

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

**INTERIM FINANCIAL REPORTS**

**31 MARCH 2012**

**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORTS****FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012**

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the three months ended 31 March 2012.

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 2011 and the accompanying explanatory notes attached to this report.

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>3 months ended</u>	
		<u>31.03.2012</u>	<u>31.03.2011</u>	<u>31.03.2012</u>	<u>31.03.2011</u>
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>		525,621	437,748	525,621	437,748
Cost of sales		(369,135)	(305,884)	(369,135)	(305,884)
Gross profit		156,486	131,864	156,486	131,864
Administration expenses		(115,544)	(93,723)	(115,544)	(93,723)
Other income		4,818	2,105	4,818	2,105
Other operating expenses		(867)	(983)	(867)	(983)
Operating profit		44,893	39,263	44,893	39,263
Finance Income		2,142	1,649	2,142	1,649
Finance cost		(5,457)	(5,331)	(5,457)	(5,331)
Finance costs – net		(3,315)	(3,682)	(3,315)	(3,682)
Associates					
- share of results		7,725	5,972	7,725	5,972
<b>Profit before zakat and tax</b>	B1	49,303	41,553	49,303	41,553
Zakat		(330)	(325)	(330)	(325)
Income tax expense	B5	(11,121)	(9,913)	(11,121)	(9,913)
Profit net of tax		37,852	31,315	37,852	31,315
Other comprehensive income		75	1,100	75	1,100
Total comprehensive income for the period		<u>37,927</u>	<u>32,415</u>	<u>37,927</u>	<u>32,415</u>

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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>3 months ended</u>	
		<u>31.03.2012</u>	<u>31.03.2011</u>	<u>31.03.2012</u>	<u>31.03.2011</u>
		RM'000	RM'000	RM'000	RM'000
<b>Profit attributable to:</b>					
Equity holders of the Company		33,337	27,510	33,337	27,510
Minority interest		4,515	3,805	4,515	3,805
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net profit attributable to shareholders</b>		<u>37,852</u>	<u>31,315</u>	<u>37,852</u>	<u>31,315</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		33,412	28,610	33,412	28,610
Minority interest		4,515	3,805	4,515	3,805
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net profit attributable to shareholders</b>		<u>37,927</u>	<u>32,415</u>	<u>37,927</u>	<u>32,415</u>
<b>Dividend per share (sen)</b>	A9	<u>4.70</u>	<u>5.00</u>	<u>4.70</u>	<u>5.00</u>
<b>Earnings per share (sen)</b>	B11				
- Basic					
- at par value RM0.50		5.81	5.09	5.81	5.09
- Diluted					
- at par value RM0.50		<u>5.16</u>	<u>4.62</u>	<u>5.16</u>	<u>4.62</u>

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**KPJ HEALTHCARE BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2012**

	<u>Note</u>	<u>31.03.2012</u>	<u>Audited</u> <u>31.12.2011</u>
		RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	A11	673,987	641,729
Investment properties		26,223	26,223
Interest in associates		406,437	398,712
Available-for-sale financial assets		3,074	3,074
Intangible assets		167,830	167,830
Deferred tax assets		14,962	14,962
		<u>1,292,513</u>	<u>1,252,530</u>
<b>Current assets</b>			
Inventories		48,609	47,066
Receivables, deposits and prepayments		326,275	304,636
Tax refund receivable		4,818	8,661
Deposit, cash and bank balances		214,724	252,080
		<u>594,426</u>	<u>612,443</u>
Non-current assets held for sale		90,000	94,291
		<u>684,426</u>	<u>706,734</u>
<b>Total assets</b>		<u><u>1,976,939</u></u>	<u><u>1,959,264</u></u>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital	A8	308,453	292,492
Reserves		643,369	600,485
		<u>951,822</u>	<u>892,977</u>
Less: Treasury Shares		(23)	(23)
<b>Total equity attributable to shareholders of the Company</b>		<u>951,799</u>	<u>892,954</u>
<b>Minority interest</b>		<u>108,413</u>	<u>103,898</u>
<b>Total equity</b>		<u><u>1,060,212</u></u>	<u><u>996,852</u></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	B7	299,856	302,480
Deposits		14,869	14,785
Deferred tax liabilities		46,845	47,413
		<u>361,570</u>	<u>364,678</u>

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**KPJ HEALTHCARE BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2012**

	<u>31.03.2012</u>	<u>Audited</u>
	RM'000	31.12.2011
		RM'000
<b>Current liabilities</b>		
Payables	298,015	335,229
Borrowings	B7	
- bank overdrafts	998	1,141
- others	122,036	139,850
Current tax liabilities	1,944	8,552
Deferred revenue	103,329	98,339
Dividend Payable	28,835	14,623
	<hr/>	<hr/>
	555,157	597,734
	<hr/>	<hr/>
<b>Total liabilities</b>	916,727	962,412
	<hr/>	<hr/>
<b>Total equity and liabilities</b>	1,976,939	1,959,264
	<hr/> <hr/>	<hr/> <hr/>
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>		
- at par value RM0.50	1.72	1.69

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**KPJ HEALTHCARE BERHAD**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

Note	Attributable to shareholders of the Company											
	Issued and fully paid ordinary shares of RM0.50 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	Fair Value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2012	584,985	292,492	73,852	(23)	(3,367)	(995)	0	45,215	485,780	892,954	103,898	996,852
Total comprehensive income for the period	0	0	0	0	0	46	0	29	33,337	33,412	4,515	37,927
Issue of shares: - exercise of share warrants	31,922	15,961	38,307	0	0	0	0	0	0	54,268	0	54,268
Dividend in respect of the financial year ended: 31 December 2011 - 4th Interim	0	0	0	0	0	0	0	0	(28,835)	(28,835)	0	(28,835)
	0	0	0	0	0	0	0	0	(28,835)	(28,835)	0	(28,835)
At 31 March 2012	616,907	308,453	112,159	(23)	(3,367)	(949)	0	45,244	490,282	951,799	108,413	1,060,212

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**KPJ HEALTHCARE BERHAD**

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**AUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011**

Note	Attributable to shareholders of the Company											
	Issued and fully paid ordinary shares of RM0.50 each						Non-distributable		Distributable		Minority Interest	Total equity
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Treasury shares RM'000	Merger reserve RM'000	Exchange reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2011	559,908	279,954	43,759	(23)	(3,367)	(1,295)	172	56,110	393,337	768,647	94,741	863,388
Total comprehensive income for the period	0	0	0	0	0	1,100	0	0	27,510	28,610	3,805	32,415
Issue of shares:												
- exercise of share warrants	6,389	3,194	7,667	0	0	0	0	0	0	10,861	0	10,861
Dividend in respect of the financial year ended December 2010												
- 4th Interim	0	0	0	0	0	0	0	0	(21,081)	(21,081)	0	(21,081)
	0	0	0	0	0	0	0	0	(21,081)	(21,081)	0	(21,081)
At 31 March 2011	566,297	283,148	51,426	(23)	(3,367)	(195)	172	56,110	399,766	787,037	98,546	885,583

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**KPJ HEALTHCARE BERHAD**  
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

	<u>31.03.2012</u>	<u>3 months ended</u> <u>31.03.2011</u>
	RM'000	RM'000
<b>OPERATING ACTIVITIES</b>		
Profit for the financial year attributable to equity holders of the Company	33,337	27,510
Adjustments for:		
Zakat	330	0
Taxation	11,121	9,913
Minority interest	4,515	3,805
Associated companies	(7,725)	(5,972)
Finance income	(2,142)	(2,675)
Finance costs	5,457	5,331
Allowance for doubtful debts	2,078	1,294
Property, plant and equipment - depreciation	18,276	16,917
Operating profit before changes in working capital	<u>65,247</u>	<u>56,123</u>
Changes in working capital:		
Inventories	(1,543)	(3,495)
Receivables	(44,404)	3,586
Payables	(46,993)	(19,702)
Related companies	1,956	3,507
Cash (used in)/from operations	<u>(25,737)</u>	<u>40,019</u>
Long term deposit	84	0
Interest paid	(5,457)	(5,331)
Income tax paid	(9,177)	(10,037)
Net cash from operating activities	<u>(40,287)</u>	<u>24,651</u>



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**KPJ HEALTHCARE BERHAD**

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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012 (CONTINUED)**

	<u>3 months ended</u>	
	<u>31.03.2012</u>	<u>31.03.2011</u>
	RM'000	RM'000
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(24,313)	(22,590)
Net cash used in investing activities	<u>(24,313)</u>	<u>(22,590)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of shares		
- exercise of share warrants	54,268	10,861
Interest received	2,142	2,675
Bank borrowings		
- drawdown	1,029	0
- repayment	(15,572)	(23,900)
Dividend paid to shareholders	(14,623)	(14,673)
Net cash from/(used in) financing activities	<u>27,244</u>	<u>(25,037)</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(37,356)</b>	<b>(22,976)</b>
<b>CURRENCY TRANSLATION DIFFERENCES</b>	<b>0</b>	<b>0</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>252,080</b>	<b>197,118</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b><u>214,724</u></b>	<b><u>174,142</u></b>
<b>DEPOSITS, CASH AND BANK BALANCES</b>		
Deposits with licensed banks	28,924	41,488
Cash and bank balances	192,097	137,971
Bank overdraft	(998)	(18)
	<u>220,023</u>	<u>179,441</u>
less: Deposits pledged with licensed banks	(5,299)	(5,299)
<b>CASH AND CASH EQUIVALENTS</b>	<b><u>214,724</u></b>	<b><u>174,142</u></b>

**KPJ HEALTHCARE BERHAD**  
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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012**

**A1 FIRST – TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”)**

The condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the period up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company registered office at Suite 12B, Level 12, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru.

The condensed consolidated interim financial statements are the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 *Fist-Time Adoption of Malaysian Financial Reporting Standards* (“MFRS 1”) has been applied.

The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group will adjust the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group’s financial position, financial performance and cash flows is set out in Note A2 below. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

**A2 SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for the certain differences, the requirement under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statement are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

**a. Business combination**

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

*Acquisition before date of transition*

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition); and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

## KPJ HEALTHCARE BERHAD

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### A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012

#### A2 SIGNIFICANT ACCOUNTING POLICIES AND APPLICATION OF MFRS 1 (continued)

##### b. Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. Freehold Land and Buildings are initially stated at cost, subsequently shown at fair value based on periodic, five year revaluations.

Under MFRS 116 Property Plant and Equipment, the Group can elect to change to the cost model. Upon transition the revalued Land and Buildings brought forward will be deemed as cost as at 1 January 2012.

##### c. Foreign currency translation reserve

Under FRS, the Group recognised translation difference on foreign operations in a separate component of equity. Under the MFRS 121, The Effects of Changes in Foreign Exchange Rates, the Group may elect to adjust the differences in foreign exchange rates in retained earnings.

#### A3 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 2012.

The FRSs that was effective in the annual financial statement for the year ended 31 December 2011 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 said period cannot be determined with certainty at the date of the issuance of this interim financial report.

#### A4 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

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

#### A5 SEASONALITY OR CYCLICALITY OF OPERATIONS

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

#### A6 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no items, transactions or events of a material and unusual nature which would substantially affect the earnings, revenue, assets, liabilities, equity or cash flows of the Group for the current financial period under review.

**KPJ HEALTHCARE BERHAD**  
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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012**

**A7 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.

**A8 DEBT AND EQUITY SECURITIES**

There has been no issuance of shares, share buy-backs, and repayments of debt and equity securities by the Company in the current financial period under review.

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

	<u>31.03.2012</u>	<u>31.03.2012</u>
	Number of shares ('000)	RM'000
<u>Ordinary shares of RM0.50 each</u>		
At start of the financial period	584,985	292,492
Issued during the financial period		
- exercise of Free Warrants (1 free warrant for every 4 shares)	31,922	15,961
	<u>616,907</u>	<u>308,453</u>
At end of financial period	<u>616,907</u>	<u>308,453</u>

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

**i. Share Buy-back**

On 16 June 2011, 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.

In the previous 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.

**A9 DIVIDENDS PAID**

The Directors declared 4th interim single tier dividend of 4.70 cents per share on 613,520,412 ordinary shares amounting to RM28,835,459. The dividend was fully paid on 12 April 2012.

There were no final dividend declared.

**KPJ HEALTHCARE BERHAD**  
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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012**

**A10 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 March 2012</u>	HOSPITALS		AGED CARE FACILITY	SUPPORT SERVICES	GROUP
	Malaysia (RM'000)	Indonesia (RM'000)	Australia (RM'000)	(RM'000)	(RM'000)
Revenue	483,917	5,015	6,461	114,669	610,062
Intersegment revenue	0	0	0	(84,441)	(84,441)
External revenue	<u>483,917</u>	<u>5,015</u>	<u>6,461</u>	<u>30,228</u>	<u>525,621</u>
Profit/(loss) for the period	37,996	(1,721)	(1,614)	3,191	37,852

<u>31 March 2011</u>	HOSPITALS		AGED CARE FACILITY	SUPPORT SERVICES	GROUP
	Malaysia (RM'000)	Indonesia (RM'000)	Australia (RM'000)	(RM'000)	(RM'000)
Revenue	406,013	1,891	0	84,497	492,401
Intersegment revenue	0	0	0	(54,653)	(54,653)
External revenue	<u>406,013</u>	<u>1,891</u>	<u>0</u>	<u>29,844</u>	<u>437,748</u>
Profit/(loss) for the period	30,499	(2,195)	0	3,011	31,315

**KPJ HEALTHCARE BERHAD**

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**A NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012****A11 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 valuations of property, plant and equipment have been brought forward without amendment from the last audited financial statement for the year ended 31 December 2010.

**A12 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD**

There were no material events subsequent to the financial period ended 31 March 2012 that has not been reflected in the interim financial reports except as stated in note B6.

**A13 CHANGES IN THE COMPOSITION OF THE GROUP**

- 1) On 27 February 2012, Johor Corporation ("JCorp"), a major shareholder of KPJ, offered to sell its entire holding in PT KPJ Medika of 16,000 ordinary shares of Rp1,000,000 each or equivalent to 80% equity in PT KPJ Medika ("Offer") for a total cash consideration of RM15,840,000.00. KPJ had then, via a letter dated 23 March 2012 accepted the Offer ("Acceptance").

A conditional Sale of Shares Agreement ("Conditional SSA") shall be executed by the parties within a month of the date of the Acceptance.

The parties are finalising the Conditional SSA in relation to the Proposed Acquisition and the Conditional SSA is expected to be executed within one (1) month from 7 May 2012.

**A14 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 2011.

**A15 CAPITAL COMMITMENT**

Capital expenditures not provided for in the interim financial report as at 31 March 2012 are as follows:

	RM'000
Approved and contracted	180,042
Approved but not contracted	174,529
	<hr/>
	354,571
	<hr/> <hr/>
Analysed as follows:	
Prepaid leases (leasehold land)	10,431
Building	222,592
Medical equipment	31,401
Other property, plant and equipment	90,147
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	354,571
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## KPJ HEALTHCARE BERHAD

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### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012

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

The profit before taxation for the current quarter has increased by 18.5% to RM49.3 million from RM41.6 million in the corresponding quarter 2011. The increase is in line with the increase in revenue of the hospitals.

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

##### a. Current financial period compared to last financial period (three months)

The group recorded revenue of RM525.6 million for 3 months ended 31 March 2012 an increase of 20% from RM437.7 million as reported for 2011. The higher revenue for the period is mainly due to increase in revenue of the hospitals in the group.

##### Malaysia

The Malaysian segment revenue for the current financial period has increased by 19% to RM483.9 million as compared to RM406.0 million reported in 2011. The higher revenue reported is due to increase in revenue of the hospitals in the group.

##### Indonesia

The Indonesian segment revenue of RM5.0 million for the financial period is 165% higher than the revenue reported in 2011 of RM1.9 million. The increase in revenue from this segment is due to increasing in number of patients during the period from the newly opened hospital in Jakarta.

##### Aged Care Facility

The Aged Care Facility segment revenue for the financial period is RM6.5 million. Since this is a new segment to the group, therefore there is no comparison to make with the last financial year. However, the reported revenue is in line with increase in the activities at the facility.

##### Support Services

The revenue from Support Services segment of RM114.7 million for the financial period is 36% higher, as compared to revenue from the same period in 2011 of RM84.5 million. The revenue reported is contributed by marketing and distribution of pharmaceutical, medical and surgical products and pathology and also from the laboratory services.

##### b. Current quarter compared to the corresponding quarter of the preceding year

The group recorded revenue of RM525.6 million for 3 months ended 31 March 2012 an increase of 20% from RM437.7 million as reported for 2011. The higher revenue for the period is due mainly to increase in revenue of the hospitals in the group.

##### Malaysia

The Malaysian segment revenue for the current financial period has increased by 19% to RM483.9 million as compared to RM406.0 million reported in 2011. The higher revenue reported is due to increase in revenue of the hospitals in the group.

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## KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012

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

##### b. Current quarter compared to the corresponding quarter of the preceding year (continued)

###### Indonesia

The Indonesian segment revenue of RM5.0 million for the financial period is 165% higher than the revenue reported in 2011 of RM1.9 million. The increase in revenue from this segment is due to increasing in number of patients during the period from the newly opened hospital in Jakarta.

###### Aged Care Facility

The Aged Care Facility segment revenue for the financial period is RM6.5 million. Since this is a new segment to the group, therefore there is no comparison to make with the last financial year. However, the reported revenue is in line with increase in the activities at the facility.

###### Support Services

The revenue from Support Services segment of RM114.7 million for the financial period is 36% higher, as compared to revenue from the same period in 2011 of RM84.5 million. The revenue reported is contributed by marketing and distribution of pharmaceutical, medical and surgical products and pathology and also from the laboratory services.

#### B2 MATERIAL CHANGE IN QUARTERLY RESULTS

The profit before taxation for the current quarter of RM49.3 million decreased by 29% as compared to preceding quarter of RM69.9 million. A total of RM25.9 million was included in the preceding quarter as a result of revaluation investment property at the balance sheet date by an associated Al-'Aqar Healthcare REIT which is required by FRS 140.

#### B3 CURRENT YEAR PROSPECTS

The healthcare market in which the Group operates is forecasted to enjoy steady growth in the current year. This is mainly due to the increase of the world's ageing population and rapid growth of the middle income group.

The Group will further strengthen its presence in Malaysia and Asia by continuously enlarging its capacity through the expansion of existing hospitals as well as the building of new hospitals. Thus, based on the positive economic prospect and the financial achievements for the current quarter, the Board of Directors is confident that the Group's performance will continue to improve.

#### 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.



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## KPJ HEALTHCARE BERHAD

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### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012

#### B5 TAXATION

	3 months ended		3 months ended	
	31.03.2012	31.03.2011	31.03.2012	31.03.2011
	RM'000	RM'000	RM'000	RM'000
Taxation	11,121	9,913	11,121	9,913

The effective tax rate of the Group for the period ended 31 March 2012 is lower than the statutory tax rate due to recognition of previously unrecognised tax losses of subsidiaries.

#### B6 STATUS OF CORPORATE PROPOSALS

##### a) Free Warrants

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

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

	Number of <u>shares</u> '000
Issued on 15.01.2010	131,907
Exercised in Financial Year Ended 2010	(32,281)
Balance not exercised as at 01.01.2011	99,626
Exercised in Financial Year Ended 2011	(25,077)
Balance not exercised as at 01.01.2012	74,549
Exercised in Current Quarter	(31,922)
Balance not exercised as at 31.03.2012	42,627

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

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

The proposed acquisition is expected to be completed in second (2<sup>nd</sup>) quarter 2012.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012**

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

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

On 30 April 2010, KPJ proposed to dispose its entire interest in Kluang Utama Specialist Hospital Building and Bandar Baru Klang Specialist Hospital Building to Al-'Aqar Healthcare REIT (formerly known as Al-'Aqar KPJ REIT) for a proposed total sale consideration of RM88.50 million to be satisfied partly by cash consideration of RM32.99 million and RM55.51 by the issuance of 56.64 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.

The proposed disposal of Kluang Utama Specialist Hospital Sdn Bhd Building was completed on 6 January 2012.

The proposed disposal of Bandar Baru Klang Specialist Hospital Sdn Bhd pending issuance of license to operate and expected to completed in June 2012.

**d) Proposed Acquisition of Land at Mukim of Klang District of Klang State of Selangor**

On 11 November 2011, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") entered into a Sale and Purchase agreement ("SPA") with Sazean Development Sdn Bhd to acquire four (4) plots of land with an aggregate area of approximately 1.8397 hectares for a total cash consideration of RM23,762,400 located at Mukim of Klang District of Klang State of Selangor.

The Proposed Acquisition is expected to be completed by the 4th quarter 2012.

**e) Proposed Design, Build and Lease Agreement Between Lembaga Kemajuan Wilayah Pulau Pinang ("PERDA"), ASEANIA Development Sendirian Berhad ("ASEANIA") and Penang Specialist Hospital Sdn Bhd ("PgSHSB")**

On 11 November 2011, Penang Specialist Hospital Sdn Bhd ("PgSHSB") entered into a Design, Build and Lease Agreement with Lembaga Kemajuan Wilayah Pulau Pinang ("PERDA"), ASEANIA Development Sendirian Berhad ("ASEANIA") whereby:

- i) ASEANIA will design and construct a medical care facility ("Hospital") according to PgSHSB's specifications, on a four-(4) acre land in Seberang Perai Tengah Pulau Pinang; and
- ii) PgSHSB shall lease the Hospital from ASEANIA for ten (10) years upon completion of its construction.

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### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012

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

f) Disposal of Redeemable Preference Shares in Intrapreneur Development Sdn Bhd.

References are made in relation to the Subscription Agreement entered into with Intrapreneur Development Sdn Bhd ("IDSB") for the proposed subscription of 100,000 Redeemable Preference Shares ("RPS") of RM 0.01 each in IDSB at issue price of RM100 each.

As at to date, KPJ has only subscribed and is the registered owner of 15,369 RPS with the total cost of the investment being RM1,536,900.00.

KPJ had on 30 January 2012 entered into a Sale of Shares Agreement with Johor Corporation to dispose 15,369 RPS at the total sale consideration of RM1,536,900.00.

The proposed disposal was completed on 7 March 2012.

g) Proposed Acquisition of 8 units of service apartments for a total purchase consideration of RM1,934,880

On 8 February 2012, Kumpulan Perubatan (Johor) Sdn Bhd entered into separate Sale and Purchase Agreements ("SPAs") with JCorp Hotels and Resorts Sdn Bhd to acquire eight (8) units of Service Apartments for a total purchase consideration of RM1,934,880. The purchase consideration for each one (1) unit of the Service Apartment is RM241,860.00.

The Service Apartments are part of the Berjaya Tioman Suites developed by Tioman Island Resort Bhd. The Berjaya Tioman Suites is located on a parcel of land at PN14711 Lot 5006, Bandar Tioman, Daerah Rompin, Pahang.

The proposed acquisition was completed on 8 February 2012.

h) Proposed Joint Venture between Kumpulan Perubatan (Johor) Sdn Bhd and Naim Land Sdn Bhd

On 19 April 2012, Kumpulan Perubatan (Johor) Sdn Bhd signed a Joint Venture Agreement ("JVA") with Naim Land Sdn Bhd ("NLSB") for the purpose of designing, developing, building, completing and owning a purpose-built hospital building and subsequently operating as a hospital at a land held under lot 3247 Block 11, Kuala Baram Land District, Miri, Sarawak measuring 4 acres, where NLSB is the registered owner of the Land.

i) Proposed acquisition by Kumpulan Perubatan (Johor) Sdn Bhd of 80% equity interest in PT Khidmat Perawatan Jasa Medika ("PT KPJ Medika")

On 7 May 2012, Kumpulan Perubatan (Johor) Sdn Bhd, a wholly-owned subsidiary of KPJ, proposed to acquire of up to 80% equity interest in PT Khidmat Perawatan Jasa Medika ("PT KPJ Medika") for a total cash consideration of RM15,840,000.00.

The Proposed acquisition is expected to be completed in second (2<sup>nd</sup>) quarter of 2012.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012****B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)**

## j) Proposed acquisition of land at Mukim Tebrau, Johor Bahru.

On 16 May 2012, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), a wholly owned subsidiary of KPJ, proposed to acquire of a parcel of vacant commercial land held under H.S (D) 501209, Lot no. PTD 163189, Mukim of Tebrau, district of Johor Bahru, Johor Darul Takzim, from Johor Land Berhad ("JLB" or "Vendor"), a subsidiary of Johor Corporation ("JCorp" or "Registered Owner"), for a total cash consideration of RM45,000,000.00.

The Proposed acquisition is expected to be completed in fourth (4<sup>th</sup>) quarter of 2012.

**B7 BORROWINGS**

Details of the Group's borrowings as at 31 March 2012 are as follows:

	<u>31.03.2012</u>	<u>Audited</u> <u>31.12.2011</u>
	RM'000	RM'000
<u>Current</u>		
Term loans:		
- Islamic (secured)	6,225	10,261
- Conventional (secured)	4,788	5,477
Revolving Credit:		
- Islamic (unsecured)	50,000	65,000
- Conventional (unsecured)	53,000	53,000
Hire Purchase and lease liabilities:		
- Islamic (secured)	963	845
- Conventional (secured)	7,060	5,267
Bank overdrafts		
- Conventional (unsecured)	998	1,141
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	123,034	140,991
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<u>Non current</u>		
Islamic Commercial papers (secured)	249,000	249,000
Term loans:		
- Islamic (secured)	6,185	9,614
- Conventional (secured)	34,331	35,234
Hire Purchase and lease liabilities:		
- Islamic (secured)	2,227	2,577
- Conventional (secured)	8,113	6,055
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	299,856	302,480
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Grand total	422,890	443,471
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### B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012

#### B8 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

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

#### B9 MATERIAL LITIGATIONS

Since the date of the last annual statement of financial position, there was no pending material litigation.

#### B10 DIVIDENDS

##### Financial year ended 31 December 2011:

The Directors declared 4th interim single tier dividend of 4.70 cents per share on 613,520,412 ordinary shares amounting to RM28,835,459. The dividend was fully paid on 12 April 2012. Total dividend paid for financial year ended 31 December 2011 was 12.10 cents per share amounting to RM71,023,463. There was no final dividend declared.

#### B11 EARNINGS PER SHARE

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

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

	<u>3 months ended</u>	
	<u>31.03.2012</u>	<u>31.03.2011</u>
	RM'000	RM'000
Profit for the financial year attributable to Equity Holders of the Company (RM'000)	33,337	27,510
Weighted average number of ordinary shares in issue ('000)	573,358	540,569
Basic earnings per share (sen)		
- at par value RM0.50	<u>5.81</u>	<u>5.09</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.

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**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2012**

**B11 EARNINGS PER SHARE (CONTINUED)**

(b) Diluted (continued)

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>3 months ended</u>	
	<u>31.03.2012</u>	<u>31.03.2011</u>
	RM'000	RM'000
Profit for the financial year attributable to Equity Holders of the Company (RM'000)	33,337	27,510
Weighted average number of ordinary shares in issue ('000)	573,358	540,569
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	73,082	55,417
Basic earnings per share (sen)		
- at par value RM0.50	<u>5.16</u>	<u>4.62</u>

**B12 SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

The following analysis of realized and unrealized retained profits/(accumulated losses) is prepared pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Securities Berhad Listing Requirements and in accordance with the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses as issued by the Malaysian Institute of Accountants. This disclosure is based on the format prescribed by Bursa Malaysia Securities Berhad.

	As at 31 March 2012 RM'000	As at 31 March 2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	518,760	414,831
- Unrealised gain	(21,514)	(18,669)
	<u>497,246</u>	<u>396,162</u>
Total share of retained profits from associates		
- Realised gains	22,326	16,705
- Unrealised gain	(2,822)	(2,041)
	<u>516,750</u>	<u>410,826</u>
Less: Consolidation adjustments	(26,468)	(11,060)
Total group retained profits as per consolidated financial statements	<u>490,282</u>	<u>399,766</u>

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**B13 NOTE TO THE STATEMENT OF COMPREHENSIVE INCOME**

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

	<u>3 months ended</u>	
	<u>31.03.2012</u>	<u>31.03.2011</u>
	RM'000	RM'000
(a) Interest income	2,142	2,675
(b) Other operating income including investment income	6,960	3,754
(c) Interest expense	5,457	5,331
(d) Depreciation and amortization		
-Depreciation	18,276	16,917
-Gain on disposal	-	-
-Written off	-	-
-Revaluation deficit	-	-
(e) Write off of receivable	-	-
(f) Write off of inventories	-	-
(g) Foreign exchange gain / (loss)	75	1,100

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