

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

31 MARCH 2013

Company No.

247079	M
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KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2013

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the three months ended 31 March 2013.

The interim report is prepared in accordance with FRS134 "Interim Financial Reporting" and paragraph 9.22 of the Bursa Malaysia's Listing Requirements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to this report.

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>3 months ended</u>	
		<u>31.03.2013</u>	<u>31.03.2012</u>	<u>31.03.2013</u>	<u>31.03.2012</u>
		RM'000	RM'000	RM'000	RM'000
Revenue		545,051	525,621	545,051	525,621
Cost of sales		(376,980)	(369,135)	(376,980)	(369,135)
Gross profit		168,071	156,486	168,071	156,486
Administration expenses		(142,268)	(115,544)	(142,268)	(115,544)
Other income		5,346	4,818	5,346	4,818
Other operating expenses		(526)	(867)	(526)	(867)
Operating profit		30,623	44,893	30,623	44,893
Finance Income		1,563	2,142	1,563	2,142
Finance cost		(5,698)	(5,457)	(5,698)	(5,457)
Finance costs – net		(4,135)	(3,315)	(4,135)	(3,315)
Associates					
- share of results		8,618	7,725	8,618	7,725
Profit before zakat and tax	B1	35,106	49,303	35,106	49,303
Zakat		(330)	(330)	(330)	(330)
Income tax expense	B5	(8,250)	(11,121)	(8,250)	(11,121)
Profit net of tax		26,526	37,852	26,526	37,852
Other comprehensive income		1,002	75	1,002	75
Total comprehensive income for the period		27,528	37,927	27,528	37,927

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**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

	Note	<u>Individual Quarter</u> <u>3 months ended</u>		<u>Cumulative Quarter</u> <u>3 months ended</u>	
		<u>31.03.2013</u> RM'000	<u>31.03.2012</u> RM'000	<u>31.03.2013</u> RM'000	<u>31.03.2012</u> RM'000
Profit attributable to:					
Equity holders of the Company		25,093	33,337	25,093	33,337
Minority interest		1,433	4,515	1,433	4,515
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net profit attributable to shareholders		<u>26,526</u>	<u>37,852</u>	<u>26,526</u>	<u>37,852</u>
Total comprehensive income attributable to:					
Equity holders of the Company		26,095	33,412	26,095	33,412
Minority interest		1,433	4,515	1,433	4,515
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net profit attributable to shareholders		<u>27,528</u>	<u>37,927</u>	<u>27,528</u>	<u>37,927</u>
Dividend per share (sen)	A7	<u>4.00</u>	<u>4.70</u>	<u>4.00</u>	<u>4.70</u>
Earnings per share (sen)	B11				
- Basic					
- at par value RM0.50		4.29	5.81	4.29	5.81
- Diluted					
- at par value RM0.50		<u>3.76</u>	<u>5.16</u>	<u>3.76</u>	<u>5.16</u>

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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013**

	<u>Note</u>	<u>31.03.2013</u>	<u>Audited</u> <u>31.12.2012</u>
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A11	948,871	909,355
Other Assets		15,680	15,680
Investment properties		53,118	53,118
Interest in associates		481,883	479,243
Available-for-sale financial assets		3,074	3,074
Intangible assets		176,614	176,614
Deferred tax assets		17,142	15,601
		<u>1,696,382</u>	<u>1,652,685</u>
Current assets			
Inventories		53,275	57,552
Receivables, deposits and prepayments		345,244	325,027
Tax refund receivable		10,374	11,041
Deposit, cash and bank balances		232,915	201,460
		<u>641,808</u>	<u>595,080</u>
Non-current assets held for sale		2,013	2,013
		<u>643,821</u>	<u>597,093</u>
Total assets		<u><u>2,340,203</u></u>	<u><u>2,249,778</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	A8	325,210	323,091
Reserves		718,024	712,857
		<u>1,043,234</u>	<u>1,035,948</u>
Less: Treasury Shares		(364)	(23)
Total equity attributable to shareholders of the Company		<u>1,042,870</u>	<u>1,035,925</u>
Minority interest		<u>68,961</u>	<u>67,528</u>
Total equity		<u><u>1,111,831</u></u>	<u><u>1,103,453</u></u>
LIABILITIES			
Non-current liabilities			
Borrowings	B7	442,956	385,469
Deposits		16,249	15,524
Deferred tax liabilities		46,131	43,857
		<u>505,336</u>	<u>444,850</u>

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**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013**

	<u>31.03.2013</u>	<u>Audited</u>
	RM'000	31.12.2012
		RM'000
Current liabilities		
Payables	366,825	404,139
Borrowings	B9	
- bank overdrafts	1,009	1,046
- others	259,384	205,581
Current tax liabilities	6,867	13,422
Deferred revenue	62,937	61,133
Dividend Payable	26,014	16,154
	<u>723,036</u>	<u>701,475</u>
Total liabilities	<u>1,228,372</u>	<u>1,146,325</u>
Total equity and liabilities	<u>2,340,203</u>	<u>2,249,778</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)		
- at par value RM0.50	1.71	1.71

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**UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

Note	Attributable to shareholders of the Company												
	Issued and fully paid ordinary shares of RM0.50 each			Non-distributable								Distributable	Total equity RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Treasury shares RM'000	Merger reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Minority Interest RM'000			
At 1 January 2013	646,182	323,091	147,288	(23)	(3,367)	(25)	50,415	518,546	1,035,925	67,528	1,103,453		
Total comprehensive income for the period	0	0	0	0	0	1,002	0	25,093	26,095	1,433	27,528		
Issue of shares:													
- exercise of share warrants	4,238	2,119	5,086	0	0	0	0	0	7,205	0	7,205		
- shares bought back	0	0	0	(341)	0	0	0	0	(341)	0	(341)		
Dividend in respect of the financial year ended: 31 December 2012													
- 4th Interim	0	0	0	0	0	0	0	(26,014)	(26,014)	0	(26,014)		
	0	0	0	0	0	0	0	(26,014)	(26,014)	0	(26,014)		
At 31 March 2013	650,420	325,210	152,374	(364)	(3,367)	977	50,415	517,625	1,042,870	68,961	1,111,831		

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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 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	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)	45,215	485,780	892,954	103,898	996,852			
Total comprehensive income for the period	0	0	0	0	0	46	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	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	(28,835)	(28,835)	0	(28,835)			
	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)	45,244	490,282	951,799	108,413	1,060,212			

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KPJ HEALTHCARE BERHAD
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**UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

	<u>3 months ended</u>	
	<u>31.03.2013</u>	<u>31.03.2012</u>
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit for the financial year attributable to equity holders of the Company	25,093	33,337
Adjustments for:		
Zakat	330	330
Taxation	8,250	11,121
Minority interest	1,433	4,515
Associated companies	(8,618)	(7,725)
Finance income	(1,563)	(2,142)
Finance costs	5,698	5,457
Allowance for doubtful debts	1,443	2,078
Property, plant and equipment - depreciation	21,422	18,276
Gain on disposal of shares in an associate	(1,620)	0
Operating profit before changes in working capital	<u>51,868</u>	<u>65,247</u>
Changes in working capital:		
Inventories	4,277	(1,543)
Receivables	(14,960)	(44,404)
Payables	(27,551)	(46,993)
Related companies	(1,089)	1,956
Cash (used in) / from operations	<u>12,545</u>	<u>(25,737)</u>
Long term deposit	725	84
Interest paid	(5,698)	(5,457)
Income tax paid	(14,138)	(9,177)
Net cash used in operating activities	<u>(6,566)</u>	<u>(40,287)</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 2013 (CONTINUED)

	<u>3 months ended</u>	
	<u>31.03.2013</u>	<u>31.03.2012</u>
	RM'000	RM'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(60,938)	(24,313)
Acquisition of subsidiary company	(7,920)	0
Additional investment in subsidiary company	(9,750)	0
Proceeds from disposal of shares in an associate	7,500	0
	<u>(71,108)</u>	<u>(24,313)</u>
FINANCING ACTIVITIES		
Issuance of shares		
- exercise of share warrants	7,205	54,268
Interest received	1,563	2,142
Bank borrowings		
- drawdown	112,487	1,029
- repayment	(1,234)	(15,572)
Dividend paid to shareholders	(16,154)	(14,623)
	<u>103,867</u>	<u>27,244</u>
Net cash from financing activities		
	<u>103,867</u>	<u>27,244</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	26,193	(37,356)
CURRENCY TRANSLATION DIFFERENCES	0	0
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	200,414	252,080
	<u>200,414</u>	<u>252,080</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	226,607	214,724
	<u><u>226,607</u></u>	<u><u>214,724</u></u>
DEPOSITS, CASH AND BANK BALANCES		
Deposits with licensed banks	22,094	28,924
Cash and bank balances	210,821	192,097
Bank overdraft	(1,009)	(998)
	<u>231,906</u>	<u>220,023</u>
less: Deposits pledged with licensed banks	(5,299)	(5,299)
	<u>226,607</u>	<u>214,724</u>
CASH AND CASH EQUIVALENTS	226,607	214,724
	<u><u>226,607</u></u>	<u><u>214,724</u></u>

KPJ HEALTHCARE BERHAD

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A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2013

A1 BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in compliance with MFRS 134: Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2012.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2012 except for the newly-issued Malaysian Accounting Standards Board approved accounting framework - Malaysian Financial Reporting Standards ("MFRS"), Amendments to standards and IC Interpretations ("IC Int.") to be applied by all Entities Other Than Private Entities for the:

Financial periods beginning on or after 1 July 2012

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

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

KPJ HEALTHCARE BERHAD
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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2013**

A1 BASIS OF PREPARATION (CONTINUED)

Financial periods beginning on or after 1 January 2014

Amendments to Offsetting Financial Assets and Financial Liabilities
MFRS 132

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

Financial periods beginning on or after 1 January 2015

Amendments to Financial Instruments
MFRS 9

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

A2 AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

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

A3 SEASONALITY OR CYCLICALITY OF OPERATIONS

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

A4 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

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

A5 CHANGE IN ACCOUNTING ESTIMATES

There is no change in the estimates of amounts reported in prior interim periods of the current financial period or change of estimates of amounts reported in prior financial years that has a material effect in the current financial period under review.

A6 DEBT AND EQUITY SECURITIES

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

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

	<u>31.03.2013</u>	<u>31.03.2013</u>
	Number of shares ('000)	RM'000
<u>Ordinary shares of RM0.50 each</u>		
At start of the financial period	646,182	323,091
Issued during the financial period		
- exercise of Free Warrants (1 free warrant for every 4 shares)	4,238	2,119
	<u>650,420</u>	<u>325,210</u>
At end of financial period	<u>650,420</u>	<u>325,210</u>

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A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2013

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

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

i. Share Buy-back

On 25 June 2012, at the Annual General Meeting, the shareholders of the Company renewed their approval for the Company to buy-back its own shares of up to ten percent (10%) of the issued and paid-up share capital of the Company.

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

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

A7 DIVIDEND PAID

The Directors declared 4th interim single tier dividend of 4.00 cents per share on 650,349,886 ordinary shares amounting to RM26,013,995. The dividend was fully paid on 18 April 2013.

There was no final dividend declared for the financial year ended 31 December 2012.

A8 SEGMENT REPORTING

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

The Group principally operates in one main business segment namely the operating of specialist hospitals. Other operations of the Group mainly comprise of the provision of hospital management services, pathology and laboratory services, marketing and distribution of pharmaceutical, medical and surgical products and operating a healthcare university.

31 March 2013

	HOSPITAL			AGED CARE FACILITY	SUPPORT SERVICES	GROUP
	Malaysia (RM'000)	Indonesia (RM'000)	Thailand (RM'000)	Australia (RM'000)	(RM'000)	(RM'000)
Revenue	491,629	6,900	0	7,716	135,875	642,120
Intersegment revenue	0	0	0	0	(97,069)	(97,069)
External revenue	<u>491,629</u>	<u>6,900</u>	<u>0</u>	<u>7,716</u>	<u>40,692</u>	<u>545,051</u>
Profit/(loss) for the period	31,637	(2,190)	574	(2,350)	(1,145)	26,526

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A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2013

A8 SEGMENT REPORTING (CONTINUED)

31 March 2012

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

A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The freehold land, long leasehold land and buildings were re-valued by the Directors on 31 December 2010 based on open market valuations carried out by an independent firm of professional valuers, CH Williams, Talhar & Wong of 3228, Menara Tun Razak, Jalan Raja Laut, 50768 Kuala Lumpur to reflect market value for existing use. The valuations made are in compliance with the Group policy to revalue freehold land, long leasehold land and building once in every 5 years.

The valuations of property, plant and equipment have been brought forward without amendment from the last audited financial statement for the year ended 31 December 2010.

A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the financial period ended 31 March 2013 that has not been reflected in the interim financial reports except as stated in note B6.

A11 CHANGES IN THE COMPOSITION OF THE GROUP

1) On 27th February 2012, Johor Corporation ("JCorp"), a major shareholder of KPJ Healthcare Berhad ("KPJHB"), offered to sell its entire holding in PT Khidmat Perawatan Jasa Medika ("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. Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") had then, via a letter dated 23rd March 2012, accepted the Offer ("Acceptance").

On 9th July 2012, KPJSB has entered into a conditional Sale of Shares Agreement ("SSA") with JCorp in relation to the Proposed Acquisition.

The proposed acquisition was completed on 7th March 2013.

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A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2013

A11 CHANGES IN THE COMPOSITION OF THE GROUP (CONTINUED)

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

The proposed acquisition is expected to be completed in second (2nd) quarter of 2013.

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

The proposed acquisition is expected to be completed in third (3rd) quarter of 2013.

A12 CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the last annual balance sheet date as at 31 December 2012.

A13 CAPITAL COMMITMENT

Capital expenditures not provided for in the interim financial report as at 31 March 2013 are as follows:

	RM'000
Approved and contracted	152,223
Approved but not contracted	184,460
	<hr/>
	336,683
	<hr/>
Analysed as follows:	
Building	187,314
Medical equipment	74,708
Other property, plant and equipment	52,218
Renovation	22,443
	<hr/>
	336,683
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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 2013

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

The profit before taxation for the current quarter of RM35.1 million is decreased from corresponding quarter in 2012 of RM49.3 million, due to the losses contributed by the newly open hospitals in the group.

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

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

The Group recorded revenue of RM545.1 million for 3 months ended 31 March 2013 with an increase of 4% from RM525.6 million as reported for 2012. The higher revenue for the period is mainly due to the increase in revenue of the existing hospitals and newly open hospitals in the group.

Malaysia

The Malaysian segment revenue for 3 months ended 31 March 2013 has increased by 2% to RM491.6 million compared with RM483.9 million as reported in 2012. The higher revenue reported is due to the increase in revenue of the existing hospitals and newly open hospitals in the group.

Indonesia

The Indonesian segment revenue of RM6.9 million for 3 months ended 31 March 2013 is 38% higher than the revenue reported in 2012 of RM5.0 million. The increase in revenue from this segment is due to the revenue contributed by PT Khidmat Perawatan Jasa Medika in current quarter.

Aged Care Facility

The Aged Care Facility segment revenue for 3 months ended 31 March 2013 is RM7.7 million, 19% higher than the revenue reported in 2012 of RM6.5 million.

Support Services

The revenue from Support Services segment of RM135.9 million for 3 months ended 31 March 2013 is 18% higher, compared to revenue from the same period in 2012 of RM114.7 million. Marketing and distribution of pharmaceutical, medical and surgical products and pathology and also from the laboratory services contributed to the revenue growth of this segment, which has increased in line with the increase in revenue of the hospitals within the Group.

b. Current quarter compared with the corresponding quarter of the preceding year (three months)

The Group recorded revenue of RM545.1 million for 3 months ended 31 March 2013 with an increase of 4% from RM525.6 million as reported for 2012. The higher revenue for the period is mainly due to the increase in revenue of the existing hospitals and newly open hospitals in the group.

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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 2013

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

- b. Current quarter compared to the corresponding quarter of the preceding year (three months) (continued)

Malaysia

The Malaysian segment revenue for 3 months ended 31 March 2013 has increased by 2% to RM491.6 million compared with RM483.9 million as reported in 2012. The higher revenue reported is due to the increase in revenue of the existing hospitals and newly open hospitals in the group.

Indonesia

The Indonesian segment revenue of RM6.9 million for 3 months ended 31 March 2013 is 38% higher than the revenue reported in 2012 of RM5.0 million. The increase in revenue from this segment is due to the revenue contributed by PT Khidmat Perawatan Jasa Medika in current quarter.

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B2 MATERIAL CHANGE IN QUARTERLY RESULTS

The profit before taxation for the current quarter of RM35.1 million decreased as compared to the preceding quarter of RM44.7 million. A total of RM10 million was included in the preceding quarter as a result of gain on disposal of shares in Al-'Aqar Healthcare REIT and gain on revaluation of Investment Properties.

B3 CURRENT YEAR PROSPECTS

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

The Group will continue to strengthen its presence in Malaysia and Asia by continually building its capacity through the expansion of existing hospitals as well as building new hospitals. In the current year, the Group look forward to the opening of its new hospital, namely KPJ Sabah Specialist Hospital, Pasir Gudang Specialist Hospital, Maharani Specialist Hospital and Rawang Specialist Hospital.

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

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2013

B4 PROFIT FORECAST / GUARANTEE

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

B5 TAXATION

	<u>3 months ended</u>		<u>3 months ended</u>	
	<u>31.03.2013</u>	<u>31.03.2012</u>	<u>31.03.2013</u>	<u>31.03.2012</u>
	RM'000	RM'000	RM'000	RM'000
Taxation	8,250	11,121	8,250	11,121

The effective tax rate of the Group for the period ended 31 March 2013 is lower than the statutory tax rate due to recognition of previously unrecognised tax losses of subsidiaries.

B6 STATUS OF CORPORATE PROPOSALS

a) Free Warrants

On 15 January 2010, the Company has granted 131,906,484 units of listed and quoted free warrants ("Free Warrants") on the basis of one (1) Free Warrant for every four (4) shares held by the entitled shareholders of the Company with an exercise price of RM1.70 per units (converted into ordinary shares at par value of RM0.50).

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

	<u>Number of shares</u> <u>'000</u>
Issued on 15.01.2010	131,907
Exercised in Financial Year Ended 2010	(32,281)
Balance not exercised as at 01.01.2011	99,626
Exercised in Financial Year Ended 2011	(25,077)
Balance not exercised as at 01.01.2012	74,549
Exercised in Financial Year Ended 2012	(61,197)
Balance not exercised as at 01.01.2013	13,352
Exercised in Current Quarter	(4,238)
Balance not exercised as at 31.03.2013	9,114

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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 2013

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

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

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

The proposed acquisition was completed on 3rd May 2013.

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

On 23rd March 2012, Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), a wholly-owned subsidiary of KPJ Healthcare Berhad ("KPJHB"), accepted the offer from Johor Corporation 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.

On 9th July 2012, KPJSB has entered into a conditional Sale of Shares Agreement ("SSA") with Johor Corporation ("JCorp") in relation to the Proposed Acquisition.

The proposed acquisition was completed on 7th March 2013.

d) Proposed Acquisition by Pharmaserv Alliances Sdn Bhd ("PASB") of a 3 Storey Office Building together with a Single Storey Warehouse.

On 1st June 2012, Pharmaserv Alliances Sdn Bhd ("PASB"), a wholly owned subsidiary of Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB"), proposed to acquire a 3 Storey Office Building together with a Single Storey Warehouse from Lewre International Sdn Bhd ("LEWRE") for a total purchase consideration of RM14,200,000.

The proposed acquisition was completed on 16th January 2013.

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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 2013

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

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

On 8th August 2012, Puteri Specialist Hospital (Johor) Sdn Bhd ("PSH"), a subsidiary of KPJ Healthcare Bhd ("KPJHB"), proposed to dispose two (2) pieces of lands, both situated in the town of Johor Bahru, District of Johor Bahru, State of Johor to Al-'Aqar Healthcare REIT ("Al-'Aqar") for a total consideration of RM3,590,000 to be fully satisfied in cash.

The proposed disposal is expected to be completed in the second (2nd) quarter of 2013.

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

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

The proposed acquisition is expected to be completed in the second (2nd) quarter of 2013.

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

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

The proposed acquisition is expected to be completed in third (3rd) quarter of 2013.

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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 2013

B7 BORROWINGS

Details of the Group's borrowings as at 31 March 2013 are as follows:

	<u>31.03.2013</u> RM'000	<u>Audited</u> <u>31.12.2012</u> RM'000
<u>Current</u>		
Term loans		
- Islamic (secured)	9,771	10,489
- Conventional (secured)	13,284	13,718
Revolving Credit		
- Islamic (unsecured)	160,900	105,900
- Conventional (unsecured)	70,000	70,000
Hire Purchase and lease liabilities		
- Islamic (secured)	1,392	883
- Conventional (secured)	4,037	4,591
Bank overdrafts		
- Conventional (unsecured)	1,009	1,046
	<u>260,393</u>	<u>206,627</u>
<u>Non current</u>		
Islamic Commercial papers (secured)	399,000	349,000
Term loans		
- Islamic (secured)	26,871	23,893
- Conventional (secured)	8,036	4,755
Hire Purchase and lease liabilities		
- Islamic (secured)	2,110	1,995
- Conventional (secured)	6,939	5,826
	<u>442,956</u>	<u>385,469</u>
Grand total	<u><u>703,349</u></u>	<u><u>592,096</u></u>

B8 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

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

B9 MATERIAL LITIGATIONS

Since the date of the last annual statement of financial position, there were no pending material litigations.

B10 DIVIDEND

In respect of the financial year ended 31 December 2012, the Directors declared 4th interim single tier dividend of 4.00 cents per share on 650,349,886 ordinary shares amounting to RM26,013,995. The dividend was fully paid on 18 April 2013.

There was no final dividend declared.

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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 2013

B11 EARNINGS PER SHARE

(a) Basic earnings per share

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

	<u>3 months ended</u>	
	<u>31.03.2013</u>	<u>31.03.2012</u>
Profit for the financial year attributable to Equity Holders of the Company (RM'000)	25,093	33,337
Weighted average number of ordinary shares in issue ('000)	584,939	573,358
Basic earnings per share (sen)		
- at par value RM0.50	<u>4.29</u>	<u>5.81</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>3 months ended</u>	
	<u>31.03.2013</u>	<u>31.03.2012</u>
Profit for the financial year attributable to Equity Holders of the Company (RM'000)	25,093	33,337
Weighted average number of ordinary shares in issue ('000)	584,939	573,358
Adjusted weighted average number of issued and issuable ordinary shares ('000)	82,494	73,082
Basic earnings per share (sen)		
- at par value RM0.50	<u>3.76</u>	<u>5.16</u>

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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 2013

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

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

	<u>As at</u> <u>31.03.2013</u> RM'000	<u>As at</u> <u>31.03.2012</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	528,790	518,760
- Unrealised gains	(20,987)	(21,514)
	<u>507,803</u>	<u>497,246</u>
Total share of retained profits from associates		
- Realised gains	30,005	22,326
- Unrealised gains	(5,241)	(2,822)
	<u>532,567</u>	<u>516,750</u>
Less: Consolidation adjustments	(14,942)	(26,468)
Total group retained profits as per consolidated financial statements	<u><u>517,625</u></u>	<u><u>490,282</u></u>

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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 2013

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 3rd January 2012, the following amounts have been debited or credited in arriving at the Total Comprehensive Income for the period.

	<u>31.03.2013</u>	<u>3 months ended</u> <u>31.03.2012</u>
	RM'000	RM'000
(a) Finance income	1,563	2,142
(b) Other operating income		
including investment income	6,909	6,960
(c) Interest expense	5,698	5,457
(d) Depreciation and amortization		
-Depreciation	21,422	18,276
-Loss on disposal	-	-
-Written off	-	-
-Revaluation deficit/(surplus)	-	-
(e) Write off of receivable	-	-
(f) Write off of inventories	-	-
(g) Foreign exchange (loss) / gain	1,002	75

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