



UG HEALTHCARE CORPORATION LIMITED

Company Registration No. 201424579Z

QUARTERLY ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

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PART I INFORMATION REQUIRED FOR QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR (HY) AND FULL YEAR ANNOUNCEMENTS

1(a)(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME- THIRD QUARTER ("3QFY2017") AND 9 MONTHS ENDED 31 MARCH 2017 ("9MFY2017")

| | 3QFY2017 3 months ended | | | 9MFY2017 9 months ended | | |
|---|----------------------------|----------------------|------------------------------|----------------------------|----------------------|------------------------------|
| | 31-Mar-17 S\$'000 | 31-Mar-16 S\$'000 | Increase/ (Decrease) % | 31-Mar-17 S\$'000 | 31-Mar-16 S\$'000 | Increase/ (Decrease) % |
| Revenue | 17,578 | 15,049 | 16.8 | 48,538 | 45,192 | 7.4 |
| Cost of sales | (14,295) | (11,695) | 22.2 | (40,803) | (34,627) | 17.8 |
| Gross profit | 3,283 | 3,354 | (2.1) | 7,735 | 10,565 | (26.8) |
| Other income | 397 | 1,390 | (71.4) | 1,422 | 1,399 | 1.6 |
| | 3,680 | 4,744 | (22.4) | 9,157 | 11,964 | (23.5) |
| Marketing and distribution expenses | (452) | (586) | (22.9) | (1,324) | (1,277) | 3.7 |
| Administrative expenses | (2,073) | (1,138) | 82.2 | (5,113) | (4,546) | 12.5 |
| Other expenses | (419) | (1,257) | (66.7) | (562) | (742) | (24.3) |
| Finance costs | (153) | (220) | (30.5) | (404) | (395) | 2.3 |
| Share of profits from associates | 301 | 147 | N.M. | 578 | 543 | 6.4 |
| Profit before tax | 884 | 1,690 | (47.7) | 2,332 | 5,547 | (58.0) |
| Income tax expense | (139) | (162) | (14.2) | (373) | (942) | (60.4) |
| Profit for the period | 745 | 1,528 | (51.2) | 1,959 | 4,605 | (57.5) |
| Other comprehensive loss | | | | | | |
| Exchange difference on translating foreign operations | 128 | (606) | N.M. | (3,174) | (2,745) | 15.6 |
| Total comprehensive (loss)/income for the period | 873 | 922 | (5.3) | (1,215) | 1,860 | N.M. |
| Profit/(loss) attributable to: | | | | | | |
| Owners of the Company | 946 | 1,675 | (43.5) | 2,334 | 4,908 | (52.4) |
| Non-controlling interests | (201) | (147) | 36.7 | (375) | (303) | 23.8 |
| | 745 | 1,528 | (51.2) | 1,959 | 4,605 | (57.5) |
| Total comprehensive income/(loss) attributable to: | | | | | | |
| Owners of the Company | 866 | 933 | (7.2) | (1,224) | 1,880 | N.M. |
| Non-controlling interests | 7 | (11) | - | 9 | 20 | (55.0) |
| | 873 | 922 | (5.3) | (1,215) | 1,860 | N.M. |
| Earnings per share (cents) | | | | | | |
| Basic and diluted | 0.49 | 0.89 | | 1.23 | 2.61 | |

N.M. – not meaningful

1(a)(ii) NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 3QFY2017 3 months ended | | | 9MFY2017 9 months ended | | |
|---|----------------------------|----------------------|------------------------------|----------------------------|----------------------|------------------------------|
| | 31-Mar-17 S\$'000 | 31-Mar-16 S\$'000 | Increase/ (Decrease) % | 31-Mar-17 S\$'000 | 31-Mar-16 S\$'000 | Increase/ (Decrease) % |
| Interest income | (10) | (1) | N.M. | (29) | (2) | N.M. |
| Fair value gain on financial derivatives | - | (1,357) | N.M. | - | (1,357) | N.M. |
| Foreign exchange gain – unrealised | (306) | - | N.M. | (383) | - | N.M. |
| Foreign exchange gain – realised | (46) | - | N.M. | (921) | - | N.M. |
| Foreign exchange loss – unrealised | 399 | 969 | (58.8) | 399 | - | N.M. |
| Foreign exchange loss – realised | 163 | 479 | (66.0) | 163 | 652 | (75.0) |
| Sundry income | (34) | (32) | 6.3 | (90) | (40) | N.M. |
| Interest expense on borrowings | 153 | 219 | (30.1) | 404 | 395 | 2.3 |
| Allowance for doubtful debts | - | - | - | 3 | - | N.M. |
| Depreciation | 255 | 307 | (16.9) | 773 | 749 | 3.2 |
| Under provision of tax in prior years | - | - | - | - | 2 | N.M. |

N.M. – not meaningful

1(b)(i) STATEMENT OF FINANCIAL POSITION OF THE GROUP AND THE COMPANY

| | Group | | Company | |
|---|----------------------|-----------------------|----------------------|-----------------------|
| | 31-Mar-17 S\$'000 | 30-June-16 S\$'000 | 31-Mar-17 S\$'000 | 30-June-16 S\$'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Subsidiaries | - | - | 30,802 | 30,802 |
| Associates | 5,846 | 5,288 | - | - |
| Property, plant and equipment | 18,641 | 17,078 | - | - |
| Intangible assets | 291 | 297 | - | - |
| Deferred tax assets | 155 | 158 | - | - |
| Total non-current assets | <u>24,933</u> | <u>22,821</u> | <u>30,802</u> | <u>30,802</u> |
| Current assets | | | | |
| Inventories | 17,171 | 13,586 | - | - |
| Amount due from subsidiaries | - | - | 22,709 | 26,696 |
| Trade and other receivables | 19,820 | 13,651 | 10 | 9 |
| Cash and bank balances | 4,737 | 5,985 | 535 | 629 |
| Total current assets | <u>41,728</u> | <u>33,222</u> | <u>23,254</u> | <u>27,334</u> |
| Total assets | <u>66,661</u> | <u>56,043</u> | <u>54,056</u> | <u>58,136</u> |
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | 37,126 | 36,243 | 37,126 | 36,243 |
| Reserve | (35,781) | (32,607) | - | - |
| Retained earnings | 35,740 | 34,510 | 16,846 | 21,784 |
| Equity attributable to the owners of the Company | <u>37,085</u> | <u>38,146</u> | <u>53,972</u> | <u>58,027</u> |
| Non-controlling interests | (168) | 198 | - | - |
| Total equity | <u>36,917</u> | <u>38,344</u> | <u>53,972</u> | <u>58,027</u> |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 1,384 | 1,269 | - | - |
| Bank borrowings | 2,140 | 3,014 | - | - |
| Total non-current liabilities | <u>3,524</u> | <u>4,283</u> | <u>-</u> | <u>-</u> |
| Current liabilities | | | | |
| Trade and other payables | 10,462 | 5,519 | 84 | 109 |
| Derivative financial instruments | 134 | 143 | - | - |
| Bank borrowings | 15,624 | 7,754 | - | - |
| Total current liabilities | <u>26,220</u> | <u>13,416</u> | <u>84</u> | <u>109</u> |
| Total liabilities | <u>29,744</u> | <u>17,699</u> | <u>84</u> | <u>109</u> |
| Total equity and liabilities | <u>66,661</u> | <u>56,043</u> | <u>54,056</u> | <u>58,136</u> |

1(b)(ii) GROUP'S BORROWINGS AND DEBT SECURITIES

| | 31-Mar-17 | | 30-June-16 | |
|---|--------------------|----------------------|--------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Amount repayable in one year or less, or on demand | 15,624 | - | 7,754 | - |
| Amount repayable after one year | 2,140 | - | 3,014 | - |
| Total borrowings | <u>17,764</u> | <u>-</u> | <u>10,768</u> | <u>-</u> |

Details of collaterals

As at 31 March 2017 and 30 June 2016, the Group's borrowings were secured by:

- (i) fixed and floating charges over assets of a subsidiary
- (ii) debentures over certain production lines
- (iii) charge on certain leasehold land and building of a subsidiary
- (iv) fixed deposits pledged as collateral
- (v) corporate guarantees; and
- (vi) personal guarantees provided by certain directors, related parties and a third party

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

| | 3QFY2017 | | 9MFY2017 | |
|--|----------------|-----------|----------------|-----------|
| | 3 Months Ended | | 9 months ended | |
| | 31-Mar-17 | 31-Mar-16 | 31-Mar-17 | 31-Mar-16 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Operating activities | | | | |
| Profit before income tax | 884 | 1,690 | 2,332 | 5,547 |
| Adjustments for: | | | | |
| Share of profits from associates | (301) | (147) | (578) | (543) |
| Depreciation expense | 255 | 307 | 773 | 749 |
| Allowance for doubtful debts | - | - | 3 | - |
| Interest expense | 153 | 219 | 404 | 395 |
| Interest income | (10) | (1) | (29) | (2) |
| Unrealised exchange differences | 294 | (1,024) | (2,032) | (2,068) |
| Operating cash flows before movements in working capital | 1,275 | 1,044 | 873 | 4,078 |
| <i>Movements in working capital</i> | | | | |
| Inventories | (1,468) | (135) | (3,585) | (3,098) |
| Trade and other receivables | (2,840) | (437) | (5,629) | (2,147) |
| Trade and other payables | 666 | (974) | 4,943 | (764) |
| Cash used in operations | (2,367) | (502) | (3,398) | (1,931) |
| Interest paid | (153) | (219) | (404) | (395) |
| Income taxes paid | (205) | (263) | (798) | (681) |
| Net cash used in operating activities | (2,725) | (984) | (4,600) | (3,007) |
| Investing activities | | | | |
| Acquisition of property, plant and equipment | (510) | (1,184) | (3,477) | (3,391) |
| Withdrawal/(Placement) of fixed deposits | 882 | - | 867 | - |
| Interest received | 10 | 1 | 29 | 2 |
| Net cash from/(used in) investing activities | 382 | (1,183) | (2,581) | (3,389) |
| Financing activities | | | | |
| Net drawdown of borrowings (Net) | 3,510 | 232 | 6,997 | 4,583 |
| Dividend paid | - | - | (197) | - |
| Net cash from financing activities | 3,510 | 232 | 6,800 | 4,583 |
| Net increase/(decrease) in cash and cash equivalents | 1,167 | (1,935) | (381) | (1,813) |
| Cash and cash equivalents at beginning of financial period | 4,453 | 6,152 | 5,406 | 5,905 |
| Effects on currency translation on cash and cash equivalents | (883) | 109 | (288) | 234 |
| Cash and cash equivalents at end of financial period | 4,737 | 4,326 | 4,737 | 4,326 |
| Cash and cash equivalents comprised the following: | | | | |
| Cash and bank balances | 4,737 | 4,905 | 4,737 | 4,905 |
| Less: Fixed deposits pledged to bank | - | (579) | - | (579) |
| | 4,737 | 4,326 | 4,737 | 4,326 |

1(d)(i) STATEMENT OF CHANGES IN EQUITY

| | Group | | | | | | |
|---|---------------------------------------|---|---------------------------------|---------|------------------|---|------------------|
| | Attributable to owners of the Company | | | | Total S\$'000 | Non- controlling interests S\$'000 | Total S\$'000 |
| Share capital S\$'000 | Merger reserve S\$'000 | Foreign currency translation reserves S\$'000 | Retained earnings S\$'000 | | | | |
| Balance as at 1 July 2016 | 36,243 | (25,940) | (6,667) | 34,510 | 38,146 | 198 | 38,344 |
| Issuance of shares, net of expenses directly attributable to issuance of new shares | 883 | - | - | - | 883 | - | 883 |
| Profit for the financial period | - | - | - | 2,334 | 2,334 | (375) | 1,959 |
| Dividend | - | - | - | (1,104) | (1,104) | - | (1,104) |
| Other comprehensive loss | | | | | | | |
| Exchange differences on translating foreign operations | - | - | (3,174) | - | (3,174) | 9 | (3,165) |
| Balance as at 31 March 2017 | 37,126 | (25,940) | (9,841) | 35,740 | 37,085 | (168) | 36,917 |
| Balance as at 1 July 2015 | 36,243 | (25,940) | (2,423) | 29,060 | 36,940 | 163 | 37,103 |
| Profit for the financial period | - | - | - | 4,908 | 4,908 | (303) | 4,605 |
| Other comprehensive loss | | | | | | | |
| Exchange differences on translating foreign operations | - | - | (2,745) | - | (2,745) | 20 | (2,725) |
| Balance as at 31 March 2016 | 36,243 | (25,940) | (5,168) | 33,968 | 39,103 | (120) | 38,983 |

1(d)(i) STATEMENT OF CHANGES IN EQUITY (continued)

| | Company | | |
|---|--------------------------|-------------------------------|------------------|
| | Share capital S\$'000 | Accumulated losses S\$'000 | Total S\$'000 |
| Balance as at 1 July 2016 | 36,243 | 21,784 | 58,027 |
| Issuance of new shares, net of expenses directly attributable to issuance of new shares | 883 | - | 883 |
| Total comprehensive loss for the period | - | (3,833) | (3,833) |
| Dividend | - | (1,104) | (1,104) |
| Balance as at 31 March 2017 | 37,126 | 16,847 | 53,973 |
| Balance as at 1 July 2015 | 36,243 | (1,076) | 35,167 |
| Total comprehensive loss for the period | - | (281) | (281) |
| Balance as at 31 March 2016 | 36,243 | (1,357) | 34,886 |

1(d)(ii) SHARE CAPITAL

| | Company | |
|---|------------------------------|--|
| | Number of ordinary shares | Issued and paid up share capital S\$ |
| Issued and paid up share capital as at 1 January 2017 | 191,460,054 | 37,125,570 |
| Issued and paid-up share capital as at 31 March 2017 | 191,460,054 | 37,125,570 |

There were no changes to the Company's issued and paid up share capital from 1 January 2017 to 31 March 2017. As at 31 March 2017 and 31 March 2016, the Company had no outstanding convertibles, treasury shares and subsidiary holdings.

1(d)(iii) TOTAL NUMBER OF ISSUED SHARES EXCLUDING TREASURY SHARES

| | Company | |
|---|-------------|-------------|
| | 31-Mar-17 | 30-June-16 |
| Total number of issued shares excluding treasury shares | 191,460,054 | 188,023,530 |

As at 31 March 2017 and 30 June 2016, the Company did not have treasury shares.

1(d)(iv) TREASURY SHARES

There were no sales, transfers, cancellation and / or use of treasury shares during and as at the end of the current financial period reported on.

As at 31 March 2017, the Company did not hold any of its issued shares as treasury shares.

1(d)(v) SUBSIDIARY HOLDINGS

There were no sales, transfers, cancellation and / or use of subsidiary holdings as at the end of the current financial period reported on. As at 31 March 2017, the Company did not have any subsidiary holdings.

2. REVIEW OR AUDIT OF FIGURES PRESENTED

The figures presented have not been reviewed or audited by the Company's auditors.

3. AUDITORS' REPORT

Not applicable.

4. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to its audited financial statements for the financial year ended 30 June 2016.

5. EFFECT OF CHANGES IN ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to the audited financial statements as at 30 June 2016, except for the adoption of the Financial Reporting Standard (FRS) and Interpretations of FRS (INT FRS) which become effective for the financial year beginning on or after 1 January 2017. The adoption of these new and revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

6. EARNINGS PER SHARE

| | 3QFY2017 3 months ended | | 9MFY2017 9 months ended | |
|--|----------------------------|--------------------|----------------------------|--------------------|
| | 31-March-17 | 31-March-16 | 31-March-17 | 31-March-16 |
| Profit attributable to owners of the Company (S\$'000) | <u>946</u> | <u>1,675</u> | <u>2,334</u> | <u>4,908</u> |
| Weighted average number of ordinary shares | <u>191,460,054</u> | <u>188,023,530</u> | <u>189,403,156</u> | <u>188,023,530</u> |
| Earnings per share (basic and diluted)(cents) | <u>0.49</u> | <u>0.89</u> | <u>1.23</u> | <u>2.61</u> |

Diluted earnings per share for the third quarter and nine months ended 31 March 2017 and 31 March 2016 is the same as the basic earnings per share as there were no dilutive securities outstanding during the periods presented.

7. NET ASSETS VALUE ("NAV") PER SHARE

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 31-March-17 | 30-June-16 | 31-March-17 | 30-June-16 |
| NAV per share (cents) | <u>19.28</u> | <u>20.39</u> | <u>28.19</u> | <u>30.86</u> |
| Total NAV (including non-controlling interests) (S\$'000) | <u>36,917</u> | <u>38,344</u> | <u>53,972</u> | <u>58,027</u> |
| Number of ordinary shares used in computation of NAV per share | <u>191,460,054</u> | <u>188,023,530</u> | <u>191,460,054</u> | <u>188,023,530</u> |

8. REVIEW OF GROUP PERFORMANCE

(A) REVIEW OF GROUP RESULTS

Revenue

Revenue increased by approximately S\$3.3 million or 7.4%, from S\$45.2 million in the 9 months period ended 31 March 2016 (“9MFY2016”) to S\$48.5 million in the 9 months financial period ended 31 March 2017 (“9MFY2017”), mainly due to an increase in the volume of gloves produced and sold.

The Group’s expansion of production capacity to 2.4 billion gloves per annum within the financial year ending 30 June 2017 is on track. The new production lines adding to the new capacity have been progressively coming on stream in 9MFY2017. However, this increase was moderated by the temporary reduction of capacity of certain older production lines for upgrading to increase productivity and efficiency.

For the third quarter ended 31 March 2017 (“3QFY2017”), revenue generated amounted to S\$17.6 million as compared to S\$15.0 million for the third quarter ended 31 March 2016 (“3QFY2016”). The increase in revenue of S\$2.5 million or 16.8% was mainly due to an increase in the volume of gloves produced and sold.

Cost of Sales

Cost of sales increased by S\$6.2 million from S\$34.6 million in 9MFY2016 to S\$40.8 million in 9MFY2017, in tandem with the increase in revenue and rising raw material costs. Coupled with the increase in gas tariff, this led to a 17.8% increase in cost of sales to S\$40.8 million.

In 3QFY2017, cost of sales increased to S\$14.3 million as compared to S\$11.7 million, representing a 22.2% increase, mainly due to an increase in raw material costs.

Gross Profit and Gross Profit Margin

Gross profit reduced by S\$2.8 million from S\$10.6 million in 9MFY2016 to S\$7.7 million in 9MFY2017. The Group’s gross profit margin reduced from 23.4% in 9MFY2016 to 15.9% in 3QFY2017, mainly due to the increase in raw materials price.

Gross profit for 3QFY2017 and 3QFY2016 remained fairly stable at approximately S\$3.3 million while gross profit margin decreased to 18.7% in 3QFY2017 from 22.3% in 3QFY2016 due to the reasons described above.

Other income

Other income remained fairly consistent for both 9MFY2017 and 9MFY2016 at approximately S\$1.4 million. The presence of the realised and unrealised foreign exchange gains in 9MFY2017 amounted to S\$921,000 and S\$383,000 respectively due to the weakening of the Ringgit Malaysia against the US Dollars. However, this was offset by the absence of a fair value gain on financial derivatives in 9MFY2017 amounting to S\$1,357,000.

Other income decreased by S\$1.0 million for 3QFY2017 from S\$1.4 million in 3QFY2016 to S\$0.4 million. The decrease was due to the absence of fair value gain on financial derivatives of S\$1.4 million in 3QFY2017, partially mitigated by the presence of the realised and unrealised foreign exchange gains amounting to S\$46,000 and S\$306,000 respectively in the same period, due to the weakening of the Ringgit Malaysia against the US Dollars.

Marketing and Distribution Expenses

Marketing and distribution expenses remained fairly consistent for both 9MFY2017 and 9MFY2016 at S\$1.3 million as the Group continues to expand its distribution network in the UK, China and Nigeria.

For 3QFY2016 and 3QFY2017, marketing and distribution expenses decreased by S\$0.1 million from S\$0.6 million to S\$0.5 million as a result of lesser commission paid to the Group's glove retail distributors.

Administrative Expenses

Administrative expenses increased by S\$0.6 million or 12.5% from S\$4.5 million in 9MFY2016 to S\$5.1 million in 9MFY2017, mainly due to losses incurred for hedging contracts by the UK subsidiary due to the recent strengthening of British Pounds against the US Dollars and increase in general administrative running costs.

Administrative expenses increased by S\$0.9 million or 82.3% from S\$1.1 million in 3QFY2016 to S\$2.0 million in 3QFY2017 mainly due to losses incurred for hedging contracts by the UK subsidiary and increase in general administrative running costs.

Other Expenses

Other expenses reduced by S\$0.1 million or 24.3% from S\$0.7 million in 9MFY2016 to S\$0.6 million in 9MFY2017 due to lesser realised foreign exchange losses recognised in 9MFY2017. but offset by unrealised foreign exchange losses that was absent in 9MFY2016.

In 3QFY2017, other expenses reduced to S\$0.4 million from S\$1.3 million in 3QFY2016 mainly due to reductions in realised and unrealised foreign exchange losses of S\$316,000 and S\$570,000 respectively.

Finance Costs

Finance costs remained fairly consistent for both 9MFY2017 and 9MFY2016 at S\$0.4 million as well as for 3QFY2017 and 3QFY2016 at S\$0.2 million.

Share of Profits from Associates

The Group's share of results of associates amounted to S\$0.58 million in 9MFY2017, an increase of S\$0.04 million as compared to S\$0.54 million in 9MFY2016 due to higher profits of the German and US's associates.

Share of profits from associates increased by S\$0.2 million from S\$0.1 million in 3QFY2016 to S\$0.3 million in 3QFY2017 mainly due to higher profits of the German and US's associates.

(B) REVIEW OF GROUP'S FINANCIAL POSITION

As at 31 March 2017

Non-current Assets

Non-current assets increased by S\$2.1 million from S\$22.8 million as at 30 June 2016 to S\$24.9 million as at 31 March 2017, mainly due to acquisition of property, plant and equipment of S\$3.5 million and recognition of associates' profits of S\$0.6 million, partially offset by depreciation charge of S\$0.8 million and foreign exchange translation loss of approximately S\$1.1 million resulting from converting Malaysian subsidiaries' property, plant and equipment's net book value.

Current Assets

Current assets increased by S\$8.6 million from S\$33.2 million as at 30 June 2016 to S\$41.7 million as at 31 March 2017, mainly due to:

- (a) Increase in inventories by S\$3.6 million or 26.4% from S\$13.6 million as at 30 June 2016 to S\$17.2 million as at 31 March 2017. The increase in inventories was a result of the Group's continuous effort to stock up gloves' inventories in the Group's overseas warehouses to cater for demand of the Group's products without compromising the delivery lead time to end customers.
- (b) Increase in trade and other receivables by S\$6.1 million or 45.2% from S\$13.7 million as at 30 June 2016 to S\$19.8 million as at 31 March 2017. The increase was due to the longer credit term given to long term customers and increase in tax recoverable from tax authority in Malaysia.
- (c) Decrease in cash and bank balances by S\$1.2 million or 20.8% from S\$6.0 million as at 30 June 2016 to S\$4.7 million as at 31 March 2017.

Equity

Equity comprises share capital, merger reserve, retained earnings, foreign currency translation reserves and non-controlling interests. The decrease in equity of \$1.4 million was mainly due to:

- (a) dividend paid of S\$1.1 million;
- (b) decrease in share of results by non-controlling interests of S\$0.4 million; and decrease in foreign currency translation reserves of S\$3.2 million mainly due to weakening of Malaysian Ringgit (functional currency of major subsidiaries) against Singapore Dollars (presentation currency).
This decrease was partially offset by scrip dividend issued of S\$1.0 million and profit attributable to owners of the Company for the financial period of S\$2.3 million.

Non-current liabilities

Non-current liabilities decreased by S\$0.8 million from S\$4.3 million as at 30 June 2016 to S\$3.5 million as at 31 March 2017, mainly due to repayment of term loans.

Current liabilities

Current liabilities increased by S\$12.8 million from S\$13.4 million as at 30 June 2016 to S\$26.2 million as at 31 March 2017, mainly due to:

- (a) Increase of S\$7.8 million of bank borrowings from a new bank facility obtained; and
- (b) Increase of S\$5.0 million in trade and other payables mainly due to an increase in raw material costs.

(C) REVIEW OF GROUP'S CASH FLOWS

In 9MFY2017, the net cash used in operations amounted to S\$4.6 million. This comprises of positive operating cash flows before changes in working capital of S\$0.87 million, adjusted by net working capital outflow of S\$4.27 million, interest and taxes paid of S\$0.4 million and S\$0.8 million respectively. The net working capital outflow was mainly due to increases in inventories and trade and other receivables of S\$3.59 million and S\$5.63 million respectively, partially offset by increase in trade and other payables of S\$4.94 million.

Net cash used in investing activities amounted to S\$2.58 million in 9MFY2017. This was mainly due to the purchases of property, plant and equipment of S\$3.48 million, partially offset by withdrawal of fixed deposits of S\$0.87 million.

Net cash from financing activities amounted to S\$6.8 million in 9MFY2017. This was mainly due to a net drawdown of borrowings from a new bank facility obtained, partially offset by the repayment of term loans, of S\$7.0 million and offset by the payment of cash dividend of S\$0.2 million.

9. ACTUAL RESULTS VS PROFIT FORECAST

No forecast or prospect statement has been previously disclosed to shareholders.

10. COMMENTARY OF THE INDUSTRY TREND AND GROUP'S PROSPECT

The Group's expansion plan has been progressing well. The Group is expected to increase its production capacity to cope with the expected increase in market demand for the Group's products. The Group is on track with achieving its target annual production capacity of 2.4 billion gloves by the end of the financial year ending 30 June 2017. The movement in commodity prices (which affects the price of raw materials of the Group) and fluctuation of US and other currencies which the Group deals with are macro-economics factors which will continue to challenge the Group.

11. DETAILS OF DIVIDEND DECLARED OR RECOMMENDED

Not applicable.

12. NEGATIVE STATEMENT IF NO DIVIDEND DECLARED OR RECOMMENDED

No dividend has been declared or recommended.

13. GENERAL MANDATE FOR INTEREST PERSON TRANSACTIONS ("IPT")

The Company does not have an IPT mandate from the shareholders.

14. RULE 720(1) OF THE CATALIST LISTING RULES

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1) of the Catalist Listing Rules.

15. RULE 705(5) OF THE CATALIST LISTING RULES

The Board of Directors of the Company hereby confirms, to the best of its knowledge, nothing has come to its attention which may render the financial results for the 3rd quarter and 9 months financial period ended 31 March 2017 to be false or misleading in any material aspect.

On behalf of the Board,

LEE KECK KEONG
Executive Director and CEO

LEE JUN YIH
Executive Director

By order of the Board
UG Healthcare Corporation Limited

LEE KECK KEONG
Executive Director and CEO

12 May 2017