

Unaudited Financial Statements And Dividend Announcement for the third quarter and nine months ended 31 March 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	Third Quarter Ended			Nine Months Ended		
		31 Mar 2016 RM'000	31 Mar 2015 RM'000	+/- %	31 Mar 2016 RM'000	31 Mar 2015 RM'000	+/- %
Revenue		100,879	82,911	22	291,580	249,883	17
Cost of services		(66,840)	(58,556)	14	(194,766)	(173,596)	12
Gross profit		34,039	24,355	40	96,814	76,287	27
Interest income		250	423	(41)	1,140	1,309	(13)
Other gains – net		3,653	214	NM	2,035	216	NM
Distribution and marketing costs		(719)	(606)	19	(1,946)	(1,915)	2
Administrative costs		(17,117)	(13,247)	29	(47,527)	(34,797)	37
Finance costs		(983)	(894)	10	(3,280)	(2,228)	47
Share of results of associates		758	870	(13)	2,190	1,760	24
Profit before tax		19,881	11,115	79	49,426	40,632	22
Income tax expense		(4,360)	(1,191)	266	(14,042)	(6,959)	102
Profit after tax		15,521	9,924	56	35,384	33,673	5
Other comprehensive income							
Item that may be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation – (losses)/gains		(2,510)	1,549	NM	1,600	2,353	(32)
Total comprehensive income		13,011	11,473	13	36,984	36,026	3
Profit attributable to:							
Equity holders of the Company		8,669	7,725	12	15,445	19,810	(22)
Non-controlling interests		6,852	2,199	212	19,939	13,863	44
		15,521	9,924	56	35,384	33,673	5
Total comprehensive income attributable to:							
Equity holders of the Company		6,164	9,272	(34)	17,043	22,159	(23)
Non-controlling interests		6,847	2,201	211	19,941	13,867	44
Total comprehensive income		13,011	11,473	13	36,984	36,026	3

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	Third Quarter Ended			Nine Months Ended		
	31 Mar 2016 RM'000	31 Mar 2015 RM'000	+/- %	31 Mar 2016 RM'000	31 Mar 2015 RM'000	+/- %
Share-based payment expenses	776	1,094	(29)	3,044	1,770	72
Depreciation	4,755	4,188	14	14,080	11,807	19
Allowance for/ (reversal of) impairment of trade and other receivables - net	1,323	(113)	NM	1,403	1,332	5
Foreign exchange (gain)/ loss						
- realised	(58)	101	NM	73	98	(26)
- unrealised	(2,256)	862	NM	1,371	2,081	(34)
Fair value loss on financial derivatives:						
- realised	57	-	100	57	-	100
- unrealised	54	-	100	54	-	100
(Gain)/ loss on sale of property, plant and equipment	(25)	5	NM	32	49	(35)

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 31 Mar 2016 RM'000	As at 30 Jun 2015 RM'000	As at 31 Mar 2016 RM'000	As at 30 Jun 2015 RM'000
ASSETS				
Current assets				
Cash and cash equivalents	66,178	39,076	3,413	2,223
Trade and other receivables	85,038	87,842	46,327	45,792
Tax recoverable	-	21	-	-
Inventories	13,897	12,810	-	-
Other current assets	4,803	3,996	116	230
	169,916	143,745	49,856	48,245
Non-current Assets				
Trade and other receivables	116	107	116	107
Other non-current assets	111	409	111	104
Investments in associated corporations	40,643	37,990	14,278	13,814
Investments in subsidiaries	-	-	62,335	56,418
Property, plant and equipment	177,469	180,475	916	743
Deferred tax assets	4,962	9,040	-	-
	223,301	228,021	77,756	71,186
Total Assets	393,217	371,766	127,612	119,431
LIABILITIES				
Current Liabilities				
Trade and other payables	65,343	66,209	1,821	3,407
Current income tax liabilities	9,554	1,033	-	-
Borrowings	22,605	28,885	13,064	16,053
Deferred income	1,137	1,236	-	-
	98,639	97,363	14,885	19,460
Non-Current Liabilities				
Other payables	44,126	52,847	-	-
Borrowings	14,287	11,691	3,595	182
Deferred income tax liabilities	4,722	4,736	-	-
	63,135	69,274	3,595	182
Total Liabilities	161,774	166,637	18,480	19,642
NET ASSETS	231,443	205,129	109,132	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	(367)	(47)	(367)	(47)
Currency translation reserve	10,712	9,114	19,213	16,296
Other reserves	6,138	3,094	6,086	3,042
Retained earnings/ (Accumulated losses)	57,099	41,654	(6,364)	(10,066)
	164,146	144,379	109,132	99,789
Non-controlling interests	67,297	60,750	-	-
TOTAL EQUITY	231,443	205,129	109,132	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 31 Mar 2016		As at 30 Jun 2015	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
8,582	14,023	24,951	3,934

(b) Amount repayable after one year; and

As at 31 Mar 2016		As at 30 Jun 2015	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
10,712	3,575	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 9.1 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.

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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.

	Note	Third Quarter Ended		Nine Months Ended	
		31 Mar	31 Mar	31 Mar	31 Mar
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities					
Profit after tax		15,521	9,924	35,384	33,673
Adjustments for:					
Income tax expense		4,360	1,191	14,042	6,959
Depreciation		4,755	4,188	14,080	11,807
Allowance for/(reversal of) impairment of trade and other receivables - net		1,323	(113)	1,403	1,332
Interest expense		983	894	3,280	2,228
Share-based payment expenses		776	1,094	3,044	1,770
Interest income		(250)	(423)	(1,140)	(1,309)
(Gain)/loss on sale of property, plant and equipment		(25)	5	32	49
Share of profit of associated corporations		(758)	(870)	(2,190)	(1,760)
Currency translation differences		(1,115)	(302)	749	78
Operating cash flow before working capital changes		25,570	15,588	68,684	54,827
Changes in operating assets and liabilities:					
Inventories		(33)	(8,485)	(1,087)	(9,111)
Trade and other receivables		(1,468)	(3,483)	(1,179)	(11,613)
Other current assets		(190)	1,791	(481)	1,252
Trade and other payables		(1,199)	13,084	(6,423)	13,547
Deferred income		174	239	(140)	57
Cash provided by operations		22,854	18,734	59,374	48,959
Interest paid		(983)	(894)	(3,280)	(2,228)
Tax paid		(1,284)	(1,702)	(4,797)	(6,071)
Net cash provided by operating activities		20,587	16,138	51,297	40,660
Cash Flows from Investing Activities					
(Drawdown)/repayment of loans by associated corporations		(45)	(1,366)	3,609	(1,373)
Additions to property, plant and equipment		(2,528)	(5,017)	(8,762)	(10,363)
Proceeds from disposal of property, plant and equipment		43	5	48	30
Capital injection in an associated corporation		-	-	(49)	-
Interest received		250	423	1,140	1,309
Net cash used in investing activities		(2,280)	(5,955)	(4,014)	(10,397)
Cash Flows from Financing Activities					
Drawdown of borrowings		111	-	1,774	-
Repayment of borrowings		(629)	(7,997)	(5,153)	(9,754)
Repayment of lease liabilities		(1,372)	(2,560)	(3,417)	(4,239)
Dividends paid to non-controlling interests by a subsidiary		-	(1,532)	(14,294)	(3,063)
Capital injection in a subsidiary from non-controlling interests		-	-	900	-
Purchase of treasury shares		(320)	-	(320)	-
Net cash used in financing activities		(2,210)	(12,089)	(20,510)	(17,056)
Net increase/(decrease) in cash and cash equivalents		16,097	(1,906)	26,773	13,207
Cash and cash equivalents at beginning of financial period		49,871	37,170	38,835	22,017
Effect of exchange rate changes on cash and cash equivalents		(232)	34	128	74
Cash and cash equivalents at end of financial period		65,736	35,298	65,736	35,298
Cash and equivalents comprise:					
Cash and bank balances		66,178	35,468	66,178	35,468
Bank overdraft		(442)	(170)	(442)	(170)
		65,736	35,298	65,736	35,298

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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	-	-	(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
Exchange translation difference	-	-	1,169	-	-	2	1,171
Net profit for the period	-	-	-	-	5,457	6,241	11,698
Total comprehensive income for the financial period	-	-	1,169	-	5,457	6,243	12,869
Share-based payment	-	-	-	676	-	-	676
Dividend paid to non-controlling interests by subsidiaries	-	-	-	-	-	(4,595)	(4,595)
Balance as at 31 Dec 2014	90,564	(47)	6,662	744	26,096	48,808	172,827
Exchange translation difference	-	-	1,547	-	-	2	1,549
Net profit for the period	-	-	-	-	7,725	2,199	9,924
Total comprehensive income for the financial period	-	-	1,547	-	7,725	2,201	11,473
Share-based payment	-	-	-	1,094	-	-	1,094
Balance as at 31 Mar 2015	90,564	(47)	8,209	1,838	33,821	51,009	185,394

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	Attributable to equity holders of the Company						
	<u>Share Capital</u>	<u>Treasury Shares</u>	<u>Currency Translation Reserve</u>	<u>Other Reserves</u>	<u>Retained earnings</u>	<u>Non-controlling Interests</u>	<u>Total Equity</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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 subsidiaries	-	-	-	-	-	(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
Exchange translation difference	-	-	(919)	-	-	(1)	(920)
Net profit for the period	-	-	-	-	5,394	6,165	11,559
Total comprehensive income for the financial period	-	-	(919)	-	5,394	6,164	10,639
Capital injection in a subsidiary	-	-	-	-	-	900	900
Share-based payment	-	-	-	1,016	-	-	1,016
Balance as at 31 Dec 2015	90,564	(47)	13,217	5,362	48,430	60,450	217,976
Exchange translation difference	-	-	(2,505)	-	-	(5)	(2,510)
Net profit for the period	-	-	-	-	8,669	6,852	15,521
Total comprehensive income for the financial period	-	-	(2,505)	-	8,669	6,847	13,011
Purchase of treasury shares	-	(320)	-	-	-	-	(320)
Share-based payment	-	-	-	776	-	-	776
Balance as at 31 Mar 2016	90,564	(367)	10,712	6,138	57,099	67,297	231,443

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	Share Capital RM'000	Treasury Reserves RM'000	Other Reserves RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Currency Translation Reserves 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	-	-	-	(807)	-	(807)
Exchange translation difference	-	-	-	-	16	16
Balance as at 30 Sep 2014	90,564	(47)	16	(3,217)	8,196	95,512
Net profit for the period	-	-	-	1,519	-	1,519
Exchange translation difference	-	-	-	-	2,629	2,629
Share-based payment	-	-	676	-	-	676
Balance as at 31 Dec 2014	90,564	(47)	692	(1,698)	10,825	100,336
Net loss for the period	-	-	-	(3,327)	-	(3,327)
Exchange translation difference	-	-	-	-	2,083	2,083
Share-based payment	-	-	1,094	-	-	1,094
Balance as at 31 Mar 2015	90,564	(47)	1,786	(5,025)	12,908	100,186
Balance as at 1 Jul 2015	90,564	(47)	3,042	(10,066)	16,296	99,789
Net profit 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	90,564	(47)	4,294	(4,027)	26,878	117,662
Net loss for the period	-	-	-	(1,970)	-	(1,970)
Exchange translation difference	-	-	-	-	(2,018)	(2,018)
Share-based payment	-	-	1,016	-	-	1,016
Balance as at 31 Dec 2015	90,564	(47)	5,310	(5,997)	24,860	114,690
Net loss for the period	-	-	-	(367)	-	(367)
Exchange translation difference	-	-	-	-	(5,647)	(5,647)
Purchase of treasury shares	-	(320)	-	-	-	(320)
Share-based payment	-	-	776	-	-	776
Balance as at 31 Mar 2016	90,564	(367)	6,086	(6,364)	19,213	109,132

- 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 31 March 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 31 March 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 576,721,286 (31 March 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 551,000 and 201,000 as at 31 March 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 nine months ended 31 March 2016.

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

The financial statements for the nine months ended 31 March 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 31 March		9 Months Ended 31 March	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net profit attributable to equity holders of the Company (RM'000)	8,669	7,725	15,445	19,810
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	576,779	577,071	576,975	577,071
(i) Basic earnings per share (RM cents per share)	1.50	1.34	2.68	3.43
Weighted average number of ordinary shares adjusted for the effects of dilutive potential ordinary shares ('000)	589,379	589,671	589,575	589,671
(ii) Diluted earnings per share (RM cents per share)	1.47	1.31	2.62	3.36

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 31 Mar 2016	As at 30 Jun 2015
The Group		
Net asset value attributable to ordinary shareholders (RM'000)	164,146	144,379
Total number of issued shares excluding treasury shares ('000)	576,721	577,071
Net asset value per share (RM cents per share)	28.46	25.02
The Company		
Net asset value attributable to ordinary shareholders (RM'000)	109,132	99,789
Total number of issued shares excluding treasury shares ('000)	576,721	577,071
Net asset value per share (RM cents per share)	18.92	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

Third Quarter

For the three months ended 31 March 2016 ("Q32016"), the Group's turnover increased by 22% from RM 82.9 million to RM 100.9 million, when compared with the previous corresponding period ("Q32015"). Turnover from the Group's healthcare business accounted for approximately RM 17.6 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 33.7% from 29.4% in Q32016 as a result of better cost management but offset by higher expenses arising from input GST which could not be recovered. Other gains of RM 3.7 million was recorded compared to other gains of RM 0.2 million in the corresponding period in the prior year. This is mainly due to strengthening of the Malaysian ringgit during the quarter which resulted in unrealised foreign exchange gains of RM 2.3 million being recorded in Q32016 whilst unrealised foreign exchanges losses of RM 0.9 million were recorded in Q32015.

(i) INCOME STATEMENT (Continued)

Third Quarter (Continued)

Distribution & marketing expenses in Q32016 were comparable to Q32015. Administrative expenses increased by RM 3.9 million as compared to the previous financial period mainly due to increase in general operating costs, RM 1.4 million higher provision for doubtful debts, RM 0.6 million increase in depreciation expenses and offset by RM 0.3 million lower share-based payment expenses in the current period.

As a result of the above, the Group registered a 79% increase in profit before tax of RM 19.9 million in Q32016, as compared to RM 11.1 million in Q32015. Tax expense increased by RM 3.2 million due to utilisation of RM 1.1 million of deferred tax assets by RSHSB in Q32016 and the one-off RM 1.4 million reversal of deferred tax liabilities in Q32015 as a result of the Asset Restructuring which was completed during the period. The profit attributable to shareholders was RM 8.7 million and RM 7.7 million in Q32016 and Q32015 respectively, whereas profit attributable to non-controlling interests was RM 6.9 million and 2.2 million in Q32016 and Q32015 respectively.

Nine Months

For the nine months ended 31 March 2016, the Group's turnover increased by 17% to RM 41.7 million from RM 249.9 million to RM 291.6 million, when compared with the previous corresponding period. Turnover from the Group's healthcare business accounted for approximately RM 40.8 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 0.9 million increase in revenue due to higher student headcount.

Gross profit margin improved to 33.2% from 30.5% for the nine months in the current year as a result of better cost management but offset by higher expenses arising from input GST which could not be recovered. Other gains increased by RM 1.8 million, mainly as a result of RM 0.7 million lower unrealised foreign exchange losses and higher sponsorship income recorded in the first nine months of this year compared to prior year.

Distribution & marketing expenses were comparable to the corresponding period in the prior year. Administrative expenses increased by RM 12.7 million as compared to the previous financial period mainly due to increase in general operating costs, incurrence of RM 1.3 million higher share-based payment expenses and RM 2.3 million increase in depreciation expenses. Finance costs increased by RM 1.1 million as a result of higher balances owing to associated companies. Share of results of associates increased by RM 0.4 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.

As a result of the above, the Group registered a profit before tax of RM 49.4 million in the nine months ended 31 March 2016, 22% higher than prior year. Tax expense increased by RM 7.1 million mainly due to utilisation of RM 4.1 million of deferred tax assets by RSHSB up till 31 March 2016. The profit attributable to shareholders was RM 15.4 million and RM 19.8 million in the nine months ended 31 March 2016 and 2015 respectively, whereas profit attributable to non-controlling interests was RM 19.9 million and RM 13.9 million in the same period in 2016 and 2015 respectively.

(ii) BALANCE SHEET

The cash and cash equivalents of the Group remained healthy at RM 66.2 million as at 31 March 2016, an increase of RM 27.1 million from 30 June 2015. Inventories increased by RM 1.1 million due to increase in inventories of medical drugs and supplies. The RM 0.8 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 2.7 million mainly due to the RM 1.4 million share of results of associated companies recorded and conversion effect as a result of weaker Malaysian ringgit rate during the first nine months of the financial year. The RM 3.0 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 4.1 million due to utilisation of tax losses by RSHSB in the first nine months of the current year.

Current income tax liabilities increased by RM 8.5 million since 30 June 2015 due to the full utilisation of tax incentives available to MMCSB in the prior financial year, thus increasing its effective tax rates in the current financial year. Total borrowings during the period decreased by RM 3.7 million mainly due to repayment of term loans and revolving credit lines by RSHSB, offset by a new loan for renovation expenditure undertaken by the Group's education business as part of the relocation of its training school.

(iii) CASH FLOW STATEMENT

Third Quarter

Net cash from operating activities for the quarter was RM 20.6 million, RM 4.5 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 2.3 million, compared to RM 6.0 million in the corresponding period in the previous year. The lower cash outflow was mainly due to fewer medical equipment being acquired by the hospitals. Net cash used in financing activities was also lower at RM 2.2 million mainly due to lower repayment of borrowings during the current period.

Nine months

Net cash generated from operating activities for the nine months ended 31 March 2016 was RM 51.3 million, RM 10.6 million higher than that in the previous period. This was mainly due to better business performance and cash management in the current period. Net cash used in investing activities for the current period was RM 4.1 million, RM 6.3 million lower than prior period, mainly due to receipt of RM 3.6 million from repayment of loans owing by associated companies. Net cash used in financing activities for the current period was RM 20.5 million, RM 3.4 million higher than the prior year, mainly due to dividend payment of RM 14.3 million to non-controlling interests during the current period, compared to RM 3.1 million in the previous 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 year-on-year increases in revenue and patient volume. MMCSB remains a well-regarded brand for healthcare in the region and has been conferred the "Malaysia Medical Tourism Hospital of the Year 2016" award 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 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 Medical Block at RSHSB. The Medical Block will have over 100 clinic suites, as well as outpatient procedure areas and more patient beds. Construction is expected to begin in 2017 and take two 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. 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.

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 nine months ended 31 March 2016 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 nine months ended 31 March 2016 to be false or misleading in any material aspect.

- 15. 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
12 May 2016