

Unaudited Financial Statements And Dividend Announcement for the third quarter and nine months ended 31 March 2018

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 2018 RM'000	31 Mar 2017 RM'000	+/- %	31 Mar 2018 RM'000	31 Mar 2017 RM'000	+/- %
Turnover	115,358	107,670	7	348,398	324,034	8
Cost of services	(73,989)	(73,334)	1	(223,620)	(217,173)	3
Gross profit	41,369	34,336	20	124,778	106,861	17
Interest income	205	489	(58)	897	1,406	(36)
Other gains/ (losses) – net	1,863	(268)	NM	1,666	619	170
Distribution and marketing costs	(1,349)	(632)	113	(3,307)	(2,170)	52
Administrative costs	(18,476)	(24,829)	(26)	(53,721)	(59,678)	(10)
Finance costs	(1,536)	(669)	130	(6,844)	(1,668)	310
Share of results of associates	-	499	(100)	(1)	1,331	NM
Profit before tax	22,076	8,926	147	63,468	46,701	36
Tax	(6,198)	(4,298)	44	(18,083)	(15,147)	19
Profit after tax	15,878	4,628	243	45,385	31,554	44
Other comprehensive income						
Item that may be reclassified subsequently to profit or loss:						
Currency translation difference arising from consolidation						
– Gains/ (Losses)	1,036	(11,871)	NM	2,946	(9,088)	NM
– Reclassification	-	-	-	1,764	-	100
Total comprehensive income	16,914	(7,243)	NM	50,095	22,466	123
Profit/ (loss) attributable to:						
Equity holders of the Company	15,880	(1,571)	NM	45,390	9,931	357
Non-controlling interests	(2)	6,199	NM	(5)	21,623	NM
	15,878	4,628	NM	45,385	31,554	44
Total comprehensive income attributable to:						
Equity holders of the Company	16,915	(13,444)	NM	50,099	837	NM
Non-controlling interests	(1)	6,201	NM	(4)	21,629	NM
Total comprehensive income	16,914	(7,243)	NM	50,095	22,466	123

NM - Not Meaningful

HEALTH MANAGEMENT INTERNATIONAL LTD
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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 2018 RM'000	31 Mar 2017 RM'000	+/- %	31 Mar 2018 RM'000	31 Mar 2017 RM'000	+/- %
Share-based payment expenses		915	-	100	1,189	1,238	(4)
Depreciation		5,233	4,987	5	15,717	14,778	6
Allowance for impairment of trade and other receivables - net		181	1,513	(88)	561	1,519	(63)
Foreign exchange (gain)/ loss							
- realised		79	632	(88)	1,910	1,295	47
- unrealised		(558)	742	NM	(352)	2,148	(116)
Fair value (gain) on financial derivatives:							
- realised		8	-	100	(568)	(14)	NM
- unrealised		-	(173)	(100)	-	(173)	(100)
Loss on disposal and write-off of property, plant and equipment		4	145	(97)	25	142	(84)
Professional fees incurred in relations to the acquisition of non-controlling interests ¹		-	7,291	(100)	-	8,234	(100)

NM - Not Meaningful

¹ Refer to announcement made on SGXNet on 11 November 2016

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

	Group		Company	
	As at 31 Mar 2018 RM'000	As at 30 Jun 2017 RM'000	As at 31 Mar 2018 RM'000	As at 30 Jun 2017 RM'000
ASSETS				
Current assets				
Cash and cash equivalents	70,687	76,754	11,812	12,075
Trade and other receivables	42,046	39,776	23,334	41,695
Tax recoverable	2	1	-	-
Inventories	13,901	13,551	-	-
Other current assets	9,435	8,375	152	100
	136,071	138,457	35,298	53,870
Non-current Assets				
Trade and other receivables	-	-	520	137
Other non-current assets	495	460	174	121
Investments in associated corporations	15	32	33	35
Investments in subsidiaries	-	-	633,307	677,829
Property, plant and equipment	283,748	278,551	788	874
	284,258	279,043	634,822	678,996
Total Assets	420,329	417,500	670,120	732,866
LIABILITIES				
Current Liabilities				
Trade and other payables	69,070	67,746	3,122	3,868
Derivative financial instrument	-	582	-	582
Current income tax liabilities	7,211	4,937	-	-
Borrowings	22,157	74,074	12,111	63,707
Deferred income	2,070	2,508	-	-
	100,508	149,847	15,233	68,157
Non-Current Liabilities				
Borrowings	73,758	89,674	60,415	73,557
Deferred income tax liabilities	9,165	9,332	-	-
	82,923	99,006	60,415	73,557
Total Liabilities	183,431	248,853	75,648	141,714
NET ASSETS	236,898	168,647	594,472	591,152
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	590,885	557,270	590,885	557,270
Treasury shares	(994)	(1,022)	(994)	(1,022)
Currency translation reserve	22,554	17,845	(11,916)	22,002
Other reserves	(481,929)	(483,118)	1,205	16
Retained earnings	106,375	77,661	15,292	12,886
	236,891	168,636	594,472	591,152
Non-controlling interests	7	11	-	-
TOTAL EQUITY	236,898	168,647	594,472	591,152

1(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 2018		As at 30 Jun 2017	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
22,157	-	56,291	17,783

(b) Amount repayable after one year; and

As at 31 Mar 2018		As at 30 Jun 2017	
Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
73,758	-	89,674	-

(c) Details of any collaterals.

The Group

A memorandum of charge and assignment over the Company's shares in certain subsidiaries incorporated in Malaysia and charge on the lands and buildings of certain subsidiaries in Malaysia.

The Group's borrowings include finance lease liabilities of approximately RM 13.4 million (FY2017: RM 12.7 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.

	Third Quarter Ended		Nine Months Ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2018	2017	2018	2017
Note	RM'000	RM'000	RM'000	RM'000
Cash Flows from Operating Activities				
Profit after tax	15,878	4,628	45,385	31,554
Adjustments for:				
Income tax expense	6,198	4,298	18,083	15,147
Depreciation	5,233	4,987	15,717	14,778
Allowance for impairment of trade and other receivables - net	181	1,513	561	1,519
Interest expense	1,536	669	6,845	1,668
Share-based payment expenses	915	-	1,189	1,238
Interest income	(205)	(489)	(897)	(1,406)
Loss on disposal and write-off of property, plant and equipment	4	145	25	142
Share of (profit)/ loss of associated corporations	-	(499)	1	(1,331)
Currency translation differences	439	(4,462)	595	(1,444)
Operating cash flow before working capital changes	<u>30,179</u>	<u>10,790</u>	<u>87,504</u>	<u>61,865</u>
Changes in operating assets and liabilities:				
Inventories	79	(83)	(350)	983
Trade and other receivables	(1,784)	13,554	(3,178)	14,289
Other current and non-current assets	(2,709)	(783)	(1,163)	18
Trade and other payables	(1,076)	3,606	(9,545)	210
Derivative financial instruments	-	-	(582)	-
Deferred income	549	179	(309)	(215)
Cash provided by operations	<u>25,238</u>	<u>27,263</u>	<u>72,377</u>	<u>77,150</u>
Interest paid	(1,465)	(669)	(5,432)	(1,668)
Tax paid	(1,736)	(2,234)	(4,807)	(7,528)
Net cash provided by operating activities	<u>22,037</u>	<u>24,360</u>	<u>62,138</u>	<u>67,954</u>
Cash Flows from Investing Activities				
Additions to property, plant and equipment	(1,310)	(3,043)	(17,299)	(7,728)
Proceeds from disposal of property, plant and equipment	385	109	511	173
Capital injection in an associated corporation	-	(843)	-	(843)
Acquisition of non-controlling interests	-	(19,728)	-	(219,728)
Interest received	205	489	897	1,406
Net cash used in investing activities	<u>(720)</u>	<u>(23,016)</u>	<u>(15,891)</u>	<u>(226,720)</u>
Cash Flows from Financing Activities				
Drawdown of borrowings	-	167,759	-	171,409
Repayment of borrowings	(9,706)	(583)	(63,685)	(8,053)
Repayment of lease liabilities	(1,828)	(712)	(4,657)	(5,096)
Increase in restricted cash	-	-	(765)	-
Dividends paid to non-controlling interests by a subsidiary	-	-	-	(11,201)
Proceeds from issuance of ordinary shares	-	58,148	33,615	61,414
Share issue expenses	-	-	(29)	-
Dividends paid to equity holders of the Company	(8,589)	-	(16,673)	(4,482)
Net cash used in financing activities	<u>(20,123)</u>	<u>224,612</u>	<u>(52,194)</u>	<u>203,991</u>

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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. (Continued)

	Note	Third Quarter Ended		Nine Months Ended	
		31 Mar	31 Mar	31 Mar	31 Mar
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Net (decrease)/ increase in cash and cash equivalents		1,194	25,956	(5,947)	45,225
Cash and cash equivalents at beginning of financial period		68,448	94,488	76,041	74,326
Effect of exchange rate changes on cash and cash equivalents		(394)	445	(846)	1,338
Cash and cash equivalents at end of financial period		69,248	120,889	69,248	120,889
Cash and equivalents comprise:					
Cash and bank balances		70,687	120,889	70,687	120,889
Restricted cash		(1,439)	-	-	-
Bank overdraft		-	-	(1,439)	-
		69,248	120,889	69,248	120,889

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group

	Attributable to equity holders of the Company						Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Currency		Retained Earnings RM'000	Non-controlling Interests RM'000	
			Translation Reserve RM'000	Other Reserves RM'000			
Balance as at 1 Jul 2016	90,564	(1,022)	12,417	7,130	61,553	61,622	232,264
Exchange translation difference	-	-	1,403	-	-	2	1,405
Net profit for the period	-	-	-	-	6,170	8,340	14,510
Total comprehensive income for the financial period	-	-	1,403	-	6,170	8,342	15,915
Share-based payment	-	-	-	1,238	-	-	1,238
Issue of new shares	7,200	-	-	(7,200)	-	-	-
Balance as at 30 Sep 2016	97,764	(1,022)	13,820	1,168	67,723	69,964	249,417
Exchange translation difference	-	-	1,376	-	-	2	1,378
Net profit for the period	-	-	-	-	5,332	7,084	12,416
Total comprehensive income for the financial period	-	-	1,376	-	5,332	7,086	13,794
Issue of new shares	4,367	-	-	(1,100)	-	-	3,267
Final FY2016 dividend paid	-	-	-	-	(4,482)	-	(4,482)
Balance as at 31 Dec 2016	102,131	(1,022)	15,196	68	68,573	77,050	261,996
Exchange translation difference	-	-	(11,873)	-	-	2	(11,871)
Net profit for the period	-	-	-	-	(1,571)	6,199	4,628
Total comprehensive income for the financial period	-	-	(11,873)	-	(1,571)	6,201	(7,243)
Issue of new shares	455,139	-	-	-	-	-	455,139
Dividend paid to non-controlling interests by subsidiary	-	-	-	-	-	(990)	(990)
Acquisition of non-controlling interest	-	-	-	(478,371)	-	(82,250)	(560,621)
Balance as at 31 Mar 2017	557,270	(1,022)	3,323	(478,303)	67,002	11	148,281

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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. (Continued)

The Group

	<u>Attributable to equity holders of the Company</u>						<u>Total Equity</u> RM'000
	<u>Share Capital</u> RM'000	<u>Treasury Shares</u> RM'000	<u>Currency</u>		<u>Retained Earnings</u> RM'000	<u>Non-controlling Interests</u> RM'000	
			<u>Translation Reserve</u> RM'000	<u>Other Reserves</u> RM'000			
Balance as at 1 Jul 2017	557,270	(1,022)	17,845	(483,118)	77,661	11	168,647
Exchange translation difference	-	-	7,881	-	-	(1)	7,880
Net profit/ (loss) for the period	-	-	-	-	13,786	(1)	13,785
Total comprehensive income for the financial period	-	-	7,881	-	13,786	(2)	21,665
Balance as at 30 Sep 2017	557,270	(1,022)	25,726	(483,118)	91,447	9	190,312
Exchange translation difference	-	-	(4,207)	-	-	1	(4,206)
Net profit/ (loss) for the period	-	-	-	-	15,724	(2)	15,722
Total comprehensive income for the financial period	-	-	(4,207)	-	15,724	(1)	11,516
Share-based payment	-	28	-	274	-	-	302
Issue of new shares	33,615	-	-	-	-	-	33,615
Final FY2017 dividend paid	-	-	-	-	(8,087)	-	(8,087)
Balance as at 31 Dec 2017	590,885	(994)	21,519	(482,844)	99,084	8	227,658
Exchange translation difference	-	-	1,035	-	-	1	1,036
Net profit/ (loss) for the period	-	-	-	-	15,880	(2)	15,878
Total comprehensive income for the financial period	-	-	1,035	-	15,880	(1)	16,914
Share-based payment	-	-	-	915	-	-	915
Interim FY2018 dividend paid	-	-	-	-	(8,589)	-	(8,589)
Balance as at 31 Mar 2018	590,885	(994)	22,554	(481,929)	106,375	7	236,898

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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. (Continued)

The Company

	<u>Share Capital</u> RM'000	<u>Treasury Reserves</u> RM'000	<u>Other Reserves</u> RM'000	<u>Retained Earnings/ (Accumulated Losses)</u> RM'000	<u>Currency Translatio n Reserves</u> RM'000	<u>Total Equity</u> RM'000
Balance as at 1 Jul 2016	90,564	(1,022)	7,078	(977)	21,926	117,569
Net loss for the period	-	-	-	(6,031)	-	(6,031)
Exchange translation difference	-	-	-	-	2,706	2,706
Share-based payment	-	-	1,238	-	-	1,238
Issuance of new shares	7,200	-	(7,200)	-	-	-
Balance as at 30 Sep 2016	97,764	(1,022)	1,116	(7,008)	24,632	115,482
Net loss for the period	-	-	-	(3,428)	-	(3,428)
Exchange translation difference	-	-	-	-	2,720	2,720
Issuance of new shares	4,367	-	(1,100)	-	-	3,267
Final FY2016 dividend paid	-	-	-	(4,482)	-	(4,482)
Balance as at 31 Dec 2016	102,131	(1,022)	16	(14,918)	27,352	113,559
Net loss for the period	-	-	-	(11,145)	-	(11,145)
Exchange translation difference	-	-	-	-	2,965	2,965
Issuance of new shares	455,139	-	-	-	-	455,139
Balance as at 31 Mar 2017	557,270	(1,022)	16	(26,063)	30,317	560,518
Balance as at 1 Jul 2017	557,270	(1,022)	16	12,886	22,002	591,152
Net profit for the period	-	-	-	7,134	-	7,134
Exchange translation difference	-	-	-	-	(5,086)	(5,086)
Balance as at 30 Sep 2017	557,270	(1,022)	16	20,020	16,916	593,200
Net profit for the period	-	-	-	15,696	-	15,696
Exchange translation difference	-	-	-	-	(13,453)	(13,453)
Share-based payment	-	28	274	-	-	302
Issuance of new shares	33,615	-	-	-	-	33,615
Final FY2017 dividend paid	-	-	-	(8,087)	-	(8,087)
Balance as at 31 Dec 2017	590,885	(994)	290	27,629	3,463	621,273
Net loss for the period	-	-	-	(3,748)	-	(3,748)
Exchange translation difference	-	-	-	-	(15,379)	(15,379)
Share-based payment	-	-	915	-	-	915
Interim FY2018 dividend paid	-	-	-	(8,589)	-	(8,589)
Balance as at 31 Mar 2018	590,885	(994)	1,205	15,292	(11,916)	594,472

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.

The Company has on 24 November 2017 allotted and issued an aggregate of 16,909,272 new ordinary shares in the capital of the Company (the "Placement Shares"), at S\$0.65 per ordinary share in connection with the Placement to a fund managed by Heliconia Capital Management Pte Ltd.

Following the above allotment and issuance of the Placement Shares, the total number of issued ordinary shares in the share capital of the Company has increased from 822,071,608 (which includes 1,209,600 treasury shares) to 838,980,880 (which includes 1,209,600 treasury shares) as at 24 November 2017.

Following the partial vesting of a time-based award comprising of 33,333 shares under HMI Performance Share Plan 2017 on 1 December 2017, where the award was fulfilled via transfer from treasury shares, total number of issued ordinary shares in the share capital of the Company remains unchanged at 838,980,880 (which includes 1,176,267 treasury shares) as at 31 December 2017 and 31 March 2018.

HMI Performance Share Plan 2017

Following the approval of HMI Performance Share Plan 2017 obtained at the annual general meeting of the Company held on 30 October 2017, three tranches of awards comprising up to 3,600,000 shares and six tranches of awards comprising up to 1,200,000 shares were granted by the Company to certain directors and employees of the Company on 24 November 2017 and 1 December 2017 respectively. In addition, a time-based award of 100,000 shares were granted on 1 December 2017 to an employee, of which, 33,333 shares were vested immediately on 1 December 2017.

	<u>Total number of shares that may be issued on conversion</u>
<u>Addition:</u>	
Three tranches of awards comprising up to 3,600,000 shares as at 24 November 2017	3,600,000
Six tranches of awards comprising up to 1,200,000 shares as at 1 December 2017	1,200,000
One tranche of time-based awards comprising of 100,000 shares as at 1 December 2017	100,000
<u>Deduction:</u>	
Partial vesting of time-based award comprising 33,333 shares as at 1 December 2017	(33,333)
31 December 2017	4,866,667

The above three tranches of awards granted as at 24 November 2017 will only be vested upon the achievement of the Group EBIT threshold level and total shareholder return threshold level, and subject to any other terms and conditions set out in the award letter, anytime within 4 weeks from the Group's FY2020 Annual General Meeting.

- 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. (Continued)**

The above six tranches of awards granted as at 1 December 2017 will only be vested upon achievement of the Group FY2020 EBIT threshold level and/or the total shareholder return threshold level, and subject to any other terms and conditions set out in the award letter, anytime within 4 weeks from the Group's FY2020 Annual General Meeting.

The rest of the one tranche of time-based awards granted as at 1 December 2017, 33,333 shares and 33,334 shares will be vested on 30 September 2018 and 30 September 2019 respectively.

As at 31 March 2018, the number of shares that may be issued upon vesting of awards are 4,866,667 shares (31 March 2017: Nil).

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company's total number of issued shares excluding treasury shares is 837,804,613 (30 June 2017: 820,862,008) as at the end of the current financial period. Total number of treasury shares is 1,176,267 and 1,209,600 as at 31 March 2018 and 30 June 2017 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.**

Following the partial vesting of a time-based award under HMI Performance Share Plan 2017 on 1 December 2017, 33,333 treasury shares were transferred to an employee during the nine months ended 31 March 2018.

- 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 2018 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 2017.

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 new or amended Financial Reporting Standards (“FRS”) and Interpretations to FRS (“INT FRS”) that are mandatory for the financial year beginning on or after 1 July 2017 have been adopted by the Group. The adoption of these new or amended FRS and INT FRS has no material 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net profit attributable to equity holders of the Company (RM'000)	15,880	(1,571)	45,390	9,931
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	837,805	605,880	828,743	589,186
(i) Basic earnings per share (RM cents per share)	1.90	(0.26)	5.48	1.69
Weighted average number of ordinary shares adjusted for the effects of dilutive potential ordinary shares ('000)	842,671	605,880	830,974	593,488
(ii) Diluted earnings per share (RM cents per share)	1.88	(0.26)	5.46	1.67

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 2018	As at 30 Jun 2017
The Group		
Net asset value attributable to ordinary shareholders (RM'000)	236,891	168,636
Total number of issued shares excluding treasury shares ('000)	837,805	820,862
Net asset value per share (RM cents per share)	28.28	20.54
The Company		
Net asset value attributable to ordinary shareholders (RM'000)	594,472	591,152
Total number of issued shares excluding treasury shares ('000)	837,805	820,862
Net asset value per share (RM cents per share)	70.96	72.02

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 2018 ("Q32018"), the Group's turnover increased by 7.1% from RM 107.7 million to RM 115.4 million, when compared with the previous corresponding period ("Q32017"). Turnover from the Group's healthcare business accounted for approximately RM 7.8 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 flat growth in revenue quarter-on-quarter.

Gross profit margin improved to 35.9% from 31.9% in Q32018 as a result of higher revenue intensity in both hospitals and better cost management. Other gains of RM 1.9 million was recorded in Q32018 compared to a loss of RM 0.3 million in Q32017. This was mainly due to the strengthening of the Malaysian ringgit during the quarter which resulted in foreign exchange gains of RM 0.5 million whilst foreign exchanges losses of RM 1.4 million were recorded in Q32017.

(i) INCOME STATEMENT (Continued)

Third Quarter (Continued)

Distribution & marketing expenses in Q32018 more than doubled compared to Q32017 due to increased marketing and promotional efforts. Administrative expenses decreased by RM 6.4 million as compared to the previous financial period mainly due to incurrence of RM 7.3 million in professional fees and other costs relating to the Acquisition² and RM 1.3 million lower provision for doubtful debts in the prior period. This was offset by RM 0.9 million of share-based payment expenses incurred in Q32018 and higher general operating costs in the Group entities. Finance costs increased by RM 0.9 million due to drawdown of SGD 53.0 million from the term loan facility for the purposes of the Acquisition.

As a result of the above, the Group more than doubled its profit before tax of RM 22.1 million in Q32018, as compared to RM 8.9 million in Q32017. The profit attributable to shareholders was RM 15.9 million in Q32018 as compared to a RM 1.6 million loss attributable to shareholders in Q32017. Loss attributable to non-controlling interests was negligible in Q32018 as compared to a profit attributable to non-controlling interests of RM 6.2 million in Q32017.

Nine Months

For the nine months ended 31 March 2018 ("9M2018"), the Group's turnover increased by RM 24.4 million (or 7.5%) from RM 324.0 million to RM 348.4 million, when compared with the previous corresponding period ("9M2017"). Turnover from the Group's healthcare business accounted for approximately RM 23.7 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 0.7 million increase in revenue due to higher student headcount.

Gross profit margin improved to 35.8% from 33.0% in 9M2018 as a result of higher revenue intensity in both hospitals and better cost management. Other gains of RM 1.7 million was recorded in 9M2018 compared to RM 0.6 million in 9M2017. The increase was mainly due to RM 1.9 million lower foreign exchange losses and offset by one-off gains recorded from sale of medical suites recorded in the previous financial period.

Distribution & marketing expenses in 9M2018 were RM 1.1 million higher due to increased marketing and promotional efforts. Administrative expenses decreased by RM 6.0 million as compared to the previous financial period mainly due to incurrence of RM 7.3 million in professional fees and other costs relating to the Acquisition and RM 1.0 million lower provision for doubtful debts, offset by higher general operating costs in the Group entities. Finance costs increased by RM 5.2 million mainly due to drawdown of SGD 53.0 million from the term loan facility for the purposes of the Acquisition.

As a result of the above, the Group registered a profit before tax of RM 63.5 million in 9M2018, 35.9% higher as compared to RM 46.7 million in 9M2017. Tax expense increased by RM 2.9 million mainly due to higher profitability of the hospitals. The profit attributable to shareholders was RM 45.4 million and RM 10.0 million in 9M2018 and 9M2017 respectively, whereas loss attributable to non-controlling interests was negligible in 9M2018 whereas profit attributable to non-controlling interests was RM 21.6 million in 9M2017.

² Relates to the acquisition of non-controlling interests in MMCSB and RSHSB, announced via SGXNet on 11th November and completed on 27th March 2017

(ii) BALANCE SHEET

The cash and cash equivalents of the Group remained strong at RM 70.7 million as at 31 March 2018.

Trade and other receivables increased by RM 2.8 million, driven mainly by higher revenue during the nine months ended 31 March 2018. Other current assets increased by RM 1.0 million due to higher prepayments made.

The RM 5.2 million increase in property, plant and equipment was due to capital expenditure on leasehold improvements of the hospitals and acquisition of new medical equipment by the hospitals, offset by the depreciation expenses.

Trade and other payables increased by RM 1.3 million mainly due to timing differences in the payment of vendors. Current income tax liabilities increased by RM 2.3 million when compared to 30 June 2017 due to higher profitability of the hospitals. Total borrowings during the period decreased by RM 67.8 million mainly due to repayment of the term loan facility for the purposes of the Acquisition.

Share capital increased by RM 33.6 million due to allotment of 16,909,272 New Shares in the capital of the Company (the "Placement Shares"), at S\$0.65 per ordinary share in connection with the Placement to a fund managed by Heliconia Capital Management Pte Ltd.

(iii) CASH FLOW STATEMENT

Third Quarter

Net cash from operating activities for the quarter was RM 22.0 million, RM 2.3 million lower than the previous period, mainly due to working capital movements and higher interest and taxes paid during the period.

Net cash used in investing activities for the current period was RM 0.7 million, compared to RM 223.0 million in the prior period. The variance was due to the RM 219.7 million paid to Sellers as part of the Acquisition, RM 1.7 million higher spend on medical equipment by the hospitals and non-recurrence of the RM 0.8 million equity injection into an associated company in the corresponding period in the prior year.

Net cash used in financing activities for the current period was RM 20.1 million compared to RM 224.6 million generated in the corresponding period in the prior year. The significant decrease from prior period was due to the drawdown of RM 167.8 million from a term loan facility and receipt of RM 58.1 million from the rights issue, to finance the payment of the cash consideration to the Sellers as part of the Acquisition then. In the current period, RM 9.7 million repayment of borrowings was made and RM 8.6 million was paid out as dividends to equity holders.

Nine months

Net cash generated from operating activities for the nine months ended 31 March 2018 was RM 62.1 million, RM 5.8 million lower than the RM 68.0 million generated in the corresponding period in the previous year. The decrease was mainly due to working capital movements and higher interest and taxes paid during the period.

Net cash used in investing activities for the current period was RM 15.9 million, compared to RM 226.7 million in the previous period. The decrease was mainly due to the RM 219.7 million paid to Sellers as part of the Acquisition, RM 1.7 million higher spend on medical equipment by the hospitals and non-recurrence of the RM 0.8 million equity injection into an associated company in the same period in the previous year. The decrease was offset by RM 9.6 million higher spend on medical equipment by the hospitals during the nine months ending 31 March 2018.

(iii) CASH FLOW STATEMENT (continued)

Nine months (continued)

Net cash used in financing activities for the current period was RM 52.2 million compared to RM 204.0 million generated in the prior period. The main reasons for the fluctuation from prior period was due to the drawdown of RM 167.8 million from a term loan facility and receipt of RM 58.1 million from the rights issue, to finance the payment of the cash consideration to the Sellers as part of the Acquisition, receipt of RM 3.3 million from the exercise of 3,780,000 share options and RM 12.2 million lower dividends paid to equity holders of the Company in the prior period. The Company made RM 55.6 million higher repayment of borrowings in the current period, mainly the term loan facility drawn down for the Acquisition and raised RM 33.6 million from issuance of new shares, via the placement shares exercise to a fund managed by Heliconia Capital Management Pte Ltd

(iv) USE OF PROCEEDS

Further to the Group's announcement dated 24 November 2017 in relation to the completion of the Placement to a fund managed by Heliconia Capital Management Pte Ltd, the Group wishes to announce that the net proceeds from the Placement Shares of approximately SGD 11.0 million has not yet been utilised.

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 ("yoy") increases in revenue and patient volume. 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 continues to focus on developing its Centres of Excellence and expanding and upgrading its facilities to cater to increasing patient loads. Coupled with more flights and the proposed upgrading of the Malacca International Airport, the hospital is well-positioned to increase its patient load and capture growth opportunities for medical tourism.

To cater to the growing number of patients, the 218-bed capacity RSHSB will be constructing a new hospital extension block adjacent to its existing hospital building. Construction is pending necessary approvals and is expected to commence in 2018. With the new extension block, RSHSB will become a 380-bed tertiary hospital with capacity to expand to an eventual 500-bed hospital. The hospital extension block is targeted to be commissioned in 2021.

In Malaysia, an increasing domestic insurance take-up rate, 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. The recent budget has allocated RM30 million to boost Malaysia's healthcare travel industry. This is in line with its national economic blueprint where healthcare travel has been identified as one of the National Key Economic Areas set to drive the country towards a high-income nation by 2020. Malaysia plans to promote medical tourism with expanded medical tourism packages, special incentives and tax allowance for healthcare facilities promoting medical tourism.

- 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.** (continued)

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 FY2018.

- 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.**

Not applicable.

- 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 2018 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 2018 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
9 May 2018