

Unaudited Full Year Financial Statement And Dividend Announcement
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS
1(a) Statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year

	2014 RM'000	Group 2013 RM'000	Change %
Revenue	292,912	245,415	19
Cost of services	(207,078)	(178,937)	16
Gross profit	85,834	66,478	29
Interest income	2,482	2,060	20
Other gains - net	1,187	1,492	(20)
Expenses			
Distribution and marketing costs	(2,698)	(2,885)	(6)
Administrative costs	(41,688)	(37,866)	10
Finance costs	(3,542)	(4,112)	(14)
Share of results of associates	4,906	901	445
Profit before tax	46,481	26,068	78
Income tax expense	(10,439)	(6,897)	51
Profit after tax	36,042	19,171	88
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation difference arising from consolidation	1,089	(267)	NM
Total comprehensive income	37,131	18,904	96
Profit attributable to:			
Equity holders of the Company	16,027	7,574	112
Non-controlling interests	20,015	11,597	73
	36,042	19,171	88
Total comprehensive income attributable to:			
Equity holders of the Company	17,113	7,307	134
Non-controlling interests	20,018	11,597	73
Total comprehensive income	37,131	18,904	96

Notes to consolidated statement of comprehensive income

	2014 RM'000	Group 2013 RM'000	Change %
Depreciation	(14,025)	(12,346)	14
Allowance of impairment of trade and other receivables - net	(3,168)	(131)	NM
Foreign exchange (loss)/ gain	(1,631)	281	NM
Gain/ (loss) on sale of investments, properties, and/or plant and equipment	48	(491)	NM

NM - Not meaningful

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

	Group		Company	
	As at 30-Jun-14 (RM'000)	As at 30-Jun-13 (RM'000)	As at 30-Jun-14 (RM'000)	As at 30-Jun-13 (RM'000)
ASSETS				
Current Assets				
Cash and cash equivalents	25,977	9,699	692	751
Trade and other receivables	71,154	69,438	47,406	37,871
Inventories	5,311	5,531	-	-
Other current assets	4,534	5,869	39	29
	106,976	90,537	48,137	38,651
Non-Current Assets				
Trade and other receivables	92	7,116	92	7,116
Investments in associated companies	37,486	25,488	12,685	5,593
Investments in subsidiaries	-	-	55,248	48,412
Property, plant and equipment	142,569	139,877	635	34
Deferred tax assets	2	1,732	-	-
	180,149	174,213	68,660	61,155
Total Assets	287,125	264,750	116,797	99,806
LIABILITIES				
Current Liabilities				
Trade and other payables	56,382	52,277	6,070	5,397
Current income tax liabilities	1,749	1,424	-	-
Borrowings	33,765	38,788	11,649	12,648
Deferred income	1,091	822	-	-
	92,987	93,311	17,719	18,045
Non-Current Liabilities				
Trade and other payables	19,247	13,274	-	-
Borrowings	21,613	24,860	2,775	-
Deferred income tax liabilities	1,085	906	-	-
	41,945	39,040	2,775	-
Total Liabilities	134,932	132,351	20,494	18,045
NET ASSETS	152,193	132,399	96,303	81,761
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	90,564	90,564	90,564	90,564
Treasury shares	(47)	(47)	(47)	(47)
Currency translation reserve	5,860	4,774	8,180	5,459
Other reserves	68	68	16	16
Retained earnings/ (Accumulated losses)	14,011	(2,016)	(2,410)	(14,231)
	110,456	93,343	96,303	81,761
Non-controlling interests	41,737	39,056	-	-
TOTAL EQUITY	152,193	132,399	96,303	81,761

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 June 2014		As at 30 June 2013	
Secured	Unsecured	Secured	Unsecured
(RM'000)	(RM'000)	(RM'000)	(RM'000)
33,765	-	38,788	-

Amount repayable after one year

As at 30 June 2014		As at 30 June 2013	
Secured	Unsecured	Secured	Unsecured
(RM'000)	(RM'000)	(RM'000)	(RM'000)
21,613	-	24,860	-

Details of any collateral

The Company

- A memorandum of charge and assignment over all of the Company's shares in a subsidiary incorporated in Malaysia and an associate incorporated in Malaysia.

The Group

- An assignment of the lands and buildings as well as rental proceeds of certain subsidiaries in Malaysia.

The Group's borrowings include finance lease liabilities of approximately RM 11.7 million (FY 2013: RM 14.9 million), which are effectively secured as the rights to the hire purchase asset will be reverted to the hiree in the event of default.

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

	Group	
	2014	2013
	<u>RM'000</u>	<u>RM'000</u>
Cash Flows from Operating Activities		
Net profit after taxation	36,042	19,171
Adjustments for:		
Non-cash items	23,738	21,211
Operating profit before working capital changes	59,780	40,382
Changes in current assets/liabilities	(8,893)	(2,977)
Cash generated from operations	50,887	37,405
Interest paid	(3,542)	(4,112)
Tax paid	(7,853)	(6,944)
Net cash provided by operating activities	39,492	26,349
Cash Flows from Investing Activities		
Loans repayment from / (Loans to) associated corporations	-	(2,193)
Additions to property, plant and equipment	(13,101)	(12,009)
Proceeds from redemption of redeemable convertible preference shares by an associate	-	1,800
Proceeds from disposal of property, plant and equipment	446	479
Net cash provided by/ (used in) investing activities	(12,655)	(11,923)
Cash Flows from Financing Activities		
Drawdown of borrowings	2,573	5,344
Repayment of borrowings	(6,699)	(5,917)
Repayment of lease liabilities	(7,119)	(10,187)
Dividends paid to non-controlling interests by a subsidiary	(7,365)	(2,530)
Loan from non-controlling interests to a subsidiary	5,973	-
Interest received	2,482	2,060
Capital injection in a subsidiary received by non-controlling interest	1,080	-
Capital injection in an associated corporation	(123)	-
Net cash used in financing activities	(9,198)	(11,230)
Net increase in cash and cash equivalents	17,639	3,196
Cash and cash equivalents at beginning of financial year	4,309	1,121
Effect of exchange rate changes on cash and cash equivalents	69	(8)
Cash and cash equivalents at end of financial year	22,017	4,309
Cash and equivalents comprise:		
Cash and bank balances	25,977	9,699
Bank overdraft	(3,960)	(5,390)
	22,017	4,309

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 Company	Share capital	Treasury shares	Other reserves	Retained earnings/ (Accumulated losses)	Currency translation reserves	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2012	90,564	(142)	-	(17,204)	6,157	79,375
Net profit for the period	-	-	-	2,973	-	2,973
Exchange translation difference	-	-	-	-	(698)	(698)
Performance Share Plan - Treasury shares reissued	-	95	16	-	-	111
Balance as at 30 June 2013	90,564	(47)	16	(14,231)	5,459	81,761
As at 1 July 2013	90,564	(47)	16	(14,231)	5,459	81,761
Net profit for the period	-	-	-	11,821	-	11,821
Exchange translation difference	-	-	-	-	2,721	2,721
Balance as at 30 June 2014	90,564	(47)	16	(2,410)	8,180	96,303

The Group	Share capital	Treasury shares	Currency translation reserves	Other reserves	Retained earnings/ (Accumulated losses)	Attributable to equity holders of the Company	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2012	90,564	(142)	5,041	52	(9,590)	85,925	32,541	118,466
Exchange translation difference	-	-	(267)	-	-	(267)	-	(267)
Net profit for the period	-	-	-	-	7,574	7,574	11,597	19,171
Total comprehensive income	-	-	(267)	-	7,574	7,307	11,597	18,904
Performance Share Plan - Treasury shares reissued	-	95	-	16	-	111	-	111
Dividend paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	(5,082)	(5,082)
Balance as at 30 June 2013	90,564	(47)	4,774	68	(2,016)	93,343	39,056	132,399
As at 1 July 2013	90,564	(47)	4,774	68	(2,016)	93,343	39,056	132,399
Exchange translation difference	-	-	1,086	-	-	1,086	3	1,089
Net profit for the period	-	-	-	-	16,027	16,027	20,015	36,042
Total comprehensive income	-	-	1,086	-	16,027	17,113	20,018	37,131
Capital injection in a subsidiary	-	-	-	-	-	-	1,080	1,080
Dividends paid to non-controlling interests	-	-	-	-	-	-	(18,417)	(18,417)
Balance as at 30 June 2014	90,564	(47)	5,860	68	14,011	110,456	41,737	152,193

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles 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**

Share Options and Performance Shares

Pursuant to HMI Employee Share Option Scheme and HMI Performance Share Plan, which were approved at the extraordinary general meeting of the Company held on 23 October 2008, no Options and Performance Shares have been granted as at 30 June 2014.

- 1(d)(iii) 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 577,071,286 (2013: 577,071,286) as at the end of the current financial period and as at the end of the immediately preceding year. Total number of outstanding treasury shares is 201,000 (2013: 201,000) as at the end of the current financial period.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The financial statements for the full year ended 30 June 2014 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 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**

The Group has applied the same accounting policies and methods of computation in the financial statements of the current reporting year compared with those of the audited financial statements as at 30 June 2013.

- 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**

Not applicable.

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

	2014 cents	Group 2013 cents
Earnings per ordinary share for the period:-		
(i) Based on weighted average number of ordinary shares in issue; and	2.78	1.31
(ii) On a fully diluted basis	2.78	1.31

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

	Group and Company 30-Jun-14 RM cents	30-Jun-13 RM cents
Net Asset Value per share (The Company)	16.69	14.17
Net Asset Value per share (The Group)	19.14	16.18

- 8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Income statement

For FY 2014, the Group's turnover increased from RM 245.4 million to RM 292.9 million, representing a 19% increase as compared with FY 2013. Turnover from the Group's healthcare business increased by approximately RM 46.9 million mainly due to higher patient load, new doctor recruitment, and increased occupancy rate in its two hospitals i.e. Mahkota Medical Centre Sdn. Bhd. ("MMCSB") and Regency Specialist Hospital Sdn. Bhd. ("RSHSB"), the turnover growth recorded for MMCSB and RSHSB was 11% and 61% respectively. The Group's education business also registered an increase in turnover of RM 0.6 million due to higher student headcount.

The gross profit margin increased from 27% in FY 2013 to 29% in FY 2014, particularly attributable to improved operation of RSHSB during the year.

Interest income increased by RM 0.42 million, mainly contributed by interests charged for loans with higher outstanding balances to an associated company.

Total operating expenses increased by RM 3.1 million, mainly due to an increase in staff headcount and manpower cost, which was in line with the increase of operation activities in both hospitals.

The share of results of associates increased by RM 4.0 million due to improved overall performance by associated companies of which major contribution arose from valuation of the investment properties.

As a result of the above, the Group registered a profit before tax of RM 46.5 million, as compared to RM 26.1 million in FY 2013. Tax expense increased by RM 3.5 million mainly due to higher profit registered at MMCSB. The profit attributable to shareholders increased by 112% to RM 16.0 million, an improved performance as compared to a profit of RM 7.6 million in FY 2013. Profit attributable to non-controlling interests was RM 20.0 million and RM 11.6 million in FY 2014 and FY 2013 respectively.

Balance sheet

The increase in current trade and other receivables by RM 1.7 million was mainly attributable to higher turnover, particularly for RSHSB.

The decrease in other current assets by RM 1.3 million was mainly due to lower deposits paid by the hospitals for acquisition of new medical equipment.

The increase in investments in associated companies by RM 12.0 million was mainly due to acquisition of redeemable convertible preference shares issued by an associated corporation and also contributed by additional share of associates' results during the year.

The increase in current trade and other payables by RM 4.1 million was in line with higher operation activities and purchases for FY 2014.

The increase in current income tax liabilities of RM 0.3 million was due to higher MMCSB's chargeable income.

The decrease in total borrowings of RM 8.3 million was a net impact mainly due to repayments of term loans and additional hire purchase made by the hospitals during the year.

The Group registered net current assets of RM 14 million as at 30 June 2014, compared to net current liabilities of RM 2.8 million as at 30 June 2013.

Cash Flow Statement

The inflows and outflows are detailed in the Group Cashflow Statement. The net cash inflow from operating activities was mainly contributed by MMCSB as a result of higher turnover and profit. RSHSB also contributed positively to the cash inflow following its improved operations. Net cash used in investing activities was mainly due to purchase of new medical equipment for the hospitals. Net cash used in financing activities was mainly due to the repayment of finance lease liabilities, term loans and dividend payout to non-controlling interests by MMCSB.

- 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 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 growing middle income and ageing populations with an increasing incidence of lifestyle and chronic diseases continues to drive the demand for quality healthcare services in Southeast Asia. In Malaysia, increased health awareness, continued growth of the private insurance market and improved air and ground connectivity are expected to further drive the growth of private healthcare and medical tourism market. In FY 2014, there was an amendment in the Malaysian Private Healthcare and Facilities Act resulting in an overall increase of up to 14.4% in fees for medical consultation and procedures. The implementation of the Goods and Services Tax ("GST") in April 2015 is expected to increase the cost of healthcare service delivery.

For FY 2014, the Group's 2 hospitals continue to deliver strong revenue growth and increasing margins on the back of higher patient load, increased occupancy rate and improved cost management. In Malacca, Mahkota Medical Centre Sdn Bhd ("MMCSB") celebrates its 20th anniversary this calendar year, and continues to deliver consistently positive financial results to the Group. MMCSB has become a well-regarded brand for healthcare in the region and will continue to focus on expanding its market share. In Johor, Regency Specialist Hospital Sdn Bhd ("RSHSB"), in its 5th year of full operations, has achieved profitability for the first time in FY 2014. RSHSB has expanded its range of specialist healthcare offerings to its patients and continues to work on improving patient customer service and strengthening connections with the local community.

With new hospitals which have opened and are planning to open over the next few years in Malaysia, the Group believes that this could potentially lead to increased competition over patients and hospital staff. The Group expects to mitigate this by continuing to deliver quality healthcare services and experience to its patients. The Group will also continue to invest in staff training and development with the aim of improving career prospects and the work environment for its staff. Going forward, the Group believes that by driving efforts to increase patient load to capture more economies of scale, it will be able to maintain its price competitiveness in this market. The Group also believes in the importance of its corporate citizenry role in the community it operates in, and will continue to enhance its community outreach and corporate social responsibility ("CSR") activities.

11. Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared/ recommended.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

	Hospital and other healthcare services		Healthcare education and training		Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Business Segment								
REVENUE								
External	285,696	238,762	7,216	6,653	-	-	292,912	245,415
Inter-segment	-	-	-	-	-	-	-	-
Total revenue	285,696	238,762	7,216	6,653	-	-	292,912	245,415
SEGMENT RESULTS								
Segment results	49,255	33,782	475	87	(1,502)	(170)	48,228	33,699
Unallocated Costs							(5,593)	(6,480)
Interest expenses							(3,542)	(4,112)
Interest income							2,482	2,060
Share of associates' results							4,906	901
Taxation							(10,439)	(6,897)
Net profit							36,042	19,171
SEGMENT ASSETS								
Segment assets	216,846	204,870	4,106	4,540	28,685	28,120	249,637	237,530
Interest in associates							37,486	25,488
Unallocated assets							2	1,732
Total assets							287,125	264,750
SEGMENT LIABILITIES								
Segment liabilities	51,886	48,347	3,453	2,967	21,381	15,059	76,720	66,373
Unallocated corporate liabilities							58,212	65,978
Total liabilities							134,932	132,351
OTHER SEGMENT ITEMS								
Capital expenditure	16,050	16,412	352	175	681	-	17,083	16,587
Depreciation	13,550	11,967	396	305	79	74	14,025	12,346
Equipment written-off	-	268	-	-	-	-	-	268

Geographical Segment

Singapore
Malaysia

Total sales	
2014	2013
7,230	6,663
285,682	238,752
292,912	245,415
Total consolidated non-current assets	
2014	2013
38,213	32,638
141,936	141,575
180,149	174,213
Total consolidated capital expenditure	
2014	2013
1,033	174
16,050	16,413
17,083	16,587

Singapore
Malaysia

Singapore
Malaysia

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable

15. A breakdown of sales as follows:-

	2014 <u>RM'000</u>	Group 2013 <u>RM'000</u>	Change %
(a) Sales reported for first half year	145,179	118,003	23
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	16,372	9,637	70
(c) Sales reported for second half year	147,733	127,412	16
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	19,670	9,534	106

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

No dividend has been declared or recommended for FY 2014 and FY 2013.

17. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive office or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chin Wei Jia	36	Daughter of Dr Chin Koy Nam and Dr Gan See Khem	1. Group General Manager, developing the Company's Business, Year 2010 2. CEO, RSHSB, responsible for the strategic direction and operations of the hospital, Year 2012	N.A
Chin Wei Shan	34	Daughter of Dr Chin Koy Nam and Dr Gan See Khem	1. Group Marketing Manager, developing and implementing the Company's marketing strategy, Year 2009	N.A

18. Interested Person Transaction ("IPT")

The Company has not obtained an IPT mandate from shareholders. It does not have any IPT (excluding transaction less than S\$100,000) for the full year ended 30 June 2014 that is disclosable under Rule 920(1)(a) (ii) of the SGX-ST listing Manual.

19. Confirmation pursuant to Rule 705(5) of the SGX Listing Manual

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 year ended 30 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Gan See Khem
Chairman and Managing Director
28 August 2014