

**Half 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**

	<b>Group 6 months ended 31 December</b>		<b>Change %</b>
	<b>2014 RM'000</b>	<b>2013 RM'000</b>	
Turnover	166,972	145,179	15
Cost of services	(115,040)	(99,772)	15
Gross profit	51,932	45,407	14
Interest income	886	549	61
Other gains - net	2	1,813	(100)
Distribution and marketing costs	(1,309)	(1,288)	2
Administrative costs	(21,550)	(23,177)	(7)
Finance costs	(1,334)	(2,028)	(34)
Share of results of associates	890	648	37
<b>Profit before tax</b>	<b>29,517</b>	<b>21,924</b>	<b>35</b>
Tax	(5,768)	(5,552)	4
<b>Total profit</b>	<b>23,749</b>	<b>16,372</b>	<b>45</b>
<b>Other comprehensive income</b>			
Currency translation difference arising from consolidation	804	2,924	(73)
<b>Total comprehensive income</b>	<b>24,553</b>	<b>19,296</b>	<b>27</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	12,085	8,157	48
Non-controlling interests	11,664	8,215	42
	<b>23,749</b>	<b>16,372</b>	<b>45</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	12,887	11,077	16
Non-controlling interests	11,666	8,219	42
Total comprehensive income	<b>24,553</b>	<b>19,296</b>	<b>27</b>

**Notes to Consolidated statement of comprehensive income**

	<b>Group 6 months ended 31 December</b>		<b>Change %</b>
	<b>2014 RM'000</b>	<b>2013 RM'000</b>	
Share-based payment expenses	(676)	-	NM
Depreciation	(7,619)	(6,685)	14
Provision for doubtful debts - net	(1,445)	(1,561)	(7)
Foreign exchange loss	(1,216)	(16)	NM
(Loss)/ Gain on sale of investments, properties, and/or plant and equipment	(44)	29	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**

	<b>Group</b>		<b>Company</b>	
	As at <b>31-Dec-14</b> <b>(RM'000)</b>	As at 30-Jun-14 <b>(RM'000)</b>	As at <b>31-Dec-14</b> <b>(RM'000)</b>	As at 30-Jun-14 <b>(RM'000)</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	37,276	25,977	756	692
Trade and other receivables	77,870	71,185	49,303	47,406
Inventories	5,937	5,311	-	-
Other current assets	5,073	4,534	-	39
	<b>126,156</b>	<b>107,007</b>	<b>50,059</b>	<b>48,137</b>
<b>Non-Current Assets</b>				
Trade and other receivables	97	92	97	92
Investments in associated companies	38,720	37,486	13,029	12,685
Investments in subsidiaries	-	-	56,748	55,248
Property, plant and equipment	141,068	142,569	624	635
Deferred tax assets	2	2	-	-
	<b>179,887</b>	<b>180,149</b>	<b>70,498</b>	<b>68,660</b>
<b>Total Assets</b>	<b>306,043</b>	<b>287,156</b>	<b>120,557</b>	<b>116,797</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	57,425	56,413	5,450	6,070
Current income tax liabilities	5,445	1,749	-	-
Borrowings	29,323	33,765	11,895	11,649
Deferred income	909	1,091	-	-
	<b>93,102</b>	<b>93,018</b>	<b>17,345</b>	<b>17,719</b>
<b>Non-Current Liabilities</b>				
Trade and other payables	19,247	19,247	-	-
Borrowings	19,564	21,613	2,876	2,775
Deferred income tax liabilities	1,303	1,085	-	-
	<b>40,114</b>	<b>41,945</b>	<b>2,876</b>	<b>2,775</b>
<b>Total Liabilities</b>	<b>133,216</b>	<b>134,963</b>	<b>20,221</b>	<b>20,494</b>
<b>NET ASSETS</b>	<b>172,827</b>	<b>152,193</b>	<b>100,336</b>	<b>96,303</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	90,564	90,564	90,564	90,564
Treasury shares	(47)	(47)	(47)	(47)
Currency translation reserve	6,662	5,860	10,825	8,180
Other reserves	744	68	692	16
Retained earnings/ (Accumulated losses)	26,096	14,011	(1,698)	(2,410)
	<b>124,019</b>	<b>110,456</b>	<b>100,336</b>	<b>96,303</b>
Non-controlling interests	48,808	41,737	-	-
<b>TOTAL EQUITY</b>	<b>172,827</b>	<b>152,193</b>	<b>100,336</b>	<b>96,303</b>

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

**Amount repayable in one year or less, or on demand**

As at 31 December 2014		As at 30 June 2014	
Secured	Unsecured	Secured	Unsecured
(RM'000)	(RM'000)	(RM'000)	(RM'000)
29,323	-	33,765	-

**Amount repayable after one year**

As at 31 December 2014		As at 30 June 2014	
Secured	Unsecured	Secured	Unsecured
(RM'000)	(RM'000)	(RM'000)	(RM'000)
16,922	2,642	19,040	2,573

**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

- In addition to the above, a first assignment on 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 10.9 million (FY2014: RM 11.7 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**

	<b>Group</b>	
	<b>6 months ended 31 December</b>	
	<b>2014</b>	<b>2013</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
<b>Cash Flows from Operating Activities</b>		
Net gain after taxation	23,749	16,372
Adjustments for:		
Income tax	5,767	5,551
Depreciation	7,619	6,685
Provision for doubtful debts - net	1,445	1,561
Interest expense	1,334	2,028
Share-based payment expenses	676	-
Interest income	(886)	(549)
Loss on sale of investments, properties, and/ or plant and equipment	44	(29)
Share of profit of associated corporations	(890)	(648)
Currency translation differences	385	3,789
Operating profit before working capital changes	<u>39,243</u>	<u>34,760</u>
Changes in current assets/liabilities:		
Inventories	(626)	(364)
Trade and other receivables	(8,130)	(1,034)
Other current assets	(539)	(1,548)
Trade and other payables	463	(1,796)
Deferred income	(182)	-
Cash generated from operations	<u>30,229</u>	<u>30,018</u>
Interest paid	(1,334)	(2,028)
Tax paid	(4,368)	(5,005)
<b>Net cash provided by operating activities</b>	<u>24,527</u>	<u>22,985</u>
<b>Cash Flows from Investing Activities</b>		
(Repayment of)/ proceeds from loans from associated companies	(6)	1,107
Additions to property, plant and equipment	(5,346)	(5,668)
Disposal of property, plant and equipment	25	217
Interest received	886	549
<b>Net cash used in investing activities</b>	<u>(4,441)</u>	<u>(3,795)</u>
<b>Cash Flows from Financing Activities</b>		
Repayment of borrowings	(1,758)	(4,060)
Repayment of lease liabilities	(1,679)	(4,540)
Dividends paid to non-controlling interests by a subsidiary	(1,532)	(994)
<b>Net cash used in financing activities</b>	<u>(4,969)</u>	<u>(9,594)</u>
<b>Net increase in cash and cash equivalents</b>	<u>15,117</u>	<u>9,596</u>
Cash and cash equivalents at beginning of financial period	22,017	4,310
Effect of exchange rate changes on cash and cash equivalents	36	67
<b>Cash and cash equivalents at end of financial period</b>	<u>37,170</u>	<u>13,973</u>
<b>Cash and equivalents comprise:</b>		
Cash and bank balances	37,276	19,328
Bank overdraft	(106)	(5,355)
	<u>37,170</u>	<u>13,973</u>

**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**

<b>The Company</b>	Share capital	Treasury shares	Other reserves	Retained earnings/ (Accumulated losses)	Currency translation reserves	Total equity
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
As at 1 July 2013	90,564	(47)	16	(14,231)	5,459	81,761
Net loss for the period	-	-	-	(95)	-	(95)
Exchange translation difference	-	-	-	-	3,539	3,539
Balance as at 31 December 2013	<u>90,564</u>	<u>(47)</u>	<u>16</u>	<u>(14,326)</u>	<u>8,998</u>	<u>85,205</u>
<b>As at 1 July 2014</b>	<b>90,564</b>	<b>(47)</b>	<b>16</b>	<b>(2,410)</b>	<b>8,180</b>	<b>96,303</b>
Net profit for the period	-	-	-	712	-	712
Exchange translation difference	-	-	-	-	2,645	2,645
Share-based payment	-	-	676	-	-	676
<b>Balance as at 31 December 2014</b>	<b><u>90,564</u></b>	<b><u>(47)</u></b>	<b><u>692</u></b>	<b><u>(1,698)</u></b>	<b><u>10,825</u></b>	<b><u>100,336</u></b>

  

<b>The Group</b>	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
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
As at 1 July 2013	90,564	(47)	4,774	68	(2,016)	93,343	39,056	132,399
Exchange translation difference	-	-	2,920	-	-	2,920	4	2,924
Net profit for the period	-	-	-	-	8,157	8,157	8,215	16,372
Total comprehensive income	-	-	2,920	-	8,157	11,077	8,219	19,296
Dividends paid to non-controlling interests	-	-	-	-	-	-	(1,953)	(1,953)
Balance as at 31 December 2013	<u>90,564</u>	<u>(47)</u>	<u>7,694</u>	<u>68</u>	<u>6,141</u>	<u>104,420</u>	<u>45,322</u>	<u>149,742</u>
<b>As at 1 July 2014</b>	<b>90,564</b>	<b>(47)</b>	<b>5,860</b>	<b>68</b>	<b>14,011</b>	<b>110,456</b>	<b>41,737</b>	<b>152,193</b>
Exchange translation difference	-	-	802	-	-	802	2	804
Net profit for the period	-	-	-	-	12,085	12,085	11,664	23,749
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>802</b>	<b>-</b>	<b>12,085</b>	<b>12,887</b>	<b>11,666</b>	<b>24,553</b>
Dividends paid to non-controlling interests	-	-	-	-	-	-	(4,595)	(4,595)
Share-based payment	-	-	-	676	-	676	-	676
<b>Balance as at 31 December 2014</b>	<b><u>90,564</u></b>	<b><u>(47)</u></b>	<b><u>6,662</u></b>	<b><u>744</u></b>	<b><u>26,096</u></b>	<b><u>124,019</u></b>	<b><u>48,808</u></b>	<b><u>172,827</u></b>

- 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**

There are no changes in the Company's share capital since 30 June 2014.

**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 31 December 2014, the number of shares that may be issued on conversion of outstanding convertibles is 12,600,000 shares (2013: Nil), if fully vested. As at 31 December 2014, the number of share options and awards that are vested is nil.

- 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 treasury shares is 201,000 as at 31 December 2014 and 30 June 2014.

- 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 six months ended 31 December 2014.

- 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 half year ended 31 December 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 2014.

- 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 2014:

Revised FRS 27	Separate Financial Statements
FRS 110	Consolidated Financial Statements
FRS 111	Joint Arrangements
FRS 112	Disclosure of Interests in Other Entities
Amendments to FRS 32	Offsetting of Financial Assets and Financial Liabilities

The adoption of the new/revised 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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<b>Group</b>	
	<b>6 months ended 31 December</b>	
	<b>2014</b>	<b>2013</b>
	<b>cents</b>	<b>cents</b>
Earnings per ordinary share for the period:-		
(i) Based on weighted average number of ordinary shares in issue; and	<b>2.09</b>	1.41
(ii) On a fully diluted basis	<b>2.08</b>	1.41

- 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**

	<b>Group and Company</b>	
	<b>31-Dec-14</b>	<b>30-Jun-14</b>
	<b>RM cents</b>	<b>RM cents</b>
Net Asset Value per share (The Company)	<b>17.39</b>	16.69
Net Asset Value per share (The Group)	<b>21.49</b>	19.14

- 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 the six-month ended 31 December 2014 ("H1 2015"), the Group's turnover increased by 15% from RM 145.2 million to RM 167.0 million, when compared with the previous corresponding period ("H1 2014"). Turnover from the Group's healthcare business accounted for approximately RM 21.2 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 0.6 million increase in revenue due to higher student headcount.

Gross profit margin remained strong at 31.1%, as compared to 31.3% in H1 2014.

Interest income increased by RM 0.3 million due to higher cash balances held in banks. Other gains decreased by RM 1.8 million, mainly due to foreign exchanges losses on weakening Malaysian ringgit (RM 1.2 million) and non-recurring one-off sponsorships received in H1 2014.

Distribution & marketing expenses in H1 2015 were comparable to H1 2014. Administrative expenses decreased by RM 1.6 million as compared to the previous financial period mainly due to improved cost management by management. Finance expenses in 1H 2015 decreased by RM 0.7 million were mainly due to the repayment of bank overdraft.

As a result of the above, the Group registered a 35% increase in profit before tax of RM 29.5 million in H1 2015, as compared to RM 21.9 million in H1 2014. Tax expense increased slightly by RM 0.2 million as the higher profits were derived from RSHSB which still was able to utilise its previous years' tax losses against current year profits. The profit attributable to shareholders was RM 12.1 million and RM 8.2 million in H1 2015 and H1 2014 respectively, whereas profit attributable to non-controlling interests was RM 11.7 million and RM 8.2 million in H1 2015 and H1 2014 respectively.

**Balance sheet**

The RM 6.7 million increase in current trade and other receivables was mainly attributable to higher credit sales. The higher turnover for 1H 2015 also resulted in an increase of RM 0.6 million in inventories.

The increase in other current assets (RM 0.5 million) was mainly due to deposits paid by the hospitals for planned acquisition of new medical and other equipment.

Repayment of term loans and hire purchase by the two hospitals during the period resulted in a decrease in total borrowings by RM 6.5 million.

The Group significantly improved its net current assets position as at 31 December 2013 to RM 33.1 million, as compared to RM 14.0 as at 30 June 2014.

**Cash Flow Statement**

Net cash from operating activities for the six months ended 31 December 2014 was RM 24.5 million, RM 1.5 million higher than that in the previous period. This was mainly due to higher operating profit in the current period and offset by higher working capital requirements like trade receivables. Net cash used in investing activities was RM 4.4 million as a result of purchases of new medical equipment by the hospitals. Net cash used in financing activities was lower by RM 5.0 million, due to lower repayment of borrowings and finance lease liabilities 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 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 registering increases in revenue. MMCSB continues to be a well-regarded brand for healthcare in the region and has also successfully achieved a full 4-year accreditation of Malaysian Society for Quality in Health ("MSQH"), 4th edition. In its 6th year of operations, RSHSB is focused on expanding its range of specialist healthcare offerings, improving customer service and strengthening connections with the local community.

The healthcare landscape in Malaysia will remain competitive with new hospitals being developed, particularly in Malacca and Johor which are the Group's main markets. The shortage of skilled healthcare manpower remains a challenge for all healthcare operators in Malaysia. In Malacca, the Oriental Melaka Straits Medical Centre has begun operations and two new hospitals which are in or around the vicinity of Malacca have been publicly announced to be developed. In Johor, three new hospitals have been publicly announced and are expected to be developed over the next few years.

In Southeast Asia, the growing middle income and ageing population across the region continues to drive the demand for quality healthcare services. In Malaysia, a healthy growth trend in the domestic private insurance market and increasing regional connectivity are expected to further contribute to the growth of private healthcare services. The Group will continue to focus its efforts on delivering quality and new healthcare services to its patients, and expanding its facilities in Malaysia to cater to an increased patient load and an improved patient experience. In addition, the Group will continue to grow its regional footprint by strengthening its network of representative offices.

Barring unforeseen circumstances, the Directors are cautiously optimistic that the Group will continue to perform well for the rest of the year.

**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.

**13. 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 half year ended 31 December 2014 that is disclosable under Rule 920(1)(a) (ii) of the SGX-ST listing Manual.

**14. 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 half year ended 31 December 2014 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Dr Gan See Khem**  
Chairman and Managing Director  
13 February 2015