

Unaudited Financial Statements And Dividend Announcement for the fourth quarter and twelve months ended 30 June 2016

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	Fourth Quarter Ended			Twelve Months Ended		
	30 Jun 2016 RM'000	30 Jun 2015 RM'000	+/- %	30 Jun 2016 RM'000	30 Jun 2015 RM'000	+/- %
Revenue	106,230	95,341	11	397,810	345,224	15
Cost of services	(71,096)	(68,571)	4	(268,033)	(242,166)	11
Gross profit	35,134	26,770	31	129,777	103,058	26
Interest income	563	381	48	1,703	1,690	1
Other (losses)/ gains – net	(682)	(797)	(14)	1,353	(581)	NM
Distribution and marketing costs	(757)	(544)	39	(2,703)	(2,458)	10
Administrative costs	(19,805)	(11,928)	66	(65,162)	(46,726)	39
Finance costs	(358)	(1,126)	(68)	(3,637)	(3,354)	8
Share of results of associates	280	1,374	(80)	2,051	3,134	(35)
Profit before tax	14,375	14,130	2	63,382	54,763	16
Income tax (expense)/ credit	(3,889)	5,554	NM	(17,931)	(1,406)	NM
Profit after tax	10,486	19,684	(47)	45,451	53,357	(15)
Other comprehensive income						
Item that may be reclassified subsequently to profit or loss:						
Currency translation differences arising from consolidation –gains	1,707	907	88	3,307	3,260	1
Total comprehensive income	12,193	20,591	(41)	48,758	56,617	(14)
Profit attributable to:						
Equity holders of the Company	4,873	7,833	(38)	19,899	27,643	(28)
Non-controlling interests	5,613	11,851	(53)	25,552	25,714	(1)
	10,486	19,684	(47)	45,451	53,357	(15)
Total comprehensive income attributable to:						
Equity holders of the Company	6,578	8,738	(25)	23,202	30,897	(25)
Non-controlling interests	5,615	11,853	(53)	25,556	25,720	(1)
Total comprehensive income	12,193	20,591	(41)	48,758	56,617	(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	Fourth Quarter Ended			Twelve Months Ended		
	30 Jun 2016 RM'000	30 Jun 2015 RM'000	+/- %	30 Jun 2016 RM'000	30 Jun 2015 RM'000	+/- %
Share-based payment expenses	992	1,256	(21)	4,036	3,026	33
Depreciation	4,910	4,432	11	18,990	16,239	17
Allowance for impairment of trade and other receivables - net	2,176	697	NM	3,580	1,968	82
Foreign exchange loss						
- realised	642	136	NM	711	210	NM
- unrealised	874	1,416	(38)	2,249	3,521	(36)
Fair value (gain)/ loss on financial derivatives:						
- realised	(9)	-	100	49	-	100
- unrealised	(69)	-	100	(16)	-	100
Loss on disposal and write-off of property, plant and equipment	45	17	165	95	76	25

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.

	G r o u p		C o m p a n y	
	As at 30 Jun 2016 RM'000	As at 30 Jun 2015 RM'000	As at 30 Jun 2016 RM'000	As at 30 Jun 2015 RM'000
ASSETS				
Current assets				
Cash and cash equivalents	78,928	39,076	16,314	2,223
Trade and other receivables	57,621	87,842	42,107	45,792
Tax recoverable	6	21	-	-
Inventories	14,050	12,810	-	-
Other current assets	3,947	3,996	67	230
	154,552	143,745	58,488	48,245
Non-current Assets				
Trade and other receivables	121	107	121	107
Other non-current assets	436	409	114	104
Investments in associated corporations	46,355	37,990	19,945	13,814
Investments in subsidiaries	-	-	57,942	56,418
Property, plant and equipment	177,867	180,475	975	743
Deferred tax assets	3,555	9,040	-	-
	228,334	228,021	79,097	71,186
Total Assets	382,886	371,766	137,585	119,431
LIABILITIES				
Current Liabilities				
Trade and other payables	79,300	66,209	2,953	3,407
Current income tax liabilities	3,673	1,033	-	-
Borrowings	27,495	28,885	13,408	16,053
Deferred income	2,062	1,236	-	-
	112,530	97,363	16,361	19,460
Non-Current Liabilities				
Other payables	18,251	52,847	-	-
Borrowings	14,362	11,691	3,655	182
Deferred income tax liabilities	5,479	4,736	-	-
	38,092	69,274	3,655	182
Total Liabilities	150,622	166,637	20,016	19,642
NET ASSETS	232,264	205,129	117,569	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	(1,022)	(47)	(1,022)	(47)
Currency translation reserve	12,417	9,114	21,926	16,296
Other reserves	7,130	3,094	7,078	3,042
Retained earnings/ (Accumulated losses)	61,553	41,654	(977)	(10,066)
	170,642	144,379	117,569	99,789
Non-controlling interests	61,622	60,750	-	-
TOTAL EQUITY	232,264	205,129	117,569	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 Jun 2016		As at 30 Jun 2015	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
9,015	18,480	24,951	3,934

(b) Amount repayable after one year; and

As at 30 Jun 2016		As at 30 Jun 2015	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
10,810	3,552	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 9.9 million (FY2015: RM 10.1 million), which are effectively secured as the rights to the hire purchase asset will revert to the hiree in the event of default.

HEALTH MANAGEMENT INTERNATIONAL LTD
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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.

	Fourth Quarter Ended		Twelve Months Ended	
	30 Jun	30 Jun	30 Jun	30 Jun
	2016	2015	2016	2015
Note	RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities				
Profit after tax	10,486	19,684	45,451	53,357
Adjustments for:				
Income tax expense/ (credit)	3,889	(5,554)	17,931	1,406
Depreciation	4,910	4,432	18,990	16,239
Allowance for impairment of trade and other receivables - net	2,176	697	3,580	1,968
Interest expense	358	1,126	3,637	3,354
Share-based payment expenses	992	1,256	4,036	3,026
Interest income	(563)	(381)	(1,703)	(1,690)
Loss on disposal and write-off of property, plant and equipment	45	17	95	76
Share of profit of associated corporations	(280)	(1,374)	(2,051)	(3,134)
Currency translation differences	(453)	(615)	(1,175)	1,073
Operating cash flow before working capital changes	21,560	19,288	88,791	75,675
Changes in operating assets and liabilities:				
Inventories	(153)	1,612	(1,240)	(7,499)
Trade and other receivables	2,906	(5,958)	1,487	(17,509)
Other current assets	562	(1,055)	72	184
Trade and other payables	(758)	(4,085)	2,039	7,958
Deferred income	1,071	(12)	757	45
Cash provided by operations	25,188	9,790	91,906	58,854
Interest paid	(358)	(1,126)	(3,637)	(3,354)
Tax paid	(4,250)	(1,441)	(9,047)	(7,530)
Net cash provided by operating activities	20,580	7,223	79,222	47,970
Cash Flows from Investing Activities				
Repayment/ (Drawdown) of loans by associated corporations	3,610	2,654	(5,489)	1,282
Additions to property, plant and equipment	(2,481)	(318)	(11,244)	(10,682)
Proceeds from disposal of property, plant and equipment	127	227	175	256
Capital injection in an associated corporation	(5,220)	-	(5,269)	-
Interest received	563	381	1,703	1,690
Net cash (used in)/ generated from investing activities	(3,401)	2,944	(20,124)	(7,454)
Cash Flows from Financing Activities				
Drawdown of borrowings	4,105	529	5,877	529
Repayment of borrowings	(440)	(1,371)	(5,553)	(11,264)
Repayment of lease liabilities	(864)	(2,263)	(4,291)	(6,501)
Dividends paid to non-controlling interests by a subsidiary	-	(3,644)	(14,294)	(6,707)
Capital injection in a subsidiary from non-controlling interests	-	-	900	-
Repayment of amount owing to non-controlling interests of a subsidiary	(5,973)	-	(996)	-
Redemption of redeemable convertible preference shares in a subsidiary by non-controlling interests	(1,080)	-	(1,080)	-
Purchase of treasury shares	(655)	-	(975)	-
Net cash used in financing activities	(4,907)	(6,749)	(20,412)	(23,943)
Net increase in cash and cash equivalents	12,272	3,418	38,686	16,573
Cash and cash equivalents at beginning of financial period	65,736	35,298	38,835	22,017
Effect of exchange rate changes on cash and cash equivalents	423	119	910	245
Cash and cash equivalents at end of financial period	78,431	38,835	78,431	38,835
Cash and equivalents comprise:				
Cash and bank balances	78,928	39,076	78,928	39,076
Bank overdraft	(497)	(241)	(497)	(241)
	78,431	38,835	78,431	38,835

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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 Reserves RM'000	Retained earnings RM'000	Non- controlling Interests RM'000	Total Equity RM'000
Balance as at 1 Jul 2014	90,564	(47)	5,860	68	14,011	41,737	152,193
Exchange translation difference	-	-	3,254	-	-	6	3,260
Net profit for the period	-	-	-	-	27,643	25,714	53,357
Total comprehensive income for the financial period	-	-	3,254	-	27,643	25,720	56,617
Share-based payment	-	-	-	3,026	-	-	3,026
Dividend paid to non-controlling interests by subsidiaries	-	-	-	-	-	(6,707)	(6,707)
Balance as at 30 Jun 2015	90,564	(47)	9,114	3,094	41,654	60,750	205,129
Balance as at 1 Jul 2015	90,564	(47)	9,114	3,094	41,654	60,750	205,129
Exchange translation difference	-	-	3,303	-	-	4	3,307
Net profit for the period	-	-	-	-	19,899	25,552	45,451
Total comprehensive income for the financial period	-	-	3,303	-	19,899	25,556	48,758
Redemption of redeemable convertible preference shares	-	-	-	-	-	(1,080)	(1,080)
Dividend paid to non-controlling interests by subsidiaries	-	-	-	-	-	(24,504)	(24,504)
Capital injection in a subsidiary	-	-	-	-	-	900	900
Purchase of treasury shares	-	(975)	-	-	-	-	(975)
Share-based payment	-	-	-	4,036	-	-	4,036
Balance as at 30 Jun 2016	90,564	(1,022)	12,417	7,130	61,553	61,622	232,264

The Company

	Share Capital RM'000	Treasury Reserves RM'000	Other Reserves RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Currency Translation Reserve RM'000	Total Equity RM'000
Balance as at 1 Jul 2014	90,564	(47)	16	(2,410)	8,180	96,303
Net loss for the period	-	-	-	(7,656)	-	(7,656)
Exchange translation difference	-	-	-	-	8,116	8,116
Share-based payment	-	-	3,026	-	-	3,026
Balance as at 30 Jun 2015	90,564	(47)	3,042	(10,066)	16,296	99,789
Balance as at 1 Jul 2015	90,564	(47)	3,042	(10,066)	16,296	99,789
Net profit for the period	-	-	-	9,089	-	9,089
Exchange translation difference	-	-	-	-	5,630	5,630
Purchase of treasury shares	-	(975)	-	-	-	(975)
Share-based payment	-	-	4,036	-	-	4,036
Balance as at 30 Jun 2016	90,564	(1,022)	7,078	(977)	21,926	117,569

- 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 June 2016, the number of shares that may be issued on conversion of outstanding convertibles is 12,600,000 shares (30 June 2015: 12,600,000), if fully vested. As at 30 June 2016, the number of share options and awards that are vested is 3,780,000 and nil respectively.

- 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 576,062,686 (30 June 2015: 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 1,209,600 and 201,000 as at 30 June 2016 and 30 June 2015 respectively.

- 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 twelve months ended 30 June 2016.

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

The financial statements for the twelve months ended 30 June 2016 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 June		12 Months Ended 30 June	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net profit attributable to equity holders of the Company (RM'000)	4,873	7,833	19,899	27,643
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	576,426	577,071	576,840	577,071
(i) Basic earnings per share (RM cents per share)	0.85	1.36	3.45	4.79
Weighted average number of ordinary shares adjusted for the effects of dilutive potential ordinary shares ('000)	589,026	589,671	589,440	589,671
(ii) Diluted earnings per share (RM cents per share)	0.83	1.33	3.38	4.69

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 Jun 2016	As at 30 Jun 2015
The Group		
Net asset value attributable to ordinary shareholders (RM'000)	170,642	144,379
Total number of issued shares excluding treasury shares ('000)	576,063	577,071
Net asset value per share (RM cents per share)	29.62	25.02
The Company		
Net asset value attributable to ordinary shareholders (RM'000)	117,569	99,789
Total number of issued shares excluding treasury shares ('000)	576,063	577,071
Net asset value per share (RM cents per share)	20.41	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

Fourth Quarter

For the three months ended 30 June 2016 ("Q42016"), the Group's turnover increased by 11% from RM 95.3 million to RM 106.2 million, when compared with the corresponding period in the previous year ("Q42015"). Turnover from the Group's healthcare business accounted for approximately RM 10.7 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 0.2 million increase in revenue due to higher student headcount.

Despite the higher expenses arising from input GST which could not be recovered, gross profit margin improved to 33.1% from 28.1% in Q42016 as a result of higher revenue intensity in both hospitals and better cost management. Foreign exchange losses of RM 1.5 million arising from weakening Malaysian ringgit during the quarter resulted in other losses of RM 0.7 million, relatively similar to other losses of RM 0.8 million in the corresponding period in the prior year.

(i) INCOME STATEMENT (Continued)

Fourth Quarter (Continued)

Distribution & marketing expenses in Q42016 were comparable to Q42015. Administrative expenses increased by RM 7.9 million as compared to the previous financial period mainly due to RM 1.0 million increase in indirect labour costs, RM 0.5 million higher facility related expenses, RM 1.5 million higher provision for doubtful debts, one-off reversal of provision in Q42015 amounting to RM 2.2 million and higher general operating expenses in the current period. Finance costs were RM 0.8 million lower due to repayment of amounts owing to the associated companies during Q42016.

As a result of the above, the Group registered a 2% increase in profit before tax of RM 14.4 million in Q42016, as compared to RM 14.1 million in Q42015. Tax expense increased by RM 9.4 million mainly due to the one-off recognition of deferred tax assets arising from unutilized tax losses by RSHSB, amounting to RM 9.0 million in Q42015. The profit attributable to shareholders was RM 4.9 million and RM 7.8 million in Q42016 and Q42015 respectively, whereas profit attributable to non-controlling interests was RM 5.6 million and 11.9 million in Q42016 and Q42015 respectively.

Twelve Months

For the twelve months ended 30 June 2016, the Group's turnover increased by 15% from RM 345.2 million to RM 397.8 million, when compared with the previous financial year. Turnover from the Group's healthcare business accounted for approximately RM 51.4 million of the increase mainly due to higher patient load and average bill sizes in its two hospitals i.e. MMCSB and RSHSB. The Group's education business registered a RM 1.2 million increase in revenue due to higher student headcount.

Despite the higher expenses arising from input GST which could not be recovered, gross profit margin improved to 32.6% from 29.9% for the current year as a result of higher revenue intensity in both hospitals and better cost management. Other gains increased by RM 1.9 million, mainly due to RM 0.8 million lower foreign exchange losses and higher sponsorship income recorded in the current year as compared to prior year.

Distribution & marketing expenses were comparable to the corresponding period in the prior year. Administrative expenses increased by RM 18.4 million as compared to the previous financial period mainly due to RM 4.5 million increase in indirect labour costs, RM 2.2 million higher facility related expenses, RM 1.0 million higher share-based payment expenses, RM 1.5 million higher provision for doubtful debts, one-off reversal of provision in prior financial year amounting to RM 2.2 million and higher general operating expenses. Finance costs increased by RM 0.3 million as a result of higher balances owing to associated companies during the year.

As a result of the above, the Group registered a profit before tax of RM 63.4 million in the twelve months ended 30 June 2016, 16% higher than prior year. Tax expense increased by RM 16.5 million mainly due to one-off recognition of deferred tax assets of RM 9.0 million by RSHSB in the previous year and the subsequent utilisation of RM 5.5 million of deferred tax assets by RSHSB in the current financial year. The profit attributable to shareholders was RM 19.9 million and RM 27.6 million in the twelve months ended 30 June 2016 and 2015 respectively, whereas profit attributable to non-controlling interests was RM 25.6 million and RM 25.7 million in the same period in 2016 and 2015 respectively.

(ii) BALANCE SHEET

The cash and cash equivalents of the Group remained strong at RM 78.9 million as at 30 June 2016, almost doubling the RM 39.1 million held as at 30 June 2015. Trade and other receivables fell by RM 30.2 million mainly due to repayment of amount owing by associated companies. Inventories increased by RM 1.2 million due to increase in inventories of medical drugs and supplies.

(ii) BALANCE SHEET (Continued)

Investment in associated companies increased by RM 8.4 million mainly due to RM 5.2 million capital injection into an associated company, share of results of associated companies amounting to RM 2.1 million in the current financial year and conversion effect as a result of weaker Malaysian ringgit rate in the last twelve months. The RM 2.6 million decrease in property, plant and equipment was due to depreciation expenses and offset by acquisition of new medical equipment by the hospitals. Deferred tax assets decreased by RM 5.5 million due to utilisation of tax losses by RSHSB in the current year.

Current income tax liabilities increased by RM 2.6 million when compared to 30 June 2015 due to the lower tax incentives available to MMCSB in the current financial year resulting in a higher effective tax rates. Non-current payables decreased by RM 34.6 million mainly due to full settlement of amount owing to associated companies arising from the Asset Restructuring exercise in the last financial year. Total borrowings during the period increased by RM 1.3 million mainly due to drawdown of credit facilities by MMCSB, new renovation loan undertaken by the Group's education business as part of the relocation of its training school and offset by repayment of term loans and revolving credit lines by RSHSB.

(iii) CASH FLOW STATEMENT

Fourth Quarter

Net cash generated from operating activities for the quarter was RM 20.6 million, RM 13.4 million higher than the previous period. This was mainly due to better business performance and cash management by the Group.

Net cash used in investing activities for the current period was RM 3.4 million, compared to RM 2.9 million net cash generated from investing activities in the corresponding period in the previous year. The net cash outflow was mainly due to the RM 5.2 million capital injection in an associated company, offset by higher net repayment of loans by associated companies.

Net cash used in financing activities was also lower at RM 4.9 million, mainly due to RM 2.3 million lower repayment of borrowings and lease liabilities, RM 3.6 million lower dividends paid to non-controlling interests by a subsidiary and a higher drawdown of RM 4.1 million from credit facilities in the current period, offset by RM 6.0 million repayment of amount owing to non-controlling interests of a subsidiary, RM 1.1 million paid out to non-controlling interests during the current period as a result of redemption of redeemable convertible preference shares by a subsidiary and RM 0.7 million purchase of treasury shares.

Twelve months

Net cash generated from operating activities for the twelve months ended 30 June 2016 was RM 79.2 million, RM 31.3 million higher than that in the previous year. The higher operating cash flow generated from better business performance and cash management in the current year.

Net cash used in investing activities for the current period was RM 20.1 million, RM 12.7 million higher than prior period, mainly due to net repayment of RM 5.5 million amounts owing to associated companies and RM 5.3 million of capital injection in associated companies.

Net cash used in financing activities for the current period was RM 20.4 million, RM 3.5 million lower than the prior year, mainly due to RM 7.9 million lower net repayment of borrowings and lease liabilities and the drawdown of RM 5.3 million more from credit facilities, offset by RM 7.6 million higher dividend payment to non-controlling interests, RM 1.1 million paid out to non-controlling interests during the current year as a result of redemption of redeemable convertible preference shares by a subsidiary and RM 1.0 million purchase of treasury shares in the current year.

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 year-on-year increases in revenue and patient volume. MMCSB remains a well-regarded brand for healthcare in the region and was conferred the "Malaysia Medical Tourism Hospital of the Year" award in 2015 & 2016 by Frost & Sullivan. Into its 7th year of operations, RSHSB continues its fast growth and looks to further expand its range of specialist healthcare offerings, improve customer experience and strengthen connections with the local community.

To cope with the growing number of patients at the Group's hospitals, both MMCSB and RSHSB continue to progress on their respective upgrading and expansion plans. At MMCSB, the hospital has added a new day surgery centre and is set to begin its nuclear medicine service with the installation of a Positron Emission Tomography ("PET") scanner. This is in line with the hospital's aim to become a comprehensive "one-stop" medical centre for its local and overseas patients. MMCSB is also planning to increase inpatient bed capacity in 2017.

At RSHSB, due to the strong patient demand, the management has re-designed an initially planned Medical Block (with mainly clinic suites) to become a Hospital Extension Block. The proposed hospital extension project will more than double existing capacity and add more inpatient beds, clinical services, operating theatre capacity, as well as clinic suites for sale or rental to doctors. Construction is expected to begin in 2017 and is expected to take two and a half years to complete.

In Malaysia, a healthy rising trend in domestic insurance penetration, 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. In addition, Malaysia is an attractive destination for medical tourists due to availability of medical personnel, quality medical treatment, advanced healthcare infrastructure and cost competitiveness. According to Frost & Sullivan, Malaysia's medical tourism market is set to grow at a forecasted CAGR of 18.5% between 2014 and 2020.

However, the healthcare landscape in Malaysia will remain competitive. In Malacca and Johor where our hospitals operate, new hospitals have opened which have led to increased competition for patients, doctors and other skilled manpower. In addition, economic uncertainties might also potentially reduce healthcare expenditure by self-funded patients.

Based on the current economic outlook and barring unforeseen circumstances, the Directors expect the Group to continue to grow in FY2017.

11. If a decision regarding dividend has been made –

(a) Whether a final ordinary dividend has been recommended.

Yes

(b) (i) Amount per share.

The Directors are pleased to recommend a final one-tier tax-exempt cash dividend of 0.75 RM cents per ordinary share of the Company (2015: nil) in respect of the financial year ended 30 June 2016 for approval by shareholders of the Company at the next Annual General Meeting of the Company to be held on 24 October 2016.

(ii) Previous corresponding period.

Nil.

(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).

One-tier tax-exempt.

(d) The date the dividend is payable.

The proposed final one-tier tax-exempt cash dividend, if approved by shareholders of the Company at the next Annual General Meeting of the Company to be held on 24 October 2016, will be paid on 11 November 2016.

(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.

NOTICE IS HEREBY GIVEN that subject to shareholders' approval being obtained at the Annual General Meeting of the Company to be held on 24 October 2016 the Share Transfer Books and Register of Members of the Company will be closed on 3 November 2016 for the preparation of payment for the proposed final one-tier tax-exempt dividend ("Proposed Final Dividend"). Duly completed registrable transfers in respect of ordinary shares in the capital of the Company ("Shares") received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 up to 5:00p.m. on 2 November 2016 will be registered to determine shareholders' entitlement to the Proposed Final Dividend. Shareholders whose securities accounts maintained with The Central Depository (Pte) Limited (CDP) are credited with Shares at 5:00p.m. on 2 November 2016 will be entitled to the Proposed Final Dividend.

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

Not applicable.

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		All other segments		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
Total segment revenue	394,311	347,869	11,061	8,468	25,326	5,959	430,698	362,296
Inter-segment revenue	(6,123)	(11,113)	(1,439)	-	(25,326)	(5,959)	(32,888)	(17,072)
Revenue to external parties	388,188	336,756	9,622	8,468	-	-	397,810	345,224
Adjusted EBIT	78,130	61,615	(455)	1,656	(14,410)	(9,978)	63,265	53,293
Interest expense – net	(1,234)	(970)	(63)	-	(637)	(694)	(1,934)	(1,664)
Share of profit of associated corporations	2,051	3,134	-	-	-	-	2,051	3,134
Profit before income tax	78,947	63,779	(518)	1,656	(15,047)	(10,672)	63,382	54,763
Segment assets	344,811	337,808	8,781	6,879	29,294	27,079	382,886	371,766
Segment liabilities	107,092	125,155	5,250	2,584	38,280	38,898	150,622	166,637
Net assets	237,719	212,653	3,531	4,295	(8,986)	(11,819)	232,264	205,129
Segment information								
Investment in associated corporations	46,355	37,990	-	-	-	-	46,355	37,990
Additions to: - property, plant and equipment	12,586	54,192	2,963	24	342	132	15,891	54,348
Depreciation	18,246	15,645	592	516	152	78	18,990	16,239

Geographical Segment

	Total sales	
	2016	2015
Singapore	9,639	8,486
Malaysia	388,171	336,738
	397,810	345,224
	Total consolidated non-current assets	
	2016	2015
Singapore	50,984	39,249
Malaysia	177,350	188,772
	228,334	228,021
	Total consolidated capital expenditure	
	2016	2015
Singapore	3,305	158
Malaysia	12,586	54,190
	15,891	54,348

REVENUE BY SEGMENTS:

Group revenue of RM 397.8 million was RM 52.6 million or 15% above that of the previous year. The increase was mainly driven by the increase in revenue from Hospital and other healthcare services segment, up RM 51.4 million from prior year, due to higher patient load and average bill sizes in its two hospitals.

NET PROFIT BY SEGMENTS:

Group net profit before income tax of RM 63.4 million was RM 8.6 million higher than that of the prior year. Profit before income tax of Hospital and other healthcare services segment increased by RM 15.2 million whereas profit before income tax of all other segments fell by RM 6.6 million, mainly due to higher general operating expenses, RM 1.0 million higher share based expenses and offset by RM 0.7 million lower foreign exchange losses.

REVENUE BY GEOGRAPHICAL SEGMENTS:

Higher revenue from Singapore as compared to previous year arose from the Group's education segment was due to higher student headcount. Higher revenue from Malaysia arose from the Hospital and other healthcare services segment.

- 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.**

Please refer to paragraph 8 and 13.

- 15. A breakdown of sales as follows:-**

	2016 RM'000	Group 2015 RM'000	Change %
(a) Sales reported for first half year	190,701	166,972	14
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	19,863	23,749	(16)
(c) Sales reported for second half year	207,109	178,252	16
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	25,588	29,608	(14)

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

Total distribution proposed in respect of financial year ended 30 June 2016 will be 0.75 RM cents in cash per share (2015: nil).

Total dividend payable would approximate RM 4,320,470 based on the Company's total number of issued shares excluding treasury shares of 576,062,686 as at 30 June 2016.

- 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 Koy Nam	73	Spouse of Dr Gan See Khem, Father of Ms Chin Wei Jia and Mr Chin Wei Yao	<u>Position:</u> Group Medical Director of Health Management International Ltd <u>Duties:</u> Advisor to the HMI Group on medical and related matters <u>Year of Appointment:</u> 2014	NA
Chin Wei Shan	36	Daughter of Dr Gan See Khem, Sister of Ms Chin Wei Jia and Mr Chin Wei Yao	<u>Position:</u> Group Marketing Manager of Health Management International Ltd <u>Duties:</u> Developing and implementing the Company's marketing strategy <u>Year of Appointment:</u> 2009	Ceased as Group Marketing Manager of Health management International Ltd on 30 September 2015

- 18. 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 twelve months ended 30 June 2016 that is disclosable under Rule 920(1)(a) (ii) of the SGX-ST Listing Manual.

- 19. 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
25 August 2016