

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

**INTERIM FINANCIAL REPORTS**

**30 SEPTEMBER 2010**

**APPROVAL FOR SUBMISSION**

**DATIN PADUKA SITI SA'DIAH SH BAKIR**  
**MANAGING DIRECTOR**

Company No.

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

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORTS

FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the three months ended 30 September 2010.

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 2009 and the accompanying explanatory notes attached to this report.

### UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>9 months ended</u>	
		<u>30.9.2010</u>	<u>30.9.2009</u>	<u>30.9.2010</u>	<u>30.9.2009</u>
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		436,484	361,487	1,222,768	1,071,009
Cost of sales		(308,996)	(252,969)	(866,373)	(752,581)
Gross profit		127,488	108,518	356,395	318,428
Other operating income		4,431	7,839	13,654	14,416
Administrative and other operating expenses		(90,201)	(80,009)	(250,359)	(228,233)
Profit from operations		41,718	36,348	119,690	104,611
Finance cost		(4,664)	(4,366)	(13,283)	(14,488)
Share of results of associated companies		6,057	5,047	16,050	14,380
<b>Profit from ordinary activities before tax</b>					
	B1	43,111	37,029	122,457	104,503
Income tax expense	B5	(9,852)	(7,063)	(29,359)	(23,931)
Profit for the period		33,259	29,966	93,098	80,572
Other comprehensive income					
Translation of foreign subsidiaries		289	157	611	168
Total comprehensive income for the period		33,548	30,123	93,709	80,740

Company No.

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

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

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>9 months ended</u>	
		<u>30.9.2010</u>	<u>30.9.2009</u>	<u>30.9.2010</u>	<u>30.9.2009</u>
		RM'000	RM'000	RM'000	RM'000
<b>Profit attributable to:</b>					
Equity holders of the Company		30,229	26,807	86,639	73,522
Minority interest		3,030	3,159	6,459	7,050
<b>Net profit attributable to shareholders</b>		<u>33,259</u>	<u>29,966</u>	<u>93,098</u>	<u>80,572</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		30,518	26,964	87,250	73,690
Minority interest		3,030	3,159	6,459	7,050
<b>Net profit attributable to shareholders</b>		<u>33,548</u>	<u>30,123</u>	<u>93,709</u>	<u>80,740</u>
<b>Dividend per share (sen)</b>	A8	<u>3.25</u>	<u>10</u>	<u>6.50</u>	<u>10</u>
<b>Earnings per share (sen)</b>	B13				
- Basic					
- at par value RM0.50		5.65	Nil	16.20	Nil
- at par value RM1.00		Nil	12.88	Nil	35.40
- Diluted					
- at par value RM0.50		5.12	Nil	14.66	Nil
- at par value RM1.00		Nil	12.74	Nil	35.06

Company No.

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

**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2010**

	<u>Note</u>	<u>30.9.2010</u>	<u>Restated 31.12.2009</u>
		RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A10	566,278	444,989
Investment properties		25,011	25,011
Interest in associates		304,322	239,482
Available-for-sale financial assets		1,272	3,275
Intangible assets		123,334	115,591
Deferred tax assets		14,895	13,898
		<u>1,035,112</u>	<u>842,246</u>
<b>Current assets</b>			
Inventories		39,166	29,697
Receivables, deposits and prepayments		288,855	249,212
Tax refund receivable		9,693	9,117
Deposit, cash and bank balances		199,943	143,864
		<u>537,657</u>	<u>431,890</u>
Non-current assets held for sale		0	103,765
		<u>537,657</u>	<u>535,655</u>
<b>Total assets</b>		<u><u>1,572,769</u></u>	<u><u>1,377,901</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	A7	276,893	211,051
Reserves		466,168	426,739
		<u>743,061</u>	<u>637,790</u>
Less: Treasury Shares		(23)	0
<b>Total equity attributable to shareholders of the Company</b>		<u>743,038</u>	<u>637,790</u>
<b>Minority interest</b>		<u>92,362</u>	<u>45,427</u>
<b>Total equity</b>		<u>835,400</u>	<u>683,217</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	B9	287,338	302,819
Deposits		15,207	13,039
Deferred tax liabilities		15,783	22,517
		<u>318,328</u>	<u>338,375</u>

Company No.

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

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

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2010**

	<u>30.9.2010</u> RM'000	<u>Restated</u> <u>31.12.2009</u> RM'000
<b>Current liabilities</b>		
Payables	235,100	260,681
Borrowings	B9	
- bank overdrafts	135	15
- others	128,593	65,962
Current tax liabilities	836	839
Deferred revenue	40,879	28,812
Dividend Payable	13,498	0
	<hr/> 419,041	<hr/> 356,309
<b>Total liabilities</b>	<hr/> 737,369	<hr/> 694,684
<b>Total equity and liabilities</b>	<hr/> <u>1,572,769</u>	<hr/> <u>1,377,901</u>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>		
- at par value RM1.00	Nil	3.03
- at par value RM0.50	1.34	Nil

Company No.

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

**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

<u>Attributable to shareholders of the Company</u>											
Note	<u>Issued and fully paid ordinary shares of RM0.50 each</u>		<u>Non-distributable</u>					<u>Distributable</u>		<u>Minority Interest</u> RM'000	<u>Total equity</u> RM'000
	<u>Number of shares</u> '000	<u>Nominal value</u> RM'000	<u>Share premium</u> RM'000	<u>Treasury shares</u> RM'000	<u>Merger reserve</u> RM'000	<u>Exchange reserve</u> RM'000	<u>Revaluation reserve</u> RM'000	<u>Retained earnings</u> RM'000	<u>Total</u> RM'000		
At 1 January 2010	422,102	211,051	36,391	0	(3,367)	(235)	50,456	337,715	632,011	45,427	677,438
Changes in accounting policy	A2 (a)	0	0	0	0	0	0	5,779	5,779	0	5,779
As restated	422,102	211,051	36,391	0	(3,367)	(235)	50,456	343,494	637,790	45,427	683,217
Total comprehensive income for the period	0	0	0	0	0	611	0	86,639	87,250	6,459	93,709
Issuance of bonus shares	105,524	52,762	(31,369)	0	0	0	0	(21,393)	0	0	0
Acquisition of a subsidiary	0	0	0	0	0	0	0	0	0	40,476	40,476
Shares bought back	0	0	0	(23)	0	0	0	0	(23)	0	(23)
Issues of shares:											
- exercise of free warrants	26,160	13,080	31,392	0	0	0	0	0	44,472	0	44,472
Dividend in respect of the Financial year ended 31 December 2010											
- 1 <sup>st</sup> Interim	0	0	0	0	0	0	0	(12,953)	(12,953)	0	(12,953)
- 2 <sup>nd</sup> Interim	0	0	0	0	0	0	0	(13,498)	(13,498)	0	(13,498)
	0	0	0	0	0	0	0	(26,451)	(26,451)	0	(26,451)
At 30 September 2010	553,786	276,893	36,414	(23)	(3,367)	376	50,456	382,289	743,038	92,362	835,400

Company No.

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

**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2009**

Note	Attributable to shareholders of the Company										
	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable					Distributable		Minority Interest RM'000	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		
At 1 January 2009	209,461	209,461	33,867	(1,886)	(3,367)	(765)	42,622	301,109	581,041	47,532	628,573
Total comprehensive income for the period	0	0	0	0	0	98	0	73,522	73,522	7,050	80,572
Issues of shares:											
- exercise of share options	1,594	1,590	634	0	0	0	0	0	2,224	0	2,224
Acquisition of Minority Interest	0	0	0	0	0	0	0	0	0	(13,115)	(13,115)
Realisation of revaluation Reserve	0	0	0	0	0	0	(10,200)	12,806	2,606	0	2,606
Reversal of deferred tax on revaluation reserve	0	0	0	0	0	0	0	1,538	1,538	0	1,538
Dividend in respect of the Financial year ending:											
- 31 December 2008 (interim)	0	0	0	0	0	0	0	(46,616)	(46,616)	0	(46,616)
- 31 December 2009 (interim)	0	0	0	0	0	0	0	(15,784)	(15,784)	0	(15,784)
At 30 September 2009	211,055	211,051	34,501	(1,886)	(3,367)	(667)	32,422	326,575	598,629	41,467	640,096

Company No.

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

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

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

	<u>30.9.2010</u>	<u>9 months ended</u> <u>30.9.2009</u>
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Profit for the financial year attributable to equity holders of the Company	86,639	73,522
Adjustments for:		
Taxation	29,359	23,931
Minority interest	6,459	7,050
Associated companies	(16,050)	(14,380)
Interest income	(2,911)	(2,803)
Interest expense	13,283	14,488
Allowance for doubtful debts	4,756	3,961
Property, plant and equipment		
- depreciation	43,047	34,806
- (gain)/loss on disposals	(259)	(3,066)
Amortisation of prepaid lease	49	100
Operating profit before changes in working capital	<u>164,372</u>	<u>137,609</u>
Changes in working capital:		
Inventories	(9,469)	(6,306)
Receivables	(25,850)	(27,975)
Payables	(8,949)	(37,736)
Related companies	954	(5,086)
Cash generated from operations	<u>121,058</u>	<u>60,506</u>
Long term deposit	(317)	613
Interest paid	(13,283)	(14,488)
Income tax paid	(16,888)	(17,027)
Net cash used in operating activities	<u>90,570</u>	<u>29,604</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(133,638)	(75,130)
Proceeds from disposal of property, plant and equipment	44,290	80,416
Additional investment	(15,112)	(282)
Additional investment in subsidiary companies	(7,948)	(15,150)
Dividends received	10,919	12,132
Net cash used in investing activities	<u>(101,489)</u>	<u>1,986</u>



Company No.

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

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

**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (CONTINUED)**

	<u>30.9.2010</u>	<u>9 months ended</u> <u>30.9.2009</u>
	RM'000	RM'000
<b>FINANCING ACTIVITIES</b>		
Interest received	2,061	2,803
Issuance of shares		
- exercise of free warrants	44,472	0
- exercise of share options	0	2,228
- shares bought back	(23)	0
Bank borrowings		
- drawdown	69,212	42,000
- repayment	(24,397)	(42,583)
Disposal of shares in investment	2,004	0
Dividend paid to shareholders	(26,451)	(15,784)
Net cash from financing activities	<u>66,878</u>	<u>(11,336)</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>55,959</b>	<b>20,254</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>142,198</b>	<b>101,303</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b><u>198,157</u></b>	<b><u>121,557</u></b>
<b>DEPOSITS, CASH AND BANK BALANCES</b>		
Deposits with licensed banks	32,912	24,887
Cash and bank balances	167,031	99,612
Bank overdraft	(135)	(65)
	<u>199,808</u>	<u>124,434</u>
less: Deposits pledged with licensed banks	(1,651)	(2,877)
<b>CASH AND CASH EQUIVALENTS</b>	<b><u>198,157</u></b>	<b><u>121,557</u></b>

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010

#### A1 BASIS OF PREPARATION

The interim report is prepared in accordance with the 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 2009.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected with effect from the 2010 annual financial statement. Details of these changes in accounting policies are set out in Note A2.

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 2009 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with FRSS.

The financial information relating to the financial year ended 31 December 2009 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 2010.

The adoption of these FRSs, amendments and interpretations do not have a material impact on the interim financial information of the Group except for the adoption of the followings FRSs as set out below.

The FRSs that was effective in the annual financial statement for the year ending 31 December 2010 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.

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010

#### A2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### (a) FRS 139 "Financial Instruments: Recognition and Measurement"

The Group classifies its financial assets in the following categories: available-for-sale and loans and receivables. The classification depends on the nature of the asset and the purpose for which the asset was acquired. Management determines the classification of its financial asset at initial recognition. Set out below are the major changes in classifications of financial assets of the Group:

##### (i) Available-for-sale financial assets

Non-current investments, previously measured at cost and subject to impairment are now classified as available-for-sale financial assets. These are initially measured at fair value plus transaction costs and subsequently, at fair value.

Changes in fair value of available-for-sale equity securities are recognised in other comprehensive income, together with the related currency translation differences. A significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the asset is impaired. If any such evidence exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are reversed through other comprehensive income and not through profit or loss.

##### (ii) Loans and receivables

Trade receivables, previously measured at invoiced amount less general allowance for trade receivables aged more than 180 days based on past trend of collection.

Currently, general provision is not allowed under FRS 139. Provision for doubtful debt is measured by the shortfall between trade receivables and the estimated discounted future cash flows of collection received. Known bad debts are written off.

In accordance with the transitional provisions for first time adoption of FRS 139, the above changes in accounting policies have been accounted for prospectively. The effects of the changes on 1 January 2010 have been accounted for by adjusting the following opening balances of the Group:

Opening balance adjustment:

	Receivables RM'000	Retained Earning RM'000
Opening balance		
Adjustments	243,433	337,715
FRS 139	5,779	5,779
	<hr/>	<hr/>
Total effect at 1 January 2010	<u>249,212</u>	<u>343,494</u>

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

**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

**A2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

(a) FRS 139 “Financial Instruments: Recognition and Measurement” (Cont.)

Effect on profit after taxation for the three months ended 30 September 2010 (estimated) and 30 September 2009 (as adjusted) from the adoption of FRS 139 is shown below:

Note	9 months ended 30 September 2010			9 months ended 30 September 2009		
	Net profit attributable to					
	Shareholders of the Company RM'000	Minority interests RM'000	Total RM'000	Shareholders of the Company RM'000	Minority interests RM'000	Total RM'000
FRS 139 Financial Instruments	A2(b)	(83)	0	(83)	0	0
Effect on earnings per share						
– basic earnings per share(sen)		(0.01)	0	(0.01)	0	0
– diluted earnings per share (sen)		(0.01)	0	(0.01)	0	0

(b) Amendment to FRS 117 “Leases”

Prior to the adoption of the Amendment to FRS 117, leasehold land were treated as operating leases. The considerations paid were classified and presented as prepaid leases in the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to the ownership lie and the consideration that the land has an indefinite economic life. Accordingly, the Group has reclassified its leasehold land to property, plant and equipment and investment properties. This change in classification has no effect on the results of the Group. The reclassification has been accounted retrospectively in accordance with the transitional provision and certain comparative balances have been restated as follows:

	Prepaid Leases RM'000	Property, Plant and Equipment RM'000	Investment Properties RM'000
As previously reported FRS 117	19,159 (19,159)	427,626 17,363	23,215 1,796
Total effect at 1 January 2010	0	444,989	25,011

**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

**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.

**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 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.

**A7 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 following:

(i) Share Split, Bonus Issue and Warrants

On 26 November 2009, the shareholders of KPJ Healthcare Berhad ("KPJ"), approved the following proposals:

- a. Share split involving the subdivision of every existing one (1) ordinary share of RM1.00 each in KPJ into two (2) ordinary shares of RM0.50 each ("Shares") in KPJ ("Share Split");
- b. Bonus issue of up to 105,525,308 new shares ("Bonus Shares"), to be credited as fully paid up by the Company, on the basis of one (1) Bonus Share for every four (4) Shares held by the entitled shareholders of the Company after the Share Split ("Bonus Issue"); and
- c. Issue of up to 131,906,484 free warrants in KPJ ("Free Warrants") on the basis of one (1) Free Warrant for every four (4) Shares held by the entitled shareholders of the Company after the Share Split and Bonus Issue ("Free Warrants Issue"). The exercise value of the warrant is RM1.70 per share.

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010

#### A7 DEBT AND EQUITY SECURITIES (CONTINUED)

##### (i) Share Split, Bonus Issue and Warrants (Cont.)

The transactions were completed on 15 January 2010 with listing of the Share Split, Bonus Shares and Free Warrants. Upon completion, the number of issued and paid up ordinary share capital and warrants listed and quoted on Bursa Malaysia Securities Berhad is 527,626,510 and 131,906,484 respectively.

##### Ordinary shares of RM0.50 each

	<u>30.09.2010</u>	<u>30.09.2010</u>
	Number of shares ('000)	RM'000
At start of the financial period	211,051	211,051
Share Split	211,051	0
Bonus Issue (1 bonus share for every 4 shares)	105,524	52,762
Issued during the financial period		
- exercise of Free Warrants (1 free warrant for every 4 shares)	26,160	13,080
At end of financial period	<u>553,786</u>	<u>276,893</u>

##### (ii) Share Buy-back

On 31 May 2010, 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 10,000 units of KPJ Healthcare Berhad shares, listed on the Main Board of Bursa Malaysia Securities Berhad, at an average buy-back price of RM2.26 per share. The total consideration paid for share buy-back, including transaction costs, was RM22,765 and was financed by internally generated fund. The shares purchased were retained as treasury shares.

#### A8 DIVIDENDS PAID

On 31 May 2010, the Directors have declared the 1<sup>st</sup> interim gross dividend for the financial year ending 31 December 2010, of 3.25 cents per share on 531,400,414 ordinary shares less 25% tax amounting to RM12,952,878. The dividend was fully paid on 26 July 2010.

On 1<sup>st</sup> September 2010, the Directors have declared 2nd interim gross dividend for the financial year ending 31 December 2010, of 3.25 cents per share on 553,775,713 ordinary shares less 25% tax amounting to RM13,498,273. The dividend was fully paid on 14 October 2010.

## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010

#### A9 SEGMENT REPORTING

The Group principally operates in one main business segment namely the operating of specialist hospitals. The hospital 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 products as well as 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 2009.

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

There are no material events subsequent to the financial period ended 30 September 2010 that has not been reflected in the interim financial reports except as stated in note B8.

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

On 22 September 2010, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"); a wholly-owned subsidiary of KPJ Healthcare Berhad; entered into a conditional Subscription Deed ("Deed") for the acquisition of up to 367,605 new ordinary units in Jeta Garden Waterford Trust ("JGWT") (representing up to 51% equity interest in JGWT) and up to 3,308,415 10-year convertible notes into new ordinary units in JGWT ("Convertible") to be undertaken in two (2) tranches for a total cash consideration of up to RM19,000,000 ("Purchase Consideration") ("Proposed Acquisition"). The acquisition expected to be completed by 1<sup>st</sup> quarter 2011.

#### 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 2009.

Company No.

247079

M

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

**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

**A14 CAPITAL COMMITMENTS**

Capital expenditures not provided for in the interim financial report as at 30 Sept 2010 are as follows:

	RM'000
Approved and contracted	67,829
Approved but not contracted	191,867
	<hr/>
	259,696
	<hr/> <hr/>
Analysed as follows:	
Prepaid leases (leasehold land)	908
Building	157,069
Medical equipment	77,236
Other property, plant and equipment	24,483
	<hr/>
	259,696
	<hr/> <hr/>



**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 30 SEPTEMBER 2010**

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

The profit before taxation for the current quarter has increased by 16.5% to RM43.1 million from RM37.0 million in the corresponding quarter 2009. The increase is in line with the increase in revenue of the hospitals.

**B2 MATERIAL CHANGE IN QUARTERLY RESULTS**

The profit before taxation for the current quarter of RM43.1 million increased by 4.4% compared to the preceding quarter of RM41.3 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**

With the improving economy, the Board is confident that the Group's financial performance for the financial year ending 31 December 2010 will be better.

**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>9 months ended</u>	
	<u>30.09.2010</u>	<u>30.09.2009</u>	<u>30.09.2010</u>	<u>30.09.2009</u>
	RM'000	RM'000	RM'000	RM'000
Taxation	9,852	7,063	29,359	23,931

The effective tax rate of the Group for the period ended 30 September 2010 is lower than the statutory tax rate due to recognition of previously unrecognised tax losses of a subsidiary.

**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.

Company No.

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

## 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 30 SEPTEMBER 2010

#### B7 QUOTED SECURITIES

##### Investment in Al-'Aqar KPJ REIT

	RM'000
Quoted shares in Malaysia	
<u>At start of period</u>	
At cost	220,600
Less : Provision for Impairment	(6,460) <sup>1</sup>
Addition	58,710
	<hr/>
<u>At the end of period /Net book value</u>	<u>272,850</u>
	<hr/>
Market value for quoted shares at RM1.15 as at 30 September 2010	<u>329,392</u>

<sup>1</sup> The provision for impairment is maintained in accordance with KPJ Group policy which is to only reverse when annual average share price is above the share of net assets acquired. Annual average share price as at 30 September 2010 is RM1.04.

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

#### B8 STATUS OF CORPORATE PROPOSALS

##### a) Free Warrants

On 15 January 2010, the Company has granted 131,906,484 units 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.

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

	<u>Number of shares</u> '000
At the start of period	0
Granted	131,906
Exercised at RM1.70 per units (Converted into ordinary Shares at par value of RM0.50)	(26,160)
	<hr/>
At the end of period	<u>105,746</u>

Company No.

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

## 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 30 SEPTEMBER 2010

#### B8 STATUS OF CORPORATE PROPOSALS

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

On 22 September 2010, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") entered into a conditional Subscription Deed ("Deed") for the acquisition of up to 367,605 new ordinary units in Jeta Garden Waterford Trust ("JGWT") (representing up to 51% equity interest in JGWT) and up to 3,308,415 10-year convertible notes into new ordinary units in JGWT ("Convertible") to be undertaken in two (2) tranches for a total cash consideration of up to RM19,000,000 ("Purchase Consideration") ("Proposed Acquisition"). The acquisition expected to be completed by 1<sup>st</sup> quarter 2011.

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

On 30 April 2010, KPJ proposed to dispose its entire interest in Rumah Sakit Bumi Serpong Damai ("RSBSD") Building, Kluang Utama Specialist Hospital Building and Bandar Baru Klang Specialist Hospital Building to Al-'Aqar KPJ Real Estate Investment Trust ("Al-'Aqar KPJ REIT") for a proposed total sale consideration of RM138.77 million to be satisfied partly by cash consideration of RM83.26 million and partly by issuance of RM56.64 million new units in Al-'Aqar at an issue price of RM0.98 per unit to be credited as fully paid-up. The proposed disposal is awaiting approval from Securities Commission.

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

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

Company No.

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

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

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE THIRD QUARTER AND FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010**

**B9 BORROWINGS**

Details of the Group's borrowings as at 30 September 2010 are as follows:

	<u>30.09.2010</u> RM'000	<u>31.12.2009</u> RM'000
<u>Current</u>		
Term loans (secured)	6,114	10,543
Islamic facilities (secured)	1,200	1,200
Revolving credits	110,847	43,000
Hire purchase and lease liabilities (secured)	10,432	11,219
Bank overdrafts (unsecured)	135	15
	<u>128,728</u>	<u>65,977</u>
<u>Non current</u>		
Term loans (secured)	24,487	41,304
Commercial papers (unsecured)	249,000	249,000
Islamic facilities (secured)	1,200	2,100
Hire purchase and lease liabilities (secured)	12,651	10,415
	<u>287,338</u>	<u>302,819</u>
Grand total	<u><u>416,066</u></u>	<u><u>368,796</u></u>

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

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

**B11 MATERIAL LITIGATIONS**

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

Company No.

247079

M

## 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 30 SEPTEMBER 2010

#### B12 DIVIDENDS

In respect of the financial year ending 31 December 2010:

1. The Directors on 31 May 2010 declared first interim gross dividend of 3.25 cents per share on 531,400,414 ordinary shares, less 25% tax, amounting to RM12,952,878 and was fully paid on 26 July 2010.
2. The Directors on 1st September 2010 declared second interim gross dividend of 3.25 cents per share on 553,775,713 ordinary shares, less 25% tax, amounting to RM13,498,273 and was fully paid on 14 October 2010.
3. The Directors on 30 November 2010 declared third interim gross dividend of 3.50 cents per share on 554,859,963 ordinary shares, less 25% tax, amounting to RM14,651,870.

#### B13 EARNINGS PER SHARE

On 26 November 2009, the shareholders of KPJ Healthcare Berhad ("KPJ"), have approved the following proposals:

- a. Share split involving the subdivision of every existing one (1) ordinary share of RM1.00 each in KPJ into two (2) ordinary shares of RM0.50 each ("Shares") in KPJ ("Share Split");
- b. Bonus issue of up to 105,525,308 new shares ("Bonus Shares"), to be credited as fully paid up by the Company, on the basis of one (1) Bonus Share for every four (4) Shares held by the entitled shareholders of the Company after the Share Split ("Bonus Issue"); and
- c. Issue of up to 131,906,484 free warrants in KPJ ("Free Warrants") on the basis of one (1) Free Warrant for every four (4) Shares held by the entitled shareholders of the Company after the Share Split and Bonus Issue ("Free Warrants Issue"). The exercise value of the warrant is RM1.70 per share.

The transactions were completed on 15 January 2010 with listing of the Share Split, Bonus Shares and Free Warrants. Upon completion, the number of issued and paid up ordinary share capital and warrants listed and quoted on Bursa Malaysia Securities Berhad is 527,626,510 and 131,906,484 respectively.

Commencing from financial year 2010, the computation of Basic and Diluted EPS will be based on the newly issued and paid-up ordinary share capital and warrants listed.

Company No.

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

**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 30 SEPTEMBER 2010**

**B13 EARNINGS PER SHARE (Cont.)**

(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>9 months ended</u>	
	<u>30.09.2010</u>	<u>30.09.2009</u>
	RM'000	RM'000
Profit for the financial year attributable to Equity Holders of the Company (RM'000)	86,639	73,522
Weighted average number of ordinary shares in issue ('000)	553,786	211,055
Basic earnings per share (sen)		
- at par value RM1.00	Nil	35.40
- at par value RM0.50	<u>16.20</u>	<u>Nil</u>

(b) Diluted

For diluted earnings per share calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares for the Group are 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>9 months ended</u>	
	<u>30.09.2010</u>	<u>30.09.2009</u>
Profit for the financial year attributable to Equity Holders of the Company (RM'000)	86,639	73,522
Weighted average number of ordinary shares in issue ('000)	553,786	211,055
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	56,277	1,938
Basic earnings per share (sen)		
- at par value RM1.00	Nil	35.06
- at par value RM0.50	<u>14.66</u>	<u>Nil</u>