

**HEALTH MANAGEMENT INTERNATIONAL LTD**  
**(Company Registration No. 199805241E)**  
**(Incorporated in the Republic of Singapore)**

**Unaudited Financial Statements And Dividend Announcement for the first quarter and three months ended 30 September 2019**

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Note	First Quarter Ended		
		30 Sep 2019 RM'000	30 Sep 2018 RM'000	+/- %
Turnover		142,756	124,931	14
Cost of services		(90,770)	(80,771)	12
<b>Gross profit</b>		<b>51,986</b>	<b>44,160</b>	<b>18</b>
Interest income		496	402	23
Other gains/ (losses) – net		2,113	(1,866)	NM
Distribution and marketing costs		(1,718)	(1,744)	(1)
Administrative costs				
- Impairment loss on financial assets		(75)	(85)	(12)
- Others		(24,349)	(19,783)	23
Finance costs		(3,121)	(5,675)	(45)
Share of results of associates		(429)	-	100
<b>Profit before tax</b>		<b>24,903</b>	<b>15,409</b>	<b>62</b>
Tax		(7,987)	(6,645)	20
<b>Profit after tax</b>		<b>16,916</b>	<b>8,764</b>	<b>93</b>
<b>Other comprehensive income</b>				
Item that may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- Fair value losses		(520)	-	100
- Reclassification		63	-	100
Currency translation difference arising from consolidation				
- (Losses)/ Gains		(1,097)	2,214	NM
<b>Total comprehensive income</b>		<b>15,362</b>	<b>10,978</b>	<b>40</b>
<b>Profit/ (loss) attributable to:</b>				
Equity holders of the Company		19,126	10,648	80
Non-controlling interests		(2,210)	(1,884)	17
		<b>16,916</b>	<b>8,764</b>	<b>93</b>
<b>Total comprehensive income/ (loss) attributable to:</b>				
Equity holders of the Company		17,788	13,005	37
Non-controlling interests		(2,426)	(2,027)	20
<b>Total comprehensive income</b>		<b>15,362</b>	<b>10,978</b>	<b>40</b>

NM - Not Meaningful

- 1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

The Group's total comprehensive income for the financial period is derived after charging/ (crediting):

	Note	First Quarter Ended		
		30 Sep 2019 RM'000	30 Sep 2018 RM'000	+/- %
Share-based payment expenses		585	526	11
Amortisation and depreciation		7,857	6,971	13
Allowance for impairment of trade and other receivables - net		2	83	(98)
Foreign exchange loss/ (gain)				
- realised		136	2,389	(94)
- unrealised		(1,121)	1,110	NM
Loss on disposal and write-off of property, plant and equipment		3	-	100
Professional fees incurred on the scheme of arrangement (the "Scheme") exercise <sup>1</sup>		829	-	100

NM - Not Meaningful

<sup>1</sup> Refer to announcement made on SGXNet on 5 July 2019

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**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<b>G r o u p</b>		<b>C o m p a n y</b>	
	<b>As at 30 Sep 2019 RM'000</b>	<b>As at 30 Jun 2019 RM'000</b>	<b>As at 30 Sep 2019 RM'000</b>	<b>As at 30 Jun 2019 RM'000</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash at bank and on hand	94,377	81,907	9,470	19,027
Trade and other receivables	44,004	45,205	76,315	70,240
Tax recoverable	249	180	-	-
Inventories	15,037	14,616	-	-
Other current assets	5,702	5,677	522	651
	<b>159,369</b>	<b>147,585</b>	<b>86,307</b>	<b>89,918</b>
<b>Non-current assets</b>				
Other non-current assets	1,387	1,397	166	167
Investments in associated corporations	12,083	12,604	-	-
Investments in subsidiaries	-	-	623,232	627,727
Property, plant and equipment	593,524	593,197	2,474	1,293
Intangible asset	1,086	1,233	-	-
	<b>608,080</b>	<b>608,431</b>	<b>625,872</b>	<b>629,187</b>
<b>Total assets</b>	<b>767,449</b>	<b>756,016</b>	<b>712,179</b>	<b>719,105</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	104,226	101,289	6,762	5,756
Derivative financial instruments	545	431	-	-
Current income tax liabilities	9,628	6,688	-	-
Borrowings	26,285	33,657	3,752	16,845
Deferred income	967	1,242	-	-
	<b>141,651</b>	<b>143,307</b>	<b>10,514</b>	<b>22,601</b>
<b>Non-current liabilities</b>				
Trade and other payables	16,131	21,741	-	-
Derivative financial instruments	2,368	1,979	-	-
Borrowings	303,735	307,044	925	389
Deferred capital grants	896	1,016	-	-
Deferred income tax liabilities	8,834	8,411	-	-
	<b>331,964</b>	<b>340,191</b>	<b>925</b>	<b>389</b>
<b>Total liabilities</b>	<b>473,615</b>	<b>483,498</b>	<b>11,439</b>	<b>22,990</b>
<b>NET ASSETS</b>	<b>293,834</b>	<b>272,518</b>	<b>700,740</b>	<b>696,115</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	590,885	590,885	590,885	590,885
Treasury shares	(1,837)	(1,837)	(1,837)	(1,837)
Currency translation reserve	23,981	24,999	4,916	9,881
Other reserves	(483,335)	(483,527)	3,923	3,411
Retained earnings	172,726	153,600	102,853	93,775
	<b>302,420</b>	<b>284,120</b>	<b>700,740</b>	<b>696,115</b>
Non-controlling interests	(8,586)	(11,602)	-	-
<b>TOTAL EQUITY</b>	<b>293,834</b>	<b>272,518</b>	<b>700,740</b>	<b>696,115</b>

- (b)(ii) In relation to the aggregate amount for the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

- (a) Amount repayable in one year or less, or on demand;

As at 30 Sep 2019		As at 30 Jun 2019	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
18,711	7,574	16,874	16,783

- (b) Amount repayable after one year; and

As at 30 Sep 2019		As at 30 Jun 2019	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
303,735	-	307,044	-

- (c) Details of any collaterals.

The Group

A memorandum of charge on the lands and buildings of certain subsidiaries in Malaysia and charge on the medical suites owned by a subsidiary in Singapore.

Included in secured borrowings as at 30 September 2019 are current lease liabilities of RM 2.0 million and non-current lease liabilities of RM 1.8 million which are secured over the right-of-use assets of RM 3.7 million from the adoption of SRFS(I) 16 Leases on 1 July 2019, and also the finance lease liabilities of approximately RM 44.1 million (FY2019: RM 46.8 million), which are effectively secured as the rights to the hire purchase asset will revert to the hiree in the event of default.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>First Quarter Ended</b>	
	<b>30 Sep</b>	<b>30 Sep</b>
Note	<b>2019</b>	<b>2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit after tax	16,916	8,764
Adjustments for:		
Income tax expense	7,987	6,645
Amortisation and depreciation	7,857	6,971
Allowance for impairment of trade and other receivables - net	2	83
Amortisation of deferred capital grants	(113)	-
Interest expense	3,121	5,675
Share-based payment expenses	585	526
Interest income	(496)	(402)
Loss on disposal and write-off of property, plant and equipment	3	-
Share of profit of associated corporations	429	-
Currency translation differences	(838)	6,142
Operating cash flow before working capital changes	35,453	34,404
Changes in operating assets and liabilities:		
Inventories	(425)	(377)
Trade and other receivables	747	(1,154)
Other current and non-current assets	(658)	(1,378)
Trade and other payables	68	(986)
Derivative financial instruments	(67)	-
Deferred income	(268)	(772)
Cash provided by operations	34,850	29,737
Interest paid	(2,294)	(3,195)
Cash-settled share-based payment paid	(73)	-
Tax paid	(2,037)	(3,372)
<b>Net cash provided by operating activities</b>	<b>30,446</b>	<b>23,170</b>
<b>Cash Flows from Investing Activities</b>		
Additions to property, plant and equipment	(5,125)	(9,664)
Proceeds from disposal of property, plant and equipment	-	4
Interest received	496	402
<b>Net cash used in investing activities</b>	<b>(4,629)</b>	<b>(9,258)</b>
<b>Cash Flows from Financing Activities</b>		
Drawdown of borrowings	4,535	94,917
Repayment of borrowings	(14,615)	(75,572)
Repayment of lease liabilities	(3,349)	(1,792)
Decrease in restricted cash	-	1,448
Shareholders loan from non-controlling interest of a subsidiary	-	1,695
<b>Net cash (used in)/ provided by financing activities</b>	<b>(13,429)</b>	<b>20,696</b>
<b>Net increase in cash and cash equivalents</b>	<b>12,388</b>	<b>34,608</b>
Cash and cash equivalents at beginning of financial period	81,056	56,847
Effect of exchange rate changes on cash and cash equivalents	82	627
<b>Cash and cash equivalents at end of financial period</b>	<b>93,526</b>	<b>92,082</b>
<b>Cash and equivalents comprise:</b>		
Cash and bank balances	94,377	92,082
Bank deposits pledged	(851)	-
	<b>93,526</b>	<b>92,082</b>

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**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**The Group**

	Attributable to equity holders of the Company						
	Share Capital RM'000	Treasury Shares RM'000	Currency Translation Reserve RM'000	Other Reserve s RM'000	Retained Earnings RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Balance as at 1 Jul 2018	590,885	(1,290)	22,771	(481,830)	121,581	(6,091)	246,026
Exchange translation difference	-	-	2,357	-	-	(143)	2,214
Net profit/(loss) for the period	-	-	-	-	10,648	(1,884)	8,764
Total comprehensive income/(loss) for the financial period	-	-	2,357	-	10,648	(2,027)	10,978
Transfer from treasury shares	-	48	-	(48)	-	-	-
Share-based payment	-	-	-	526	-	-	526
Balance as at 30 Sep 2018	590,885	(1,242)	25,128	(481,352)	132,229	(8,118)	257,530
<b>Balance as at 1 Jul 2019</b>	590,885	(1,837)	24,999	(483,527)	153,600	(11,602)	272,518
Exchange translation difference	-	-	(1,018)	-	-	(79)	(1,097)
Other comprehensive loss for the quarter	-	-	-	(320)	-	(137)	(457)
Net profit/ (loss) for the period	-	-	-	-	19,126	(2,210)	16,916
Total comprehensive (loss)/income for the financial period	-	-	(1,018)	(320)	19,126	(2,426)	15,362
Vesting of time-based award via cash	-	-	-	(73)	-	-	(73)
Share-based payment	-	-	-	585	-	-	585
Increase in equity in a subsidiary from capitalisation of loans from shareholders	-	-	-	-	-	5,442	5,442
<b>Balance as at 30 Sep 2019</b>	590,885	(1,837)	23,981	(483,335)	172,726	(8,586)	293,834

**The Company**

	Share Capital RM'000	Treasury Reserves RM'000	Other Reserves RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Currency Translation Reserves RM'000	Total Equity RM'000
Balance as at 1 Jul 2018	590,885	(1,290)	1,304	32,332	(8,618)	614,613
Net profit for the period	-	-	-	35,976	-	35,976
Exchange translation difference	-	-	-	-	12,722	12,722
Transfer from treasury shares	-	48	(48)	-	-	-
Share-based payment	-	-	526	-	-	526
Balance as at 30 Sep 2018	590,885	(1,242)	1,782	68,308	4,104	663,837
<b>Balance as at 1 Jul 2019</b>	590,885	(1,837)	3,411	93,775	9,881	696,115
Net profit for the period	-	-	-	9,078	-	9,078
Exchange translation difference	-	-	-	-	(4,965)	(4,965)
Vesting of time-based award via cash	-	-	(73)	-	-	(73)
Share-based payment	-	-	585	-	-	585
<b>Balance as at 30 Sep 2019</b>	590,885	(1,837)	3,923	102,853	4,916	700,740

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Following the final balance vesting of a time-based award comprising of 33,334 shares under the HMI Performance Share Plan 2017 on 30 September 2019, where the award was fulfilled via cash, the total number of issued ordinary shares in the share capital of the Company remains unchanged at 838,980,880 (which includes 1,642,934 (30 June 2019: 1,642,934) treasury shares) as at 30 September 2019.

HMI Performance Share Plan 2017

Following the approval of HMI Performance Share Plan 2017 obtained at the annual general meeting of the Company held on 30 October 2017, three awards comprising up to 3,600,000 shares and five awards comprising up to 1,200,000 shares were granted by the Company to certain directors and employees of the Company on 24 November 2017 and 1 December 2017 respectively. In addition, a time-based award of 100,000 shares were granted on 1 December 2017 to an employee, of which, 33,333 shares were vested immediately on 1 December 2017, 33,333 shares vested on 30 September 2018 and another 33,334 shares vested on 30 September 2019.

In addition, 2 awards comprising up to 432,000 shares were granted by the Company to certain employees of the Company on 15 April 2019.

	<u>Total number of shares that may be issued on conversion</u>
<u>Addition:</u>	
Three awards comprising up to 3,600,000 shares as at 24 November 2017	3,600,000
Five awards comprising up to 1,200,000 shares as at 1 December 2017	1,200,000
One time-based award comprising of 100,000 shares as at 1 December 2017	100,000
Two awards comprising up to 432,000 shares as at 15 April 2019	432,000
<u>Deduction:</u>	
Full vesting of time-based award comprising 33,333 shares each as at 1 December 2017 and 30 September 2018 and 33,334 shares as at 30 September 2019	(100,000)
30 September 2019	5,232,000

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. (Continued)**

The above three awards granted as at 24 November 2017 will only be vested upon the achievement of the Group EBIT threshold level and total shareholder return threshold level, and subject to other terms and conditions set out in the award letter, anytime within 4 weeks from the Group's FY2020 Annual General Meeting.

The above five and two awards granted as at 1 December 2017 and 15 April 2019 respectively will only be vested upon achievement of the Group FY2020 EBIT threshold level and/or the total shareholder return threshold level, and subject to other terms and conditions set out in the award letter, anytime within 4 weeks from the Group's FY2020 Annual General Meeting.

As at 30 September 2019, the number of shares that may be issued upon vesting of awards are 5,232,000 shares (30 June 2019: 5,265,334 share).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company's total number of issued shares excluding treasury shares is 837,337,946 (30 June 2019: 837,337,946) as at the end of the current financial period. Total number of treasury shares is 1,642,934 as at 30 September 2019 and 30 June 2019.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/or use of treasury shares during the three months ended 30 September 2019.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 September 2019 (30 September 2018: Nil).

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The financial statements for the three months ended 30 September 2019 have not been audited nor reviewed by the independent auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.



**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 30 June 2019.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

On 1 July 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Except for the adoption of SFRS(I) 16 *Leases* as disclosed in the paragraph below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared to the Group's most recently audited financial statements for the year ended 30 June 2019.

Adoption of SFRS(I) 16 *Leases*

SFRS(I) 16 is effective for financial years beginning on or after 1 July 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

SFRS(I) 16 has resulted in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and leases of low value assets.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

Lease liabilities are included as part of net debt and are taken into consideration when deriving the net gearing ratio.

The adoption of the new accounting standard has no significant impact on the date of initial application.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

(a) Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(b) Diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	<b>Group</b>	
	<b>3 Months Ended 30 Sep</b>	
	<u><b>2019</b></u>	<u><b>2018</b></u>
Net profit attributable to equity holders of the Company (RM'000)	<b>19,126</b>	10,648
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<b>837,338</b>	837,346
(i) Basic earnings per share (RM cents per share)	<b>2.28</b>	1.27
Weighted average number of ordinary shares adjusted for the effects of dilutive potential ordinary shares ('000)	<b>842,570</b>	842,212
(ii) Diluted earnings per share (RM cents per share)	<b>2.27</b>	1.26

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	<b>As at 30 Sep 2019</b>	<b>As at 30 Jun 2019</b>
<b>The Group</b>		
Net asset value attributable to ordinary shareholders (RM'000)	<b>302,420</b>	284,120
Total number of issued shares excluding treasury shares ('000)	<b>837,338</b>	837,338
Net asset value per share (RM cents per share)	<b>36.12</b>	33.93
<b>The Company</b>		
Net asset value attributable to ordinary shareholders (RM'000)	<b>700,740</b>	696,115
Total number of issued shares excluding treasury shares ('000)	<b>837,338</b>	837,338
Net asset value per share (RM cents per share)	<b>83.69</b>	83.13

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: –**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**(i) INCOME STATEMENT**

First Quarter

For the three months ended 30 September 2019 ("Q12020"), the Group's turnover increased by 14.3% from RM 124.9 million to RM 142.8 million, when compared with the previous corresponding period ("Q12019"). Turnover from the Group's healthcare business increased RM 18.3 million mainly due to higher patient load in its two hospitals i.e. Mahkota Medical Centre ("MMC") and Regency Specialist Hospital ("RSH"). The Group's education business registered a RM 0.5 million decrease in revenue due to lower student headcount.

Gross profit margin for Q12020 was higher when compared to Q12020 at 36.4% due to better cost management. Other gains of RM 2.1 million was recorded in Q12020 compared to RM 1.9 million of other losses in the corresponding period in the prior year mainly due to foreign exchange gains of RM 1.0 million recorded in the Q12020 compared to foreign exchange losses of RM 3.5 million in Q12019 as a result of a stronger Malaysian ringgit.

Administrative expenses increased by RM 4.6 million as compared to the previous financial period mainly due to higher administrative expenses incurred by the Group's specialist centre business in Singapore, StarMed Specialist Centre ("SSC"), which commenced operations in Q12019, and higher general operating expenses in the Group entities.

Finance costs decreased by RM 2.6 million due to the one-off accelerated amortisation of RM 2.5 million of capitalised expenses relating to the term loan facility drawn down for the acquisition of non-controlling interests in MMC and RSH in Q12019.

As a result of the above, the Group registered a 61.6% increase in profit before tax to RM 24.9 million in Q12020, as compared to RM 15.4 million in Q12019. Tax expense was higher in Q12020 due to higher profitability from the hospitals. The profit attributable to shareholders was RM 19.1 million and RM 10.6 million in Q12020 and Q12019 respectively, whereas loss attributable to non-controlling interests increased by RM 0.3 million in Q12020.

**(ii) BALANCE SHEET**

The cash and cash equivalents of the Group remained strong at RM 94.4 million as at 30 September 2019.

Trade and other receivables decreased by RM 1.2 million, mainly due to timing difference in collections from customers during the quarter.

The RM 0.3 million increase in property, plant and equipment was due to acquisition of new medical equipment by the hospitals, offset by the depreciation expenses.

Trade and other payables increased by RM 2.9 million mainly due to timing differences in payment to vendors during the quarter. The RM 10.7 million decrease in borrowings was due to repayment of certain short-term facilities during the quarter. Current income tax liabilities increased by RM 2.9 million when compared to 30 June 2019 due to higher profitability of the Group's hospitals and timing differences in tax payments to authorities.

**(iii) CASH FLOW STATEMENT**

First Quarter

Net cash from operating activities for the quarter was RM 30.4 million, RM 7.3 million higher than the previous period. This was mainly due to a RM 8.2 million increase in profit after tax in Q12020, compared to the corresponding period in the previous year.

Net cash used in investing activities for the current period was RM 4.6 million, compared to RM 9.3 million used in the corresponding period in the previous year. The decrease was mainly due to purchases of medical equipment by the hospitals, which was RM 4.5 million lower than the preceding quarter.

Net cash used in financing activities was RM 13.4 million in the current quarter mainly as a result of the drawdown of RM 4.5 million borrowings offset by repayment of RM 14.6 million of borrowings.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group's hospital services segment continues to do well and register year-on-year ("yoy") increases in revenue and patient volume. Both Mahkota Medical Centre Sdn. Bhd. ("MMC") and Regency Specialist Hospital Sdn. Bhd. ("RSH") continue to progress on their respective upgrading and expansion plans.

At MMC, the hospital continues to focus on developing its Centres of Excellence and expanding and upgrading its facilities to cater to increasing patient loads. The 218-bed capacity RSH will be constructing a new hospital extension block adjacent to its existing hospital building to cater to the growing number of patients. Construction of the new extension block has begun. With the new extension block, RSH will become a 380-bed tertiary hospital with capacity to expand to an eventual 500-bed hospital. The hospital extension block is targeted to be commissioned in 2021.

In Malaysia, an increasing domestic insurance take-up rate, an aging population and increasing regional connectivity are expected to further contribute to the growth of private healthcare services with BMI Research forecasting health expenditure to grow 7.9% p.a. from 2016 to 2020. The Malaysian government's budget has allocated RM 20 million to boost Malaysia's healthcare travel industry. Malaysia plans to promote medical tourism with expanded medical tourism packages, special incentives and tax allowance for healthcare facilities promoting medical tourism.

However, the healthcare landscape in Malaysia remains competitive. In Malacca and Johor where our hospitals operate, the expansion of existing hospitals and the upcoming opening of new hospitals have led to increased competition for patients, doctors and other skilled manpower. This has resulted in higher operating costs, in particular for skilled manpower. In Johor, new hospitals such as KPJ Bandar Dato Onn Hospital has opened and Columbia Asia Southkey Hospital is expected to open later in the year. In addition, economic uncertainties and fluctuating regional currencies (in particular the Indonesian Rupiah) has impacted private healthcare expenditure, especially for self-funded patients.

In Singapore, the Group acquired a majority stake in a new private one-stop ambulatory centre, SSC, on 14 May 2018. The centre has completed renovations and received its licenses to operate from the Singapore Ministry of Health. SSC commenced operations in FY2019, and the Group expects to incur gestation start-up costs from its operations for potentially up to 3 years.

On 15 March 2019, the Group completed the acquisition of shares in Plus Medical Holdings Pte. Ltd. ("Plus Medical") and now holds 28% of the issued share capital of Plus Medical. Plus Medical owns a chain of primary care clinics in Singapore. The investment is expected to be synergistic with SSC in respect of establishing an expanded healthcare network in Singapore.

On 5 July 2019, the Company and PanAsia Health Limited (the "Offeror") jointly announced (the "Joint Announcement") the proposed acquisition of all the issued ordinary shares in the capital of the Company by the Offeror, a special purpose vehicle incorporated in the Cayman Islands and indirectly controlled by EQT Mid Market Asia III GP B.V., by way of a scheme of arrangement (the "Scheme"). The Scheme has since been approved by the Shareholders and the Singapore High Court. Subject to the satisfaction (or where applicable, waiver) of all the conditions to the Scheme, the Scheme is expected to become effective and binding on 12 December 2019. For more details, please refer to the SGX announcements. Please also refer to future announcements for further updates on the Scheme.

**11. If a decision regarding dividend has been made –**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended).**

None.

**(b) (i) Amount per share.**

Not applicable.

**(ii) Previous corresponding period.**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared / recommended.

**13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained an IPT mandate from shareholders. It does not have any IPT (excluding transaction less than S\$100,000) for the three months ended 30 September 2019 that is disclosable under Rule 920(1)(a) (ii) of the SGX-ST Listing Manual.

**14. Negative Confirmation Pursuant to Rule 705(5) of the SGX-ST Listing Manual (Not required for announcement on full year results).**

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Company or the unaudited consolidated financial statements of the Group for the three months ended 30 September 2019 to be false or misleading in any material aspect.

**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7 of the Mainboard Rules) under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

**Dr Gan See Khem**  
**Executive Chairman and Managing Director**  
**11 November 2019**