarter	(6,909)
Balance not exercised as at 30.06.2013	<u>6,443</u>

**KPJ HEALTHCARE BERHAD**

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2013**

**B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)**

b) Proposed Acquisition by Pahang Specialist Hospital Sdn Bhd ("PSHSB") of a leasehold land

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

The proposed acquisition was completed on 3<sup>rd</sup> May 2013.

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

On 8<sup>th</sup> 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 is expected to be completed in the third (3<sup>rd</sup>) quarter of 2013.

d) Proposed Acquisition by Ipoh Specialist Hospital Sdn Bhd ("ISH") of 100% equity interest in Sri Manjung Specialist Centre ("SMSC")

On 12<sup>th</sup> September 2012, Ipoh Specialist Hospital Sdn Bhd ("ISH"), a subsidiary of KPJ Healthcare Bhd ("KPJHB"), proposed to acquire 100% equity interest in Sri Manjung Specialist Centre Sdn Bhd ("SMSC") equivalent to the total of 900,000 ordinary share of RM1.00 each for a total cash consideration of RM14,250,000.

The proposed acquisition was completed on 23<sup>rd</sup> May 2013.

e) Proposed Acquisition by Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") of 100% equity interest in Rawang Specialist Hospital Sdn Bhd ("RSHSB")

On 17<sup>th</sup> April 2013, KPJSB, a subsidiary of KPJ Healthcare Bhd ("KPJHB"), has entered into a Sale and Purchase Agreement ("SPA") with the shareholders of RSHSB for the acquisition of one hundred percent (100%) equity interest in RSHSB comprising of 30,000,000 ordinary shares of RM1.00 each for a total cash consideration of RM50,630,164.00. Upon the completion of the Proposed Acquisition, RSHSB will be a wholly-owned subsidiary of KPJSB.

The proposed acquisition was completed on 18<sup>th</sup> July 2013.

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## KPJ HEALTHCARE BERHAD

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### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2013

#### B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

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

On 29<sup>th</sup> July 2013, Board of Directors of KPJHB wishes to announce that the Company proposes to undertake the following:-

- i. Proposed bonus issue of up to 329,766,497 new ordinary shares of RM0.50 each in KPJ on the basis of one (1) Bonus Share for every two (2) existing KPJ Shares held on an entitlement date to be determined later;
- ii. Proposed renounceable rights issue of up to 43,968,866 KPJ Shares on the basis of one (1) Rights Share for every fifteen (15) existing KPJ Shares held on the Entitlement Date 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;
- iii. Proposed exemption under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-Overs and Mergers 2010 to Johor Corporation and the parties acting in concert with it from the obligation to extend a mandatory take-over offer for the remaining KPJ Shares, Warrants 2010/2015 and New Warrants not already held by them pursuant to the Proposed Rights Issue;
- iv. Proposed increase in the authorised share capital of KPJ from RM500,000,000 comprising 1,000,000,000 KPJ Shares to RM750,000,000 comprising 1,500,000,000 KPJ Shares; and
- v. Proposed amendments to the Memorandum and Articles of Association of KPJ

The proposed combination of New Issue of Securities is expected to be completed in the fourth (4<sup>th</sup>) quarter of 2013.

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**KPJ HEALTHCARE BERHAD**  
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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2013**

**B7 BORROWINGS**

Details of the Group's borrowings as at 30 June 2013 are as follows:

	<u>30.06.2013</u>	<u>Audited</u>
	RM'000	31.12.2012
		RM'000
<u>Current</u>		
Term loans		
- Islamic (secured)	1,337	10,489
- Conventional (secured)	6,179	13,718
Revolving Credit		
- Islamic (unsecured)	256,000	105,900
- Conventional (unsecured)	70,000	70,000
Hire Purchase and lease liabilities		
- Islamic (secured)	4,790	883
- Conventional (secured)	1,637	4,591
Bank overdrafts		
- Conventional (unsecured)	1,373	1,046
	<u>341,316</u>	<u>206,627</u>
<u>Non current</u>		
Islamic Commercial papers (secured)	399,000	349,000
Term loans		
- Islamic (secured)	88,218	23,893
- Conventional (secured)	8,391	4,755
Hire Purchase and lease liabilities		
- Islamic (secured)	21,309	1,995
- Conventional (secured)	1,143	5,826
	<u>518,061</u>	<u>385,469</u>
Grand total	<u>859,377</u>	<u>592,096</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 26<sup>th</sup> July 2013, the Johor Bahru High Court had allowed the claim by Dr Mohd Adnan bin Sulaiman and Azizan Sulaiman (collectively the "Plaintiffs") against KPJSB ("Defendant") wherein the Plaintiffs had alleged that the Defendant had breached the Joint Venture Agreement Incorporating Shareholders' Agreement dated 30<sup>th</sup> May 1995 whereby the said High Court had awarded the sum of RM70.486 million and costs for the sum of RM150,000 against the Defendant ("Judgement").

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### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2013

#### B9 MATERIAL LITIGATIONS (CONTINUED)

An application for a stay of the execution was later filed by the Defendant to which the Johor Bahru High Court had granted a Conditional Interim Stay of Execution wherein all execution proceedings and any proceedings pertaining to the Judgement is stayed and further ordered that the Plaintiffs are to stop any execution proceeding pertaining to the Judgement until the disposal of the stay. Hearing of the stay at the Johor Bahru High Court has been fixed on 20<sup>th</sup> September 2013.

A notice of appeal against the whole judgement has been filed at the Court of Appeal and case management of the same has been fixed on 26<sup>th</sup> September 2013.

The above judgement sum has not been provided for in this quarterly result. Had the above judgement sum of RM70.486 million being included in this quarterly result, the pro-forma results for current period will be loss before tax of RM32.4 million and profit before tax for cumulative quarter will be reduced to RM2.7 million. Therefore the Pro-forma Basic Earnings per share will be recorded at loss per share of 7.69 cents for current quarter and 3.40 cents loss for cumulative quarter at par value of RM0.50. The Pro-forma Diluted Earnings per share will be at loss per share of 6.74 cents for current quarter and 2.98 cents loss for cumulative quarter at par value of RM0.50.

#### B10 DIVIDEND

In respect of the financial year ending 31 December 2013, the Directors declared 1<sup>st</sup> interim single tier dividend of 2.0 cents per share on 653,020,611 ordinary shares amounting to RM13,060,412. The dividend was fully paid on 19 July 2013.

#### B11 EARNINGS PER SHARE

##### (a) Basic earnings per share

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

	<u>6 months ended</u>	
	<u>30.06.2013</u>	<u>30.06.2012</u>
Profit for the financial year attributable to Equity Holders of the Company (RM'000)	50,387	68,135
Weighted average number of ordinary shares in issue ('000)	590,394	578,085
Basic earnings per share (sen)		
- at par value RM0.50	<u>8.53</u>	<u>11.79</u>

## KPJ HEALTHCARE BERHAD

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2013**

**B11 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 warrants granted to shareholders.

For the warrants granted to shareholders, a calculation is carried out to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding warrants. The difference is added to the denominator as an issue of ordinary shares for no consideration. This calculation serves to determine the 'bonus' element in the ordinary shares outstanding for the purpose of computing the dilution. No adjustment is made to the net profit attributable to the shareholders for the free warrants calculation.

	<u>6 months ended</u>	
	<u>30.06.2013</u>	<u>30.06.2012</u>
Profit for the financial year attributable to Equity Holders of the Company (RM'000)	50,387	68,135
Weighted average number of ordinary shares in issue ('000)	590,394	578,085
Adjusted weighted average number of issued and issuable ordinary shares ('000)	83,992	76,996
Basic earnings per share (sen)		
- at par value RM0.50	<u>7.47</u>	<u>10.40</u>

**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>30.06.2013</u> RM'000	<u>As at</u> <u>30.06.2012</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	543,312	537,205
- Unrealised gains	(19,113)	(18,141)
	<u>524,199</u>	<u>519,064</u>
Total share of retained profits from associates		
- Realised gains	30,862	22,326
- Unrealised gains	(5,241)	(2,822)
	<u>549,820</u>	<u>538,568</u>
Less: Consolidation adjustments	(19,961)	(29,107)
Total group retained profits as per consolidated financial statements	<u>529,859</u>	<u>509,461</u>

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**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 3<sup>rd</sup> 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>30.06.2013</u> RM'000	<u>30.06.2012</u> RM'000	<u>30.06.2013</u> RM'000	<u>30.06.2012</u> RM'000
(a) Finance income	3,912	1,977	5,475	4,119
(b) Other operating income				
including investment income	5,973	4,793	11,319	9,611
(c) Interest expense	8,783	7,131	14,480	12,588
(d) Depreciation and amortization				
-Depreciation	23,335	18,556	44,757	36,832
-Loss on disposal	-	(618)	-	(618)
-Written off	-	-	-	-
-Revaluation deficit/(surplus)	-	-	-	-
(e) Write off of receivable	-	-	-	-
(f) Write off of inventories	-	-	-	-
(g) Foreign exchange (loss) / gain	62	(16)	1,064	59

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