

Company No.

247079	M
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**KPJ HEALTHCARE BERHAD**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORTS**

**31 DECEMBER 2008**

Company No.

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**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORTS**

FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2008

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the period ended 31 December 2008.

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 2007 and the accompanying explanatory notes attached to this report.

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

FOR THE QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2008

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended		12 months ended	
		31.12.2008	31.12.2007	31.12.2008	31.12.2007
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		325,377	304,592	1,270,181	1,108,024
Cost of sales		(234,365)	(218,895)	(898,657)	(780,635)
Gross profit		91,012	85,697	371,524	327,389
Other operating income		2,626	3,320	17,531	13,489
Administrative and other operating expenses		(71,059)	(65,639)	(275,851)	(247,778)
Profit from operations		22,579	23,378	113,204	93,100
Finance cost		(5,884)	(4,511)	(18,314)	(20,206)
Share of results of associated companies		6,979	2,212	19,161	12,361
<b>Profit from ordinary activities before tax</b>	B2	23,674	21,079	114,051	85,255
Income tax expense	B5	(6,019)	8,983	(28,550)	(7,464)
Profit for the period		17,655	30,062	85,501	77,791
<b>Attributable to:</b>					
Equity holders of the Company		15,259	29,850	78,448	74,237
Minority interest		2,396	212	7,053	3,554
<b>Net profit attributable to shareholders</b>		17,655	30,062	85,501	77,791
<b>Dividend per share (sen)</b>	A8	7	20	7	20
<b>Earnings per share (sen)</b>	B13				
- Basic		7.38	14.48	37.93	36.02
- Diluted		7.27	14.29	37.38	35.55

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**KPJ HEALTHCARE BERHAD**  
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**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**  
**AS AT 31 DECEMBER 2008**

	<u>Note</u>	<u>31.12.2008</u>	<u>Audited</u> <u>31.12.2007</u>
		RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A10	296,246	463,608
Prepaid leases		9,436	7,698
Investment properties		18,961	17,438
Associated companies		223,550	166,935
Investments		3,980	3,980
Intangible assets		110,082	100,466
Deferred tax assets		13,952	11,467
		<u>676,207</u>	<u>771,592</u>
<b>Current assets</b>			
Inventories		25,101	27,119
Trade and other receivables		193,580	153,352
Tax recoverable		16,172	29,283
Deposit, cash and bank balances		91,612	100,063
		<u>326,465</u>	<u>309,817</u>
Non-current assets held for sale		260,223	123,249
		<u>586,688</u>	<u>433,066</u>
<b>Total assets</b>		<u><u>1,262,895</u></u>	<u><u>1,204,658</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	A7	209,461	207,745
Reserves		359,870	301,083
		<u>569,331</u>	<u>508,828</u>
<b>Total equity attributable to shareholders of the Company</b>		<u>569,331</u>	<u>508,828</u>
<b>Minority interest</b>		48,254	45,742
<b>Total equity</b>		<u>617,585</u>	<u>554,570</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowing	B9	336,012	307,377
Long term deposits		11,359	10,459
Deferred tax liabilities		12,011	14,341
		<u>359,382</u>	<u>332,177</u>

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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS  
AS AT 31 DECEMBER 2008

	<u>31.12.2008</u>	<u>Audited</u> <u>31.12.2007</u>
<b>Current liabilities</b>		
Payables	248,324	210,065
Borrowings	B9	
- bank overdrafts	2,088	6,361
- others	27,673	80,192
Current tax liabilities	2,766	1,957
Dividend payable	0	15,198
Deferred revenue	5,077	4,138
	<u>285,928</u>	<u>317,911</u>
<b>Total liabilities</b>	<u>645,310</u>	<u>650,088</u>
<b>Total equity and liabilities</b>	<u>1,262,895</u>	<u>1,204,658</u>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	<u>2.72</u>	<u>2.45</u>

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## KPJ HEALTHCARE BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2008

Note	Attributable to shareholders of the Company									
	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable				Distributable	Total	Minority Interest	Total equity
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Merger reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000			
At 1 January 2007	203,999	203,999	32,065	(3,367)	(223)	38,868	171,248	442,590	44,692	487,282
Acquisition of minority interest	0	0	0	0	0	0	0	0	(2,859)	(2,859)
Translation of foreign subsidiaries	0	0	0	0	(409)	0	0	(409)	0	(409)
Reversal of deferred tax on revaluation reserve	0	0	0	0	0	17,127	0	17,127	355	17,482
Realisation of revaluation reserves	0	0	0	0	0	(2,921)	2,921	0	0	0
Income and expenses recognised directly in equity	0	0	0	0	(409)	14,206	2,921	16,718	(2,504)	14,214
Profit for the financial year	0	0	0	0	0	0	74,237	74,237	3,554	77,791
Total recognised income and expenses for the financial year	0	0	0	0	(409)	14,206	77,158	90,955	1,050	92,005
Dividends in respect of the financial year ended 31 December 2007:										
- Dividend-in-specie	0	0	0	0	0	0	(14,534)	(14,534)	0	(14,534)
- Interim	0	0	0	0	0	0	(15,165)	(15,165)	0	(15,165)
Issue of shares:										
- exercise of share options	3,746	3,746	1,236	0	0	0	0	4,982	0	4,982
At 31 December 2007	207,745	207,745	33,301	(3,367)	(632)	53,074	218,707	508,828	45,742	554,570

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2008

Note	Attributable to shareholders of the Company										
	Issued and fully paid ordinary shares of RM1.00 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 2008	207,745	207,745	33,301	0	(3,367)	(632)	53,074	218,707	508,828	45,742	554,570
Net profit for the period	0	0	0	0	0	0	0	78,448	78,448	7,053	85,501
Issues of shares:											
- exercise of share options	1,716	1,716	566	0	0	0	0	0	2,282	0	2,282
Shares bought back	0	0	0	(1,886)	0	0	0	0	(1,886)	0	(1,886)
Realisation of revaluation reserve	0	0	0	0	0	0	(13,532)	6,092	(7,440)	(2,296)	(9,736)
Acquisition of MI	0	0	0	0	0	0	0	0	0	(1,894)	(1,894)
Disposal of shares in subsidiaries to MI	0	0	0	0	0	0	0	0	0	(169)	(169)
Translation of foreign subsidiaries	0	0	0	0	0	(133)	0	0	(133)	(182)	(315)
Dividend in respect of Financial year ending:											
- 31 December 2008 (Interim)	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)	39,542	292,479	569,331	48,254	617,585

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KPJ HEALTHCARE BERHAD  
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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2008

	12 months ended	
	31.12.2008	31.12.2007
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Net profit attributable to shareholders	78,448	74,237
Adjustments for:		
Taxation	28,550	7,464
Minority interest	7,053	3,554
Associated company		
- share of profit	(19,161)	(12,361)
Property, plant and equipment		
- depreciation	40,114	42,212
- gain on disposals	(822)	(86)
- write offs	67	671
Bad debts written off	740	319
Amortisation of prepaid leases	159	328
(Gain)/ loss on fair value		
of investment property	(130)	647
Gain on disposal of a subsidiary	0	(461)
Negative goodwill on acquisition of		
additional interest in a subsidiary	(786)	(2,016)
Allowance for impairment in an associate	6,460	0
Impairment in value of property, plant		
and equipment	1,100	0
Interest income	(1,766)	(2,809)
Interest expense	18,314	20,206
Allowance for doubtful debts	3,338	3,905
Operating profit before changes in working capital	161,678	135,810
Changes in working capital:		
Inventories	1,370	(4,841)
Receivables	(46,442)	(28,547)
Payables	17,945	35,912
Related companies	4,488	1,704
Cash generated from operations	139,039	140,038
Long term deposits	900	0
Interest paid	(18,314)	(21,889)
Income tax paid	(9,475)	(25,147)
Net cash from operating activities	112,150	93,002

KPJ HEALTHCARE BERHAD  
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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2008 (CONTINUED)

	12 months ended	
	<u>31.12.2008</u>	<u>31.12.2007</u>
	RM'000	RM'000
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(122,958)	(101,912)
Proceeds from disposal of property, plant and equipment	40,066	502
Additional investment in subsidiary companies	(22,941)	(5,795)
Additional investment in associate company	(3,341)	0
Proceeds from disposal of share in a subsidiary	130	1,143
Proceeds from disposal of shares in associated company	29,100	0
Deposits received from pledged with banks	0	55,773
Dividends received	8,792	10,447
	<u>(71,152)</u>	<u>(39,842)</u>
<b>FINANCING ACTIVITIES</b>		
Interest received	1,766	2,809
Issue of shares		
- exercise of share options	2,282	4,982
Bank borrowings		
- drawdown	18,341	42,000
- repayment	(42,226)	(25,026)
Dividends paid	(25,966)	(20,552)
	<u>(45,803)</u>	<u>4,213</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(4,805)</b>	<b>57,373</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>90,905</b>	<b>33,532</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>86,100</b>	<b>90,905</b>
<b>DEPOSITS, CASH AND BANK BALANCES</b>		
Deposits with licensed banks	23,655	15,981
Deposits with financed companies	1,016	1,016
Cash and bank balances	66,941	83,066
Bank overdraft	(2,088)	(6,361)
	<u>89,524</u>	<u>93,702</u>
less: Deposits pledged with licensed banks	(3,424)	(2,797)
<b>CASH AND CASH EQUIVALENTS</b>	<b>86,100</b>	<b>90,905</b>



## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2008

#### 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 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 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 2007 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 FRSSs.

The financial information relating to the financial year ended 31 December 2007 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 2007.

In the prior year, the MASB issued FRS 112 (Income Taxes) which is effective for annual periods beginnings 1 January 2008. The Group and Company have adopted both FRSs during financial year ended 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**  
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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2008**

**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>31.12.2008</u> RM'000
At start of the financial period	207,745
Issued during the financial period	
- exercise of Employees Share Options Scheme (ESOS)	1,716
At end of financial period	<u>209,461</u>

**b) Share Buy-back**

On 28 May 2008, at the Annual General Meeting, the shareholders of the Company renewed their approval for the Company to buy-back its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company.

During the financial period, the Company bought back from the open market 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. The shares purchased were retained as treasury shares.

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2008**

**A8 DIVIDENDS PAID**

RM'000

The dividends paid by the Company since 31 December 2007 was as follows:

In respect of the financial year ended 31 December 2007:

Interim gross dividend of 10 sen per share on 207,744,615 ordinary shares, less 27% tax, paid on 31 January 2008	15,165
	<u>          </u>

In respect of the financial year ending 31 December 2008:

Interim gross dividend of 7 sen per share on 207,867,315 ordinary shares, less 26% tax, paid on 26 September 2008	10,768
	<u>          </u>

**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 2007.

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

There are no material events subsequent to the financial period ended 31 December 2008 that has not been reflected in the interim financial reports except as stated in note B8.

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2008

#### A12 CHANGES IN THE COMPOSITION OF THE GROUP

On 7<sup>th</sup> December 2007, Kumpulan Perubatan Johor Sdn Bhd ("KPJSB"), a wholly owned subsidiary of KPJ Healthcare Berhad, proposed an acquisition of 100% of the equity interest in Taiping Medical Centre Sdn Bhd comprising 231,619 ordinary shares of RM1.00 each for an aggregate cash consideration of RM18,000,000. The acquisition was approved by the Foreign Investment Committee vide its letter dated 28 December 2007. The acquisition was completed on 22 January 2008. The fair value of net assets in Taiping Medical Centre Sdn Bhd at the date of acquisition was RM10,824,609 and the goodwill arising on this acquisition amounted to RM7,175,391.

On 5 February 2008, PharmaCARE Sdn Bhd, a subsidiary of Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), proposed to dispose of 95.83% of the equity interest in Sejahtera Farma Sdn Bhd comprising 172,500 ordinary shares of RM1.00 each for a cash consideration of RM130,000. The proposed disposal was approved by Foreign Investment Committee ("FIC") vide its letter dated 12 November 2008.

On 16 July 2008, Sentosa Medical Centre Sdn Bhd, a subsidiary of Kumpulan Perubatan (Johor) Sdn Bhd, acquired 50% of the equity interest in Renal-link Sentosa Sdn Bhd comprising 25,000 ordinary shares of RM1.00 each for an aggregate cash consideration of RM63,250. The fair value of net assets in Renal-Link Sentosa Sdn Bhd at the date of acquisition was RM271,156 and the negative goodwill arising on this acquisition amounted to RM207,906.

On 1 August 2008, Kumpulan Perubatan (Johor) Sdn Bhd, a subsidiary, entered into a sale and purchase agreement with Selangor Specialist Hospital Sdn Bhd (formerly known as Selangor Medical Centre Sdn Bhd), subsidiary of KPJSB, for the acquisition of 100% equity interest in SMC Land & Properties Sdn Bhd for a cash consideration of RM2 and the goodwill arising on this acquisition amounted to RM6,251. There was no change in the Group's interest in its subsidiary company following the acquisition.

On 8 October 2008, KPJSB, a wholly-owned subsidiary of KPJ Healthcare Berhad, proposed an acquisition of 100% of the equity interest in Pusat Pakar Kluang Utama Sdn Bhd comprising 2,000,000 ordinary shares of RM1.00 each for an aggregate cash consideration of RM12,000,000 ("Proposed Acquisition"). The acquisition was approved by the FIC vide its letter dated 2 December 2008. The acquisition was completed on 31 December 2008. The fair value of net assets in Pusat Pakar Kluang Utama Sdn Bhd at the date of acquisition was RM9,381,941 and the goodwill arising on this acquisition amounted to RM2,618,059.

On 10 December 2008, Kumpulan Perubatan (Johor) Sdn Bhd, a subsidiary company, acquired 150,000 ordinary shares of RM1.00 each in Lablink (Malaysia) Sdn Bhd for a cash consideration of RM1,500,000. The fair value of net assets for the 24% equity interest in Lablink (Malaysia) Sdn Bhd at the date of acquisition was RM2,305,902 and the negative goodwill arising on this acquisition amounted to RM805,902.

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A NOTES TO THE INTERIM FINANCIAL REPORT  
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A12 CHANGES IN THE COMPOSITION OF THE GROUP (CONT.)

The net assets acquired from these acquisitions is as follows:

	<u>Acquiree's carrying amount</u>	<u>Fair value</u>
	RM'000	RM'000
Property, plant and equipment	9,967	16,504
Inventories	793	793
Receivables, deposits and prepayments	2,578	2,578
Deposits, bank and cash balances	8,622	8,622
Payables	(2,498)	(2,498)
Bank borrowings	(1,519)	(1,519)
Deferred taxation	(1,807)	(1,807)
Tax recoverable	395	395
	<hr/>	<hr/>
Net assets		23,068
Less: Minority interest		0
		<hr/>
Fair value of net assets acquired		23,068
Goodwill on acquisition		9,281
Negative goodwill on acquisition		(786)
		<hr/>
Purchase consideration settled in cash		31,563
Less: Cash and cash equivalents of subsidiaries acquired		(8,622)
		<hr/>
Cash outflow of the Group on acquisition		<u>22,941</u>

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A NOTES TO THE INTERIM FINANCIAL REPORT  
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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 2007.

A14 CAPITAL COMMITMENTS

Capital expenditures not provided for in the interim financial report as at 31 December 2008 are as follows:

	RM'000
Approved and contracted	74,199
Approved but not contracted	45,220
	<u>119,419</u>
Analysed as follows:	
Building	41,192
Medical equipment	58,802
Other property, plant and equipment	19,425
	<u>119,419</u>

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2008**

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

The profit before taxation for the current quarter has increased by 12.3% to RM23.7million from RM21.1 million in the corresponding quarter 2007 mainly due to higher activities of the hospitals.

**B2 MATERIAL CHANGE IN QUARTERLY RESULTS**

The profit before taxation for the current quarter of RM23.7 million has decreased by 21.3% as compared to preceding quarter of RM30.1 million due to additional provision made on impairment in an associate.

**B3 CURRENT YEAR PROSPECTS**

Although there is a slow down in the economy, the hospitals are able to record higher activities. The Company is optimistic that the performance of 2008 can be sustained.

**B4 PROFIT FORECAST / GUARANTEE**

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

**B5 TAXATION**

	<u>3 months ended</u>		<u>12 months ended</u>	
	<u>31.12.2008</u>	<u>31.12.2007</u>	<u>31.12.2008</u>	<u>31.12.2007</u>
	RM'000	RM'000	RM'000	RM'000
Taxation	<u>6,019</u>	<u>(8,983)</u>	<u>28,550</u>	<u>7,464</u>

The effective tax rate of the Group for the period ended 31 December 2008 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 B8.

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

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2008**

**B7 QUOTED SECURITIES**

Investment in Al-'Aqar KPJ REIT

	RM'000
Cost:	
Quoted shares in Malaysia	
At start of period	148,852
Additions	58,526
	<hr/>
	207,378
Less: Provision for Impairment	(6,460)
	<hr/>
At the end of period	<u>200,918</u>
	<hr/>
Market value for quoted shares at RM0.94 as at 31 December 2008	<u>198,591</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 acquisition by Puteri Nursing College Sdn Bhd ("PNC")

On 4 June 2008, PNC, a wholly-owned subsidiary of KPJSB, which in turn is a wholly-owned subsidiary of KPJ Healthcare Berhad, has entered into a conditional Sale and Purchase Agreement ("SPA") with I&P Permodalan Harta Sdn Bhd ("IPPH") to acquire four (4) parcels of land for a total purchase consideration of RM26,000,000 of which two(2) parcels of land with current administrative and academic block and hostel buildings will be disposed off to Al'Aqar KPJ Real Estate Investment Trust ("Al-'Aqar KPJ REIT") for a price consideration of RM16,500,000. The proposal is yet to be completed.

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

On 4 September 2008, KPJ proposes to dispose its entire interest in Seremban Specialist Hospital Building, Taiping Medical Centre Building, Kota Kinabalu Specialist Hospital Building, Bukit Mertajam Specialist Hospital Building, KPJ Penang Specialist Hospital Building, Tawakal Hospital Existing Building, KPJ Tawakal Specialist Hospital Building and PNC International College Of Nursing And Health Sciences Building to Al-'Aqar KPJ Real Estate Investment Trust ("Al-'Aqar KPJ REIT") for a proposed total sale consideration of RM296.4 million to be satisfied partly by cash consideration of RM179.526 million and partly by issuance of 123.025 million new units in Al-'Aqar at an issue price of RM0.95 per unit to be credited as fully paid-up. The Proposed Disposal has been approved by Securities Commission vide a letter dated 18 December 2008. The EGM to approve was held on 25 February 2009.

c) Proposed Joint Venture between Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB and Sterilgamma (M) Sdn Bhd ("SMSB")

On 12 November 2008, KPJSB entered into a Joint Venture Agreement incorporating Shareholders' Agreement ("JVA") with SMSB to offer sterilisation services to hospitals under the KPJ Group ("KPJ Hospitals"), hospitals owned by the Ministry of Health, Malaysia and hospitals outside of the KPJ Group and any other related businesses.



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**d) Employee Share Option Scheme ("ESOS")**

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

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

	Number of shares <u>'000</u>
At the start of period	5,266
Exercised	(1,716)
At the end of period	<u>3,550</u>

**ii) Utilisation of proceeds raised from corporate proposals**

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

**B9 BORROWINGS**

Details of the Group's borrowings as at 31 December 2008 are as follows:

	<u>31.12.2008</u> RM'000	Audited <u>31.12.2007</u> RM'000
<u>Current</u>		
Term loans (secured)	14,299	31,662
Revolving credit (unsecured)	-	16,500
Islamic facilities (secured)	1,204	19,129
Hire purchase and lease liabilities (secured)	12,170	12,901
Bank overdrafts (unsecured)	2,088	6,361
Sub total	<u>29,761</u>	<u>86,553</u>
<u>Non current</u>		
Term loans (secured)	100,182	72,533
Commercial papers (unsecured)	214,000	206,000
Islamic facilities (secured)	3,300	4,504
Hire purchase and lease liabilities (secured)	18,530	24,340
Sub total	<u>336,012</u>	<u>307,377</u>
Grand total	<u>365,773</u>	<u>393,930</u>

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2008**

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

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

**B11 MATERIAL LITIGATIONS**

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

**B12 DIVIDENDS**

In respect of the financial year ended 31 December 2007, the Directors had declared on 11 December 2007, an interim gross dividend of 10 sen per share on 207,744,615 ordinary shares, less 27% tax, amounting to RM15,165,357 paid on 31 January 2008.

In respect of the financial year ending 31 December 2008, the Directors have declared on 19 August 2008, an interim gross dividend of 7 sen per share on ordinary shares, less 26% tax, amounting to RM10,767,587 and was paid on 26 September 2008.

In respect of the financial year ending 31 December 2008, the Directors have declared an interim dividend on 25 February 2009, dividend-in-specie of 31 sen gross per share distributed on the basis of 23 units of Al-'Aqar KPJ REIT for every 100 ordinary shares held in the Company, less 26% tax, amounting to RM45,631,609.

**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>31.12.2008</u>	<u>31.12.2007</u>
	RM'000	RM'000
Profit for the financial year attributable to Equity Holders of the Company (RM)	78,448	74,237
Weighted average number of ordinary shares in issue	206,811	206,080
Basic earnings per share (sen)	<u>37.93</u>	<u>36.02</u>

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### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2008

#### (b) Diluted

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

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

	<u>12 months ended</u>	
	<u>31.12.2008</u>	<u>31.12.2007</u>
Profit for the financial year (RM'000)	78,448	74,237
Weighted average number of ordinary shares in issue ('000)	206,811	206,080
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	3,077	2,764
Diluted earnings per share (sen)	<u>37.38</u>	<u>35.55</u>