

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 2015

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 2015 RM'000	30 Sep 2014 RM'000	+/- %
Turnover		94,079	81,739	15
Cost of services		(61,895)	(56,574)	9
Gross profit		32,184	25,165	28
Interest income		439	445	(1)
Other (losses)/ gains – net		(3,293)	563	NM
Distribution and marketing costs		(574)	(729)	(21)
Administrative costs		(15,482)	(10,382)	49
Finance costs		(1,186)	(662)	79
Share of results of associates		830	325	155
Profit before tax		12,918	14,725	(12)
Tax		(4,614)	(2,674)	73
Total profit		8,304	12,051	(31)
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Currency translation difference arising from consolidation		5,030	(367)	NM
Total comprehensive income		13,334	11,684	14
Profit attributable to:				
Equity holders of the Company		1,382	6,628	(79)
Non-controlling interests		6,922	5,423	28
		8,304	12,051	(31)
Total comprehensive income attributable to:				
Equity holders of the Company		6,404	6,261	2
Non-controlling interests		6,930	5,423	28
Total comprehensive income		13,334	11,684	14

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 2015 RM'000	30 Sep 2014 RM'000	+/- %
Share-based payment expenses		1,252	-	NM
Depreciation		4,508	3,769	20
(Reversal of)/ Provision for doubtful debts – net		(175)	35	NM
Foreign exchange loss/ (gain)				
- realised		396	(3)	NM
- unrealised		4,200	(3)	NM
Loss on sale of investments, properties, and/or plant and equipment		2	40	(95)

NM - Not Meaningful

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.

	Group		Company	
	As at 30 Sep 2015 RM'000	As at 30 Jun 15 RM'000	As at 30 Sep 2015 RM'000	As at 30 Jun 15 RM'000
ASSETS				
Current assets				
Cash and cash equivalents	40,068	39,076	5,786	2,223
Trade and other receivables	87,437	87,842	54,403	45,792
Tax recoverable	-	21	-	-
Inventories	13,860	12,810	-	-
Other current assets	5,137	3,996	230	230
	146,502	143,745	60,419	48,245
Non-current Assets				
Trade and other receivables	120	107	120	107
Other non-current assets	115	409	115	104
Investments in associated corporations	40,243	37,990	15,237	13,814
Investments in subsidiaries	-	-	62,229	56,418
Property, plant and equipment	182,500	180,475	1,031	743
Deferred tax assets	7,412	9,040	-	-
	230,390	228,021	78,732	71,186
Total Assets	376,892	371,766	139,151	119,431
LIABILITIES				
Current Liabilities				
Trade and other payables	69,842	66,209	3,607	3,407
Current income tax liabilities	2,778	1,033	-	-
Borrowings	26,845	28,885	13,997	16,053
Deferred income	1,123	1,236	-	-
	100,588	97,363	17,604	19,460
Non-Current Liabilities				
Trade and other payables	50,523	52,847	-	-
Borrowings	15,629	11,691	3,885	182
Deferred income tax liabilities	4,731	4,736	-	-
	70,883	69,274	3,885	182
Total Liabilities	171,471	166,637	21,489	19,642
NET ASSETS	205,421	205,129	117,662	99,789
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	14,136	9,114	26,878	16,296
Other reserves	4,346	3,094	4,294	3,042
Retained earnings/ (Accumulated losses)	43,036	41,654	(4,027)	(10,066)
	152,035	144,379	117,662	99,789
Non-controlling interests	53,386	60,750	-	-
TOTAL EQUITY	205,421	205,129	117,662	99,789

(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 2015		As at 30 Jun 2015	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
12,049	14,796	24,951	3,934

(b) Amount repayable after one year; and

As at 30 Sep 2015		As at 30 Jun 2015	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
11,509	4,120	11,132	559

(c) Details of any collaterals.

The Group

A first assignment on the lands and buildings of certain subsidiaries in Malaysia.

The Group's borrowings include finance lease liabilities of approximately RM 9.5 million (FY2015: RM 10.1 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 statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	First Quarter Ended	
	30 Sep	30 Sep
Note	2015	2014
	RM'000	RM'000
Cash Flows from Operating Activities		
Net profit after taxation	8,304	12,051
Adjustments for:		
Income tax	4,614	2,674
Depreciation	4,508	3,769
(Reversal of)/ Provision for doubtful debts - net	(175)	35
Interest expense	1,186	662
Share-based payment expenses	1,252	-
Interest income	(439)	(445)
Loss on sale of investments, properties, and/ or plant and equipment	2	40
Share of profit of associated corporations	(830)	(325)
Currency translation differences	1,780	(370)
Operating profit before working capital changes	20,202	18,091
Changes in current assets/liabilities:		
Inventories	(1,050)	(421)
Trade and other receivables	4,359	(6,826)
Other current assets	(750)	1,403
Trade and other payables	(6,790)	3,196
Deferred income	(228)	(21)
Cash generated from operations	15,743	15,422
Interest paid	(1,186)	(662)
Tax paid	(1,316)	(2,213)
Net cash provided by operating activities	13,241	12,547
Cash Flows from Investing Activities		
(Repayment)/ Drawdown of loans from associated companies	(558)	601
Additions to property, plant and equipment	(5,723)	(3,366)
Disposal of property, plant and equipment	-	3
Interest received	439	445
Net cash used in investing activities	(5,842)	(2,317)
Cash Flows from Financing Activities		
Drawdown/ (Repayment) of borrowings	760	(1,063)
Repayment of lease liabilities	(1,188)	(801)
Dividends paid to non-controlling interests by a subsidiary	(6,637)	-
Net cash used in financing activities	(7,065)	(1,864)
Net increase in cash and cash equivalents	334	8,366
Cash and cash equivalents at beginning of financial period	38,835	22,017
Effect of exchange rate changes on cash and cash equivalents	588	3
Cash and cash equivalents at end of financial period	39,757	30,386
Cash and equivalents comprise:		
Cash and bank balances	40,068	30,434
Bank overdraft	(311)	(48)
	39,757	30,386

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

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						Total Equity RM'000
	Share Capital	Treasury Shares	Currency Translation Reserve	Other Reserves	Retained earnings/ (Accumulated Losses)	Non- controlling Interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 Jul 2014	90,564	(47)	5,860	68	14,011	41,737	152,193
Exchange translation difference	-	-	(367)	-	-	-	(367)
Net profit for the period	-	-	-	-	6,628	5,423	12,051
Total comprehensive income for the financial period	-	-	(367)	-	6,628	5,423	11,684
Balance as at 30 Sep 2014	90,564	(47)	5,493	68	20,639	47,160	163,877
Balance as at 1 Jul 2015	90,564	(47)	9,114	3,094	41,654	60,750	205,129
Exchange translation difference	-	-	5,022	-	-	8	5,030
Net profit for the period	-	-	-	-	1,382	6,922	8,304
Total comprehensive income for the financial period	-	-	5,022	-	1,382	6,930	13,334
Dividend paid to non-controlling interests by a subsidiary *	-	-	-	-	-	(14,294)	(14,294)
Share-based payment	-	-	-	1,252	-	-	1,252
Balance as at 30 Sep 2015	90,564	(47)	14,136	4,346	43,036	53,386	205,421

* Out of the dividend declared to non-controlling interests by a subsidiary of RM 14,294,000, RM 6,637,000 was settled in cash, RM 7,657,000 was unpaid as at 30 September 2015 and included within "Trade and other payables".

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

The Company

	<u>Share Capital</u> RM'000	<u>Treasury Reserves</u> RM'000	<u>Other Reserves</u> RM'000	<u>Retained Earnings/ (Accumulated Losses)</u> RM'000	<u>Currency Translation Reserves</u> RM'000	<u>Total Equity</u> RM'000
Balance as at 1 Jul 2014	90,564	(47)	16	(2,410)	8,180	96,303
Net loss for the period	-	-	-	(807)	-	(807)
Exchange translation difference	-	-	-	-	16	16
Balance as at 30 Sep 2014	<u>90,564</u>	<u>(47)</u>	<u>16</u>	<u>(3,217)</u>	<u>8,196</u>	<u>95,512</u>
Balance as at 1 Jul 2015	90,564	(47)	3,042	(10,066)	16,296	99,789
Net loss for the period	-	-	-	6,039	-	6,039
Exchange translation difference	-	-	-	-	10,582	10,582
Share-based payment	-	-	1,252	-	-	1,252
Balance as at 30 Sep 2015	<u>90,564</u>	<u>(47)</u>	<u>4,294</u>	<u>(4,027)</u>	<u>26,878</u>	<u>117,662</u>

- 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

There are no changes in the Company's share capital since 30 June 2015.

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, a total of 3,780,000 share options and 8,820,000 awards were granted by the Company on 14 November 2014. As at 30 September 2015, the number of shares that may be issued on conversion of outstanding convertibles is 12,600,000 shares (30 June 2015: Nil), if fully vested. As at 30 September 2015, the number of share options and awards that are vested is nil.

- 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 577,071,286 (30 September 2014: 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 treasury shares is 201,000 as at 30 September 2015 and 30 June 2015.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 30 September 2015.

- 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 2015 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.**

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 2015.

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.

The Group adopted the following new/revised FRS that are effective and applicable to the Group for its annual period beginning on 1 July 2015:

Amendments to FRS 19 – Defined Benefit Plans – Employee Contributions
 Amendments to FRS 102 – Share-based Payments
 Amendments to FRS 103 – Business Combinations
 Amendments to FRS 108 – Operating Segments
 Amendments to FRS 16 – Property, Plant and Equipment
 Amendments to FRS 24 – Related Party Disclosures
 Amendments to FRS 38 – Intangible Assets
 Amendments to FRS 113 – Fair Value Measurements

The adoption of the above amended FRS did not have any significant impact on the financial statements of the Group.

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.

	Group	
	3 Months Ended 30 Sep	
	<u>2015</u>	<u>2014</u>
Net profit attributable to equity holders of the Company (RM'000)	1,382	6,628
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	577,071	577,071
(i) Basic earnings per share (RM cents per share)	0.24	1.15
Weighted average number of ordinary shares adjusted for the effects of dilutive potential ordinary shares ('000)	589,671	577,071
(ii) Diluted earnings per share (RM cents per share)	0.23	1.15

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.

	As at 30 Sep 2015	As at 30 Jun 2015
The Group		
Net asset value attributable to ordinary shareholders (RM'000)	152,035	144,379
Total number of issued shares excluding treasury shares ('000)	577,071	577,071
Net asset value per share (RM cents per share)	26.35	25.02
The Company		
Net asset value attributable to ordinary shareholders (RM'000)	117,662	99,789
Total number of issued shares excluding treasury shares ('000)	577,071	577,071
Net asset value per share (RM cents per share)	20.39	17.29

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 2015 ("Q12016"), the Group's turnover increased by 15% from RM 81.7 million to RM 94.1 million, when compared with the previous corresponding period ("Q12015"). Turnover from the Group's healthcare business accounted for approximately RM 11.9 million of the increase mainly due to higher patient load and average bill sizes in its two hospitals i.e. Mahkota Medical Centre Sdn. Bhd. ("MMCSB") and Regency Specialist Hospital Sdn. Bhd. ("RSHSB"). The Group's education business registered a RM 0.4 million increase in revenue due to higher student headcount.

Gross profit margin improved to 34.2% from 30.8% in Q12016. The Group incurred RM 4.2 million unrealised foreign exchange losses due to weakening Malaysian ringgit, resulting in other losses of RM 3.3 million in Q12016.

Distribution & marketing expenses in Q12016 were comparable to Q12015. Administrative expenses increased by RM 5.1 million as compared to the previous financial period mainly due to increase in general operating costs as a result of higher patient volume and inclusion of RM 1.2 million of share-based payment expenses in the current period. Share of results of associates increased by RM 0.5 million mainly due to reduction in finance costs incurred by associated companies in the current period and gains from sale of medical suites held for sale.

(i) INCOME STATEMENT (Continued)

First Quarter (Continued)

As a result of the above, the Group registered a 12% decrease in profit before tax of RM 12.9 million in Q12016, as compared to RM 14.7 million in Q12015. Tax expense increased by RM 1.9 million due to reversal of RM1.6 million of deferred tax assets recognized by RSHSB in FY2015. The profit attributable to shareholders was RM 1.4 million and RM 6.6 million in Q12016 and Q12015 respectively, whereas profit attributable to non-controlling interests was RM 6.9 million and RM 5.4 million in Q12016 and Q12015 respectively.

(ii) BALANCE SHEET

The cash and cash equivalents of the Group remained healthy at RM 40.0 million for three months ended 30 September 2015. Inventories increased by RM 1.1 million due to increase in inventories of medical drugs and supplies. The RM 1.3 million increase in other current assets was mainly due to higher rental deposits placed during the current period as a result of relocation of offices by the Company and its training school.

Investment in associated companies increased by RM 2.3 million mainly due to conversion effect as a result of weaker Malaysian ringgit rate. The RM 2.0 million increase in property, plant and equipment was due to acquisition of new medical equipment by the hospitals, offset by depreciation expenses. Deferred tax assets decreased by RM 1.6 million due to utilization of tax losses in Q12016.

Total borrowings during the period increased by RM 1.9 million mainly due to the renovation loan undertaken by the Group's education business as part of the relocation of its training school.

(iii) CASH FLOW STATEMENT

First Quarter

Net cash from operating activities for the quarter was RM 13.2 million, RM 0.7 million higher than the previous period. This was mainly due to better cash management by the Group.

Net cash used in investing activities for the current period was RM 5.8 million, RM 3.5 million higher than the corresponding period in the previous year. The increase was mainly due to acquisition of new medical equipment by the hospitals. Net cash used in financing activities was also higher at RM 7.1 million mainly due to dividend payment of RM 6.6 million to non-controlling interests during the current period.

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 hospitals continue to do well with both hospitals in Malaysia registering increases in revenue and patient volume over the latest fiscal year. MMCSB remains a well-regarded brand for healthcare in the region and has been conferred the "Malaysia Medical Tourism Hospital of the Year 2015" award by Frost & Sullivan. In its 6th year of operations, RSHSB continues its fast growth and looks to further expand its range of specialist healthcare offerings, improve customer service and strengthen connections with the local community.

To cope with the growing number of patients at the Group's hospitals, both MMCSB and RSHSB have commenced their respective upgrading and expansion plans. This includes the addition of a day surgery unit, more inpatient beds and expansion of cancer program at MMCSB, as well as the proposed construction of a new 10-storey Medical Outpatient Block ("MOB") at RSHSB.

The MOB will have over 100 clinic suites, outpatient procedure areas and day beds. Construction is expected to begin in early 2016 and takes two years to complete. The estimated investment cost is RM 90 million, which will be funded by external debt and internal cash resources,

In Malaysia, despite low commodity prices and political uncertainty leading to a weakening of the Malaysian Ringgit, a healthy rising trend in domestic insurance penetration, an aging population and increasing regional connectivity are still expected to further contribute to the growth of private healthcare services. However, the healthcare landscape in Malaysia will remain competitive with new hospitals being developed. The shortage of skilled manpower remains a challenge for all healthcare operators and may result in cost pressures due to wage inflation.

Barring unforeseen circumstances, the Directors are cautiously optimistic that the Group will continue to perform well in the next fiscal year.

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 2015 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 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Gan See Khem
Executive Chairman and Managing Director
13 November 2015