

Company No.

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KPJ HEALTHCARE BERHAD
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORTS

30 JUNE 2015

Company No.

247079

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KPJ HEALTHCARE BERHAD

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORTS
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015**

The Directors of KPJ Healthcare Berhad are pleased to announce the financial results for the Group for the three months ended 30 June 2015.

The interim report is prepared in accordance with MFRS134 Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Listing Requirements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to this report.

**UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>6 months ended</u>	
		<u>30.06.2015</u>	<u>Restated</u> <u>30.06.2014</u>	<u>30.06.2015</u>	<u>Restated</u> <u>30.06.2014</u>
		RM ϕ 00	RM ϕ 00	RM ϕ 00	RM ϕ 00
Revenue	B1	714,272	662,823	1,424,159	1,265,565
Cost of sales		(490,246)	(457,686)	(981,562)	(873,694)
Gross profit		224,026	205,137	442,597	391,871
Administration and Other operating expenses		(173,132)	(162,194)	(344,079)	(310,688)
Other income		8,378	8,849	14,486	14,317
Operating profit		59,272	51,792	113,004	95,500
Finance Income		3,057	2,521	5,615	5,225
Finance cost		(15,903)	(14,000)	(30,512)	(22,949)
Finance costs . net		(12,846)	(11,479)	(24,897)	(17,724)
Associates - share of results		9,008	9,882	17,943	17,897
Profit before zakat and tax	B2	55,434	50,195	106,050	95,673
Zakat		(570)	(460)	(1,140)	(930)
Income tax expense	B5	(16,165)	(14,207)	(29,831)	(26,874)
Profit net of tax		38,699	35,528	75,079	67,869
Other comprehensive income		(745)	(2,620)	(727)	(2,793)
Total comprehensive income for the period		37,954	32,908	74,352	65,076

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UNAUDITED CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (continued)

	Note	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
		<u>3 months ended</u>		<u>6 months ended</u>	
		<u>30.06.2015</u>	<u>Restated</u> <u>30.06.2014</u>	<u>30.06.2015</u>	<u>Restated</u> <u>30.06.2014</u>
		RM ϕ 00	RM ϕ 00	RM ϕ 00	RM ϕ 00
Profit attributable to:					
Equity holders of the Company		35,994	33,743	69,888	63,964
Non-controlling interest		2,705	1,785	5,191	3,905
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net profit attributable to shareholders		<u>38,699</u>	<u>35,528</u>	<u>75,079</u>	<u>67,869</u>
Total comprehensive income attributable to:					
Equity holders of the Company		35,249	31,123	69,161	61,171
Non-controlling interest		2,705	1,785	5,191	3,905
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net profit attributable to shareholders		<u>37,954</u>	<u>32,908</u>	<u>74,352</u>	<u>65,076</u>
Dividend per share (sen)	A7	<u>1.75</u>	<u>1.45</u>	<u>4.35</u>	<u>1.45</u>
Earnings per share (sen)	B11				
- Basic					
- at par value of RM0.50		3.59	3.38	6.77	6.36
- Diluted					
- at par value of RM0.50		<u>3.58</u>	<u>3.43</u>	<u>6.76</u>	<u>6.35</u>

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	<u>Note</u>	<u>30.06.2015</u>	<u>Audited</u> <u>31.12.2014</u>
		RM ϕ 00	RM ϕ 00
ASSETS			
Non-current assets			
Property, plant and equipment	A9	1,525,371	1,461,201
Investment properties		267,750	267,750
Interest in associates		492,959	474,991
Available-for-sale financial assets		288	288
Intangible assets		252,523	243,662
Deferred tax assets		25,562	27,841
		<u>2,564,453</u>	<u>2,475,733</u>
Current assets			
Inventories		56,321	44,567
Receivables, deposits and prepayments		472,046	437,855
Tax refund receivable		17,214	14,687
Deposit, cash and bank balances		385,901	305,276
		<u>931,482</u>	<u>802,385</u>
Non-current assets held for sale		57,886	57,886
		<u>989,368</u>	<u>860,271</u>
Total assets		<u><u>3,553,821</u></u>	<u><u>3,336,004</u></u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	A6	526,275	515,374
Reserves		890,369	798,763
		<u>1,416,644</u>	<u>1,314,137</u>
Less: Treasury Shares		(54,777)	(54,777)
Total equity attributable to shareholders of the Company		<u>1,361,867</u>	<u>1,259,360</u>
Non-controlling interest		94,971	89,780
Total equity		<u>1,456,838</u>	<u>1,349,140</u>
LIABILITIES			
Non-current liabilities			
Borrowings	B7	1,133,727	335,467
Deposits		14,947	17,996
Deferred tax liabilities		49,916	42,673
Deferred revenue		47,840	55,712
Provision for retirement benefits		2,375	2,260
		<u>1,248,805</u>	<u>454,108</u>

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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015 (continued)

	<u>30.06.2015</u>	<u>Audited</u>
	RM ϕ 00	31.12.2014
		RM ϕ 00
Current liabilities		
Payables	514,215	565,158
Borrowings	B7	
- bank overdrafts	11,336	15,727
- others	274,749	900,194
Current tax liabilities	17,771	18,361
Deferred revenue	11,960	13,012
Dividends payable	18,147	20,304
	<u>848,178</u>	<u>1,532,756</u>
Total liabilities	<u>2,096,983</u>	<u>1,986,864</u>
Total equity and liabilities	<u>3,553,821</u>	<u>3,336,004</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)		
- at par value of RM0.50	<u>1.29</u>	<u>1.22</u>

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KPJ HEALTHCARE BERHAD
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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

Note	Attributable to owners of the Company													
	Issued and fully paid ordinary shares of RM0.50 each				Non-distributable						Non-controlling interest			Total equity RM000
	Number of shares 000	Nominal value RM000	Share premium RM000	Treasury shares RM000	Warrant reserve RM000	Esos reserve RM000	Merger reserve RM000	Exchange reserve RM000	Revaluation reserve RM000	Retained earnings RM000	Total RM000	RM000		
At 1 January 2015	1,030,748	515,374	70,507	(54,777)	31,952	-	(3,367)	1,895	58,429	639,347	1,259,360	89,780	1,349,140	
Total comprehensive income for the period	-	-	-	-	-	-	-	(727)	-	69,888	69,161	5,191	74,352	
Issue of shares:														
- exercise of share warrants	2,830	1,415	2,895	-	(1,531)	-	-	-	-	-	2,779	-	2,779	
Private Placement	17,509	8,754	55,679	-	-	-	-	-	-	-	64,433	-	64,433	
Exercised of employees share options	1,465	732	5,503	-	-	-	-	-	-	-	6,235	-	6,235	
Grant of equity settled share options to employees	-	-	-	-	-	4,952	-	-	-	-	4,952	-	4,952	
Dividend in respect of the financial year ended:														
31 December 2014														
- 4th Interim	-	-	-	-	-	-	-	-	-	(26,906)	(26,906)	-	(26,906)	
31 December 2015														
- 1st Interim	-	-	-	-	-	-	-	-	-	(18,147)	(18,147)	-	(18,147)	
	-	-	-	-	-	-	-	-	-	(45,053)	(45,053)	-	(45,053)	
At 30 June 2015	1,052,552	526,275	134,584	(54,777)	30,421	4,952	(3,367)	1,168	58,429	664,182	1,361,867	94,971	1,456,838	

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KPJ HEALTHCARE BERHAD
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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

Note	Attributable to owners of the Company											
	Issued and fully paid ordinary shares of RM0.50 each				Non-distributable							
	Number of shares ₹000	Nominal value RM000	Share premium RM000	Treasury shares RM000	Warrant reserve RM000	Merger reserve RM000	Exchange reserve RM000	Revaluation reserve RM000	Retained earnings RM000	Total RM000	Non-controlling interest RM000	Total equity RM000
At 1 January 2014	981,910	490,955	-	(364)	-	(3,367)	3,285	50,415	546,622	1,087,546	84,981	1,172,527
Total comprehensive income for the period	-	-	-	-	-	-	(2,793)	-	63,964	61,171	3,905	65,076
Rights issue	43,637	21,819	69,597	-	31,952	-	-	-	-	123,368	-	123,368
Rights issue cost	-	-	(1,183)	-	-	-	-	-	-	(1,183)	-	(1,183)
Issue of shares:												
- exercise of share warrants	1,403	701	884	-	-	-	-	-	-	1,585	-	
1,585												
- shares bought back	-	-	-	(13,843)	-	-	-	-	-	(13,843)	-	(13,843)
Dividend in respect of the financial year ended:												
31 December 2014												
- 1st Interim	-	-	-	-	-	-	-	-	(14,826)	(14,826)	-	(14,826)
	-	-	-	-	-	-	-	-	(14,826)	(14,826)	-	(14,826)
At 30 June 2014	1,026,950	513,475	69,298	(14,207)	31,952	(3,367)	492	50,415	595,760	1,243,818	88,886	1,332,704

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KPJ HEALTHCARE BERHAD
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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	<u>6 months ended</u>	
	<u>30.06.2015</u>	<u>30.06.2014</u>
	RM ϕ 00	RM ϕ 00
OPERATING ACTIVITIES		
Profit for the financial period attributable to equity holders of the Company	69,888	63,964
Adjustments for:		
Zakat	1,140	930
Taxation	29,831	26,874
Non-controlling interest	5,191	3,905
Associated companies	(17,943)	(17,897)
Finance income	(5,615)	(5,225)
Finance costs	30,512	22,949
Provision for impairment of receivables	(2,397)	(303)
Property, plant and equipment - depreciation	57,880	51,932
Operating profit before changes in working capital	<u>168,487</u>	<u>147,129</u>
Changes in working capital:		
Inventories	11,754	1,705
Receivables	(34,191)	(43,469)
Payables	(57,936)	(26,320)
Cash from operations	<u>88,114</u>	<u>79,045</u>
Interest received	5,615	5,225
Income tax paid	(29,241)	(29,206)
Net cash from operating activities	<u>64,488</u>	<u>55,064</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(146,912)	(106,484)
Purchase of investment property	-	(212,997)
Net cash used in investing activities	<u>(146,912)</u>	<u>(319,481)</u>

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KPJ HEALTHCARE BERHAD
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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015 (CONTINUED)

	<u>6 months ended</u>	
	<u>30.06.2015</u>	<u>30.06.2014</u>
	RM ϕ 00	RM ϕ 00
FINANCING ACTIVITIES		
Issuance of shares		
- right issues	-	122,185
- exercise of share warrants	2,779	1,585
- private placement	64,433	-
- exercise of ESOS	6,235	-
Purchase of treasury shares	-	(13,843)
Bank borrowings		
- drawdown	847,620	240,506
- repayment	(684,873)	(50,121)
Dividend paid to shareholders	(26,906)	-
Interest paid	(30,512)	(22,949)
	<u>178,776</u>	<u>277,363</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	96,352	12,946
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	289,549	304,825
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>385,901</u>	<u>317,771</u>
DEPOSITS, CASH AND BANK BALANCES		
Deposits with licensed banks	17,477	156,376
Cash and bank balances	389,969	170,096
	<u>407,446</u>	<u>326,472</u>
Bank overdraft	(11,336)	-
	<u>396,110</u>	<u>326,472</u>
less: Deposits pledged with licensed banks	(10,209)	(8,701)
CASH AND CASH EQUIVALENTS	<u>385,901</u>	<u>317,771</u>

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KPJ HEALTHCARE BERHAD
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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015**

A1 BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Malaysian Financial Reporting Standard (MFRS), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2014.

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 2014.

The standards and interpretations that are issued but not yet effective are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Financial periods beginning on or after 1 July 2014

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010-2012 Cycle	
Annual Improvements to MFRSs 2011-2013 Cycle	

Financial periods beginning on or after 1 January 2016

Annual Improvements to MFRSs 2012-2014 Cycle	
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 101	Disclosure Initiatives
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
MFRS 14	Regulatory Deferral Accounts

Financial periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
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Financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments
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Adoption of the above standards and interpretations will not have any material impact on the interim financial report in the period of initial application.

KPJ HEALTHCARE BERHAD
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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015**

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 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 28 May 2015, 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.

Up to 31 December 2014, 15,520,000 units of the Company shares were bought from the open market, listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia), at an average buy-back price of RM3.46 per share for a total consideration of RM54,413,249 including transaction cost and was financed by internally generated fund. The shares were retained as treasury shares.

ii. Free warrants (2013)

Free Warrants (2014/2019)

On 29 January 2014, 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 the Company's Rights Shares on the basis of one (1) Rights Share for every fifteen (15) existing 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).

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015**

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

i. Free warrants (2013) (continued)

Free Warrants (2014/2019) (continued)

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

	<u>30.06.2015</u>	<u>30.06.2015</u>
	Number of shares (₹000)	RM₹00
<u>Ordinary shares of RM0.50 each</u>		
At start of the financial period	1,030,748	515,374
Issued during the financial period		
- exercise of Free Warrants (1 free warrant for every 4 shares) (Refer A6 (ii))	2,165	1,082
- exercise of Free Warrants (1 free warrant for every 15 share) (Refer A6 (iii))	665	333
- Private placement	17,509	8,754
- exercise of ESOS	1,465	732
	<u>1,052,552</u>	<u>526,275</u>
At end of financial period	<u>1,052,552</u>	<u>526,275</u>

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

iii. Employees Share Option Scheme (ESOS)

On 27 February 2015, the Board announced that pursuant to Paragraph 6.43(1) of the Listing Requirements, the effective date for the ESOS and the Restricted Issue has been fixed on 27 February 2015, being the date of submission of the following documents in relation to the ESOS to Bursa Malaysia:-

- i. Final By-Laws
- ii. Resolutions passed by the shareholders at the extraordinary general meeting of the Company held on 25 November 2014.

The Board has also fixed the issue price at RM3.64 per share representing a discount of approximately ten percent (10%) or RM0.40 to the five (5) day volume weighted average market price of the Company's shares up to and including 26 February 2015 of RM4.04, being the market day immediately preceding the price-fixing date.

On 13 March 2015, the placement of 17,509,000 new ordinary shares of RM0.50 each at an issue price of RM3.64 per placement share representing approximately 62.53% of the total number of Placement Shares available under the Restricted Issue. Accordingly, the Restricted Issue is deemed completed.

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015**

A7 DIVIDENDS PAID

In respect of the financial year ended 31 December 2014, the Directors declared:

- (i) 3rd interim single tier dividend of 2.00 cents per share on 1,015,157,631 ordinary shares amounting to RM20,303,153. The dividend was declared on 25 November 2014 and was fully paid on 22 January 2015.
- (ii) 4th interim single tier dividend of 2.60 cents per share on 1,034,831,401 ordinary shares amounting to RM26,905,614. The dividend was declared on 27 February 2015 and was fully paid on 10 April 2015.

In respect of the financial year ending 31 December 2015, the Directors declared:

- (i) 1st interim single tier dividend of 1.75 cents per share on 1,036,961,766 ordinary shares amounting to RM18,146,827. The dividend was declared on 28 May 2015 and was fully paid on 14 July 2015.

A8 SEGMENT REPORTING

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.

30 June 2015

	← Hospitals →			Aged Care Facility	Support Services, Corporate & Others	Adjustments/ Elimination	Group
	Malaysia (RMϕ00)	Indonesia (RMϕ00)	Thailand (RMϕ00)	Australia (RMϕ00)	(RMϕ00)	(RMϕ00)	(RMϕ00)
Revenue	1,274,204	23,735	0	21,886	334,805	(230,471)	1,424,159
Intersegment revenue	0	0	0	0	(15,106)	15,106	0
External revenue	<u>1,274,204</u>	<u>23,735</u>	<u>0</u>	<u>21,886</u>	<u>319,699</u>	<u>(215,365)</u>	<u>1,424,159</u>
Profit/(loss) for the period	108,177	1,295	2,016	(3,470)	(12,341)	(20,598)	75,079

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**A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015**

A8 SEGMENT REPORTING (CONTINUED)

30 June 2014

	← Hospitals →			Aged Care Facility	Support Services, Corporate & Others	Adjustments/ Elimination	Group
	Malaysia (RM000)	Indonesia (RM000)	Thailand (RM000)	Australia (RM000)	(RM000)	(RM000)	(RM000)
Revenue	1,147,678	21,048	0	17,099	299,326	(219,586)	1,265,565
Intersegment revenue	0	0	0	0	(14,237)	14,237	0
External revenue	1,147,678	21,048	0	17,099	285,089	(205,349)	1,265,565
Profit/(loss) for the period	102,547	(1,430)	432	(3,683)	(12,947)	(17,050)	67,869

A9 VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

Certain leasehold land and buildings have been revalued on 31 December 2014 based on open market valuations carried out by an independent firm of professional valuers to reflect fair value. The book values of the leasehold land and buildings were adjusted to reflect the revaluation and the resultant surpluses were credited to revaluation reserve.

A10 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

There were no material events subsequent to the financial period ended 30 June 2015 that has not been reflected in the interim financial reports, except as stated in note B6.

A11 CHANGES IN THE COMPOSITION OF THE GROUP

There are no changes in the composition of the Group during the current quarter.

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 2014 except as stated in note B9.

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A NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015

A13 CAPITAL COMMITMENT

Capital expenditures not provided for in the interim financial report as at 30 June 2015 are as follows:

	RM000
Approved and contracted	24,633
Approved but not contracted	213,122
	<hr/>
	237,755
	<hr/> <hr/>

Analysed as follows:

Building	181,447
Medical equipment	30,349
Other property, plant and equipment	25,059
	<hr/>
	237,755
	<hr/> <hr/>

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KPJ HEALTHCARE BERHAD
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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015

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

The profit before taxation for the current quarter of RM55.4 million has increased by 10% as compared to the corresponding quarter in 2014 of RM50.2 million. The increase in net profit before tax is in line with the increase in revenue and contribution from the hospitals.

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

a. Current financial period compared to prior financial period (six months)

The Group recorded revenue of RM1,424.2 million for 6 months ended 30 June 2015 with an increase of 13% from RM1,265.6 million as reported for 2014. Higher revenue for the period is mainly due to the increase in revenue of the existing hospitals and newly opened hospitals in the Group.

Malaysia

The revenue from Malaysian segment for 6 months ended 30 June 2015 has increased by 11% to RM1,274.2 million compared with RM1,147.7 million as reported in 2014. Higher revenue reported is due to the increase in revenue of the existing hospitals and newly opened hospitals in the Group.

Indonesia

The revenue from Indonesian segment of RM23.7 million for 6 months ended 30 June 2015 is 13% higher than the revenue reported in 2014 of RM21.0 million. The increase in revenue from this segment is due to the increase in activities in both hospitals in Jakarta.

Aged Care Facility

The revenue from Aged Care Facility segment for 6 months ended 30 June 2015 is RM21.9 million, 28% higher than the revenue reported in 2014 of RM17.1 million which is in line with the increase in activities at the facility.

Support Services, Corporate and Others

The revenue from Support Services, Corporate and Others segment of RM319.7 million for 6 months ended 30 June 2015 is 12% higher, compared to revenue from the same period in 2014 of RM285.1 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.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015

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

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

The Group recorded revenue of RM714.3 million for 3 months ended 30 June 2015 with an increase of 8% from RM662.8 million as reported for 2014. Higher revenue for the period is mainly due to the increase in revenue of the existing hospitals and newly opened hospitals in the Group.

Malaysia

The revenue from Malaysian segment for 3 months ended 30 June 2015 has increased by 6% to RM641.3 million compared with RM603.0 million as reported in 2014. Higher revenue reported is due to the increase in revenue of the existing hospitals and newly opened hospitals in the Group.

Indonesia

The revenue from Indonesian segment of RM12.2 million for 3 months ended 30 June 2015 is 18% higher than the revenue reported in 2014 of RM10.3 million. The increase in revenue from this segment is due to the increase in activities in both hospitals in Jakarta.

Aged Care Facility

The revenue from Aged Care Facility segment for 3 months ended 30 June 2015 is RM9.9 million, 6% higher than the revenue reported in 2014 of RM9.3 million which is in line with the increase in activities at the facility.

Support Services, Corporate and Others

The revenue from Support Services, Corporate and Others segment of RM156.4 million for 3 months ended 30 June 2015 is 8% higher, compared to revenue from the same period in 2014 of RM144.9 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 RM55.4 million increased by 9% as compared to the preceding quarter of RM50.6 million. The increase in the net profit before tax is in line with the increase in revenue and contribution from the hospitals.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015

B3 CURRENT YEAR PROSPECTS

Consistent with our performance reported in Quarter 1 2015, the activities at all KPJ hospitals in Quarter 2 2015 continue to increase in tandem with the continued public awareness about the importance of healthcare.

In line with the continuous demand, expansion of existing hospitals and building of new hospitals will remain to be the Group's core strategies, as this will enhance the capacity and improve the service delivery for our patients. The Group envisage that the new hospitals, which will have an average gestation period between three to five years, will continue to contribute towards the revenue growth in 2015 along with the other existing hospitals.

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>6 months ended</u>	
	<u>30.06.2015</u>	<u>30.06.2014</u>	<u>30.06.2015</u>	<u>30.06.2014</u>
	RM000	RM000	RM000	RM000
Taxation	<u>16,165</u>	<u>14,207</u>	<u>29,831</u>	<u>26,874</u>

The effective tax rate of the Group for the period ended 30 June 2015 is higher than the statutory tax rate due to the Group is unable to utilise 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 (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 the Company Rights Shares on the basis of one (1) Rights Share for every fifteen (15) existing 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+).

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

	Number of shares
	<u>000</u>
Issued on 29.01.2014	87,275
Exercised in Current Quarter	(665)
Balance not exercised as at 30.06.2015	<u>86,610</u>

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

b) Proposed Combination of New Issue of Securities

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

Proposed renounceable rights issue of up to 43,968,866 new shares on the basis of one (1) rights share for every fifteen (15) existing 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, was 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)-day VWAP of the 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.

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

Descriptions	Proposed Utilisation RM ϕ 00	Actual utilisation as at 30 June 2015 RM ϕ 00	Amount unutilised as at 30 June 2015 RM ϕ 00	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	91,785	30,400	

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

- c) Proposed Disposal of Two (2) Parcels of Freehold Land Together With Buildings (Properties) by Puteri Nursing College Sdn Bhd (PNCNSB)

On 3 October 2014, PNCNSB, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement (SPA) with AmanahRaya Trustees Berhad (Trustee), on behalf of Al-Aqar Healthcare REIT (Al-Aqar), to dispose the Properties for a total disposal consideration of RM77,800,000 upon the terms and conditions of the SPA (Proposed Disposal).

Upon completion of the Proposed Disposal, PNCNSB will enter into a lease agreement with Al-Aqar, represented by its Trustee, and Damansara REIT Managers Sdn Berhad, being the manager of Al-Aqar, for the lease of the Properties to PNCNSB upon terms and conditions of the Lease Agreement to be agreed between the aforesaid parties.

On 12 February 2015, PNCNSB exchanged letter with the Purchaser, to vary the terms of the Deferred Consideration Units (Exchange Letter) for the inclusion of the following terms:-

- (i) Minimum issue price for the Deferred Consideration Units

The issue price of the Deferred Consideration Units shall not be lower than RM1.04 per unit, based on the net assets value per unit of Al-Aqar of RM1.15 as at 30 September 2014, being the latest available quarterly results of Al-Aqar as at the date of the Exchange Letter, incorporating ten percent (10%) of discount.

- (ii) Abnormal Market Condition

The Deferred Consideration Units shall not be issued during abnormal market conditions.

The proposed disposal is expected to be completed in the third (3rd) quarter of 2015.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA'S LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

d) Proposed Combination of New Issue of Employees' Share Option Scheme (ESOS)

On 21 October 2014, Board of Directors announced that the Company proposes to undertake the following:-

- i. Proposed establishment of an ESOS of up to 10.0% of the enlarged issued and paid-up share capital of the Company, to be granted to eligible Directors and employees of the Group;
- ii. Proposed restricted issue via Section 132D of the Companies Act, 1965 of up to 28,000,000 new ordinary shares of RM0.50 each, representing approximately 2.5% of the issued and paid-up share capital, to selected resident consultants of the Group; and
- iii. Proposed amendment to the Articles of Association.

The proposal was submitted to Bursa Malaysia on 23 October 2014.

Subsequently, on 31 October 2014 Bursa Malaysia had approved the listing and quotation for up to ten percent (10%) of the issued and paid up share capital of the Company to be issued pursuant to the exercise of ESOS Options under Proposed ESOS and up to 28,000,000 Placement Shares pursuant to the Proposed Restricted Issue on the Main Market of Bursa Malaysia, subject to the conditions as set out in Circular to shareholders dated 4 November 2014.

On 27 February 2015, the Board announced that pursuant to Paragraph 6.43(1) of the Listing Requirements, the effective date for the ESOS and the Restricted Issue has been fixed on 27 February 2015, being the date of submission of the following documents in relation to the ESOS to Bursa Malaysia:-

- i. Final By-Laws
- ii. Resolutions passed by the shareholders of the Company at the extraordinary general meeting held on 25 November 2014.

The Board has also fixed the issue price at RM3.64 per share representing a discount of approximately ten percent (10%) or RM0.40 to the five (5) day volume weighted average market price of the Company Shares up to and including 26 February 2015 of RM4.04, being the market day immediately preceding the price-fixing date.

On 13 March 2015, the placement of 17,509,000 new ordinary shares of RM0.50 each at an issue price of RM3.64 per placement share representing approximately 62.53% of the total number of Placement Shares available under the Restricted Issue. Accordingly, the Restricted Issue is deemed completed.

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B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

e) Proposed establishment of ~~Sukuk Programme~~ by Point Zone (M) Sdn Bhd

On 3 November 2014, Point Zone (M) Sdn Bhd (~~Point Zone~~), (a wholly-owned subsidiary of the Company) received the authorisation from the Bursa Malaysia to establish the ~~Sukuk Programme~~.

The ~~Sukuk Programme~~ is the proposed Islamic Commercial Papers (~~ICP~~) Programme and Islamic Medium Term Notes (~~IMTN~~) Programme, with a combined limit of up to RM1.5 billion in Nominal Value for the ~~Sukuk Programme~~ and a sub-limit of RM500.0 million in Nominal Value for the ICP Programme, based on the Shariah principle of Murabahah.

On 16 April 2015, Point Zone has made its first issuance of RM800.0 million of IMTN under the ~~Sukuk Programme~~ (~~First Issue~~).

Proceed raised from the First Issue shall be utilised for Shariah-compliant purposes including to refinance/partially refinance its existing outstanding facilities, including the Bridging Loan Facility and as an advance to the Company to finance the working capital requirements.

The establishment of ~~Sukuk Programme~~ was completed on 16 April 2015.

f) Proposed Disposal of a Parcel of Freehold Land by Seremban Specialist Hospital Sdn Bhd (~~SSH SB~~)

On 18 March 2015, ~~SSH SB~~, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with the AmanahRaya Trustees Berhad (~~Trustee~~), being the trustee of Al-Aqar Healthcare REIT (~~Al-Aqar~~), to dispose a parcel of freehold land in Seremban, Negeri Sembilan (~~SSH Land~~) to Al-Aqar for a total cash consideration of RM4.25 million upon the terms and conditions as stipulated in the Sale and Purchase Agreement (~~SSH SPA~~) (~~Proposed Disposal~~).

As a condition to the Proposed Disposal, ~~SSH SB~~ will enter into a supplemental lease agreement with the Trustee and Damansara REIT Managers Sdn Berhad, being the manager of Al-Aqar (~~DRMSB~~), for the lease of the ~~SSH Land~~ to ~~SSH SB~~ (~~SSH Supplemental Lease Agreement~~) upon the terms and conditions to be agreed between the aforesaid parties (~~Proposed Leaseback~~). The ~~SSH Supplemental Lease Agreement~~ shall supplement a lease agreement dated 12 December 2012 entered into between ~~SSH SB~~, the Trustee and ~~DRMSB~~ for the lease of the Existing Properties for the second lease term period (as defined herein) to ~~SSH SB~~ (~~SSH Existing Lease Agreement~~).

The Proposed Disposal is expected to be completed in the third (3rd) quarter of 2015.

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015

B6 STATUS OF CORPORATE PROPOSALS (CONTINUED)

g) Proposed Acquisition of the Entire Equity Interests in Crossborder Hall (M) Sdn Bhd and Crossborder Aim (M) Sdn Bhd by Kumpulan Perubatan (Johor) Sdn Bhd (KPJSB)

On 31 March 2015, KPJSB, a wholly-owned subsidiary of the Company had entered into a share sale agreement with AmanahRaya Trustees Berhad, being the trustee for Al-Aqar Healthcare REIT (Al-Aqar) for the acquisition of the entire equity interests in Crossborder Hall (M) Sdn Bhd and Crossborder Aim (M) Sdn Bhd, wholly-owned subsidiaries of Al-Aqar, for a total cash consideration of RM4.718 million (Crossborder SSA) upon the terms and conditions of the Crossborder SSA.

The Proposed Acquisition is expected to be completed in the fourth (4th) quarter of 2015.

B7 BORROWINGS

Details of the Group's borrowings as at 30 June 2015 are as follows:

	<u>30.06.2015</u>	<u>Audited</u> <u>31.12.2014</u>
	RM'000	RM'000
<u>Current</u>		
Bridging loan (unsecured)	-	449,000
Term loans (secured)		
- Islamic	18,654	18,675
- Conventional	44,167	38,506
Revolving credits (unsecured)		
- Islamic	182,500	327,500
- Conventional	-	50,000
Hire purchase and lease liabilities		
- Islamic	29,077	11,278
- Conventional	351	5,235
Bank overdrafts (unsecured)	11,336	15,727
	<u>286,085</u>	<u>915,921</u>
<u>Non-current</u>		
Islamic Medium Term Notes . SUKUK	800,000	-
Term loans (secured)		
- Islamic	307,078	257,383
- Conventional	2,982	42,776
Hire purchase and lease liabilities		
- Islamic	23,667	18,805
- Conventional	-	16,503
	<u>1,133,727</u>	<u>335,467</u>
Total	<u><u>1,419,812</u></u>	<u><u>1,251,388</u></u>

B8 FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

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

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS FOR THE SECOND QUARTER AND FINANCIAL PERIOD ENDED 30 JUNE 2015

B9 MATERIAL LITIGATIONS

- (i) 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 Judgement 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 Leave Application has been heard at Federal Court on 28 May 2015. The Applicant's Application for Leave to Appeal at the Federal Court has been unanimously dismissed with cost of RM20,000 and ordered that the deposit to be refunded to the Company.

Accordingly, the decision of the Court of Appeal dated 12 December 2013 is maintained in that the Company has successfully defended the Suit and the claim filed against it by Dr Mohd Adnan bin Sulaiman and Azizan bin Sulaiman.

- (ii) On 16 April 2015, SMC Healthcare Sdn Bhd (Plaintiff), a wholly-owned subsidiary of the Company, had filed writ of summons at Kota Kinabalu High Court claiming the balance of the Deposit for purchase of land measuring 4.0 acres in the sum of RM4,160,000 from Chen Sheau Yang (Defendant). The said sealed copy of writ of summons had been served on the Defendant on 13 May 2015. As at to date, the High Court has yet to provide any case management or hearing date.

B10 PROPOSED DIVIDENDS

In respect of the financial year ended 31 December 2014, the Directors declared:

- (i) 4th interim single tier dividend of 2.60 cents per share on 1,034,831,401 ordinary shares amounting to RM26,905,614. The dividend was declared on 27 February 2015 and was fully paid on 10 April 2015.

The directors do not propose any final dividend for the financial year ended 31 December 2014.

In respect of the financial year ending 31 December 2015, the Directors declared:

- (ii) 1st interim single tier dividend of 1.75 cents per share on 1,036,961,766 ordinary shares amounting to RM18,146,827. The dividend was declared on 28 May 2015 and was fully paid on 14 July 2015.

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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 period.

	<u>As at</u> <u>30.06.2015</u>	<u>As at</u> <u>30.06.2014</u>
Profit for the financial period attributable to equity holders of the Company (RM ϕ 00)	69,888	63,964
Weighted average number of ordinary shares in issue (ϕ 00)	1,032,658	1,005,461
Basic earnings per share (sen) - at par value RM0.50	<u>6.77</u>	<u>6.36</u>

(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 period for the warrants calculation.

	<u>As at</u> <u>30.06.2015</u>	<u>As at</u> <u>30.06.2014</u>
Profit for the financial period attributable to equity holders of the Company (RM ϕ 00)	<u>69,888</u>	<u>63,964</u>
Weighted average number of ordinary shares in issue (ϕ 00)	1,032,658	1,005,461
Assumed shares issued from the - exercise of warrants (ϕ 00)	<u>1,775</u>	<u>1,988</u>
Weighted average number of ordinary shares in issue (ϕ 00)	1,034,433	1,007,449
Diluted earnings per share (sen) - at par value RM0.50	<u>6.76</u>	<u>6.35</u>

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

The following analysis of realised and unrealised 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>30.06.2015</u> RM000	<u>As at</u> <u>30.06.2014</u> RM000
Total retained profits of the Company and its subsidiaries		
- Realised gains	624,264	565,760
- Unrealised gains	(25,081)	(17,625)
	<u>599183</u>	<u>548,135</u>
Total share of retained profits from associates		
- Realised gains	18,585	15,640
- Unrealised gains	61,945	57,080
	<u>679,712</u>	<u>620,855</u>
Less: Consolidation adjustments	(15,530)	(25,095)
Total group retained profits as per consolidated financial statements	<u><u>664,182</u></u>	<u><u>595,760</u></u>