

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

31 DECEMBER 2010

Company No.

247079	M
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KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2010

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the three months ended 31 December 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 31 DECEMBER 2010

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended		12 months ended	
		<u>31.12.2010</u>	<u>31.12.2009</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
		RM'000	RM'000	RM'000	RM'000
Revenue		433,434	385,344	1,656,202	1,456,353
Cost of sales		(304,649)	(284,683)	(1,171,022)	(1,037,264)
Gross profit		128,785	100,661	485,180	419,089
Other operating income		5,575	387	14,422	11,102
Administrative and other operating expenses		(98,986)	(63,936)	(348,604)	(291,140)
Reversal of impairment in Associate		6,460	0	6,460	0
Profit from operations		41,834	37,112	157,458	139,051
Finance cost		(4,408)	(2,233)	(12,230)	(13,020)
Share of results of associated companies		6,857	4,508	22,907	18,888
Profit from ordinary activities before zakat and tax	B1	44,283	39,387	168,135	144,919
Zakat		0	0	(1,395)	(1,029)
Income tax expense	B5	(9,863)	(5,223)	(39,222)	(29,154)
Profit for the period		34,420	34,164	127,518	114,736
Other comprehensive income					
Translation of foreign subsidiaries		(889)	432	(278)	530
Gain on revaluation of land and Buildings		3,087	0	3,087	0
Total comprehensive income for the period		36,618	34,596	130,327	115,266

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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>12 months ended</u>	
		<u>31.12.2010</u>	<u>31.12.2009</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Equity holders of the Company		30,813	37,358	117,452	110,880
Minority interest		3,607	(3,194)	10,066	3,856
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net profit attributable to shareholders		<u>34,420</u>	<u>34,164</u>	<u>127,518</u>	<u>114,736</u>
Total comprehensive income attributable to:					
Equity holders of the Company		33,011	37,790	120,261	111,410
Minority interest		3,607	(3,194)	10,066	3,856
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net profit attributable to shareholders		<u>36,618</u>	<u>34,596</u>	<u>130,327</u>	<u>115,266</u>
Dividend per share (sen)	A8	<u>3.50</u>	<u>10</u>	<u>10</u>	<u>20</u>
Earnings per share (sen)	B13				
- Basic					
- at par value RM0.50		5.56	Nil	21.21	Nil
- at par value RM1.00		Nil	17.97	Nil	53.35
- Diluted					
- at par value RM0.50		5.05	Nil	19.25	Nil
- at par value RM1.00		Nil	17.97	Nil	53.35
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

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KPJ HEALTHCARE BERHAD

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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	<u>Note</u>	<u>31.12.2010</u>	<u>Restated 31.12.2009</u>
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A10	526,773	446,785
Investment properties		24,873	23,215
Interest in associates		302,975	239,482
Available-for-sale financial assets		1,896	3,275
Intangible assets		136,134	115,591
Deferred tax assets		19,334	13,898
		<u>1,011,985</u>	<u>842,246</u>
Current assets			
Inventories		38,907	29,697
Receivables, deposits and prepayments		297,845	249,212
Tax refund receivable		6,603	9,117
Deposit, cash and bank balances		190,478	143,864
		<u>533,416</u>	<u>431,890</u>
Non-current assets held for sale		75,426	103,765
		<u>609,259</u>	<u>535,655</u>
Total assets		<u><u>1,621,244</u></u>	<u><u>1,377,901</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	A7	279,382	211,051
Reserves		483,944	420,204
		<u>763,326</u>	<u>631,255</u>
Less: Treasury Shares		(23)	0
Total equity attributable to shareholders of the Company		<u>763,303</u>	<u>631,255</u>
Minority interest		<u>91,438</u>	<u>45,427</u>
Total equity		<u>854,741</u>	<u>676,682</u>
LIABILITIES			
Non-current liabilities			
Borrowings	B9	283,675	302,819
Deposits		7,537	6,504
Deferred tax liabilities		24,529	22,517
		<u>315,741</u>	<u>331,840</u>

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	<u>31.12.2010</u> RM'000	<u>Restated</u> <u>31.12.2009</u> RM'000
Current liabilities		
Payables	282,560	273,351
Borrowings	B9	
- bank overdrafts	135	15
- others	114,392	65,962
Current tax liabilities	2,907	839
Deferred revenue	36,095	28,812
Dividend Payable	14,673	0
	<hr/> 450,762	<hr/> 356,309
Total liabilities	<hr/> 766,503	<hr/> 694,684
Total equity and liabilities	<hr/> <hr/> 1,621,244	<hr/> <hr/> 1,377,901
Net assets per share attributable to ordinary equity holders of the parent (RM)		
- at par value RM1.00	Nil	3.02
- at par value RM0.50	1.37	Nil

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KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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	(756)	(756)	0	(756)
As restated	422,102	211,051	36,391	0	(3,367)	(235)	50,456	336,959	631,255	45,427	676,682
Total comprehensive income for the period	0	0	0	0	0	(278)	3,087	117,452	120,261	10,066	130,327
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	35,945	35,945
Shares bought back	0	0	0	(23)	0	0	0	0	(23)	0	(23)
Issues of shares:											
- exercise of free warrants	31,138	15,569	37,365	0	0	0	0	0	52,934	0	52,934
Dividend in respect of the Financial year ended 31 December 2010											
- 1 st Interim	0	0	0	0	0	0	0	(12,953)	(12,953)	0	(12,953)
- 2 nd Interim	0	0	0	0	0	0	0	(13,498)	(13,498)	0	(13,498)
- 3 rd Interim	0	0	0	0	0	0	0	(14,673)	(14,673)	0	(14,673)
	0	0	0	0	0	0	0	(41,124)	(41,124)	0	(41,124)
At 31 December 2010	558,764	279,382	42,387	(23)	(3,367)	(513)	53,543	391,894	763,303	91,438	854,741

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KPJ HEALTHCARE BERHAD

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

Attributable to shareholders of the Company

Note	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
Changes in accounting policy	A2 (a)	0	0	0	0	0	0	(756)	(756)	0	(756)
As restated	209,461	209,461	33,867	(1,886)	(3,367)	(765)	42,622	300,353	580,285	47,532	627,817
Total comprehensive income for the period	0	0	0	0	0	0	0	110,880	110,880	3,856	114,736
Issues of shares:											
- exercise of share options	1,590	1,590	524	0	0	0	0	0	2,114	0	2,114
Sale of treasury shares	0	0	2,000	1,886	0	0	0	0	3,886	0	3,886
Acquisition of Minority Interest	0	0	0	0	0	0	0	0	0	(9,877)	(9,877)
Translation of foreign subsidiaries	0	0	0	0	0	530	0	0	530	0	530
Impairment of property, plant and Equipment	0	0	0	0	0	0	(1,566)	0	(1,566)	(253)	(1,819)
Revaluation surplus	0	0	0	0	0	0	12,508	0	12,508	4,169	16,677
Realisation of revaluation Reserve	0	0	0	0	0	0	(3,108)	3,108	0	0	0
Dividend in respect of the Financial year ending:											
- 31 December 2008 (interim)	0	0	0	0	0	0	0	(45,818)	(45,818)	0	(45,818)
- 31 December 2009 (First interim)	0	0	0	0	0	0	0	(15,782)	(15,782)	0	(15,782)
- 31 December 2009 (Second interim)	0	0	0	0	0	0	0	(15,782)	(15,782)	0	(15,782)
At 31 December 2009	211,051	211,051	36,391	0	(3,367)	(235)	50,456	336,959	631,255	45,427	676,682

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KPJ HEALTHCARE BERHAD
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2010**

	<u>12 months ended</u>	
	<u>31.12.2010</u>	<u>Audited</u>
	RM'000	31.12.2009 RM'000
OPERATING ACTIVITIES		
Profit for the financial year attributable to equity holders of the Company	117,452	110,880
Adjustments for:		
Taxation	39,222	29,154
Minority interest	10,066	3,856
Associated companies	(22,907)	(18,888)
Interest income	(3,412)	(2,651)
Interest expense	17,691	16,721
Allowance for doubtful debts	5,721	3,086
Bad debts written off	0	99
Property, plant and equipment		
- depreciation	59,520	46,332
- (gain)/loss on disposals	(259)	(5,576)
- write offs	0	1,066
Allowance for diminution in value of the other investments	0	991
Inventories written off	0	37
Negative goodwill on acquisition of additional interest in a subsidiary	0	(493)
Amortisation of prepaid lease	0	100
Loss/(gain) on fair value of investment properties	(499)	150
Operating profit before changes in working capital	<u>222,595</u>	<u>184,864</u>
Changes in working capital:		
Inventories	(8,970)	(3)
Receivables	(49,714)	(41,073)
Payables	(22,705)	20,062
Related companies	(4,287)	1,694
Cash generated from operations	<u>134,919</u>	<u>165,544</u>
Long term deposit	711	1,680
Interest paid	(15,691)	(16,721)
Income tax paid	(28,376)	(23,042)
Net cash used in operating activities	<u>91,563</u>	<u>127,461</u>

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KPJ HEALTHCARE BERHAD
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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 DECEMBER 2010 (CONTINUED)

	<u>12 months ended</u>	
	<u>31.12.2010</u>	<u>31.12.2009</u>
	RM'000	RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(140,454)	(208,121)
Purchase of leasehold land	0	(13,633)
Purchase of investment property	0	(3,770)
Proceeds from disposal of property, plant and equipment	44,290	213,210
Additional investment	(20,892)	(286)
Additional investment in subsidiary companies	(7,948)	(15,150)
Additional investment in associate company	0	(12,479)
Decrease/(increase) in deposits pledged with banks	0	1,226
Dividends received	19,495	18,848
Interest received	3,412	2,651
	<u> </u>	<u> </u>
Net cash used in investing activities	(102,097)	(17,504)
	<u> </u>	<u> </u>
FINANCING ACTIVITIES		
Issuance of shares		
- exercise of free warrants	52,933	0
- exercise of share options	0	2,114
- shares bought back	(23)	0
- sale of treasury shares	0	3,886
Bank borrowings		
- drawdown	57,722	78,000
- repayment	(29,157)	(75,680)
Disposal of shares in investment	2,004	0
Dividend paid to shareholders	(26,451)	(77,382)
	<u> </u>	<u> </u>
Net cash from financing activities	57,028	(69,062)
	<u> </u>	<u> </u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	46,494	40,895
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	142,198	101,303
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	188,692	142,198
	<u> </u>	<u> </u>
DEPOSITS, CASH AND BANK BALANCES		
Deposits with licensed banks	70,330	37,687
Cash and bank balances	120,148	106,177
Bank overdraft	(135)	(15)
	<u> </u>	<u> </u>
	190,343	143,849
less: Deposits pledged with licensed banks	(1,651)	(1,651)
	<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS	188,692	142,198
	<u> </u>	<u> </u>

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KPJ HEALTHCARE BERHAD

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

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER
2010****A2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

The Group has adopted the following new and amended FRSs as of 1 January 2010.

- FRS 7 "Financial Instruments: Disclosures" and the related Amendments
- FRS 8 "Operating Segments"
- FRS 101 (revised) "Presentation of Financial Statements"
- FRS 123 "Borrowing Costs"
- FRS 139 "Financial Instruments: Recognition and Measurement" and the related Amendments
- Amendment to FRS 1 "First-time Adoption of Financial Reporting Standards" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
- Amendments to FRS 132 "Financial Instruments: Presentation" and FRS 101 (revised) "Presentation of Financial Statements" - Puttable financial instruments and obligations arising on liquidation
- IC Interpretation 9 "Reassessment of Embedded Derivatives" and the related Amendments
- IC Interpretation 10 "Interim Financial Reporting and Impairment"
- IC Interpretation 11 "FRS 2 Group and Treasury Share Transactions"
- IC Interpretation 13 "Customer Loyalty Programmes"
- IC Interpretation 14 "FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction"

Other than effects of the application of FRS 8, FRS 101 (revised), Amendments to FRS 132, FRS 139 and FRS 7 described below, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial result of the Group.

(a) FRS 8 "Operating Segments"

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. Comparative information has been represented so that it is in conformity with the revised standard. This standard does not have any impact on the financial position and result of the Group. Segment information is disclosed in Note A9. Comparatives have been reclassified to conform to the revised presentation.

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER
2010****A2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)****(b) FRS 101 "Presentation of financial statements"**

The revision to FRS 101 prohibits the presentation of items of income and expenses (that is, non-owner changes in equity) in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The adoption of the revised FRS 101 has resulted in the Group presenting both the income statement and statement of comprehensive income as a single performance statement. Comparative information has been represented so that it is in conformity with the revised standard. This standard does not have any impact on the financial position and results of the Group.

(c) FRS 139 "Financial Instruments: Recognition and Measurement"

FRS 139 sets out the new requirement for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

Financial Assets

The Group classifies its financial assets in the following categories: available-for-sale and loans and receivables. The Group's financial assets include loans and receivables, cash and bank balances, deposits and AFS financial assets.

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.

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**A NOTES TO THE INTERIM FINANCIAL REPORT
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A2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) FRS 139 "Financial Instruments: Recognition and Measurement" (Continued)

(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.

Financial Liabilities

Financial liabilities are classified as loans and borrowings. The Group's financial liabilities include payables which are carried at amortised cost.

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	Deposits RM'000	Retained Earning RM'000
Opening balance			
Adjustments	243,433	13,039	337,715
FRS 139	5,779	(6,535)	(756)
	<u>249,212</u>	<u>6,504</u>	<u>336,959</u>
Total effect at 1 January 2010	<u>249,212</u>	<u>6,504</u>	<u>336,959</u>

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A2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

Effect on profit after taxation for the three months ended 31 December 2010 (estimated) and 31 December 2009 (as adjusted) from the adoption of FRS 139 is shown below:

	Note	12 months ended 31 December 2010			12 months ended 31 December 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)	483	0	483	0	0	0
Effect on earnings per share							
– basic earnings per share(sen)		0.08	0	0.08	0	0	0
– diluted earnings per share (sen)		0.08	0	0.08	0	0	0

(d) 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

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.

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A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2010

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.

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>31.12.2010</u>	<u>31.12.2010</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)	31,138	15,569
At end of financial period	<u>558,764</u>	<u>279,382</u>

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A NOTES TO THE INTERIM FINANCIAL REPORT
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A7 DEBT AND EQUITY SECURITIES (CONTINUED)

(i) 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 Market 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 1st 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 1st 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.

On 30th November 2010, the Directors have declared the 3rd interim gross dividend for the financial year ending 31 December 2010, of 3.50 cents per share on 558,980,850 ordinary shares less 25% tax amounting to RM14,673,252. The dividend was fully paid on 19 January 2011.

A9 SEGMENT REPORTING

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

The Group principally operates in one main business segment namely operating of specialist hospitals. Other operations of the Group 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.

<u>31 December 2010</u>	HOSPITALS		OTHERS	GROUP
	Malaysia (RM'000)	Indonesia (RM'000)	(RM'000)	(RM'000)
Revenue	1,533,533	2,835	486,211	2,022,579
Intersegment revenue	0	0	(366,377)	(366,377)
External revenue	<u>1,533,533</u>	<u>2,835</u>	<u>119,834</u>	<u>1,656,202</u>
Profit before zakat and Tax	161,410	(7,177)	13,902	168,135

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER
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A9 SEGMENT REPORTING (CONTINUED)

<u>31 December 2009</u>	HOSPITALS		OTHERS (RM'000)	GROUP (RM'000)
	Malaysia (RM'000)	Indonesia (RM'000)		
Revenue	1,344,662	11	413,022	1,757,695
Intersegment revenue	0	0	(301,342)	(301,342)
External revenue	<u>1,344,662</u>	<u>11</u>	<u>111,680</u>	<u>1,456,353</u>
Profit before Tax	136,470	(1,805)	9,225	143,890

A10 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The freehold land, long leasehold land and buildings were revalued 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 revaluation surplus as at 31 December 2010 from the exercise is given below:

	Property, Plant Equipment RM'000	Investment Properties RM'000
Carrying value	523,686	24,118
Market value	<u>3,087</u>	<u>755</u>
Revaluation surplus	<u>526,773</u>	<u>24,873</u>

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A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2010

A11 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There are no material events subsequent to the financial period ended 31 December 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") for a total cash consideration of up to RM19,000,000 ("Purchase Consideration")("Proposed Acquisition"). The acquisition expected to be completed by 3rd 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.

A14 CAPITAL COMMITMENT

Capital expenditures not provided for in the interim financial report as at 31 December 2010 are as follows:

	RM'000
Approved and contracted	75,219
Approved but not contracted	100,236
	<u>175,455</u>

Analysed as follows:

Prepaid leases (leasehold land)	908
Building	74,018
Medical equipment	75,984
Other property, plant and equipment	24,545
	<u>175,455</u>

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2010**B1 REVIEW OF THE PERFORMANCE OF THE COMPANY AND ITS PRINCIPAL SUBSIDIARIES**

The profit before taxation for the current quarter has increased by 12.4% to RM44.3 million from RM39.4 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 RM44.3 million has increased by 2.8% compared to the preceding quarter of RM43.1 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 Board of Directors is optimistic that the Group's performance in financial year 2010 will continue to improve in the following year in tandem with increasing hospital capacity and activities.

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>31.12.2010</u>	<u>31.12.2009</u>	<u>31.12.2010</u>	<u>31.12.2009</u>
	RM'000	RM'000	RM'000	RM'000
Taxation	9,863	5,223	39,222	29,154

The effective tax rate of the Group for the period ended 31 December 2010 is lower than the statutory tax rate due to recognition of previously unrecognised tax losses of 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.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 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)
	<hr/>
	214,140
Addition	58,710
Add: Reversal of impairment	6,460 ¹
	<hr/>
<u>At the end of period /Net book value</u>	<u>279,310</u>
	<hr/> <hr/>
Market value for quoted shares at RM1.12 as at 31 December 2010	<u>320,799</u>

¹ The provision for impairment is reversed in accordance with KPJ Group policy due to annual average market share price is above the share of net assets acquired. Annual average share price as at 31 December 2010 is RM1.09.

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)	(31,138)
	<hr/>
At the end of period	<u>100,768</u>

KPJ HEALTHCARE BERHAD

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2010**B8 STATUS OF CORPORATE PROPOSALS (CONTINUED)****b) Proposed Acquisition by Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB")**

- a) 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") for a total cash consideration of up to RM19,000,000 ("Purchase Consideration").

On 3 February 2011, KPJSB has paid RM4,750,000, being 25% of total purchase consideration equivalent to 21% shareholdings in JGWT. Balance of purchase consideration will be satisfied via put and call option which is exercisable within the period from 1 July 2011 until 1 August 2011 at an issue price of AUD1.00.

The acquisition is expected to complete by 3rd quarter 2011.

- b) On 18 January 2011, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") entered into a Share Sale Agreement for the acquisition of:
- (i) 100% equity interest in Sibu Medical Centre Corporation Sdn Bhd ("SMCC") comprising 6,624,944 ordinary share of RM1.00 each for an aggregate purchase consideration of RM26,904,000.
 - (ii) 100% equity interest in Sibu Geriatric Health & Nursing Centre Sdn Bhd ("SGHNC") comprising 1,080,000 share for an aggregate purchase consideration of RM1,242,000.

The acquisition is expected to complete by first half 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 was approved by shareholders on 17 December 2010.

d) Proposed Issuance of Islamic Commercial Papers/Medium Term Notes (ICP/MTN)

On 12 November 2010, KPJ proposed to issue Islamic Commercial Papers/Islamic Medium Term Notes of up to RM500 million by Point Zone (M) Sdn Bhd (Point Zone). Point Zone, a 100% owned subsidiary of KPJ, intends to refinance KPJ's existing RM250.0 million ICP/MTN with the balance proceeds to finance KPJ Group's capital expenditure requirement related to its expansion plan and working capital requirement. The proposed issuance was approved by SC on 27 December 2010.

ii) Utilisation of proceeds raised from corporate proposals

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

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2010

B9 BORROWINGS

Details of the Group's borrowings as at 31 December 2010 are as follows:

	<u>31.12.2010</u>	<u>31.12.2009</u>
	RM'000	RM'000
<u>Current</u>		
Term loans (secured)	7,988	10,543
Islamic facilities :		
- Hiwalah term loan (secured)	1,200	1,200
- Bai Al-Inah leasing	748	0
- Al Amin Revolving credit	50,000	0
Revolving credits	47,037	43,000
Hire purchase and lease liabilities (secured)	7,419	11,219
Bank overdrafts (unsecured)	135	15
	<u>114,527</u>	<u>65,977</u>
<u>Non current</u>		
Term loans (secured)	18,599	41,304
Islamic facilities :		
- Hiwalah term loan (secured)	900	2,100
- Bai Al-Inah	2,930	0
Commercial papers (unsecured)	249,000	249,000
Hire purchase and lease liabilities (secured)	12,246	10,415
	<u>283,675</u>	<u>302,819</u>
Grand total	<u><u>398,202</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.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 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 558,980,850 ordinary shares, less 25% tax, amounting to RM14,673,252 and was fully paid on 19 January 2011.
4. The Directors on 28 February 2011 declared fourth interim gross dividend of 5.00 cents per share on 562,162,650 ordinary shares, less 25% tax, amounting to RM21,081,099.

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.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 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>12 months ended</u>	
	<u>31.12.2010</u>	<u>31.12.2009</u>
	RM'000	RM'000
Profit for the financial year attributable to Equity Holders of the Company (RM'000)	117,452	110,880
Weighted average number of ordinary shares in issue ('000)	553,786	207,843
Basic earnings per share (sen)		
- at par value RM1.00	Nil	53.35
- at par value RM0.50	21.21	Nil
	<u> </u>	<u> </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>12 months ended</u>	
	<u>31.12.2010</u>	<u>31.12.2009</u>
Profit for the financial year attributable to Equity Holders of the Company (RM'000)	117,452	110,880
Weighted average number of ordinary shares in issue ('000)	553,786	207,843
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	56,277	0
Basic earnings per share (sen)		
- at par value RM1.00	Nil	53.35
- at par value RM0.50	19.25	Nil
	<u> </u>	<u> </u>

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FOURTH QUARTER AND FINANCIAL PERIOD ENDED 31 DECEMBER 2010

B14 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.

	As at 31 December 2010 RM'000	As at 30 September 2010 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	377,682	363,203
- Unrealised gain	25,644	25,705
 Total share of retained profits from associates		
- Realised gains	11,148	12,202
	<u>414,474</u>	<u>401,110</u>
Less: Consolidation adjustments	(22,580)	(18,820)
	<u>391,894</u>	<u>382,289</u>
Total group retained profits as per consolidated financial statements	<u><u>391,894</u></u>	<u><u>382,289</u></u>