

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

31 MARCH 2014

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 2014

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the three months ended 31 March 2014.

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 2013 and the accompanying explanatory notes attached to this report.

UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>3 months ended</u>	
		<u>31.03.2014</u>	<u>31.03.2013</u>	<u>31.03.2014</u>	<u>31.03.2013</u>
		RM'000	RM'000	RM'000	RM'000
Revenue		602,742	545,051	602,742	545,051
Cost of sales		(404,949)	(376,980)	(404,949)	(376,980)
Gross profit		197,793	168,071	197,793	168,071
Administration expenses		(158,630)	(142,268)	(158,630)	(142,268)
Other income		5,468	5,346	5,468	5,346
Other operating expenses		(923)	(526)	(923)	(526)
Operating profit		43,708	30,623	43,708	30,623
Finance Income		2,704	1,563	2,704	1,563
Finance cost		(8,949)	(5,698)	(8,949)	(5,698)
Finance costs – net		(6,245)	(4,135)	(6,245)	(4,135)
Associates					
- share of results		8,015	8,618	8,015	8,618
Profit before zakat and tax	B1	45,478	35,106	45,478	35,106
Zakat		(470)	(330)	(470)	(330)
Income tax expense	B5	(12,667)	(8,250)	(12,667)	(8,250)
Profit net of tax		32,341	26,526	32,341	26,526
Other comprehensive income		(173)	1,002	(173)	1,002
Total comprehensive income for the period		32,168	27,528	32,168	27,528

Company No.

247079	M
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KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>3 months ended</u>	
		<u>31.03.2014</u>	<u>31.03.2013</u>	<u>31.03.2014</u>	<u>31.03.2013</u>
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Equity holders of the Company		30,221	25,093	30,221	25,093
Minority interest		2,120	1,433	2,120	1,433
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net profit attributable to shareholders		<u>32,341</u>	<u>26,526</u>	<u>32,341</u>	<u>26,526</u>
Total comprehensive income attributable to:					
Equity holders of the Company		30,048	26,095	30,048	26,095
Minority interest		2,120	1,433	2,120	1,433
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net profit attributable to shareholders		<u>32,168</u>	<u>27,528</u>	<u>32,168</u>	<u>27,528</u>
Dividend per share (sen)	A7	<u>Nil</u>	<u>4.00</u>	<u>Nil</u>	<u>4.00</u>
Earnings per share (sen)	B11				
- Basic					
- at par value RM0.50		2.94	2.75	2.94	2.75
- Diluted					
- at par value RM0.50		<u>2.64</u>	<u>2.52</u>	<u>2.64</u>	<u>2.52</u>

Company No.

247079	M
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KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014**

	<u>Note</u>	<u>31.03.2014</u>	<u>Audited</u> <u>31.12.2013</u>
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	A9	1,262,873	1,206,019
Other Assets		23,577	22,031
Investment properties		275,743	62,746
Interest in associates		480,512	475,536
Available-for-sale financial assets		554	554
Intangible assets		235,957	235,957
Deferred tax assets		24,751	25,678
		<u>2,303,967</u>	<u>2,028,521</u>
Current assets			
Inventories		53,843	52,837
Receivables, deposits and prepayments		455,603	427,102
Tax refund receivable		15,318	18,169
Deposit, cash and bank balances		345,647	312,965
		<u>870,411</u>	<u>811,073</u>
Non-current assets held for sale		2,013	2,013
		<u>872,424</u>	<u>813,086</u>
Total assets		<u><u>3,176,391</u></u>	<u><u>2,841,607</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	A6	513,189	490,955
Reserves		727,892	596,955
		<u>1,241,081</u>	<u>1,087,910</u>
Less: Treasury Shares		(3,609)	(364)
Total equity attributable to shareholders of the Company		<u>1,237,472</u>	<u>1,087,546</u>
Minority interest		<u>87,101</u>	<u>84,981</u>
Total equity		<u><u>1,324,573</u></u>	<u><u>1,172,527</u></u>
LIABILITIES			
Non-current liabilities			
Borrowings	B7	830,358	668,870
Deposits		19,008	17,253
Deferred tax liabilities		46,754	47,153
		<u>896,120</u>	<u>733,276</u>

Company No.

247079	M
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KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

	<u>31.03.2014</u>	<u>Audited</u> <u>31.12.2013</u>
	RM'000	RM'000
Current liabilities		
Payables	466,637	489,963
Borrowings	B7	
- bank overdrafts	7,031	8,140
- others	406,925	350,482
Current tax liabilities	8,336	11,951
Deferred revenue	66,769	62,177
Dividend Payable	-	13,091
	<u>955,698</u>	<u>935,804</u>
Total liabilities	<u>1,851,818</u>	<u>1,669,080</u>
Total equity and liabilities	<u>3,176,391</u>	<u>2,841,607</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)		
- at par value RM0.50	1.21	1.11

Company No.

247079 M

KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

Note	Attributable to shareholders of the Company											
	Issued and fully paid ordinary shares of RM0.50 each		Share premium RM'000	Treasury shares RM'000	Warrant reserve RM'000	Non-distributable		Distributable		Total RM'000	Minority Interest RM'000	Total equity RM'000
	Number of shares '000	Nominal value RM'000				Merger reserve RM'000	Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000			
At 1 January 2014	981,910	490,955	0	(364)	0	(3,367)	3,285	50,415	546,622	1,087,546	84,981	1,172,527
Total comprehensive income for the period	0	0	0	0	0	0	(173)	0	30,221	30,048	2,120	32,168
Rights Issue	43,637	21,819	37,528	0	62,838	0	0	0	0	122,185	0	122,185
Issue of shares:												
- exercise of share warrants	831	415	523	0	0	0	0	0	0	938	0	938
- shares bought back	0	0	0	(3,245)	0	0	0	0	0	(3,245)	0	(3,245)
Changes in ownership interest in subsidiaries	0	0	0	0	0	0	0	0	0	0	0	0
Transaction with non-controlling Interests	0	0	0	0	0	0	0	0	0	0	0	0
Dividend in respect of the financial year ended: 31 December 2013 - 4th Interim	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
At 31 March 2014	<u>1,026,378</u>	<u>513,189</u>	<u>38,051</u>	<u>(3,609)</u>	<u>62,838</u>	<u>(3,367)</u>	<u>3,112</u>	<u>50,415</u>	<u>576,843</u>	<u>1,237,472</u>	<u>87,101</u>	<u>1,324,573</u>

Company No.

247079	M
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KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**AUDITED 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		Share premium	Treasury shares	Merger reserve	Non-distributable		Distributable		Minority Interest	Total equity
	Number of shares '000	Nominal value RM'000				Exchange reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total 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

Company No.

247079	M
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KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

	<u>3 months ended</u>	
	<u>31.03.2014</u>	<u>31.03.2013</u>
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit for the financial year attributable to equity holders of the Company	30,221	25,093
Adjustments for:		
Zakat	470	330
Taxation	12,667	8,250
Minority interest	2,120	1,433
Associated companies	(8,015)	(8,618)
Finance income	(2,704)	(1,563)
Finance costs	8,949	5,698
Allowance for doubtful debts	107	1,443
Property, plant and equipment - depreciation	25,134	21,422
Gain on disposal of shares in an associate	-	(1,620)
Operating profit before changes in working capital	<u>68,949</u>	<u>51,868</u>
Changes in working capital:		
Inventories	(1,006)	4,277
Receivables	(28,534)	(14,960)
Payables	(27,317)	(26,826)
Related companies	(6,325)	(1,089)
Cash from operations	<u>5,767</u>	<u>12,545</u>
Interest received	2,704	1,563
Income tax paid	(11,779)	(14,138)
Net cash from operating activities	<u>(3,308)</u>	<u>695</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(79,210)	(60,938)
Purchase of investment property	(212,997)	-
Acquisition of subsidiary company	-	(7,920)
Additional investment in subsidiary company	-	(9,750)
Proceeds from disposal of shares in an associate	-	7,500
Net cash used in investing activities	<u>(292,207)</u>	<u>(71,108)</u>

Company No.

247079	M
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KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014 (CONTINUED)

	<u>3 months ended</u>	
	<u>31.03.2014</u>	<u>31.03.2013</u>
	RM'000	RM'000
FINANCING ACTIVITIES		
Issuance of shares		
- right issues	122,185	-
- exercise of share warrants	947	7,205
Purchase of treasury shares	(3,245)	-
Bank borrowings		
- drawdown	286,815	112,487
- repayment	(48,325)	(1,234)
Dividend paid to shareholders	(13,091)	(16,154)
Interest paid	(8,949)	(5,698)
	<u>336,337</u>	<u>96,606</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	40,822	26,193
CURRENCY TRANSLATION DIFFERENCES		-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	304,825	200,414
	<u>304,825</u>	<u>200,414</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	345,647	226,607
	<u><u>345,647</u></u>	<u><u>226,607</u></u>
DEPOSITS, CASH AND BANK BALANCES		
Deposits with licensed banks	31,952	22,094
Cash and bank balances	329,427	210,821
Bank overdraft	(7,031)	(1,009)
	<u>354,348</u>	<u>231,906</u>
less: Deposits pledged with licensed banks	(8,701)	(5,299)
	<u>345,647</u>	<u>226,607</u>
CASH AND CASH EQUIVALENTS	345,647	226,607
	<u><u>345,647</u></u>	<u><u>226,607</u></u>

Company No.

247079	M
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KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

A1 BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance 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 2013.

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 2013 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 January 2014

Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
IC Interpretation 21	Levies

To be announced

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 9	Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139

The adoption of the above standards and interpretations will have no material impact on the interim financial report in the period of initial application.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014**

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, except for the followings:

i. Treasury Shares

On 11 June 2013, 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.

Between the period of 13 January 2014 to 21 January 2014, the Company has bought back 75,000 units of KPJ Healthcare Berhad shares from the open market, listed on the Main Market of Bursa Listed Securities Berhad, at an average buy-back price of RM3.47 per share.

Between the period of 20 March 2014 to 31 March 2014, the Company has bought back 995,000 units of KPJ Healthcare Berhad shares from the open market, listed on the Main Market of Bursa Listed Securities Berhad, at an average buy-back price of RM3.00 per share.

During the financial period, 1,070,000 shares were bought for a total consideration of RM3,245,250 including transaction cost and was financed by internally generated fund. The shares were retained as treasury shares.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014**

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

ii. Share split, bonus issue and free warrants (2010)

Share Split

On 15 January 2010, the Company has subdivided its existing 211,050,615 ordinary shares of RM1 each into 422,101,230 ordinary shares of RM0.50 each ("Share Split").

Bonus Issue

On the same date, the Company issued bonus shares of up to 105,525,308 new ordinary shares of RM0.50 each, which credited as fully paid up by the Company, on the basis of one (1) Bonus Shares for every four (4) shares held by the entitled shareholders of the Company after the share split ("Bonus Issue").

Free Warrants (2010/2015)

On the same date, the Company issued up to 131,906,635 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.

The warrants exercise period is five years commencing from the offer date. Warrant exercise price is 15% discount to the theoretical ex-all price based on five-day volume weighted-average market price up to and including 20 November 2009 ("price fixing date").

Subsequent to the Bonus Issue in December 2013, the exercise price of the warrants is now revised to RM1.13 per units (converted into ordinary share at par value RM0.50).

The new shares issued arising from the Share Split, Bonus Issue and Free Warrants exercised shall upon issue and allotment, rank pari passu in all respects.

iii. Bonus issue, Rights issue and free warrants (2013)

Bonus Issue

On 29 July 2013, the shareholders of KPJ Healthcare Berhad ("KPJ"), have approved the listing of Bonus Issue up to 327,279,946 new shares ("Bonus Shares"), to be credited as fully paid up by the Company, on the basis of one (1) Bonus Share for every two (2) Shares held by the entitled shareholders of the Company on the Entitlement Date of 26 December 2013.

The transactions were completed on 27 December 2013 with listing of 327,279,946 Bonus Shares and 2,451,551 additional warrants 2010/2015 consequential to the Bonus Issue.

Rights Issue

On 29 January 2014, 43,637,326 Rights Shares and 87,274,652 New Warrants as well as 96,098 additional warrants 2010/2015 consequential to the Rights Issue were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

The issue price of RM2.80 for the Right Shares are arrived based on a discount of approximately thirty percent (30%) over the theoretical ex-all price of the shares (after taking into account the Proposed Bonus Issue) based on the five (5) days volume weighted average market price ("VWAP") of the shares immediately preceding the price fixing date.

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

iii. Bonus issue, Rights issue and free warrants (2013) (continued)Free Warrants (2014/2019)

On 29 January 2014, the Warrants 2014/2019 are issued for free to the subscribers of the renounceable rights issue of 43,637,326 new ordinary shares of RM0.50 each in KPJ Healthcare Berhad Rights Shares on the basis of one (1) Rights Share for every fifteen (15) existing KPJ Shares held by the entitled shareholders of the Company, together with 87,274,652 free detachable new warrants ("Warrant(s) 2014/2019") on the basis of two (2) Warrants 2014/2019 for every one (1) Rights Share subscribed at an issue price of RM2.80 per Rights Share ("Rights Issue").

The number of issued and paid up ordinary share capital as a result of the above mentioned Corporate Exercise is as follows:

	<u>31.03.2014</u>	<u>31.03.2014</u>
	Number of shares ('000)	RM'000
<u>Ordinary shares of RM0.50 each</u>		
At start of the financial period	981,910	490,955
Issued during the financial period		
- exercise of Free Warrants (1 free warrant for every 4 shares) (ii)	831	415
- Rights Issue (1 rights share for every 15 shares) (iii)	<u>43,637</u>	<u>21,819</u>
At end of financial period	<u><u>1,026,378</u></u>	<u><u>513,189</u></u>

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

A7 DIVIDENDS PAID

In respect of the financial year ended 31 December 2013:

On 22 May 2013, the Directors declared 1st interim single tier dividend of 2.0 cents per share on 653,020,611 ordinary shares amounting to RM13,060,412. The dividend was fully paid on 19 July 2013.

On 30 August 2013, the Directors declared 2nd interim single tier dividend of 2.0 cents per share on 654,207,861 ordinary shares amounting to RM13,084,157. The dividend was fully paid on 18 October 2013.

On 28 November 2013, the Directors declared 3rd interim single tier dividend of 2.0 cents per share on 654,559,892 ordinary shares amounting to RM13,091,198. The dividend was fully paid on 10 January 2014.

The directors do not propose any final dividend for the financial year ended 31 December 2013.

Company No.

247079	M
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KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014**

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. This business segment is segregated geographically to Malaysia, Indonesia and Thailand. 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 private university college of nursing and allied health and also providing retirement village and aged care facility services in Australia.

31 March 2014

	Hospitals			Aged Care Facility	Support Services, Corporate & Others	Adjustments/ Elimination	Group
	Malaysia (RM'000)	Indonesia (RM'000)	Thailand (RM'000)	Australia (RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	544,650	10,793	0	7,766	146,350	(106,817)	602,742
Intersegment revenue	0	0	0	0	(6,192)	6,192	0
External revenue	544,650	10,793	0	7,766	140,158	(100,625)	602,742
Profit/(loss) for the period	49,774	(357)	58	(2,548)	(5,091)	(9,495)	32,341

31 March 2013

	Hospitals			Aged Care Facility	Support Services, Corporate & Others	Adjustments /Elimination	Group
	Malaysia (RM'000)	Indonesia (RM'000)	Thailand (RM'000)	Australia (RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	500,481	6,900	0	7,716	133,932	(103,978)	545,051
Intersegment revenue	0	0	0	0	(6,632)	6,632	0
External revenue	500,481	6,900	0	7,716	127,300	(97,346)	545,051
Profit/(loss) for the period	41,989	(2,190)	533	(2,350)	(3,410)	(8,046)	26,526

KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2014****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 2014 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 6th November 2013, KPJSB, a subsidiary of KPJ Healthcare Bhd ("KPJHB"), had entered into a conditional Share Sale Agreement with Usaha Cendera Sdn Bhd for the acquisition of 2 ordinary shares of RM1.00 each in BDC which is equivalent to 100% of the equity of BDC for a total cash consideration of RM16,516,144.

BDC is the registered owner of a leasehold land at Lot 18807 Block 11 Muara Tebas Land District located at Stampin, Kuching, Sarawak measuring approximately 1.918 hectares ("Land"). Henry Butcher in their valuation report dated 11 December 2012 has valued the Land based on the market value of RM16,590,000. Upon the completion of the Proposed Acquisition, BDC will be a wholly-owned subsidiary of KPJSB.

The acquisition was completed on 10th February 2014.

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 2013 except as stated in note B9.

A13 CAPITAL COMMITMENT

Capital expenditures not provided for in the interim financial report as at 31 March 2014 are as follows:

	RM'000
Approved and contracted	272,644
Approved but not contracted	304,698
	<hr/>
	577,342
	<hr/> <hr/>
Analysed as follows:	
Leasehold land	-
Building	382,331
Medical equipment	95,724
Other property, plant and equipment	99,287
	<hr/>
	577,342
	<hr/> <hr/>

Company No.

247079	M
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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 2014

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

The profit before taxation for the current quarter of RM45.5 million has increased by 30% as compared to the corresponding quarter in 2013 of RM35.1 million. 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 RM602.7 million for 3 months ended 31 March 2014 with an increase of 11% from RM545.1 million as reported for 2013. 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 2014 has increased by 9% to RM544.6 million compared with RM500.5 million as reported in 2013. 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 RM10.8 million for 3 months ended 31 March 2014 is 116% higher than the revenue reported in 2013 of RM5.0 million. The increase in revenue from this segment is due to the revenue contributed by PT Khidmat Perawatan Jasa Medika which the comparison for last financial period was only for one month as the acquisition was completed end of February 2013.

Aged Care Facility

The Aged Care Facility segment revenue for 3 months ended 31 March 2014 is RM7.8 million, 1% higher than the revenue reported in 2013 of RM7.7 million which is in line with the activities at the facility.

Support Services, Corporate and Others

The revenue from Support Services, Corporate and Others segment of RM146.3 million for 3 months ended 31 March 2014 is 9% higher, compared to revenue from the same period in 2013 of RM133.9 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 RM602.7 million for 3 months ended 31 March 2014 with an increase of 11% from RM545.1 million as reported for 2013. 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.

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 2014

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 2014 has increased by 9% to RM544.6 million compared with RM500.5 million as reported in 2013. 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 RM10.8 million for 3 months ended 31 March 2014 is 116% higher than the revenue reported in 2013 of RM5.0 million. The increase in revenue from this segment is due to the revenue contributed by PT Khidmat Perawatan Jasa Medika which the comparison for last financial period was only for one month as the acquisition was completed end of February 2013.

Aged Care Facility

The Aged Care Facility segment revenue for 3 months ended 31 March 2014 is RM7.8 million, 1% higher than the revenue reported in 2013 of RM7.7 million which is in line with the activities at the facility.

Support Services, Corporate and Others

The revenue from Support Services, Corporate and Others segment of RM146.3 million for 3 months ended 31 March 2014 is 9% higher, compared to revenue from the same period in 2013 of RM133.9 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.

B2 MATERIAL CHANGE IN QUARTERLY RESULTS

The profit before taxation for the current quarter of RM45.5 million decreased by 21% as compared to the preceding quarter of RM57.8 million. The significant decrease in the net profit before tax is due to the recognition of gain on fair value adjustments in relation to investment properties and gain on partial disposal of an associate, Al-Aqar Healthcare REIT in the preceding quarter amounting to RM10.5 million.

B3 CURRENT YEAR PROSPECTS

In the year 2013, it was evidenced that the demand for healthcare services has increased in line with the population growth, better life expectancy, rapid ageing and the rising of middle income group. The efforts in promoting health tourism for Malaysia had also shown a drastic improvement with a double digit growth throughout the country. It is anticipated that this rising trend will continue to escalate in the year 2014.

In line with the continuous demand, expansion of existing hospitals and building new hospitals will remain to be the Group Core Strategy, as this will enhance the capacity and improve the service delivery for our patients. The newly completed KPJ Sabah Specialist Hospital, KPJ Rawang Specialist Hospital and Maharani Specialist Hospital will be added to the KPJ network of hospitals and anticipated to be the contributor towards the revenue growth for the Group in 2014.

Company No.

247079	M
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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 YEAR PERIOD 31 MARCH 2014

B3 CURRENT YEAR PROSPECTS (CONTINUED)

The expansion of existing hospitals, enhancement of services and continued growth of existing hospitals will give a positive impact to the Group's results in 2014, however the inclusion of 3 newly completed hospitals as mention above will moderate the performance as new established hospitals tend to have an expected average gestation period between three to five years.

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

	3 months ended		3 months ended	
	<u>31.03.2014</u>	<u>31.03.2013</u>	<u>31.03.2014</u>	<u>31.03.2013</u>
	RM'000	RM'000	RM'000	RM'000
Taxation	<u>12,667</u>	<u>8,250</u>	<u>12,667</u>	<u>8,250</u>

The effective tax rate of the Group for the period ended 31 March 2014 is higher than the statutory tax rate due to the Group did not recognised the benefits of current year accumulated losses from the newly opened subsidiaries to net off the total tax expenses for the Group.

B6 STATUS OF CORPORATE PROPOSALS

a) Free Warrants (2010/2015)

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 unit (converted into ordinary shares at par value of RM0.50).

Subsequent to the Bonus Issue in December 2013, the exercise price of the warrants is now revised to RM1.13 per unit (converted into ordinary share at par value RM0.50).

Company No.

247079	M
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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 2014

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

a) Free Warrants (2010/2015) (continued)

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

	Number of shares <u> </u> '000
Issued on 15.01.2010	131,907
Exercised in Financial Year Ended 2010	(32,281)
	<u> </u>
Balance not exercised as at 01.01.2011	99,626
Exercised in Financial Year Ended 2011	(25,077)
	<u> </u>
Balance not exercised as at 01.01.2012	74,549
Exercised in Financial Year Ended 2012	(61,197)
	<u> </u>
Balance not exercised as at 01.01.2013	13,352
Exercised in Financial Year Ended 2013	(8,448)
Additional Warrants issued as a result of Bonus Shares issued on 27.12.2013	2,452
	<u> </u>
Balance not exercised as at 01.01.2014	7,356
Additional Warrants issued as a result of Right Shares issued on 29.01.2014	96
Exercised in Current Quarter	(831)
	<u> </u>
Balance not exercised as at 31.03.2014	<u>6,621</u>

Free Warrants (2014/2019)

On 29 January 2014, the Warrants 2014/2019 are issued for free to the subscribers of the renounceable rights issue of 43,637,326 new ordinary shares of RM0.50 each in KPJ Healthcare Berhad Rights Shares on the basis of one (1) Rights Share for every fifteen (15) existing KPJ Shares held by the entitled shareholders of the Company, together with 87,274,652 free detachable new warrants ("Warrant(s) 2014/2019") on the basis of two (2) Warrants 2014/2019 for every one (1) Rights Share subscribed at an issue price of RM2.80 per Rights Share ("Rights Issue").

Company No.

247079	M
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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 2014

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

a) Free Warrants (2014/2019) (continued)

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

	Number of shares <u>'000</u>
Issued on 29.01.2014 and balance as at 31.03.2014	<u>87,275</u>

b) 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 was completed on 23rd April 2014.

c) Proposed acquisition of multi-storey office building by Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB")

KPJSB and Danaharta Hartanah Sdn Bhd ("DHSB") had entered into a tenancy agreement on 11 September 2012 ("Tenancy Agreement") whereby DHSB had granted upon KPJSB the option to purchase a multi-storey office building known as Menara 238 at No.238, Jalan Tun Razak, Kuala Lumpur.

On 16 October 2013, KPJSB has exercised its option to purchase and therefore, entered into a conditional sale and purchase agreement ("SPA") with DHSB for a total cash consideration of RM206,000,000.

The proposed acquisition was completed on 10th February 2014.

d) Proposed acquisition by Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") of 100% equity in BDC Specialist Hospital Sdn Bhd ("BDC")

On 6th November 2013, KPJSB, a subsidiary of KPJ Healthcare Bhd ("KPJHB"), had entered into a conditional Share Sale Agreement with Usaha Cendera Sdn Bhd for the acquisition of 2 ordinary shares of RM1.00 each in BDC which is equivalent to 100% of the equity of BDC for a total cash consideration of RM16,516,144.

BDC is the registered owner of a leasehold land at Lot 18807 Block 11 Muara Tebas Land District located at Stampin, Kuching, Sarawak measuring approximately 1.918 hectares ("Land"). Henry Butcher in their valuation report dated 11 December 2012 has valued the Land based on the market value of RM16,590,000.

Upon the completion of the Proposed Acquisition, BDC will be a wholly-owned subsidiary of KPJSB.

The proposed acquisition was completed on 10th February 2014.

Company No.

247079	M
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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 2014

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

- e) Proposed Business between Kumpulan Perubatan (Johor) Sdn Bhd ("KPJSB") and Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust

On 18 November 2013, KPJSB entered into a Deed of Agreement with Father of the Nation Bangabandhu Sheikh Mujibur Rahman Memorial Trust to lease a 250-bed hospital building known as "Sheikh Fazilatunnessa Mujib Memorial KPJ Specialist Hospital" erected on a piece of land located approximately 50 kilometers from Dhaka, Bangladesh ("the Land") (collectively "Hospital Building"). The Hospital Building was built at a cost of Tk2.15 billion (equivalent to RM87.5 million).

Pursuant to the Agreement, KPJSB or its nominee company, KPJ Healthcare (Bangladesh) Private Limited, a subsidiary of KPJSB in Bangladesh, will be the license operator of the said Hospital. KPJ Healthcare (Bangladesh) Private Limited will be incorporated upon the fulfillment of the Conditions Precedent.

The proposed business was completed on 8th April 2014.

- f) Proposed Combination of New Issue of Securities KPJ Healthcare Berhad ("KPJHB")

On 28 November 2013, at the Extraordinary General Meeting, the shareholders of KPJHB have duly approved the combination of new issue detailed out below:

- (i) Proposed renounceable rights issue of up to 43,968,866 new KPJ shares on the basis of one (1) rights share for every fifteen (15) existing KPJ shares held, together with up to 87,937,732 free detachable new warrants 2013/2018 on the basis of two (2) new warrants for every one (1) rights share subscribed.

On 29 January 2014, 43,637,326 Rights Shares and 87,274,652 New Warrants as well as 96,098 additional warrants 2010/2015 consequential to the Rights Issue were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

Rights shares has an issue price of RM2.80, is arrived based on a discount of approximately thirty percent (30%) over the theoretical ex-all price of KPJ shares (after taking into account the Proposed Bonus Issue) based on the five (5)-day VWAP of KPJ shares immediately preceding the price fixing date.

The new shares issued arising from the Bonus Issue, Rights Issue and Free Warrants exercised shall upon issue and allotment, rank pari passu in all respects.

The exercise of the Rights Shares and New Warrants as well as additional warrants 2010/2015 consequential to the Rights Issue were completed on 29 January 2014.

Company No.

247079	M
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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 2014

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

- (f) Proposed Combination of New Issue of Securities KPJ Healthcare Berhad ("KPJHB") (continued)

The gross proceeds from the Rights Issue of Shares with Warrants of RM122,185,000 was utilised as follows:

Descriptions	Proposed Utilisation RM'000	Actual utilisation as at 31 March 2014 RM'000	Amount unutilised as at 31 March 2014 RM'000	Expected time frame for utilisation of proceeds (from the date of listing of the Rights Shares)
Business expansion	80,000	49,600	30,400	Within 36 months
Repayment of borrowings	35,000	-	35,000	Within 12 months
Working capital	4,185	4,185	-	Within 12 months
Estimated expenses for the Bonus Issue and Rights Issue	3,000	3,000	-	Within 3 months
Total estimated proceeds	122,185	56,785	65,400	

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 2014

B7 BORROWINGS

Details of the Group's borrowings as at 31 March 2014 are as follows:

	<u>31.03.2014</u>	<u>Audited</u> <u>31.12.2013</u>
	RM'000	RM'000
<u>Current</u>		
Term loans		
- Islamic (secured)	9,594	4,683
- Conventional (secured)	1,628	2,444
Revolving Credit		
- Islamic (unsecured)	327,500	277,027
- Conventional (unsecured)	55,900	55,900
Hire Purchase and lease liabilities		
- Islamic (secured)	11,449	8,516
- Conventional (secured)	854	1,912
Bank overdrafts		
- Conventional (unsecured)	7,031	8,140
	<u>413,956</u>	<u>358,622</u>
<u>Non current</u>		
Islamic Commercial papers (unsecured)	499,000	499,000
Term loans		
- Islamic (secured)	253,327	85,353
- Conventional (secured)	45,268	51,561
Hire Purchase and lease liabilities		
- Islamic (secured)	32,123	29,573
- Conventional (secured)	640	3,383
	<u>830,358</u>	<u>668,870</u>
Grand total	<u><u>1,244,314</u></u>	<u><u>1,027,492</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

On 13 January 2014, Hospital Penawar Sdn Bhd had filed an Application for leave to appeal to the Federal Court against the Court of Appeal's decision dated 12 December 2013 ("the said Application").

The unsealed copy of the said Application was served on the Company's solicitors on 10 January 2014. The hearing date for the Applicants' application for leave to appeal to the Federal Court against the Court of Appeal's decision dated 12 December 2013 has been fixed by the Federal Court on Tuesday, 19 August 2014.

Company No.

247079	M
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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 2014

B10 DIVIDENDS

In respect of the financial year ended 31 December 2013:

On 22 May 2013, the Directors declared 1st interim single tier dividend of 2.0 cents per share on 653,020,611 ordinary shares amounting to RM13,060,412. The dividend was fully paid on 19 July 2013.

On 30 August 2013, the Directors declared 2nd interim single tier dividend of 2.0 cents per share on 654,207,861 ordinary shares amounting to RM13,084,157. The dividend was fully paid on 18 October 2013.

On 28 November 2013, the Directors declared 3rd interim single tier dividend of 2.0 cents per share on 654,559,892 ordinary shares amounting to RM13,091,198. The dividend was fully paid on 10 January 2014.

The directors do not propose any final dividend for the financial year ended 31 December 2013.

B11 EARNINGS PER SHARE

(a) Basic earnings per share

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

	<u>3 months ended</u>	
	<u>31.03.2014</u>	<u>31.03.2013</u>
Profit for the financial year attributable to equity holders of the Company (RM'000)	30,221	25,093
Adjusted number of ordinary shares in issue ('000)	1,026,378	912,219*
Basic earnings per share (sen)		
- at par value RM0.50	<u>2.94</u>	<u>2.75</u>

*The bonus issue was without consideration and it is treated as if it had occurred before the beginning of 1 January 2012.

Company No.

247079	M
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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 2014

B11 EARNINGS PER SHARE (CONTINUED)

(b) Diluted

For the diluted earnings per share calculation, the 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 the warrants issued.

For the share warrants issued, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding warrants. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the 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 profit for the financial year for the warrants calculation.

	<u>3 months ended</u>	
	<u>31.03.2014</u>	<u>31.03.2013</u>
Profit for the financial year attributable to equity holders of the Company (RM'000)	30,221	25,093
Number of ordinary shares in issue ('000)	1,026,378	912,219
Adjusted number of ordinary shares in issue and issuable ('000)	118,729	82,494
Number of ordinary shares for diluted earnings per share ('000)	1,145,107	994,713
Diluted earnings per share (sen) - at par value RM0.50	<u>2.64</u>	<u>2.52</u>

Company No.

247079	M
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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 2014

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>31.03.2014</u> RM'000	<u>As at</u> <u>31.03.2013</u> RM'000
Total retained profits of the Company and its subsidiaries		
- Realised gains	545,889	528,790
- Unrealised gains	(31,063)	(20,987)
	<u>514,826</u>	<u>507,803</u>
Total share of retained profits from associates		
- Realised gains	82,051	30,005
- Unrealised gains	(2,644)	(5,241)
	<u>594,233</u>	<u>532,567</u>
Less: Consolidation adjustments	(17,390)	(14,942)
Total group retained profits as per consolidated financial statements	<u><u>576,843</u></u>	<u><u>517,625</u></u>

Company No.

247079	M
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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 2014

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>3 months ended</u>	
	<u>31.03.2014</u>	<u>31.03.2013</u>
	RM'000	RM'000
(a) Finance income	2,704	1,563
(b) Other operating income		
including investment income	5,468	5,346
(c) Interest expense	8,949	5,698
(d) Depreciation and amortization		
-Depreciation	25,134	21,422
-Loss on disposal	-	-
-Written off	-	-
-Revaluation deficit/(surplus)	-	-
(e) Write off of receivable	-	-
(f) Write off of inventories	-	-
(g) Foreign exchange (loss) / gain	(173)	1,002

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